

2009
Hyosung
Financial Statements

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REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Directors of Hyosung Corporation

We have audited the accompanying consolidated statements of financial position of Hyosung Corporation and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, expressed in Korean won. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Nautilus Hyosung Inc. and certain other consolidated subsidiaries, whose financial statements represent 26.53% and 25.20% of the Company's consolidated total assets, before elimination of intercompany transactions, as of December 31, 2009 and 2008, and 13.28% and 15.99% of the Company's consolidated total sales, before elimination of intercompany transactions, for the years then ended. These statements were audited by other auditors whose reports have been furnished us and our opinion, insofar as it relates to the amounts included for Nautilus Hyosung Inc. and certain other consolidated subsidiaries is based solely on the reports of the other auditors.

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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hyosung Corporation and subsidiaries as of December 31, 2009 and 2008, and the results of their operations, the changes in its shareholders' equity and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of Korea.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying consolidated financial statements are not intended to present the financial position, results of operations, changes in shareholders' equity 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 consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated financial statements are for use by those who are informed about Korean accounting principles or auditing standards and their application in practice.

Seoul, Korea
March 31, 2010



This report is effective as March 31, 2010, 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 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.

HYOSUNG CORPORATION

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Years ended December 31, 2009 and 2008
(In millions of Korean won)

Assets	2009	2008
Current assets		
Cash and cash equivalents	30,919	145,550
Short-term financial instruments	37,000	-
Short-term loans receivable	13,293	17,396
Short-term available-for-sale securities	4,365	2,490
Trade accounts receivable, net	637,849	533,624
Other accounts receivable, net	32,075	39,869
Accrued income	2,544	2,367
Advance payments	189,944	83,787
Prepaid expenses	8,582	6,508
Derivatives	16,949	3,614
Current deferred income tax assets	21,976	94,732
Inventories, net	470,877	508,850
Total current assets	1,466,373	1,438,787
Long-term financial instruments	318	50
Available-for-sale securities	106,285	106,418
Equity-method investments	1,485,472	1,468,462
Long-term loans receivable	4,500	4,207
Investments in development	925	973
Property, plant and equipment, net	3,081,417	2,975,739
Intangible assets, net	9,828	9,599
Others	88,825	85,861
Total assets	6,243,943	6,090,096

HYOSUNG CORPORATION

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Years ended December 31, 2009 and 2008
(In millions of Korean won)

Liabilities and Shareholders' Equity	2009	2008
Current liabilities		
Trade accounts payable	697,236	653,091
Short-term borrowings	347,130	577,879
Current portion of long-term borrowings	646,112	382,841
Other accounts payable	171,391	160,653
Income taxes payable	17,652	138
Accrued expenses	36,449	32,319
Advance from customers	140,773	110,157
Withholdings	23,699	18,934
Deposits received	22,326	21,033
Derivatives payable	13,521	51,766
Total current liabilities	2,116,289	2,008,811
Debentures, net	698,137	722,860
Long-term borrowings	262,579	496,183
Long-term other accounts payable	9,971	8,018
Long-term guarantee deposits received	25,032	23,389
Accrued severance benefits, net	45,715	43,952
Provision for construction warranties	9,037	8,686
Reserve for loss from equity-method investments	76,634	73,066
Provision for construction losses	11,573	-
Deferred income tax liabilities	251,642	253,173
Total liabilities	3,506,609	3,638,138
Shareholders' equity		
Capital stock		
Common stock	175,587	175,587
Capital surplus		
Paid-in capital in excess of par value	130,826	130,826
Assets revaluation reserve	738,300	738,300
Other capital surplus	301,684	296,276
Capital adjustments		
Treasury stock	(34,204)	(34,204)
Other capital adjustments	(1,727)	-
Accumulated other comprehensive income and expense		
Gain on valuation of available-for-sale securities	18,907	14,142
Loss on valuation of available-for-sale securities	(1,867)	(6,299)
Change in equity from equity-method	135,689	203,781
Translation of foreign currency financial statements	(1,778)	(980)
Loss on valuation of derivatives	(6,714)	(34,131)
Surplus from revaluation	674,886	676,614
Retained earnings		
Legal reserve	6,638	4,143
Discretionary reserve	259,667	180,000
Unappropriated retained earnings	341,440	107,903
Total shareholders' equity	2,737,334	2,451,958
Total liabilities and shareholders' equity	6,243,943	6,090,096

HYOSUNG CORPORATION

NON-CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2009 and 2008
(In millions of Korean won, except per share amounts)

	2009	2008
Sales	7,039,730	6,925,725
Cost of sales	5,886,618	5,962,516
Gross income	1,153,112	963,209
Selling and administrative expenses	620,706	552,855
Operating income	532,406	410,354
Non-operating income		
Interest income	12,017	9,403
Dividend income	184	596
Rental income	276	19
Gain on foreign currency transactions	118,504	89,473
Gain on foreign currency translation	66,390	47,495
Gain on disposal of investment assets	238	1
Gain on disposal of property, plant and equipment	5,067	2,794
Reversal of impairment loss on available-for-sale-securities	927	566
Gain on valuation of equity-method investments	115,571	97,451
Gain on derivative transactions	6,391	597
Gain on valuation of derivatives	16,949	6,020
Others	34,013	56,324
	376,527	310,739
Non-operating expenses		
Interest expenses	136,040	118,795
Loss on disposal of trade accounts receivable	2,438	3,735
Loss on foreign currency transactions	110,807	183,620
Loss on foreign currency translation	33,888	87,311
Loss on disposal of investment assets	1,212	1,237
Loss on valuation of investment assets	6,510	514
Loss on disposal of property, plant and equipment	410	3,427
Impairment loss on property, plant and equipment	9,868	2,303
Donations	2,587	1,614
Commissions	38,316	42,352
Sales promotion	106	141
Loss on valuation of equity-method investments	77,622	86,926
Contribution to reserve for loss from equity-method	3,956	-
Bad debts expense for other accounts receivable	7,716	195
Loss on derivative transactions	21,469	72,488
Loss on valuation of derivatives	2,170	51,622
Others	12,127	8,703
	467,242	664,983
Income before income taxes (benefit)	441,691	56,110
Income tax expense (benefit)	102,772	(80,264)
Net income	338,919	136,374
Basic earnings per share	10,187	4,099
Diluted earnings per share	10,187	4,099

HYOSUNG CORPORATION

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2009 and 2008
(In millions of Korean won)

	2009	2008
Cash flows from operating activities		
Net income	338,919	136,374
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for severance benefits	35,123	36,350
Depreciation	182,341	199,671
Amortization	1,650	1,600
Bad debts expense	22,893	7,876
Loss on disposal of trade accounts receivable	2,438	3,735
Loss on foreign currency translation	33,888	87,311
Loss on disposal of investment assets	1,212	1,237
Impairment loss on investment assets	6,510	514
Loss on disposal of property, plant and equipment	410	3,427
Impairment loss on property, plant and equipment	9,868	2,303
Shrinkage loss on property, plant and equipment	907	2,526
Loss on valuation of equity-method investments	77,622	86,926
Contribution to reserve for loss from equity-method	3,956	-
Bad debts expense for other accounts receivable	7,716	194
Loss on valuation of derivatives	2,170	51,622
Amortization of discounts on issuance of debentures	1,350	1,140
Amortization of investments in development	49	327
Warranty expense for construction	1,688	1,936
Contribution to provision for construction losses	11,573	-
Gain on foreign currency translation	(66,390)	(47,495)
Gain on disposal of investment assets	(238)	-
Gain on disposal of property, plant and equipment	(5,068)	(2,794)
Reversal of impairment loss on investment assets	(927)	(565)
Gain on valuation of equity-method investments	(115,571)	(97,451)
Gain on valuation of derivatives	(16,949)	(6,020)
	<u>198,221</u>	<u>334,370</u>
Changes in operating assets and liabilities		
Increase in trade accounts receivable	(132,099)	(94,153)
Decrease(increase) in other accounts receivable	7,114	(20,310)
Increase in accrued income	(286)	(1,215)
Increase in advance payments	(106,157)	(28,290)
Increase in prepaid expenses	(2,074)	(685)
Decrease in derivatives	3,614	53
Decrease(increase) in current deferred income tax assets	72,756	(83,775)
Decrease(increase) in inventories	37,973	(99,364)
Increase in trade accounts payable	58,197	80,193
Increase in other accounts payable	13,022	22,859
Increase in advance from customers	38,307	41,642
Increase in withholdings	6,719	8,531
Increase in accrued expenses	4,214	3,290
Increase in deposits received	2,935	15,002
Increase(decrease) in income taxes payable	17,514	(26,417)
Decrease in derivatives payable	(40,161)	(1,480)
Payment of severance benefits	(19,680)	(22,512)
Severance benefits transferred	139	66
Increase in severance insurance deposits	(14,321)	(13,966)
Decrease in contribution to National Pension Fund	502	236
Decrease in provision for construction warranties	(1,337)	(2,029)
Decrease (increase) in translation loss of foreign currency financial statements	(798)	603
Increase in non-current deferred income tax liabilities	857	15,535
	<u>(53,050)</u>	<u>(206,186)</u>
Net cash provided by operating activities	<u>484,090</u>	<u>264,558</u>

HYOSUNG CORPORATION

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2009 and 2008
(In millions of Korean won)

	2009	2008
Cash flows from investing activities		
Decrease in short-term loans receivable	7,915	-
Proceeds from disposal of available-for-sale securities	5,716	32,895
Proceeds from disposal of equity-method investments	12,678	6,352
Decrease in long-term loans receivable	657	760
Proceeds from disposal of property and equipment	10,845	23,290
Decrease in guarantee deposits	37,799	12,460
Proceeds from disposal of other investment assets	1,567	-
Increase in short-term financial instruments	(37,000)	-
Increase in short-term loans receivable	(4,822)	(1,300)
Increase in long-term financial instruments	(269)	-
Acquisition of available-for-sale securities	(2,818)	(55,205)
Acquisition of equity-method investments	(65,394)	(200,897)
Increase in long-term loans receivable	(9,819)	(352)
Acquisition of property and equipment	(307,284)	(278,515)
Acquisition of industrial property	(1,793)	(1,582)
Acquisition of other intangible assets	-	(15)
Increase in guarantee deposits	(45,340)	(35,967)
Increase in other investment assets	-	(3,656)
Net cash used in investing activities	(397,362)	(501,732)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,743,814	3,995,938
Proceeds from issuance of debentures	358,927	408,539
Proceeds from long-term borrowings	63,739	240,201
Repayment of short-term borrowings	(2,930,046)	(3,736,230)
Payment of cash dividends	(24,951)	(24,951)
Repayment of current portion of long-term loans	(382,842)	(492,189)
Repayment of debentures	-	(20,000)
Repayment of long-term borrowings	(30,000)	(20,000)
Net cash used in (provided by) financing activities	(201,359)	351,308
Net decrease (increase) in cash and cash equivalents	(114,631)	114,134
Cash and cash equivalents		
Beginning of the year	145,550	31,416
End of the year	30,919	145,550

HYOSUNG CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Years ended December 31, 2009 and 2008
(In millions of Korean won)

Assets	2009	2008
Current assets		
Cash and cash equivalents	448,494	479,378
Short-term financial instruments	56,479	14,089
Short-term loans receivable	233,328	196,385
Short-term available-for-sale securities	4,365	2,490
Trade accounts receivable, net	1,646,969	1,309,232
Other accounts receivable, net	104,162	152,434
Accrued income	24,948	21,464
Advance payments	239,524	135,491
Prepaid expenses	28,421	31,067
Derivatives	16,977	15,121
Current deferred income tax assets	24,347	101,171
Other current assets	18,506	55,236
Inventories, net	1,070,290	1,158,556
Total current assets	3,916,810	3,672,114
Long-term financial instruments	76,689	72,926
Available-for-sale securities	179,491	158,233
Held-to-maturity securities	5,237	11,550
Equity-method investments	99,571	82,409
Long-term loans receivable	4,824	4,472
Investments in development	925	973
Property, plant and equipment, net	4,381,133	4,365,837
Intangible assets, net	137,126	167,899
Guarantee deposits	129,298	137,406
Deferred tax assets	10,507	9,846
Other non-current assets	56,246	70,595
Others financial business assets	1,283,057	1,324,178
Total assets	10,280,914	10,078,438

HYOSUNG CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Years ended December 31, 2009 and 2008
(In millions of Korean won)

Liabilities and Shareholders' Equity	2009	2008
Current liabilities		
Trade accounts payable	1,366,189	1,230,689
Short-term borrowings	1,613,430	1,747,495
Other accounts payable	266,781	224,431
Advance from customers	276,821	259,188
Withholdings	65,382	59,164
Accrued expenses	81,921	86,887
Current portion of long-term borrowings	1,123,607	902,191
Deposits received	162,779	103,609
Income taxes payable	30,365	18,518
Derivatives payable	15,199	52,505
Current deferred tax liabilities	12	45
Other current liabilities	8,056	8,061
Total current liabilities	5,010,542	4,692,783
Debentures, net	1,021,922	1,086,466
Long-term borrowings, net	812,197	1,164,001
Long-term other accounts payable	10,938	8,331
Long-term guarantee deposits received	26,362	81,371
Accrued severance benefits, net	61,515	58,563
Reserve for loss from equity-method investments	-	545
Provision for construction warranties	26,164	20,857
Provision for construction losses	15,442	-
Deferred tax liabilities	252,871	255,692
Other non-current liabilities	3,073	1,496
Total liabilities	7,241,026	7,370,105
Shareholders' equity		
Capital stock		
Common stock	175,587	175,587
Capital surplus	1,169,217	1,175,272
Capital adjustments		
Treasury stock	(34,204)	(34,204)
Other capital adjustments	(1,726)	-
Accumulated other comprehensive income and expense		
Gain on valuation of available-for-sale securities	26,539	14,472
Loss on valuation of available-for-sale securities	(1,175)	(7,683)
Loss on valuation of derivatives	(7,327)	(34,895)
Change in equity from equity-method	18,186	18,444
Surplus from revaluation	674,886	676,614
Translation of foreign currency financial statement	104,611	186,875
Retained earnings	593,318	269,368
Controlling interest in consolidated company	2,717,912	2,439,850
Minority interest in consolidated subsidiaries	321,976	268,483
Total shareholders' equity	3,039,888	2,708,333
Total liabilities and shareholders' equity	10,280,914	10,078,438

HYOSUNG CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2009 and 2008
(In millions of Korean won, except per share amounts)

	2009	2008
Sales	10,009,193	9,600,102
Cost of sales	8,343,011	8,231,321
Gross profit	1,666,182	1,368,781
Selling and administrative expenses	1,032,345	884,949
Operating income	633,837	483,832
Non-operating income		
Interest income	32,573	24,051
Dividend income	300	890
Rental income	940	616
Gain on foreign currency transactions	133,566	121,682
Gain on foreign currency translation	74,086	69,163
Gain on valuation of equity-method investments	9,217	4,339
Gain on disposal of investment assets	1,419	744
Gain on disposal of property, plant and equipment	5,710	3,285
Gain on derivative transactions	15,946	5,655
Gain on valuation of derivatives	16,977	11,507
Reversal of loss on investment assets	927	566
Reversal of allowance for doubtful accounts	-	15,613
Amortization of negative goodwill	1,568	6,459
Others	59,907	74,132
	353,136	338,702
Non-operating expenses		
Interest expenses	220,520	186,657
Loss on disposal of trade accounts receivable	2,935	4,268
Loss on valuation of inventories	150	127
Loss on foreign currency transactions	127,203	208,209
Loss on foreign currency translation	52,955	109,508
Loss on disposal of investment assets	22,783	1,339
Loss on valuation of investment assets	6,510	514
Loss on disposal of property, plant and equipment	2,563	3,921
Impairment of property, plant and equipment	9,868	2,303
Donations	2,807	1,836
Commissions	38,299	45,398
Sales promotion	106	141
Loss on valuation of equity-method investments	2,305	7,609
Bad debts expense for other accounts receivable	55,519	13,219
Loss on derivative transactions	22,217	72,668
Loss on valuation of derivatives	3,125	51,760
Loss on impairment of goodwill	-	552
Loss on retirement of bonds	214	898
Others	55,264	23,081
	625,343	734,008
Income before income taxes (benefit)	361,630	88,526
Income tax expense (benefit)	122,881	(53,019)
Net income	238,749	141,545
Parent interest in net income	323,430	118,487
Minority interest in net income	(84,681)	23,058
Basic earnings per share	9,722	3,561
Diluted earnings per share	9,722	3,561

HYOSUNG CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2009 and 2008
(In millions of Korean won)

	2009	2008
Cash flows from operating activities		
Net income	238,749	141,545
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for severance benefits	46,122	46,323
Depreciation	343,858	326,819
Amortization	47,542	43,839
Bad debts expense	50,142	12,424
Loss on disposal of trade accounts receivable	2,935	4,268
Loss on foreign currency translation	52,955	109,508
Loss on valuation of inventories	150	127
Loss on disposal of investment assets	22,782	1,339
Impairment loss on investment assets	6,510	514
Loss on disposal of property, plant and equipment	2,563	3,921
Impairment loss on property, plant and equipment	9,868	2,303
Loss on valuation of equity-method investments	2,305	7,609
Bad debts expense for other accounts receivable	55,519	13,219
Loss on valuation of derivatives	3,125	51,760
Amortization of discounts on issuance of debentures	4,611	1,140
Loss on retirement of bonds	214	898
Contribution to provision for construction losses	15,442	-
Amortization of investments in development	49	327
Warranty expense for construction	12,054	9,436
Loss on impairment of goodwill	-	552
Gain on foreign currency translation	(74,086)	(69,163)
Gain on disposal of investment assets	(1,419)	(744)
Gain on disposal of property, plant and equipment	(5,710)	(3,285)
Reversal of impairment loss on investment assets	(927)	(566)
Gain on valuation of equity-method investments	(9,217)	(4,339)
Reversal of allowance for doubtful accounts	-	(15,613)
Amortization of negative goodwill	(1,568)	(6,459)
Gain on valuation of derivatives	(16,977)	(11,507)
	<u>568,842</u>	<u>524,650</u>
Changes in operating assets and liabilities		
Increase in trade accounts receivable	(404,722)	(28,413)
Decrease(increase) in other accounts receivable	47,957	(58,996)
Increase(decrease) in accrued income	(15,020)	1,304
Increase in advance payments	(103,117)	(20,124)
Increase in prepaid expenses	(27,966)	(15,998)
Decrease(increase) in other current assets	36,730	(42,869)
Decrease(increase) in inventories	93,890	(338,731)
Decrease in derivatives	15,299	-
Decrease in other financial business assets	50,543	14,608
Decrease(increase) in deferred tax assets	76,162	(88,705)
Decrease(increase) in translation of foreign currency financial statements	(64,633)	195,758
Increase in trade accounts payable	123,552	147,600
Increase in other accounts payable	41,194	161,978
Increase in advance from customers	25,362	86,532
Increase in withholdings	12,527	8,008
Decrease(increase) in accrued expenses	(4,723)	22,551
Increase(decrease) in income taxes payable	11,847	(42,225)
Increase(decrease) in deposits received	4,160	(59,427)
Decrease(increase) in other current liabilities	(375)	2,516
Payment of severance benefits	(26,991)	(28,410)
Severance benefits transferred	139	-
Increase in severance benefits deposits	(16,577)	(16,178)
Decrease in contribution to National Pension Fund	533	247
Decrease in provision for construction warranties	(6,747)	(9,504)
Decrease in derivatives payable	(40,332)	-
Decrease (increase) in deferred tax liabilities	(19,914)	19,449
Increase(decrease) in other non-current liabilities	1,438	(22,893)
	<u>(189,784)</u>	<u>(111,922)</u>
Net cash provided by operating activities	<u>617,807</u>	<u>554,273</u>

HYOSUNG CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2009 and 2008
(In millions of Korean won)

	2009	2008
Cash flows from investing activities		
Proceeds from disposal of short-term financial instruments	164,762	151,079
Decrease in short-term loans receivable	156,269	225,382
Proceeds from disposal of long-term financial instruments	12,613	540
Proceeds from disposal of available-for-sale securities	7,201	34,900
Proceeds from disposal of held-to-maturity securities	7,206	48
Proceeds from disposal of equity-method investments	869	1,057
Decrease in long-term loans receivable	686	1,456
Proceeds from disposal of land	8,346	10,740
Proceeds from disposal of buildings	7,727	9,530
Proceeds from disposal of structures	949	-
Proceeds from disposal of machinery	10,227	7,217
Proceeds from disposal of vehicles	1,537	1,105
Proceeds from disposal of tools	3,241	1,069
Proceeds from disposal of construction in progress	1,011	-
Decrease in guarantee deposits	58,413	15,886
Proceeds from disposal of other investment assets	46,928	902
Proceeds from disposal of short-term financial instruments	(207,657)	(96,455)
Increase in short-term loans receivable	(230,492)	(174,202)
Acquisition of long-term financial instruments	(16,834)	(18,663)
Acquisition of available-for-sale securities	(22,153)	(67,023)
Acquisition of held-to-maturity securities	(8)	(47,205)
Acquisition of equity-method investments	(13,209)	(7,703)
Increase in long-term loans receivable	(9,983)	(2,889)
Acquisition of land	(16,116)	(18,120)
Acquisition of buildings	(46,058)	(150,820)
Acquisition of structures	(5,582)	(9,371)
Acquisition of machinery	(145,157)	(284,350)
Acquisition of vehicles	(4,061)	(4,539)
Acquisition of tools	(40,726)	(37,142)
Acquisition of construction in progress	(222,868)	(376,674)
Acquisition of machinery in transit	(11,736)	(11,013)
Acquisition of industrial property	(1,846)	(2,712)
Acquisition of other intangible assets	(15,317)	(14,268)
Acquisition of guarantee deposits	(52,965)	(61,408)
Acquisition of other investment assets	-	(5,577)
Net cash used in investing activities	(574,783)	(929,223)
Cash flows from financing activities		
Proceeds from short-term borrowings	6,516,480	8,383,343
Proceeds from current portion of long-term borrowings	5,000	-
Proceeds from issuance of debentures	672,866	821,335
Proceeds from long-term borrowings	214,805	512,025
Proceeds from issuance of common shares	135,124	-
Repayment of short-term borrowings	(6,623,238)	(8,279,983)
Repayment of current portion of long-term loans	(880,034)	(520,417)
Repayment of debentures	(10,020)	(278,947)
Repayment of long-term borrowings	(172,412)	(41,432)
Payment of cash dividends	(25,842)	(25,842)
Net cash used in (provided by) financing activities	(167,271)	570,082
Net increase in cash due to changes in subsidiaries	93,363	82,757
Net decrease(increase) in cash and cash equivalents	(30,884)	277,889
Cash and cash equivalents		
Beginning of the year	479,378	201,489
End of the year	448,494	479,378

BOARD OF DIRECTORS



S.R. Cho
Chairman of Hyosung Group
Chairman of FKI(Federation of Korean Industries)



Hyun-Joon Cho
President
President of Trading PG
President of Textile PG



Yoon-Taik Chung
Senior Executive Vice President
Chief Financial Officer



Christopher Hyun-Moon Cho
Senior Executive Vice President
President of Power & Industrial Systems PG



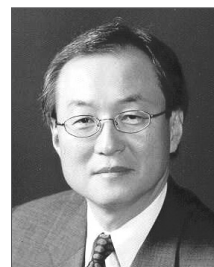
Sang-Woon Lee
Vice Chairman
Group Chief Operating Officer



Ki-Eun Bae
Outside Director
Chairman of Hwajin Industry
Former President of Tongyang Nylon Co.



Sang-Hee Kim
Outside Director
Attorneys-at-Law of Kim Sang Hee Law Office
Vice-Minister, the Ministry of Justice



Tae-Ho Park
Outside Director
DEAN,
Graduate School of International Studies
Seoul National University



Min-Koo Han
Outside Director
Professor of Electrical Engineering
Seoul National University

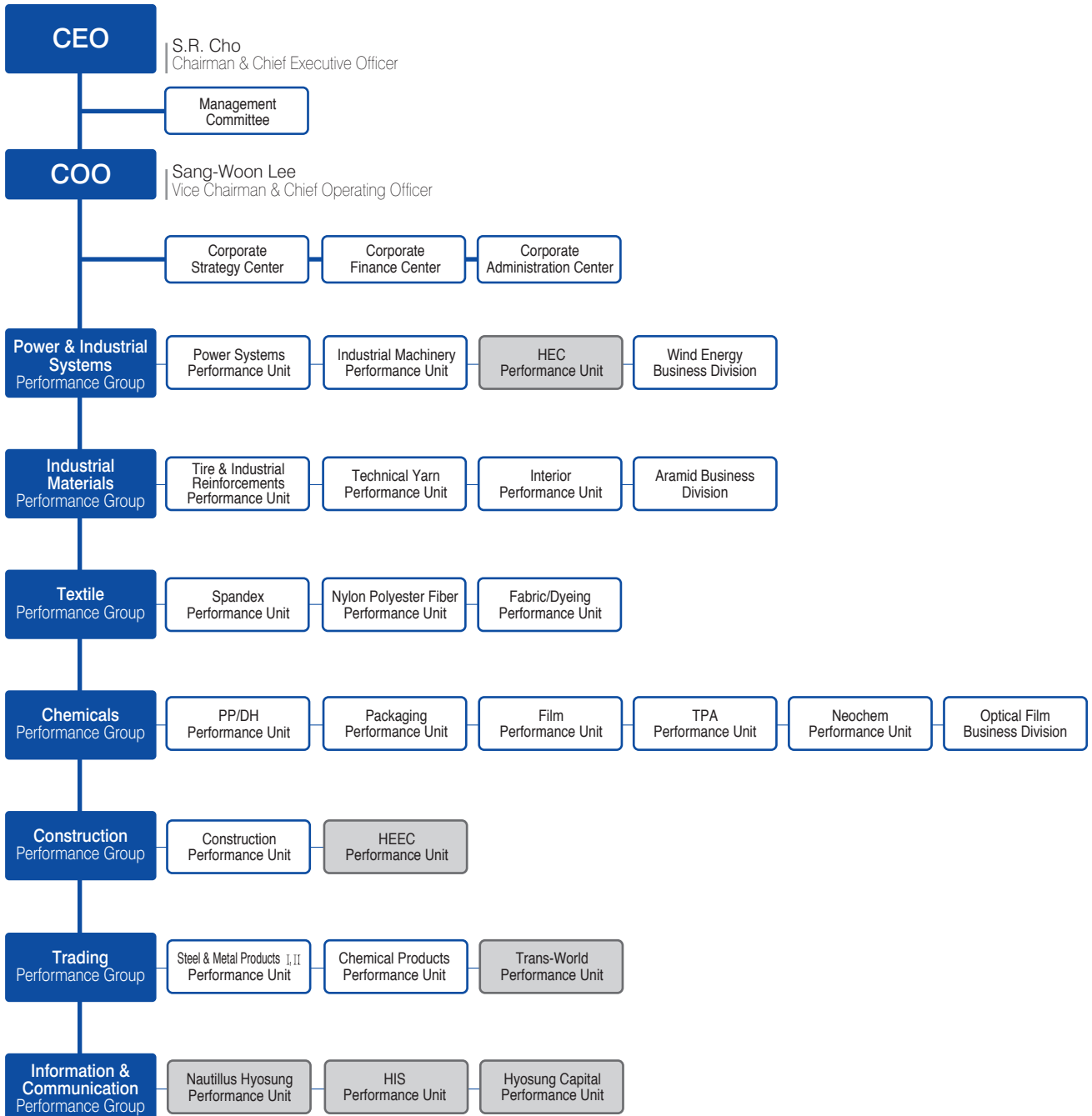


Young-Won Ha
Outside Director
Professor of Sogang Business School



Joong-Jin Park
Outside Director
Vice President of Tong Yang Life Insurance Co.

CORPORATE MANAGEMENT



※ are affiliates of Hyosung.



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