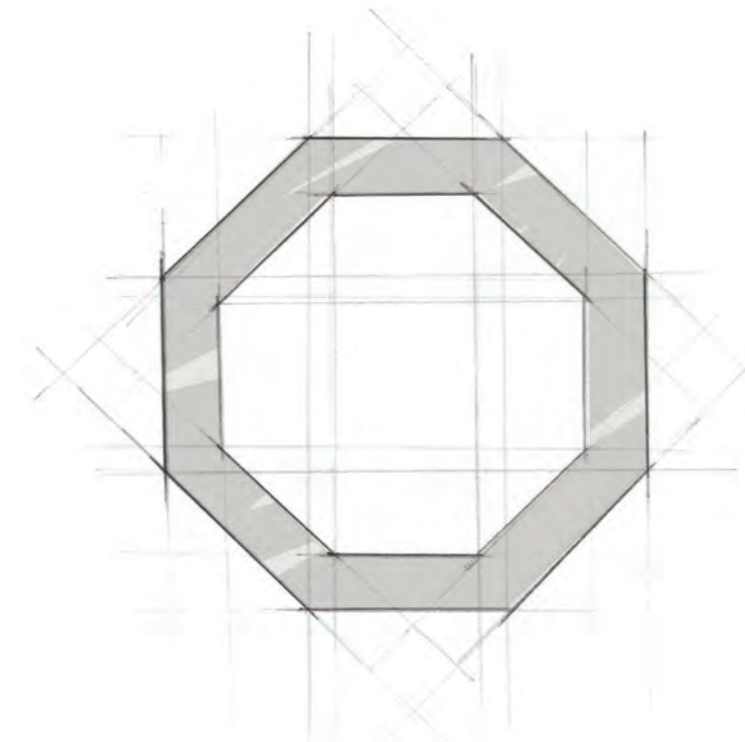


OVERSEAS NETWORK



OFFICE	ADDRESS	TEL	FAX
Daewoo Securities (Europe) Ltd.	41st Floor, Tower 42, 25 Old Broad Street London EC2N 1HQ	44-20-7982-8000	44-20-7982-8040
Daewoo Securities (America) Inc.	600 Lexington Avenue Suite 301 New York, NY 10022	1-212-407-1000	1-212-407-1010
Daewoo Securities (Hong Kong) Ltd.	Suites 816-819, Jardine House, 1 Connaught Place, Central Hong Kong	852-2845-6332	852-2514-1372
Tokyo Representative Office	Rm. 701 Build X 2-1-11 Nihonbashi Kayaba-cho, Chuo-ku, Tokyo #612 Saigon Trade Center,	813-5642-6070	813-5642-6228
Ho Chi Minh City Representative Office	37 Ton Duc Thang Dist 1, Ho Chi Minh City	84-8-910-6000	84-8-910-7716
Beijing Representative Office	Chaoyang, Beijing 26F 2602 West Building LG Beijing Tower, B12 Jianguomenwai Avenue, Beijing, China	86-10-6567-9699	86-10-6568-7899

DAEWOO SECURITIES |  대우증권



DAEWOO SECURITIES
Annual Report FY2008

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FINANCIAL HIGHLIGHTS

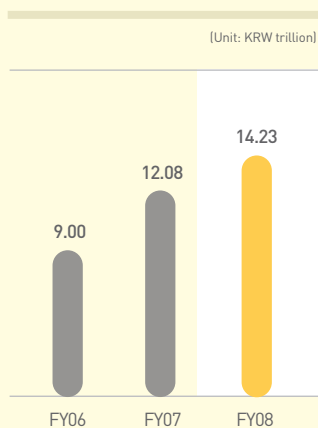
Financial Status

	(Unit: KRW billion)		
	FY08	FY07	FY06
Operating Revenue	4,445.1	3,692.7	2,765.4
Operating Expenses	4,241.3	3,230.6	2,309.8
Operating Income	203.8	462.1	455.5
Income before Income Taxes	233.4	463.2	470.8
Net Income	180.5	336.8	446.1
Total Assets	14,225.1	12,084.4	9,001.7
Total Liabilities	11,735.4	9,659.1	6,889.1
Paid-in Capital	1,020.9	1,020.9	1,020.9
Total Shareholders' Equity	2,489.8	2,425.3	2,112.6
BPS(KRW)	13,097	12,758	11,113
PBR(X)	1.4	1.7	1.5
EPS(KRW)	887	1,654	2,318
PER(X)	20.7	13.2	7.3
ROE(%)	7.3	14.8	23.2

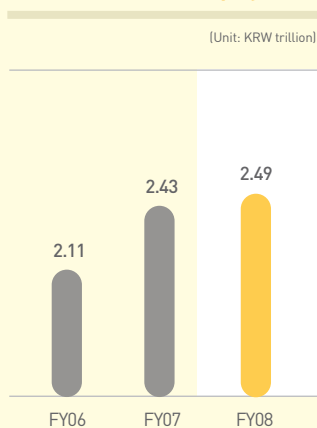
*PBR and PER are based on the fiscal year-end share price.

*Share price as of the end of FY2008 was KRW18,350

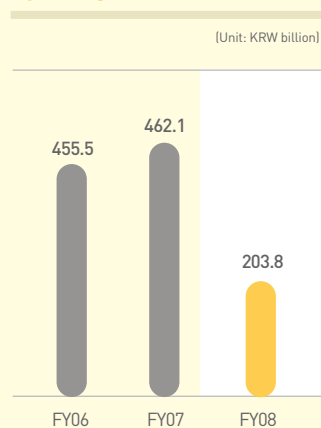
Total Assets



Total Shareholders' Equity



Operating Income



DAEWOO SECURITIES PROFILE

1. GENERAL INFORMATION

Industry	Securities
Date established	September 23, 1970
Date of listing on the Korea Exchange	September 26, 1975
President & CEO	Kee-Young Im
No. of employees	3,081
Headquarters' address	34-3, Yeouido-dong, Yeongdeungpo-gu, Seoul, Korea
Telephone	1588-3322

*As of the end of March 2009

2. DOMESTIC AND GLOBAL NETWORKS

Domestic network	124 branches(11 Wealth Management centers, 1 IB center, 3 Representative office)
Global network	3 overseas subsidiaries(Hong Kong, New York, London), 3 representative offices(Tokyo, Ho Chi Minh, Beijing)
Global alliance	8 financial institutions (Japan, China, Indonesia, Malaysia, Vietnam, Kazakhstan, Brazil)



*Please refer to page 99 for detailed information on the domestic and global networks.

SHARE INFORMATION

Number of Outstanding Shares

(Unit: share, KRW thousand)

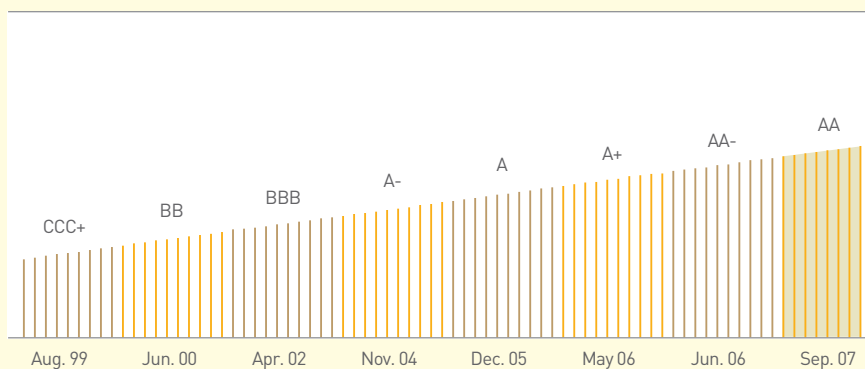
Share type	No. of shares	Paid-in capital	Percentage
Common shares	190,100,891	950,504,455	93.11%
Preferred shares	14,075,750	70,378,750	6.89%
Total	204,176,641	1,020,883,205	100.00%

Share Price Information

	FY08	FY07	FY06
Market capitalization(KRW trillion)	3.58	4.33	3.34
FY08 high(price of common share, KRW)	24,500	36,750	19,000
FY08 low(price of common share, KRW)	8,190	17,200	11,400

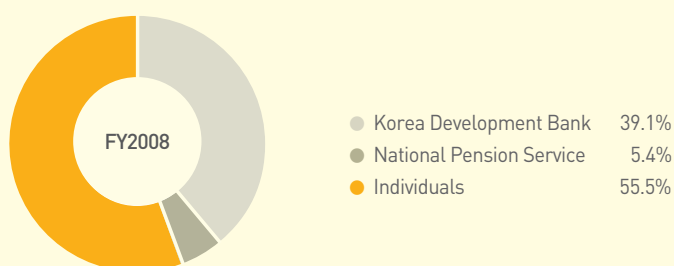
*Including market capitalization of preferred stocks

Credit Rating



*AA level has been maintained since September 2007(Korea Investors Service, Korea Ratings)

Share Ownership



*Based on common shares, as of the end of March 2009

CEO MESSAGE

Dear shareholders and customers,

As the new CEO of Daewoo Securities, I would like to express my sincere appreciation for your solid support and encouragement.

In FY2008, an unprecedented financial crisis gripped global financial markets and numerous financial institutions underwent hardships. The Korean capital markets, too, were cloaked in instability, with the stock market and bond yields displaying extremely volatile movements.

Daewoo Securities, however, perceived the signs of crisis early on and focused more on risk management. This preemptive approach allowed us to withstand the financial turbulence and strengthen our position in the market. Meanwhile, we overhauled regulations to better protect investors and set up Chinese Walls to prepare for the Capital Markets Act.

Such steps gave us a strong foundation to run ahead of the competition and enabled us to produce superior results in FY2008. We ranked first in brokerage commission, initial public offerings and asset-backed securities in terms of market share. We also recorded the biggest increase in wealth management balance. These results indicate that Daewoo Securities is achieving balanced growth across all segments of operations.

In the following paragraphs, I will present our operating performance for FY2008 and our future business strategies.

DAEWOO

STEADFAST LEADER IN BROKERAGE

Regardless of the harsh financial environment, Daewoo Securities upheld its leadership in the brokerage market and reported the highest brokerage commission revenue in the industry. Daewoo Securities remained the undisputed leader in the retail segment, with our customer-oriented and highly-educated sales staff providing premium services to customers. In the wholesale brokerage business, our services were supported by the provision of timely and accurate research. The launch of the DMA system, a direct trading system for international customers, offered more convenient trading for overseas clients, while the introduction of desk analysts enabled prompt delivery of English research.

Last September, Daewoo Securities launched "Direct We", a discount brokerage service to target younger clients. The service has shown an impressive rise in market share from 0.1% to 0.6% in the span of just six months. To date, approximately 35,000 new accounts have been opened.

All those factors played a vital role in shaping Daewoo Securities into a top player in brokerage services.

In 2009, we will reinforce company-wide marketing activities and branch strategies to take full advantage of our outstanding human resources and vast sales network. Also, extensive training will be conducted to hone the capabilities of our sales staff, so that optimal returns and highest quality services can be presented to customers.

PROVEN TRACK RECORD IN INVESTMENT BANKING

Korean companies faced difficulty in raising funds last year amid tumbling share prices and soaring yields on corporate bonds. As a result, the investment banking market in Korea suffered a severe slump. Nevertheless, Daewoo Securities captured the largest market share in the primary market as it harnessed its accumulated know-how with the successful listing of LG Innotek, which was the largest initial public offering in Korea in 2008. Moreover, Daewoo Securities retained the No.1 position in the ABS market for five consecutive years thanks to our superior ability in producing structured financial products.

Daewoo Securities continuously scaled back its PI (Principal Investments) position before the financial crisis erupted and focused on managing investments already made. Consequently, we were able to preserve our assets even though many financial institutions suffered huge losses as the value of their asset holdings declined.





We will continue to create added value in fiscal 2009 by offering advisory services tailored to corporate clients' needs and by drawing on our superior ability in structured products. We will strengthen our reputation as a Korea's leading investment bank by pursuing cooperation with Korea Development Bank (KDB). Combining our capabilities with KDB's vast experience and knowhow, we will strive to provide unrivaled services related to major M&A deals, private equity funds and others. We will also do our best to fulfill our role as a faithful partner in policy projects pursued by the government.

COMPETITIVE RESULTS IN WEALTH MANAGEMENT

In fiscal 2008, Daewoo Securities significantly increased the balance in wealth management products and broadened the customer base. The balance grew to KRW28 trillion, just one and a half years after topping KRW20 trillion, despite the slump in the indirect investment market. The launch of bond-type cash management account (CMA) offering the industry's highest interest rates led to the opening of 400,000 new accounts in the short time frame of four months.

Our achievements are underpinned by our solid reputation as a financial institution customers can trust with their assets and the launch of innovative products. By combining our strong product development ability and industry leading sales power in wealth management, we will deliver greater returns to customers and reinforce our position in the wealth management market.

GREATER STABILITY IN TRADING

The subprime mortgage crisis set off major turmoil in the global financial markets in 2008. However, Daewoo Securities recognized the severity of the situation early on and prepared sufficient liquidity through the disposal of non-core assets and early recovery of invested assets. Additionally, we scaled back dealing room operations to minimize market risk and managed to preserve customers' assets by reducing customer loans.

The market appears to be stabilizing, however, many risk factors still loom. Keeping that in mind, we will continue to emphasize stability. At the same time, we will stay ahead of market trends and proceed with timely development and launch of financial products to maximize synergy with our retail business.

The future direction of Daewoo Securities entails three major objectives.

FIRST, WE WILL REMAIN A COMPANY WORTHY OF CUSTOMERS' TRUST.

We are well aware that customers' trust is crucial. To earn and maintain customers' trust, we will emphasize transparency and achieve customer satisfaction.

SECOND, WE WILL FULFILL OUR SOCIAL RESPONSIBILITIES.

KDB Financial Holding, a state-run financial holding company, is planned to launch in the second-half of 2009. Once the holding company is established, we intend to become a more active participant in policy projects and continuously share wealth with society.

THIRD, WE WILL GROW INTO A LEADING INVESTMENT BANK IN ASIA.

We plan to extend our reach beyond Korea and develop into a leading investment bank in Asia. In this way, we will continue to generate new value for our shareholders and customers.

While the strategic goal may be similar from one securities firm to another, the ultimate outcome will significantly differ. Through the effective allocation of resources and the competence of our talented people, we will proceed to grow into Asia's leading investment bank.

President and CEO
Kee-Young Im



2008 HIGHLIGHTS

2008 04

- 11 • Held The 40th business strategy meeting
- 29 • Launched "kdb Asset Management's Southeast Asia Dual Core Equity-type Fund"



2008 05

- 15 • Launched "Samba Latin America Equity - type Fund" with Itau Financial Group
- 19 • Implemented next-generation risk management system
- 21 • Received the Prize for "Best Structured Financing at the Korea IB Awards"
- 21 • Launched the "Donation-type Premium Wrap Account Service"
- 26 • Signed a fund management MOU agreement with the University of North Korean Studies
- 27 • Held the 2H08 Daewoo Securities Forum



2008 06

- 02 • Signed an industry-academic cooperation MOU agreement with KAIST Graduate School of Finance
- 05 • Held the 39th annual shareholders' meeting
- 16 • Launched "Direct we," an exclusive service for banking customers
- 18 • Ranked 34th among top 100 Korean companies in 2008



2008 07

- 02 • Ranked 24th (No. 1 in the securities industry) in 2008 Sustainability Index of Korea's top 100 companies
- 21 • Named the "best securities firm in 1H08" by Hankyung Business Weekly



2008 08

- 01 • Launched Daewoo Securities CMA Lotte Check Card
- 18 • Repurchased Yeouido headquarter building
- 23 • Held Daewoo Securities Soccer Competition qualifying match to mark the 38th anniversary



2008 09

- 10 • Held KML(Korea Market Leader) Daewoo Securities Investment Contest Award Ceremony
- 12 • Launched RePo-type CMA
- 22 • Held the VIP invitational Daewoo Securities Masters Golf Tournament



2008 10

- 10 • Held the 40th 2H business strategy meeting
- 11 • Held Daewoo Securities Soccer Competition final match
- 14 • Launched the total wealth management system "WM Advisor"
- 29 • Held "Jose Carreras Concert" as an autumn cultural event to mark the 38th anniversary



2008 11

- 13 • Awarded an appreciation plaque from the Community Chest of Korea at its 10th anniversary ceremony
- 17 • Launched global trading service
- 18 • Held 2008 Daewoo Securities Forum/ WM Forum/ Retirement Pension Forum



2008 12

- 04 • Received "the top prize in customer satisfaction at 2008 Korea Securities Awards" sponsored by Seoul Economic Daily
- 18 • Held "the 1st Daewoo Securities College Student Wealth Management Contest award ceremony"



2009 01

- 12 • Named "the best securities firm in 2H08" by Hankyung Business Weekly
- 14 • Awarded "the gold prize in corporate finance - 11th MaeKyung Award"
- 19 • Named "the best fund sales firm" by Korea Investors Education Foundation
- 19 • Provided home online trading system "HOTS" to Indonesia's e-Trading Securities Firm



2009 02

- 09 • Held Daewoo Securities Green Growth Forum
- 17 • Opened an integrated customer information portal "Dream"



2009 03

- 02 • Entered partnership with Woori Bank to offer integrated financial service
- 09 • Launched the industry first "Green Korea Equity type Master Wrap Account which invests in green growth related firms
- 17 • Held Daewoo Securities Agri Forum



Trust



Customers are Daewoo Securities' greatest assets.

Customers have always been the source of our strength that drove us forward to our numerous achievements, and helped us stay resilient in difficult times.

That is why we value **customers' trust** the most.

Our Core Value

Customers' trust is the most fundamental element to our existence. Our commitment to place customers first empowered us to secure a solid footing for future growth by successfully expanding our customer base.

Significant increase in CMA customer base
No. of accounts: 605,357

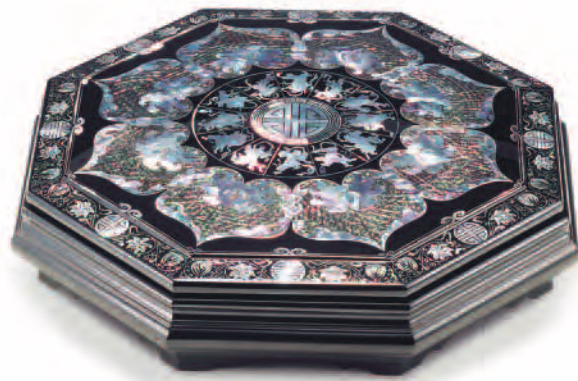
605,357

Daewoo Securities has maintained an industry-leading credit rating of "AA" since September 2007. On the basis of our solid financial structure, Daewoo Securities will be grown as a trustworthy company for our customers.

AA

Maintained industry leading credit rating since Sep. 2007
(Korea Investors Service & Korea Ratings)

Professionalism



At Daewoo, **professionalism** means
strength to navigate the new financial landscape
insight to spearhead change
and stability befitting our reputation as a market leader.
Equipped with the best manpower and advanced system,
Daewoo Securities is honing our competencies
to be a global leading financial company.

Capability to Race Ahead of Competitors

Despite volatility in the global financial markets, we were able to retain leadership across almost all our business areas on the strength of our manpower and advanced system.

No. 1

Retained top position in almost all areas of business including brokerage and investment banking businesses

For fiscal 2008, Daewoo Securities recorded industry leading operating income of KRW203.8 billion. Although operating income decreased year-on-year basis, we ranked first in terms of total brokerage commission MS and institutional brokerage turnover MS as well, and achieved revenue diversification in investment banking. We also saw a significant increase in the total balance of wealth management.

KRW203.8 billion
FY2008 operating income

203.8

Stability



A global leading investment firm adored by **customers**,
that's the vision of Daewoo Securities.

To realize this, we remain committed to
rigorous risk management as a fundamental tenet
that governs all our business activities.

Key to Sustainable Growth

Daewoo Securities maintains a stable financial structure based on industry-leading amount of shareholders' equity. We will keep expanding the business platform to emerge as an Asia's leading investment bank.

KRW2,489.8 billion
Industry leading
shareholders' equity
As of end-March 2009

2,489.8

We have learned our lesson from high-profile investment banks which gave rise to the financial crisis. Our plan is strengthening our risk management functions to achieve sustainable growth.

530.7

530.7%
Net Capital Ratio (NCR)

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Management's Discussion & Analysis

The Management's Discussion & Analysis is presented on a non-consolidated basis and has been classified in accordance with accounting principles generally accepted in Korea (Korean GAAP). The section contains plans, estimates and projections (forward-looking statements) with respect to the financial condition, results of operations, and business of Daewoo Securities, as well as the plans and objectives of the management of Daewoo Securities. Forward-looking statements speak only to conditions as of the date they are made, and Daewoo Securities undertakes no obligation to publicly update any of these statements in light of new information or future events. The term "the Company" when used without any other qualifying description will refer to "Daewoo Securities."

The rapid growth of the global economy came to a halt in 2007 in the wake of the subprime mortgage debacle. The collapse of prominent global investment banks such as Lehman Brothers and Bear Stearns in 2008 threw the financial markets into chaos despite worldwide efforts to overcome the crisis.

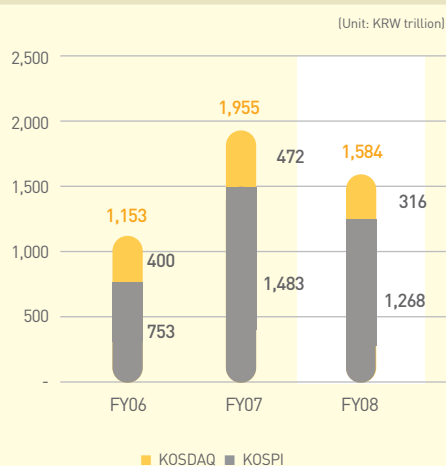
The spreading financial crisis depressed stock markets across the globe including Korea, where the KOSPI fell below 1,000pt. The decline was particularly hard felt as it came after five consecutive years of bullish market. As of March 31, 2009, the KOSPI stood at 1,206.26pt, down by 29.2% from a year earlier, while the KOSDAQ had retreated 34.6% during the same period to 421.11pt. The bearish market sparked a huge decline in stock market turnover. The daily average trading volume was KRW5.1 trillion in FY2008, down by 15.5% from the previous year, while the corresponding figure for the KOSDAQ market was KRW1.3 trillion, down by 33.9%. The Korean economy contracted 4.3% in FY2008 amid weakness in domestic consumption, exports, and facility investment. The Korean currency plunged to levels unseen since the foreign exchange crisis a decade earlier as the won/US dollar exchange rate soared above 1,500.

The Korean capital markets also experienced major changes over the past year. Investors became increasingly risk-averse and shifted toward safe assets while market liquidity was concentrated in short-term vehicles. During FY2008, equity-type funds reported an increase of less than KRW5 trillion while hybrid funds saw a decrease of more than KRW10 trillion. In contrast, the flight to safety increased bank deposits by KRW89 trillion and boosted MMF balance above KRW120 trillion.

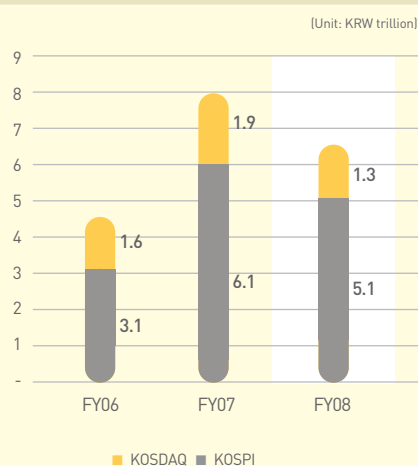
Foreign investors were sellers whereas Korean institutional investors were buyers of Korean equities in FY2008. Foreign net selling amounted to KRW21 trillion and foreign investors' holdings as a percentage of total market capitalization slid to 28%. On the other hand, Korean institutional investors, led by national pension funds, recorded net buying of KRW16 trillion.

TRADING VOLUME

Annual trading volume



Daily average trading volume



EXECUTIVE SUMMARY

The global financial crisis and ensuing flight to safety curbed the inflow of money into equity-type funds and foreign investors continued on their selling spree. In the real economy, the slump deepened in domestic consumption, exports, and facility investment. The deterioration in market liquidity and economic fundamentals depressed profits for the securities sector as a whole. Amid the tough environment, Daewoo Securities was still able to post operating income of KRW203.8 billion and produced the sector's best operating results in brokerage and investment banking businesses.

Despite reduced trading volume and lower market participation of individual investors, Daewoo Securities generated commission income of KRW393.8 billion and ranked first based on brokerage commission revenue for the four consecutive years. The balance in wealth management accounts grew to KRW28 trillion thanks to ongoing efforts to expand the customer base. Income from investment banking business dropped 36% year-on-year to KRW42.8 billion amid the stagnant primary market. Nonetheless, Daewoo Securities enjoyed market share gains in areas such as corporate bonds, asset-backed securities, rights offerings and initial public offerings (IPO). In proprietary trading, Daewoo Securities suffered overall losses of KRW46.5 billion. While the Company posted respective gains of KRW16.9 billion and KRW41.1 billion from futures and bonds trading, these gains were shadowed by valuation losses on principal investment and equity-linked securities (ELS). Interest income grew 22% to KRW263.2 billion, largely due to a sharp rise in interest income on bonds resulting from the increase in Repo and ELS issuance. The decrease in variable labor cost, which are closely linked to operating performance, lowered SG&A expenses by 11% to KRW478.3 billion.

Summarized Income Statement

	(Unit: KRW billion)		
	FY2008	FY2007	FY2006
Net operating revenue	702.8	1,012.5	820.2
Brokerage commission	393.8	608.1	372.2
IB commission	42.8	67.2	40.3
Underwriting (stock)	4.5	8.9	5.2
Underwriting (bond)	21.9	18.4	16.9
PF and consulting	16.3	39.8	10.1
WM commission	104.5	116.1	68.6
Collective investment securities	20.0	25.8	13.6
Wrap account	10.1	11.2	7.5
Trust	3.9	2.1	1.0
Structured securities	70.5	77.0	46.4
Gain or loss on proprietary trading	△46.5	77.7	102.9
Interest income (net)	263.2	215.4	280.1
Commission expenses etc.	△54.9	△71.8	△43.9
Selling, general, and administrative expenses	478.3	537.1	370.0
Other operating income (net)	△20.7	△13.3	5.1
Operating income	203.8	462.1	455.5
Non-operating income (net)	29.5	1.2	15.6
Income before income tax expenses	233.4	463.2	470.8
Income tax expenses	52.9	126.5	24.7
Net income	180.5	336.8	446.1

OPERATING RESULTS

1. BROKERAGE BUSINESS

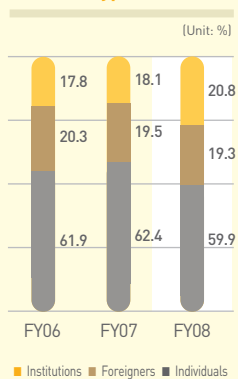
Daewoo Securities delivers high quality brokerage services based on the superior ability of each sales personnel.

NO.1 IN BROKERAGE COMMISSION

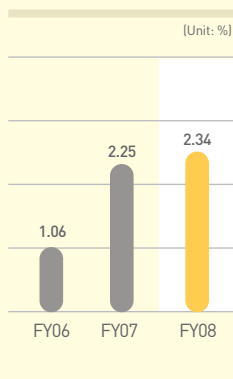
Offline brokerage operations slumped due to the stock market plunge in the aftermath of the global financial crisis, sharp decline in market turnover, and weaker presence of individual investors. Accordingly, FY2008 brokerage commission decreased relative to the previous year to KRW393.8 billion, but Daewoo Securities continued to command the largest market share.

MARKET TURNOVER BY INVESTOR AND DAEWOO'S M/S IN BROKERAGE BUSINESS

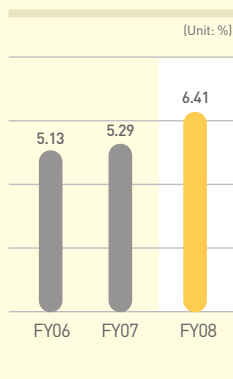
Market Turnover Breakdown by Investor Type



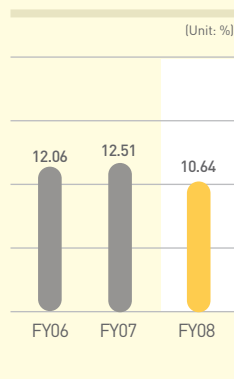
Relative M/S (international brokerage, turnover)



Relative M/S (institutional brokerage, turnover)



Relative M/S (individual brokerage, revenue)



Daewoo's M/S in Brokerage Business

Category		FY2008	FY2007	FY2006
Commission revenue	Companywide	7.20%	8.56%	8.10%
	Stock	6.52%	8.10%	7.58%
	Futures	0.27%	0.16%	0.19%
	Options	0.40%	0.31%	0.33%
Turnover	Stock	6.57%	7.08%	7.74%
	Futures	7.21%	7.34%	8.90%
	Options	2.98%	3.73%	4.23%

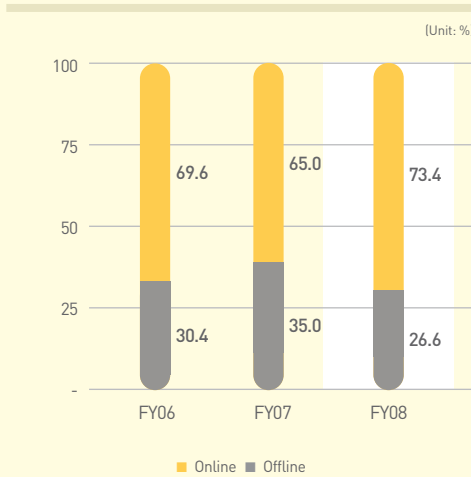
OPERATING RESULTS

SUCCESSFUL ENTRY INTO ONLINE DISCOUNT BROKERAGE MARKET

In September 2008, Daewoo Securities launched its online discount brokerage service, "Direct we." The launch greatly expanded the base of younger clients, a market segment that used to be an area of weakness for the Company. In the span of only four months, its turnover MS expanded from 0.1% to 0.6%.

ON/OFFLINE PROPORTION IN RETAIL BROKERAGE

Proportion in Turnover



Proportion in Commission Revenue



NO.1 IN INSTITUTIONAL BROKERAGE BUSINESS AND IMPROVEMENT IN INTERNATIONAL BROKERAGE BUSINESS

Daewoo Securities ranked first among the major securities firms in institutional brokerage business with a relative market share of 6.41%, backed by the highly competent sales staff and their provision of timely investment advice. Daewoo Securities has won favorable reviews from prominent domestic institutional clients and has been named the "Best Institutional Sales Team" by Hankyung Business Newspaper for eight terms in a row.

In international brokerage business, Daewoo Securities launched the new DMA system to enable more convenient trading for clients and upgraded services by bringing in desk analysts who promptly provide English language research upon request. In addition, the Company held the KRX-Daewoo Conference jointly with the Korea Exchange which presented investment opportunities to foreign investors. The conference helped the Company enhance its market position and newly attract a number of prominent corporate clients. As of the end of FY2008, the Company's relative market share in international brokerage stood at 2.34%.

OPERATING RESULTS

LOAN REDUCTION TO PROTECT CUSTOMER ASSETS

Daewoo Securities reduced customer loans as a way of protecting customer assets before the subprime mortgage crisis erupted. The loan balance which peaked at KRW1.4 trillion in 2007 shrank to KRW456.6 billion as of March 2009. The loan reduction helped to minimize customer losses during the stock market downturn.

Customer Loan Balance



OVERSEAS STOCK TRADING SERVICE

Daewoo Securities launched a global trading service enabling individual investors to carry out real time trading of overseas stocks through the Company's home trading system. Currently, individual investors can use the service to trade in equities listed in Hong Kong. Services for stocks listed in China and Japan will be opened in the near future.

2. INVESTMENT BANKING BUSINESS

INVESTMENT BANKING OPERATION

Commission income from investment banking business in FY2008 dropped 36% year-on-year to KRW42.8 billion. A major reason for the decline was a reduction in equity underwriting commission as the bearish stock market led to fewer IPOs and rights issues. Advisory fees on project financing also showed a decline. However, commission from bond issuance, which accounts for a large portion of investment banking income, increased 19% to KRW21.9 billion.

AMONG THE TOP PLAYERS IN TRADITIONAL INVESTMENT BANKING

In the midst of the depressed IPO (initial public offering) market, Daewoo Securities successfully led the listing of LG Innotek, which was the largest IPO in Asia in 2008. This feat allowed the Company to secure the No.1 position in the IPO market. Daewoo Securities also served as lead managers for the sale of new shares issued by STX and Hynix. In the second half of 2007, the Company served as an underwriter in the first public offering of yen-denominated corporate bonds in Korea. All together, the Company was involved in seven deals for underwriting foreign currency-denominated bonds in FY2008.

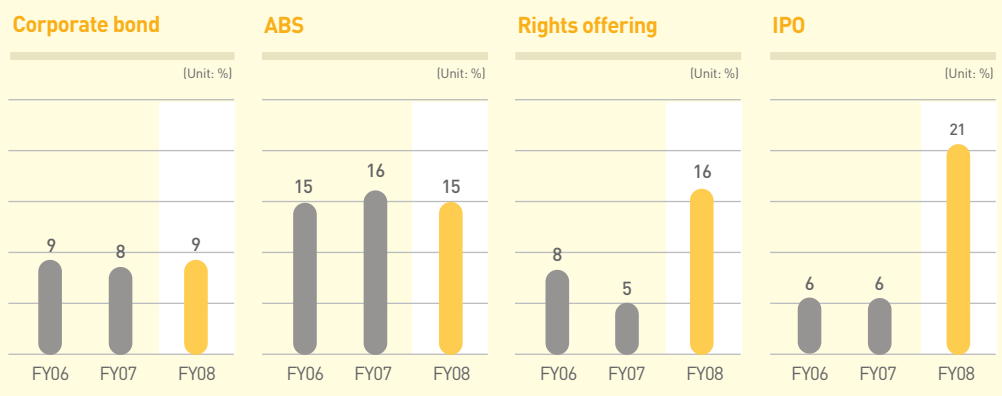
OPERATING RESULTS

Demonstrating its superior ability in structured securities, the Company issued asset-backed securities (ABS) worth KRW2,373.0 billion to capture 15.2% of the ABS market. That placed Daewoo Securities in the No.1 position in ABS issuance for the fifth year in a row. The strong performance is attributed to the successful issuance of Master Platinum Series ABCP (asset-backed commercial paper), which provides high yield without a heavy risk burden. The Company also managed the issuance of Korea Credit Guarantee Fund primary CBO (collateralized bond obligation), a policy deal designed to help small and medium enterprises having difficulty raising funds due to the global financial woes.

Investment Banking Performance by Sector

	(Unit: KRW billion)		
	FY2008	FY2007	FY2006
Corporate bond	3rd	4th	3rd
Daewoo Securities' underwriting amount	3,913.4	2,733.0	2,002.5
Total underwriting amount	45,657.3	32,700.4	21,864.7
ABS	1st	1st	1st
Daewoo Securities' underwriting amount	2,373.0	2,309.6	2,173.0
Total underwriting amount	15,577.0	14,366.7	14,771.4
Rights offering	2nd	3rd	3rd
Daewoo Securities' underwriting amount	696.7	340.2	237.8
Total underwriting amount	4,234.8	7,201.8	3,028.9
IPO	1st	4th	7th
Daewoo Securities' underwriting amount	150.9	163.2	50.6
Total underwriting amount	728.5	2,552.8	847.4

INVESTMENT BANKING MARKET SHARE BY SECTOR



OPERATING RESULTS

EARNINGS DIVERSIFICATION

The investment banking division displayed its expertise in structured securities with ABCP, a new type of structured securities that integrates currency rate swap with foreign currency-denominated bonds. As signs of recovery in the stock market gave boost to the issuance of CB (convertible bond) and BW (bond with warrant), we managed the issuance of BW for Kia Motors and Asiana Airlines, resulting in an increase of commission revenue for the Company and more investment opportunities for investors.

EXTENSION OF OVERSEAS NETWORKS

Daewoo Securities has forged alliances with prominent financial institutions in regions like China, Vietnam, Malaysia, Indonesia, Brazil, Kazakhstan and Japan to seek opportunities in new markets. Whereas many Korean financial institutions that aggressively pursued overseas principal investments suffered losses in the wake of the global financial crisis, Daewoo Securities was able to avoid the same losses by exploring overseas markets with local partners.

EXPLORING NEW MARKETS VIA OVERSEAS NETWORKS

In November 2008, Daewoo Securities opened its Beijing office to lay the cornerstone for investment banking operations in China and gain approval as a Qualified Foreign Institutional Investor (QFII). The Beijing office will also support the head office in its investment activities. In addition, the Company became the first Korean securities firm to hold a conference on listing on the Korean stock market for companies in Kazakhstan. Organized in conjunction with Halyk Finance, Daewoo's strategic partner in the region, the conference strengthened the Company's local network and paved the way for expansion into emerging markets.

EXTERNAL RECOGNITION FOR INVESTMENT BANKING

Daewoo Securities received the award for "the best company for structured financing of 2008" from the Korean financial publication MoneyToday, in May 2008. That was followed by "the gold prize in corporate finance at the 11th Maekyung Award" organized by Maeil Business Newspaper in the following January. A month later, Daewoo was recognized as the "best ABS house" by MoneyToday.

RISK MANAGEMENT

For new investments and deals, Daewoo Securities pursues fair and rational decision-making based on thorough examination of the investment structure and associated risks by the Investment Review Committee. Stringent follow-up measures are implemented to ensure safe recovery of all investments. As market conditions deteriorated from the second half of 2008, the Company limited new investments and focused on managing and collecting funds. As a result, investments amount was reduced to KRW517.8 billion after swelling to KRW658.8 billion in May 2008.

OPERATING RESULTS

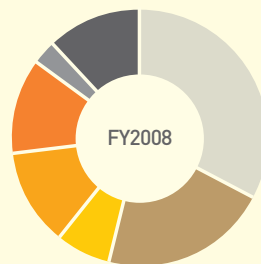
3. WEALTH MANAGEMENT BUSINESS

STABLE INCOME GENERATION VIA BOOST IN WEALTH MANAGEMENT

Despite the slump in the indirect investment market, Daewoo Securities' total wealth management balance showed impressive growth of 30.8% to KRW27.9 trillion. This increase particularly came from RePo-type CMA (cash management account) and collective investment securities. Moreover, retail bond sales have emerged as a new source of income for the Company. As a result, commissions amounted to KRW20.0 billion from collective investment, KRW10.1 billion from wrap sales, KRW3.9 billion from trust management, and KRW70.5 billion from structured securities sale.

Wealth Management Balance

	(Unit: KRW trillion)		
	FY2008	FY2007	FY2006
Collective investment securities	9.14	6.63	5.60
MasterWrap	5.95	4.08	2.24
ELS	1.93	1.84	1.27
RP	3.40	3.18	1.95
CD/CP/Bond	3.27	1.94	2.03
Other assets	0.87	1.13	0.81
Corporate Pension/Trust	3.32	2.53	2.26
Total balance	27.90	21.33	16.16



● Collective investment securities	32.8%
● MasterWrap	21.3%
● ELS	7.0%
● RP	12.2%
● CD/CP/Bond	11.7%
● Other assets	3.1%
● Corporate Pension/Trust	11.9%

OPERATING RESULTS

INNOVATIVE NEW PRODUCTS

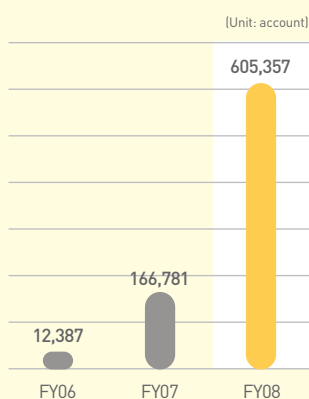
Daewoo Securities has launched numerous financial products by taking advantage of its global networks since the launch of "the kdb Samba Brazil Fund" in conjunction with Itau Financial Group of Brazil in FY2007. In FY2008, the Company introduced "the kdb Southeast Asia Dual Core Fund" with CIMB Group of Malaysia and "the kdb Samba Latin America Fund" with Itau Financial Group. As part of ongoing efforts to meet diverse customer needs, donation-type premium wrap product was unveiled that allows the account holder to invest and donate to a worthy cause through accounts. Daewoo Securities gained exclusive rights to offer the product from the Korea Financial Investment Association (KOFIA) in 2008. The unique wrap product also received "the grand prize in the securities category" at the Financial Innovation Awards given by MoneyToday and "the award for outstanding New Product" presented by the Financial Supervisory Service.

CUSTOMER EXPANSION

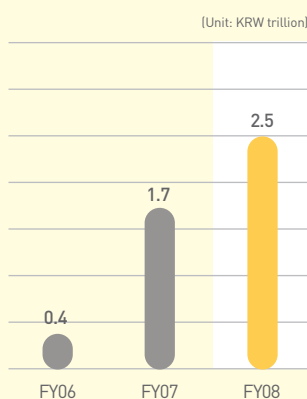
Following up on the launch of the deposit-type CMA in March 2007, the Company unveiled its RePo-type CMA offering the most competitive interest rates in the industry in September 2008. The CMA products helped the Company to expand the customer base despite aggressive interest rate raising by commercial banks and the outflow of funds from the non-banking financial sector. As of March 2009, the balance in CMAs totaled KRW2.5 trillion with the number of accounts standing at 605,357. Daewoo Securities will take advantage of its CMA customer base to seek cross-selling opportunities as a way of driving long-term growth. When securities companies start offering the settlement and payment function from the second half of 2009, the Company should be able to provide all-inclusive, total wealth management services.

CUSTOMER BASE

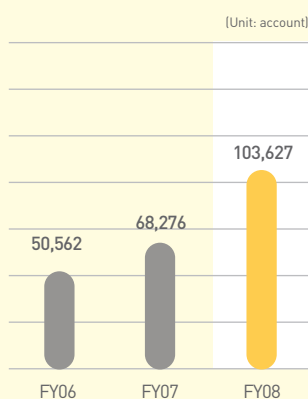
No. of CMA accounts



CMA balance



No. of installment-type fund accounts



BUILDING A TRACK RECORD IN PENSION BUSINESS

The corporate pension market is expected to show rapid growth from 2010 when it becomes obligatory. Daewoo Securities is building a track record to gain early dominance in this market. As of March 2009, the Company had secured 31,162 pension subscribers and the total balance swelled 183% to KRW124.0 billion.

OPERATING RESULTS

4. TRADING INCOME

Gains/losses from trading are classified into those related to stocks, futures, bonds, derivatives including ELS and principal investments. Due to heightened volatility in the stock market, the average trading balance in equities was lowered from KRW46.7 billion in FY2007 to KRW20.2 billion in FY2008. As a result, gains from stocks decreased from the previous year to KRW2.0 billion. However the return on equities recorded 0.8%, outperforming the benchmark index by 30.0%p. Gains on futures trading jumped 43% to KRW16.9 billion as the Company capitalized on the increased market volatility and sharpened the capabilities of futures traders. Valuation gains from bonds soared to KRW41.3 billion, compared to KRW11.4 billion in the previous year. The impressive gains were driven by an increase in the RePo balance and a flexible management strategy to take advantage of fluctuations in interest rates. However, the Company recorded overall trading losses of KRW46.5 billion due to valuation losses on ELS and stocks.

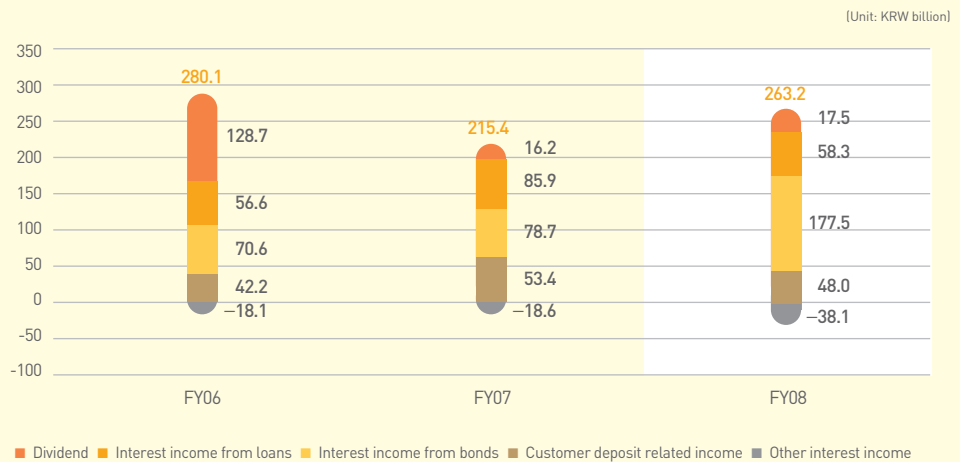
5. INTEREST INCOME

Interest income grew 22% to KRW263.2 billion, mainly owing to the surge in the average balance of bond holdings from KRW3.7 trillion to KRW6.1 trillion. The average balance nearly doubled due to an increase in the RePo balance following the launch of RePo-type CMA and the conversion from full-funded* to coupon swap* method for issuing back-to-back ELS. Consequently, interest on bonds rose by 125% to KRW177.5 billion. On the other hand, the bearish stock market pulled down customer deposits and loans, resulting in respective decreases in interest income of KRW48.0 billion and KRW58.3 billion.

*Full-Funded: When issuing back-to-back ELS, the principal is fully transferred to the counterparty

*Coupon Swap: When issuing back-to-back ELS, only the gains are transferred without transferring the principal to the counterparty

Interest Income (net)



OPERATING RESULTS

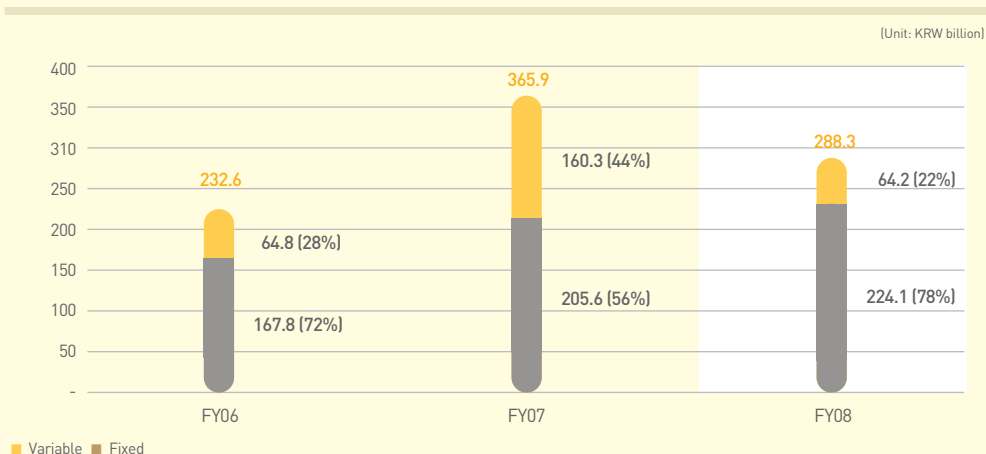
6. SELLING, GENERAL & ADMINISTRATIVE (SG&A) EXPENSES

Selling, general & administrative (SG&A) expenses fell by 11% year-on-year to KRW478.3 billion, largely because variable labor expenses, which are linked to operating results, shrank 60% to KRW64.2 billion from KRW160.3 billion recorded in the previous fiscal year. On the other hand, the Company invested in areas essential for driving future growth. For instance, Daewoo Securities launched "Direct we," an online discount brokerage service to attract new customers, and "CMA6," a product that combines profitability and stability which allows customers to freely deposit and withdraw money. Connected with the launches, the Company stepped up advertising through TV, Internet and such mass media, which in turn pushed up advertising expenses by 16% to KRW36.3 billion. Daewoo Securities plans to raise cost efficiency by implementing measures derived from the cost savings project conducted last year.

Selling, General & Administrative Expenses

	(Unit: KRW billion)		
	FY2008	FY2007	FY2006
Labor costs	288.3	365.9	232.6
Salaries	143.0	149.2	109.3
Severance payments	24.9	24.0	18.9
Fringe benefits	120.5	192.7	104.4
Computer system operating expenses	19.6	19.7	17.9
Rental expenses	17.7	19.2	17.7
Commissions paid	7.1	6.7	8.4
Entertainment expenses	7.8	7.6	7.6
Advertising expenses	36.3	31.2	14.5
Depreciation expenses	22.8	17.2	13.6
Research expenses	2.1	0.5	0.1
Training expenses	3.8	4.0	3.7
Amortization expenses on intangible assets	6.2	3.0	2.8
Taxes and dues	20.3	21.9	17.9
Others	46.2	40.3	33.2
Total	478.3	537.1	370.0

Variable & Fixed Salary Expenses



FINANCIAL CONDITION

FINANCIAL CONDITION

As of FY2008, total assets stood at KRW14,225.1 billion, up by 17.7% from a year earlier (KRW12,084.4 billion). Total liabilities amounted to KRW11,735.4 billion (up 21.5%) and total shareholders' equity was KRW2,489.8 billion (up 2.7%). Daewoo Securities reaffirmed its financial stability and remained the industry leader in terms of shareholders' equity while widening the gap with the No.2 player.

The Company increased high liquid assets as a preemptive measure against the financial crisis, which resulted in an 88.8% jump in cash and deposits to KRW3,460.8 billion. Marketable securities increased by 4.5% to KRW8,821.7 billion, mainly because structured securities decreased by KRW897.0 billion due to a conversion in transaction method for back-to-back ELS whereas bond holdings grew KRW1,066.3 billion owing to the increase in RP balance and proprietary accounts. Derivatives soared 277.0% to KRW296.6 billion due to the increase in IRS pay contracts (method of bond hedging) and the rise in value of put options on Daewoo E&C. Loan assets declined by 43.3% to KRW602.2 billion, pulled down by the reduction in retail loans and project financing loans. Tangible fixed assets went up 74.0% to KRW426.0 billion following the purchase of the headquarters building in Yeouido.

Total liabilities increased by KRW2,076.2 billion to KRW11,735.4 billion, largely owing to the increases in customer deposits (up by KRW741.2 billion) and RP balance (up by KRW569.5 billion). Structured securities sold, RPs sold, customer deposits, and short/long-term borrowings respectively accounted for 32.2%, 32.0%, 16.4%, and 9.4% of total liabilities. Structured securities

Summarized Balance Sheet

	(Unit: KRW billion)		
	FY2008	FY2007	FY2006
Cash and deposits	3,460.8	1,833.5	1,543.4
Securities	8,821.7	8,441.8	5,900.4
Derivatives	296.6	78.7	84.8
Loans	602.2	1,062.7	759.5
Tangible fixed assets	426.0	244.8	235.5
Others	617.8	423.0	478.1
Total assets	14,225.1	12,084.4	9,001.7
Deposits	1,951.4	1,210.7	1,345.5
Borrowings	9,224.2	7,908.7	5,158.4
Other liabilities	559.7	539.8	385.2
Total liabilities	11,735.4	9,659.1	6,889.1
Paid-in capital	1,020.9	1,020.9	1,020.9
Capital surplus	222.8	222.8	222.8
Capital adjustments	-33.0	-33.0	-33.0
Accumulated other comprehensive income	80.0	114.6	57.3
Retained earnings	1,199.1	1,100.0	844.7
Total shareholders' equity	2,489.8	2,425.3	2,112.6
Total liabilities and shareholders' equity	14,225.1	12,084.4	9,001.7

sold rose by 3.5% year-on-year to KRW3,784.2 billion while RPs sold increased by 17.9% to KRW3,757.2 billion. Besides, customer deposits were up 62.5% to reach KRW1,927.7 billion and short/long-term borrowings totaled KRW1,105.9 billion.

As of March 2009, total shareholders' equity was KRW2,489.8 billion, up by 2.7% from KRW2,425.3 billion recorded a year earlier. Paid-in capital was unchanged from a year ago at KRW1,020.9 billion, comprised of KRW950.5 billion in common stocks and KRW70.4 billion in preferred stock. The total number of shares outstanding stood at 190,100,891 for common stocks and 14,075,750 for preferred stocks.

NET CAPITAL RATIO

Daewoo Securities regularly measures and monitors the net capital ratio according to the standards set by the financial supervisory authorities in order to maintain financial soundness. The net capital ratio was introduced by the authorities as a way to promote the soundness of securities firms in a fast changing financial environment and ultimately to protect investors.

The net capital ratio is calculated by dividing the net working capital by total risk as of the day of calculation. Net working capital is obtained by subtracting illiquid assets from shareholders' equity. That is, total liabilities are subtracted from total assets, and then the necessary subtractions (eg, non-current assets) and additions (eg, debt without recourse) are made. Total risk is a quantification of losses that the Company may incur if financial market conditions deteriorate. The figure includes market risk, credit risk, and operational risk.

As of March 2009, Daewoo Securities' net capital ratio stood at 531% (KRW1,917.3 billion in net working capital divided by KRW361.3 billion in total risk). The figure is above the legal requirement of 150% for securities businesses, the 200% requirement for dealing in new OTC derivatives, and the 300% required for listing of new ELS or ELW and to act as liquidity provider (LP).

Net Capital Ratio

	(Unit: KRW billion)		
	FY2008	FY2007	FY2006
Net working capital	1,917.3	1,564.5	1,337.7
Risk-weighted assets	361.3	319.8	214.5
Net capital ratio	530.7%	489.2%	623.6%

NET CAPITAL RATIO

RISK MANAGEMENT

1. RISK MANAGEMENT PRINCIPLES

Risk is the potential loss that may arise in the course of conducting business. Therefore, efficient management of risk is the key to success for financial institutions. Opportunities for creating value would not exist without risk, but excessive risk exposure can lead to severe losses in corporate and shareholder value. Daewoo Securities' executive management fully understands the importance of effective risk management and strives to create the best value possible for both its shareholders and the Company within an acceptable range of risks.

The risks that Daewoo Securities is exposed to in conducting business are classified into market, credit, liquidity, legal, operational and reputation risks, and these must be comprehensively identified, monitored, and controlled. The Company also mobilizes its most talented personnel and organizes its financial affairs to maintain risk management policies and systems that reflect global standards.

Risk Management System



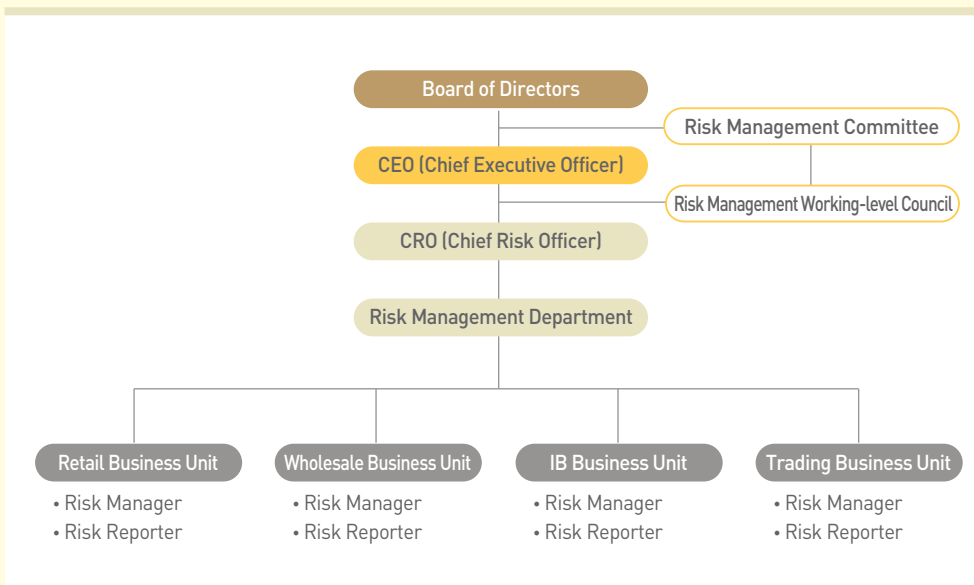
Daewoo Securities maintains a company-wide and comprehensive risk management system through diverse regulations, guidelines and standards. To begin with, the Company prioritizes risk management issues according to government regulations and sets its own risk management regulations in order to achieve capital adequacy and stable risk management via the efficient management of risks and distribution of available investment resources. The Company also operates a risk management committee which functions as the highest authority in the hierarchy of the risk management structure under the "risk management committee regulations." It follows previously set guidelines for "asset management," "credit risk management," "underwriting risk management," and "asset-liability management" to efficiently manage risks in accordance with asset-type and risk exposure. In addition, each department is authorized to monitor guideline details for those working processes not covered by company-wide regulations and guidelines.

Major Risk Management System

- Risk Management Standards by the Asset Management Department (Proprietary Trading Department, Trading Business Unit, etc.)
- Risk Management Standards by the Book
- IB Book Capital Usage Charge Criteria
- Investment Pool Management System
- Early Warning System (EWS) operating guidelines

RISK MANAGEMENT ORGANIZATION

Daewoo Securities' risk management organization is comprised of a Risk Management Committee ("Committee"), a Risk Management Working-level Council ("Council"), a Chief Risk Officer, a risk management department, a risk manager from each business division level, and a risk reporter from every department to ensure that the risk management policies determined by executive management are implemented in each asset management department.

Risk Management Organizational Chart

Comprised of more than 3 BOD members including at least one outside director, the Committee is at the head of the risk management-related decision making structure. The Committee prepares risk management strategies that correspond to the Company's management strategies and supervises the risk management process. Major issues that the Committee reviews and resolves include enacting and revising risk management regulations, guidelines and systems, setting adequate capital ratio levels including risk appetite, approving criteria for judging liquidity crisis and contingency plans, approving total risk limits by year and quarter, setting liquidity risk limits, extending large-size credit lines, and approving improvements and major changes to the risk management system. The nomination and dismissal of Committee members is determined by the board of directors and the Committee chair is selected from among the members. The chair represents the Committee and, in the event that it is impossible to call a Committee meeting in a risk-related emergency, the chair is entitled to authorize the suspension of the pertinent transaction, readjustment of position, and other appropriate measures related to the pertinent department.

Comprised of executive management, the "Council" deals with the details and the delegated issues of resolutions determined by the Committee and reports the result to the Committee. The Council's major functions include: approving the commencement of new transaction or introduction of new products, approving usage of and changes to price valuation models, approving issues related to the incorporation of policy position, approving criteria for evaluation of risk-adjusted performance of relevant departments, distributing limits approved by the Committee according

RISK MANAGEMENT

to department and marketing activity, and approving changes to the routine risk management system. Members of the Council are assigned on an individual basis and the role of chair is held by the Chief Risk Officer (CRO). In the event of emergency related to issues dealt with by the Council, the chair of the Council is entitled to demand the suspension of the transaction, readjustment of position and appropriate measures related to the pertinent department and designated employee.

The risk management department builds a comprehensive risk management system and enhances risk management capacity so as to protect and enable the efficient usage of the Company's equity capital, laying the foundation for sustainable growth. The risk management department executes risk management policies determined by the Committee or the Council through appropriate procedures and systems, plans and controls all risk management-related issues and oversees the operation of the Committee or the Council. The department also oversees reports on the current status of the Company's asset management and reports on overall risk management issues to executive management.

The risk manager, reporting to the business division of the risk management department, works independently of transaction-related departments and assesses the operational positions and profit/loss of transactions and all related risk factors of each business division. The risk manager then reports the assessment results to the head of the division and notifies the risk management department.

Risk reporters are selected from each transaction-related department to report on the current status of their departments' risk position and activities to the management of the transaction-related department and the division, and to report to the risk management department.

MANAGEMENT OF MAJOR RISK FACTORS

● Market Risk

Market risk refers to the potential losses that the Company may incur in the course of conducting asset management business due to changes in the market value of equity prices, interest rates and currency rates. Daewoo Securities mobilizes the standard market Value at Risk (VaR), set according to Korea's Financial Supervisory Service (FSS) regulations, and the internal market VaR, calculated by the Company's internal risk management system, to monitor and control market risk. VaR calculates the maximum loss expected on an investment, over a given time period and given a specified degree of confidence level when the market price moves in an adverse direction under normal market conditions. In a bid to facilitate a company-wide risk management practice, Daewoo Securities measures and manages standard VaR and introduced the new risk management system to improve accuracy in measurement, to effectively manage risks in consideration of product characteristics, and to measure and manage internal market VaR. The internal VaR operates on a one-day time horizon and a confidence level of 99%.

Although VaR is a good market risk measurement method, it fails to provide information on possible losses in cases exceeding a given confidence level, as it is calculated under the premise of normal market conditions. To mitigate VaR shortfalls, Daewoo Securities utilizes additional indicators to manage market risk such as Greek monitoring and stress testing.

Daewoo Securities produces assessment and analysis reports on current market risk on a daily, weekly and monthly basis for submission to the executive management. The reports also contain the current status of loss limit monitoring, assessments of major Company assets, the results of crisis scenario analysis and the current status of capital adequacy.

● Credit Risk

Credit risk refers to the losses that Daewoo Securities would incur if a counterparty or an issuer of securities or other instruments held by the Company failed to fulfill its contractual obligations, or upon a deterioration in the credit quality of a third party, whose securities or other instruments, including OTC derivatives, are held by the Company. To reduce our credit exposure, we assign exposure limits that vary according to the counterparty or their credit rating and utilize the standard model to maintain an appropriate level of capital adequacy through controlling VaR credit limits. Additionally, through regular monitoring - usually, weekly and monthly - of the current credit risk status; we focus on monitoring major counterparties in which we have excessive exposure.

Transactions involving credit risk are usually difficult to securitize due to their large volume. Therefore, proactive risk management strategies are imperative. Considering this characteristic of credit risk, Daewoo Securities undertakes mandatory proactive inspections of all transactions involving credit risk to reflect both qualitative and quantitative analyses in the inspection report process.

● Operational Risk

Operational risk is the risk of loss arising from shortcomings or failures in internal processes, people or systems, and from external events. Daewoo Securities uses the value chain analysis for systematic assessment of the company-wide work process. This enables sophisticated operational risk management as well as efficient control of overall processes. We have in place an operational risk management system for loss monitoring, risk & control self-assessment, key risk indicator management and risk measurement. In order to prevent repeat occurrences, the system collects data on past incidences of loss events and analyzes their root causes and types. Regular risk and control self-assessments facilitate the day-to-day monitoring of risk at the company-wide level for effective management of operational risk factors, event types and countermeasures. The selection of key risk indicators also enables us to mitigate operational risk. For calculation of operational VaR, we use both the standard model recommended by financial and investment industry regulations and our internal model (AMA; Advanced Measurement Approach). We possess adequate equity capital in preparation for any occurrence of operational risk-related loss events.

● Liquidity Risk

Liquidity risk generally occurs in two types of situations. In the first, market liquidity risk may occur when a firm is unable to offset or eliminate a position without significantly affecting the market price because of inadequate market depth or market disruption. In the second, prudential liquidity risk may occur when a company is unable to maintain minimum liquidity ratios. To manage liquidity risks, Daewoo Securities mobilizes liquidity gap analyses to determine the current liquidity status and anticipates future risk using a checklist and established standards for liquidity risks, and then prepares countermeasures if necessary.

RISK MANAGEMENT

Assessments of current liquidity risks and predictions of future status are undertaken in three steps and contingency plans or countermeasures are drawn up in accordance with specific cases or conditions.

● Legal Risk

Legal risk is the potential loss that the Company may incur due to unexpected changes and / or the adverse impact of shortfalls in contracts and / or legal translations or changes in laws and regulations governing securities firms. Daewoo Securities includes these legal risks in its operational risk management system and assigns a legal affairs department to exclusively handle legal risk.

OPERATION OF EARLY WARNING SYSTEM (EWS)

Daewoo Securities has an Early Warning System (EWS) in place in order to preemptively and proactively respond to crises such as the market shock caused by the sub-prime crisis and risk influence. The EWS is chaired by the CRO, and is comprised of the heads of the sales departments and asset management departments as well as major administrative departments. After identifying pertinent market issues, the EWS thoroughly analyses market impact before determining the stage of the crisis on a level of 1-3 and prepares countermeasures for each stage of the crisis. These countermeasures are classified against both the Company's and customers' assets and are updated on a regular basis. The results of the EWS operation are also reported to the executive management on a regular basis.

ESTABLISHING A NEW RISK MANAGEMENT SYSTEM

Daewoo Securities completed a new risk management system in May 2008, in order to actively deal with rapidly changing financial markets and business conditions due to advances in new types of financial instruments, the enforcement of the Capital Market Consolidation Act and the introduction of risk-based supervision (RBS) by the FSS. In February 2009, the Company also developed the operational risk management system.

Composed of a risk data warehouse (RDW), a market/credit risk measuring system and user interface, the new system can be defined as a "third-generation" risk management system with a completely different structure and operating system from the existing system.

With the establishment of this new system, Daewoo Securities became the first Korean financial institution to complete a real time-based risk management process for various derivatives such as ELS and ELW. First, the "Daewoo Securities internal valuation model characteristic transplantation scheme" employs a unique transplantation scheme customized to Daewoo Securities by significantly improving the transplantation scheme of the internal valuation model of SunGard, a company with globally advanced risk management technologies. This improved technology has also been highly recognized by SunGard. Second, the Company is the first Korean securities firm to establish the RDW, enabling efficient, organized and independent provision of time series risk data and considerably strengthening risk analysis and simulation analysis by portfolios. Third, it is the first Korean securities firm to lay the groundwork for credit risk management, securing a user-oriented operating system by providing a web-based user interface.

The operational risk management system has two key functions. One is the efficient management of company-wide processes and the other is facilitating loss monitoring, risk control self-assessment, key risk indicator management and risk measurement. The implementation of the system allows us to undertake 1) in-depth analysis of company-wide processes to create a foundation for managing inefficiencies in a consistent and concise manner; 2) concentrated management of key risks by selecting and prioritizing specific risks per process unit; and 3) VaR calculation with the development of the calculation system for the advanced measurement approach (internal model).

2. RESPONDING TO GLOBAL FINANCIAL CRISIS

Our preemptive and proactive responses have given us the resilience to withstand the current global credit crunch triggered by the subprime crisis in the US.

COMPANY-WIDE RISK MANAGEMENT STRUCTURE AND SYSTEM OVERHAUL

The early warning system was implemented in the wake of the subprime crisis as a measure to improve our risk management capability. We have also activated a system that can draw up an immediate response to specific market risks in accordance with our contingency plan. Our reinforced risk management functions have given us the strength to stay resilient even in a very challenging environment of deepening credit crunch and market downturn. We also bolstered our investment review and recovery process by setting up an “Investment Review Committee” and “Investment & Credit Assessment Department” in 2008. Tighter control on new investments and recovery of existing investments since the second half of 2008 when the global financial woes intensified has enabled us to minimize losses.

PREEMPTIVE RISK MANAGEMENT TO RESPOND TO CHANGING MARKETS

As a preemptive measure against a short-term money market crunch, Daewoo Securities secured sufficient liquidity of KRW1,000~1,500 billion to reduce liquidity risk. We also limited exposure to market risk by lowering the average balance of equities and reducing the duration of bond investments in proprietary accounts. For tighter credit risk control, we limited the counterparty for back-to-back ELS issuance to global investment banks with solid credit ratings and switched to the coupon swap method. In addition, we concentrated on solidifying our overseas network while practicing restraint with respect to direct overseas investment.

PROTECTING CUSTOMER ASSETS

To protect customer assets, we dramatically scaled back credit loan balance to reduce customer leverage, thereby mitigating their losses following the global financial crisis. Our proactive responsiveness has helped us overcome the global financial turbulence and proved our excellent risk management capabilities.

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INDEPENDENT AUDITORS' REPORT

DASAN 茶山 ACCOUNTANTS

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

We have audited the accompanying non-consolidated balance sheets of Daewoo Securities Co., Ltd. (the "Company") as of March 31, 2009 and 2008, and the related non-consolidated statements of operations, appropriations of retained earnings, changes in shareholders' equity and cash flows for the years then ended, all expressed in Korean won. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated 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 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 the Company as of March 31, 2009 and 2008, and the results of its operations, changes in its retained earnings and its shareholders' equity, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of Korea.

Without qualifying our opinion, we draw attention to the following :

As discussed in Note 17 to the non-consolidated financial statements, as of March 31, 2009, the Company is a defendant in a number of cases including redemption of beneficiary certificates. As the ultimate outcome of these lawsuits cannot yet be presently determined, no adjustment has been made to the non-consolidated financial statements.

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, changes in shareholders' equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized 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 knowledgeable about Korean accounting principles and auditing standards and their application in practice.

Dasan Accounting Corporation

Seoul, Korea
May 19, 2009

This report is effective as of May 19, 2009, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON INTERNAL ACCOUNTING CONTROL SYSTEM

DASAN 茶山 ACCOUNTANTS

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To the Chief Executive Officer of Daewoo Securities Co., Ltd.

We have reviewed the report of management's assessment of the Internal Accounting Control System ("IACS") of Daewoo Securities Co., Ltd. (the "Company") as of March 31, 2009. The Company's management is responsible for designing and operating IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review the management's assessment and issue a report based on our review. The management's report on the operations of the IACS of the Company states that "based on the assessment of the operations of the IACS as of March 31, 2009, the Company's IACS has been effectively designed and is operating as of March 31, 2009, in all material respects, in accordance with the IACS standards established by the Internal Accounting Control System Operations Committee ("IACSOC")."

We conducted our review in accordance with the IACS review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of management's report on the operations of the IACS to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's IACS and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit.

A company's IACS is a system to monitor and operate those policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the Republic of Korea. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of the compliances with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that management's report on the operations of the IACS, referred to above, is not presented fairly, in all material respects, in accordance with the IACS standards established by IACSOC.

This report applies to the Company's IACS in existence as of March 31, 2009. We did not review the Company's IACS subsequent to March 31, 2009. This report has been prepared for Korean regulatory purposes, pursuant to the External Audit Law, and may not be appropriate for other purposes or for other users.

May 19, 2009

This report is annexed in relation to the audit of the financial statements as of March 31, 2009 and the review of internal accounting control system pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.

REPORT ON THE OPERATIONS OF INTERNAL ACCOUNTING CONTROL SYSTEM

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

I, as the Internal Accounting Control Officer ("IACO") of Daewoo Securities Co., Ltd.(the "Company"), have assessed the status of the design and operations of the Company's internal accounting control system ("IACS") for the year ended March 31, 2009.

The Company's management including IACO is responsible for the design and operations of its IACS. I, as the IACO, have assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external purposes. I, as the IACO, applied the IACS standard for the assessment of design and operations of the IACS.

Based on the assessment of the operations of the IACS, the Company's IACS has been effectively designed and is operating as of March 31, 2009, in all material respects, in accordance with the IACS standard issued by the Internal Accounting Control System Operation Committee.

May 19, 2009

Young-Chang Lee
Internal Accounting Control Officer

Sung-Tae Kim
President and Chief Executive Officer

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2009 and 2008

Daewoo Securities Co., Ltd.

	(in millions of Korean won)	
	2009	2008
ASSETS		
Cash and cash equivalents (Note 16)	₩ 763,420	₩ 414,416
Deposits (Notes 3 and 16)	2,697,374	1,419,101
Trading securities, net (Notes 4 and 16)	7,102,114	5,673,985
Available-for-sale securities, net (Notes 5 and 16)	534,729	727,688
Securities using equity method (Note 6)	122,213	84,341
Structured securities (Note 7)	1,049,737	1,946,729
Derivative assets (Note 8)	296,586	78,676
Loans receivable, net (Note 9)	602,242	1,062,657
Property and equipment, net of accumulated depreciation (Note 10)	426,011	244,766
Receivables, net (Notes 9 and 16)	296,000	155,075
Accrued income, net (Note 9)	109,357	81,720
Guarantee deposits	100,459	102,085
Collective fund for default loss (Note 3)	7,109	7,953
Intangible assets, net (Note 11)	20,845	16,951
Others (Note 12)	96,909	68,287
TOTAL ASSETS	₩ 14,225,105	₩ 12,084,430

(Continued)

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2009 and 2008

Daewoo Securities Co., Ltd.

	(in millions of Korean won)	
	2009	2008
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits from customers	₩ 1,927,735	₩ 1,186,552
Guarantee deposits received	23,678	24,162
Call money (Note 13)	545,900	496,000
Borrowings (Note 13)	260,000	200,000
Bonds sold under resale agreements	3,757,199	3,187,666
Securities sold	78,811	24,346
Structured securities sold (Note 7)	3,784,191	3,655,921
Derivative liabilities (Note 8)	496,197	41,480
Debentures, net (Note 13)	299,518	299,107
Accrued severance benefits, net (Note 14)	90,337	78,620
Accrued income taxes (Note 22)	-	98,266
Accounts payables (Note 16)	259,175	171,122
Accrued expenses	61,617	61,905
Others (Note 15)	150,996	133,986
Total liabilities	11,735,354	9,659,133
Shareholders' equity:		
Capital stock, par value per share: ₩5,000,		
Authorized: 600,000,000 shares,		
Issued and outstanding (Notes 1 and 18):		
Common stock: 190,100,891 shares	950,504	950,504
Preferred stock: 14,075,750 shares	70,379	70,379
Capital surplus	222,792	222,792
Capital adjustments (Note 18)	(32,970)	(32,970)
Accumulated other comprehensive income (Note 19)	79,970	114,577
Retained earnings (Note 20)	1,199,076	1,100,015
Total shareholders' equity	2,489,751	2,425,297
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	₩ 14,225,105	₩ 12,084,430

The accompanying notes are an integral part of these non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31, 2009 and 2008

Daewoo Securities Co., Ltd.

	(in millions of Korean won)	
	2009	2008
Operating revenues (Note 25):		
Commissions received	₩ 552,217	₩ 794,331
Gain on sales of trading securities	261,599	225,625
Gain on valuation of trading securities	112,468	51,745
Gain on disposition of available-for-sale securities	18,105	3,657
Gain on valuation of available-for-sale securities	5,673	26,080
Gain on valuation of securities sold	1,356	1,753
Gain on structured securities transactions	125,672	513,300
Gain on structured securities sold transactions	1,103,641	602,581
Gain on derivatives transactions	1,620,992	1,004,769
Interest income	501,108	334,182
Gain on disposal of loans	125	124
Gain on foreign transactions, net	33,309	1,118
Dividends income	17,454	16,172
Distribution income	7,944	45,383
Gain on valuation of reserve for claims of customers' deposits-trust	59,875	69,513
Other operating income	23,566	2,381
	4,445,104	3,692,714
Operating expenses (Note 25):		
Commissions expense	57,902	69,882
Loss on sales of trading securities	389,639	161,600
Loss on valuation of trading securities	29,251	39,746
Loss on disposition of available-for-sale securities	491	-
Loss on valuation of available-for-sale securities	87,510	-
Impairment loss on investment securities	8,146	3,900
Loss on valuation of securities sold	2,361	1,342
Loss on structured securities transactions	480,733	474,507
Loss on structured securities sold transactions	283,638	666,203
Loss on derivatives transactions	2,012,737	1,050,173
Interest expense	314,967	204,353
Loss on valuation(disposal) of loans	25,768	8,047
Loss on foreign transaction, net	₩ 22,894	₩ 465

(Continued)

NON-CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31, 2009 and 2008

Daewoo Securities Co., Ltd.

	(in millions of Korean won)	
	2009	2008
Selling and administrative expenses (Note 30)	₩ 478,251	₩ 537,144
Others	46,981	13,265
	4,241,269	3,230,627
Operating income	203,835	462,087
Non-operating income (expenses):		
Gain on disposition of tangible assets	8	79
Rental income	9,335	7,218
Gain on equity method valuation (Note 6)	3,010	2,887
Others	23,393	14,907
	35,746	25,091
Non-operating expenses		
Loss on disposition of tangible assets	174	867
Loss on equity method valuation (Note 6)	3,381	1,065
Donations	416	424
Others (Note 16)	2,253	21,573
	6,224	23,929
Income before income taxes	233,357	463,249
Income tax expense (Note 22)	52,853	126,458
Net income	180,504	336,791
Per share data (in Korean won) (Note 24)		
Basic and diluted earnings per share	₩ 887	₩ 1,654

The accompanying notes are an integral part of these non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

For the years ended March 31, 2009 and 2008

(Dates of Appropriations: June 5, 2009 and June 5, 2008 for the years ended March 31, 2009 and 2008, respectively)

Daewoo Securities Co., Ltd.

	(in millions of Korean won)	
	2009	2008
Retained earnings before appropriations :		
Balance at beginning of year	₩ 990,031	₩ 742,860
Net income	180,504	336,791
	1,170,535	1,079,651
Appropriations of retained earnings :		
Legal reserve	4,072	8,144
Reserve for loss on futures transactions(Note 20)	-	33
Dividends(rate) Per Share (Note 20)	40,722	81,443
Common stock - ₩200 per share (4.00%) in 2009, ₩400 per share (8.00%) in 2008		
Preferred stock - ₩220 per share (4.40%) in 2009 ₩440 per share (8.80%) in 2008		
	44,794	89,620
Unappropriated retained earnings to be carried over to subsequent year	₩ 1,125,741	₩ 990,031

The accompanying notes are an integral part of these non-consolidated financial statements.

NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended March 31, 2009 and 2008

Daewoo Securities Co., Ltd.

(in millions of Korean won)												
		Capital Stock		Capital Surplus		Capital Adjustments		Accumulated Other Comprehensive Income		Retained Earnings	Total	
Balance as of April 1, 2007(as reported)	₩	1,020,883	₩	222,792	₩	(32,970)	₩	57,256	₩	844,668	₩	2,112,629
Dividends		-		-		-		-		(81,444)		(81,444)
Retained earnings after appropriations		-		-		-		-		763,224		2,031,185
Net income		-		-		-		-		336,791		336,791
Gain on valuation of available-for-sale securities		-		-		-		59,572		-		59,572
Loss on valuation of available-for-sale securities		-		-		-		(7,386)		-		(7,386)
Capital change of securities under equity method		-		-		-		3,912		-		3,912
Negative capital change of securities under equity method		-		-		-		1,223		-		1,223
Balance as of March 31, 2008		1,020,883		222,792		(32,970)		114,577		1,100,015		2,425,297
Balance as of April 1, 2008(as reported)		1,020,883		222,792		(32,970)		114,577		1,100,015		2,425,297
Dividends		-		-		-		-		(81,443)		(81,443)
Retained earnings after appropriations		-		-		-		-		1,018,572		2,343,854
Net income		-		-		-		-		180,504		180,504
Gain on valuation of available-for-sale securities		-		-		-		(38,874)		-		(38,874)
Loss on valuation of available-for-sale securities		-		-		-		(14,669)		-		(14,669)
Capital change of securities under equity method		-		-		-		19,100		-		19,100
Negative capital change of securities under equity method		-		-		-		(164)		-		(164)
Balance as of March 31, 2009	₩	1,020,883	₩	222,792	₩	(32,970)	₩	79,970	₩	1,199,076	₩	2,489,751

The accompanying notes are an integral part of these non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2009 and 2008

Daewoo Securities Co., Ltd.

	(in millions of Korean won)	
	2009	2008
Cash flows from operating activities :		
Net income	₩ 180,504	₩ 336,791
Adjustments to reconcile net income (loss) to net cash provided by/used in) operating activities :		
Provision for severance and retirement benefits	24,914	23,984
Depreciation	29,019	20,148
Bad debt expenses	30,827	18,972
Gain on trading securities valuation, net	(83,217)	(12,000)
Gain on disposal of investment securities, net	(17,614)	(3,657)
Loss(Gain) on valuation of investment securities	81,837	(26,081)
Impairment loss on investment securities	8,146	3,900
Loss(Gain) on valuation of securities sold , net	1,005	(411)
Amortization of present value discounts	(69)	(333)
Gain on foreign exchange translation, net	(2,656)	(66)
Gain on valuation of reserve for claims of customers' deposits-trust	(59,876)	(69,513)
Loss(Gain) on valuation of equity method securities, net	371	(1,822)
Others	(242,296)	42,853
	(229,609)	(4,026)
Changes in operating assets and liabilities :		
Decrease(Increase) in deposits with Korea Securities Finance Corporation	(477,888)	294,192
Increase in trading securities	(1,373,766)	(2,145,819)
Decrease(Increase) in structured securities	597,986	(354,241)
Increase in accounts receivable	(142,264)	(7,373)
Decrease(Increase) in accrued income	(27,932)	85,875
Decrease(Increase) in prepaid income tax	(29,311)	17,627
Increase(Decrease) in deposits from customers	741,183	(148,653)
Increase in structured securities sold	928,090	1,463,403
Payments of severance and retirement benefits	(9,095)	(5,903)
Increase(Decrease) in accrued expenses	(288)	18,669
Others	58,971	89,650
	265,686	(692,573)
Net cash used in operating activities	₩ 216,581	₩ (359,808)

(Continued)

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2009 and 2008

Daewoo Securities Co., Ltd.

	(in millions of Korean won)	
	2009	2008
Cash flows from investing activities :		
Payment of other deposits	₩ (737,853)	₩ (274,861)
Disposal of investment securities	119,697	114,000
Decrease(Increase) in call loans, net	55,000	(44,000)
Decrease(Increase) in brokers' loans, net	333,285	(133,608)
Increase in loans, net	(2,985)	(2,682)
Decrease(Increase) in advances for customers, net	2,957	3,149
Disposal of property and equipment	53	1,373
Acquisition of investment securities	(72,465)	(225,943)
Acquisition of property and equipment	(204,246)	(25,685)
Decrease(Increase) in guarantee deposits, net	1,626	(6,011)
Others	37,347	(145,632)
Net cash used in investing activities	(467,584)	(739,900)
Cash flows from financing activities :		
Increase in call money, net	49,900	173,000
Increase in borrowings, net	60,000	100,000
Increase in bonds sold under resale agreements, net	569,532	1,149,566
Repayment of debentures	-	(1,000)
Payment of cash dividends	(81,443)	(81,443)
Others	2,018	(552)
Net cash provided by financing activities	600,007	1,339,571
Net increase in cash and cash equivalents	349,004	239,863
Cash and cash equivalents at beginning of year	414,416	174,553
Cash and cash equivalents at end of year	₩ 763,420	₩ 414,416

The accompanying notes are an integral part of these non-consolidated financial statements.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

1. THE COMPANY :

Daewoo Securities Co., Ltd. (the "Company") was originally incorporated in September 23, 1970 under the name of Dong Yang Securities Co., Ltd. to engage in securities trading pursuant to the laws of the Republic of Korea. The Company's shares were listed on the Korea Exchange(formerly Korea Stock Exchange) on September 30, 1975 and its outstanding capital stock as of March 31, 2009 amounted to ₩1,020,883 million (Note 18). The Company changed its name to Daewoo Securities Co., Ltd. and merged with Sambo Securities Co., Ltd. on December 19, 1983. The Company has its headquarters in Seoul, Korea and operates 121 domestic branches (including 11 wealth management centers), 3 other domestic offices, 3 overseas subsidiaries and 3 overseas representative offices, as of March 31, 2009.

As of March 31, 2009, the Company's major shareholders are as follows:

	Number of shares	Percentage of ownership (%)
The Korea Development Bank	74,309,252	39.09
National Pension Corporation	10,279,922	5.41
Employees	67,577	0.04
KDB Asset Management Co., LTD.	5,930	0.00
Others	105,438,210	55.46
	190,100,891	100.00

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements are summarized below:

BASIS OF NON-CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

The Company maintains its official accounting records in Korean won and prepares financial statements in the Korean language in conformity with the accounting principles generally accepted in the Republic of Korea. 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. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, changes in shareholders' equity or cash flows, is not presented in the accompanying non-consolidated financial statements.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

APPLICATION OF THE STATEMENTS OF KOREAN ACCOUNTING STANDARDS

The Korean Accounting Standards Board has published a series of Statements of Korea Accounting Standards ("SKAS"), which will gradually replace the existing financial accounting standards established by the Korean Financial Service Commission. Significant accounting policies adopted by the Company in preparing the financial statements as of and for the year ended March 31, 2009 are consistent with those of 2008 except for the amendment of SKAS No. 8 ("Investments in Securities").

In accordance with the amendment of SKAS No. 8, the Company reclassified the trading securities no longer held for the purpose of selling or repurchasing in the near term into the available-for-sale securities (Note 5).

REVENUE RECOGNITION

The Company recognizes commissions and trading gains and losses on the contract date. Interest income from deposits, loans and debt securities is recognized on an accrual basis.

SECURITIES

Securities are classified into one of the three categories by the Company's intention and ability to hold such securities: held-to-maturity securities, trading securities, or available-for-sale securities. Securities are initially carried at cost, including incidental expenses, with cost being determined using the moving method.

Trading securities are carried at fair value with unrealized gains and losses charged to current operations. Trading securities, other than bonds and beneficiary certificates, are recorded at the closing price indicated by the relevant stock 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 earnings 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.

Available-for-sale securities are stated at fair value. Unrealized gains and losses on available-for-sale securities are charged to accumulated other comprehensive income(loss). The accumulated gains and losses shall be realized when the relevant securities are disposed of, or when an impairment loss on recognized. Equity securities classified as available-for-sale securities that are not traded in an active market and whose fair values can not be reliably estimated are carried at acquisition cost.

Debt securities that do not have a market price are recorded at the discounted future cash flow, which is measured by a reasonable valuation model.

If the recoverable amounts are less than the acquisition costs of equity securities or adjusted costs of debt securities for the amortization of discounts or premiums and are not expected to recover, the difference between the book value and the fair

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

value shall be charged to current operations as impairment loss on investment securities. Subsequent recoveries are also recorded in current operations as the recovery of impairment loss on investment securities account to the extent of previously recorded impairment loss if such recoveries are attributable to events occurring subsequent to the recognition of the impairment loss.

SECURITIES USING EQUITY METHOD

Equity securities held for investment in companies in which the Company is able to exercise significant influence over the investees are accounted for using the equity method. The Company's share in net income or net loss of investees is included in current operations. Changes in the retained earnings of investee are reflected in the retained earnings. Changes in the capital surplus, capital adjustments or accumulated other comprehensive income of investee are reflected as gain or loss on valuation of securities accounted for using the equity method in accumulated other comprehensive income.

The Company discontinues the equity method of accounting for equity-method investees when the Company's share in the accumulated losses of the investees equals the costs of the investments, and until the subsequent cumulative changes in its proportionate net income of the investees equal its cumulative proportionate net losses not recognized during the periods when the equity method was suspended.

Losses on impairment on equity method securities are recognized in the current period when the difference between recoverable amounts and carrying value of equity method securities is significant. If the realizable value of equity method securities recovers, the increase in value is recorded in current operations, up to the amount of the previously recognized impairment loss.

Differences between the initial purchase price and the Company's initial proportionate ownership in the net book value of the investee are amortized over a period up to five years using the straight-line method. When the investee company is a consolidated subsidiary, the difference amount between variation of net assets equity value and purchase price by additional purchasing of shares or paid-in capital increasing of investee company is accounted as capital surplus or capital adjustments.

Unrealized profit arising from sales by the equity method investees to the Company or sales between equity method investees is also eliminated considering the percentage of ownership. However, when the investee company is a consolidated subsidiary, unrealized profit arising from sales by the Company to equity method investees is fully eliminated.

Assets and liabilities of a foreign branch or company subject to the equity method of accounting for investments are translated into Korean won at the rates of exchange in effect at the balance sheet date, while their equity is translated at the exchange rate at the time of transaction, and income statement accounts at the average rate over the period. Resulting translation gains and losses are recorded as accumulated other comprehensive income and expense.

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STRUCTURED SECURITIES

In case of structured securities sold, the difference amount between the fair value and its selling price as of the issuing date is recognized as sales commission on structured securities, and the structured securities liabilities are posted as fair value. And, in case of structured securities purchased, the structured securities assets are posted as purchasing price. In addition, the gain(loss) arising at mid-term redemption day or its maturity is recorded as the gain(loss) on redemption, and the difference between its fair value at the ending date and its book value is recorded as the gain(loss) on valuation.

DERIVATIVES

Derivative instruments are recorded either as an asset or a liability measured principally at the fair value of rights or obligations associated with the derivative contracts. The unrealized gain or loss from derivative transactions is recognized in current operations.

Fair value hedge accounting is applied to a derivative instrument designated as hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) that is attributable to a particular risk. The gain or loss both on the hedging derivative instruments and on the hedged item attributable to the hedged risk is reflected in current operations.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company provides an allowance for doubtful accounts based on the estimated recoverable amount of the accounts. However, if an allowance for doubtful accounts provided pursuant to supervisory regulations enacted by the Korean Financial Services Commission is more than the estimated recoverable amount of the accounts, the Company recognizes the provision computed based on the supervisory regulations.

In accordance with the supervisory regulations provided by the Korean Financial Services Commission, the Company classifies accounts receivable including loans into the following five categories (Note 9).

Classification	Ratio of allowance for bad debts
Current	Over 0.5%
Precautionary	Over 2%
Substandard	Over 20%
Doubtful	Over 75%
Loss	100%

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VALUATION OF ASSETS AND LIABILITIES AT PRESENT VALUE

Pursuant to the Supervisory Regulations for Securities Companies provided by the Korean Financial Services Commission, if the difference between the nominal value and present value, as discounted at an appropriate interest rate, is material, 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.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, net of accumulated depreciation and impairment on property and equipment. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as described below:

	Estimated useful lives
Buildings	20, 40 years
Vehicles	4 years
Furniture and equipment	4 years

Routine maintenance and repairs are charged to current operations as incurred. Subsequent expenditure on property and equipment shall be capitalized only when it increases future economic benefits beyond its most recently assessed standard of performance.

The Company assesses the potential impairment of property and equipment when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value to be unlikely. The carrying value of the assets is reduced to the estimated realizable value, and an impairment loss is recorded as a reduction in the carrying value of the related asset and charged to current operations. However, the recovery of the impaired assets is recorded in current operations up to the cost of the assets, net of accumulated depreciation before impairment, when the estimated value of the assets exceeds the carrying value after impairment.

INTANGIBLE ASSETS

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

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	Estimated useful lives
Development costs	4 years
Software	4 years
Others	5 years

An impairment loss on intangible assets is recognized when the book value of the assets exceeds the recoverable value of the assets due to obsolescence and sharp decline in market value.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into Korean won at the exchange rate in effect at the balance sheet date. Resulting exchange gains or losses are recognized in current operations.

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. In addition, the Company recorded the difference between the repurchase price and the price of the bonds sold as interest from bonds sold under repurchase agreements.

Meanwhile, 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 and their acquisition cost as interest from bonds purchased under resale agreements.

SECURITIES SOLD

When the securities borrowed from the Korea Securities Depository are sold, the Company records the securities sold as liabilities. When the Company repurchases the securities sold as liabilities, the difference between the selling price and the repurchase cost of the securities sold is recognized as gain or losses on disposal of securities. The securities borrowed which are not repurchased are stated at fair market value at the balance sheet date and valuation gains or losses are reported in current operations.

Other short selling of securities not made through the Korea Securities Depository is recorded in the same method as the securities borrowed from the Korea Securities Depository.

ACCRUED SEVERANCE BENEFITS

Employees and directors with at least 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. Accrued severance benefits

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represent the amount which would be payable assuming all eligible employees and directors were to terminate their employment with the Company as of the balance sheet date. The Company provides defined contribution benefit pension plan to its directors and benefit plan asset or pension asset is deducted from accrued severance benefits.

CONTINGENT LIABILITIES

When there is a probability that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and whose amount reasonably estimable, a corresponding amount of provision is recognized in the financial statements. However, when such outflow or inflow is dependent upon a future event, is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability in case of an outflow, or the contingent asset in case of an inflow, is made in the notes to the financial statements.

LEASES

The Company accounts for lease transactions as either operating lease or finance lease, depending on the terms of the lease agreement. A finance lease is a lease that transfers substantially all the risks and rewards incidental to the ownership of an asset. The lessee recognized the value of the capital lease asset between the lower of the present value of minimum lease payments or the fair value of the lease asset is recognized as the value of the capital lease asset or liability. Annual minimum lease payments, excluding residual value, are allocated to interest expense, or for the redemption of capital lease liability using the effective interest method.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. The annual minimum lease payments, less guaranteed residual value, are charged to expense on a regular basis over the lease term.

INCOME TAX EXPENSE

Income tax expense consists of the total income tax and surtaxes to be paid for the current period and the changes in deferred income tax assets and liabilities during the year, which is determined by relevant laws such as the Corporate Income Tax Act and etc. The Company recognizes deferred income taxes for anticipated future tax consequences resulting from temporary differences between amounts reported for financial reporting and income tax purposes. Deferred tax assets and liabilities are computed on such temporary differences by applying enacted statutory tax rates applicable to the years when such differences are expected to reverse. Deferred tax assets are recognized when it is more likely that such deferred tax assets will be realized and the Company periodically assesses its ability to realize deferred tax assets.

Deferred tax effects applicable to items in the shareholders' equity are directly reflected in the shareholders' equity account. Additional income taxes for prior periods are also included in income tax expense.

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SHARE-BASED PAYMENTS

For cash-settled share-based payment, compensation costs for stock options granted to employees and directors are recognized as expenses and liabilities.

The compensation cost of stock options granted before and after the effective date of the SKAS No. 22, Share-based Payment, was measured using the intrinsic value method in accordance with the Interpretations on Financial Accounting Standards 39-35, Accounting for Stock Options, and the fair value method, respectively.

RECLASSIFICATION OF PRIOR YEAR FINANCIAL STATEMENT PRESENTATION

Certain reclassifications have been made in the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported net income or shareholders' equity of the Company.

3. RESTRICTED DEPOSITS :

(a) Restricted bank deposits as of March 31, 2009 and 2008, consist of the following:

	2009	2008
		(in millions of Korean won)
Long-term deposits	39,376	8,641

Above long-term deposits are restricted for use in connection with daily bank overdraft.

(b) Deposits required under regulations as of March 31, 2009 and 2008, consist of the following:

	2009	2008
		(in millions of Korean won)
Deposits:		
Reserve for claims of customers' deposits-trust	1,586,266	1,046,234
Deposits for futures & options	6,478	6,090
Collective fund for default loss	7,109	7,953
	1,599,853	1,060,277

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According to the Financial Investment Services and Capital Markets Act and the Regulation on future & options Industry, the Company is required to deposit with the Korean Securities Finance Corporation (KSFC) reserve for claims of customers' deposits-trust and deposits for futures & options, respectively. These deposits are restricted for use.

Pursuant to the Financial Investment Services and Capital Markets Act, a collective fund for default loss is created to compensate the loss resulting from non-compliance of regulations covering securities listed on the Korea Exchange.

4. TRADING SECURITIES :

(a) Short-term investment securities (not including Government & public bonds and Corporate bonds) as of March 31, 2009 and 2008, consist of the following:

	(in millions of Korean won)		
	2009		
	Book value before valuation	Fair value	Book value
Stocks	358,612	365,021	365,021
Stock warrants	73	89	89
Beneficiary certificates	73,612	72,926	72,926
Negotiable commercial papers	503,056	503,459	503,459
Securities in foreign currency	133,362	133,390	133,390
	1,068,715	1,074,885	1,074,885

	(in millions of Korean won)		
	2008		
	Book value before valuation	Fair value	Book value
Stocks	360,077	364,169	364,169
Beneficiary certificates	142,338	118,703	118,703
Negotiable commercial papers	261,600	261,600	261,600
	764,015	744,472	744,472

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(b) Government & public bonds and Corporate bonds as of March 31, 2009 and 2008, consist of the following:

	Government & public bonds		Corporate bonds	
	2009	2008	2009	2008
Face value	5,370,557	4,338,372	633,543	680,207
Acquisition cost	5,443,008	4,224,375	639,525	679,262
Amount adjusted by effective interest rate	5,369,670	4,301,401	688,415	685,687
Fair value	5,443,007	4,331,658	692,126	686,340
Less: Accrued interest, etc.	(98,070)	(77,027)	(4,967)	(6,425)
Net	5,344,937	4,254,631	687,159	679,915

As of March 31, 2009, certain government and public bonds, and corporate bonds with a book value of ₩3,378,145 million (2008: ₩3,187,666 million) are restricted for use in connection with bonds sold under repurchase agreements. In addition, certain government and public bonds, and corporate bonds with a book value of ₩198,969 million (2008: ₩156,961 million) are pledged as collaterals for futures and options trading with Korea Exchange and others.

As of March 31, 2008, bonds with a book value of ₩32,376 million are pledged as collaterals to Shinhan Bank and others to guarantee daily bank overdraft transactions. As of March 31, 2009 and 2008, bonds with a book value of ₩293,542 million and ₩79,576 million are pledged with the Korea Securities Depository to guarantee securities borrowing transactions, respectively.

As of March 31, 2009, certain government and public bonds, and corporate bonds with a book value of ₩274,236 million, ₩257,171 million and ₩32,226 million are pledged as collaterals for OTC derivative trading, OTC Repo trading, and other trading with Credit Suisse, Shinhan Bank and others, respectively.

(c) The Company's unsold beneficiary certificates as of March 31, 2009 are composed of those non-performing securities including Daewoo Group's bonds repurchased from customers which have not been terminated by the investment trust management companies after the Daewoo Group bankruptcy in 1999 and other unsold beneficiary certificates the Company temporarily retains for trading purpose, which amounted to ₩46,015 million as of March 31, 2009. For the valuation of the beneficiary certificates, the Company uses the prices announced by the investment trust management companies.

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5. AVAILABLE-FOR-SALE SECURITIES :

(a) Available-for-sale securities as of March 31, 2009 and 2008, consist of the following:

	2009		2008	
	Acquisition cost	Book value	Acquisition cost	Book value
Stocks	272,188	299,142	293,501	464,179
Investment in partnership	1,270	1,055	1,720	1,269
Corporate bonds	109,341	106,717	148,126	140,872
Beneficiary certificates	132,713	108,212	76,081	107,747
Securities in foreign currency	24,206	27,631	17,194	17,636
	539,718	542,757	536,622	731,703

(b) Details of stocks and investments in partnership among available-for-sale securities as of March 31, 2009 and 2008, consist of the following:

	2009			2008	
	Ownership percentage	Acquisition cost	Fair value (Net asset value)	Book value	Book value
Marketable Stocks :					
Hynix Semiconductor Inc.	0.80%	46,739	45,102	45,102	101,708
Daewoo E&C Corp.	2.24%	126,579	70,403	70,403	157,913
		173,318	115,505	115,505	259,621
Non-marketable Stocks:					
Koscom ¹	4.07%	1,097	6,777	6,777	6,103
Korea Securities Finance Corp. ¹	4.05%	13,788	21,148	21,148	20,757
Korea Securities Depository ¹	2.31%	1,217	12,167	12,167	11,536
Korea Exchange ¹	3.23%	2,344	68,403	68,403	76,423
Korea Money Brokerage Corp. ¹	0.50%	50	230	230	193
Daewoo Capital CRV Co., Ltd. ²	23.97%	28,628	59,264	28,628	28,628
Shinhan Financial Group Co.,Ltd. ¹ (Redeemable and convertible preferred stock)	-	31,589	33,746	33,746	34,029
Celltrion, Inc.	-	-	-	-	8,400

(Continued)

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	2009				(in millions of Korean won) 2008
	Ownership percentage	Acquisition cost	Fair value (Net asset value)	Book value	Book value
Potato Valley Inc. (preferred stock)	17.84%	1,100	436	1,100	1,100
Daesung Mimirac Inc.	3.51%	1,000	224	1,000	1,000
Others 3	-	18,057	8,313	10,438	16,389
		98,870	210,708	183,637	204,558
		272,188	326,213	299,142	464,179
Investments in partnerships :					
MVP Venture Investment No.1 ³	9.71%	1,000	175	1,000	1,000
Others	-	270	72	55	269
		1,270	247	1,055	1,269

1 The net asset value of the non-marketable stocks is determined based on the investee companies' most recent available financial statements. Equity investments with no readily determinable fair value are carried at acquisition cost. But, the fair values of 5 non-listed securities classified under available-for-sale, including Korea Exchange, were valued by an independent appraiser using reasonable appraisal model (the weighted average value of the income approach and the market value approach). The fair value of Shinhan Financial Group's redeemable and convertible preferred stock was computed using the appraisal model and the estimates.

2 Even though the Company can exercise significant influence over Daewoo Capital CRV Co., Ltd., this investee is not classified as an equity-method investee in accordance with the Interpretation Example on Korea Financial Accounting Standards 2002-5.

3 Accumulated impairment loss on available-for-sale securities as of March 31, 2009 and 2008, consists of the following:

	(in millions of Korean won) Accumulated amount of impairment loss		
	Acquisition cost	2009	2008
Pantech Co., Ltd.	1,100	1,056	1,056
Join Technology Co., Ltd.	3,000	3,000	2,843
Yungheng Iron and Steel Co, Ltd. And others	13,908	11,182	10,682
	18,008	15,238	14,581

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(c) Details of corporate bonds among available-for-sale securities as of March 31, 2009 and 2008, are as follows:

	2009			(in millions of Korean won)
	Face amount	Date of maturity	Valued amount	2008 Valued amount
Daewoo Capital CRV Private Placement Bonds(PPB)	37,330	Jun 30, 2010	35,248	35,960
Master CDO	41,300	Sep 30, 2008~ Dec 30, 2018	40,167	51,808
KorenTech CB	5,000	Nov 24, 2010	5,000	5,000
Indonesia Soft Coal	-	-	-	4,000
Gurum Communication Inc.	5,166	Apr 12, 2008	5,166	5,166
One KDB the 1st Asset Securitization Specialty Co. (*)	10,500	Jun 13, 2011	4,091	4,382
ACTS BW	4,788	May 2, 2010	4,788	4,788
Keang Nam Enterprises Ltd. (*)	10,000	Aug 10, 2011	8,000	-
Others	4,257	-	4,257	29,768
	118,341		106,717	140,872

(*) Corporate bonds of One KDB the 1st Asset Securitization Specialty Co. and KeangNam Enterprise Ltd. have been determined to be impaired and the impairment loss amounting to ₩7,489 million is accounted as non-operating expense.

(d) Details of beneficiary certificates as of March 31, 2009 and 2008, consist of the following:

	2009			(in millions of Korean won)
	Acquisition cost	Fair value	Book value	2008 Book value
Beneficiary Certificates	132,713	108,212	108,212	107,747

Beneficiary certificate of Hana Nickel 1 amounting to ₩15,757 million was reclassified to available-for-sale securities from trading securities in accordance with the amendment to SKAS No. 8. The Company recognized valuation loss of ₩1,035 million (2008: ₩2,852 million) until reclassification and the change in the fair value amounting to ₩3,934 million would have been recorded as valuation loss if not reclassified.

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(e) Securities in foreign currency as of March 31, 2009 and 2008, consist of the following:

	2009	2008	(in millions of Korean won) Maturity
Stocks:			
PT. JRI	22	22	
Bonds:			
RBS-2 Bonds	-	3,245	-
PT. JRI Bonds	-	2,544	
HAPPY HOLDING EB	13,771	-	Jun, 2010
Daewoo Motor Sales FRN	9,640	6,942	Dec, 2010
PT Eastlion Worldwide EB	-	2,975	Feb, 2011
	23,411	15,706	
Others:			
Midas Asset Hedge Fund	2,460	1,908	
IMM Dynamic Korea Fund	1,738	-	
	4,198	1,908	
	27,631	17,636	

(f) Details of gross unrealized gains and losses on available-for-sale securities for the year ended December 31, 2009, are as follows:

	Beginning balance	Increase (Decrease)	(in millions of Korean won) Ending balance
Gain on valuation of available-for-sale securities	163,005	(61,332)	101,673
Income tax effects	(44,826)	22,458	(22,368)
	118,179	(38,874)	79,305
Loss on valuation of available-for-sale securities	(10,936)	(18,036)	(28,972)
Income tax effects	3,007	3,367	6,374
	(7,929)	(14,669)	(22,598)

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6. SECURITIES USING EQUITY METHOD:

(a) The securities using equity method as of March 31, 2009 and 2008, are as follows:

	2009					(in millions of Korean won)
	Number of shares	Ownership percentage(%)	Acquisition cost	Net asset Value	Ending balance	2008 Ending balance
Stocks:						
KDB Asset Management Co., LTD.	2,274,596	29.24	17,350	18,946	18,946	17,803
Daewoo Securities (Europe) Ltd.	18,364,700	100.00	18,628	26,993	26,993	21,343
Daewoo Securities (America) Inc.	12,000	100.00	9,621	17,143	17,143	12,391
Daewoo Securities (Hong Kong) Ltd.	10,000,000	100.00	7,775	30,743	30,743	22,572
Renaissance PEF No.1 ¹	2,000	16.61	20,000	18,529	18,529	3,854
PT E Trading Securities	22,536,950	26.50	3,757	3,040	3,918	1,527
KDB Venture M&A Private Equity Fund ¹	322	16.81	3,220	3,057	3,057	3,086
			80,351	118,451	119,329	82,576
Investments in partnerships:						
NPS 07-2 MVP Venture Investment Partnership ¹	30	10.00	3,000	2,884	2,884	1,764
			83,351	121,335	122,213	84,340

¹ Renaissance PEF No.1 is classified as an equity method investee because the Company is able to exercise significant influence even though its percentage of ownership is under 20%. Since the ownership's percentage of the Company together with its controlling company, the Korea Development Bank, exceeded over 20%, KDB venture M&A Private Equity Funds and NPS 07-02 MVP Venture Investment Partnership are accounted for using the equity method.

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(b) Changes in valuation of securities using equity method for the years ended 2009 and 2008, are as follows:

	(in millions of Korean won)						
	2009						
	Beginning balance	Acquisition cost	Valuation gain(loss)	Retained earnings	Capital adjustment	Disposal	Ending balance
KDB Asset Management Co., Ltd.	17,803	-	1,143	-	-	-	18,946
Daewoo Securities (Europe) Ltd.	21,343	-	(2,344)	-	7,994	-	26,993
Daewoo Securities (America) Inc.	12,391	-	(17)	-	4,769	-	17,143
Daewoo Securities (Hong Kong) Ltd.	22,572	-	1,867	-	6,304	-	30,743
Renaissance PEF No.1	3,854	15,500	(825)	-	-	-	18,529
PT E Trading Securities	1,527	2,236	(25)	-	180	-	3,918
KDB Venture M&A Private Equity Fund	3,086	60	(89)	-	-	-	3,057
NPS 07-2 MVP Venture Investment Partnership1	1,764	1,200	(80)	-	-	-	2,884
	84,340	18,996	(370)	-	19,247	-	122,213

For some of investments in affiliates, the equity method is applied based on the most recent available unaudited financial statements of affiliates. In this respect, the Company reviewed that significant transactions or accounting events were duly included in these unaudited financial statements in order to verify the reliability of the financial statements. Accordingly, management of the Company would not expect any material effect on the Company's financial statements if any differences were found subsequently in the audited financial statements of subsidiaries and affiliates.

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(in millions of Korean won)

	2008						
	Beginning balance	Acquisition cost	Valuation gain(loss)	Retained earnings	Capital adjustment	Disposal	Ending balance
KDB Asset Management Co., Ltd.	16,720	-	1,083	-	-	-	17,803
Daewoo Securities (Europe) Ltd.	20,630	-	(392)	-	1,105	-	21,343
Daewoo Securities (America) Inc.	11,490	-	256	-	645	-	12,391
Daewoo Securities (Hong Kong) Ltd.	19,007	-	1,403	-	2,162	-	22,572
Renaissance PEF No.1	3,917	10,500	(563)	-	-	(10,000)	3,854
PT E Trading Securities	-	1,521	145	-	(139)	-	1,527
KDB Venture M&A Private Equity Fund	-	3,160	(74)	-	-	-	3,086
NPS 07-2 MVP Venture Investment Partnership ¹	-	1,800	(36)	-	-	-	1,764
	71,764	16,981	1,822	-	3,773	(10,000)	84,340

(c) Details of changes in the differences between the acquisition cost and net asset value of equity method investees at the acquisition date for the years ended March 31, 2009, are as follows:

(in millions of Korean won)

	Beginning balance	Increase	Amortization	Ending balance
PT E Trading Securities	227	829	178	878

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(d) Capital changes of securities under equity method recorded as accumulated other comprehensive income(loss) for the year ended March 31, 2009, are as follows:

	Beginning balance	Changes	Ending balance
			(in millions of Korean won)
Capital changes of securities under equity method	7,917	19,108	27,025
Deferred tax effect	-	8	8
	7,917	19,100	27,017
Negative capital changes of securities under equity method	(4,952)	139	(4,813)
Deferred tax effect	(1,361)	303	(1,058)
	(3,591)	(164)	(3,755)

(e) The summary of the financial information of equity-method investees as of and for the year ended March 31, 2009, is as follows:

	Assets	Liabilities	Sales	Net income (loss)
				(in millions of Korean won)
KDB Asset Management Co., Ltd	72,636	7,842	13,487	3,927
Daewoo Securities (Europe) Ltd.	27,222	229	2,016	(2,379)
Daewoo Securities (America) Inc.	19,394	2,252	3,446	112
Daewoo Securities (Hong Kong)	31,705	961	6,475	2,378
Renaissance PEF No.1	117,144	5,597	906	(4,963)
PT E Trading Securities	72,680	61,208	2,919	750
KDB Venture M&A Private Equity Fund	18,419	228	4	(530)
NPS 07-2 MVP Venture Investment Partnership	28,838	3	130	(803)

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7. STRUCTURED SECURITIES AND STRUCTURED SECURITIES SOLD :

The Company uses the long and short position for over-the-counter stock index option as a hedge for equity-linked securities (ELS), and recognized these as warrant securities.

Structured securities and structured securities sold as of March 31, 2009 and 2008, consist of the following:

	(in millions of Korean won)			
	2009			
	Issue amount	Valuation amount		Aggregate gain (loss) on valuation
Date of issue		March 31, 2009		
Structured securities:				
Equity Linked Securities	1,492,079	1,492,079	1,029,566	(462,513)
Equity Linked Warrants	15,733	15,733	17,882	2,149
Derivatives Linked Securities	6,821	6,821	2,289	(4,532)
	1,514,633	1,514,633	1,049,737	(464,896)
Structured securities sold:				
Equity Linked Securities	4,772,546	4,699,496	3,665,634	1,033,861
Equity Linked Warrants	74,140	51,520	26,431	25,089
Derivatives Linked Securities	101,098	100,550	92,126	8,424
	4,947,784	4,851,566	3,784,191	1,067,374

	(in millions of Korean won)			
	2008			
	Issue amount	Valuation amount		Aggregate gain (loss) on valuation
Date of issue		March 31, 2008		
Structured securities:				
Equity Linked Securities	2,100,092	2,100,092	1,916,064	(184,028)
Equity Linked Warrants	32,293	32,293	20,954	(11,339)
Derivatives Linked Securities	9,627	9,627	9,712	85
	2,142,012	2,142,012	1,946,730	(195,282)

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

(in millions of Korean won)				
2008				
	Valuation amount			Aggregate gain (loss) on valuation
	Issue amount	Date of issue	March 31, 2008	
Structured securities sold:				
Equity Linked Securities	3,798,164	3,744,816	3,552,821	191,995
Equity Linked Warrants	65,822	50,230	41,205	9,025
Derivatives Linked Securities	61,579	61,379	61,896	[517]
	3,925,565	3,856,425	3,655,922	200,503

8. DERIVATIVES :

(a) The notional amounts outstanding for derivative contracts as of March 31, 2009 and 2008, are as follows:

(in millions of Korean won)						
Type	2009			2008		
	Trading	Hedge	Total	Trading	Hedge	Total
Interest Rate:						
Interest rate futures (long)	-	146,146	146,146	-	-	-
Interest rate futures(short)	2,282	-	2,282	-	410,540	410,540
Interest rate swaps(long)	-	7,306,807	7,306,807	-	2,952,986	2,952,986
	2,282	7,452,953	7,455,235	-	3,363,526	3,363,526
Currency:						
Currency forwards(long)	-	116,332	116,332	-	5,032	5,032
Currency forwards(short)	-	246,790	246,790	-	41,198	41,198
Currency swaps	-	14,420	14,420	-	-	-
Currency options	-	268	268	-	-	-
	-	377,810	377,810	-	46,230	46,230
Stock:						
Stock index futures(long)	325,810	-	325,810	209,657	-	209,657

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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Type	2009			2008		
	Trading	Hedge	Total	Trading	Hedge	Total
Stock futures(long)	6,337	-	6,337	-	-	-
Stock futures(short)	162	-	162	-	-	-
Overseas stock index futures(long)	-	4,387	4,387	-	16,863	16,863
Overseas stock index futures(short)	-	-	-	-	3,436	3,436
Stock index options(long)	1,736	-	1,736	41,419	-	41,419
Stock index options(short)	432	-	432	210,315	-	210,315
Overseas stock index options(long)	-	1	1	-	-	-
Overseas stock index options(short)	-	1	1	-	-	-
Stock options	-	60,541	60,541	-	60,541	60,541
	334,477	64,930	399,407	461,391	80,840	542,231
Credit:						
Credit Default Swap(long)	66,838	-	66,838	-	-	-
Credit Default Swap(short)	66,692	29,659	96,351	-	-	-
	133,530	29,659	163,189	-	-	-
Others:						
Other swaps(long)	-	1,479,887	1,479,887	-	446,399	446,399
	470,289	9,405,239	9,875,528	461,391	3,936,995	4,398,386

The interest rate futures contracts are intended to avoid the risk of changes in the value of government bonds, while the interest rate swaps contracts are intended to hedge the interest rate fluctuations of variable-rate borrowings. The currency forward contracts are intended to avoid the currency exchange fluctuation risks for foreign investment bonds. Other swaps contracts with Credit Suisse and others are intended to hedge the ELS fluctuation risk in the form of back-to-back swap.

Meanwhile, the Company entered into the put-option contract with Kumho Industrial Co., Ltd. to hedge the risk of the fair value change of Daewoo Engineering & Construction Co., Ltd. stocks acquired, participating in Kumho-Asiana Consortium established for buying up Daewoo Engineering & Construction Co., Ltd. This transaction was accounted for using the fair value hedge.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

(b) The details of derivatives as of March 31, 2009 and 2008, and the valuation of derivatives for the year ended March 31, 2009 and 2008, are as follows:

Type	(in millions of Korean won)							
	2009						Valuation(B/S)	
	Gain on valuation(P/L)			Loss on valuation(P/L)			Assets	Liabilities
	Trading	Hedge	Total	Trading	Hedge	Total		
Interest Rate:								
Interest rate futures(long)	-	-	-	-	109	109	-	-
Interest rate futures(short)	14	-	14	-	-	-	-	-
Interest rate swaps(long)	-	88,066	88,066	-	130,713	130,713	89,496	138,160
	14	88,066	88,080	-	130,822	130,822	89,496	138,160
Currency:								
Currency forwards(long)	-	647	647	-	3,051	3,051	6,470	-
Currency forwards(short)	-	5,823	5,823	-	7,815	7,815	-	10,866
Currency swaps	-	387	387	-	-	-	387	-
Currency options	-	5	5	-	-	-	32	-
	-	6,862	6,862	-	10,866	10,866	6,889	10,866
Stock:								
Stock index futures(long)	76	-	76	-	-	-	-	-
Stock futures(long)	156	-	156	18	-	18	-	-
Stock futures(short)	-	-	-	4	-	4	-	-
Overseas stock index futures(long)	-	258	258	-	70	70	-	-
Stock index options(long)	49	-	49	159	-	159	1,625	-
Stock index options(short)	132	-	132	14	-	14	-	314
Overseas stock index options(long)	-	-	-	-	1	1	-	-
Overseas stock index options(short)	-	1	1	-	-	-	-	1

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

(in millions of Korean won)								
Type	2009						Valuation(B/S)	
	Gain on valuation(P/L)			Loss on valuation(P/L)			Assets	Liabilities
	Trading	Hedge	Total	Trading	Hedge	Total		
Stock options	-	86,114	86,114	-	-	-	157,468	-
	413	86,373	86,786	195	71	266	159,093	315
Credit:								
Credit Default Swap(long)	4,300	-	4,300	-	-	-	4,300	-
Credit Default Swap(short)	-	-	-	3,583	632	4,215	-	4,215
	4,300	-	4,300	3,583	632	4,215	4,300	4,215
Others:								
Other swaps(long)	-	38,512	38,512	-	338,488	338,488	36,808	342,641
	4,727	219,813	224,540	3,778	480,879	484,657	296,586	496,197

Gain(loss) on valuation of available-for-sale securities accounted for using the fair value hedge and gain(loss) on valuation of hedging items(stock options) is ₩5,673 (₩87,510) million and ₩86,114 (₩5,821) million, respectively. And those valuation gains(losses) are recorded as operation income(loss).

(in millions of Korean won)								
Type	2008						Valuation(B/S)	
	Gain on valuation(P/L)			Loss on valuation(P/L)			Assets	Liabilities
	Trading	Hedge	Total	Trading	Hedge	Total		
Interest Rate:								
Interest rate futures(short)	-	-	-	-	1,796	1,796	-	-
Interest rate swaps(long)	-	4,468	4,468	-	22,303	22,303	4,279	22,303
	-	4,468	4,468	-	24,099	24,099	4,279	22,303
Currency:								
Currency forwards(long)	-	240	240	-	-	-	240	-
Currency forwards(short)	-	47	47	-	948	948	47	948
	-	287	287	-	948	948	287	948

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

(in millions of Korean won)								
2008								
Type	Gain on valuation(P/L)			Loss on valuation(P/L)			Valuation(B/S)	
	Trading	Hedge	Total	Trading	Hedge	Total	Assets	Liabilities
Stock:								
Stock index futures(long)	1,910	-	1,910	478	-	478	-	-
Overseas stock index futures(long)	-	150	150	-	40	40	-	-
Overseas stock index futures(short)	-	5	5	-	18	18	-	-
Stock index options(long)	4	-	4	17	-	17	115	-
Stock index options(short)	93	-	93	29	-	29	-	500
Stock options(*)	-	-	-	-	9,654	9,654	71,354	-
	2,007	155	2,162	524	9,712	10,236	71,469	500
Others:								
Other swaps(long)	-	2,641	2,641	-	17,729	17,729	2,641	17,729
	2,007	7,551	9,558	524	52,488	53,012	78,676	41,480

(c) As of March 31, 2009 and 2008, bonds amounting to ₩198,969 million and ₩156,961 million on a book value are pledged as collaterals to the Korea Exchange for futures and options trading, respectively(Note 4).

9. LOANS AND ALLOWANCES FOR BAD DEBTS

(a) The Company's loans as of March 31, 2009 and 2008, are as follows:

(in millions of Korean won)			
2009			
	Gross amount	Allowance for doubtful accounts	Carrying value
Call loans	-	-	-
Brokers' loans	462,637	(2,314)	460,323
Loans	14,358	(1,034)	13,324
Loans purchased	163,042	(37,912)	125,130
Advances for customers	120,210	(119,629)	581

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

	(in millions of Korean won)		
	2009		
	Gross amount	Allowance for doubtful accounts	Carrying value
Dishonored bonds	18,724	(15,842)	2,882
Dishonored bills receivable	122	(121)	1
	779,093	(176,852)	602,241

	(in millions of Korean won)		
	2008		
	Gross amount	Allowance for doubtful accounts	Carrying value
Call loans	55,000	-	55,000
Brokers' loans	795,923	(4,449)	791,474
Loans	11,373	(1,046)	10,327
Loans purchased	209,830	(8,110)	201,720
Advances for customers	123,166	(121,845)	1,321
Dishonored bonds	18,795	(15,980)	2,815
Dishonored bills receivable	122	(121)	1
	1,214,209	(151,552)	1,062,657

(b) Allowances for bad debts:

Pursuant to the Supervisory Regulations provided by the Korean Financial Services Commission, the Company classifies receivables, including loans to customers, into the following five categories, and provides an allowance for bad debts for each classification.

Details of classification as of March 31, 2009 and 2008, are as follows:

	(in millions of Korean won)					
	2009					
	Current	Precautionary	Substandard	Doubtful	Loss	Total
Broker's loans	462,637	-	-	-	1	462,638
Loans	13,369	22	-	-	967	14,358
Loans purchased	77,000	13,000	31,845	41,197	-	163,042
Advances for customers	-	-	544	-	119,667	120,211

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

	(in millions of Korean won)					
	2009					
	Current	Precautionary	Substandard	Doubtful	Loss	Total
Dishonored bonds	-	3,162	-	-	15,562	18,724
Dishonored bills receivable	-	-	-	-	122	122
Receivables ¹	8,780	77	8	1,928	1,179	11,972
Accrued income	109,841	-	78	11	451	110,381
Private placement bonds ²	14,771	5,500	-	-	12,711	32,982
Others	-	-	-	-	7,471	7,471
	686,398	21,761	32,475	43,136	158,131	941,901
Percentage	0.50%	3.00%	20.00%	75.00%	99.90%	21.30%
Allowances	3,432	652	6,495	32,352	157,984	200,915

¹ According to the Supervisory Regulations for Securities Industry, receivables for proprietary trading arising from the typical transaction amounting to ₩286,700 million is not included.

² Daewoo Capital CRV private placement bonds (PPB) of ₩35,248 million are not included in the review of bad debts because it is stated at fair value determined by using comparable market earnings rate as of March 31, 2009.

	(in millions of Korean won)					
	2008					
	Current	Precautionary	Substandard	Doubtful	Loss	Total
Broker's loans	795,451	-	-	-	472	795,923
Loans	10,379	-	-	-	994	11,373
Loans purchased	171,078	2,752	36,000	-	-	209,830
Advances for customers	-	-	629	-	122,537	123,166
Dishonored bonds	-	3,162	-	-	15,633	18,795
Dishonored bills receivable	-	-	-	-	122	122
Receivables ¹	6,463	-	-	1,991	17,265	25,719
Accrued income	82,130	-	-	-	7,468	89,598
Private placement bonds ²	40,439	-	4,337	5,788	3,636	54,200
Others	-	-	-	-	7,471	7,471
	1,105,940	5,914	40,966	7,779	175,598	1,336,197
Percentage	0.5%	6.8%	20.0%	75.0%	98.9%	14.5%
Allowances	5,530	402	8,193	5,834	173,579	193,538

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

1 According to the Supervisory Regulations for Securities Industry, receivables for proprietary trading arising from the typical transaction amounting to ₩146,946 million is not included.

2 Daewoo Capital CRV private placement bonds(PPB) of ₩35,960 million are not included in the review of bad debts because it is stated at fair value determined by using comparable market earnings rate as of March 31, 2008.

(c) The allowance for doubtful accounts and its percentage to total receivables as of the end of the last three years are as follows:

Year end	Receivable balances	Allowance for doubtful accounts	[in millions of Korean won]	
				Ratio
March 31, 2007	1,205,924	174,699		14.5%
March 31, 2008	1,336,197	193,538		14.5%
March 31, 2009	941,901	200,915		21.3%

The Company writes off bad debts classified as 'Loss' according to the regulations on write-off approval of financial institutions after the approval from supervisory institutions.

(d) Present values discount account:

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

As of March 31, 2009 and 2008, troubled loans and investments, which were restructured by reorganization plans approved by the court or agreed to by creditors, consist of the following:

	[in millions of Korean won]				
	2009				
	Period	Discount rate (%)	Nominal value	Present value	Allowance
Dishonored bonds	Jun 2007~ Dec 2011	8.09	3,162	2,941	221

	[in millions of Korean won]				
	2008				
	Period	Discount rate (%)	Nominal value	Present value	Allowance
Dishonored bonds	Jun 2007 ~Dec 2011	8.09	3,162	2,872	290
Advances for customers	Jun 2003~May 2008	11.00	74	73	1
			3,236	2,945	291

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

10. PROPERTY AND EQUIPMENT :

(a) Property and equipment as of March 31, 2009 and 2008, are as follows:

	[in millions of Korean won]	
	2009	2008
Buildings	161,421	120,201
Vehicles	330	263
Furniture and equipments	152,899	172,867
Construction in progress	12	-
Others	205	192
	314,867	293,523
Less: Accumulated depreciation	(157,109)	(165,324)
	157,758	128,199
Land	268,252	116,567
	426,010	244,766

(b) Changes in property and equipment for the years ended March 31, 2009 and 2008, are as follows:

	[in millions of Korean won]					
	2009					
	Beginning balance	Acquisition	Disposal	Depreciation	Other ¹	Ending balance
Land	116,567	151,685	-	-	-	268,252
Buildings	85,325	41,220	-	(4,700)	50	121,895
Vehicles	151	102	-	(67)	-	186
Furniture and equipments	42,531	11,028	219	(18,065)	185	35,460
Construction in progress	-	197	-	-	(185)	12
Others	192	13	-	-	-	205
	244,766	204,245	219	(22,832)	50	426,010

¹ Includes reclassification of construction in progress.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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(in millions of Korean won)

	2008				Ending balance
	Beginning balance	Acquisition	Disposal	Depreciation	
Land	118,150	-	1,583	-	116,567
Buildings	89,020	-	338	(3,357)	85,325
Vehicles	10	198	-	(57)	151
Furniture and equipments	28,112	28,426	240	(13,767)	42,531
Others	174	18	-	-	192
	235,466	28,642	2,161	(17,181)	244,766

(c) As of March 31, 2009, the value of the Company's land, as announced by the Korean local government for property tax assessment purposes, is approximately ₩165,989 million (2008: ₩126,299 million).

(d) As of March 31, 2009, a portion of Company's buildings is leased to The Korea Development Bank and pledged as collateral for the guarantee for rent liabilities, up to a maximum of ₩37,832 million.

(e) 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 deficit during the year ended March 31, 2000.

(f) As of March 31, 2009, buildings are insured against fire and other casualty losses up to approximately ₩178,093 million.

(g) The Company entered into a finance lease agreement with Shinhan Capital Co., Ltd. and future lease payments under the above lease agreement as of March 31, 2009, are as follows:

Period	Principal		Interest	Total
Within one year	873		35	908
Over one year~within 5 years	1,538		90	1,628
	2,411		125	2,536

The assets acquired through above lease agreement as of March 31, 2009, are as follows:

Acquisition cost	Accumulated		Carrying amount
		depreciation	
Furniture and equipments	5,752	2,922	2,830

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

11. INTANGIBLE ASSETS :

(a) Changes in intangible assets for the years ended March 31, 2009 and 2008, are as follows:

	(in millions of Korean won)		
	2009		
	Development costs	Software	Total
Beginning balance	12,524	4,427	16,951
Acquisition	6,450	3,632	10,082
Amortization	(4,057)	(2,131)	(6,188)
Ending balance	14,917	5,928	20,845
Accumulated amortization	18,481	9,316	27,797

	(in millions of Korean won)		
	2008		
	Development costs	Software	Total
Beginning balance	2,156	2,582	4,738
Acquisition	11,957	3,276	15,233
Amortization	(1,537)	(1,431)	(2,968)
Impairment loss	(52)	-	(52)
Ending balance	12,524	4,427	16,951
Accumulated amortization	14,424	7,185	21,609

(b) For the year ended March 31, 2009, the Company recorded amortization of intangible assets amounting to ₩6,188 million (2008: ₩2,968 million) as a selling and administrative expense and impairment loss on development costs as non-operating expense.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

12. OTHER ASSETS :

The Company's other assets as of March 31, 2009 and 2008, consist of the following:

	(in millions of Korean won)		
	2009		
	Gross amount	Allowance for doubtful accounts	Book value
Advance payments	38,412	-	38,412
Prepaid expenses	8,963	-	8,963
Others	57,005	(7,471)	49,534
	104,380	(7,471)	96,909

	(in millions of Korean won)		
	2008		
	Gross amount	Allowance for doubtful accounts	Book value
Advance payments	46,381	-	46,381
Prepaid expenses	9,128	-	9,128
Others	20,249	(7,471)	12,778
	75,758	(7,471)	68,287

13. BORROWINGS :

(a) Short-term borrowings as of March 31, 2009 and 2008, consist of the following:

	Creditor	Annual interest rate (%)	(in millions of Korean won)		
			2009	2008	Date of maturity
Call money	Korea Investment Trust Management Co., Ltd and Others	1.90~2.00	545,900	496,000	April 1, 2009
Bank borrowings	Korea Exchange and other	3.30~3.41	260,000	200,000	May 6, 2009
			805,900	696,000	

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(b) Details of debentures as of March 31, 2009 and 2008, are as follows:

	Date of issue	Date of maturity	Annual interest rate (%)	(in millions of Korean won)	
				2009	2008
34-1st bond	Dec 13, 2006	Dec 13, 2009	5.03	240,000	240,000
34-2nd bond	Dec 13, 2006	Dec 13, 2011	5.19	60,000	60,000
				300,000	300,000
Less: Discount on debenture issued				(482)	(893)
				299,518	299,107

(c) Redemption schedule of borrowings as of March 31, 2009, is as follows:

Period	Borrowings	Debentures	(in millions of Korean won)
			Total
April 1, 2009 ~ March 31, 2010	805,900	240,000	1,045,900
April 1, 2010 ~ March 31, 2011	-	-	-
April 1, 2011 ~ March 31, 2012	-	60,000	60,000
	805,900	300,000	1,105,900

14. ACCRUED SEVERANCE BENEFITS :

Changes in accrued severance benefits for the years ended March 31, 2009 and 2008, are as follows:

	(in millions of Korean won)	
	2009	2008
Beginning balance	78,879	60,798
Severance payments	(9,095)	(5,903)
Provisions	24,914	23,984
Ending balance	94,698	78,879
Less: Defined benefit retirement pension	(4,117)	-
Less: Cumulative deposits with the National Pension Fund	(244)	(259)
Net balance at end of year	90,337	78,620

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

15. OTHER LIABILITIES :

(a) Other liabilities as of March 31, 2009 and 2008, consist of the following:

	(in millions of Korean won)	
	2009	2008
Other borrowings	2,411	4,138
Dividends payable	10	7
Deposits for rent	33,902	30,157
Unearned income	5,470	11,471
Liability incurred by agency relationship	1,720	1,712
Deferred income tax credits (Note 22)	75,459	42,647
Withholding income taxes	9,116	15,118
Others	22,908	28,736
	150,996	133,986

(b) Provisions:

Changes in provisions for the years ended March 31, 2009 and 2008, are as follows:

	(in millions of Korean won)	
	2009	2008
Beginning balance	26,286	48,967
Provision	925	6,406
Reverse	(4,926)	(29,087)
Ending balance	22,285	26,286

The Company recorded the contingent loss for the pending lawsuits as provisions and recorded it as other liabilities (others) (Note 17).

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

16. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES :

Assets and liabilities denominated in foreign currencies as of March 31, 2009 and 2008, consist of the following:

	2009		2008	
	(in millions of Korean won, in thousands of U.S. dollars)			
Assets :				
Bank deposits	US\$ 45,808	₩ 63,082	US\$ 131	₩ 130
Deposits for futures and options	1,694	2,332	3,530	3,500
Other deposits	578	796	39	38
Bonds in foreign currency (Trading securities)	96,863	133,390	-	-
Stocks in foreign currency (Available-for-sale securities)	20,064	27,631	17,761	17,614
Other receivables	1,370	1,887	1,103	1,094
	US\$ 166,377	₩ 229,118	US\$ 22,564	₩ 22,376
Liabilities :				
Other deposits	49,689	68,426	-	-

Above assets and liabilities are composed of multiple currencies but are converted into U.S. dollars using the exchange rates in effect as of March 31, 2009 and 2008.

17. COMMITMENTS AND CONTINGENCIES :

(a) As of March 31, 2009, the borrowing agreements between the Company and the financial institutions are as follows:

				(in millions of Korean won)
Agreements	Financial institutions	Interest rate(%)	Limit	
Bank overdraft	Shinhan Bank and others	0.3 ~ 0.7	310,000	
Margin borrowings	Korea Securities Finance	NEGO interest rate (Max 4.8)	234,108	
General borrowings	Korea Securities Finance	Average CD current yield before three business dates to public lending date by Korea Financial Investment Association + 0.70%/ year	1,530,000 and balance of trust deposits	
Other borrowings	Korea Securities Finance	NEGO interest rate	500,000	
Other borrowings	Korea Securities Finance	1.75	balance of subscription deposits	
Financial protective loans	Korea Securities Finance	Average CD current yield of the prior month to public lending date by Korea Financial Investment Association + 0.6%/year	300,000	

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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(b) Pending litigations:

As of March 31, 2009, the cases the Company is a defendant are as follows:

(in millions of Korean won)			
	Plaintiff	Amount	Description
Beneficiary certificates redemption ¹	Daegu Bank and others	32,734	Appealed to a higher court after partly losing the first trial
	Kyobo Life Insurance and others	387,899	Pending at the last trial
	Sub-total	420,633	
Others (Discretionary orders etc)	Several companies and individuals	11,153	-
	Total	431,786	

¹ As of March 31, 2009, the Company is a defendant in 12 civil actions regarding redemption of beneficiary certificates amounting to ₩420,633 million. During the previous years, the Company recognized related losses as non-operating expenses, based on a lower court's decision ordering the Company to redeem the certificates at their carrying value. As of March 31, 2009, ₩22,236 million of provisions has been recorded for the pending litigations.

During the year ended March 31, 2009, the Company recognized ₩643 million as non-operating income, which is the difference between the fair value (₩14,678 million) of redeemed beneficiary certificates and the loss compensations (₩14,035 million) resulted from the 3 cases decided against the Company, and no other losses for the lost 5 cases due to previous loss recognition. And the lawsuit filed by The Ministry of Information and Communication, totaling ₩170,379 million, was come to an end according to the first court ruling by mutual consent.

(c) As of 31 March, 2009, the Company has entered into commitments to provide liquidity facilities to unsold commercial papers issued(including rollover) by Master Trend Co., Ltd and others on condition that the underlying assets hold certain credit rating. According to the commitments, the Company has purchased commercial papers of ₩393,800 million as of March 31, 2009.

18. CAPITAL STOCK AND CAPITAL SURPLUS :

(a) Details of capital stock and capital surplus as of March 31, 2009, are as follows:

(in millions of Korean won)				
Number of shares outstanding		Capital stock		Capital surplus (Paid-in capital in excess of par value)
Common stock	Preferred stock	Common stock	Preferred stock	
190,100,891	14,075,750	₩ 950,504	₩ 70,379	₩ 222,792

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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Pursuant to the Article of Incorporations, the Company is authorized to issue less than half of the aggregate outstanding shares of preferred stock. Preferred stock is participating, non-cumulative and non-voting.

Meanwhile, preferred stock outstanding as of 31 March, 2009, issued prior to amendments of the Article of Incorporation of 31 May, 1998, pays an additional 10% dividend, compared to common stock.

(b) Treasury Stock:

As of 31 March, 2009 and 2008, the Company holds 1,796,320 shares (not including the shares temporarily held for odd-lot sales of brokerage accounts) with book value of ₩32,970 million as treasury stock recorded as capital adjustments. The Company intends to dispose of the treasury shares in near future.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME(LOSS) :

Accumulated other comprehensive income(loss) as of March 31, 2009 and 2008, consist of the followings:

	(in millions of Korean won)	
	2009	2008
Gain on valuation of available-for-sale securities	79,305	118,179
Loss on valuation of available-for-sale securities	(22,598)	(7,929)
Capital change of securities under equity method	27,017	7,917
Negative capital change of securities under equity method	(3,754)	(3,590)
	79,970	114,577

20. RETAINED EARNINGS :

(a) Retained earnings as of March 31, 2009 and 2008, consist of the following:

	(in millions of Korean won)	
	2009	2008
Legal reserve ¹	24,433	16,289
Reserve for loss on futures transactions ²	108	75
Reserve for financial structural improvement	4,000	4,000
Retained earnings before appropriation	1,170,534	1,079,651
	1,199,075	1,100,015

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

1 The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid for each accounting period, until the reserve equals 50% of its issued capital stock. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock, or used to reduce accumulated deficit, if any, with the ratification of the Company's majority shareholders.

2 The Company is no longer required to appropriate a reserve for loss on futures transactions due to the abolition of related regulations during the year ended in March 31, 2009.

(b) Dividends:

a. Details of dividends for the years ended March 31, 2009 and 2008, are as follows:

	(in millions of Korean won)		
	2009		
	Common stock	Preferred stock	Total
Number of shares	190,100,891	14,075,750	204,176,641
Treasury stock	(650)	(1,796,925)	(1,796,364)
Number of shares eligible for dividends	190,100,286	12,279,430	202,380,277
Par value	₩ 5,000	₩ 5,000	-
Dividend rate	4.00%	4.40%	-
Dividend per share	₩ 200	₩ 220	-
Dividends	₩ 38,020,057,200	₩ 2,701,474,600	₩ 40,721,531,800

	(in millions of Korean won)		
	2008		
	Common stock	Preferred stock	Total
Number of shares	190,100,891	14,075,750	204,176,641
Treasury stock	(39)	(1,796,325)	(1,796,364)
Number of shares eligible for dividends	190,100,852	12,279,425	202,380,277
Par value	₩ 5,000	₩ 5,000	-
Dividend rate	8.00%	8.80%	-
Dividend per share	₩ 400	₩ 440	-
Dividends	₩ 76,040,340,800	₩ 5,402,947,000	₩ 81,443,287,800

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

b. Dividend payout ratios and dividend yield ratios for the years ended March 31, 2009 and 2008, are calculated as follows:

	(in millions of Korean won)	
	2009	2008
Dividend / Net income	22.56%	24.18%
Dividend per share for common stock / Stock price ¹	1.04%	1.86%
Dividend per share for preferred stock / Stock price ¹	3.10%	3.53%

¹ The dividend earnings rate is the dividend per share divided by the average closing stock prices for the past one week from two business days before the closing dates of shareholders' list (March 27, 2009 and 2008).

21. SHARE-BASED PAYMENTS :

(a) The Company granted stock options to some of its directors and employees. The details of stock options granted as of March 31, 2009, are as follows:

Option Type	(in millions of Korean won)	
	Cash-Settlement	Cash-Settlement
Grant date	Sep 22, 2005	May 9, 2006
Number of shares granted	400,000	190,000
Number of shares outstanding	37,000	144,333
Vesting condition	Offer service : 2 year	Offer service: 2 year
Exercise price	50% : ₩14,000	50% : ₩19,000
	50% : variable price	50% : variable price
Exercise period	Sep 22, 2007 ~ Sep 21, 2012	May 9, 2008 ~ May 8, 2013

The type of stock options granted by the Company is distribution of cash and the compensation cost of stock options granted before November 31, 2006, was measured using the intrinsic value method in accordance with the effective date of SKAS No. 22 ("Share-based Payment"). For the year ended March 31, 2009 and 2008, compensation cost amounting to ₩97 million and ₩671 million, representing the excess of the estimated fair value over the exercise price of the stock options, was recognized respectively.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

(b) Changes of stock options for the years ended March 31, 2009 and 2008, are as follows:

	(in millions of Korean won)	
	2009	2008
Beginning	288,250	636,250
Granted	-	-
Exercised ¹	(106,917)	(320,000)
Expired	-	(28,000)
Ending	181,333	288,250

¹ The weighted-average exercise price per share for the years ended March 31, 2009 was ₩16,700.

22. INCOME TAX EXPENSE :

(a) Components of income tax expense and effective tax rate for the year ended March 31, 2009 and 2008, are as follows:

	(in millions of Korean won)	
	2009	2008
Current income taxes (Including additional income taxes and income tax refunds) ¹	(5,473)	129,532
Changes in deferred income taxes	32,813	15,359
Deferred income taxes directly charged to shareholder's equity	25,513	(18,433)
Income tax expense	52,853	126,458

(*) Includes tax refunds regarding to prior year's research and development tax credits amounting to ₩5,955 million.

(b) Adjustments to taxable income for the years ended March 31, 2009 and 2008, are as follows:

	(in millions of Korean won)	
	2009	2008
Income before income taxes	233,357	463,249
Income taxes from applied tax rate	64,138	127,379
Adjustment		
Non-taxable incomes		
- The current term : 4,653 million Won		
- The former term : 4,051 million Won	(1,280)	(1,114)

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

	(in millions of Korean won)	
	2009	2008
Non-deductible expenses		
- The current term : 6,983 million Won		
- The former term : 6,337 million Won	1,921	1,743
Temporary differences for which no deferred tax is recognized	328	987
Effect of changed tax rate	(5,939)	-
Others	(6,315)	(2,537)
Income tax expenses	52,853	126,458
Effective rate	22.65%	27.30%

(c) Details of cumulative temporary differences as of and for the years ended March 31, 2009 and 2008, are as follows:

	(in millions of Korean won)			
	2009			
	Beginning Balance 1	Increase (Decrease)	Ending balance	Deferred income tax assets (liabilities)
Accrued interest receivables	(44,372)	9,222	(35,150)	(8,506)
Gain on valuation of trading securities	(211,812)	85,771	(126,041)	(30,502)
Loss on valuation of trading securities	164,300	(139,412)	24,888	6,023
Loss on impairment of investment securities	9,585	8,146	17,731	3,901
Securities using the equity method	(17,021)	370	(16,651)	(3,240)
Present value discount account	290	(69)	221	54
Loss on contingency provision	26,285	(4,000)	22,285	4,903
Land revaluation surplus	(44,064)	-	(44,064)	(9,694)
Accrued severance benefits	61,496	17,711	79,207	17,426
Loss(gain) on valuation of structured securities	189,806	302,322	492,128	119,095
Loss(gain) on valuation of structured securities sold	(200,505)	(855,835)	(1,056,340)	(255,634)
Capital change of securities under equity method	(2,965)	(19,247)	(22,212)	(4,887)
Gain on valuation of available-for-sale securities	(152,069)	79,368	(72,701)	(15,994)
Deficit carried forward	-	21,564	21,564	5,218
Others	17,169	322,413	339,582	81,863
	(203,877)	(171,676)	(375,553)	(89,974)

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

	(in millions of Korean won)			
	2009			
	Beginning Balance ¹	Increase (Decrease)	Ending balance	Deferred income tax assets (liabilities)
Temporary differences for which no deferred tax is recognized ²	(48,398)		(65,976)	(14,515)
Temporary differences for which deferred tax is recognized	(155,479)		(309,577)	(75,459)

¹ Beginning balance has been reconciled to the final income tax return of the Company.

² As of March 31, 2009, the temporary differences for which no deferred tax is recognized, are as follows:

	(in millions of Korean won)	
	Deductible(taxable) temporary differences	Deferred income tax assets(liabilities)
Securities using the equity method	(10,121)	(2,227)
Capital change of securities under equity method	(26,985)	(5,937)
Land revaluation surplus	(44,064)	(9,694)
Others	15,194	3,343
	(65,976)	(14,515)

	(in millions of Korean won)				
	2008				
	Beginning Balance ¹	Decrease	Increase	Ending balance	Deferred income tax assets (liabilities)
Accrued interest receivables	(37,890)	(37,890)	(44,372)	(44,372)	(12,202)
Gain on valuation of trading securities	(199,742)	(39,676)	(51,746)	(211,812)	(58,248)
Loss on valuation of trading securities	138,751	13,921	39,746	164,576	45,258
Loss on impairment of investment securities	6,741	-	3,900	10,641	2,926
Securities using the equity method	(15,200)	-	(1,895)	(17,095)	(4,247)
Present value discount account	283	283	-	-	-
Loss on contingency provision	48,967	24,322	1,640	26,285	7,228
Land revaluation surplus	(44,064)	-	-	(44,064)	(12,118)
Accrued severance benefits	42,233	-	19,195	61,428	16,893
Loss(gain) on valuation of structured securities	(27,050)	(33,675)	183,181	189,806	52,197

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

(in millions of Korean won)					
2008					
	Beginning Balance ¹	Decrease	Increase	Ending balance	Deferred income tax assets (liabilities)
Loss(gain) on valuation of structured securities sold	20,569	37,526	(187,174)	(204,131)	(56,136)
Capital change of securities under equity method	808	-	(3,773)	(2,965)	(815)
Gain on valuation of available-for-sale securities	(80,089)	-	(71,981)	(152,070)	(41,819)
Others	3,339	2,243	17,619	18,715	5,126
	(142,344)	(32,946)	(95,660)	(205,058)	(55,957)
Temporary differences for which no deferred tax is recognized ²	(43,839)			(48,398)	(13,310)
Temporary differences for which deferred tax is recognized	(98,505)			(156,660)	(42,647)

¹ Beginning balance has been reconciled to the final income tax return of the Company.

² As of March 31, 2008, the temporary differences for which no deferred tax is recognized, as follows:

(in millions of Korean won)		
	Deductible(taxable) temporary differences	Deferred income tax assets(liabilities)
Securities using the equity method	(11,611)	(3,193)
Capital change of securities under equity method	(7,917)	(2,177)
Land revaluation surplus	(44,064)	(12,118)
Others	15,194	4,178
	(48,398)	(13,310)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

(d) Deferred income tax assets and liabilities charged directly to shareholders' equity as of and for the years ended March 31, 2009 and 2008, are as follows:

	2009		2008	
	Temporary differences	Income tax effects	Temporary differences	Income tax effects
Gain on valuation of available-for-sale securities	(79,368)	25,824	71,981	(19,795)
Capital change of securities under equity method	41	(8)	-	-
Negative capital change of securities under equity method	139	(303)	(4,952)	1,362
	(79,188)	25,513	67,029	(18,433)

(e) Gross income tax payable and income tax refund receivable before offsetting as of March 31, 2009 and 2008, are as follows:

	2009	2008
Income tax payable (before offsetting)	-	132,069
Prepaid income tax (before offsetting)	(29,311)	(33,803)
Net income tax payable(Prepaid income tax)	(29,311)	98,266

23. COMPREHENSIVE INCOME :

Comprehensive income for the years ended March 31, 2009 and 2008, are calculated as follows:

	2009	2008
Net income	180,504	336,791
Other comprehensive income:		
Gain on valuation of available-for-sale securities ¹	(38,874)	59,572
Loss on valuation of available-for-sale securities ²	(14,669)	(7,386)
Capital change of securities under equity method ³	19,100	3,912
Negative capital change of securities under equity method ⁴	(164)	1,223
Comprehensive income	145,897	394,112

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

1 The tax effects on valuation gain on available-for-sale securities for the years ended March 31, 2009 and 2008, are ₩22,458 million and ₩22,596 million, respectively.

2 The tax effects on valuation loss on available-for-sale securities for the years ended March 31, 2009 and 2008, are ₩3,367 million and ₩2,801 million, respectively.

3 The tax effects on capital change under equity method for the years ended for the years ended March 31, 2009, are ₩8 million.

4 The tax effects on negative capital change under equity method for the years ended for the years ended March 31, 2009 and 2008, are ₩303 million and ₩1,362 million, respectively.

24. EARNINGS PER SHARE :

(a) Basic earnings per share for the years ended March 31, 2009 and 2008, are calculated as follows:

	2009	(in millions of Korean won) 2008
Net income	180,503,861,076	336,790,629,585
Less: Dividend on preferred stock(declared)	(2,701,474,600)	(5,402,947,000)
Less: Income available for dividend and attributable to preferred stock	(9,267,568,431)	(16,929,528,760)
Net income attributable to common shares	168,534,818,045	314,458,153,825
Weighted-average number of common shares outstanding ¹	190,100,891	190,100,891
Basic earnings per share ²	887	1,654

1 The treasury stocks which the Company temporarily possesses owing to the sale of odd-lot stocks are not included when calculating the weighed-number of common shares. In this regard, the weighed-number of common stock for 2009 and 2008, is the same as the total number of common stock issued.

2 Since preferred stocks are cumulative in economic substance, the prior year's EPS is recalculated, deducting income available for dividend and attributable to preferred stock.

(b) Since all of the stock options granted by the Company are cash-settlement type and the Company has no other potentially dilutive securities as of March 31, 2009 and 2008, diluted earnings per share is identical to basic earnings per share.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

25. RELATED PARTY TRANSACTIONS :

(a) As of March 31, 2009, the Company's related parties are as follows:

	(in millions of Korean won)
	Related Party
Controlling company	The Korea Development Bank
Subsidiary	Daewoo Securities (Europe) Ltd. Daewoo Securities (America) Inc. Daewoo Securities (Hong Kong) Ltd. LHKNY Fund Holders Ltd. Daewoo Futures Inc.
Equity method investee	KDB Asset Management Co., Ltd Renaissance PEF No.1 PT E Trading Securities KDB Venture M&A Private Equity Fund NPS 07-2 MVP Venture Investment Partnership

(b) Significant transactions with related parties for the years ended March 31, 2009 and 2008, are summarized as follows:

	2009		2008	
	Revenues	Expenses	Revenues	Expenses
Controlling company :				
The Korea Development Bank	84,786	63,141	3,473	225
Subsidiaries :				
Daewoo Securities (Europe) Ltd.	-	1,008	-	1,394
Daewoo Securities (America) Inc.	-	1,742	-	2,048
Daewoo Securities (Hong Kong) Ltd.	-	1,061	-	1,650
Sub-Total	-	3,811	-	5,092
Other related parties:				
KDB Capital Corporation	-	582	-	524
Total	84,786	67,534	3,473	5,841

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

(c) The outstanding balances with related parties for the years ended March 31, 2009 and 2008, are summarized as follows:

	2009		2008	
	Receivables	Payables	Receivables	Payables
(in millions of Korean won)				
Controlling company :				
The Korea Development Bank	956,593	63,658	88,369	5,444
Subsidiaries :				
Daewoo Securities (Europe) Ltd.	-	125	-	61
Daewoo Securities (America) Inc.	-	114	-	108
Daewoo Securities (Hong Kong) Ltd.	-	108	-	55
Sub-Total	-	347	-	224
Total	956,593	64,005	88,369	5,668

(d) The compensation for the key management of the Company for the years ended March 31, 2009 and 2008, are as follows:

	2009		2008	
(in millions of Korean won)				
Short-term salaries(including stock compensation expense)		11,902		13,719
Severance benefits		1,783		4,957

Key management officers include directors (including non-standing directors) and internal audit officers who have significant influence and responsibilities of planning, operation and control of the Company's business and operations.

26. VALUE ADDED INFORMATION :

Value added information for the years ended March 31, 2009 and 2008, consists of the following:

	2009		2008	
(in millions of Korean won)				
Wages and salaries		142,967		149,197
Provision for severance benefits		24,914		23,984
Employee benefits		120,450		192,701
Rent		17,716		19,247

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

	2009	(in millions of Korean won) 2008
Depreciation	22,832	17,181
Amortization	6,188	2,967
Taxes and dues	20,348	21,890
	355,415	427,167

27. FINANCIAL PERFORMANCE FOR THE FINAL INTERIM PERIOD :

The unaudited financial performance for the last three-month periods ended March 31, 2009 and 2008, are as follows:

	2009	(in millions of Korean won) 2008
Operating revenues	335,170	816,042
Operating income	77,022	83,089
Net income	69,694	74,225
Earnings per share (in Korean won)	342	365

28. SUPPLEMENTAL CASH FLOW INFORMATION :

Significant transactions not affecting cash flows for the years ended March 31, 2009 and 2008, are as follows:

	2009	(in millions of Korean won) 2008
Increase in gain on valuation of available-for-sale securities	61,332	82,168
Increase in loss on valuation of available-for-sale securities	18,036	10,187
Increase in capital change of securities under equity method	19,108	3,912
Increase(decrease) in negative capital change of securities under equity method	(139)	139
Write-off of receivables	16,611	736
Write-off of accrued income	7,148	667
Reclassification from trading securities to available-for-sales securities	29,019	7,166
Increase in lease liabilities	-	2,957

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

29. ADDITIONAL DISCLOSURES REQUIRED BY ENFORCEMENT DECREE OF REGULATION ON SUPERVISION OF SECURITIES :

	2009	(in millions of Korean won) 2008
Securities in custody :		
Trustor securities in custody	45,903,648	53,812,897
Saver securities in custody	183,320	241,269
Beneficiary securities in custody	9,219,251	6,454,797
Others	1,669,283	1,619,748
	56,975,502	62,128,711
Negotiable certificates of deposits in custody	50	248,963
Deposits in foreign currencies on exchange	8,741	914
Undistributed reserve for claims of customers' deposits	17,666	9,134
Derivatives contracts :		
Contracts on interest rates:		
Contracts on interest rate futures purchased	146,146	-
Contracts on interest rate futures sold	2,282	410,540
Contracts on interest rate futures purchased	7,306,807	2,952,986
	7,455,235	3,363,527
Contracts on currencies:		
Contracts on currency forwards purchased	116,331	5,032
Contracts on currency forwards sold	246,790	41,198
Contracts on currency swap purchased	14,420	-
Contracts on currency option purchased	268	-
	377,809	46,230
Contracts on stock and stock index:		
Contracts on stock and stock index futures purchased	336,533	226,519
Contracts on stock and stock index futures sold	161	3,436
Contracts on stock and stock index options purchased	62,278	101,960
Contracts on stock and stock index options sold	434	210,315
	399,406	542,230
Other derivatives contracts:		
Credit Default Swap	163,190	-

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

	2009	(in millions of Korean won) 2008
Other derivatives contracts:		
Other swap	1,479,887	446,399
	9,875,527	4,398,386
Lending and borrowing securities :		
Lending securities in the form of stocks	77,090	95,126
Borrowing securities in the form of stocks	155,656	40,202
	232,746	135,328
Receivables written-offs	23,759	1,403

30. SELLING AND ADMINISTRATIVE EXPENSES :

Selling and administrative expenses for the years ended March 31, 2009 and 2008, are as follows:

	2009	(in millions of Korean won) 2008
Wages and salaries	142,967	149,197
Provision for severance benefits	24,914	23,984
Employee benefits	120,450	192,701
Computer system operation expenses	19,577	19,719
Rent	17,716	19,247
Advertising expenses	36,311	31,241
Depreciation	22,832	17,181
Amortization	6,188	2,967
Taxes and dues	20,348	21,890
Others	66,948	59,017
	478,251	537,144

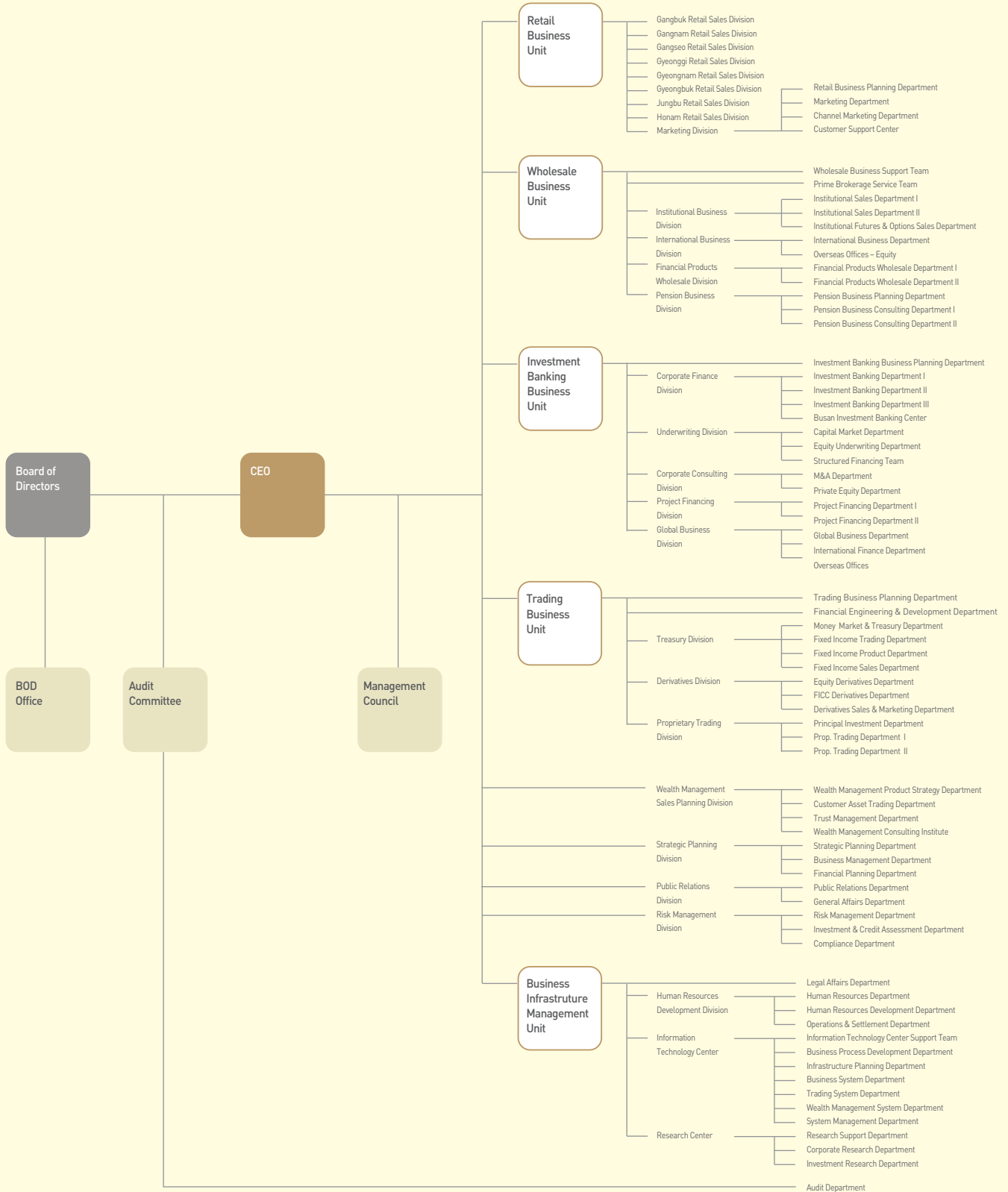
31. APPROVAL OF FINANCIAL STATEMENTS :

The accompanying non-consolidated financial statements as of and for the year ended March 31, 2009, were approved by the Board of Directors on May 15, 2009.

Corporate History

2000~2009	2009	Mar 02	Strategic business alliance (MOU agreement) with Woori Bank
	2008	Dec 02	Re-registered license on previous businesses under Capital Market Act
		Nov 25	Re-acquired license on previous businesses under Capital Market Act
		Nov 17	Established Beijing Representative Office
		Nov 03	Opened 124th branch (Sindorim branch)
		Aug 18	Repurchased the headquarter office building located in Youido-dong Seoul
		Jun 13	Launched bank-related on-line service 'Direct we'
		Jun 02	Alliance (MOU Agreement) with KAIST Graduate School of Finance
		Mar 10	Strategic business alliance (MOU agreement) with Kazakhstan Halyk Finance
		Feb 19	Strategic business alliance (MOU agreement) with Malaysia Commerce International Merchant Bankers (CIMB)
		Feb 03	Opened next generation IT system named 'BESTezOn'
	2007	Dec 17	Strategic business alliance (MOU agreement) with NHN
		Dec 10	Strategic business alliance (MOU agreement) with Pusan Bank
		Nov 12	Established 1st IB Center in Beomil-dong Busan
		Oct 23	Strategic business alliance (MOU agreement) with China Galaxy Securities
		Oct 15	Established Wealth Management Consulting Institute
		Oct 09	Established Ho Chi Minh Representative Office
		Aug 29	Strategic business alliance (MOU agreement) with Daegu Bank
		Aug 06	Strategic business alliance (MOU agreement) with Brazil Itau Finance Group
		Aug 01	Established 1st Wealth Management Center in Dogok-dong Seoul
Jul 13		Invested in eTrading Securities in Jakarta, Indonesia	
Jun 25		Strategic business alliance (MOU agreement) with Vietnam BaoViet Securities	
May 04		Opening ceremony of Daewoo Securities Table Tennis Team 'Tornado'	
Mar 22		Launched Daewoo Securities' CMA service	
Jan 16	Strategic business alliance (MOU agreement) with Mitsubishi UFJ Securities		
2006	Jul 03	Re-opened Tokyo Representative Office	
	Jun 12	Launched On-mate service	
2005	Sep 23	Announced new corporate identity	
2002	Oct 11	Sales of OTC derivatives business authorized, the first in the industry to be authorized	
2001	Oct 15	Launched "BESTez Qway," cyber trading system	
2000	Jul 22	Established IT Control Room	
	Jan 20	Introduced enterprise resource planning system (ERP)	
1990~1999	1999	Oct 01	Separation from Daewoo Group
		Aug 30	Majority shareholder changed to bank consortium from Daewoo Group
	1994	Sep 29	Established subsidiary in Hong Kong [Daewoo Securities (Hong Kong) Ltd.]
	1993	Oct 23	Completed construction of Gwacheon Information Center and Human Resources Development Center
	1992	Aug 05	Established subsidiary in the U.S. [Daewoo Securities (America) Ltd.]
1991	Sep 01	Established subsidiary in Europe, London, U.K. [Daewoo Securities (Europe) Ltd.]	
1980~1989	1984	May 19	Established Daewoo Economic Research Institute
	1983	Dec 19	Acquired Sambo Securities Co., Ltd.
Oct 20		Renamed as Daewoo Securities Co., Ltd.	
1970~1979	1975	Sep 26	Initial Public Offering : paid-in capital increased to KRW 2 billion
	1973	Sep 01	Acquired from Daewoo Corporation
	1970	Sep 23	Established Dong Yang Securities Co., Ltd.

ORGANIZATION CHART



DOMESTIC NETWORK

South Seoul

Bangbae	811-6 Bangbae-dong, Seocho-gu, Seoul	82-2-3477-2251
Daechi	599 Daechi-dong, Gangnam-gu, Seoul	82-2-3411-3111
Teheran Valley	942 Daechi 3-dong, Gangnam-gu, Seoul	82-2-564-3355
Songpa	286-5 Seokchon-dong, Songpa-gu, Seoul	82-2-419-5160
Seochodong	1337-20 Seocho-dong, Seocho-gu, Seoul	82-2-3474-8383
Yeoksamdong	823 Yeoksam-dong, Gangnam-gu, Seoul	82-2-556-9441
WM Center Appujeong	614-3 Shinsa-dong, Gangnam-gu, Seoul	82-2-545-0361
Olympic	89-20 Bangi-dong, Songpa-gu, Seoul	82-2-404-8851
Cheongdam	41-2 Cheongdam 2-dong, Gangnam-gu, Seoul	82-2-511-9111
Banpo	69-18 Janwon-dong, Seocho-gu, Seoul	82-2-534-0142
WM Center Jamshil	7-19 Shincheon-dong, Songpa-gu, Seoul	82-2-412-5588
Yangjaedong	275-2 Yangjae-dong, Seocho-gu, Seoul	82-2-575-2411
Sampoong	1674-4 Seocho-dong, Seocho-gu, Seoul	82-2-592-5959
Gildong	458-5 Gil-dong, Gangdong-gu, Seoul	82-2-474-1255
Garak	78 Garakbon-dong, Songpa-gu, Seoul	82-2-3401-5544
WM Center Dogok	467-14 Dogok-dong, Gangnam-gu, Seoul	82-2-573-5599
Shincheon	35-2 Jamsil-dong, Songpa-gu, Seoul	82-2-2202-5566

North Seoul

Myeongdong	59-19 Myeong-dong, Jung-gu, Seoul	82-2-777-5400
Gwanghwamun	5 Dangju-dong, Jongno-gu, Seoul	82-2-736-9170
Gwanggyo	33 Seorin-dong, Jongno-gu, Seoul	82-2-734-9944
Sejongno	146-1 Susong-dong, Jongno-gu, Seoul	82-2-735-9961
Taepyeongno	45 Namdaemunro 4-ga, Jung-gu, Seoul	82-2-778-5800
WM Center Yeokjeon	581 Namdaemunro 5-ga, Jung-gu, Seoul	82-2-774-1921
Suyu	230-7 Suyu 3-dong, Gangbuk-gu, Seoul	82-2-986-4554
Chungmuro	64-5 Chungmuro 2-ga, Jung-gu, Seoul	82-2-778-5116
Cheongnyangni	317 Cheongnyangni-dong, Dongdaemu-gu, Seoul	82-2-962-4911
Seongdong	267-23 Haengdang-dong, Seongdong-gu, Seoul	82-2-297-4466
Uijeongbu	137-7 Uijeongbu-dong, Uijeongbu-si, Gyeonggi-do	82-31-877-8772
Janghanpyeong	235-2 Yongdap-dong, Seongdong-gu, Seoul	82-2-2248-8700
Sanggye	712-1 Sanggye-dong, Mapo-gu, Seoul	82-2-934-2511
Eunpyeong	396-1 Galhyeon-dong, Eunpyeong-gu, Seoul	82-2-383-5500
Guri	293 Inchang-dong, Guri-si, Gyeonggi-do	82-31-569-8855
Ichondong	300-15 Ichon 1-dong, Yongsan-gu, Seoul	82-2-797-9696
STX Seoul Tower	631 Namdaemunro 5-ga, Jung-gu, Seoul	82-2-773-8811

West Seoul and Ilsan

Sales Department	34-3 Yeouido-dong, Yeongdeungpo-gu, Seoul	82-2-768-3114
Gangseo	998-9 Hwagok 6-dong, Gangseo-gu, Seoul	82-2-2691-5774
Yangcheon	323-6 Sinjeong-dong, Yangcheon-gu, Seoul	82-2-2444-1361
Mokdong	905-27 Mok 5-dong, Yangcheon-gu, Seoul	82-2-2649-0568
Yeongdeungpo	57 Yeongdeungpo 4-ga, Yeongdeungpo-gu, Seoul	82-2-2632-8741
Mapo	36 Dohwa-dong, Mapo-gu, Seoul	82-2-2616-6655
Doksandong	288-1 Doksan-dong, Geumcheon-gu, Seoul	82-2-858-5511
Sinchon	72-21 Changcheon-dong, Seodaemun-gu, Seoul	82-2-332-2321
Gaebongdong	157-13 Gaebong-dong, Guro-gu, Seoul	82-2-2616-6655
WM Center Mokdong Central	406-5 Mok-dong, Yangcheon-gu, Seoul	82-2-2601-6191
Boramae	395-69 Sindaebang-dong, Dongjak-gu, Seoul	82-2-836-0141
Ilsan	71-1 Juyeop-dong, Ilsanseo-gu, Goyang-si, Gyeonggi-do	82-31-921-3101
Gwanak	32-8 Bongcheon 10-dong, Gwanak-gu, Seoul	82-2-875-5454
Ilsan Madu	805 Madu 2-dong, Ilsandong-gu, Goyang-si, Gyeonggi-do	82-31-906-8877
Hwajeong	975-1 Hwajeong-dong, Deokyang-gu, Goyang-si, Gyeonggi-do	82-31-938-9911
Sindorim	338 Sindorim-dong, Guro-gu, Seoul	82-2-2632-2222

Incheon and Gyeonggi

Incheon	2-41 Sinsaeng-dong, Jung-gu, Incheon	82-32-763-4401
Suwon	13-2 Gucheon-dong, Paldal-gu, Suwon-si, Gyeonggi-do	82-31-245-4171
Anyang	627-3 Anyang 5-dong, Manan-gu, Anyang-si, Gyeonggi-do	82-31-448-2211
Bucheong	1132 Jung 1-dong, Wonmi-gu, Bucheon-si, Gyeonggi-do	82-32-667-7711
Juan	77-7 Juan-dong, Nam-gu, Incheon	82-32-423-1100
Sanbon	1133-2 Sanbon-dong, Gunpo-si, Gyeonggi-do	82-31-394-0940
WM Center East Suwon	1124 Ingye-dong, Paldal-gu, Suwon-si, Gyeonggi-do	82-31-224-0123
Bundang	25-1 Jeongja-dong, Bundang-gu, Seongnam-si, Gyeonggi-do	82-31-718-3311
Bupyeong	549-5 Bupyeong-dong, Bupyeong-gu, Incheon	82-32-505-8451
WM Center Seohyeon	246-6 Seohyeon-dong, Bundang-gu, Seongnam-si, Gyeonggi-do	82-31-708-0528
Ansan	706-5 Gojan-dong, Danwon-gu, Ansan-si, Gyeonggi-do	82-31-482-0055
Yeonsu	503-3 Cheonghak-dong, Yeonsu-gu, Incheon	2-32-813-5588
Yatap	366-1 Yatap-dong, Bundang-gu, Seongnam-si, Gyeonggi-do	82-31-702-3232
Pyeongchon	1591 Gwanyang-dong, Dongan-gu, Anyang-si, Gyeonggi-do	82-31-386-2323
Sangdong	544-4 Sang-dong, Wonmi-gu, Bucheon-si, Gyeonggi-do	82-32-329-6633
Dongtan	107-1 Bansong-dong, Hwaseong-si, Gyeonggi-do	82-31-613-9955

Busan and Gyeongnam

Busan	44-1 Jungangdong 2-ga, Jung-gu, Busan	82-51-242-3351
Namcheondong	36-7 Namcheon-dong, Suyeong-gu, Busan	82-51-625-0120
WM Center Beomil	828-1 Beomil-dong, Dong-gu, Busan	82-51-644-0077
WM Center Seomyeon	257-3 Bujeon-dong, Busanjin-gu, Busan	82-51-806-6001
Dongnae	552 Suan-dong, Dongnae-gu, Busan	82-51-554-4111
Masan	69-2 Jungseong-dong, Masan-si, Gyeongsangnam-do	82-55-245-3990
Masan Central	259-6 Seokjeon-dong, Heowon-gu, Masan-si, Gyeongsangnam-do	82-55-297-8851
Jinju	5-7 Dongseong-dong, Jinju-si, Gyeongsangnam-do	82-55-742-3444
Changwon	94-3 Jungang-dong, Changwon-si, Gyeongsangnam-do	82-55-282-6900
Sasang	546-11 Gwaebeop-dong, Sasang-gu, Busan	82-51-327-8801
Tongyeong	95-10 Buksin-dong, Tongyeong-si, Gyeongsangnam-do	82-55-643-8881
Haeundae	1406-2 Woo-dong, Haeundae-gu, Busan	82-51-743-1211
Geoje	534-5 Okpo-dong, Geoje-si, Gyeongsangnam-do	82-55-688-0134
Gimhae	1143-2 Nae-dong, Gimhae-si, Gyeongsangnam-do	82-55-324-2421
Saha	528-11 Hadan-dong, Saha-gu, Busan	82-51-293-6644
Yeonsandong	1242-8 Yeonsan-dong, Yeonje-gu, Busan	82-51-852-8558
Gupo	399-4 Deokcheon-dong, Buk-gu, Busan	82-51-331-7711
Geoje Sinhyeon	961-29 Gohyeon-ri, Sinhyeon-eup, Geoje-si, Gyeongsangnam-do	82-55-638-3900
Changwon City	333 Dudaedong, Changwon-si, Gyeongsangnam-do	82-55-600-6000

Daegu and Gyeongbuk

Daegu	96 Deoksan-dong, Jung-gu, Daegu	82-53-424-0311
Daegu Central	6-1 Bukseongno 1-ga, Jung-gu, Daegu	82-53-421-0141
Daegu West	452-1 Gamsam-dong, Dalseo-gu, Daegu	82-53-564-1133
Pohang	203-10 Jukdo-dong, Buk-gu, Pohang-si, Gyeongsangbuk-do	82-54-277-6655
Ulsan	666-53 Yaksa-dong, Jung-gu, Ulsan	82-52-244-8441
Gumi	78 Songjeong-dong, Gumi-si, Gyeongsangbuk-do	82-54-451-1511
Gyeongsan	870-6 Jungbang-dong, Gyeongsan-si, Gyeongsangbuk-do	82-53-811-2211
WM Center Beomeo	177-4 Beomeo 2-dong, Suseong-gu, Daegu	82-53-751-0345
Andong	85-3 Dongbu-dong, Andong-si, Gyeongsangbuk-do	82-54-841-2266
Sangjin	1512 Sangjin-dong, Dalseo-gu, Daegu	82-53-638-4100
Ulsan South	1365-7 Dal-dong, Nam-gu, Ulsan	82-52-258-7766
Gyeongju	386-6 Seongdong-dong, Gyeongju-si, Gyeongsangbuk-do	82-54-776-5533
Chilgok	940 Taejeon-dong, Buk-gu, Daegu	82-53-525-5533
Seongseo	1198-5 Igok-dong, Dalseo-gu, Daegu	82-53-582-4567
Pohang North	1462-13 Jangseong-dong, Buk-gu, Pohang-si, Gyeongsangbuk-do	82-54-244-3232

Daejeon, Chungcheong and Gangwon

Donghae	1078-3 Cheongok-dong, Donghae-si, Gangwon-do	82-33-532-3340
Wonju	232-1 Jungang-dong, Wonju-si, Gangwon-do	82-33-745-1651
Daejeon	139-1 Eunhaeng-dong, Jung-gu, Daejeon	82-42-253-3301
Chuncheon	37-11 Joyang-dong, Chuncheon-si, Gangwon-do	82-33-251-8851
Cheongju	9-3 Bukmunno 1-ga, Sangdang-gu, Cheongju-si, Chungcheongbuk-do	82-43-250-3311
Cheonan	365-1 Sinbu-dong, Cheonan-si, Chungcheongnam-do	82-41-562-0311
Yongjeongdong	9-5 Hongdo-dong, Dong-gu, Daejeon	82-42-627-4100
Sokcho	669-9 Gyo-dong, Sokcho-si, Gangwon-do	82-33-636-3900
Asan	300-24 Oncheon-dong, Asan-si, Chungcheongnam-do	82-41-549-2233
Hongcheon	4-21 Sinjangdae-ri, Hongcheon-eup, Hongcheon-gun, Gangwon-do	82-33-435-3322
Dunsan	1277 Dunsan-dong, Seo-gu, Daejeon	82-42-483-6555
Jecheon	29-2 Jungangno 2-ga, Jecheon-si, Chungcheongbuk-do	82-43-642-6600
West Cheongju	261-5 Sachang-dong, Heungdeok-gu, Cheongju-si, Chungcheongbuk-do	82-43-268-7711

Gwangju, Honam and Jeju

WM Center Gwangju	62-17 Geumnamno 5-ga, Dong-gu, Gwangju	82-62-227-6605
Jeonju	568-95 Seonsong-dong, Wansan-gu, Jeonju-si, Jeollabuk-do	82-63-288-0011
Yeosu	502-1 Chungmu-dong, Yeosu-si, Jeollanam-do	82-61-663-7997
Jeju	1431 Ildoil-dong, Jeju-si, Jeju-do	82-64-755-8851
Iksan	57 Jungangdong 1-ga, Iksan-si, Jeollabuk-do	82-63-857-8811
Gunsan	100-14 Naun-dong, Gunsan-si, Jeollabuk-do	82-63-443-1711
Duamdong	821-2 Duam 2-dong, Buk-gu, Gwangju	82-62-267-8844
Sangmu	1180 Chipyeong-dong, Seo-gu, Gwangju	82-62-371-7600
Hyojadong	548 Hyojadong 1-ga, Wansan-gu, Jeollabuk-do	82-63-227-1414
Mokpo	1123 Sang-dong, Mokpo-si, Jeollanam-do	82-61-285-9911
Suncheon	1324-2 Yeonhyang-dong, Suncheon-si, Jeollanam-do	82-61-724-4422

