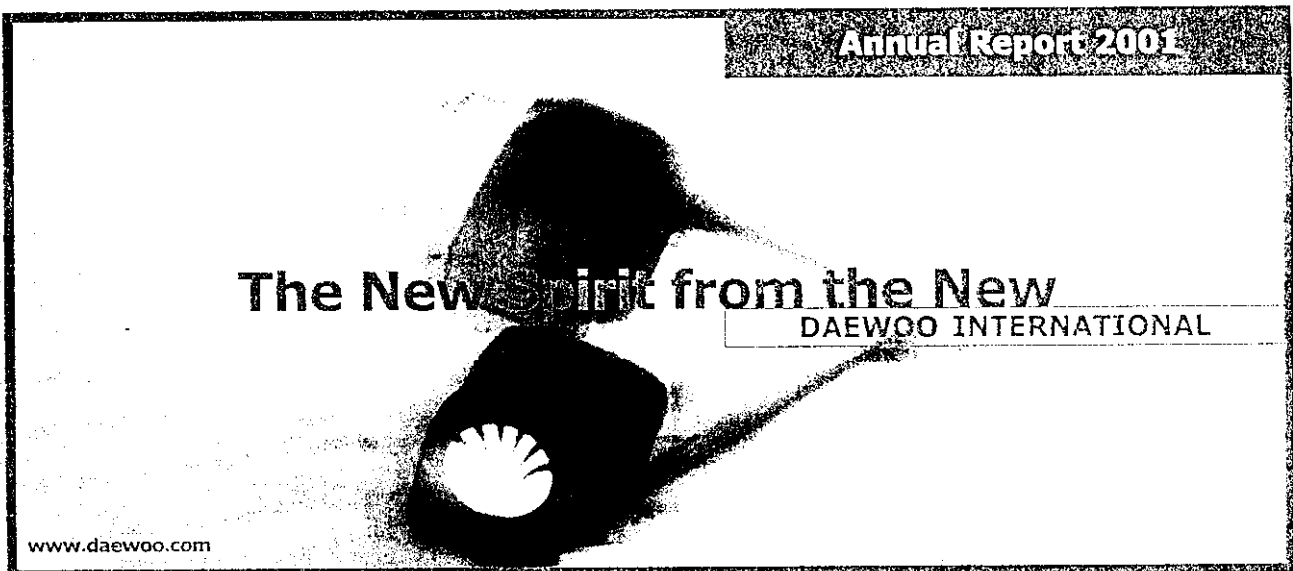


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COMPANIES HOUSE 21/05/03

Board of Directors ▶▶▶

○ President & CEO

Lee, Tae-Yong

○ Executive Vice President

Kim, Yong-Gil

Finance

Kang, Young-Won

Automotive Component Business

Song, Young-Wook

Outside Director

Choe, Hong-Geon

Outside Director

Ihm, Chung-il

Outside Director

Yoon, Oh-Byeung

Outside Director

○ Senior Vice President

Ma, Young-Nam

Steel Business

Kim, Chang-Rae

Machinery Business

Yim, Dong-Ho

Office of Legal

Lee, Woo-Jin

Accounting Business

Yoon, Byoung-Eun

Corporate Restructuring

○ Vice President

Sung, Ki-Dong

Finance

Chang, Kyung-Wook

Textile Business

Rim, Chae-Moon

Energy Business

Lee, Deog-Kyu

Machinery Business

Seol, Hong-Soo

Business Development

Lee, Dan-sung

Media & Electronics Business

Park, Tae-Sung

Metal Business

Kim, Hak-Soo

Chemical Business

Lee, Hyung-Ho

Automotive Component Business

In keeping with Korean custom, the surname is given first.

Daewoo International:

New beginnings, new challenges, new visions

Daewoo International is planting new visions for Korea as well as for itself on the lands and the seas of the world, in such diversified areas as trade, production, distribution and resource development

With a fresh new start in 2002, Daewoo International is aiming for complete transparency and accelerated profitability to provide shareholders, clients and friends with maximum satisfaction.

We hope that all of you will continue to afford us your warm support as Daewoo International begins to soar on the wings of new beginnings, new challenges, and new visions.

Daewoo International's Major Business Activities

- * Export & import, trading agent, mediation
- * Local agent for overseas companies
- * Issuance of vender agreements
- * Real estate activities including investments, rentals, control, sales, and consulting & development, and arcade operation affairs
- * Resource development at home and abroad, and sales thereof
- * Production and sale of textiles and garments
- * Production and sale of electric and electronic goods
- * Production and sale of leather goods
- * Production and sale of chemical products
- * Production and sale of agricultural products
- * Production and sale of general merchandise and toys
- * Production and sale of metal and steel products
- * Production and sale of general merchandise and other daily necessities
- * Production and sale of construction materials
- * Production and sale of ores and minerals
- * Production and sale of wire products
- * Information processing and education services, rental of information processing equipment
- * Land, sea and air transport, storage, distribution and retail/wholesale
- * Tourist hotels and condominiums, tourist facilities, tourist recreation facilities, public indoor swimming pools
- * Forestry, livestock, horticulture and agriculture
- * Toll road operations and parking facility management
- * Production of motor vehicles and components, sales and maintenance
- * Fishery, fish farming, processing and sales
- * Databases and publication thereof; technology research and services consignment
- * Oil refining, electricity and city gas; production and manufacture of petrochemical products

- * Oil shipment
- * Integrated leisure and special leisure business, amusement park operation
- * Software sales and education
- * Design, engineering, construction, supervision, maintenance and operation of industrial and other plants
- * Athletic facilities
- * Restaurants, export & import of food and beverage (including liquor), sales & mediation
- * Agent for composite environmental, traffic and scenery impact evaluations
- * Agent for establishing energy consumption plans and energy conservation specialization
- * Investments and operation of social infrastructure facilities
- * Gravel collection and sales thereof
- * Operation of facilities for the elderly and general medical care facilities
- * Nuclear power utilization
- * Business related to youth training programs
- * Movie theaters; movie production, import & export, distribution and other entertainment business; integrated cable business
- * Passenger car terminal business
- * Telecommunications services (phones, FAX, DATA exchange) and value-added telecommunication network operations
- * Manufacture and sale of telecommunications and broadcasting equipment (BETACAM VCR, Cameras, etc.)
- * Development and maintenance of industrial zones
- * Construction and operation of department stores
- * Credit Card business
- * Foreign exchange transactions
- * Cultural education and operation of lecture facilities
- * Sales of telecommunications
- * Sales of watches, jewelry and other precious items
- * Internet trading
- * Domestic and overseas travel, airplane reservations and ticketing
- * Moving agent and home delivery business
- * Cultural events and lifestyle services
- * Internet broadcasting
- * Insurance agent
- * Sales of domestic and foreign books and music albums
- * Residential housing construction
- * Investments with foreign, local and corporate clients in all of the above

* Auxiliary activities related to all of the above

* Results of 2001 & Goals for 2002 (Units: 100 mil. KRW, 1 mil. US\$)

Sales Exports Profits on Sales Ordinary Income Net Profits

* Daewoo International Corp., despite adverse circumstances at home and abroad, achieved total sales of 6,348.3 billion KRW and exports of US\$3 billion in 2001. The company has established targets of 6,436 billion KRW in total sales and \$3.481 billion in exports for 2002, increases of 1.4% and 16%, respectively.

In addition, through intensive self-rescue and restructuring programs, Daewoo International expects to turn a profit for the year 2002.

* CEO Greetings

To Our Shareholders and Friends Everywhere,

It is an honor for me to open this, the 2nd Annual Shareholders Meeting for Daewoo International Corporation. And on behalf of everyone at Daewoo International, I wish to express my heartfelt gratitude for your steady support and encouragement during the year 2001.

As you know, 2001 was a highly significant one for us as our first full year of business operations under our new name and new independence. Additionally, following our reinstatement on the Korea Stock Exchange on March 23, 2001, our employees strove with unrelenting efforts to set solid foundations for steady long-term growth.

During the year we did have our share of adversities, and despite some skepticism and independent forecasts of an unclear future, you continued to place total confidence in our abilities to meet your expectations. For this, I am deeply grateful.

Plans for 2002

On March 15, 2000, we signed a restructuring agreement with our creditors and began our efforts to normalize operations as quickly as possible by realizing our managerial goals and actualizing our self-rescue plan. In the future as well, through close cooperation with our creditor organizations, we will enhance our efforts even further to mature into a healthy and outstanding business concern.

As part of these efforts, we plan to complete our restructuring program within the coming year, and I can promise you that we will strive with every ounce of effort to become a model case in the achievement of corporate restructuring.

First, in order to earn the trust and respect of all, we will apply uniform, precision methods and principles for maximum implementation of transparent and advanced managerial operations. In order to further augment your trust, we will provide our shareholders with completely transparent and accurate data concerning operations.

Secondly, through core, high profitability areas of operations, we will maximize our capabilities in enhancing and creating new methods of revenue procurement. To this end, we are prepared to diversify our efforts in such high profitability areas as export, high-risk trilateral trade, and overseas resource development programs. I can assure you that the fields in which we are currently involved are all

high profit-oriented ones.

And finally, we intend to advance the value of our stocks through highly activated investor relations programs. I am distressed at the fact that since our relisting on the Korea Stock Exchange in March, our stocks have not reflected the growth of the market in general. In the coming year, we will establish an IR team of specialists, and we will make every effort to meet your expectations for growth by elevating the status of our relatively undervalued shares.

In consideration of all of these efforts, we have established goals for 2002 that include total sales of 6,800 billion KRW and exports of \$3.5 billion. We also expect to achieve profits on sales to 1,000 billion KRW. I assure you that we all will do our utmost to achieve these targets for the year.

We are rapidly approaching an early completion of our restructuring efforts. And we are convinced that we can only repay your dedication to us by developing into one of the soundest and finest specialty trading companies. Consequently, we will invest our total efforts into recovering our full sales potential and to normalizing operations completely. In the process, we sincerely look forward to your interest, affection and encouragement.

Tae-Young Lee

President

Daewoo International Corporation

* Chronology

Mar. 1967: Daewoo Industrial Corp. established

May 1975: Designated General Trading Company by Korean gov't

Jan. 1982: Merger with Daewoo Construction Co., Ltd. to form

Daewoo Corporation

1998: Ranked first in Korea in exports and export profit

Aug. 1999: Agreement reached with Korean gov't for restructuring of

12 Daewoo Group companies

Mar. 2000: MOU signed for corporate restructuring of Daewoo Corp.

July 2000: Approval for spin-offs at special Stockholders Meeting

Dec. 2000: Daewoo Corp. split into three firms: Daewoo International

Corp., Daewoo Construction Corp., Daewoo Ltd.

Mar. 2001: 1st Annual Stockholders Meeting, Daewoo International

Corp.

* Results for the Year by Division

Steel Division: Daewoo International serves as the trading window for Korea's major steel producers, including POSCO, the nation's largest and as a global steel trader promoting trilateral trade, the company achieved \$500 million in steel exports in 2001. For the coming year, the company, with highly experienced experts in each product category, expects to increase this figure 20 percent to \$600 million

through expanded exports of high value-added products, through the pioneering of new markets, and through long-term supply contracts with major clients. In the future, the company plans to concentrate efforts on clients in the vehicle and component manufacturing industries for strengthened sales bases; and while augmenting a high profitability structure, the company expects to center and expand sales efforts with China and Southeast Asian nations.

* Metal Division: The division deals in the export, import and trilateral trade of steel and nonferrous metal products and it markets these products according to global supply and demand. In 2001, the division -- thanks in part to increased exports and trilateral sales of steel billet products -- had total sales worth \$720 million (944.3 billion KRW). For 2002, the division envisions an increase in sales of 27 percent to \$915 million, including \$360 million in exports. To achieve this goal, the division will utilize four task-force teams to expand business with China, and also advance the company's positioning as a global name in steel & metal products through worldwide sourcing and sales.

Chemical Division: The division has greatly strengthened its marketing competitiveness through its highly effective and efficient global network. By synergizing its products that range from upstream aromatics to downstream fine chemicals and through its package distribution of basic materials, the division exceeded sales targets for the year by increasing total sales 22 percent over the previous year to 750 billion KRW and exports 23 percent to \$530 million. For 2002, the division plans strengthened sales in China while seeking out new markets in the U.S., Japan and other industrially advanced nations. The division also will concentrate efforts on expanding sales of such strategic products as BTX, plastics, resins, chemical fibers, tire materials, fertilizer and fine chemicals.

Automotive & Components Division: While sales in basic product categories to the North American market remained solid during the year, the division suffered from a bout of desourcing from numerous overseas clients due to their uncertainties over legal problems involving Daewoo Motor. As a result, total sales reached only 91 percent of the target for the year, yet still managed to climb 27 percent over the previous year sales.

The division is aiming for a 10 percent increase in sales to 747 billion KRW for 2002 based on concentrated efforts in quality improvement. Simultaneously, the division will expand its technical sales personnel as part of efforts to promote its mid-term program for fostering specialists. The division will also increase its number of teams to six and strengthen personnel education programs related to acquiring QS-9000 certification. The division will promote greater business partnerships with Chinese clients and develop new areas of business as it increases its role as a global player in the field.

Machinery & Plants: The division expanded its activities related to ships, rolling stock, power plants, paper plants, and environmental control facilities in 2002, resulting in total sales of 745 billion KRW and sales profits of 10.8 billion KRW.

On the basis of orders on hand, the division has set an export goal for 2002 of \$820 million. The division also plans to maximize profits for the year. It also plans to accelerate new sales by selecting

target markets by product. Overseas, the division began full-scale operations of a paper plant investment subsidiary in China, resulting in total profits of \$3.8 million, and the sales target for 2002 at the plant is \$6 million. This is the division's second successful overseas plant investment, following that of a private power generation facility in Papua New Guinea.

Media & Electronics Division: The division's major products in electronics include color TVs, SVR, DVD players, etc.; in computers, PCs, monitors, MP3 players; and in telecommunications equipment and terminals, ADSL, cable modem, LPA/repeaters, optical fiber cable, WLL/mobile phones, faxes, Internet phones, etc. Sales for 2001 reached 350 billion KRW. With expanded sales efforts, new product development and expanded exports to specialty companies and special areas, the division expects a 30 percent increase in sales in 2002 to 450 billion KRW.

Textile Division: The division handles all programs related to textiles, from raw materials to completed products and it continues to be Korea's leader in the textile export industry. Through close-knit cooperation with local small specialty manufacturers, the division scored total sales of 310 billion KRW and 20 billion KRW in sales profits for the year 2001. With six overseas production subsidiaries and more than 580 local manufacturers in its network, the division plans to develop new overseas markets, synergize product categories and activate trilateral trade programs. As a result, it plans to have total sales of 370 billion KRW and sales profits of 21.5 billion KRW in 2002.

Commodities & Energy: Amidst a rapidly changing environment, the division augmented the company's reputation as a global trader in such product categories as grains, cotton, construction materials and oil/petrochemical products. The division also increased its activities in such high-profit areas as energy resource development, and in the process it registered total sales of 1,135.7 billion KRW and 27.1 billion KRW in profits. For 2002, the division will concentrate efforts in such areas as strategic market development, risk management, and increased efficiency, and it has set goals of 1,210 billion KRW in sales and 29.9 billion KRW in sales profits. In resource development, the division will complete preparations for production in 2003 at the offshore oil field A-1 in Myanmar.

Masan Daewoo Department Store: Amidst fierce competition from newly established competitors in the area, the Masan Daewoo Dept. Store achieved total sales of 220 billion KRW and retained its position as the finest department store in the region. Through deluxe products, outstanding customer service and a totally convenient shopping environment, Daewoo Masan Department Store is highly recognized for overall excellence and localized operations.

Busan Plant: The Daewoo Busan Plant has a long tradition for technical and developmental excellence that result in high-quality new materials, development of environmentally-friendly materials, quality production, and sales. The plant has been recognized internationally for quality excellence in footwear and in materials for garment production and automobile seat covers. In 1999, the Fabric Division became first in Korea to receive QS-9000 certification for quality and the plant extended this record to include ISO-14001 certification in 2001 as it further globalized its export programs. The plant continues to

augment international competitiveness through on-going programs in production technology improvement, production process innovations, and advancements in quality.

DAEWOO INTERNATIONAL CORPORATION

Audit Report 2001

for the year ended December 31, 2001

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REPORT OF INDEPENDENT ACCOUNTANTS

**To the Shareholders and Board of Directors of
Daewoo International Corporation**

We have audited the accompanying balance sheet of Daewoo International Corporation (the "Company") as of December 31, 2001, and the related statements of operations, disposition of deficits and cash flows for the year then ended, expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Company for the period from December 27, 2000 (the inception date) to December 31, 2000, presented herein for comparative purposes, were audited by Young-Wha Accounting Corporation. In their report dated February 9, 2001, Young-Wha Accounting Corporation expressed an unqualified opinion thereon.

We conducted our audit 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2001, and the results of its operations, the changes in its retained earnings and its cash flows for the year then ended in conformity with financial accounting standards generally accepted in the Republic of Korea.

As discussed in Note 11 to the financial statements, in connection with Daewoo Corporation's pre-split-off liabilities payable to certain financial institutions including overseas banks which did not participate in the workout agreement dated March 15, 2000, Daewoo Corporation, Daewoo Engineering & Construction and the Company are jointly liable. The Company has been named as the defendant in a number of claims related to Daewoo Corporation's split-off and continues to negotiate with some creditors which did not participate in the workout agreement regarding Daewoo Corporation's pre-split-off liabilities. Therefore, in 2001 the Company established a reserve for contingent liabilities in consideration of the possibilities and amount of contingencies.

As discussed in Notes 12 and 13, on December 29, 2001, creditor banks determined to issue mandatorially convertible bonds in exchange for the forgiveness of 282,769 million. Excluding some disagreeing creditors whose debts amount to 27,934 million, convertible bonds were issued and distributed to creditors in proportion of their loan amounts. The fair value of the underlying stocks, 84,478 million, is recorded as a debt to be converted to equity, a component of capital adjustments. The remaining 163,231 million and 7,126 million are recorded as a gain on exemption of debt, a component of extraordinary gain and discounted present value, respectively.

As discussed in Note 20 to the financial statements, the Company's sales to and purchase from affiliated companies for the year ended December 31, 2001 were 695,458 million and 328,747, respectively, and related receivables and payables at December 31, 2001 were 147,161 million and 17,200 million, respectively. The Company's acceptances and guarantees outstanding for affiliated companies at December 31, 2001 are USD 96,961 thousand, and 72,041 million of assets are pledged as a collateral for such acceptances and guarantees.

Without qualifying our opinion, we draw attention to Note 22 of the financial statements which states that the operations of the Company have been affected, and may continue to be affected for the foreseeable future, by the general unstable economic conditions in the Republic of Korea and in the Asia Pacific region. The ultimate effect of these uncertainties on the financial position of the Company as of the balance sheet date cannot presently be determined.

The amounts expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the financial statements.

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. The procedures and practices utilized to audit such financial statements may differ from those generally accepted and applied in other countries and jurisdictions. Accordingly, this report and the accompanying financial statements are not intended for use by those who are not informed about Korean accounting principles or auditing standards and their application in practice.

Seoul, Korea

February 23, 2002

DAEWOO INTERNATIONAL CORPORATION
BALANCE SHEETS

December 31, 2001 and 2000

	In Millions of Korean Won		In Thousands of U.S.Dollars(Note 3)	
	2001	2000	2001	2000
ASSETS				
Current assets				
Cash and cash equivalents (Note 14)	140,253	9,304	\$ 105,764	\$ 7,016
Short-term financial instruments (Notes 4, 10 and 14)	71,651	51,056	54,031	38,501
Maketable securities (Note 5)	4,872	17,219	3,674	12,985
Trade accounts receivable, net (Notes 14 and 20)	383,751	581,723	289,383	438,672
Other accounts receivables, net (Notes 11,14 and 20)	15,048	219,653	11,348	165,638
Accrued income, net	1,696	3,550	1,279	2,678
Prepayments, net	35,177	520,836	26,527	392,758
Prepaid expenses	14,027	3,382	10,578	2,550
Short-term loans, net (Notes 6 and 14)	731	2,377	551	1,792
Prepaid tax	1,799	110	1,357	83
Currency forwards (Note 11)	181	18,136	136	13,676
Commodity futures (Note 11)	1,048	-	790	-
Inventories (Note 2)	80,761	199,276	60,901	150,272
Total current assets	750,995	1,626,622	566,319	1,226,621
Long-term financial instruments (Note 4)	14	25	11	19
Investment securities (Notes 5 and 10)	391,285	425,653	295,064	320,981
Long-term accounts receivable, net (Notes 14 and 15)	67,179	76,407	50,659	57,618
Guarantee deposits (Note 14)	16,880	26,549	12,728	20,019
Group-term retirement insurance deposits	-	35,887	-	27,062
Natural resources exploration investment	10,156	6,729	7,658	5,074
Deferred income tax assets (Note 18)	78,358	45,343	59,089	34,193
Property, plant and equipment, net (Note 7)	310,283	436,578	233,982	329,220
Intangible assets	35,950	30,903	27,110	23,304
TOTAL ASSETS	1,661,100	2,710,696	\$ 1,252,620	\$ 2,044,111

The accompanying notes are an integral part of these statements.

Continued ;

DAEWOO INTERNATIONAL CORPORATION

BALANCE SHEETS, Continued

December 31, 2001 and 2000

	In Millions of Korean Won		In Thousands of U.S.Dollars(Note 3)	
	2001	2000	2001	2000
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities :				
Trade accounts payable (Note 14 and 20)	350,401	618,246	\$ 264,234	\$ 466,214
Short-term borrowings (Note 8)	38,426	111,023	28,977	83,721
Other accounts payable (Notes 14 and 20)	43,198	26,936	32,576	20,313
Advance received (Note 20)	14,525	501,777	10,954	378,385
Withholdings	77,774	59,416	58,649	44,805
Accrued expenses	5,697	10,739	4,296	8,098
Current portion of long-term debt, net (Notes 14 and 15)	20,450	-	15,421	-
Deferred revenue	11	-	8	-
Guarantee deposit received	8,053	8,282	6,073	6,245
Currency forwards (Note 11)	2,076	20,028	1,565	15,103
Commodity futures (Note 11)	3,692	-	2,784	-
Total current liabilities	564,303	1,356,447	425,537	1,022,884
 Long-term borrowings, net (Notes 9,11 and 15)	 622,164	 959,915	 469,168	 723,863
Long-term other accounts payable	-	768	-	579
Long-term accrued expenses, net (Notes 9 and 15)	23,153	69,949	17,458	52,748
Long-term guarantee deposit received	7,538	7,049	5,685	5,316
Accrued severance benefits, net	861	13,692	649	10,325
Group-term accrued severance benefits	-	22,489	-	16,959
Reserve for contingencies (Note 11)	148,809	-	112,216	-
Total liabilities	1,366,828	2,430,309	\$ 1,030,713	\$ 1,832,674

Commitments and contingencies (Note 10)

The accompanying notes are an integral part of these statements.

Continued ;

DAEWOO INTERNATIONAL CORPORATION

BALANCE SHEETS, Continued

December 31, 2001 and 2000

	In Millions of Korean Won		In Thousands of U.S.Dollars(Note 3)	
	2001	2000	2001	2000
Shareholders' equity :				
Common stock (Notes 1 and 13)	180,261	93,100	\$ 135,933	\$ 70,206
Capital surplus (Note 13)	40,177	-	30,297	-
Retained earnings	(96,390)	2,578	(72,687)	1,944
Unappropriated retained earnings				
(Net income(Loss) : (98,968) million in 2001 and 2,578 million in 2000.)	(96,390)	2,578	(72,687)	1,944
Capital adjustment	170,224	184,709	128,364	139,287
Gain on valuation of investment in equity securities (Note 5)	50,267	55,702	37,906	42,004
Discount on stock issuance	(87)	-	(66)	-
Overseas operation translation credit	2,944	1,567	2,220	1,182
Treasury stock	(132)	-	(100)	-
Debt to be converted to equity (Notes 12, 13)	117,232	127,440	88,404	96,101
Total shareholders' equity	<u>294,272</u>	<u>280,387</u>	<u>221,907</u>	<u>211,437</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>1,661,100</u>	<u>2,710,696</u>	<u>\$ 1,252,620</u>	<u>\$ 2,044,111</u>

The accompanying notes are an integral part of these statements.

DAEWOO INTERNATIONAL CORPORATION

STATEMENTS OF OPERATIONS

for the year ended December 31, 2001

and for the period from December 27, 2000 (the inception date) to December 31, 2000

	In Millions of Korean Won		In Thousands of U.S.Dollars(Note 3)	
	2001	2000	2001	2000
Sales (Notes 20 and 21)	6,348,316	250,586	\$ 4,787,208	\$ 188,965
Cost of sales (Note 20)	6,098,326	239,849	4,598,692	180,868
Gross profit	249,990	10,737	188,516	8,097
Selling and administrative expenses	146,577	3,691	110,533	2,784
Operating income	103,413	7,046	77,983	5,313
Non operating income :				
Interest income	25,758	462	19,424	348
Dividend income	2,818	-	2,125	-
Rental income	6	-	5	-
Commission income	253	-	191	-
Gain on valuation of marketable securities (Note 5)	2,401	19	1,811	14
Gain on foreign currency transactions	176,549	3,637	133,134	2,743
Gain on foreign currency translation	65,063	55,382	49,063	41,763
Refund of income taxes	-	-	-	-
Recovery of future transaction credit	-	4,161	-	3,138
Gain on valuation currency forwards (Note 11)	181	-	136	-
Gain on valuation commodity futures (Note 11)	1,048	-	790	-
Gain on disposal of investment assets	24,072	-	18,152	-
Gain on valuation of Securities Market Stabilization Fund (Note 5)	6,204	-	4,678	-
Gain on valuation using equity method of accounting (Note 5)	7,328	-	5,526	-
Gain on disposal of property, plant and equipment	326	-	246	-
Miscellaneous	5,666	20	4,273	16
	317,673	63,681	\$ 239,554	\$ 48,022

The accompanying notes are an integral part of these statements.

Continued ;

DAEWOO INTERNATIONAL CORPORATION
STATEMENTS OF OPERATIONS, Continued
for the year ended December 31, 2001
and for the period from December 27, 2000 (the inception date) to December 31, 2000

	In Millions of Korean Won except per Share Data		In Thousands of U.S.Dollars(Note 3) except per Share Data	
	2001	2000	2001	2000
Non operating expenses :				
Interest expense	138,261	4,342	\$ 104,261	\$ 3,274
Other bad debt expense	66,712	1,229	50,307	927
Loss on valuation of marketable securities (Note 5)	20,746	29	15,644	22
Loss on valuation of inventories	3,548	-	2,676	-
Loss on foreign currency transactions	170,346	4,094	128,456	3,088
Loss on foreign currency translation	67,724	49,480	51,070	37,312
Additional income taxes for prior periods	711	-	536	-
Loss on valuation of currency forwards (Note 11)	2,076	-	1,565	-
Loss on valuation of commodity futures (Note 11)	3,692	-	2,784	-
Amortization of futures contracts debits	-	7,135	-	5,380
Loss from redemption of borrowings	8,105	-	6,112	-
Loss on impairment of investment securities (Note 5)	4,949	-	3,732	-
Loss on disposal of investment assets	10,664	-	8,042	-
Loss on impairment of investments assets	7,483	-	5,643	-
Loss on disposal of property, plant and equipment	4,722	-	3,561	-
Loss on impairment of property, plant and equipment (Note 7)	77,332	-	58,315	-
Loss on impairment of intangible assets	117	-	88	-
Donations	37	-	28	-
Miscellaneous	2,859	1	2,157	1
	<u>590,084</u>	<u>66,310</u>	<u>444,977</u>	<u>50,004</u>
Ordinary income(Loss)	<u>(168,998)</u>	<u>4,417</u>	<u>(127,440)</u>	<u>3,331</u>
Extraordinary gain (Note 17)	175,401	-	132,269	-
Extraordinary loss (Note 17)	<u>(98,209)</u>	<u>-</u>	<u>(74,059)</u>	<u>-</u>
Income(Loss) before income taxes	(91,806)	4,417	(69,230)	3,331
Income tax expense (Note 18)	<u>7,162</u>	<u>1,839</u>	<u>5,401</u>	<u>1,387</u>
Net income(Loss) (Note 19)	<u>(98,968)</u>	<u>2,578</u>	<u>\$ (74,631)</u>	<u>\$ 1,944</u>
Ordinary income(loss) per share	<u>(5,405)</u>	<u>138</u>	<u>\$ (4,076)</u>	<u>\$ 104</u>
Earnings(Loss) per share	<u>(2,747)</u>	<u>138</u>	<u>\$ (2,071)</u>	<u>\$ 104</u>

The accompanying notes are an integral part of these statements.

DAEWOO INTERNATIONAL CORPORATION
STATEMENT OF DISPOSITION OF DEFICITS

for the year ended December 31, 2001
and for the period from December 27, 2000 (the inception date) to December 31, 2000
Date of Appropriations : March 27, 2002 and March 24, 2001

	In Millions of Korean Won		In Thousands of U.S.Dollars(Note 3)	
	2001	2000	2001	2000
Retained earnings before appropriation				
Unappropriated retained earnings carried over from prior year	2,578	-	\$ 1,944	\$ -
Net income	(98,968)	2,578	(74,631)	1,944
	(96,390)	2,578	(72,687)	1,944
Appropriations of retained earnings	-	-	-	-
Unappropriated retained earnings to be carried forward to subsequent year	(96,390)	2,578	\$ (72,687)	\$ 1,944

The accompanying notes are an integral part of these statements.

DAEWOO INTERNATIONAL CORPORATION
STATEMENT OF CASH FLOWS
for the year ended December 31, 2001
and for the period from December 27, 2000 (the inception date) to December 31, 2000

	In Millions of Korean Won		In Thousands of U.S.Dollars(Note 3)	
	2001	2000	2001	2000
Cash flows from operating activities :				
Net income(Loss)	(98,968)	2,578	\$ (74,631)	\$ 1,944
Expenses not involving operating cash outflows :				
Accrual of severance benefits	7,599	61	5,730	46
Depreciation	13,462	147	10,152	111
Amortization of intangible asset	3,258	21	2,457	16
Bad debt expense	14,131	-	10,656	-
Loss on foreign currency translation	13,842	35	10,438	26
Loss on valuation of marketable securities	20,746	29	15,644	22
Amortization of futures contracts debits	-	7,135	-	5,380
Loss on valuation of currency forwards	2,076	-	1,565	-
Loss on valuation of commodity futures	3,692	-	2,784	-
Other bad debt expense	66,712	111	50,307	84
Interest expense	37,381	511	28,189	385
Loss on impairment of investments assets	7,483	-	5,643	-
Loss on impairment of investment securities	4,949	-	3,732	-
Loss on disposal of investment assets	10,664	-	8,042	-
Loss on disposal of property, plant and Equipment	4,722	-	3,561	-
Loss on impairment of property, plant and equipment	77,332	-	58,315	-
Loss on impairment of intangible assets	117	-	88	-
Loss from redemption of borrowings	8,105	-	6,112	-
Miscellaneous loss	59	-	44	-
Extraordinary loss	98,209	-	74,059	-
	<u>394,539</u>	<u>8,050</u>	<u>\$ 297,518</u>	<u>\$ 6,070</u>

The accompanying notes are an integral part of these statements.

Continued ;

DAEWOO INTERNATIONAL CORPORATION
STATEMENT OF CASH FLOWS, Continued
for the year ended December 31, 2001
and for the period from December 27, 2000 (the inception date) to December 31, 2000

	In Millions of Korean Won		In Thousands of U.S.Dollars(Note 3)	
	2001	2000	2001	2000
Revenues not involving operating cash inflows				
Gain on valuation of marketable securities	2,401	19	\$ 1,811	\$ 14
Gain on foreign currency translation	-	4	-	3
Recovery of futures contracts credits	-	4,161	-	3,138
Gain on valuation currency forwards	181	-	136	-
Gain on valuation commodity futures	1,048	-	790	-
Interest income	2,276	-	1,716	-
Gain on disposal of investment securities	24,072	-	18,152	-
Gain on valuation of Securities Market Stabilization Fund	6,204	-	4,678	-
Gain on disposal of property, plant and Equipment	326	-	246	-
Gain on valuation using equity method of accounting	7,328	-	5,526	-
Miscellaneous gains	3,162	-	2,385	-
Gain from liabilities forgiven	175,401	-	132,268	-
	<u>222,399</u>	<u>4,184</u>	<u>167,708</u>	<u>3,155</u>
Changes in operating assets liabilities :				
Trade accounts receivables	148,415	44,404	111,918	33,485
Other account receivables	186,453	(1,295)	140,603	(977)
Accrued income	1,395	(724)	1,052	(546)
Advanced payments	477,225	90,559	359,871	68,290
Prepaid expenses	(10,645)	7	(8,028)	5
Prepaid tax	(1,689)	(110)	(1,274)	(83)
Inventories	122,532	(30,988)	92,400	(23,368)
Long-term accounts receivable, net	6,387	(76,407)	4,816	(57,618)
Deferred income tax debits	8,079	1,839	6,092	1,387
Trade accounts payable	(267,845)	50,105	(201,979)	37,784
Deferred revenue	11	-	8	-
Advance received	(487,252)	(91,506)	(367,432)	(69,004)
Withholdings	18,501	1,606	13,951	1,211
Accrued expenses	(5,043)	1,451	(3,803)	1,094
Other accounts payable	16,261	(5,172)	12,262	(3,899)
Payment of severance benefits	(8,959)	(368)	\$ (6,756)	\$ (278)

The accompanying notes are an integral part of these statements.

Continued ;

DAEWOO INTERNATIONAL CORPORATION

STATEMENT OF CASH FLOWS, Continued

for the year ended December 31, 2001

and for the period from December 27, 2000 (date of incorporation) through December 31, 2000

	In Millions of Korean Won		In Thousands of U.S.Dollars(Note 3)	
	2001	2000	2001	2000
Changes in operating assets liabilities, continued :				
Guarantee deposit received	(230)	(30)	\$ (173)	\$ (23)
Long-term guarantee deposit received	(279)	-	(210)	-
Overseas operation translation credit	1,379	301	1,040	227
Other assets	(33,961)	21	(25,610)	16
	<u>170,735</u>	<u>(16,307)</u>	<u>128,748</u>	<u>(12,297)</u>
Net cash provided by(used in) operating activities	<u>243,905</u>	<u>(9,863)</u>	<u>183,927</u>	<u>(7,438)</u>
Cash inflows from investing activities :				
Decrease in short-term financial instrument	41,282	9,525	31,130	7,183
Decrease in short-term loans	1,646	10	1,241	8
Disposal of marketable securities	27,355	57,009	20,628	42,990
Disposal of currency forwards	18,136	-	13,676	-
Decrease in long-term financial instrument	25	-	19	-
Decrease in group-term retirement insurance deposits	35,887	-	27,062	-
Disposal of investment securities	51,539	-	38,865	-
Decrease in guarantee deposits	4,621	58,675	3,486	44,246
Disposal of property, plant and equipment	53,697	-	40,492	-
	<u>234,188</u>	<u>125,219</u>	<u>176,599</u>	<u>94,427</u>
Cash outflows from investing activities :				
Increase in short-term financial instrument	61,878	46,552	46,662	35,104
Acquisition of marketable securities	33,354	-	25,152	-
Acquisition of currency forwards	20,028	-	15,103	-
Increase in long-term financial instrument	14	-	11	-
Acquisition of investment securities	1,532	57,015	1,155	42,995
Increase in guarantee deposits	299	57,701	226	43,512
Acquisition of property, plant and equipment	19,432	-	14,653	-
Acquisition of intangible assets	8,420	623	6,349	470
Increase in natural resources exploration investment	5,453	-	4,112	-
Increase in group-term retirement insurance deposits	-	662	-	499
	<u>150,410</u>	<u>162,553</u>	<u>113,423</u>	<u>122,580</u>
Net cash provided by (used in) investing activities	<u>83,778</u>	<u>(37,334)</u>	<u>\$ 63,176</u>	<u>\$ (28,153)</u>

The accompanying notes are an integral part of these statements.

Continued ;

DAEWOO INTERNATIONAL CORPORATION
STATEMENT OF CASH FLOWS, Continued
for the year ended December 31, 2001
and for the period from December 27, 2000 (date of incorporation) through December 31, 2000

	In Millions of Korean Won		In Thousands of U.S.Dollars(Note 3)	
	2001	2000	2001	2000
Cash inflows from financing activities :				
Increase in short-term borrowings	86,473	-	\$ 65,209	\$ -
	<u>86,473</u>	<u>-</u>	<u>65,209</u>	<u>-</u>
Cash outflows from financing activities :				
Decrease in short-term borrowings	116,110	-	87,557	-
Decrease in long-term borrowings	144,419	105,169	108,905	79,307
Decrease in long-term accrued expense	22,052	-	16,629	-
Discount on stock issuance	87	-	66	-
Acquisition of treasury stock	132	-	100	-
Redemption of debt-to-equity swap liabilities	407	-	307	-
Decrease in long-term guarantee deposit received	-	73	-	55
Payment of cash dividends	-	3	-	2
	<u>283,207</u>	<u>105,245</u>	<u>213,564</u>	<u>79,364</u>
Net cash used in financing activities	<u>(196,734)</u>	<u>(105,245)</u>	<u>(148,355)</u>	<u>(79,364)</u>
Net increase in cash and cash equivalents	130,949	(152,442)	98,748	(114,955)
Cash and cash equivalents at beginning of the year	<u>9,304</u>	<u>161,746</u>	<u>7,016</u>	<u>121,971</u>
Cash and cash equivalents at end of the year	<u>140,253</u>	<u>9,304</u>	<u>\$ 105,764</u>	<u>\$ 7,016</u>

The accompanying notes are an integral part of these statements.

DAEWOO INTERNATIONAL CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 and 2000

1. The Company :

Daewoo International Corporation (the "Company") had been operating as a trading division of Daewoo Corporation and was incorporated on December 27, 2000 by split-off.

On March 23, 2001, the Company listed its shares on the Korean Stock Exchange. The par value of the Company's common stock outstanding at December 31, 2001 is 180,261 million.

At December 31, 2001, the Company's major shareholder is Korea Asset Management Corporation (KAMCO) which has 32.60% of the total outstanding shares. During 2001, the Company has issued shares by way of a debt-to-equity swap.

The Company was incorporated to provide export service, export agent service, manufacturing, sales, distribution, and resources development which include transportation facilities, metals, electrics, machines, ships, plant, chemicals, and textiles.

2. Summary of Significant Accounting Policies :

The significant accounting policies followed by the Company in the preparation of its financial statements in accordance with Financial Accounting Standards of the Republic of Korea are summarised below.

Basis of Financial Statement Presentation -

The Company maintains its official accounting records in Korean Won and prepares statutory 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 financial statements have been condensed, restructured and translated into English (with certain expanded descriptions) from the Korean language financial statements. Some information attached to the Korea language financial statement, but not required for a fair presentation of the Company' financial position, results of operations or cash flows, is not presented in the accompanying financial statements.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

2. Summary of Significant Accounting Policies, continued :

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The most significant estimates and assumptions relate to the allowance for doubtful accounts and depreciation. Actual results could differ from those estimates and may affect amounts reported in future periods. Management believes that the estimates are reasonable.

Revenue Recognition -

Revenues are recognized when merchandise and product are delivered to customers and revenues from construction are recognized using the percentage-of-completion method.

Allowance for Doubtful Accounts -

The Company provides an allowance for doubtful accounts based on the aggregate estimated collectibility of individual accounts and historical bad experience. The Company increases allowance for doubtful accounts when written-off receivables are collected. The Company also recognizes the difference between present value of future cash flow and book value of receivables as bad debt expenses when the receivables are restructured against the Company by work-out agreement, reorganization, and agreement between relevant parties.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

2. Summary of Significant Accounting Policies, continued :

Marketable and Investment Securities -

The Company's securities held for short-term cash management purpose are classified as marketable securities and other securities are classified as investment securities. The Company's marketable securities and investment securities are initially recorded at acquisition cost plus incidental expenses, determined by the weighted-average method. The Company's marketable securities are subsequently carried at their market values and unrealized gains and losses are accounted as current operations. Other non-marketable investment securities are stated at cost. However, when market value or net book value of such securities declines significantly compared to acquisition cost and is not expected to recover, the securities are adjusted to the underlying net book value. Such difference between acquisition cost and revalued amount is charged to current operations. Marketable investment securities held for investment purposes are stated at fair market value and temporary changes in fair value are accounted for in the capital adjustment account, a component of shareholders' equity. Declines in fair value which are anticipated to be permanent are recorded in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded in the capital adjustment account.

Investments in equity securities of companies over which the Company exerts significant influence on the investees' decision making through representation on the board of directors, share of managerial personnel, material intercompany transactions or directly or indirectly holding over 20% of total outstanding common shares of investees (controlled investees) are recorded using the equity method of accounting.

Inventories -

Inventories are stated at the lower of cost or market value, with cost being determined on a first-in, first-out basis for merchandise, product, semi-finished goods, work in process, raw material, and supplies other than material-in-transit, which is stated at actual cost as determined by the specific identification basis.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

2. Summary of Significant Accounting Policies, continued :

Property, Plant and Equipment and Related Depreciation -

Property, plant and equipment are stated at cost, except for upward revaluation in accordance with the Asset Revaluation Law for certain appreciated assets. Routine maintenance and repairs are expensed as incurred and expenditures which enhance the value or extend the life of the related assets are capitalized. Property, plant and equipment acquired through financial lease are stated at the lower of fair value and minimum lease payment. Property, plant and equipment acquired through exchange, investment in-kind, and donation are stated at fair market value.

Depreciation is provided on a straight line method except for other property, plant and equipment, which were depreciated in declining balance method, based on the estimated useful lives of the assets as described below.

	<u>Estimated Useful Lives</u>
Buildings	20 - 54 Years
Structures	20 - 40 Years
Other property, plant and equipment	4 - 8 Years

Leases -

The Company classifies lease transactions which transfer related risks and benefits to the lessee as financial leases and other lease transactions as operating leases. For financial leases, the Company recognizes the amount of minimum lease payments excluding interest expense as an asset and liability and depreciates the leased assets using the same method as other property, plant and equipment. The Company also recognizes basic lease rentals and contingent rentals which are incurred by operating lease contracts as lease expense over the lease term.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

2. Summary of Significant Accounting Policies, continued :

Intangible Assets -

Intangible assets are stated at cost and amortized using the straight-line method, based on the estimated useful lives of the assets as described below.

	<u>Estimated Useful Lives</u>
Research and development costs	5 Years
Mining rights	20 Years
Other intangible assets	5 - 20 Years

The Company capitalized expenditures incurred in conjunction with development of new products or technologies in which the elements of costs can be identified and future economic benefits are clearly expected as research and development costs.

Accrued Severance Benefits -

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Company, based on their length of service and rate of pay at the time of termination. Accrued severance benefits represent the amount payable assuming all eligible employees were to terminate their employment as of the balance sheet date. For the year ended December 31, 2001, the Company has paid severance benefits of 8,960 million.

In accordance with the National Pension Act, a certain portion of accrued severance benefits was contributed to the National Pension Fund and deducted from accrued severance benefits. The contributed amount shall be refunded to employees from the National Pension Fund on their retirement.

Accrued severance benefits are funded approximately 91.5% as of December 31, 2001 through a severance insurance plan with Kyobo Life Insurance Co, Ltd. 34,583 million of severance insurance deposits may only be withdrawn for the actual payment of severance benefits. 34,583 million of the severance insurance plan, of which the benefits shall be paid directly to the employees upon their retirement, are deducted from accrued severance benefits.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

2. Summary of Significant Accounting Policies, continued :

Foreign Currency Translation -

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

Present Value Discount -

Receivables and payables arising from long-term instalment transactions, long-term cash loans (borrowings) and other similar loans (borrowings) are stated at present value if the difference between nominal value and present value is material. Such differences are presented as present value discounts and directly deducted from the nominal value of the related receivables or payables. The present value discount account is amortized using the effective interest rate method.

When contract terms such as principal amount, interest rate, and repayment terms are changed unfavorably against the creditor due to the commencement of a reorganization plan, procedures of composition, mutual agreements between debtors and creditors or other similar reasons, related receivables and payables are stated at present value if the difference between nominal value and present value is material. The difference between the nominal value and present is presented as bad debt expenses or gain on exemption of debts as a component of current operations.

Translation of Foreign Currency Statements -

Accounts of overseas business locations are maintained in the currencies of the countries in which they conduct their operations. In translating the foreign currency financial statements of these foreign business branches or offices into Korean Won, income and expenses are translated at the average exchange rate for the year and assets and liabilities are translated at the rate prevailing on the balance sheet date. Resulting translation gains and losses are offset against each other and the net amount is recorded as overseas business translation debits(credits), presented as capital adjustment in shareholders' equity. Overseas business translation debits(credits) are offset against subsequent overseas business translation debits(credits) until they are recognized as gains or losses at the time when the foreign business branches or offices are liquidated.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

2. Summary of Significant Accounting Policies, continued :

Debt to be Converted to Equity -

Debt to be converted into the Company's common stock are recorded as a capital adjustment.

Derivative Instruments -

The Company values rights and obligations incurred from derivative instrument contracts at their fair market value and records relevant assets and liabilities. Gains and losses arising from derivative instrument are recognized currently.

Income Taxes -

Income taxes are recognized based on the liability method pursuant to financial accounting standards generally accepted in the Republic of Korea. Accordingly, deferred income taxes are recorded to reflect the expected future tax consequences of temporary differences between the tax bases of assets and liabilities and their financial reporting amount at each balance sheet date. Deferred taxes are recorded at enacted tax rates which will be in effect when the temporary differences are expected to reserve. The provision for income taxes represents taxes payable for the current year plus the changes in the net deferred tax balance.

Reclassification of 2000 Amounts -

Certain amounts in the 2000 financial statements have been reclassified to conform to the 2001 presentation. These reclassifications had no effect on previously reported net income or stockholders' equity.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

3. United States Dollar Amounts:

The Company operates primarily in Korean Won and its official accounting records are maintained in Korean Won. The U.S. Dollar amounts are provided herein as supplementary information solely for the convenience of the reader. All Won amounts are expressed in U.S. Dollars at the rate of 1,326.1 : US\$1, the prevailing rate at December 31, 2001. This presentation is not required by or in accordance with Korean or the United States generally accepted accounting principles, and should not be construed as a representation that the Won amounts shown could be converted in or settled in U.S. Dollars at this or any other rate.

The 2000 U.S. Dollar amounts, which were previously expressed at 1,259.7: US\$1, the rate prevailing on December 31, 2000, have been restated to reflect the exchange rate in effect on December 31, 2001.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

4. Restricted Bank Deposits :

Restricted Bank Deposits at December 31, 2001 and 2000 comprise the following (in millions of Korean Won) :

	2001	2000
<u>Short-term financial instruments</u>		
Time deposits	11,494	2,480
<u>Long-term financial instruments</u>		
Key money for checking accounts	14	27
Time deposits and others	-	4,812
	14	4,839
<u>Severance insurance deposit</u>	34,583	35,887
	46,091	43,206

At December 31, 2001, 1,480 millions of short-term financial instruments are pledged to Seoul Guarantee Insurance in relation to warranty insurance. 2,028 millions and 4,671 millions of short-term financial instruments are restricted for the operation and rent guarantee deposits and for issuing P-bond, respectively. 3,315 millions of short-term financial instruments are also restricted for the guarantee of future contracts.

Key money for checking accounts in long-term financial instruments is restricted for checking accounts

5. Marketable Securities and Investments Securities :

Marketable Securities -

Marketable securities as of December 31, 2001 and 2000 comprise the following (in millions of Korean Won)

	2001			2000
	Before Valuation	Fair Market Value	Differences	Carrying Value
Equity securities	23,217	4,872	(18,345)	17,219

The differences between fair value and carrying value before valuation are recorded as current operations.

Continued ;

5. Marketable Securities and Investments Securities, continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

Investment Securities in Affiliated Companies -

Investment securities in affiliated companies as of December 31, 2001 and 2000 comprise the following (in millions of Korea Won) :

	Ownership	Acquisition	2001	2000
	(%)	Cost	Carrying Value	Carrying Value
KYOBO LIFE INSURANCE CO., LTD.	24	136,806	157,221	136,806
DW(Dalian) BAG & TENT MANUFACTURING CO., LTD..	100	3,162	2,776	3,215
SHANDONG TRANSPORTATION JIYU EXPRESS CO., LTD.	50	4,361	5,230	4,432
SHANGHAI JIAOTONG DAYU EXPRESS CO., LTD.	50	6,504	8,173	6,610
SHANGHAI LANSHENG DAEWOO CORPORATION	49	6,800	5,243	6,917
SHANGHAI ENGINEERING EQUIPMENT CO., LTD.	70	2,069	1,809	2,069
LANSHENG DAEWOO INT'L TRADING CO., LTD.	49	335	307	420
CHENGDU CHENGYU TRANSPORTATION CO.LTD.	50	6,275	7,976	6,382
SUZHOU JINWOO PRINTING & DYEING CO., LTD.	84	5,754	4,721	5,862
TAINJIN JINWOO TRANSPORTATION CO., LTD.	55	3,587	2,342	3,587
HAINAM HAIWOO CO., LTD.	18	3,569	-	3,569
DALIAN SHUANGDA TRANSPORTATION CO., LTD.	50	1,710	-	1,819
DAEWOO (CHINA) CO.,LTD.	100	29,699	21,933	26,779
DAEWOOCEMENT(SHANDONG CO.,LTD.	100	80,225	72,041	81,728
DAEWOO CENTRAL PAGING COMPANY	100	11,502	17,603	11,760
DAEWOO EL SALVADOR S.A.DE C.V.	100	953	-	976
DAEWOO PAKISTAN EXPRESS CO.,LTD.	100	2,175	2,536	2,175
DAEWOO PAPER MANUFACTURING CO.,LTD.	60	10,081	3,245	10,327
GEZIRA TANNERY CORPORATION LTD.	60	1,647	-	1,702
HANJUNG POWER PTY.LTD.	49	6,822	378	7,009
KOSVIDA AGROCHEMICAL CO.,LTD.	30	395	363	418
MYANMAR DAEWOO INT'L LTD.	55	3,885	636	3,979
MYANMAR DAEWOO LTD.	100	1,073	4,625	710
MYANMAR DW CONSTRUCTION MACHINERY CO.LTD	55	392	202	405
MYANMAR KOREA TIMBER INT'L LTD.	45	3,460	2,037	3,544
P.T. RISMAR DAEWOO APPAREL	88	645	415	645
VOGUE CENTURY LTD	50	1,220	1,705	1,220
		<u>335,106</u>	<u>323,517</u>	<u>335,065</u>

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

5. Marketable Securities and Investments Securities, continued ;

Investment Securities in Affiliated Companies, continued -

In addition to above companies, DAEWOO HANDELS GMBH, DAEWOO INT'L (AMERICA) CORP., DAEWOO INT'L (JAPAN) CORP., DAEWOO ITALIA S.R.L., DAEWOO SINGAPORE PTE LTD., DAEWOO TEXTILE CO., LTD., DW TEXTILE (H.K.) LTD. are also affiliated parties. However, they were stopped applying the equity method since year 2000 because the values of net assets are negative.

The acquisition cost indicates the fair market value of each securities and includes 86,066 million of unrealised holding gain on valuation of investment in the capital adjustment as of split-off date.

The investment securities of KYOBO LIFE INSURANCE CO., LTD. and DAWOO CEMENT (SHANDONG) CO., LTD. amounting to 229,262 millions are pledged to KAMCO and other creditors in relation to borrowings.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

5. Marketable Securities and Investments Securities, continued ;

Marketable Investment Securities, continued -

Marketable investment securities as of December 31, 2001 and 2000 comprise the following (in millions of Korean Won) :

	2001					2000
	Number of Shares	Ownership (%)	Acquisition Cost	Carrying Value	Difference	Carrying Value
KYUNG NAM ENTERPRISE LTD.- Common Stocks	1,697	0.01	34	5	(29)	103
KYUNG NAM ENTERPRISE LTD.- Preferred Stock	3,040,000	100	38,000	15,701	(22,299)	21,990
KEUMHO INVESTMENT BANK - Common Stocks	685,997	2.34	3,144	693	(2,451)	381
DSME CO., LTD - Common Stocks	1,728,536	0.87	5,682	10,976	5,294	10,748
DAEWOO HEAVY INDUSTRY & MACHINERY LTD. - Common Stocks	1,631,776	0.97	5,940	3,076	(2,864)	11,238
DAEWOO TELECOM CO., LTD.- Common Stocks	-	-	-	-	-	620
KOREA MERCHANT BANKING CORP. - Common Stocks	-	-	-	-	-	54
SEGYE CORP. - Common Stocks	600,767	8.94	240	2,403	2,163	-
SHINHO STEEL CO., LTD.- Common Stocks	67,053	1.36	182	734	552	-
SHIN HAN ENG & CONST CO., LTD. - Common Stocks	-	-	-	-	-	1,193
PACHNIC CO., LTD-- Common Stocks	586,520	6.32	1,273	1,372	99	1,085
KORAM BANK-- - Common Stocks	110,000	0.07	850	1,315	465	7,655
MUTUAL FUND (Korea Investment Trust Co., Ltd.)	1.75 billion accounts	-	1,750	631	(1,119)	485
MUTUAL FUND (Hyundai Investment Trust & Securities Co., Ltd)	1.22 billion accounts	-	1,224	400	(824)	401
MUTUAL FUND (Dae Han Investment Trust Management & Securities Co., Ltd)	1.75 billion accounts	-	1,750	-	(1,750)	674
			<u>60,069</u>	<u>37,306</u>	<u>(22,763)</u>	<u>56,627</u>

16,744 million of investment are pledged in relation to borrowing and guarantee deposits.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

5. Marketable Securities and Investments Securities, continued ;

Non-Marketable Investment Securities -

Non-marketable investment securities as of December 31, 2001 and 2000 comprise the following (in millions of Korean Won) :

	2001				2000	
	Number of Shares	Ownership (%)	Acquisition Cost	Net Book Value	Carrying Value	Carrying Value
DAEWOO LOGISTICS CO, LTD.	19,000	19	95	112	95	95
BEYE SYSTEM CO., LTD.	38,400	16	800	184	800	800
TEZROC CO., LTD.	10,000	2.54	100	-	-	100
THE KOREA ECONOMIC DAILY CO., LTD.	357,762	2.87	1,952	1,434	1,952	1,952
KOREA DELPHI AUTOMOTIVE SYSTEMS CORP.	1,835,520	7.7	9,178	19,890	9,178	9,178
HANIL DAEWOO CEMENT MFG CO., LTD.	300,000	15	135	176	135	135
DW VIETNAM PHARMA CO., LTD.	-	8.3	343	407	343	343
Xian Xiyu Express Co., Ltd	-	50	2,121	1,801	2,121	2,121
Quingdao Puyoung Plastic Co., Ltd	-	24.5	554	859	554	554
BLUE NILE BANK	-	87.6	354	623	354	354
CHEMCROSS COM. INC	-	1.4	226	189	226	226
CJ PHILIPPINES INCORPORATION	109,200	10	349	497	349	349
DW DACOM COMMUNICATION LTD.	8,370	31	250	493	250	250
General Medicines Co.	1,650	33	263	2,000	263	263
N.I.CO., LTD.	-	50	3,099	-	-	3,099
POMATICS CO., LTD.	-	8	35	13	35	35
VSC-POSCO	-	10	1	341	1	1
			<u>19,855</u>	<u>29,019</u>	<u>16,656</u>	<u>19,855</u>

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

5. Marketable Securities and Investments Securities, continued ;

Non-Marketable Investment Securities, continued -

In 2001, the Company recognized 3,199 millions of impairment loss for non-marketable investment securities of Tezroc Co., Ltd. and N.I. Co., Ltd. of which decline in fair value are anticipated to be permanent .

Xian Xiyu Express Co., Ltd., Qingdao Puyoung Plastic Co, Ltd., DEAWOO DACOM COMMUNICATION LTD. ,and GENERAL MEDECINES CO. are affiliated parties of the Company. Although the Company has over 20% of ownership for some of those companies, they are exempted from applying the equity method because the changes of investment securities are insignificant.

Equity Investments -

Equity investments as of December 31, 2001 and 2000 comprise the following (in millions of Korean Won) :

	2001			2000
	Acquisition cost	Fair Market Value	Difference	Carrying Value
Stock Market Stabilization Fund	6,045	12,249	6,204	7,662
Nok-san Dyeing Association	2	2	-	2
	<u>6,047</u>	<u>12,251</u>	<u>6,204</u>	<u>7,664</u>

Investments in stock market stabilization fund are carried at their market value and unrealized losses are currently recognized.

Held-to-Maturity Bonds -

Held-to-maturity bonds as of December 31, 2001 and 2000 comprise the following (in millions of Korean Won) :

	2001	2000
Government and Public bonds	1,555	6,260

Public bonds of 99 million are provided as collateral for the Korea Resources Corporation in relation to mining rights.

Continued ;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

6. Short-term loans :

At December 31, 2001 and 2000, short-term loans include 731 million and 1,750 million, respectively, of housing loans for employees.

7. Property, Plant and Equipment :

Property, plant and equipment at December 31, 2001 and 2000 comprise the following (in millions of Korean Won):

	2001	2000
Lands	162,708	185,478
Buildings	134,214	191,430
Structures	4,018	4,046
Machineries	53,070	51,667
Ships	60	60
Vehicles	3,493	3,844
Others	39,641	39,077
Construction in progress	4,292	45,299
	401,496	520,901
Less : Accumulated depreciation	(91,213)	(84,323)
	310,283	436,578

At December 31, 2001, property, plant and equipment are insured for fire and other casualty losses up to approximately 346,781 million. The Company also maintains automobile insurance for its vehicles.

At December 31, 2001 and 2000, the market price of land determined for tax purposes is 131,498 millions and 119,046 millions, respectively.

During 2001, the Company recognized 77,332 millions of impairment loss on property, plant and equipment which is the difference between collectable value and carrying value.

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

8. Short-term Debts :

Short-term debts at December 31, 2001 and 2000 comprise the following (in millions of Korean Won):

			<u>Interest rate (%)</u>	<u>2001</u>	<u>2000</u>
<i><u>Won currency</u></i>					
Bank overdraft	Korea First Bank and others	9.0 ~ 12.0		683	26,187
D/A Borrowings	Koram Bank and others	9.5 ~ 10.0		20,728	-
Others	Korea Resources Corporation and others	5.0 ~ 9.8		126	34,197
				<u>21,537</u>	<u>60,384</u>
<i><u>Foreign currency</u></i>					
L/C Banker's Usance	Hanvit Bank and others			15,098	-
Others	Korea National Oil Corporation	5.0		1,791	50,639
				<u>16,889</u>	<u>50,639</u>
				<u>38,426</u>	<u>111,023</u>

The Company's investment securities and property, plant and equipment are pledged as collateral for the borrowings (see Note 10)

Short-term borrowings of 42,319 million from AKA BANK and others are reclassified as reserve for contingencies during the current period.

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

9. Long-term Liabilities:

Long-term Borrowings-

Long-term debts at December 31, 2001 and 2000 comprise the following (in millions of Korean Won):

	Interest rate (%)	2001	2000
<u>Won currency debts</u>			
Workout debts from banks and others	9.8 ~ 12.0	668,147	955,002
Other Won currency debts	-	2,887	4,298
		<u>671,034</u>	<u>959,300</u>
<u>Foreign currency debts</u>			
Workout debts from banks and others	3 M Libo ~3 M Libor+1%	83,157	183,645
Other foreign currency debts	5.0	6,268	-
		<u>89,425</u>	<u>183,645</u>
		<u>760,459</u>	<u>1,142,945</u>
Present value discount		(138,295)	(183,030)
Total		<u>622,164</u>	<u>959,915</u>

The Company has pledged their investment securities and fixed assets as collateral (Note 10).

1,162 million of corporate bonds which were classified into long-term debts in the 2000 financial statements are currently reclassified into reserve for contingencies because the holders of bonds did not participate in the work-out agreement.

Long-term Accrued Expenses -

Long-term accrued expenses at December 31, 2001 and 2000 comprise the following (in millions of Korean Won):

	Creditor	2001	2000
Long-term accrued expense	Korea Asset Management Corp.	50,013	85,096
Current portion of long-term liabilities	Korea Asset Management Corp.	(25,006)	-
Discounted present value		(1,854)	15,147
		<u>23,153</u>	<u>69,949</u>

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

9. Long-term debts, continued :

The Payment Schedule -

The annual payment schedule for the long-term debts as of December 31, 2001 comprise the following (in millions of Korean Won):

	Long-term debts	Long-term accrued expense	Total
2003.1.1 ~ 2003.12.31	590,094	25,006	615,100
2004.1.1 ~ 2004.12.31	15,615	-	15,615
2005.1.1 ~ 2005.12.31	15,615	-	15,615
2006.1.1 ~ 2006.12.31	14,719	-	14,719
After 2007.1	124,416	-	124,416
	<u>760,459</u>	<u>25,006</u>	<u>785,465</u>

10. Collateral and Surety Obligations :

Collateral for Liabilities -

The collaterals for short-term and long-term liabilities as of December 31, 2001 are as follows (in millions of Korean Won) :

	Book value	Creditor
<u>Stock</u>		
Daewoo Shipbuilding & Marine Engineering Co. Ltd	10,976	Export-Import Bank of Korea and others
Daewoo Heavy Industries & Machinery Ltd.	3,076	Export-Import Bank of Korea and others
Daewoo Cement (Shangdong) Co., Ltd.	72,041	Export-Import Bank of Korea and others
Kyobo Life Insurance Co., Ltd	157,221	Korea Asset Management Corporation
Partsnic Co., Ltd.	1,372	Korea First Bank and others
Others	1,320	Korea First Bank and others
<u>Bond</u>		
Treasury Bond	99	Korea Resources Corp.
<u>Deposit</u>		
Long-Term Bank Deposit	3,508	Hanvit Bank and others
Foreign Currency Long-Term Bank Deposit	7,986	Korea Development Bank and others
Total	<u>257,599</u>	

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

10. Collateral and Surety Obligations, continued ;

Collateral for Liabilities, continued -

Additionally, the Company has pledged Guaranty Insurance as collateral to Korea Resources Corp. and the mining right of the 8th mine in Peru as collateral for the debts related to A-1 mine exploitation in Myanmar to Korea National Oil Corp

At December 31, 2001, the Company has pledged its buildings and land of 424,062 million as collateral for certain domestic bank loans.

Guaranty Obligations -

The obligations as a payment guarantor as of December 31, 2001 are as follows (in thousand of USD) :

	Guarantee	Amount	Expiration Year
Chungdo Bank	DAEWOO PAPER MANUFACTURING CO.,LTD.	USD 3,500	2002
Chungdo Bank	DAEWOO CEMENT(SHANDONG) CO.,LTD.	3,500	2002
Export-Import Bank of Korea	DAEWOO CEMENT(SHANDONG) CO.,LTD.	54,161	2008
Export-Import Bank of Korea	HANJUNG POWER PTY.LTD.	23,750	2011
Export-Import Bank of Korea	HANJUNG POWER PTY.LTD.	6,750	2008
Hanvit Bank	SUZHOU JINWOO WEAVING PRINTING & DYEING	5,300	2006
AMEX SEL	DMIL	11,232	2006
Singapore branch of Korea Exchange Bank	DAEWOO BANGLADESH	700	Until redemption
		<u>USD108,893</u>	

All the principal debtors above are the Company's related parties except for India DMIL and Daewoo Bangladesh, and there is an equity investment of 72,041 in Daewoo(Shandong) Cement Co, Ltd. in China pledged as collateral with regard to these guaranty obligations.

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

11. Commitments and Contingencies :

Contingent liabilities carried over from the Daewoo Corporation's liabilities prior to split-off -

Daewoo Corporation decided to divide itself into three companies in a general shareholders' meeting held on July 22, 2000; Daewoo Corporation, Daewoo Engineering & Construction Co.,Ltd (originally the construction division of Daewoo Corporation) and Daewoo International, Co.,Ltd (the international trading division of Daewoo Corporation). Prior to the split-off, Daewoo Corporation inquired of creditors whether or not they agreed with the split-off, and some of them did not participate in the workout agreement. Daewoo Corporation transferred some of its liabilities to the Company and Daewoo Engineering & Construction Co.,Ltd. As a result, the Company became either a primary debtor or a surety for the carry-over liabilities. However, some of creditors filed legal suit against the Company for cancellation of the split-off. Currently, the Company and Daewoo Engineering & Construction Co.,Ltd. Are under negotiation with creditors.

With regard to the probable claims on the liabilities from both agreeing and disagreeing creditors, the Company projected 148,809 million as the amount of contingent liabilities on the basis of the agreement proposal and all of other information. The Company reflected this amount on the reserve for contingencies in the financial statements as follows. (in millions of Korean Won);

Creditors		Debt Amount	Reserve Amount(*)
Domestic creditors	Doosan Inc. and others	311,535	7,950
Oversea creditors	AKA Bank and others	987,766	140,859
		<u>1,299,301</u>	<u>148,809</u>

(*)The total amount of contingent liabilities was allocated to the Company and Daewoo Engineering & Construction, Co.,Ltd. in appropriate proportion.

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

11. Commitments and Contingencies, continued :

Contingent liabilities carried over from the Daewoo Corporation's liabilities prior to split-off,
continued -

Additionally, Nara Merchant Bank, Inc. and other 6 financial institutes who participated in the workout agreement disagreed upon an adjusted amount of Company's debt. Particularly Nara Investment Bank, Inc. is in the middle of filing a lawsuit against the Company over the full payment of their receivables.

Furthermore, Daewoo Corporation's unfulfilled tax liabilities prior to the split-off may be carried over to newly established companies under Korean Tax Law because they are legally viewed as continuing entities

Pending litigations -

The Company has 16 pending lawsuits as a defendant with the aggregate amount of 93,794 million and USD 280 thousand as of December 31, 2001

Additionally, the Company is in a process of mediating a dispute with Daewoo Automobile, Inc. regarding the lawsuit that Daewoo Automobile, Inc. filed against the Company for the cancellation of the split-off. On the other hand, there are provisionally attached receivables whose titles have been restricted due to the pending lawsuits that Doosan Heavy Industry filed.

The number of pending lawsuits that the Company is involved as a plaintiff as of December 31, 2001 is 12, and the total amount of them is 51,026 million and USD 7,751 thousand.

The number of pending lawsuits in which Daewoo Corporation is presently involved as of December 31, 2001 is 40, and the total amount of them is 144,401 million, USD 3,206 thousand, ESP 50,104 thousand, and JPY 21,375 thousand. In 13 of the lawsuits, the Company was jointly sued. In addition, Daewoo Corporation is involved in 19 lawsuits as a plaintiff with the amount of 9,104,236 million, and USD 27,872 thousand.

The ultimate outcome of these uncertainties can not presently be determined. However, management does not anticipate that the resolution of these matters will have a material impact on the financial position or results of operations of the Company.

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

11. Commitments and Contingencies, continued :

Covenant for Checking Accounts -

The Company has covenants that limit the overdraft with Korea First Bank and others upto 23,225 million on the checking accounts, and actual overdraft amount as of December 31, 2001 is 683 million. In addition, L/C Nego receivable and D/A Nego receivable that the Company obtained from overseas customers have been sold to financial institutions. The following table indicates L/C Negos and D/A Negos whose payment dues have not come up yet(in thousand of currency).

	<u>L/C NEGO</u>	<u>D/A NEGO</u>
USD	115,688	105,289
CAD	3,049	7,847
EUR	1,078	8,403
JPY	131,544	1,131,074
AUD	45	3,694
DEM	-	219
GBP	-	74

Borrowings Secured by a Deferred Payment from Exports -

When the Company exports machinery or equipments, a large majority of sales are on an installment contract basis. The Company finances from financial institutions based on the future payment from overseas customers. On the other hand, customer's bank guarantees the repayment of fund.

The Company has borrowed 29,002 million (USD 22,598 thousand) from the Export-Import Bank of Korea secured by customers' deferred payment. The Company is liable for interest payment solely, and the customers are liable for the principal of the loan. The Company also purchased insurance from the Korea Export Insurance Corporation for the case of customer's default.

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

11. Commitments and Contingencies, continued ;

Covenants for Opening L/C -

As of December 31, 2001, the Company has covenants with Korea First Bank and others regarding opening L/C and other trading transactions as follows (million in Korean Won, thousand in USD).

	Bank	Credit Line Amount
P-BOND and others	Korea First Bank and others	USD 222,644
L/C AT SIGHT	Korea First Bank and others	USD 98,036
L/C USANCE	Han-vit Bank and others	USD 30,357
LOCAL L/C	Korea First Bank and others	332,747

Collateral -

The Company has pledged blank checks and notes, as well as notes amounting to 3,844 million as collateral for a case of non-fulfillment of contracts, and has pledged other blank checks and notes, as well as notes of 497,000 million and checks of 18,000 million as collateral for carry-over liabilities which incurred in Daewoo Corporation prior to the split-off.

Derivatives -

The Company entered into derivative contracts and commodity futures contracts with Korea Development Bank, Tong Yang Futures Trading Inc. and other financial institutes to hedge foreign exchange risk. The Company agreed upon the dealing limit upto \$5 million and \$5.65 million with Korea Development Bank and Macquarie futures Inc. respectively in regard to their derivative contracts.

(Currency Forwards)

Currency	Sales	Currency	Purchase	Contractual Exchange rate
CAD	3,000,000.00	USD	1,888,693.02	1.5884
USD	4,537,172.55	CAD	7,200,000.00	1.5744~1.6044
KRW	71,252,670,000.00	USD	55,500,000.00	1274.3~1331.7
USD	2,000,000.00	KRW	2,639,970,000.00	1309.5~1325.3
JPY	139,000,000.00	USD	1,130,933.59	121.84~124.22
USD	1,511,372.99	JPY	192,000,000.00	125.62~128.24
USD	1,153,310.00	EUR	1,300,000.00	0.8762~0.9012
AUD	300,000.00	USD	151,980.00	0.5066
USD	3,233,670.00	AUD	6,300,000.00	0.5069~0.5136

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

11. Commitments and Contingencies, continued ;

Derivatives, continued -
(Commodity Futures)

			Contractual Amount (USD/ton)	Quantity(ton)
COPPER	Purchase	USD	1,830.75	300
COPPER	Sale	USD	1,407.00~1,557.00	6,300
ZINC	Purchase	USD	765	625
ZINC	Sale	USD	796.77~754.00	900
TIN	Purchase	USD	3,740.00~4,150.00	450
TIN	Sale	USD	3,783.44~4,036.07	240
LEAD	Purchase	USD	496.50~515.82	1,600
LEAD	Sale	USD	490.23~515.05	3,600
ALUMINUM	Sale	USD	1,400.00~1,458.00	1,125
COTTON	Purchase	USD	33.40~48.65	555,000
COTTON	Sale	USD	30.45~46.95	215,500

During 2001, the Company recognized 181 million of gain on valuation of currency future contracts and 2,076million of loss on valuation of currency forwards contracts. Also, the Company recognized 1,048 million of gain on valuation of commodity future contracts and 3,692 million of loss on valuation of commodity future contracts in 2001.

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

12. Workout Agreement :

The Company received a part of the debt restructuring that Daewoo Corporation had obtained from the creditor banks prior to the split-off, and additionally the creditor banks committee determined the second debt restructuring for the Company on December 29, 2001 as follows;

The 1st Debt Restructuring-

The repayment of the "sustainable debt" transferred to the Company will be deferred until December 31, 2003, and the interest rates applicable to the debts after August 26, 1999 are as follows:

	<u>Secured debts</u>	<u>Unsecured debts</u>
Won currency debts	Prime rate	Prime rate - 1%
Foreign currency debts	3 months LIBOR + 1%	3 months LIBOR

The Company recorded the amount as a debt-to-equity swap which are anticipated to be converted into the company's common stock under the workout agreement.

The 2nd Debt Restructuring -

A. Change of the payment conditions on their borrowings :

- The subjective borrowings: remaining borrowings after the 2nd debt to equity swap.
- The effective period: from the declaration date of the 2nd debt to equity swap to December 31, 2003.
- The effective interest rate:
 Korean Won: Prime Rate of each bank + 2%
 Foreign Currency : 3M Libor + (3M Libor - 3/P)

B. Debts transferred into equity

- 254,835 million worth of convertible bonds (Par value of 5,000), which must be only converted into stocks, were issued and distributed to creditors in proportion of the investment amounts of creditor banks.
- On the other hand, the total transferred amount of 254,835 million was divided into debt-equity swap liabilities, gain from liabilities forgiven as an extraordinary gain, and discounted present value amounting to 84,478 million, 163,231 million, and 7,126 million respectively.

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

13. Capital Stock and Capital Surplus :

Capital Stock -

At December 31, 2001, the Company's capital stock is as follows :

Authorized shares	:	500,000,000 shares
Par value	:	5,000
Issued and outstanding shares	:	Common stock 36,052,119 shares

Also, the amount of equity which was swapped from liabilities during the year ended December 31, 2001 is as follows (in millions of Korean Won):

Date	Number of shares	Amount of
2001. 2. 24.	18,620,000	93,100
2001. 6. 27.	725,893	3,629
2001. 6. 27.	11,714,015	58,570
2001. 7. 12	1,512,864	7,565
2001.12.20	107,347	537
	3,372,000	16,860
	36,052,119	180,261

Other capital surplus -

Other capital surplus is change in temporary difference of income tax expense of 40,177 million, which represents adjustment to deferred income tax transferred to the Company in conjunction with its split-off, incurred due to official announcement of interpretation of corporate income tax.

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

13. Capital Stock and Capital Surplus, continued :

Debt to be converted to equity -

The changes of debt to be converted to equity for the year ended December 31, 2001 are as follows
 (in millions of Korean Won):

<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
127,440	84,478	94,687	117,231

The increase amount above resulted from the determination of issuing convertible bonds against unsecured debts of 282,769 million in the meeting of creditor banks. Excluding some disagreeing creditors whose debts amount to 27,934 million, 254,835 million worth of convertible bonds (Par value of 5,000) were issued and distributed to creditors in proportion of their loan amounts. The total amount of issuing convertible bonds, 254,835 million, is reflected into debt to be converted to equity, gain on exemption of debts in an extraordinary gain, and net of discounted present value amounting to 84,478 million, 163,231 million, and remaining 7,126 million respectively.

The decrease amount above resulted from transferring 7,119 into reserve for contingent liability of million, and 87,161 million into common stock, and paying cash of 407 million to creditors.

Treasury stocks -

The Company has 38,848 shares of treasury stock, which are odd lot from re-issuance of stock in accordance with split-off, and is planning a disposition of them by sale.

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

14. Foreign Currency Assets and Liabilities :

Assets and liabilities dominated in foreign currencies as of December 31, 2001 are as follows (in millions of equivalent Korean Won) :

		Foreign currency	Won currency
Cash and cash equivalents	USD	1,001.75	1
Short-term financial instrument	USD	35,229,487.61	46,718
	JPY	240,239,059.00	2,425
Trade account receivable	AUD	103,905.00	71
	DEM	938,276.83	563
	EUR	2,571,257.92	3,015
	GBP	1,022.83	2
	ITL	152,460,000.00	92
	JPY	449,161,080.00	4,534
	NLG	28,546.87	15
	USD	221,176,822.07	293,303
Other accounts receivables	ITL	3,698,089,741.00	2,240
	USD	2,775,226.75	3,680
Advance payment	FRF	69,841,648.42	12,485
	USD	70,534,978.21	93,536
Short-term loans	USD	137,097.60	182
Guarantee deposits	USD	2,369,895.76	3,143
Long-term accounts receivable	USD	49,757,550.75	65,983
			<u>531,988</u>

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

14. Foreign Currency Assets and Liabilities, continued :

	<u>Foreign currency</u>		<u>Won currency</u>
Trade accounts payable	AUD	147,308.86	100
	CAD	623,558.32	520
	DEM	935,434.00	561
	EUR	411,460.77	482
	GBP	70,232.81	135
	JPY	608,644,476.00	6,144
	USD	180,000,178.20	238,698
Other accounts payable	EUR	60,061.33	70
	JPY	9,074,367.00	92
	USD	2,141,960.50	2,840
Accrued expenses	USD	270,605.76	359
Borrowings	USD	137,050,266.44	181,742
	CHF	2,290,123.91	1,814
	DEM	7,917,636.73	4,747
	EUR	972,918.20	1,141
	MYR	2,665,782.30	930
Long-term accrued expenses	USD	2,717,184.76	3,602
	CHF	13,801.65	11
	DEM	76,065.17	46
	EUR	9,346.87	11
	MYR	46,312.57	16
Current portion of long-term debt	USD	2,717,184.75	3,602
	CHF	13,801.65	11
	DEM	76,065.17	46
	EUR	9,346.87	11
	MYR	46,312.57	16
			<u>447,747</u>

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

15. Valuation at Present Value :

Valuation at Present Value of Payables -

Valuation at present value of liabilities which is based on debt restructuring plan of work-out agreement is as follows(in millions of equivalent Korean Won) :

	Nominal gross amounts	Present value discounts	Net amounts
Long-term borrowings	760,459	138,295	622,164
Long-term accrued expenses	25,006	1,853	23,153
Current portion of long-term debt	25,006	4,556	20,450
	<u>810,471</u>	<u>144,704</u>	<u>665,767</u>

Current portion of long-term accrued expenses are included in current portion of long-term debt.

Valuation at Present Value of Receivables -

The Company valued long-term accounts receivable at present value and recognized the difference from nominal gross amounts as Present value premiums in 2000. The detailed information are as follows :

Subject : Bond for Union Petroleum

Effective interest rate : 7.78 %

Coupon rate : Libor + 8 %

Redemption period : Installment redemption from 2001 to 2003

Accounting policy :

Receivables are stated at present value because the difference between nominal value and present value is material. Such differences are presented as present value premiums and added to the book value of relevant receivables.

The present value premiums is amortized using the effective interest rate method as a deduction to interest income.

Nominal value	Present value	Present value premiums
<u>65,983</u>	<u>69,375</u>	<u>3,392</u>

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

16. Research and Development Cost :

Changes in research and development cost in 2001 are as follows(in millions of equivalent Korean Won) :

<u>Beginning balance</u>	<u>Increase</u>	<u>Amortization</u>	<u>Impairment loss</u>	<u>Ending balance</u>
1,443	-	497	117	829

17. Extraordinary Gains and Losses :

Extraordinary gains include the difference of 163,231 million between the fair value and book value of debt to be converted to equity, which resulted from the debt-equity swap agreement with creditors on December 29, 2001. The Company also accounted for 12,171 million deduction on interest payable determined by the agreement as a gain on liability forgiven.

The Company accounted for extraordinary loss against additional reserve for contingent liability that is for the loan from creditors who did not participate in the work-out agreement(see Notes 7,8 and 13).

18. Income Taxes :

Income taxes for the year ended December 31, 2001 are as follows (in millions of Korean Won):

Current income taxes	-
Deferred income taxes	7,162
Income taxes expenses	<u>7,162</u>

Changes in deferred income tax were calculated as follows (in millions of Korean Won):

Deferred income tax assets as of December 31,2001	78,358
Beginning balance of deferred income tax assets	85,520
Changes in deferred income taxes	<u>7,162</u>

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

18. Income Taxes, continued ;

The applicable statutory income tax rate for the year ended December 31, 2001 is approximately 30.8% including resident taxes. However, as deferred tax assets related to loss carry forwards are not recognized due to the uncertainty of their realization, the effective tax rate for 2001 is 7.8%.

The changes of temporary differences and related income tax effect for the year ended December 31, 2001 are as follows (in millions of Korean Won):

	Beginning balance	Increase (Decrease)	Ending balance	Deferred income taxes debits(credits)
Losses on valuation of marketable securities	4,307	20,745	25,052	7,441
Gains on valuation of marketable securities	(4,000)	(8,027)	(12,027)	(3,572)
Impairment loss of investment securities	414,122	(333,112)	81,010	24,060
Loss on valuation of investment securities using the equity method (retained earnings)	199,895	(9,049)	190,846	56,681
Gains on valuation of investment securities using the equity method (retained earnings)	(148,434)	8,361	(140,073)	(41,602)
Accrued severance benefit	15,489	17,726	33,215	9,865
Retirement insurance premiums	-	(33,215)	(33,215)	(9,865)
Accrued income	(2,415)	1,483	(932)	(277)
Dividend income	2,326	-	2,326	691
Present value premiums	(5,668)	2,276	(3,392)	(1,007)
Research and development expense	(468)	(15)	(483)	(144)
Losses on valuation of forward contract	7,135	(1,367)	5,768	1,713
Amortization of present value discounts	(198,177)	53,473	(144,704)	(42,977)
Gains on valuation of forward contract	(4,162)	2,933	(1,229)	(365)
Depreciation expense	1	1,490	1,491	443
Interest expense	1,267	-	1,267	376
Allowance for bad debt expense	-	100,610	100,610	24,947
Gains on valuation of investment securities using the equity method (net income)	-	(7,470)	(7,470)	(2,219)
Extraordinary loss	-	58,258	58,258	17,302
Extraordinary loss(others)	-	46,792	46,792	1,250
Gain on exemption of debts	-	(1,388)	(1,388)	(412)
Gain on exemption of debts(others)	-	(4,210)	(4,210)	(1,250)
Loss on valuation of inventories	-	2,138	2,138	635
Impairment loss of property, plant and equipment	-	77,332	77,332	22,968
Debt-equity swap (investment securities)	-	37,662	37,662	11,186
Impairment loss of intangible assets	-	117	117	35
Impairment loss investment assets	-	7,483	7,483	2,222
Written-off of bad debt	-	473	473	141
Other losses	-	18	18	5
Others	(444)	737	293	87
	<u>280,774</u>	<u>42,254</u>	<u>323,028</u>	<u>78,358</u>

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

19. Earnings(Loss) Per Share :

Basic Earnings(Loss) Per Share -

Basic earnings(loss) per share("EPS") were calculated as follows(in Korean Won)

	2001	2000
Net income (loss)	(98,967,514,248)	2,578,315,659
Weighted average shares(a)	36,022,211	18,620,000
Basic EPS	(2,747)	138

(a) Weighted average shares-

	Number of shares	Weight	Number of shares x Weight
Beginning balance	18,620,000	365	6,796,300,000
Debt to equity	725,893	365	264,950,945
Treasury stocks	(38,848)	281	(10,916,288)
Debt to equity	11,714,015	365	4,275,615,475
Debt to equity	1,512,864	365	552,195,360
Debt to equity	107,347	365	39,181,655
Debt to equity	3,372,000	365	1,230,780,000
	<u>36,013,271</u>		<u>13,148,107,147</u>

Weighted average shares = 13,148,107,147 ÷ 365 = 36,022,211 (shares)

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

20. Related Parties Transactions :

Significant transactions with affiliated companies for the year ended December 31, 2001 and related account balances at December 31, 2001 are summarized as follows (in millions of Korean Won) :

Companies	Revenues	Purchases	Receivables	Payables
DW.ENGINEERING & CONSTRUCTION CO., LTD	40	-	-	2,184
DAEWOO CORPORATION CANADA	1,871	-	703	-
DAEWOO PAPER MFG.CO.LTD.	9,639	-	21,058	-
DAEWOO TEXTILE COMPANY	4,343	40,343	298	2,584
DAYTEK ELECTRONICS CORPORATION	19,836	-	727	-
DW.(DALIAN) BAG AND TENT MFG. CO., LTD.	7,555	3,905	142	-
DW.CEMENT(SHANDONG) CO., LTD.	13,772	13,566	36,667	1,860
DW.CENTRAL PAGING COMPANY	-	-	15,553	-
DW.EL SALVADOR S.A. DE C.V	8,812	15,904	8,988	4,227
DW.HANDELS GMBH(FRANKFURT)	470	-	421	-
DW.INTERNATIONAL (JAPAN) CORP	28,160	11,293	556	1,300
DW.INT'L (AMERICA) CORP.	311,406	22,331	37,145	41
DW.ITALIA S.R.L.	8,889	-	2,240	3
DW.SINGAPORE PTE LTD.	51,366	54,109	7,517	154
DW.TEXTILE (HK) LTD.	52,482	42,574	2,438	-
GENERAL MADICINES CO., LTD.	2,008	-	488	-
GEZIRA TANNERY CORPORATION LTD.	10,461	-	17	155
HANJUNG POWER PTY., LTD	-	-	13	8
KOSVIDA AGROCHEMICAL CO.,LTD	189	-	35	-
LANSHENG DAEWOO INTERNATIONAL TRADING	6,564	8,910	4	877
MYANMAR DAEWOO INTERNATIONAL LTD	610	-	550	322
MYANMAR DAEWOO LIMITED	2,917	893	-	-
MYANMAR KOREA TIMBER INTERNATIONAL	6,118	2,835	359	79
NILE INTERNATIONAL CORPORATION LTD.	-	-	5	-
P.T. RISMAR DAEWOO APPAREL	30,517	11,980	5,743	1,044
SHANGHAI DAEWOO ENGINEERING EQUIPME	54	65	-	65
SHANGHAI LANSHENG DAEWOO CORPORATION	105,811	99,824	394	2,078
SUZHOU JINWOO PRINTING & DYEING CO.	11,568	215	5,100	219
	<u>695,458</u>	<u>328,747</u>	<u>147,161</u>	<u>17,200</u>

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

21. Segment Information :

Industry Segments -

The details of information by industry segments in 2001 and 2000 are follows (in millions of Korean Won) :

	Trading		Manufacturing		Retail(Department Store)		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
Sales	6,009,065	246,812	180,509	1,453	158,742	2,321	6,348,316	250,586
Operating income	86,122	6,611	12,808	148	4,483	288	103,413	7,047
Fixed assets								
Property, plant and equipment	69,650	326,133	199,399	194,768	132,446	-	401,495	520,901
Intangible assets	35,927	30,877	13	26	10		35,950	30,903
Total	105,577	357,010	199,412	194,794	132,456	-	437,445	551,804
Depreciation(PP&E)	2,645	82	6,203	65	4,614	-	13,462	147
Amortization(Intangible asset)	1,136	21	-	-	-		1,136	21
Total	3,781	103	6,203	65	4,614	-	14,598	168

Geographical Segments -

The information by geographical segments are as follows (in millions of Korean Won) :

	Asia/Africa/Oceania	North America	South America	Europe/Russia	Domestic	Total
Sales	3,049,507	707,779	410,015	928,566	1,252,449	6,348,316

Continued;

DAEWOO INTERNATIONAL CORPORATION.
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2001 and 2000

22. Economic Uncertainty :

Beginning in 1997, Korea and other countries in the Asia Pacific region experienced a severe contraction in substantially all aspects of their economies. This situation is commonly referred to as the 1997 Asian financial crisis. In response to this situation, the Korean government and the private sector began implementing structural reforms to historical business practices

The Korean economy is currently experiencing additional difficulties, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The banking industry is currently undergoing consolidations and significant uncertainty exists with regard to the availability of short-term financing during the coming year. The Company may be either directly or indirectly affected by the situation described above.