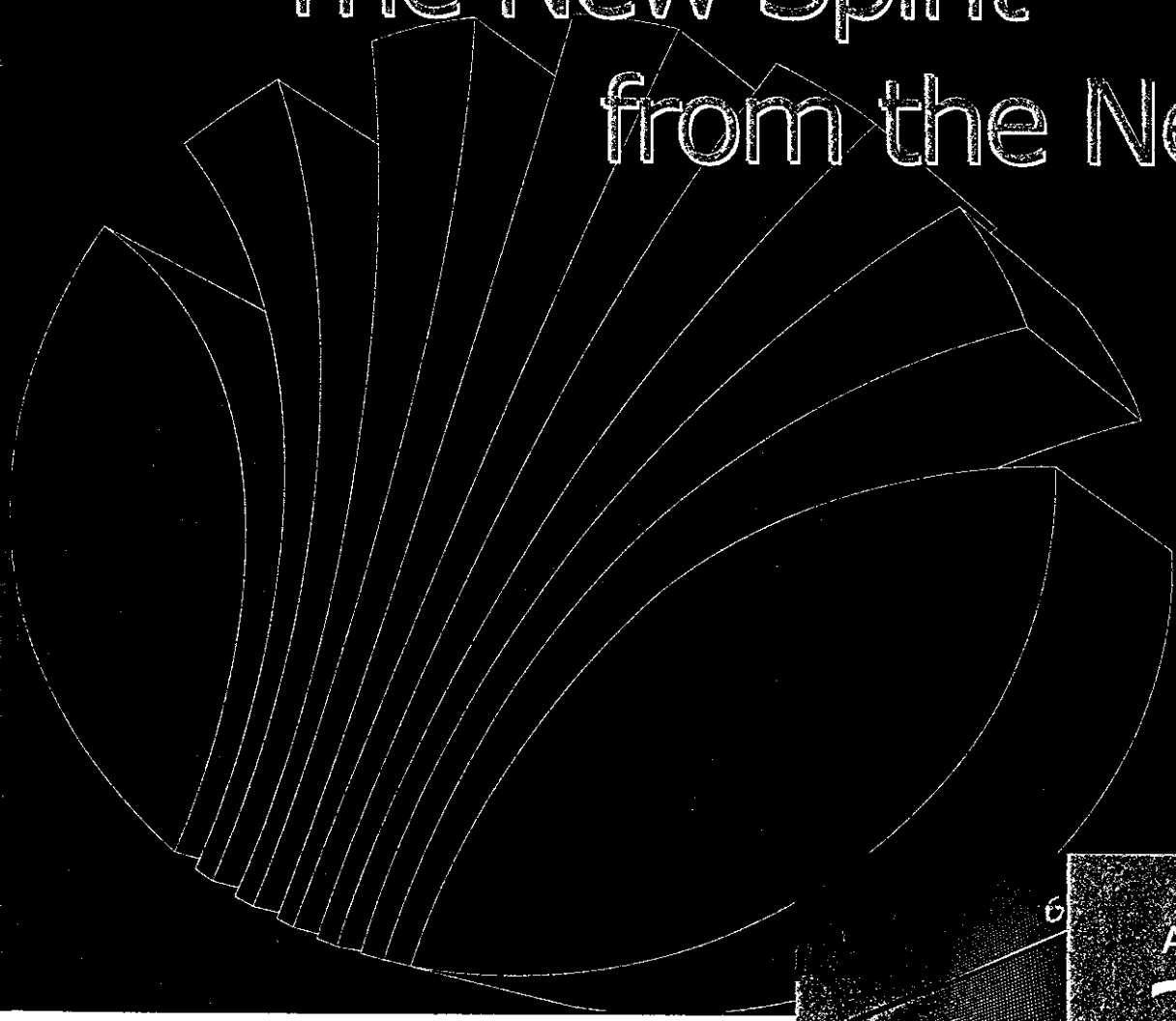
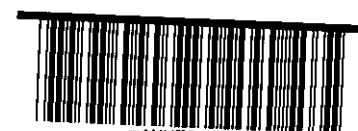
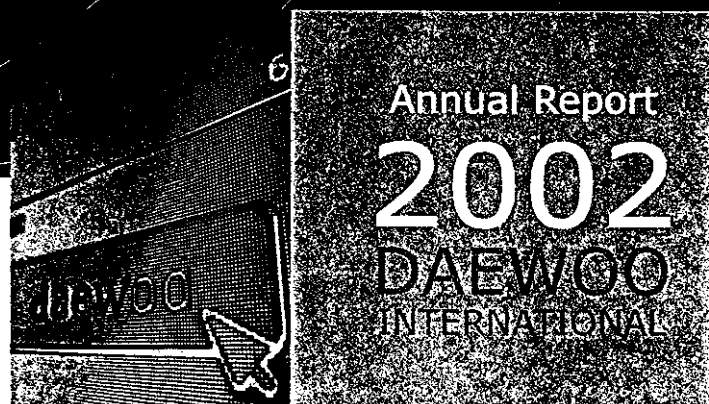


"The New Spirit from the New"



FC 23021

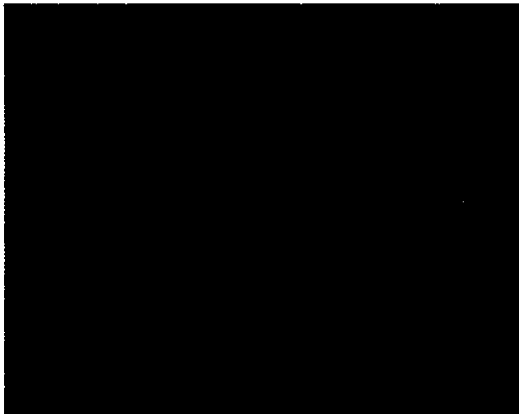


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www.daewoo.com



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
begin to soar on the wings of new beginning,
new challenges and new vision

02	New beginnings, New challenges, New visions
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Daewoo International's Major Business Activities

- Export & import, trading agent, mediation
- Local agent for overseas companies
- Issuance of vendor 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 (phone, 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 2002 & Goals for 2003

(In Billions of Korean Won)

	2002	2003
Sales	6,407.4	3,800.0
Exports(US\$ MIL)	3,135	3,241
Operating Income	82.1	99.7
Ordinary Income	72.6	41.1
Net Profits	78.4	23.6

Daewoo International Corp., despite adverse circumstances at home and abroad, achieved total sales of 6,407.4 billion KRW and exports of US\$ 3.135 billion in 2002. Through intensive self-rescue and restructuring programs, Daewoo International turned a net profit of 78.4 billion KRW for the year 2002. The company has established targets of 3,800 billion KRW in total sales and US\$ 3,241 million in exports for 2003, decreases of 41% and increases of 3.4% respectively.

The drop in total sales is attributed to the new accounting principle taken effect this year. And net profit is expected to top 23.6 billion KRW in 2003, down from 2002, with equity method for investment not reflected.

Chronology

Aug. 26, 1999: Workout decided on the 12 affiliated companies of Daewoo group including Daewoo Corp.

Mar. 15, 2000 : Signed M.O.U on corporate restructuring

Dec. 27, 2000 : Spun-off of Daewoo Corp. into 3 separate companies (Daewoo int'l Corp, Daewoo E&C Co.,LTD, Daewoo Corp.)

Nov. 15, 2002 : Granted Preliminary Graduation of Workout.



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Dear Respecting Shareholders !

We are honored to hold the third Annual Shareholders Meeting of the Daewoo International with you.

And representing the whole staffs of the company, we sincerely express our deepest gratitude for the unwavering support and encouragement that you have bestowed to our company last year.

Firstly, we are pleased to inform you that, our company has separated from the Daewoo Corporation and started anew as the Daewoo International Corp. on December 27th, 2000.

And with the overwhelming support of the creditors, our company has been decided to be given the "Self-promoting" status which is a pre-graduation stage from the workout, on November 15th, 2002.

This can be the result of the positive evaluation on the swift improvement of the financial structure of the company, by the wholehearted support of the creditors for the management normalization,

with repeated debt adjustment, and debt-equity swap etc., since the "The MOU for Corporate Restructuring Program" was been made with the creditors on March 15th, 2000, and the turning to

black figures of account by the result of the single minded efforts of the whole staffs for the expansion of the business, and the ceaseless redeeming of the debts by selling out the self-help properties etc.

And all these are the result of the support from you, the shareholders who have trusted our company who was in the workout stage, and resided with us with unwavering encouragement and concern in all the duration of hardship of inner-and-outer circumstances.

Especially in last year, first time since the workout started, 78.4 billion KRW in black figures was attained, which is a big leap when compared with the 99 billion KRW in red figures in the year 2001, and the 940% of debt-equity ratio at the time of separation was greatly diminished to 282% at the end of last year, with all of which, now we are truly about to join the rank of high grade enterprises which have healthy financial structures.

Dear Shareholders !

The self-promoting right of our company is drastically assured by the self-driving of the workout which can be called as a pre-graduation stage of the workout, and the greatly improved public creditability forecasts drastic advance on all the business management of our company, and even shows the possibility of earlier graduation from the workout which is expected to be terminated in December of this year.

Now, the remaining task for us to do is, to make use of these rising momentum fully, to boost up the value of the company through maximizing the capability of the company, and make us be a global leading trading company who has a top global competitiveness in the world.

And for that, we have set our plan of business target of this year to be, sales 3,800 billion KRW, export US \$3.2 billion, operating profit 100 billion KRW up.

The reason the comparably diminished sales is because the ratio of the agency sales which complies to the new business accounting principle which started in this year, has decreased.

All the staffs of the Daewoo International solemnly promise you, the shareholders that we will do our utmost effort to improve the management of the company.



Leading towards the Top as Trade Specialist

Dear respecting shareholders !

All the staffs of the Daewoo International Corp., with firm belief that it is the only way to repay the unsparing support and encouragement of the shareholders, solemnly pledge again to make our company reborn to be a global leading trading company through complete normalization of the business management by increasing of the business capability and expansion of the overseas market.

Dear shareholders!

We sincerely request you not to spare your unwavering affections and concerns on our company and staffs who are fiercely marching forward, flagging the banner of re-surging and growing.

With deepest regards.

Tae-Yong Lee
President & CEO

Board of Directors

■ President & CEO

Lee Tae-Yong

■ Executive Vice President

Kim Yong-Gil

Finance

Kang Young-Won

Automotive & Component Business

Kim Chang-Rae

Machinery & Plant Business

■ Outside Director

Song Young-Wook

Outside Director

Ihm Chung-il

Outside Director

Yoon Oh-Byeung

Outside Director

■ Senior Vice President

Ma Young-Nam

Steel Business

Yim Dong-Ho

Legal Affairs

Lee Woo-Jin

Accounting

Yoon Byoung-Eun

Corporate Restructuring

Chang Kyung-Wook

Textile Business

Sung Ki-Dong

Finance

Lee Dan-Sung

Media & Electronics Business

Rim Chae-Moon

Commodity & Energy Business

Lee Deog-Kyu

Special Business

Seol Hong-Soo

Overseas Management

Park Tae-Sung

Metal Business

■ Vice President

Kim Hak-Soo

Chemical Business

Lee Hyung-Ho

Automotive & Component Business

Kim-Ik

Automotive & Component Business

Chang Won-Suk

Risk Management

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



Business Activity

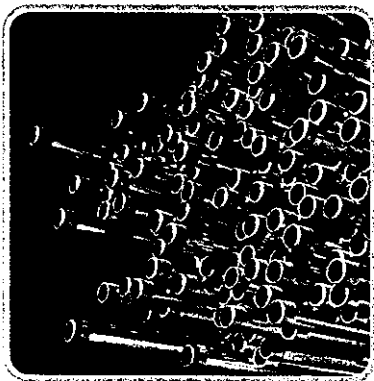
1. Overview of the
Operation of Knowledge Management System

Division Activity



○ Steel Division

Steel division is a Global Steel Trader which acts as the export outlet of the major domestic steel producers including the POSCO which is the largest steel manufacturer in Korea. The division is mainly doing the long term business with the reputable big overseas firms, and also functions as a Project Organizer. The division has achieved US\$ 550 million of sales last year and plans to attain about US\$ 600 million of sales, by expanding the export of higher products owing to the abundant specialists on each product, and developing of new markets, and through the long term supply contracts for projects with the big scaled consumers. Now, besides of strengthening markets toward the actual customers and securing the high profit structures through the concentrated developing of new deals with the overseas automobile firms and their related companies, the division will put full force to expand the sales in China, and southeast area etc.



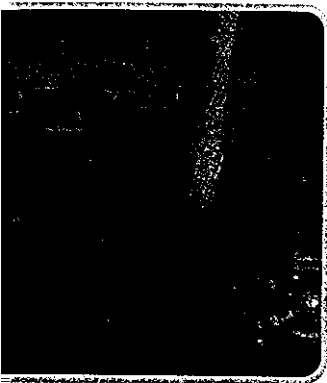
○ Metal Division

The division performs the export, import, and trilateral business with the products of Steel, and Non-ferrous metals, and sells to the suppliers and customers located throughout the world. Due to the increasing of the export, import, and trilateral business with the Steel billet, Slab, Flat Steel products, Brass, and Aluminum etc., attained the sales result of US\$840 million in 2002 year, and the target in 2003 year is 28% increased US\$950 million (Export of US\$300 million. included), and will enlarge the business toward China more, and will secure the position as a specialized world trader, through the world-wide sourcing and marketing.



○ Chemicals Division

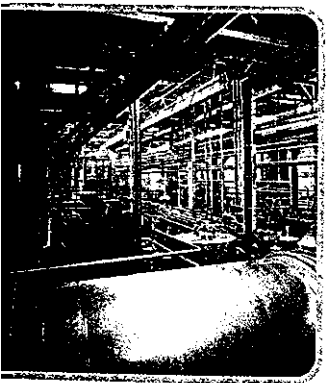
Owing to the global network which is the strong point of our company, the division was a leader in Korea in exporting of the chemical products for the past 30 years, and the main business activity is export, import, trilateral trading with the BTX, LAB, Resin, Raw materials for chemical fiber, Paper, Fertilizer, Raw materials for tire, and Precision chemicals, etc. In 2002 year, sales 610.4 billion KRW, export US\$470 million were recorded. And, by stabilizing the business through the wise selecting of the items, concentratedly maximizing the calculation efficiency on investing the resources of manpower and materials, and increasing of the ratio of long term supply contracts, our targets in 2003 year are sales 660 million KRW(16% increase than last year), export US\$510 million (20% increase than last year).



○ Automotive & Component Division

In 2002 year, owing to the major automobile makers in the world, actively sourcing the Korean automobile parts as a way to strengthen their competing power, we have harvested astonishing US\$240 million of new order in OEM basis, and the sales 693.8 billion KRW (93% increase than expected, and 2% growth than last year).

In 2003 year, with all the more reinforced specialties by acquiring the SQA function, and QS-9000 certification, for strengthening the quality management, we are aiming to achieve the three basic management policy of the division, The Valuing of the customers, The Cultivation of men of ability, The Profitable management, and to do so, will heighten the service to the ideal customers and suppliers through setting up the SCM, and cultivating the specialists group by securing the sales engineers, and by developing big sized new business in China, Europe, and Japan etc., in addition to the American market, going to hasten the vision of setting up the stronghold to attain the export of US\$2 billion, and acquiring the status of a Global Player.

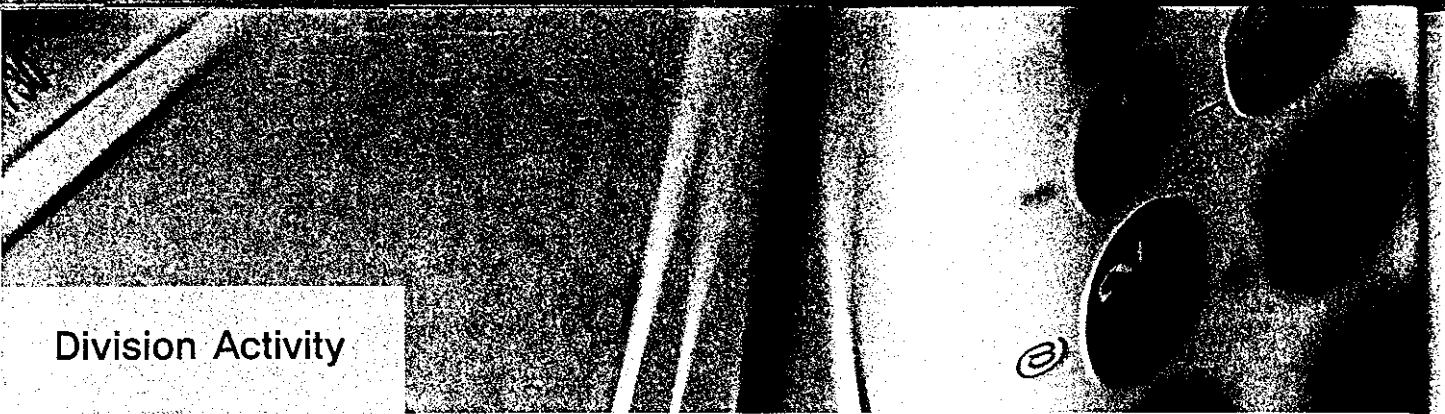


○ Machinery & Plant Division

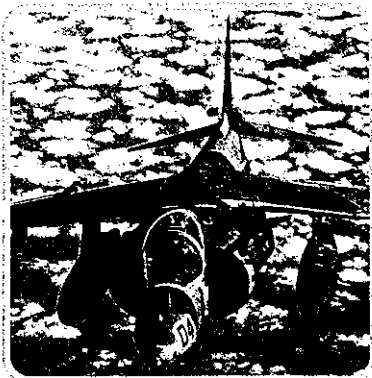
The division achieved the sales of 1,040.5 billion KRW, and the business profit of 6.6 billion KRW, through expanding the business on the Ships, Trains, Power plants, Paper, and Environmental facilities, and exporting of the Machinery and Airplane parts. In 2003 year, basing on the existing going orders on the EDCF etc., we will devote to hasten to reach the goal of exporting US\$9.1 billion and maximize the profit, and also adopting the responsible system of sectional operation on each country and each district, will keep expand the new business.

And, the overseas invested, Daewoo Paper Corp. in China, and the Hanjung Power LTD. in Papua New Guinea, both of which have been taken place to be a long term profit sources of the division, are expected to yield more than 2 billion KRW in total of dividend profit in 2003 year.

Especially, the Daewoo Paper Corp. in China is expected to increase the turnover in this year by 50% up, with the expanded production capacity by leasing a paper factory in Tienjin last year, and is striving to prepare for the listing of stock in next year, and further expanding of the facilities.



Division Activity

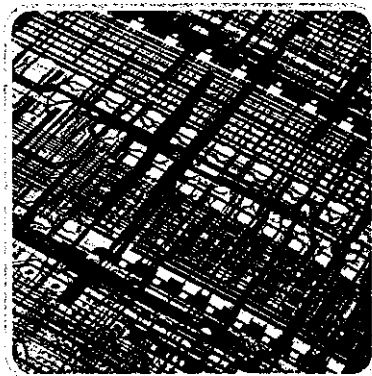


○ Special Business Team

Special Business Team is the only export organization of military commodities among the general trading firms in Korea, and armed with over 30 years of experience and accumulated sales know-how, and through the firm network, actively exporting the various military commodities to the countries in Asia, Middle East, and Africa etc.

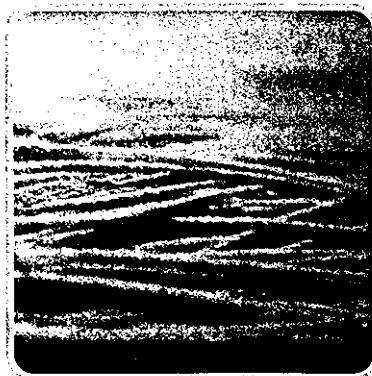
Including the Basic training planes of the Airforce, Hospital ships of the Navy, and various military commodities and IT which are required for the Military and the Police, the standing order held at present is amounting to about US\$150 million, most of which are foreseeable to be executed in this year, giving the expectation of marking high growth on the sales and the profit in this year.

The team which has marked 70.1 billion KRW of sales, and 2 billion KRW of business profit in 2002 year, is safely expected to attain 83.3 billion KRW of sales, and drastically increased business profit in 2003 year.



○ Media & Electronic Division

The division handles, as main items, the Digital home Electronic products(Color TV, PDP, and DVD Player etc.), Computer related products(PC, Monitor, and Surrounding apparatuses), and Communication equipments, and terminals(Hand phone, wire/wireless communication equipments, optical cable, and WLL etc.), and attained 440.3 billion KRW of sales in 2002 year, and is furiously striving to hasten the attaining of the target amount of export in 2003 year of US\$224 million by intensifying and strengthening the newly developed deals with the distributors over the world last year, and increasing of the sales by sourcing out the products from the third countries, which domestic products have lost the competing power.



○ Textile Division

The division handles everything concerning with the textile, from the raw materials to the products, and is the leader in Korea in exporting the textile/light industrial products.

And owing to the tight connections and co-operations with the small/medium domestic enterprises, the division have attained 297.6 billion KRW of sales and 13.5 billion KRW of total sales profit in 2002 year.

And, through the profit focussed operation, by intense developing of the overseas market, with the backing up of the 6 overseas production corporates, and the production facilities of over 580 domestic collaborating factories, and generating the synergy effect between the products, and activating trilateral business the planned targets in 2003 year are, turnover 246 billion KRW, and total sales profit 14.7 billion KRW.



○ Commodity & Energy Division

Even in the violently changing business circumstances in the year of 2002, not only securing the position as a international trader on the Grain, Raw cotton, Construction materials, and Petroleum products etc, but effected high profit by developing energy resources, the division achieved 1,130.5 billion KRW of sales, and 26.9 billion KRW of total business profit.

The targets in the 2003 year are, 291 billion KRW of sales, and 26.9 billion KRW of gross profit, by actively developing the southeast which is one of the major strategic market, and adopting the risk management, and heightening the efficiency. Especially, on the energy development project, the Myanmar A-1 gas field, preparation for the exploration drilling which is expected by the end of 2003 is intensely proceeding.



○ Masan Daewoo Department Store

In the 2002 year, even though many Department stores and Discount stores who have nationwide chain stores, have set up their branch stores in the Masan and Changwon districts, the Masan Daewoo Department Store is firmly keeping the status of the best visited store in the district. By the policy, since opening the store, of ceaseless effort to keep close contact with the inhabitants, and sustaining the highest kindness image, the position as a representative provincial department is firmly secured.

In 2003 year, in the circumstance of no more entry of new big department stores are foreseen because the stores are saturated, acting up to the policy of growing together with the customers, and keeping up to the image of the kindest service to the customers, the Masan Daewoo Department Store will keep steady growth and the profit therefrom.



○ Pusan Plant

Daewoo Pusan Plant who is developing, producing, and selling the high quality new materials and environment friendly materials, with its own technology and developing ability in the field of synthetic leather is, world-widely recognized its quality on the materials for the shoes, garments, industrial cloth, and car seat, etc. The Pusan Plant who is pursuing the expanding policy of global exportation, with its latent power of acquiring the QS-9000 certification firstly in Korea in 1999, succeeding with the ISO-14001 in 2001, and the K-OHSMS-18001 (Occupational Health and Safety Management System) in 2002, is striving to strengthen the competing power through ceaseless upgrading of the production technologies, and improving of the production systems and quality of the products.

To transfer and unify the existing Pusan plant with the Yangsan plant, the ground-breaking ceremony for building the new factory in the Noksan Industrial complex, which is expected to be completed in May 2004, was held in December 2002.

And when the new factory is completed, the increasing of the turnover and profit, along with the saving of the administrative and logistic expenses are highly expected.



Overseas operations

With the 47 branches around the world, all which are specialized in Marketing and Sales and 12 trading corporations in the advanced countries, who are performing the composite trading services of local marketing, financing, and logistics etc., and also running 41 regionally invested independent corporations which are specialized in producing of the Cement, Paper, Textile goods, Plywood, and Medicines , etc., and the transportation servicing companies., and the numerous regional business strongholds which are run by the native agents in where we do not have our own post, we have the ability to perform any big scaled business around the world, timely and simultaneously.



Operation of Knowledge Management System

To attain the long term vision of becoming a "Global Leading Trading Company", relying on the global network which is the primary core strength, along with the abundant human resources of trading experts, Daewoo International is putting doubled effort to strengthen the Competing Power of Knowledge.

And also, setting the foundation of the operation system of the company on the "Knowledge Management", and making it act as the vehicle which can convey all the competing power and the resources of the company, the head office and the systematically meshed, vast global networks can share all the informations and the know-hows in real time, and with the firstly adopted among general trading companies in Korea of, the ERP system and the Intranet, and the Electronic type Internet phone(Volp), and the Security system etc., our IT Infra for the Knowledge Management is kept reinforced and improved ceaselessly.



Financial Statements

INDEPENDENT AUDITOR'S REPORT**To the Shareholders and Board of Directors of Daewoo International Corporation**

We have audited the accompanying non-consolidated balance sheets of Daewoo International Corporation (the "Company") as of December 31, 2002 and 2001, and the related non-consolidated statements of operations, disposition of accumulated deficit and cash flows for the years then ended, expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Daewoo International Corporation as of December 31, 2002 and 2001, and the results of its operations, the changes in its accumulated deficit and its cash flows for the years then ended, in conformity with financial accounting standards generally accepted in the Republic of Korea.

Without qualifying our opinion, we draw your attention to the following matters.

As discussed in Note 12 to the non-consolidated financial statements, Daewoo Corporation, Daewoo Engineering & Construction Co., Ltd. and the Company are jointly liable for Daewoo Corporation's outstanding liabilities prior to the split-off, payable to certain financial institutions, including overseas banks, which did not participate in the work-out agreement dated March 15, 2000. The Company has been named as a 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 work-out agreement regarding Daewoo Corporation's outstanding liabilities prior to the split-off. Therefore, the Company has established a reserve for contingencies based upon the amounts and the probabilities of the potential contingencies. The results of the lawsuits and negotiations may be different from the amount of reserve for contingencies on the non-consolidated financial statements.

As discussed in Note 11 and Note 21 to the non-consolidated financial statements, the Company's revenues and purchases to and from affiliated companies, such as Daewoo International America Corporation, amounted to ₩767,814 million and ₩120,589 million, respectively, for the year ended December 31, 2002. Related receivables and payables amounted to ₩124,136 million and ₩328,622 million, respectively, as of December 31, 2002. The Company's payment guarantees outstanding for affiliated companies, such as Daewoo Cement (Shandong) Co., Ltd., as of December 31, 2002, amounted to ₩188,326 million, and ₩86,547 million of assets are pledged as collateral for such guarantees.

As discussed in Note 6 to the non-consolidated financial statements, the Company's equity investments, which allow the Company to exercise significant influence over the investee companies, such as Kyobo Life Insurance Co., Ltd., and Daewoo International America Corporation, are accounted for using the equity method. The gain on valuation using the equity method for the current year has significantly increased, as compared to that for the preceding year, which currently comprises a substantial portion of the Company's net income.

As discussed in Note 12 to the non-consolidated financial statements, the operations of the Company may be either directly or indirectly affected by the generally unstable economic conditions in the Republic of Korea and the impact of the implementation of structural reforms.

The amounts expressed in U.S. Dollars are provided solely for the convenience of the reader and have been translated on the basis set forth in Note 3 to the non-consolidated financial statements.

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

Samil Accounting Corporation

Seoul, Korea

February 8, 2003

This report is effective as of February 8, 2003, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

BALANCE SHEETS, Continued

December 31, 2002 and 2001

ASSETS	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2002	2001	2002	2001
Current assets				
Cash and cash equivalents (Note 16)	₩ 136,625	₩ 140,253	\$ 113,816	\$ 116,839
Short-term financial instruments (Notes 4, 11 and 16)	105,258	71,651	87,686	59,689
Marketable securities (Note 6)	-	4,872	-	4,059
Trade accounts receivable, net (Notes 16 and 21)	361,892	383,751	301,476	319,686
Other accounts receivable, net (Notes 16 and 21)	14,733	15,048	12,273	12,536
Accrued income, net	1,426	1,696	1,188	1,413
Advance payments, net (Note 16)	24,140	35,177	20,110	29,304
Prepaid expenses	7,761	14,027	6,465	11,685
Short-term loans, net (Notes 7 and 16)	392	731	327	609
Prepaid tax	1,435	1,799	1,195	1,499
Currency forwards (Note 12)	2,151	181	1,792	151
Commodity futures (Note 12)	1,795	1,048	1,495	873
Inventories (Note 5)	92,952	80,761	77,434	67,278
Total current assets	750,560	750,995	625,257	625,621
Long-term financial instruments (Note 4)	475	14	396	12
Investment securities (Notes 6 and 11)	515,556	391,285	429,487	325,962
Long-term accounts receivable, net (Notes 16 and 17)	46,545	67,179	38,775	55,964
Long-term other accounts receivable, net (Note 17)	9,294	-	7,742	-
Guarantee deposits (Note 16)	12,754	16,880	10,625	14,062
Natural resources exploration investment	11,281	10,156	9,398	8,461
Deferred income tax assets (Note 19)	53,909	78,358	44,909	65,277
Property, plant and equipment, net (Notes 8, 11 and 22)	259,281	310,283	215,996	258,483
Intangible assets (Note 18)	31,622	35,950	26,343	29,948
TOTAL ASSETS	₩ 1,691,277	₩ 1,661,100	\$ 1,408,928	\$ 1,383,790

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

Continued >>

2002 DAEWOO INTERNATIONAL
BALANCE SHEETS

December 31, 2002 and 2001

LIABILITIES AND SHAREHOLDERS' EQUITY	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2002	2001	2002	2001
Current liabilities				
Trade accounts payable (Notes 16 and 21)	₩ 384,410	₩ 350,401	\$ 320,235	\$ 291,904
Short-term borrowings (Note 9)	25,733	38,426	21,437	32,011
Other accounts payable (Notes 16 and 21)	38,793	43,198	32,317	35,986
Advances received (Note 21)	30,553	14,525	25,452	12,100
Withholdings	89,727	77,774	74,748	64,790
Accrued expenses (Note 16)	9,132	5,697	7,607	4,746
Current portion of long-term debt, net (Notes 9, 13, 16 and 17)	23,974	20,450	19,972	17,036
Deferred revenue	24	11	20	9
Guarantee deposits received	8,123	8,053	6,767	6,709
Currency forwards (Note 12)	988	2,076	823	1,729
Commodity futures (Note 12)	1,053	3,692	877	3,076
Total current liabilities	612,510	564,303	510,255	470,096
Corporate bonds, net (Note 10)	23,587	-	19,649	-
Long-term borrowings, net (Notes 10, 11, 13, 16 and 17)	464,860	622,164	387,254	518,297
Long-term other accounts payable, net	1,381	-	1,150	-
Long-term accrued expenses, net (Note 10)	-	23,153	-	19,288
Long-term guarantee deposits received	7,793	7,538	6,492	6,280
Accrued severance benefits, net (Notes 4 and 14)	-	861	-	717
Reserve for contingencies (Note 12)	138,181	148,809	115,112	123,966
Total liabilities	₩ 1,248,312	₩ 1,366,828	\$ 1,039,912	\$ 1,138,644
Commitments and contingencies (Note 12)				
Shareholders' equity				
Common stock (Notes 1 and 15)	₩ 213,933	₩ 180,261	\$ 178,218	\$ 150,167
Capital surplus	59,485	40,177	49,554	33,470
Accumulated deficit	-	(96,390)	-	(80,298)
Undisposed accumulated deficit to be carried forward to subsequent year				
(Net income (loss) : ₩78,410 million in 2002 and ₩98,968 million in 2001)	-	(96,390)	-	(80,298)
Capital adjustments	169,547	170,224	141,244	141,807
Gain on valuation of investment in equity securities (Notes 2 and 6)	81,585	50,267	67,965	41,875
Discount on stock issuance	-	(87)	-	(72)
Overseas operation translation credit	(483)	2,944	(401)	2,453
Treasury stock (Note 15)	(132)	(132)	(110)	(110)
Debt to be converted to equity (Notes 13 and 15)	88,577	117,232	73,790	97,661
Total shareholders' equity	442,965	294,272	369,016	245,146
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	₩ 1,691,277	₩ 1,661,100	\$ 1,408,928	\$ 1,383,790

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

STATEMENTS OF OPERATIONS, Continued

December 31, 2002 and 2001

	In Millions of Korean Won		In thousands of US Dollars (Note 3)	
	2002	2001	2002	2001
Sales (Notes 21 and 22)	w 6,407,419	w 6,348,316	\$ 5,337,737	\$ 5,288,500
Cost of sales (Notes 21)	6,198,234	6,098,326	5,163,474	5,080,245
Gross profit	209,185	249,990	174,263	208,255
Selling and administrative expenses	127,094	146,577	105,876	122,107
Operating income (Notes 22)	82,091	103,413	68,387	86,148
Non-operating income				
Interest income	14,151	25,758	11,798	21,458
Dividend income	642	2,818	535	2,348
Rental income	5	6	4	5
Commission income	335	253	279	211
Gain on disposal of marketable securities	224	-	187	-
Gain on valuation of marketable securities (Note 6)	-	2,401	-	2,000
Gain on foreign currency transactions	105,521	176,549	87,905	147,075
Gain on foreign currency translation	112,767	65,063	93,941	54,201
Recovery of allowance for doubtful accounts	29,319	-	24,424	-
Gain on valuation currency forwards (Note 12)	2,151	181	1,792	151
Gain on valuation commodity futures (Note 12)	1,795	1,048	1,495	873
Gain on disposal of investment assets	22,280	24,072	18,560	20,053
Gain on valuation of the Securities Market Stabilization Fund (Note 6)	1,923	6,204	1,602	5,168
Gain on valuation using equity method of accounting (Note 6)	101,166	7,328	84,277	6,105
Gain on disposal of property, plant and equipment	763	326	636	272
Gain on disposal of intangible assets	384	-	320	-
Miscellaneous	2,315	5,666	1,929	4,720
	w 695,741	w 917,679	\$ 629,675	\$ 767,640

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

Continued >>

STATEMENTS OF OPERATIONS

December 31, 2002 and 2001

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2002	2001	2002	2001
Non-operating expenses				
Interest expense	₩ 90,625	₩ 138,261	\$ 75,496	\$ 115,179
Other bad debt expense	-	66,712	-	55,575
Loss on disposal of marketable securities	4	-	3	-
Loss on valuation of marketable securities (Note 6)	-	20,746	-	17,283
Loss on valuation of inventories	2,464	3,548	2,053	2,956
Loss on foreign currency transactions	106,094	170,346	88,382	141,908
Loss on foreign currency translation	117,909	67,724	98,225	56,418
Additional income taxes for prior periods	11	711	9	592
Loss on valuation of currency forwards (Note 12)	988	2,076	823	1,729
Loss on valuation of commodity futures (Note 12)	1,053	3,692	877	3,076
Loss from redemption of bonds	17	-	14	-
Loss from redemption of borrowings	9,165	8,105	7,635	6,752
Loss on impairment of investment securities (Note 6)	32,208	4,949	26,831	4,123
Loss on disposal of investment assets	7,323	10,664	6,100	8,884
Loss on impairment of investment assets	-	7,483	-	6,234
Loss on disposal of property, plant and equipment	3,113	4,722	2,593	3,934
Loss on impairment of property, plant and equipment (Note 8)	29,994	77,332	24,987	64,422
Loss on impairment of intangible assets	-	117	-	97
Donations	70	37	58	31
Miscellaneous	4,141	2,859	3,450	2,382
	405,179	590,084	337,536	491,575
Ordinary income (loss)	72,653	(168,998)	60,526	(140,787)
Extraordinary gain	16,482	175,401	13,730	146,119
Extraordinary loss	2,679	98,209	2,232	81,814
Income (loss) before income taxes	86,456	(91,806)	72,024	(76,482)
Income tax expense (Note 19)	8,046	7,162	6,703	5,966
Net income (loss) (Note 20)	₩ 78,410	₩ (98,968)	\$ 65,321	\$ (82,448)
Ordinary income (loss) per share	₩ 1,516	₩ (5,405)	\$ 1.26	\$ (4.50)
Earnings (loss) per share	₩ 1,847	₩ (2,747)	\$ 1.54	\$ (2.29)
Diluted ordinary income (loss) per share	₩ 687	₩ (5,405)	\$ 0.57	\$ (4.50)
Diluted earnings (loss) per share	₩ 837	₩ (2,747)	\$ 0.70	\$ (2.29)

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

STATEMENTS OF DISPOSITION OF ACCUMULATED DEFICIT

December 31, 2002 and 2001

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2002	2001	2002	2001
Accumulated deficit before disposition				
Unappropriated retained earnings carried over from the prior year (Undisposed accumulated deficit carried-over from the prior year)	₩ (96,390)	₩ 2,578	\$ (80,298)	\$ 2,150
Effect of the change of accounting method				
Adoption of the equity method for investment securities (Note 6)	49	-	40	-
Net income	78,410	(98,968)	65,321	(82,448)
	(17,931)	(96,390)	(14,937)	(80,298)
Disposition of deficit				
Transfer from capital surplus	17,931	-	14,937	-
	17,931	-	14,937	-
Undisposed accumulated deficit to be carried forward to subsequent year	₩ -	₩ (96,390)	\$ -	\$ (80,298)

STATEMENT OF CASH FLOWS, Continued

December 31, 2002 and 2001

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2002	2001	2002	2001
Cash flows from operating activities:				
Net income	₩ 78,410	₩ (98,968)	\$ 65,321	\$ (82,448)
Expenses not involving operating cash outflows:				
Accrual of severance benefits	7,045	7,599	5,869	6,330
Depreciation	10,195	13,462	8,493	11,215
Amortization of intangible assets	3,511	3,258	2,925	2,714
Loss on foreign currency translation	415	13,842	346	11,531
Loss on valuation of marketable securities	-	20,746	-	17,283
Loss on disposal of marketable securities	4	-	3	-
Loss on valuation of currency forwards	988	2,076	823	1,729
Loss on valuation of commodity futures	1,053	3,692	877	3,076
Interest expense	30,660	37,381	25,541	31,140
Loss on impairment of investments assets	32,208	12,432	26,831	10,357
Loss on disposal of investment assets	7,323	10,664	6,100	8,884
Loss on disposal of property, plant and equipment	3,113	4,722	2,593	3,934
Loss on impairment of property, plant and equipment	29,994	77,332	24,987	64,422
Loss on impairment of intangible assets	-	117	-	97
Loss from redemption of borrowings	9,165	8,105	7,635	6,752
Loss from redemption of bonds	17	-	14	-
Miscellaneous loss	2,359	58	1,965	48
Extraordinary loss	-	98,209	-	81,814
	₩ 189,050	₩ 316,630	\$ 115,012	\$ 261,826

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

Continued >>

STATEMENTS OF CASH FLOWS, Continued

December 31, 2002 and 2001

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2002	2001	2002	2001
Revenues not involving operating cash inflows				
Gain on valuation of marketable securities	₩ -	₩ 2,401	\$ -	\$ 2,000
Gain on disposal of marketable securities	224	-	187	-
Gain on foreign currency translation	6,617	-	5,512	-
Gain on valuation of currency forwards	2,151	181	1,792	151
Gain on valuation of commodity futures	1,795	1,048	1,495	873
Interest income	-	2,276	-	1,896
Gain on disposal of investment securities	22,317	24,072	18,591	20,053
Gain on valuation of the Securities Market Stabilization Fund	1,923	6,204	1,602	5,168
Gain on disposal of property, plant and equipment	763	326	636	272
Gain on disposal of intangible assets	384	-	320	-
Gain on valuation using equity method of accounting	101,166	7,328	84,277	6,105
Miscellaneous gains	-	3,162	-	2,634
Gain from liabilities waived by creditors	16,483	175,402	13,731	146,119
	153,823	222,400	128,143	185,271
Changes in operating assets liabilities:				
Trade accounts receivable	15,043	157,429	12,532	131,147
Other accounts receivable	(5,657)	204,606	(4,713)	170,448
Accrued income	270	1,854	225	1,544
Advance payments	6,921	525,430	5,766	437,712
Prepaid expenses	6,266	(10,645)	5,220	(8,868)
Prepaid tax	364	(1,689)	303	(1,407)
Inventories	(12,191)	122,532	(10,156)	102,076
Long-term accounts receivable, net	27,449	11,504	22,867	9,583
Deferred income tax assets	8,046	8,079	6,703	6,730
Trade accounts payable	37,566	(267,845)	31,295	(223,130)
Deferred revenue	13	11	11	9
Advances received	16,028	(487,252)	13,352	(405,908)
Withholdings	11,954	18,501	9,958	15,412
Accrued expenses	3,437	(5,043)	2,863	(4,201)
Other accounts payable	(4,406)	16,262	(3,670)	13,547
Payment of severance benefits	(8,597)	(8,959)	(7,162)	(7,463)
Guarantee deposit received	70	(230)	58	(192)
Long-term guarantee deposit received	-	(279)	-	(232)
Overseas operation translation credit	(185)	1,379	(154)	1,149
Other assets	(7,929)	(33,956)	(6,608)	(28,286)
	94,462	251,689	78,690	209,670
Net cash provided by operating activities	₩ 157,099	₩ 244,016	\$ 130,870	\$ 203,277

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

Continued >>

STATEMENTS OF CASH FLOWS

December 31, 2002 and 2001

	In Millions of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2002	2001	2002	2001
Cash inflows from investing activities:				
Proceeds from short-term financial instruments	₩ 40,455	₩ 41,282	\$ 33,701	\$ 34,390
Proceeds from short-term loans	1,550	1,646	1,291	1,371
Disposal of marketable securities	5,098	27,355	4,247	22,788
Disposal of currency forwards	181	18,136	151	15,108
Disposal of commodity futures	1,048	-	873	-
Proceeds from long-term financial instruments	-	25	-	21
Proceeds from group-term retirement insurance deposits	-	35,887	-	29,896
Disposal of investment securities	56,024	51,539	46,671	42,935
Proceeds from guarantee deposits	80,292	4,511	66,888	3,758
Disposal of property, plant and equipment	23,805	53,697	19,831	44,733
Disposal of intangible assets	490	-	408	-
	208,943	234,078	174,061	195,000
Cash outflows from investing activities:				
Acquisition of short-term financial instruments	73,991	61,878	61,639	51,548
Repayments in short-term loans	1,227	-	1,022	-
Acquisition of marketable securities	5	33,354	4	27,786
Acquisition of currency forwards	2,076	20,028	1,729	16,684
Acquisition of commodity futures	3,692	-	3,076	-
Acquisition of long-term financial instruments	461	14	384	12
Acquisition of investment securities	9,464	1,532	7,884	1,276
Acquisition in guarantee deposits	76,362	300	63,614	250
Acquisition of property, plant and equipment	15,341	19,431	12,780	16,187
Acquisition of intangible assets	2,534	8,421	2,111	7,014
Acquisition of natural resources exploration investment	1,125	5,453	937	4,543
	186,278	150,411	155,180	125,300
Net cash provided by investing activities	22,665	83,667	18,881	69,700
Cash inflows from financing activities:				
Acquisitions of short-term borrowings	99,363	86,473	82,775	72,037
Acquisitions of long-term other accounts payable	1,762	-	1,468	-
Acquisitions of long-term guarantee deposits received	1,403	-	1,169	-
	102,528	86,473	85,412	72,037
Cash outflows from financing activities:				
Repayments in short-term borrowings	115,613	116,110	96,312	96,726
Repayments in long-term borrowings	141,976	144,419	118,274	120,309
Repayments in corporate bonds	588	-	490	-
Repayments in current portion of long-term debts	25,140	-	20,943	-
Repayments in long-term accrued expenses	381	22,052	317	18,371
Bond issuing expenses	909	-	757	-
Discount on stock issuance	137	87	114	72
Acquisition of treasury stock	-	132	-	110
Redemption of debt-to-equity swap liabilities	28	407	23	339
Repayments in long-term guarantee deposits received	1,148	-	956	-
	285,920	283,207	238,186	235,927
Net cash used in financing activities	(183,392)	(199,734)	(152,774)	(163,890)
Net increase (decrease) in cash and cash equivalents	(3,628)	130,949	(3,023)	109,087
Cash and cash equivalents at the beginning of the year	140,253	9,304	116,839	7,752
Cash and cash equivalents at the end of the year	₩ 136,625	₩ 140,253	\$ 113,816	\$ 116,839

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

NOTES TO FINANCIAL STATEMENTS, (Continued)

December 31, 2002 and 2001

1. The Company:

Daewoo International Corporation (the "Company") had been operating as part of Daewoo Corporation and was engaged in trading activities. The Company was incorporated on December 27, 2000 after it was split-off from Daewoo Corporation.

On March 23, 2001, the Company listed its shares on the Korean Stock Exchange. The par value of the Company's common stock outstanding as of December 31, 2002 amounted to ₩213,933 million.

As of December 31, 2002, the Company's major shareholder is Korea Asset Management Corporation (KAMCO), which owns 27.47% of the total outstanding shares. During 2002, the Company has issued shares by way of a debt to equity conversion.

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

2. Summary of Significant Accounting Policies:

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements in accordance with Financial Accounting Standards of the Republic of Korea are summarized 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 financial accounting standards generally accepted in the Republic of Korea. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position and results of operations, is not presented in the accompanying financial statements.

Basis of Financial Statement Presentation

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

Revenue Recognition

Revenues are recognized when merchandise and products 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 experience. The Company increases the allowance for doubtful accounts when the written-off receivables are collected. The Company also recognizes the difference between the present value of future cash flow and book value of receivables as bad debt expenses when the receivables are restructured by the Company through a work-out agreement, reorganization, and agreement between relevant parties.

Marketable and Investment Securities

The Company's securities held for short-term cash management purposes are classified as marketable securities and the other types of 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 for in current operations.

Other non-marketable investment securities are stated at cost. However, when the market value or net book value of such securities declines significantly compared to their acquisition cost and is not expected to recover, the securities are adjusted to the underlying net book value. Such difference between acquisition cost and the revalued amount is charged to current operations.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued:

Marketable and Investment Securities, Continued

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, finished goods, semi-finished goods, work in-process, raw materials, and supplies except for materials in-transit, which is stated at actual cost as determined by the specific identification basis.

Property, Plant and Equipment and Related Depreciation

Property, plant and equipment are stated at cost. Depreciation for buildings and structures is computed using the straight line method except for other property, plant and equipment, which are depreciated using declining balance method, based on the estimated useful lives of the assets as described below.

	Estimated Useful Lives
Buildings	20 - 54 years
Structures	15 - 40 years
Other property, plant and equipment	4 - 8 years

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 and Related Depreciation

The Company has previously used the half-year depreciation method but has adopted the monthly depreciation method in the current year to provide a better matching of revenues to related expenses. Depreciation expense for the current year is ₩ 901 million lower using the monthly depreciation method as compared to the half-year depreciation method.

Leases

The Company accounts for lease transactions as either operating leases or capital leases, depending on the terms of the underlying lease agreement. Machinery and equipment, acquired under capital lease agreements, are recorded at cost as property, plant and equipment, and depreciated using the declining-balance method over their estimated useful lives. In addition, the aggregate lease payments are recorded as obligations under capital leases, net of accrued interest. Accrued interest is amortized over the lease period using the effective interest rate method.

Machinery and equipment acquired under operating lease agreements are not included in property, plant and equipment. Rather, the related lease rentals are charged to expense when incurred.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

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.

	Estimated Useful Lives
Research and development costs	5 years
Mining rights	20 years
Other intangible assets	5-20 years

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

Discounts on Corporate Bonds

Discounts on corporate bonds are amortized using the effective interest rate method over the repayment term of the corporate bonds. Amortization of these discounts is included in interest expense.

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 which would be payable assuming all eligible employees were to terminate their employment as of the non-consolidated balance sheet date.

The Company has made deposits to the National Pension Fund in accordance with National Pension Funds Law. The use of the deposit is restricted to the payment of severance benefits. Accordingly, accrued severance benefits in the accompanying balance sheet are presented net of this deposit.

Accrued severance benefits are funded 100% as of December 31, 2002 through a severance insurance plan and are presented as deduction from accrued severance benefits. However, if the deposit exceeds accrued severance benefits, the Company classifies the excess deposit over the accrued severance benefits as a non-current asset.

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, and resulting translation gains or losses are recognized in current operations.

Present Value Discount

Receivables and payables arising from long-term instalment transactions, long-term cash loans or borrowings and other similar loans or borrowings are stated at present value if the difference between the nominal value and present value is material. Such differences are presented as present value discounts and are 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.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

2. Summary of Significant Accounting Policies, Continued:

Translation of Foreign Currency Financial Statements

Accounts of overseas business branches and offices 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 during the year and assets and liabilities are translated at the rate prevailing at 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.

Debt to be Converted to Equity

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

Accounting for Derivatives

Derivative financial instruments for trading or hedging purposes are valued at estimated market price and resulting unrealized gains or losses are recognized in current operations, except for the effective portion of derivative transactions entered into for the purpose of cash-flow hedges, which is recorded as an adjustment to shareholders' equity.

Income Taxes

The Company accounts for income taxes under the Financial Accounting Standards, which requires the recognition of deferred tax assets and liabilities arising from temporary differences between the financial and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be reversed or settled.

Application of the Statements of Korean Financial Accounting Standards

The Korean Accounting Standards Board ("KASB") has published a series of Statements of Korean Financial Accounting Standards ("SKFAS"), which will gradually replace the existing financial accounting standards established by the Korean Financial and Supervisory Board. SKFAS No. 2 through No. 9 became effective for the Company on January 1, 2003. The most significant of these statements for the Company is SKFAS No. 4, Revenue Recognition, which may have a material impact on the Company's results.

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, provided herein, represent supplementary information, solely for the convenience of the reader. All Won amounts are expressed in U.S. Dollars at the rate of ₩1,200.4 : US\$1, the basic rate in effect on December 31, 2002. Such presentation is not in accordance with generally accepted financial accounting standards in either the Republic of Korea or the United States, and should not be construed as a representation that the Won amounts shown could be converted, realized, or settled in U.S. Dollars at this or any other rate.

The 2001 U.S. Dollar amounts, which were previously expressed at ₩1,326.1:US\$1, the rate in effect on December 31, 2001, have been restated to reflect the exchange rate in effect on December 31, 2002.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

4. Restricted Bank Deposits:

Restricted bank deposits as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

	2002	2001
Short-term financial instruments		
Deposits in saving accounts	₩ 223	₩ -
Time deposits and others	8,297	11,494
	₩ 8,520	₩ 11,494
Long-term financial instruments		
Key money for checking accounts	₩ 18	₩ 14
Severance insurance deposit	457	-
	₩ 475	₩ 14
Severance insurance deposit	₩ 34,372	₩ 34,583

As of December 31, 2002, the creditors of Daewoo Corporation has placed a provisional attachment on the deposits in savings accounts of the Company amounting to ₩102 million, and an additional ₩121 million of deposits in saving accounts are restricted from withdrawal in connection with the issuance of performance bonds. Furthermore, ₩1,772 million of time deposits is restricted from withdrawal in relation to the business of the Masan department store, and ₩3,721 million and ₩2,804 million of time deposits are restricted from withdrawal in connection with the security of forward exchange transactions and the issuance of performance bonds, respectively.

Key money for checking accounts in long-term financial instruments is restricted for the maintenance of checking accounts, and severance insurance deposits can only be used for the benefit payments to retirees (refer to Note 2).

5. Inventories:

Inventories as of December 31, 2002 and 2001 are as follows (in millions of Korean Won)

	2002	2001
Merchandise	₩ 68,776	₩ 57,669
Finished goods	4,104	3,226
Work in-process	11,621	9,305
Raw materials	7,109	6,889
Supplies	409	381
Materials in-transit	933	3,291
Total	₩ 92,952	₩ 80,761

Inventories are insured against fire and other casualty losses up to ₩46,535 million and ₩44,269 million as of December 31, 2002 and 2001, respectively.

6. Marketable Securities and Investments Securities:

Marketable Securities

Marketable securities as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

	2002		2001	
	Before Valuation	Carrying Value (Fair Market Value)	Difference	Carrying Value
Equity securities	₩ -	₩ -	₩ -	₩ 4,872

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

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

6. Marketable Securities and Investments Securities, Continued:

Investment Securities

Investment securities as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

	2002	2001
Held-to-maturity bonds	₩ 1,328	₩ 1,555
Equity investments	6,845	12,251
Other investment securities	507,373	377,479
Total	₩ 515,556	₩ 391,285

Held-to-maturity bonds as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

	2002	2001
Government and Public bonds	₩ 1,338	₩ 1,555

Equity investments as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

Company	2002		2001	
	Acquisition cost	Carrying Value	Difference	Carrying Value
Stock Market Stabilization Fund	₩ 4,920	₩ 6,843	₩ 1,923	₩ 12,249
Nok-san Dyeing Association	2	2	-	2
	₩ 4,922	₩ 6,845	₩ 1,923	₩ 12,251

All equity investments are accounted for at their acquisition costs, except for the Korea Stock Market Stabilization Fund which is stated at its carrying value. The difference between the market value and the acquisition cost of the investment in the Korea Stock Market Stabilization Fund are charged to current operations.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

6. Marketable Securities and Investments Securities, Continued:

Marketable investment securities as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

Company	2002			2001		
	Number of Shares	Ownership (%)	Acquisition Cost	Carrying Value	Difference	Carrying Value
Keangnam Enterprises, Ltd.	-	-	₩ -	₩ -	₩ -	₩ 5
- Common Stock	-	-	-	-	-	-
Keangnam Enterprises, Ltd.	3,040,000	100.00	38,000	6,627	(31,373)	15,701
- Preferred Stock	-	-	-	-	-	-
Kumho Investment Bank	685,997	2.34	3,144	412	(2,732)	693
- Common Stock	-	-	-	-	-	-
DSME Co., Ltd.	-	-	-	-	-	10,976
- Common Stock	-	-	-	-	-	-
Daewoo Heavy Industry & Machinery Ltd.	-	-	-	-	-	3,076
- Common Stock	-	-	-	-	-	-
Segye Corp. - Common Stocks	-	-	-	-	-	2,403
Shinsung Tongsang Co., Ltd.	8,005	0.06	40	31	(9)	-
- Common Stock	-	-	-	-	-	-
Hussteel Co., Ltd.	67,053	1.36	182	361	179	734
- Common Stock	-	-	-	-	-	-
Partsnic Co., Ltd - Common Stock	-	-	-	-	-	1,372
Koram Bank - Common Stock	-	-	-	-	-	1,315
Beneficiary Securities	-	-	-	-	-	-
(Korea Investment Trust Management & Securities Co., Ltd.)	-	-	-	-	-	631
Beneficiary Securities	-	-	-	-	-	-
(Hyundai Investment & Securities Co., Ltd)	-	-	-	-	-	400
Beneficiary Securities	-	-	-	-	-	-
(Daehan Investment Trust Securities Co., Ltd)	1,750,000,000	-	1,750	-	(1,750)	-
			₩ 43,716	₩ 7,43	₩ (35,685)	₩ 37,306

Of the investment securities presented above, the fair values of the preferred stock of Keangnam Enterprises, Ltd. and Beneficiary Securities of Daehan Investment Trust Securities Co., Ltd. declined substantially, which is anticipated to be permanent; thus, the differences between the acquisition costs of these investment securities and the fair values are recorded as loss on impairment of investment securities in current operations amounting to ₩31,373 million and ₩1,750 million, in 2002 and 2001, respectively.

In addition, the Company disposed of its investments in the common stock of Keangnam Enterprise Ltd., DSME Co., Ltd., Daewoo Heavy Industry & Machinery Ltd., Segye Corp., Partsnic Co., Ltd., Koram Bank and the Beneficiary Securities of Korea Investment Trust Management & Securities Co., Ltd., Hyundai Investment & Securities Co., Ltd. in the current year.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

6. Marketable Securities and Investments Securities, Continued:

Non-marketable investment securities as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

Company	2002					2001
	Number of Shares	Ownership (%)	Acquisition Cost	Net Book Value	Carrying Value	Carrying Value
Daewoo Logistics Co., Ltd.	19,000	19.00	₩ 95	₩ 278	₩ 95	₩ 95
3Eye System Co., Ltd.	38,400	16.00	800	-	-	800
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	7.70	9,178	36,315	9,178	9,178
Hanil Daewoo Cement Mfg. Co., Ltd.	300,000	15.00	135	547	135	135
DW Vietnam Pharma. Co., Ltd.	-	8.30	343	320	343	343
Chemcross Com.Inc.	200,000	1.40	226	174	226	226
CJ Philippines Incorporation	109,200	10.00	349	804	349	349
Xian Xiyu Express Co., Ltd.	-	50.00	2,121	2,129	2,121	2,121
General Medicines Co.	1,665	33.00	262	2,030	262	262
Daewoo Dacom Communication Ltd.	8,370	31.00	250	432	250	250
Quingdao Puyoung Plastic Co., Ltd.	-	24.50	553	859	553	553
Daewoo commercial vehicle Co., Ltd., Daewoo Pomatics Co., Ltd.	-	-	8	8	8	-
VSC-Posco	-	8.00	34	-	-	34
Blue Nile Bank	-	10.00	1	1,701	1	1
Shandong Transportation Jiayu Express Co., Ltd.	-	-	-	-	-	354
Daewoo Motors Beneficiary Certificate	-	50.00	4,174	5,181	4,174	-
	-	-	792	792	792	-
			₩ 24,274	₩ 53,002	₩ 20,439	₩ 16,653

Of the investment securities presented above, the declines in the Company's proportionate ownership of the net book value of 3EYE System Co., Ltd. and Pomtics Co., Ltd. are anticipated to be permanent; therefore, the Company recorded it as loss on impairment of investment securities in current operations amounting to ₩835 million. On the other hand, although the Company's ownership interests in Xian Xiyu Express Co., Ltd., General Medicines Co., Daewoo Dacom Communication Ltd., and Quingdao Puyoung Plastic Co. Ltd., are more than 20%, the Company excludes these investments from the application of the equity method because the changes of the investment securities are insignificant.

In addition to the investment securities presented above, the Company has other investment securities, comprising investments in Nara Investment Bank, Institute for Social Development and Policy Research, Tezroc Co. Ltd., N.I.Co., Ltd., Daewoo (Thailand) Co., Daewoo Metal Australia Pty. Ltd., Daewoo Petroleum Australia Pty., Daewoo (Malaysia) Sdn Bhd, Daewoo Canada Ltd., whose acquisition costs were written off due to the negative book values of such investments. The declines in the Company's proportionate ownership of the underlying book value of these investees occurred prior to 2000 and the impairment losses were recorded during the same period. Furthermore, although the Company's ownership interests in Daewoo (Thailand) Co., Daewoo Metal Australia Pty. Ltd., Daewoo Petroleum Australia Pty., Daewoo (Malaysia) Sdn Bhd, Daewoo Canada Ltd. are more than 20%, the Company have not accounted for these investments under the equity method because the changes of investment securities are insignificant.

Continued >>

NOTES TO FINANCIAL STATEMENTS, (Continued)

December 31, 2002 and 2001

6. Marketable Securities and Investments Securities, Continued:

Equity method investments as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won) :

Company	Number of Shares	Ownership (%)	2002 Acquisition Cost	Net Book Value	Carrying Value	2001 Carrying Value
Kyobo Life Insurance Co., Ltd.	4,440,000	24.00	₩ 124,188	₩ 252,527	₩ 252,527	₩ 157,222
Daewoo Heavy Industries Yantai Co., Ltd.	-	20.00	-	2,084	2,084	-
Shanghai Jiaotong Dayu Express Co., Ltd.	-	50.00	4,160	8,258	8,258	8,173
Chengdu Chengyu Transportation Co., Ltd.	45,000,000	50.00	3,826	8,398	8,398	7,975
Myanmar Korea Timber International Ltd.	270	45.00	3,460	2,212	2,212	2,038
Kosvida Agrochemical Co., Ltd.	-	30.00	104	781	781	364
Shanghai Lansheng Daewoo Corporation	-	49.00	4,828	7,132	7,132	5,243
Hanjung Power Pty., Ltd.	16,455,224	49.00	-	(1,565)	-	378
Tainjin Jinwoo Transportation Co., Ltd.	-	50.00	3,587	3,681	3,681	2,342
Vogue Century Co., Ltd.	10,052,436	50.00	1,220	1,326	1,326	1,705
Daewoo International (America) Corporation	555,000	100.00	-	21,789	21,789	-
Daewoo International (Deutschland) GmbH.	-	100.00	2,496	2,350	2,350	-
Daewoo International (Japan) Corporation	4,700,000	100.00	4,809	4,751	4,751	-
Myanmar Daewoo International Ltd.	495	55.00	3,556	1,244	1,244	637
Daewoo El Salvador S.A. De C.V.	31,262	88.00	-	(950)	-	-
Daewoo Cement (Shandong) Co., Ltd.	-	100.00	37,422	86,547	86,547	72,042
Gezira Tannery Corporation	6,000	60.00	-	(1,703)	-	-
Daewoo (China) Co., Ltd.	-	100.00	15,099	24,808	24,808	21,932
Myanmar Daewoo Ltd.	2,826	100.00	976	4,062	4,062	4,624
Daewoo Textile Company	15,000	100.00	-	(64,218)	-	-
Suzhou Jinwoo Printing & Dyeing Co., Ltd.	-	84.06	5,204	4,004	4,004	4,721
Daewoo Paper Manufacturing Co., Ltd.	-	59.92	9,666	7,901	7,901	3,245
Daewoo Unitel Company	-	100.00	10,151	25,234	25,234	17,603
Daewoo Textile (H.K) Ltd.	780,000	100.00	-	(5,111)	-	-
Daewoo Pakistan Bus Service Co., Ltd.	7,516,764	100.00	2,175	3,351	3,351	2,535
Daewoo (Dalian) Bag & Tent Manufacturing Co., Ltd.	-	100.00	1,844	2,874	2,874	2,777
Daewoo Italia S.R.L.	2,040,000	100.00	2,119	(2,193)	-	-
PT Rismar Daewoo Apparel	35,260	88.15	-	2,635	2,635	415
Lansheng Daewoo Int'l Trading Co., Ltd.	-	49.00	299	518	518	307
Myanmar Daewoo Construction Machinery Co., Ltd.	-	55.00	465	(61)	-	202
Shanghai Engineering Equipment Co., Ltd.	-	70.00	2,069	976	976	1,809
Korea LNG	2,400	20.00	-	60	60	-
Total			₩ 243,723	₩ 403,702	₩ 479,503	₩ 318,289

On January 26, 2003, the Company entered into a stock disposal agreement with a company from China for the disposal of its investments in Shandong Transportation Jiyu Express Co., Ltd., which were accounted for under the equity method. As a result of the agreement, the Company has discontinued the use of the equity method of accounting for such investments as of December 31, 2002. The book value of these investments amounted to ₩4,174 million and ₩5,231 million as of December 31, 2002, and 2001, respectively. In addition, Daewoo Singapore Pte. Ltd. will be liquidated in 2003, so it was also not recorded under the equity method.

Of the investments securities presented above, the securities of Kyobo Life Insurance Co., Ltd., Daewoo Cement(Shandong) Co., Ltd., and Hanjung Power Pty., Ltd., whose book values, in aggregate, amount to ₩339,074 million, are pledged as collateral in relation to various borrowings(Note 11).

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

6. Marketable Securities and Investments Securities, Continued:

The details of the valuation of equity method investments for the years ended December 31, 2002 and 2001 are as follows:

Company	2002						2001
	Gain (Loss) on Valuation using Equity Method	Acquisition	Dividend/ Retained Earnings	Capital Surplus	Capital Adjustments	Carrying Value	Carrying Value
Kyobo Life Insurance Co., Ltd.	₩ 85,223	₩ -	₩ (3,350)	₩ -	₩ 13,432	₩ 252,527	₩ 157,222
Daewoo Heavy Industries Yantai Co., Ltd.	2,900	-	-	-	(816)	2,084	-
Shanghai Jiaotong Dayu Express Co., Ltd.	869	-	(250)	-	(534)	8,258	8,173
Chengdu Chengyu Transportation Co., Ltd.	1,256	-	(1,318)	-	485	8,398	7,975
Myanmar Korea Timber International Ltd.	481	-	-	-	(307)	2,212	2,038
Kosvida Agrochemical Co., Ltd.	553	-	-	-	(136)	781	364
Shanghai Lansheng Daewoo Corporation	2,636	-	(49)	-	(698)	7,132	5,243
Hanjung Power Pty., Ltd.	-	-	-	-	(378)	-	378
Tainjin Jinwoo Transportation Co., Ltd.	125	-	-	-	1,214	3,681	2,342
Vogue Century Co., Ltd.	133	-	-	-	(512)	1,326	1,705
Daewoo International (America) Corporation	23,001	-	-	-	(1,212)	21,789	-
Daewoo International (Deutschland) GmbH.	(302)	2,496	-	-	156	2,350	-
Daewoo International (Japan) Corporation	(110)	4,809	-	-	52	4,751	-
Myanmar Daewoo International Ltd.	583	-	(67)	-	91	1,244	637
Daewoo Cement (Shandong) Co., Ltd.	(37,394)	-	-	55,159	(3,260)	86,547	72,042
Daewoo (China) Co., Ltd.	462	-	-	-	2,414	24,808	21,932
Myanmar Daewoo Ltd.	(42)	-	-	-	(520)	4,062	4,624
Suzhou Jinwoo Printing & Dyeing Co., Ltd.	(663)	-	-	-	(54)	4,004	4,721
Daewoo Paper Manufacturing Co., Ltd.	5,117	-	(160)	-	(301)	7,901	3,245
Daewoo Unitel Company	9,694	-	-	-	(2,063)	25,234	17,603
Daewoo Pakistan Bus Service Co., Ltd.	1,734	-	(775)	-	(143)	3,351	2,535
Daewoo (Dalian) Bag & Tent Manufacturing Co., Ltd.	385	-	(123)	-	(165)	2,874	2,777
Daewoo Italia S.R.L.	-	-	-	-	-	-	-
PT Rismar Daewoo Apparel	(2,119)	2,119	-	-	-	-	-
Lansheng Daewoo Int'l Trading Co., Ltd.	2,099	-	(444)	-	565	2,635	415
Myanmar Daewoo Con-Machinery Co., Ltd.	238	-	(356)	-	329	518	307
Shanghai Engineering Equipment Co., Ltd.	(135)	-	-	-	(67)	-	202
Korea LNG	(668)	-	-	-	(165)	976	1,809
	5,110	-	(5,082)	-	32	60	-
Total	₩ 101,166	₩ 9,424	₩ (11,974)	₩ 55,159	₩ 7,439	₩ 479,503	₩ 318,289

7. Short-term Loans:

The Company has short-term loans, which primarily consist of housing loans for employees.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

8. Property, Plant and Equipment:

Property, plant and equipment as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

	2002	2001
Buildings	₩ 110,203	₩ 134,214
Structures	5,967	4,018
Machineries	55,447	53,070
Ships	60	60
Vehicles	3,656	3,493
Others	39,860	39,640
Construction in-progress	11,728	4,292
	226,921	238,787
Less: Accumulated depreciation	(99,765)	(91,212)
	127,156	147,575
Land	132,125	162,708
	₩ 259,281	₩ 310,283

At December 31, 2002, certain portions of the Company's property, plant and equipment are insured against fire and other casualty losses up to approximately ₩278,004 million.

At December 31, 2002 and 2001, the market price of land determined for tax purposes is ₩107,500 million and ₩131,498 million, respectively.

The Company wrote off the value of the tangible assets pertaining to its distribution business, which are under the disposition process, because the value impairment is anticipated to be permanent. Accordingly, the Company recorded ₩29,994 million as losses on the impairment of tangible assets for the year ended December 31, 2002.

9. Short-term Debts:

Short-term debts as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

	Interest Rate (%)	2002	2001
Short-term borrowings			
Bank overdraft	Korea First Bank and others 9.0 ~ 9.8	₩ 431	₩ 683
D/A Borrowings	Koram Bank and others 9.5 ~ 10.0	7,130	20,728
L/C Banker's Usance	Woori Bank and others -	18,158	15,098
Others	Korea Resources Corp. and Others 5.0	14	1,917
		₩ 25,733	₩ 38,426
Current portion of long-term debts	Present value discount	₩ 26,109	₩ 25,006
		(2,135)	(4,556)
		₩ 23,974	₩ 20,450

The Company's property, plant and equipment are pledged as collateral for the above borrowings (Note 11).

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

10. Long-term Liabilities:

Corporate Bonds

The following shows the details of the corporate bonds of the Company as of December 31, 2002, and 2001 (in millions of Korean Won):

	Interest Rate (%)	2002	2001
Corporate bonds	9.0	₩ 24,285	₩ -
Discount on bonds issued		(698)	-
		₩ 23,587	₩ -

The corporate bonds presented above were issued as a replacement of the long-term debts in accordance with the agreement with the creditors. In connection with these corporate bonds, the Company entered into a payment guarantee insurance contract with Seoul Guarantee Insurance Corporation.

Long-term Borrowings

Long-term debts as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

	Interest Rate (%)	2002	2001
Won currency debts			
Work-out debts from banks and others	9.0 ~ 12.0	₩ 510,414	₩ 668,147
Other Won currency debts	-	2,887	2,887
		513,301	671,034
Foreign currency debts			
Work-out debts from banks and others	3 M Libor ~ 3 M		
Other foreign currency debts	Libor+1.0	52,161	83,157
	5.0	5,673	6,268
		57,834	89,425
		571,135	760,459
Current portion of long-term debts		(1,621)	-
Present value discount		(104,654)	(138,295)
Total		₩ 464,860	₩ 622,164

The Company has pledged their investment securities and fixed assets as collateral for the above borrowings (Note 11).

Long-term Accrued Expenses

Long-term accrued expenses as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

	Creditor	2002	2001
Long-term accrued expense	Korea Asset Management Corp.	₩ 24,488	₩ 50,013
Current portion of long-term accrued expenses	Korea Asset Management Corp.	(24,488)	(25,006)
Present value discount		-	(1,854)
		₩ -	₩ 23,153

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

Payment Schedule

The annual payment schedule for the long-term debts outstanding as of December 31, 2002 are as follows (in millions of Korean Won):

	Corporate Bonds	Long-term debts(*)	Current portion of long-term debts	Total
2003. 1. 1 ~ 2003. 12. 31	₩ -	₩ 399,574	₩ 26,109	₩ 425,683
2004. 1. 1 ~ 2004. 12. 31	-	15,445	-	15,445
2005. 1. 1 ~ 2005. 12. 31	24,285	15,445	-	39,730
2006. 1. 1 ~ 2006. 12. 31	-	14,635	-	14,635
2007. 1. 1 ~ 2007. 12. 31	-	13,824	-	13,824
After 2008. 1. 1	-	110,591	-	110,591
	₩ 24,285	₩ 569,514	₩ 26,109	₩ 619,908

(*) Repayment of work-out debts amounting to ₩396,687 million which is deferred until December 31, 2003 is included. The repayment schedule will be determined in future.

II. Collateral and Surety Obligations:**Collateral for Liabilities**

The collaterals for short-term and long-term liabilities as of December 31, 2002 are as follows (in millions of Korean Won):

	Book value	Creditor
Stock		
Kyobo Life Insurance Co., Ltd	₩ 252,527	Korea Asset Management Corporation
Daewoo Cement (Shandong) Co., Ltd.	86,547	Export-Import Bank of Korea
Hanjung Power Pty., Ltd.	-	Doosan Heavy Industry Corporation
Deposit		
Time Deposits	5,630	Korea Development Bank and others
Total	₩ 344,704	

Additionally, the Company has pledged a Guaranty Insurance as collateral to Korea Resources Corp. and the mining right of the 8th mine in Peru as collateral for the debts used to finance the A-1 mine exploitation in Myanmar to Korea National Oil Corp. Security deposits of the Company amounting to ₩1,691 million was pledged as collateral in connection with the issuance of P-bonds for Societe Generale.

At December 31, 2002, the Company has pledged its buildings and land with a book value of ₩212,626 million as collateral for certain domestic bank loans.

Guaranty Obligations

The obligations of the Company as a payment guarantor as of December 31, 2002 are as follows (in thousands of USD, EUR, INR):

Creditor	Debtor	Amount	Expiration Year
Chungdo Bank	DAEWOO PAPER MANUFACTURING CO., LTD.	USD 3,500	2003
Export-Import Bank of Korea	DAEWOO CEMENT (SHANDONG) CO., LTD.	USD 57,179	2017
CAI	DAEWOO CEMENT (SHANDONG) CO., LTD.	EUR 41,431	2017
Export-Import Bank of Korea	HANJUNG POWER PTY. LTD.	USD 21,250	2011
Export-Import Bank of Korea	HANJUNG POWER PTY. LTD.	USD 5,786	2008
Woori Bank	SUZHOU JINWOO WEAVING PRINTING & DYEING	USD 4,500	2006
AMEX SEL	DMIL	INR 540,000	2006
KAMCO	Hainan Haiwoo Tin plate Industry Co., Ltd.	USD 10,000	2007
		USD 102,215	
		EUR 41,431	
		INR 540,000	

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

Guaranty Obligations, Continued:

All the principal debtors above are the Company's related parties except for India DMIL and Hainan Haiwoo Tin Plate Industry Co.(HHCC), and equity investment of ₩86,547 million in Daewoo (Shandong) Cement Co., Ltd. in China is pledged as collateral with regard to these guaranty obligations (Note 6).

12. Commitments and Contingencies:**Contingent liabilities carried over from Daewoo Corporation's liabilities prior to the split-off**

On July 22, 2000, Daewoo Corporation received approval from its shareholders to divide into three companies: 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, certain creditors who agreed with the split-off, entered into a work-out agreement dated March 15, 2000 and other creditors did not. Daewoo Corporation then 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 carried-over liabilities. However, some of creditors filed a legal suit against the Company for the cancellation of the split-off. Currently, the Company and Daewoo Engineering & Construction Co., Ltd. are holding negotiations with these creditors.

With regard to the probable claims on the liabilities from both agreeing and disagreeing creditors, the Company projected ₩138,181 million as the amount of contingent liabilities on the basis of the agreement proposal and all of the other information. The Company reflected this amount on the reserve for contingencies in the non-consolidated financial statements as follows (in millions of Korean Won):

Creditor		Debt Amount	Reserve Amount (*)
Domestic creditors	Doosan Inc. and others	₩ 223,437	₩ 919
Overseas creditors	AKA Bank and others	962,528	137,262
		₩ 1,185,965	₩ 138,181

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

In May 2002, IDBI, a creditor of Daewoo Motors India (DMIL), to which Daewoo Corporation provided a suretyship obligation, filed a lawsuit in the court of Delhi/Mumbai against DMIL to exercise the right to dispose of its assets and to settle the obligations. IDBI included the Company and Daewoo Engineering & Construction Co., Ltd in its suit. Additionally, EXIM India and ICICI Bank, creditors of DMIL, were involved in a subsequent suit to invalidate the split-off and AMEX Bank filed a subsequent suit for the reimbursement of guarantee deposits. Accordingly, the Company projected and reflected the amount in the contingent liabilities with regard to the probable loss from the obligations.

Additionally, Nara Investment Bank, Inc. and five other financial institutions, who participated in the work-out agreement, disagreed to an adjusted amount of the Company's debt. Nara Investment Bank, Inc. filed a lawsuit against the Company for the full return of their receivables, Daewoo Heavy Industries Co. Ltd., filed a lawsuit to invalidate the split-off, Daehan Investment Trust Securities Co., Ltd., filed a lawsuit for the reimbursement of notes payable, and the Company filed a complaint for the seizure of assets.

Furthermore, Daewoo Corporation's unfulfilled tax liabilities, prior to the split-off, should be carried over to the newly established entity under the Korean Tax Law.

Pending litigations

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.

The Company has 25 pending lawsuits as a defendant with an aggregate amount of claims of ₩211,419 million, USD 451 thousand and RS 4,451,835 thousand as of December 31, 2002.

The number of pending lawsuits that the Company is involved as a plaintiff as of December 31, 2002 is thirteen, and the total amount of claims involved is ₩130,473 million, USD 12,946 thousand and EUR 1,900 thousand.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

12. Commitments and Contingencies, Continued:**Covenant for Checking Accounts**

The Company has covenants that limit the overdraft with ChoHung Bank and others up to ₩23,168 million on the checking accounts, and the actual overdraft amount as of December 31, 2002 is ₩431 million. In addition, the 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 presents the L/C Negos and D/A Negos whose payments are not yet due (in thousands of foreign currency, in millions of Korean Won):

	L/C NEGO	D/A NEGO	FACTORING
AUD	-	1,371	-
CAD	11,587	3,055	-
EUR	2,561	5,173	-
JPY	4,369	2,164,587	-
USD	63,201	98,227	-
KRW	-	-	1,027

Operating lease

The Company entered into an operating lease contract for copy machines with Daewoo Minolta Corporation, and the lease payments for the current year amount to ₩53 million.

Borrowings Secured by a Deferred Payment from Exports

When the Company exports machinery or equipment, some of the sales are on an installment basis. The Company obtains financing from financial institutions which are secured by the future payment from overseas customers. On the other hand, the customer's bank guarantees the repayment of fund.

The Company has borrowed ₩24,414 million (USD 20,338 thousand) from the Export-Import Bank of Korea which are secured by customers' deferred payment. The Company is liable solely for the interest payment, and the customers are liable for the principal of the loan. The Company also purchased insurance from Korea Export Insurance Corporation in case of customer's default.

Covenants for Opening L/C

As of December 31, 2002, the Company has covenants with Korea First Bank and others regarding the opening of letters of credit (L/C) and other trading transactions as follows (in millions of Korean Won, in thousands of USD).

	BANK	Credit Line Amount
LOCAL L/C	Korea First Bank and others	₩ 249,009
L/C AT SIGHT	Korea First Bank and others	USD 116,442
L/C USANCE	Woori Bank and others	USD 37,720
D/A	Korea First Bank and others	USD 217,127
P-BOND	Korea First Bank and others	USD 73,202

Collateral

The Company has pledged 40 blank notes, as well as other notes in the aggregate amount of ₩7,643 million as collateral in case of the non-fulfillment of contracts.

Derivatives

The Company entered into various derivative contracts and commodity future contracts with Korea Development Bank, Tong Yang Futures Trading Inc. and other financial institutions to hedge foreign exchange risks as presented below.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

12. Commitments and Contingencies, Continued:

Derivatives, Continued:

(Currency Forwards)

Currency	Purchase	Currency	Sales	Contractual Exchange rate
CAD	1,110,000	USD	697,527	1,577
EUR	5,700,000	USD	5,911,200	0,9687~1,0480
JPY	276,000,000	USD	2,253,367	120,09~123,834
KRW	76,360,120,000	USD	62,600,000	1202,25~1253,6
	391,769	AUD	700,000	0,5597
	955,631	CAD	1,500,000	1,5632~1,5720
USD	15,040,460	EUR	14,900,000	0,9911~1,0299
	11,241,520	JPY	1,361,000,000	118,47~123,00
	3,100,000	KRW	3,705,770,000	1188,5~1200,4

(Commodity Futures)

			Contractual Amount (USD/ton, lot)	Quantity (ton, lot)
ALUMINUM	Purchase	USD	1,304,50 ~ 1,380,50	3,400 ton
ALUMINUM	Sale	USD	1,340,00 ~ 1,403,00	10,800 ton
COPPER	Purchase	USD	1,448,20 ~ 1,644,00	11,225 ton
COPPER	Sale	USD	1,457,00 ~ 1,641,93	17,975 ton
NICKEL	Purchase	USD	6,515,00 ~ 7,240,00	270 ton
NICKEL	Sale	USD	6,452,00 ~ 7,240,00	690 ton
ZINC	Sale	USD	771,01 ~ 800,61	425 ton
TIN	Purchase	USD	4,178,00 ~ 4,310,00	475 ton
TIN	Sale	USD	4,248,34 ~ 4,269,32	860 ton
LEAD	Purchase	USD	423,00 ~ 458,75	5,700 ton
LEAD	Sale	USD	430,25 ~ 470,00	3,450 ton
COTTON	Purchase	USD	40,07 ~ 51,30	220 lot
COTTON	Sale	USD	48,70 ~ 50,50	202 lot

During 2002, the Company recognized ₩2,151 million of gain on valuation of currency forwards contracts and ₩988 million of loss on valuation of currency forwards contracts. Additionally, the Company recognized ₩1,795 million of gain on valuation of commodity future contracts and ₩1,053 million of loss on valuation of commodity future contracts in 2002.

Disclosures Related to Economic Uncertainties

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

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

13. Work-out agreement:

The Company received a part of the restructured debt 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 and the details are as follows:

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:

	Secured debts	Unsecured debts
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 work-out agreement.

2nd Debt Restructuring

The following are the changes in the payment conditions on the borrowings:

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

The details of the debts converted to equity are as follows:

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

14. Accrued Severance Benefits:

Accrued severance benefits as of December 31, 2002 and 2001 comprise the following (in millions of Korean Won):

	2002	2001
Balance at the beginning of the year	₩ 37,808	₩ 39,167
Provision for severance benefits	7,052	7,600
Payment of severance benefits	(8,597)	(8,959)
	36,263	37,808
Cumulative deposits to the National Pension Fund	(1,891)	(2,364)
Severance insurance fund	(34,372)	34,583
Balance at the end of the year	₩ -	₩ 861

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

15. Shareholder's Equity:**Capital Stock**

As of December 31, 2002, the details of the Company's capital stock are as follows:

· Authorized shares	:	500,000,000 shares
· Par value	:	₩ 5,000
· Issued shares	:	42,786,519 shares of common stock

Also, the amount of equity which was swapped with liabilities during the year ended December 31, 2002 is as follows (in millions of Korean Won):

Date	Number of shares	Amount
2002. 6. 1	1,974,400	₩ 9,872
2002. 8. 13	4,760,000	23,800
	6,734,400	₩ 33,672

Debt-to-be-converted-to-equity

The changes of the debt to be converted to equity for the year ended December 31, 2002 are as follows (in millions of Korean Won):

Beginning Balance	Increase	Decrease	Ending Balance
₩ 117,232	₩ 3,730	₩ 32,385	₩ 88,577

The increased amount above resulted from an additional issuance of debt-to-be-converted-to-equity to Doosan Heavy Industry Corporation in the amount of ₩3,730 million. The decrease resulted from the following:

Some of the creditors of the Companies, Doosan Heavy Industry Corporation and four financial institutions, including Chohung Bank, converted their debt-to-be-converted-to-equity into common stock amounting to ₩22,386 million and ₩9,872 million, respectively.

Kyobo Life Insurance Co., Ltd. waived a portion of the payment obligation amounting to ₩100 million with regard to the debt-to-be-converted-to-equity.

The Company redeemed the debt-to-be-converted-to-equity held by Resolution Financial Institution amounting to ₩27 million in cash.

Treasury stock

The Company has 38,848 shares of treasury stock, which are the odd lots resulting from the re-issuance of stock in accordance with the split-off, and is planning to dispose these treasury stock by sale.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

16. Foreign Currency Assets and Liabilities:

Assets and liabilities dominated in foreign currencies as of December 31, 2002 are as follows (in millions of Korean Won):

	Foreign currency		Won currency
Cash and cash equivalents	USD	382,563.41	₩ 459
Short-term financial instruments	EUR	1,563,979.80	1,966
	USD	65,326,790.14	78,418
Trade accounts receivable	AUD	160,900.92	109
	CAD	527,436.00	401
	EUR	14,040,568.53	17,654
	IDR	11,544,725,410.00	1,550
	JPY	1,488,894,300.5	15,081
	USD	255,574,606.24	306,792
Other accounts receivable	USD	9,946,175.06	11,939
Advance payments	GBP	141,827.68	273
	JPY	240,000,000.00	2,431
	USD	33,609,995.82	40,345
Short-term loans	USD	159,001.15	191
Guarantee deposits	CHF	10,000.00	9
	EUR	30,000.00	38
	USD	1,827,980.01	2,194
Long-term accounts receivable	USD	34,809,494.49	41,785
			₩ 521,635
Trade accounts payable	AUD	40,170	₩ 27
	CAD	70,027.65	53
	EUR	14,815,450.3	18,628
	GBP	13,720.96	26
	IDR	11,544,725,282	1,550
	JPY	289,283,933	2,930
	USD	221,410,386.24	265,781
Other accounts payable	EUR	424,060.16	533
	GBP	1,085	2
	JPY	10,443,128	106
	USD	4,469,736.79	5,365
Accrued expenses	USD	270,605.76	325
Current portion of long-term debts	USD	2,561,644.51	3,075
	CHF	834.76	1
	MYR	46,312.56	15
	EUR	48,238.36	61
Long-term borrowings	USD	43,452,973.59	52,161
			₩ 850,639

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

17. Valuation at Present Value:

Valuation at Present Value of Payables

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

	Nominal gross amounts	Present value discounts	Net amounts
Long-term borrowings	₩ 569,515	₩ 104,655	₩ 464,860
Current portion of long-term debt	26,109	2,135	23,974
	₩ 595,624	₩ 106,790	₩ 488,834

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

Valuation at Present Value of Receivables

The Company stated its long-term accounts receivable and other receivables at present value, and recognized the differences from the nominal gross amounts as present value premiums (or discounts) in 2002. The detailed information are as follows (in millions of Korean Won):

	Union Cuba Petrolieo	Daewoo Cement (Shandong) Co., Ltd.
Effective interest rate	7.78%	6.18%
Nominal interest rate	Libor + 8%	Libor + 1%
Collection period	Installment collection from 2001 through 2003	Installment collection for 11 years, with a 4 -year grace period from 2003
Nominal Value (Book Value)	₩ 41,785	₩ 29,741
Present value premiums (discounts)	263	(7,842)
Present value	42,048	21,899

With regard to the receivables from Daewoo Motor Corporation, the Company obtained the debt-restructuring plan from Daewoo Motor Corporation, which includes some of these receivables that were converted into equity interest through the debt-restructuring plan.

18. Research and Development Cost:

Changes in research and development cost in 2002 are as follows (in millions of Korean Won) :

Beginning Balance	Increase	Amortization	Impairment loss	Ending balance
₩ 829	₩ -	₩ 453	₩ -	₩ 376

Continued >>

NOTES TO FINANCIAL STATEMENTS, (Continued)

December 31, 2002 and 2001

19. Income Taxes:

Income taxes for the year ended December 31, 2002 and 2001 are as follows (in millions of Korean Won):

	2002	2001
Current income taxes	₩ -	₩ -
Deferred income taxes	8,046	7,162
Income taxes expenses	₩ 8,046	₩ 7,162

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

	2002	2001
Ending deferred income tax assets	₩ (53,909)	₩ (78,358)
Beginning deferred income tax assets	78,358	85,520
Deferred income tax directly charged to equity	(16,403)	-
Changes in deferred income taxes	₩ 8,046	₩ 7,162

The changes in temporary differences and the related income tax effect for the year ended December 31, 2002 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	₩ 25,052	₩ (6,958)	₩ 18,094	₩ 5,374
Accrued severance benefit	33,215	(5,248)	27,967	8,306
Retirement insurance premiums	(33,215)	5,248	(27,967)	(8,306)
Accrued income	(932)	34	(898)	(266)
Amortization of present value discounts	(144,704)	37,915	(106,789)	(31,716)
Depreciation expense	1,491	395	1,886	560
Allowance for bad debt expense	100,610	(32,146)	68,464	20,333
Debt-equity swap (investment securities)	37,662	(29,798)	7,864	2,336
Others	303,849	(65,379)	238,470	57,288
	₩ 323,028	₩ (95,937)	₩ 227,091	₩ 53,909

The applicable statutory income tax rates for the years ended December 31, 2002 and 2001 are approximately 29.7%, including resident taxes. However, due to permanent differences, the Company's effective tax rates for 2002 and 2001 are approximately 9.3% and (-)7.8%, respectively.

Continued >>

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

20. Earnings (Loss) Per Share:

Basic and diluted earnings (loss) per share ("EPS") were calculated as follows (in thousands of Korean Won, except number of per share amounts):

Basic Earnings (Loss) Per Share

	2002	2001
Adjusted ordinary income (loss) (a)	₩ 64,376,843	₩ (194,712,796)
Net income (loss) (b)	₩ 78,410,607	₩ (98,967,514)
Weighted average number of shares (c)	42,453,315	36,022,211
Ordinary income (loss) per share (a÷c)	₩ 1,516	₩ (5,405)
Earnings (Loss) per share (b÷c)	₩ 1,847	₩ (2,747)

(c) The weighted average number of shares are computed as follows:

	Number of shares	Weight	Weight Number of shares
Beginning balance	36,013,271 (*)	365	13,144,843,915
Debt to equity (2002, 6. 1)	1,974,400	365	720,656,000
Debt to equity (2002, 8. 13)	4,080,000	365	1,489,200,000
Debt to equity (2002, 8. 13)	680,000	207	140,760,000
	42,747,671		15,495,459,915

(*) excluding 38,848 shares of treasury stock

The weighted number of shares of 15,495,459,915 shares is divided by 365 days to derive the weighted average number of shares of 42,453,315 shares.

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

20. Earnings (Loss) Per Share, Continued:

Diluted Earnings (Loss) Per Operation Income and Diluted Earnings (Loss) Per Share

The following shows the diluted operating income per share and diluted earnings per share as of December 31, 2002 (in thousands of Korean Won, except number of per shares):

Diluted EPS

	2002
Adjusted ordinary income (a)	₩ 64,376,843
Income available to common shares plus assumed conversion (b)	₩ 78,410,607
Weighted average number of common shares	42,453,315
Add: Effect of diluted shares	51,269,332
Adjusted weighted average shares (c)	93,722,647
Diluted ordinary income (loss) per share (a÷c)	₩ 687
Diluted earnings per share (b÷c)	₩ 837

The Company had deficit in the prior year, so the diluted loss per share was equal to the basic loss per share amounting to ₩2,747.

Debt-to-be-converted-to-equity recorded in capital adjustments will be converted into the Company's common stock. Accordingly, the effect of diluted shares is estimated under the assumption that the total outstanding balance of debt-to-converted-to-equity amounting to ₩88,577 million as of December 31, 2002 is converted into common stock at ₩5,000 per share.

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2002 and 2001

21. Related Parties Transactions:

Significant transactions with affiliated companies for the years ended December 31, 2002 and 2001 and the related account balances as of December 31, 2002 and 2001 are summarized as follows (in millions of Korean Won):

Companies	Revenues	Purchases	Receivables	Payables
KAMCO	₩ -	₩ -	₩ 683	₩ 318,712
Daewoo (Dalian) Bag and Tent Manufacturing Co., Ltd.	6,418	5,339	86	-
Daewoo Cement (Shandong) Co., Ltd.	18,240	13,354	30,791	926
Daewoo Corporation (Canada) Ltd.	3,473	-	716	-
Daewoo El Salvador S.A. De C.V	6,591	11,002	3,015	215
Daewoo Handels GmbH.	16,289	-	13,308	-
Daewoo International (America) Corp.	388,575	6,588	25,108	256
Daewoo International (Deutschland) GmbH.	-	445	-	391
Daewoo International (Japan) Corporation Ltd.	57,490	411	4,014	104
Daewoo Italia S.R.L.	7,457	3	133	-
Daewoo Paper Manufacturing Co., Ltd.	13,236	1	13,713	-
Daewoo Singapore Pte. Ltd.	126,883	158	198	-
Daewoo Textile (HK) Ltd.	2,393	-	2,254	2,596
Daewoo Textile Company	10,298	33,268	4,530	214
Daewoo Unitel Company Ltd.	-	-	9,867	-
General Medicines Company Ltd.	3,852	-	307	131
Gezira Tannery Corporation Ltd.	10,310	-	26	7
Hanjung Power Pty.	-	-	22	-
Kosvida Agrochemical Co., Ltd	237	-	-	-
Myanmar Daewoo International Limited	-	539	498	-
Myanmar Daewoo Limited	860	216	-	-
Myanmar Korea Timber International Ltd.	10,469	2,752	385	14
P.T. Rismar Daewoo Apparel	43,175	22,255	5,597	2,109
Shanghai Daewoo Engineering Equipment Co., Ltd.	-	50	-	-
Shanghai Lansheng Daewoo Corporation	25,632	23,486	5,002	2,788
Suzhou Jinwoo Weaving Printing & Dyeing Co., Ltd.	15,936	722	3,883	159
Total 2002	₩ 767,814	₩ 120,589	₩ 124,136	₩ 328,622
Total 2001	₩ 695,458	₩ 328,747	₩ 147,161	₩ 17,200

Among the related party companies, Daewoo International America Corp. petitioned for Chapter 11 in accordance with the U.S. Bankruptcy Act to the courts in the U.S. on March 17, 2001. On March 20, 2001, the creditor committee and the court approved the term sheet containing the plan of reorganization that allowed it to transfer a majority of its assets to the trusts that are in charge of redeeming its debts. The reorganization procedure was completed on March 25, 2002 after the creditors committee finalized all other issues.

In addition, Daewoo Handels GmbH filed for bankruptcy to the court in Germany on May 31, 2001, and the liquidation procedure began on September 1, 2001. In addition, the creditors' committee approved the liquidation plan on January 29, 2002. With the remaining assets after the liquidation, Daewoo International Deutschland Corporation was incorporated and started its business on April 16, 2002. The Company acquired a 100% ownership interest in Daewoo International Deutschland Corporation on May 2, 2002.

DWJ Corporation filed for court receivership to the court on June 28, 2002, and obtained an approval from the courts on July 4, 2002. During the process of the court receivership, DWJ Corporation incorporated a new company in October 2002, and transferred a portion of its assets to the new company. As of December 31, 2002, the DWJ Corporation is in the process of liquidation.

NOTES TO FINANCIAL STATEMENTS

December 31, 2002 and 2001

22. Segment Information:

Industry Segments

The details of information by industry segment in 2002 and 2001 are follows (in millions of Korean Won) :

	Trading		Manufacturing		Retail (Department Store)		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
Sales	₩ 6,074,563	₩ 6,009,065	₩ 181,051	₩ 180,509	₩ 151,805	₩ 158,742	₩ 6,407,419	₩ 6,348,316
Operating income	₩ 68,054	₩ 86,122	₩ 12,499	₩ 12,808	₩ 1,538	₩ 4,483	₩ 82,091	₩ 103,413
Fixed assets								
Property, plant and equipment	₩ 48,617	₩ 69,650	₩ 204,221	₩ 199,399	₩ 106,208	₩ 132,446	₩ 359,046	₩ 401,495
Intangible assets	31,610	35,927	5	13	7	10	31,622	35,950
Total	₩ 80,227	₩ 105,577	₩ 204,226	₩ 199,412	₩ 106,215	₩ 132,456	₩ 390,668	₩ 437,445
Depreciation (PP&E)	₩ 1,954	₩ 2,645	₩ 5,228	₩ 6,203	₩ 3,013	₩ 4,614	₩ 10,195	₩ 13,462
Amortization (Intangible asset)	3,500	3,232	8	24	3	2	3,511	3,258
Total	₩ 5,454	₩ 5,877	₩ 5,236	₩ 6,277	₩ 3,016	₩ 4,616	₩ 13,706	₩ 16,720

Geographical Segments

The information by geographical segment is as follows (in millions of Korean Won) :

	Asia/Africa/Oceania	North America	South America	Europe/Russia	Domestic	Total
Sales	₩ 3,567,776	₩ 732,645	₩ 198,558	₩ 1,216,074	₩ 692,366	₩ 6,407,419

23. Reclassification of Prior Year Amounts

Certain amounts in the 2001 non-consolidated financial statements have been reclassified to conform to the 2002 presentation. These reclassifications have had no effect on previously reported net loss or accumulated deficit.



Overseas Network

- Representative office
- Trading Subsidiaries
- Production & Service Subsidiaries

North America

Toronto

Daewoo International Corp, Toronto Branch,
Suite #403, 1500 Don Mills Road,
North York, Ontario Canada, M3B 3K4

TEL : 1-416)510-2886
FAX : 1-416)510-0908

Mexico

Daewoo International corporation,
Mexico
Bosques De Ciruelos No.130-5 Piso
Col.Bosques De Las Lomas
C.P.11700 Mexico D.F. Mexico

TEL : 52-555)596-5757,4243
596-8251,6139
FAX : 52-555)596-1585

Central & South America

Buenos Aires

Daewoo International Corp. Sucursal
Buenos Aires
Talcahuano 833, Piso 7 - F (C1013AAQ)
Cap. Fed. Buenos Aires, Argentina

TEL : 54-11)4816-3201
FAX : 54-11)4815-1158

Sao Paulo

Daewoo do Brasil Imp.E Exp.Ltda
(Daewoo International Corp. Sao Paulo Branch)
Av. Paulista 777, 13 andar
CEP-01311-100, Sao Paulo-S.P, Brasil

TEL : 55-11)3285-5699
FAX : 55-11)3266-4125

Europe, Russia, Central Asia

London

Daewoo Int'l London Branch Office
Missing Link House, 3 Eastbury Road,
Northwood, Middlesex, HA6 3AB,
United Kingdom

TEL : 44-1923-845-210
FAX : 44-1923-833-487

Warsaw

Daewoo International Corporation
Warsaw Office
ul. Wspolna 62. Room No. 260
00-684, Warsaw, Poland

TEL : 48-22)627-1627
FAX : 48-22)627-1625

Amsterdam

Daewoo International Corp. Amsterdam Branch
L'Arche Bleue B/D, 1st FL.
Overschiestraat 180,
1062 XK, Amsterdam, the Netherlands

TEL : 31-20)6178105
FAX : 31-20)6178125

Madrid

Daewoo International Corp.
(Oficina en Madrid)
Capitan Haya,56, 6Floor-D,
28020 Madrid, Spain

TEL : 34-91)571-0563/2533
FAX : 34-91)571-6827,570-9774

Istanbul

Daewoo International Corp.
Istanbul Office
Setustu Inebolu Sokak No:15 Kat 4
D.9 Kabatas Istanbul Turkey

TEL : 90-212)293-2315
FAX : 90-212)293-2318

Moscow

Daewoo Intl Corp. Moscow Office
Hotel Salyut Korean Business Center 3F,
Office 303,
Leninsky prospect 158, Moscow, 117571,
Russia

TEL: 7-095)234-9242/9244
FAX: 7-095)234-9249

Tashkent

Daewoo International Corp. Tashkent Office
4th Floor,1,Bukhara Street,
Tashkent,700015, Uzbekistan

TEL : 998-71) 133-0111, 133-0311,
133-5679, 133-2440
FAX : 998-71) 133-2114

Middle East & Africa

Tehran

Daewoo Intl Corp. Tehran Branch
No.27, Reza Nayeby St.,
Vessal Shirazi Ave.
P.O.Box 14155-3531, Tehran, Iran.

TEL : 98-21)646-3571~7
TLX : 215705 DNTX IR
FAX : 98-21)646-9805,649-2057

Dubai

Daewoo(GULF)
P.O.BOX 8090
Flat No.221 Oud Metha Bldg.
Al Garhoud Road, Dubai, U.A.E.

TEL : 971-4)324-8240
FAX : 971-4)324-8241

Tel Aviv

Daewoo Intl Corp. Tel Aviv Office
Floor 12th, Aviv Tower Bldg. A
48Petach Tikva Road.
Tel Aviv 66184, Israel

TEL : 972-3)537-2292
FAX : 972-3)537-2286

Riyadh

Al-Bab care of Daewoo
King Faisal Foundation Bldg.
South Tower, 8th floor
P.O.Box 89644, Riyadh 11692
Saudi Arabia

TEL : 966-1)462-4862
FAX : 966-1)464-6814

Amman

Daewoo Intl Corp. Amman Office
Qateef Str., House # 24
UMM OTHAINA, Amman, Jordan

TEL : 962-6)553-6451~2
FAX : 962-6)553-6453

Representative
Office

Middle East & Africa

Baghdad

No. 10 Street, 29 QT, 601
Mansur, Baghdad, Iraq

TEL : 964-1)543-1663,5701
FAX : 964-1)542-9258

CAIRO

Daewoo Intl Corp.
Cairo Liaison Office
FLAT No. 64, GEZIRAH TOWER 1,
ROAD No. 151, MAADL
CAIRO, EGYPT

TEL : 20-2)525-6012, 524-0810
524-8223
FAX : 20-2)525-6015

Nairobi

Daewoo International Corp.
Nairobi Branch
International House 5th Floor,
Mama Ngina Street P.O.Box 43739
G.P.O Nairobi Kenya

TEL : 254-2)316108,316109
FAX : 254-2)316135

Rabat

Daewoo Intl Corporation
Rabat Branch
Angle Rue de Honaine et 16 Novembre
Imm 2, Apt 11
Agdal, B.P 8153
Rabat, Morocco

TEL : 212-37)674509
FAX : 212-37)674510

Algeria

Daewoo Intl Corporation
Algeria Branch
Hotel Intenational Alger, Room #1120
Pins Maritimes, Alger
Algeria

TEL : 213-21)210752
FAX : 213-21)219796

Tunis

Daewoo Intl Corporation
Tunis Office
Chez SOREPRAS
92, Rue 18, Janvier 1952
1001 Tunis, Tunisia

TEL : 216-71)334051
FAX : 216-71)334051

Lagos

Daewoo Global Nigeria Ltd.
FLAT No. 6, Plot 1610,
Adeola Hopewell Street,
Victoria Island, Lagos, Nigeria

TEL : 234-1)262-2111
234-1)261-9116, 0277
FAX : 234-1)270-5287

Johannesburg

Daewoo Intl Corp.
Johannesburg Branch
1st Floor, Fedsure Towers
13 Fredman drive Sandown,
Sandton 2196
Republic of South Africa
P.O.BOX 786734 Santon 2146 SA

TEL : 27-11)784-1326
FAX : 27-11)784-1301

Luanda

Daewoo Int'l Corp. Luanda Office
Rua Major Kanhangulo
No.290/4 Andar Esta Apto No 43,
Luanda, Angola

TEL : 244-2)390532,333592
FAX : 244-2)390533,3904448

Asia

Beijing

Daewoo Intl Corp. Beijing
Representative Office
Office C-701,
Beijing Lufthansa Center
50 Liangmaqiao Road,
Chaoyang District
Beijing 100016, China

TEL : 86-10)6465-2226
FAX : 86-10)6465-1531, 1532

Shanghai

Daewoo Shanghai Office
Room 1303-1309
Ruijin B/D 205, Mao-Ming Road
(South), Shanghai, China

TEL : 86-21)6472-4280
FAX : 86-21)6472-0437

Dalian

Daewoo International Corp.
Dalian Office
Dalian World Trade Center Room 2602
No.25 Tongxing Street, Zhongshan
District, Dalian, China
Postal Code No. : 116001

TEL : 86-411)253-0808; 253-8070
86-411)253-0871
FAX : 86-411)253-0070

Harbin

Daewoo Harbin Office
Harbin Baoli Technical Building
#810 No. 93 Zhongshan Road,
Xiangfang District, Harbin,
Heilongjiang Province, China
Postal Code No.:150036

TEL : 86-451)233-0434,0466,6431
FAX : 86-451)233-0264

Changchun

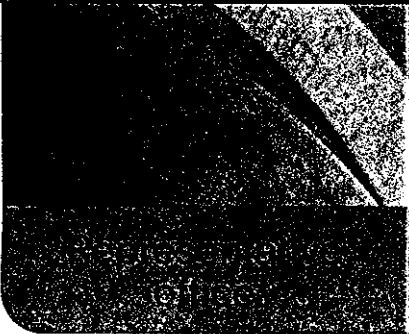
Daewoo Changchun Office
Noble Hotel Room.818
No.135 Renmin Street, Changchun,
Jilin Province, China
Postal Code No.:130021

TEL : 86-431)562-2888 EXT.2818
567-4753,563-0676
FAX : 86-431)567-4759

Shenyang

Daewoo Shenyang Office
Shenyang Times Plaza 6 Fl.
No.99 Beizhan Road, Shenhe District,
Shenyang, Liaoning Province, China

TEL : 86-24)2253-4496
FAX : 86-24)2253-4529



Asia

Qingdao

Daewoo Intl Corp. Qingdao Office
#703, FuTai Plaza Office Tower,
No. 18 Hongkong Zhong Road,
Qingdao China

TEL : 86-532)573-1688/8788
FAX : 86-532)572-7588

Wuhan

Daewoo Intl Corp. Wuhan Branch
#701 Wuhan Int'l Trade Commerce
Center. No. 566, JianShe Ave,
Wuhan China, 430022

TEL : 86-27)8577-0993
FAX : 86-27)8577-0992

Guangzhou

Daewoo Intl Corp.
Guangzhou Representative
Office Room 1301, Gitic Plaza Main
Bldg. 339 Huanshi Dong Road,
Guangzhou, China

TEL : 86-20)8331-1371
FAX : 86-20)8331-2789
86-20)8330-0267

Kunming

Daewoo Intl Corp. Kunming Office
Room 915 Horizon Jianguo Hotel,
432 Qingnian Road, Kunming,
650021 Yunnan, China

TEL : 86-871)318-3373
FAX : 86-871)318-0371

Shantou

Daewoo International Corp.
Shantou Representative Office
B/18F Evergreen Building,
East Jinsha Road, Shantou, China

TEL : 86-754)816-3442~4, 816-9536
FAX : 86-754)816-3445, 816-9535

Hong Kong

Daewoo International Corporation
Hong Kong Representative Office
Suite No.4, 8/F., Sino Plaza
255-257 Gloucester Road
Causeway Bay, Hong Kong

TEL : 852)2915-6109
FAX : 852)2577-2134, 3204

Taiwan

Daewoo International Corp.
Taiwan Branch
8FL-1, NO.51 KEELUNG RD., SEC2,
TAIPEI TAIWAN

TEL : 886-2)8732-5557 (REP)
FAX : 886-2)8732-5537, 5856~7

Sydney

Daewoo International Corporation
Australia Representative Office.
Suite 2, Level 4
621 Pacific Highway
St. Leonards, NSW 2065, Australia.

TEL : 61-2)9906-7355
FAX : 61-2)9906-7588

Dhaka

Daewoo (Bangladesh) Co. Ltd.
BRAC Center(7 th Floor)
75, Mohakhali C/A, Dhaka-1212.
Dhaka, Bangladesh

TEL : 880-2)9881316-21,9882174
FAX : 880-2)8829484, 9882173

Manila

Daewoo International Corporation
Manila Representative Office
5th Floor, Pacific Star Bldg.,
Sen. Gil J. Puyat Avenue Cor.
Makati Avenue, Makati City.
Philippines

TEL : 63-2)818-1031/1032
FAX : 63-2)817-5267

Hanoi

Daewoo Intl Corp. Hanoi Office
3rd Floor, Office Tower,
Daeha Business Center,
360 Kim Ma St., Ba Dinh Dist.
Hanoi, S.R.Vietnam

Tel : 84-4)8315220~3, 5
Fax : 84-4)8317889

HoChiMinh

Daewoo Intl Corp. HoChiMinh Office
117-121 Le Loi St. 1st floor,
Dist.1, HoChiMinh City, S.R.Vietnam

TEL : 84-8)821-7740
FAX : 84-8)821-7750

Bangkok

Daewoo Intl Corporation
UNIT 1901-1902, M.Thai Tower,
All Seasons Place, 87 Wireless Road,
Lumpini, Pathumwan, Bangkok 10330,
Thailand

TEL : 66-2)654-0124~8
FAX : 66-2)654-0129, 0134

Kuala Lumpur

Daewoo (M) Sdn Bhd
Suite 308, 3rd Floor, Kenanga
International,
Jalan Sultan Ismail, 50250
Kuala Lumpur, Malaysia

TEL : 60-3)2161-8033
FAX : 60-3)2161-5790

Jakarta

Daewoo Intl Corp. Jakarta Branch
Lippo Plaza 7th Floor
Jl. Jend. Sudirman Kav 25
Jakarta 12920 Indonesia
P.O.Box 2810

TEL : 62-21)520-4520
FAX : 62-21)520-3478

New Delhi

Daewoo International Corp.
New Delhi Branch
4/6 First Floor,
Sirifort Institutional Area,
New Delhi-110049, India

TEL : 91-11)2649-8201~3
91-11)2649-0281~6
FAX : 91-11)2649-5387/2649-4792

Trading Subsidiaries

New Jersey (Daewoo America H.Q.)

Daewoo Int'l (America) Corp.
85 Challenger Road
Ridgefield Park, NJ 07660-2114
TEL : 1-201)229-4500
FAX : 1-201)229-4538

Detroit

Daewoo International (America) Corp.
2855 Coolidge hwy, Suite 224
Troy, MI 48084, U.S.A.

TEL : 1-248)649-0003
FAX : 1-248)649-0130

L. A

Daewoo International (America) Corp.
14848 East Northam Street
La Mirada, CA 90638 U.S.A.

TEL : 1-714)228-8800
FAX : 1-714)228-8884~5

Deutschland

Daewoo International (Deutschland)
GmbH
Im Atzelnest 3, 61352 Bad Homburg,
Germany
Postfach 1325,
61352 Bad Homburg, Germany

TEL : 49-6172)27959~0
FAX : 49-6172)27959-99

Milano

Daewoo Italia S.r.l.
Centro Direzionale Colleoni
Palazzo Liocorno (A3) Via Paracelso 6
20041 Agrate Brianza (MI), Italia

TEL : 39-039) 6411-61
FAX : 39-039) 6091-887

Singapore

Daewoo Singapore Pte Ltd
7 Temasek Boulevard # 26-03
Suntec Tower One
Singapore 038987

TEL : 65)6332-3700
FAX : 65)6336-6960, 6336-5301

Myanmar

Myanmar Daewoo Ltd.
No.22 Yaw Mingyi Road, Dagon
Township, Yangon, MYANMAR

TEL : 95-1)379120~1, 379123~4
FAX : 95-1)379117~9, 379127, 253037

Tokyo (Daewoo International Japan H.Q.)

Daewoo International Japan Corp.,Ltd
18F, AKASAKA TWIN TOWER,
17-22 Akasaka 2-Chome, Minato-Ku,
Tokyo, 107-0052 Japan

TEL : 81-3)3224-7121
FAX : 81-3)3224-7170

Osaka

Daewoo International Japan Corp.,Ltd
Osaka Br.
NIHON SEIMEI YODOYABASHI BLDG, 8TH
Fl.
5-29, 3-Chome, Kitahama, Chuo-Ku,
Osaka, 541-0041 Japan

TEL:81-6)6222-0848~9
FAX:81-6)6222-0865

Nagoya

Daewoo International Japan Corp.,Ltd
Nagoya Br.
6F NAGOYA HIROKOJI Bldg
3-1,Sakae 2Chome, Naka-Ku.
Nagoya, 460-0008 Japan

TEL : 81-52)222-3717
FAX : 81-52)222-3719

DCH (Daewoo China Holding)

DAEWOO(CHINA) CO., LTD.
Office C-701, Beijing Lufthansa
Center No. 50 Liangmaqiao Road,
Chaoyang District
Beijing 100016, China

TEL : 86-10)6465-2226
FAX : 86-10)6465-1531,1532

Shanghai

Shanghai Lansheng Daewoo Corp.
30F., Lansheng Building,
8 Huai-Hai Road(M),
Shanghai China

TEL : 86-21)6319-0088
FAX : 86-21)6319-0099

Shanghai WaiGaoQiao Free Trade Zone

Lansheng Daewoo
International Trading Co., Ltd.

TEL : 86-21)6319-0088
FAX : 86-21)6319-0099



Paper

DAEWOO PAPER MANUFACTURING CO., LTD.

No.8, Gunghua St., Yangming District,
Mudanjiang City, Heilongjiang Prov.,
China

TEL : 86-453)632-3105/5701
FAX : 86-453)633-3578

TIANJIN DAEWOO PAPER MFG. CO., LTD.

No.2, Nujiang Road, Chentangzhuang
Industrial Zone, Hexi Dist. Tianjin City,
P.R.C.

TEL : 86-22)2811-5500 / 2817-5489
FAX : 86-22)2811-7618

Cement

Daewoo Cement (Shandong) Co., Ltd

Sishui country, Jining City,
Shandong Prov.
273200, China

TEL : 86-537)4224-771
FAX : 86-537)4275-771

Transportation Service

CHENGDU CHENGYU TRANSPORTATION CO., LTD.

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FAX : 86-28)8471-8077

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Shaanxi Province, PRC

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FAX : 86-29)441-5730

SHANGHAI JIAOTONG DAYU EXPRESS CO., LTD.

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FAX : 86-21)6408-4697

TIANJIN JINWOO TRANSPORTATION CO., LTD.

TEL : 86-222)661-6402
FAX : 86-222)661-5958

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TEL : 86-25)547-7481
FAX : 86-25)547-7464

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231, Ferozepur Road, Near Kalma
Chowk, Lahore Pakistan

TEL : 92-42-111007-006
92-42-588-3682~5
FAX : 92-42-588-4021

Textiles

Daewoo El Salvador S.A De C.V

KM25 1/2 CARRETERA A SONSONATE,
LOURDES COLON DEPTO LA LIBERTAD,
EL SALVADOR

TEL : 503)338-4037/4038/4039/5200
FAX : 503)338-5223

Daewoo Textile Company.

713746 Tashlak Village, Fergana,
Uzbekistan

TEL : 998-732-330911~15
FAX : 998-732-33-8111,33-8020

Daewoo Textile (H.K) Ltd.

17TH FLOOR, 100 CANTON ROAD,
TSIM SHA TSUI, KOWLOON, HONG KONG

TEL : 852)2377-1782 / 1785
FAX : 852)2377-2418/ 2894

Myanmar Daewoo International Ltd.

Yangon Pyay Road.
Pyinmabin, Mingalardon T/S.
Yangon, Myanmar

TEL : 95-1)600206, 600068~9
FAX : 95-1)600144

P. T RISMAR DAEWOO APPAREL

KAWASAN BERIKAT NUSANTARA BLOK
E3

3L RAYA, CAKUNG CILINCING,
JAKARTA 14140, INDONESIA

TEL : 62-21)440-4290
FAX : 62-21)440-4291/4483-0419

Gezira Tannery Corporation Ltd.

P.O. Box 49 Wad Medani, Sudan
* Kartoum Office
Plot No. 21 Block 2 Mogran
P.O. Box 607 Khartoum, Sudan

TEL : 249 - 11)780915
FAX : 249 - 11)780690

DAEWOO (DALIAN) BAG & TENT MANUFACTURING CO., LTD.

No.1, BLD. HuaTong Industry Garden,
Harbin Road Dalian Economic &
Technical Development Zone,
116600, Dalian, Liaoning, China

TEL : 86-411)765-4576, 3273
FAX : 86-411)765-4577

SUZHOU JINWOO WEAVING, PRINTING & DYEING CO., LTD

- Printing & Dyeing Mill Add :
Caihong Bridge Nanhuan Road,
Suzhou City Jiangsu Province, China
- Weaving Mill Add : Qingshi Road,
Hengshan Hengtang Suzhou City,
Jiangsu Province, China

TEL : 86-512)6562-0335
FAX : 86-512)6562-1659, 6519-0632

Suzhou Office

Room2305, International Trading
Building, No.6 XiHuan Road,
Suzhou City Jiangsu, China

TEL : 86-512)6866-5661
FAX : 86-512)6828-8603

Telecommunication

Daewoo Unitel Company
1, Bukhara St, Tashkent, 700015,
Uzbekistan

TEL : 998-71)133-3330
FAX : 998-71)132-0404
998-71)132-1221

Electronics Marketing

DAYTEK ELECTONICS CORP.
1488 Cliveden Ave.
Delta, British Columbia, V3M 6L9, Canada

TEL: 1-604)523-6321
FAX: 1-604)523-6322

Toronto Office
#10-3115 14th Ave.
Markham, Ontario, L3R 0H1, Canada

TEL: 1-905)940-1128
FAX: 1-905)940-1129

Steel

**HAINAN HAIWOO TIN PLATE
INDUSTRY CO., LTD.**
NO.69 SHUGANG AVE. HAIKOU
CITY, HAINAN PROVINCE, CHINA.

TEL : 86-898)6891-0522,1440
86-898)6892-1443
FAX : 86-898)6891-6505,1454

**VSC-POSCO STEEL
CORPORATION**
AN HANG VILLAGE, HONG BANG DIST
HAIPHONG, VIETAM

TEL : 84-31)870123,50124
FAX : 84-31)850123

Others

**General Medicines
Company Ltd.**
* Head Office
Plot No. 21 Block 2 Mogran
P.O. Box 607 Khartoum, Sudan

TEL : 249 -11)778459
FAX : 249 -11)766577

**Myanmar Daewoo
Construction Machinery
Co., LTD.**
No.231 Thanlayatswun Road,
Botataung Township, Yangon, MYANMAR

TEL : 95-1)291236-7
FAX : 95-1)200918

**SHANGHAI DAEWOO
ENGINEERING
EQUIPMENT CO., LTD**
NO.100 XIYANG RD. HEQING PUDONG
NEW DISTRICT SHANGHAI P.R.C.
POST CODE : 201201

TEL : 86-21)5897-1114
FAX : 86-21)5897-0799

**Myanmar Korea Timber
International Ltd.**
(HQ) NO.22 Yaw Min Gyi Road, Dagon
Township, Yangon, Myanmar
(FAC) Swa, Pegu Division, Myanmar

TEL : 95-1)379426~9, 379423
FAX : 95-1)379430

**KOSVIDA AGROCHEMICAL
CO., LTD.**
138 BINH AN VILLAGE, THUAN AN
DISTRICT, SONG BE PROVINCE,
S.R. VIETNAM

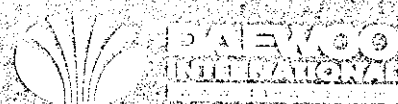
TEL : 84-65)851648
FAX : 84-65)851644

CJ PHILIPPINES, INC.
BRGY, SAMPALOC. SAN RAFAEL
BULACAN, PHILIPPINES

TEL : 63 44)673-3541
FAX : 63 44)673-3549

Hanjung Power Ltd.
P.O.Box 2803 Boroko, N.C.D
Port Moresby, Papua New Guinea

TEL : 675)321-2932,7625
FAX : 675)321-2984



G.P.O.BOX 2810 Seoul, Korea TEL: 82-2-759-2114 FAX: 82-2-753-9789