



KIWOOM SECURITIES
ANNUAL REPORT 09-10



[kium] The corporate logo of Kiwoom Securities has been designed to symbolize continuous growth within the company as well as growth in shareholder and customer value. It also demonstrates our continuous expansion into new business lines to offer a wealth of financial products and services that suit the demands of our loyal customers.

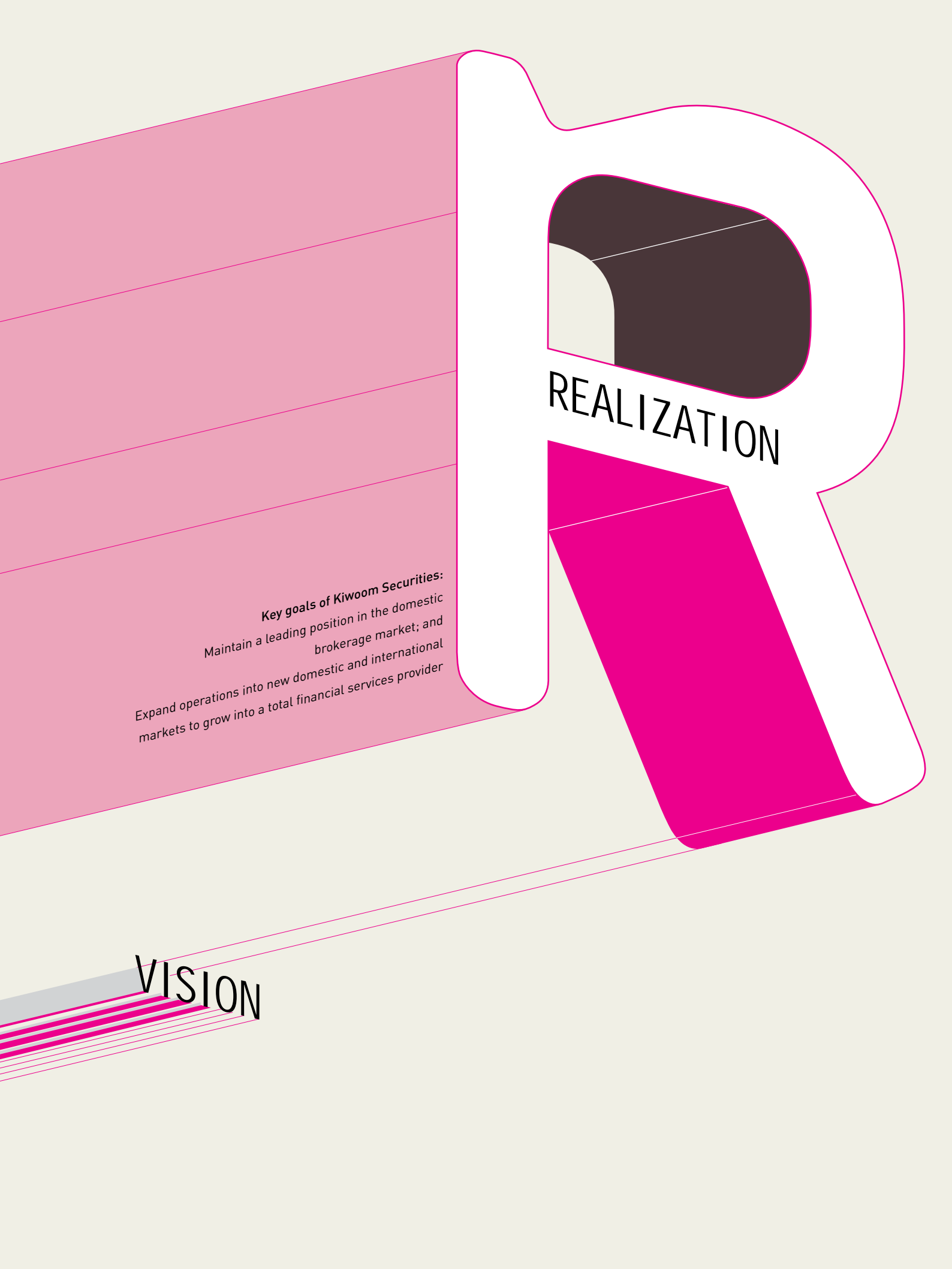
- 01 VISION STATEMENTS
- 05 FINANCIAL HIGHLIGHTS
- 06 CEO'S MESSAGE
- 08 MANAGEMENT TEAM

- 10 COMPETENCE
- 22 BUSINESS OVERVIEW
- 39 FINANCIAL STATEMENTS

- 47 ORGANIZATION
- 48 PARENT COMPANY
- 50 SHAREHOLDERS INFORMATION

SUSTAINED VALUE CREATION

KIWOOM HAS CONSISTENTLY CREATED VALUE OVER THE PAST 10 YEARS.
THIS IS BOLSTERED BY INNOVATIVE TECHNIQUES UTILIZED TO ENHANCE AND
OPTIMIZE ITS UNIQUE, DIVERSIFIED BUSINESS MODEL.
OUR ULTIMATE GOAL IS TO BENEFIT OUR CLIENTS BY PROVIDING
OPTIMAL INVESTMENT OPPORTUNITIES AND SERVICES.



Key goals of Kiwoom Securities:

Maintain a leading position in the domestic brokerage market; and
Expand operations into new domestic and international markets to grow into a total financial services provider

REALIZATION

VISION



LOWEST
COMMISSION RATE

0.015%

LOWEST COMMISSION RATE IN KOREA

we have offered
the nation's lowest
commission rate since our
establishment in 2000

Our low commissions are based on a low-cost, efficient
online-only business model that is not burdened by the
fixed costs associated to offline branches.

ONLINE RETAIL BROKERAGE
MARKET SHARE

no.1

NO.1 ONLINE MARKET PLAYER

our commitment
to innovation keeps us
one step ahead of
the competition

Since securing a first-mover's advantage in the domestic online trading market, we have maintained our lead through innovation, such as being the first brokerage to offer two-way open communication channels with clients and creating the first online fund sales platform.

5 YEARS

NO.1 FOR FIVE CONSECUTIVE YEARS

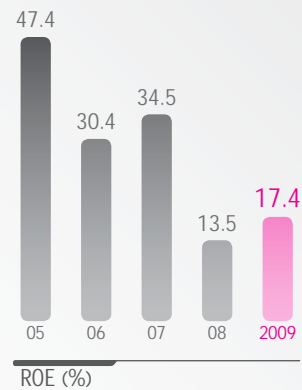
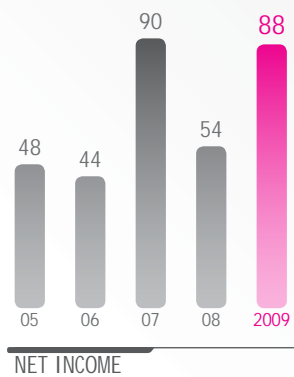
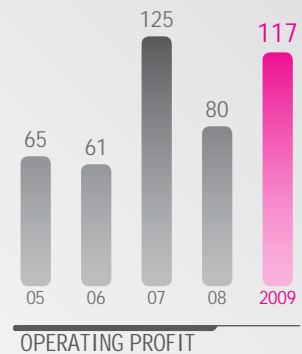
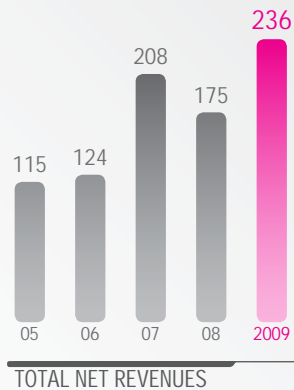
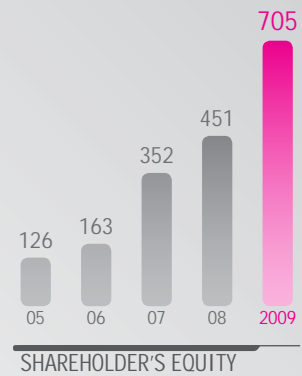
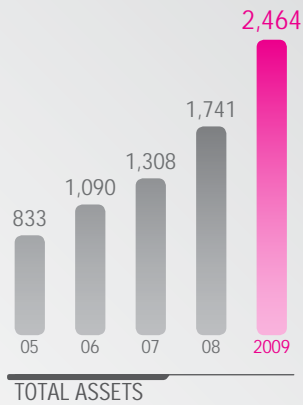
our competitiveness is
also derived from our
innovative business model

Our online business model ensures the flexibility necessary to offer the lowest commissions and highest customer service. We have bolstered our competitive advantage by introducing cutting-edge trading platforms for both wired and wireless trading via HTS, WTS, mobile phone, web/mobile app, ARS and customer care center.

SUSTAINED GROWTH

Our goal is to generate sustainable profit through a diversified portfolio of financial products tailored to meet our clients' needs.

financial highlights





kiwoom continues
to apply its
creativity and
innovative
thinking to build
corporate value

Dear valued shareholders and investors:

Although many companies remained cautious in FY2009 due to the ongoing turmoil in global financial markets, Kiwoom Securities continued to lay the groundwork for long-term growth utilizing an innovative management philosophy.

Our efforts yielded several positive results. First, our market share grew 1.32%p to 12.71% and total trading volume surged 53% on a healthy rise in overall market activity and trading value. In August 2009, we proudly marked the acquisition of our one-millionth client – and our client base has grown to 1.09mn as of the end of March 2010.

As for our balance sheet, total assets have surged to KRW 2trillion, and shareholder's equity is in excess of KRW 700billion. Customer assets also surged 52% in FY2009 and deposits improved 32%, a clear indication of the stable qualitative and quantitative growth at Kiwoom. In fact, all of our business divisions, including principal investment, investment banking, institutional brokerage and proprietary trading, posted solid growth, fueling a 46% gain in operating profit to KRW 116.5billion and 61% surge in net profit to KRW 87.9billion. As a result, Kiwoom shares were transferred from the KOSDAQ to the KOSPI in August 2009, as our company has left the rank of start-up companies, as we continue to reinforce our capabilities to pursue our greater ambitions.

We have reinforced our foundation to generate long-term growth by adding dedicated teams to handle international businesses and derivatives. We also acquired licenses for overseas futures and foreign exchange margin trading and OTC derivatives, which should emerge as significant revenue engines going forward. We will continue to utilize our core retail-based foundation to establish additional services that will catalyze growth over the next decade.

Thank you for your continued support as Kiwoom explores new opportunities to create value for our shareholders.

Kwon, Yongwon

President & Chief Executive Officer



MANAGEMENT TEAM

LEE, HYUN
Senior Executive
Vice President
Retail Business

CHOI, BYONG YONG
Auditor

KIM, MUN KI
Executive
Vice President
CFO

AHN, DONG WON
Executive
Vice President / Ph.D
Institutional Business

YUN, SU YOUNG
Executive
Vice President
Strategic Planning



CHOI, CHANG MIN
Executive Director
Investment Banking

LEE, JIN HYUK
Executive Director
Customer Care Center

BAE, CHUNG SEOP
Executive Director
Compliance



Kiwoom Securities is committed to maximizing shareholder and corporate value through open, honest and transparent management and corporate governance. In order to achieve this, we strive to generate positive earnings, maintain the industry's highest ROE and continuously explore new business opportunities.

Our management team has demonstrated the vision, creativity and commitment needed to propel us to the No. 1 position in the domestic online retail brokerage market. We have recruited the best and brightest talent in the industry, and their diverse skills are the foundation of Kiwoom's remarkable growth and market leadership.



／
PARK, YUN CHAE
Executive Director
Head of Research

／
HWANG, HYUN SOON
Executive Director
Principal Investment

／
KIM, SUNG IN
Executive Director
Research Center

／
KIM, SEUNG JAE
Executive Director
Proprietary Trading

／
HEO, YOUNG HONG
Executive Director
Institutional Business

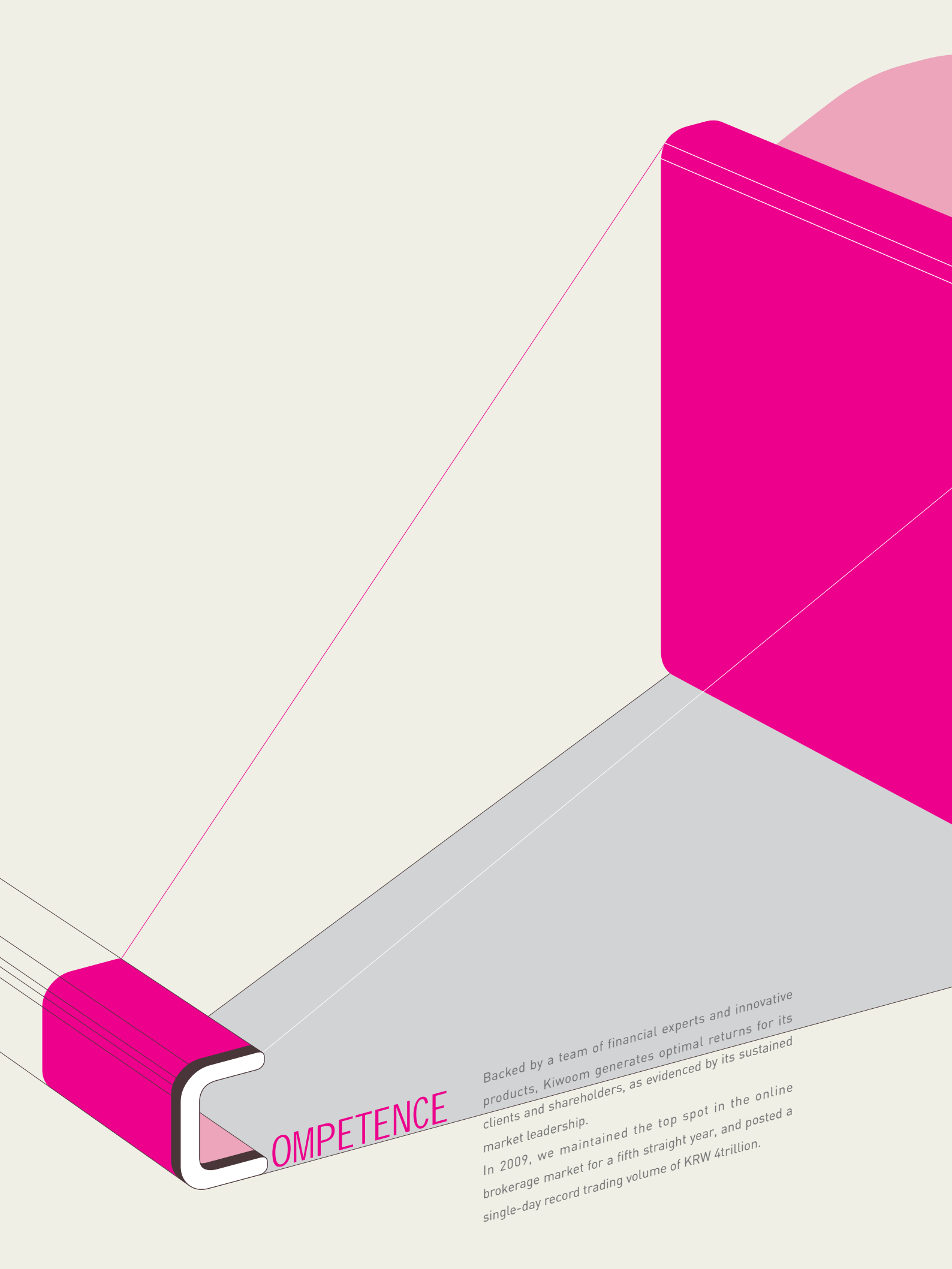
／
KWON, HYUK DONG
Executive Director
Risk Management



／
PARK, HEE JUNG
Executive Director
Research Center

／
KIM, SEONG HOON
Executive Director
Institutional Business

／
SONG, HO YOUNG
Executive Director
Retail Business



COMPETENCE

Backed by a team of financial experts and innovative products, Kiwoom generates optimal returns for its clients and shareholders, as evidenced by its sustained market leadership.

In 2009, we maintained the top spot in the online brokerage market for a fifth straight year, and posted a single-day record trading volume of KRW 4trillion.



MARKET
LEADERSHIP



0

1

3

5

7

8

EFFICIENCY

Our unparalleled efficiency is derived from our online-based operations. By eliminating the high fixed cost burden associated with offline branches, we are able to offer our clients the lowest commission rates, while still providing unrivaled customer service.

OUR INNOVATIVE
BUSINESS MODEL
FUELS SUSTAINED
GROWTH IN
MARKET SHARE
AND OVERALL
CUSTOMER BASE





SPECIALISTS

Kiwoom Securities is home to top financial talent. Our people are dedicated to maximizing value and delivering optimal services for clients.

By quickly identifying trends and changes in the financial market, we assist our clients to reap the highest returns on promising investment opportunities.

WE ARE
DEVELOPING OUR
CORE COMPETENCIES
AND RAISING THE
QUALITY OF OUR
HR MANAGEMENT

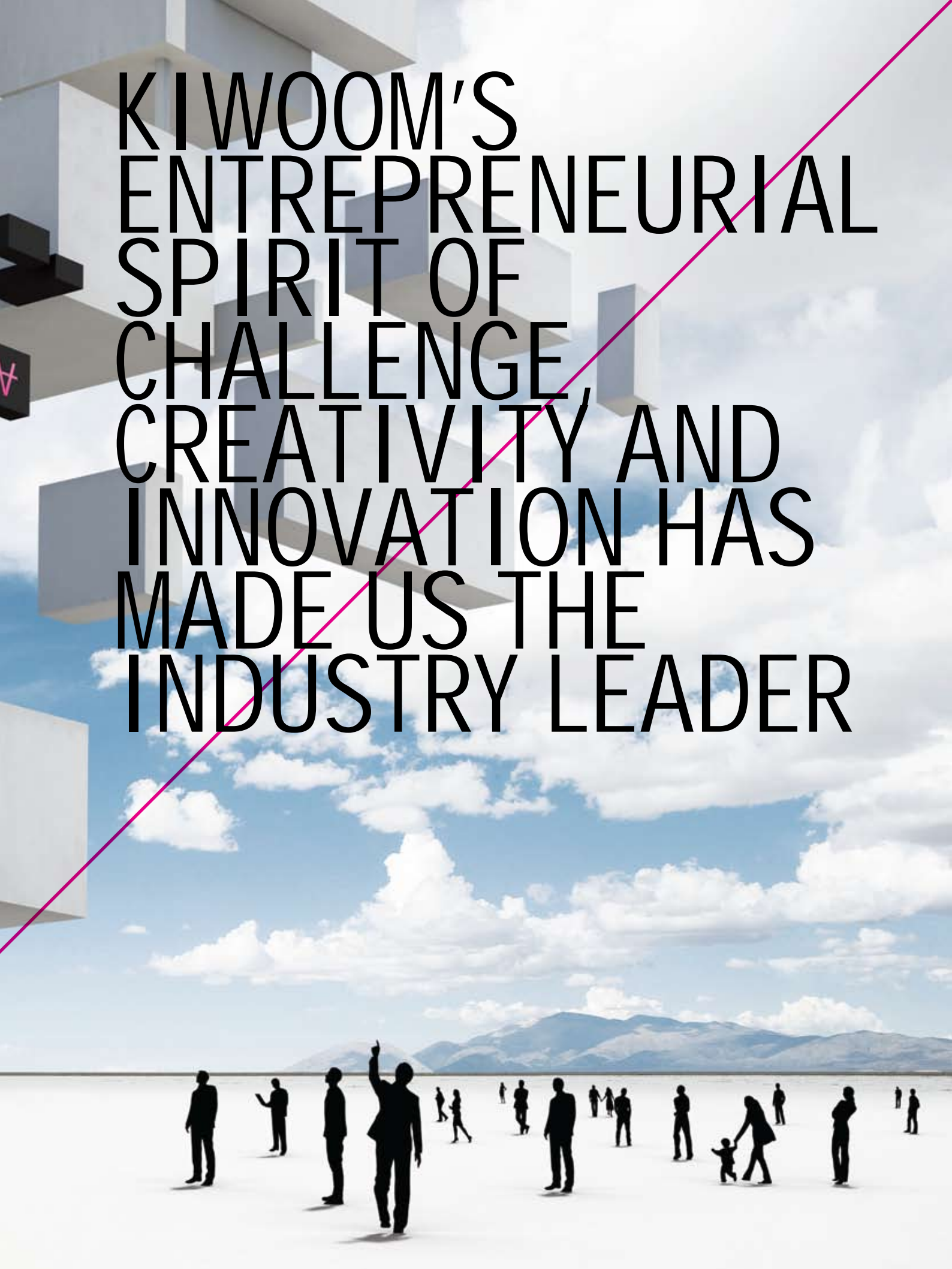




NEW BUSINESS

Kiwoom continues to capitalize on new growth opportunities by diversifying into next-generation businesses. Currently, we are focusing on FX margin trading, mobile trading, cross-border equity trading and OTC derivatives trading. Our OTC derivatives trading business is expected to launch in the second half of FY2010.

KIWOOM'S
ENTREPRENEURIAL
SPIRIT OF
CHALLENGE,
CREATIVITY AND
INNOVATION HAS
MADE US THE
INDUSTRY LEADER





CUSTOMER ORIENTED

Kiwoom believes sustainable profit growth depends solely on client trust and satisfaction. In addition to the country's lowest commission rates, we also offer a user-friendly trading platform and two-way real-time communication channel services that links clients to our industry experts.

"NOTHING IS MORE
IMPORTANT THAN
OUR CLIENTS"
IS THE KEY
PHILOSOPHY OF
OUR CUSTOMER
CARE CENTER



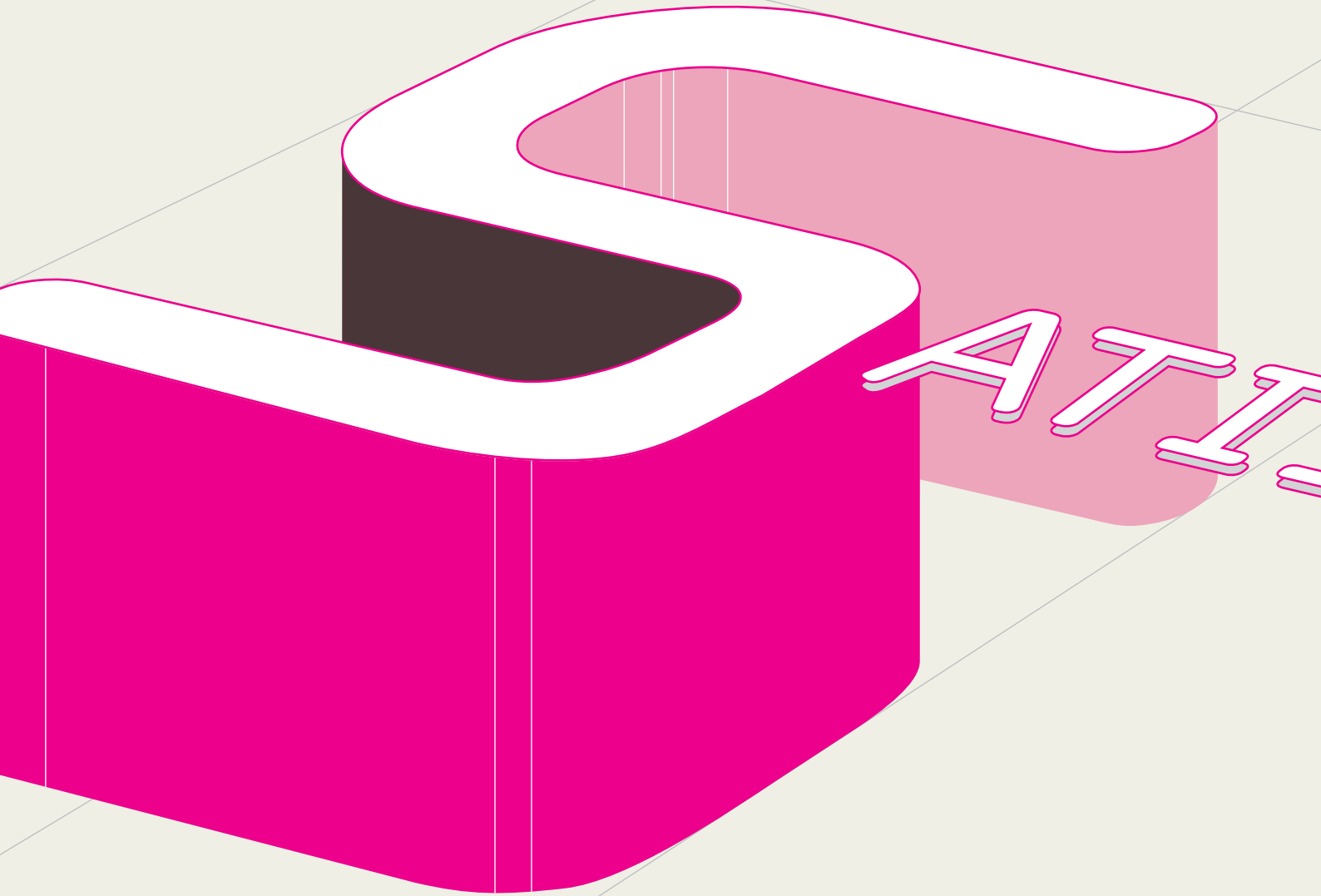


GLOBALIZATION

Kiwoom is committed to international expansion. We currently offer cross-border online equity trading services for the Chinese, Hong Kong, Japanese and US markets. We will also diversify into other global products, such as overseas futures and FX margin trading.

An aerial photograph of a dense city, likely New York City, with a pink map overlay showing the outlines of continents. A diagonal pink line runs from the bottom left towards the top right. The text is overlaid on the map and city.

OUR GLOBAL
EXPOSURE
INCLUDES FOREIGN
EQUITIES, FX
MARGIN TRADING
AND OVER
FUTURES



SFACTION

Kiwoom's cutting-edge trading platform,
customer satisfaction program and entrepreneurial philosophy
serve as the basis for our sustained market leadership.

BUSINESS

01

RETAIL BUSINESS

In FY2009, Kiwoom Securities' brokerage market share grew 1.32%p from 11.39% to 12.71%, as we maintained our leading position for a fifth straight year. In addition, our online market share reached 21.60%, also the top position. In FY2010, we are introducing additional measures to continue growing our total brokerage market share. In late-August 2009, we proudly marked the acquisition of our one-millionth client account – a base that has grown to 1.09million as of the end of March 2010. Our client assets total KRW 8.3trillion, a 52% increase from FY2008, and customer cash deposits total KRW 1.25trillion, a record high and a 32% increase from FY2008.

kiwoom securities continues to post stable profit,
confirming its strong brand value as a leader
in the domestic brokerage market.

In FY2010, we believe growth will be fueled by ample demand and liquidity in the retail market, backed by the accessibility and intuitiveness of our trading and leverage services. To reinforce our efforts, we are improving the usability of all our trading platforms and streamlining the credit application process for margin-trading clients. We also optimized services to enable clients with multiple products to more easily transfer wealth between products and asset classes, in addition to simplifying the cross-selling of alternative products for single-product clients.



Kiwoom sets the standard for online trading. Our user-friendly, customizable “HERO” home trading system, revolutionized trading in the domestic market and remains the cornerstone for our success in the retail business.

Our clients can open personal trading accounts through various channels, including commercial and regional banks, Korea Post and the Korea Federation of Community Credit Cooperatives. After the account is activated, clients can trade stocks and other financial products through a diverse array of user-friendly trading channels, including our flagship home trading system, “Hero,” our condensed HTS, “Thunder,” our web trading system, mobile trading systems (feature phones, PDAs, smartphones) or ARS.

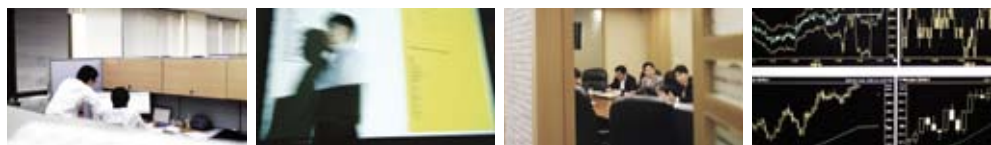
In FY2010, the retail division will focus on raising its market share by maximizing synergies to bolster sales of innovative, value-added products. Reinforcing customer loyalty is another key element in our strategy to organically grow our market share. Our technicians operate one of the industry’s most advanced and comprehensive customer relationship management (CRM) databases that create a tactical advantage for efficiently meeting customer needs. Kiwoom also offers loyalty programs for VIP and other client segments, and we are reinforcing these efforts to minimize churn, such as actively promoting repurchases, proactive customer care, offline training and investment tournaments.

Kiwoom combines the power of real-time trading technologies with a growing portfolio of value-added financial products and customer services.

Aimed at easing the online investment process for novice traders, Kiwoom has developed and launched an innovative training website called, "How-to-Stock." We hope to provide resources and information for retail investors to learn sound trading methodologies. Kiwoom also airs "Channel K," an online broadcast that provides financial market insights and guidance to investors. Channel K offers a stream of investment tips, real-time market information, in-depth stock profiles and commentary by special guest analysts.

In addition, the embedded bulletin board feature on our "Hero" HTS and website serves as a two-way real-time communication channel for clients to keep in contact with investment experts and other investors. Leveraging our leadership in information technology, we plan to offer more relevant value-added services to our clients going forward.

In addition to the bulletin board, we also operate a Customer Care Center to stay in close contact with our clients, provide rapid and courteous answers to inquiries and also accept any comments or complaints to better our services. Our care center is comprised of several specialized teams to deliver the most efficient customer service. We ensure every representative is fully knowledgeable in his/her respective discipline by operating ongoing education programs covering the latest market trends and policy changes.



As the domestic market becomes increasingly saturated, Kiwoom is exploring growth opportunities in new products and overseas markets.

Kiwoom offers distinctive value to existing clients, prospective customers and first-time investors by providing brokerage services for KOSPI and KOSDAQ stocks, KOSPI200 futures/options, equity-linked warrants (ELW), exchange-traded funds (ETF), mutual funds, domestic OTC stocks and listed stocks in China (B-shares), Japan, Hong Kong and the US.

International expansion is a cornerstone of our mid- to long-term growth strategy. Overall, our goal is to link all of the major equity markets into a single, seamless online network. In 2007, we became the first Korean company to offer online equity trading on the Hong Kong stock exchange, and we are the only local brokerage to offer real-time online trading for stock markets in mainland China, Japan and the US. Some of our other global investment vehicles are overseas futures and foreign exchange margin trading.

As regulatory conditions in Korea continue easing with the implementation of the Financial Investment Services and Capital Markets Act (FSCMA), Kiwoom is preparing a wider array of financial services in accordance with the deregulatory process.

GROWTH RATE

TRADING VOLUME 52.85%
TOTAL BROKERAGE 11.59%
RETAIL BROKERAGE 11.10%
ONLINE RETAIL BROKERAGE 8.68%

MARKET SHARE

TRADING VOLUME	TOTAL BROKERAGE	RETAIL BROKERAGE	ONLINE RETAIL BROKERAGE
2009 KRW 599 TRILLION 2008 KRW 392 TRILLION	2009 12.71% 2008 11.39%	2009 12.41% 2008 11.17%	2009 21.60% 2008 21.35%

02

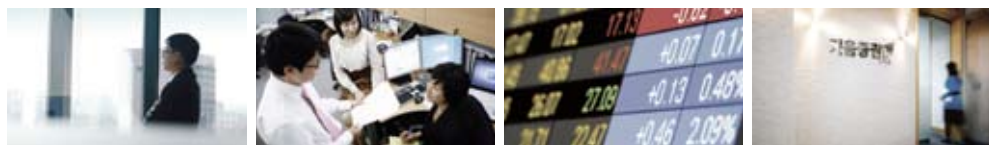
INSTITUTIONAL BUSINESS

Kiwoom Securities provides professional research, consulting and brokerage services to key institutional investors, advising on the profitability and risk of investment profiles for equities, fixed income products and derivatives.

in addition to a growing presence in the institutional
brokerage market, we have secured a **leading position**
in fixed-income brokering in terms of trading value.

In addition to being the leading retail broker, we are also the largest domestic trader in fixed-income products. This business requires markedly different skills than the retail brokering business, as the majority of bonds in Korea are traded over the counter in units of KRW 10billion. The market is comprised of more than 100 players with assets of at least KRW 1trillion, and our coverage extends to more than 90% of these investors. Turnover is high and the bidding process is competitive, which favors long-term relationship building and top-quality research.

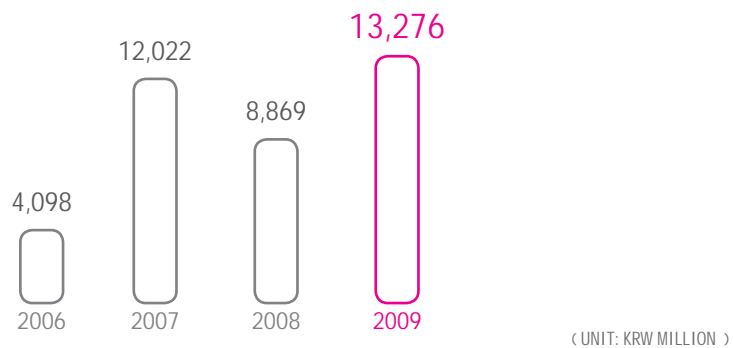
Our institutional stock brokerage team provides stock and derivatives trading services to the major domestic institutions, including the National Pension Service, Korea Teachers' Pension and numerous asset management companies. Until FY2009, the team mainly offered stock trading services, but at year end, the team established two additional dedicated teams to service derivatives trading and foreign institutional investors.



To efficiently support domestic institutions, the team utilizes the research center to provide timely, accurate investment ideas and data.

Fixed-income brokering recorded net revenue of KRW 13billion, or 5.53% of total net revenue in FY2009, and institutional stock brokering KRW 13.2billion, or 5.65%, as both teams contributed to overall growth.

Kiwoom Securities will continue to expand the scope of its institutional brokerage services into KOSPI200 futures/options, equity-linked securities, equity-linked warrants and overseas clients.



INSTITUTIONAL BUSINESS NET REVENUE

03

RESEARCH CENTER

Kiwoom Securities Research Center was established in May of 2006 to service institutional clients. Our center is comprised of three teams – Strategy Analysis, Corporate Analysis and Quantitative Analysis – with a total of 22 senior analysts and 21 research assistants, who have an extensive knowledge of the securities market and corporate conditions. We also provide investment strategy services by closely studying domestic and foreign companies and industries. In particular, we are focusing on the increasingly important Chinese market. With a coverage universe consisting of several hundred listed companies, we focus particularly on the IT, internet and financial sectors.

reliable, accurate research products are the key to gaining
a competitive advantage with large institutional investors.
we are proud to have a renowned research center
staffed by recognized industry experts.

We also support investment decisions through execution of in-depth study of domestic and foreign companies as well as their respective industries. We also provide investor information for the China market, which has gained high interest. While the hundreds of companies under our research center's surveillance span the full range of commercial industries, we have particular specialties in IT, Internet-based businesses, and the financial sector. Reliable, detailed research information is a key competitive advantage in winning the business of large institutional investors. We are proud to have an efficient research center staffed with industry experts.

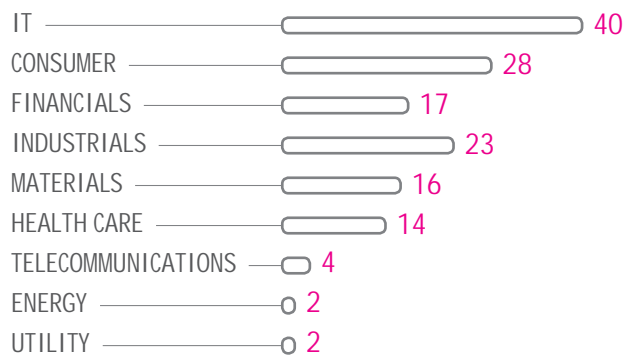


Our research center has won praise from several business media organizations, as we have been recognized as a top ten player. In the 2009 media polls, we ranked first in IT research (semiconductor/electronics) and second in the banking and internet sectors. And for FY2009, the National Pension Service rated our research center as "S grade," its highest mark.

In FY2010, our research center plans to emerge as a top five domestic center in terms of earnings forecast accuracy. It also plans to consolidate its leadership in IT, finance and other sectors by reinforcing our pool of senior analysts.

2009 RESEARCH CENTER COVERAGE

(UNIT: NO.)



04

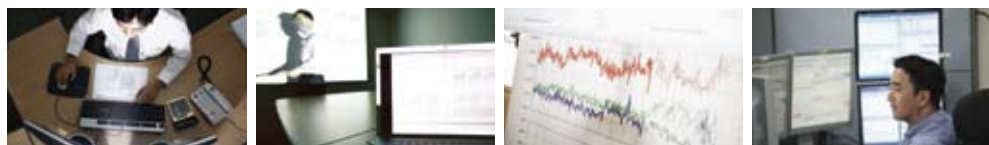
INVESTMENT BANKING

Kiwoom Securities' core business and primary revenue source is the retail division. Utilizing this expertise, we have diversified organically into other financial services, including investment banking, which has been growing steadily.

Our investment banking division is comprised of four key teams, two corporate finance teams, a structured finance team and an investment banking team. In addition to traditional IPO functions, we also provide various financing services, including corporate bond issuance, real estate project financing, alternative investments and asset-backed commercial paper (ABCP) and asset-backed security (ABS) issuance. In FY2009, net revenue from IPO deals, rights issues, corporate bonds and ABCP totaled KRW 7.3 billion. In FY2010, the division will focus on participating in larger IPO deals, in addition to generating steady revenue from corporate bonds, structured financing, rights issues and alternative investments.

our investment banking division is **well connected**
and **experienced**, our business scope has grown rapidly,
as kiwoom has emerged as a diversified financial services company
with **world-class capabilities**.

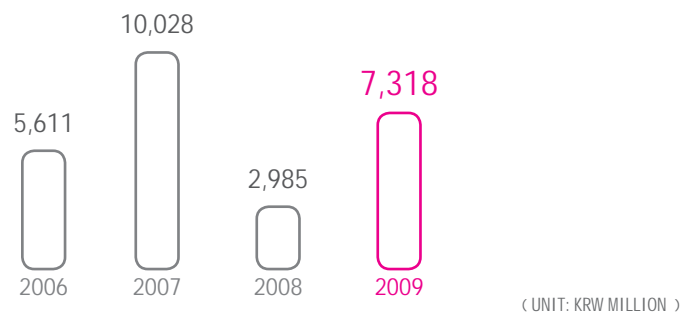
Our investment banking division began with traditional IPO consulting and mediating rights issues and the issuance of convertible bonds and bonds with warrants. We are particularly proud to be recognized as the industry leader in IPO deals for small- and medium-sized enterprises. We are able to source SME deals as we can recruit the involvement of retail investors. We cooperate closely with our parent company, Daou Tech, and our affiliate, Kiwoom Investment, to provide optimal services to meet our clients' needs.



We are also involved in financing and management for M&A-focused private equity funds, underwriting and serving as a subscription agent for equity-related bond issues, such as convertible bonds and bonds with warrants. Furthermore, we plan to expand into larger IPO deals.

In the debt capital markets (DCM), we underwrite corporate bonds and mediate commercial paper (CP) trades. We are also active in structured finance, working on ABCP, CBO/ABL, other types of ABS and mortgage-backed securities (MBS) deals. We also help in the liquidation of distressed assets and debt at large conglomerates. In FY2009, our investment banking teams underwrote KRW 781billion in corporate bonds for more than forty different companies, executed more than 10 ABCP deals totaling KRW 534billion and 20 finance consulting contracts.

Our investment banking division has expanded by utilizing our expertise in financial services. We will continue using this model and expand into other business lines as our capabilities continue improving. Our plans include creating special purpose acquisition companies (SPAC), establishing private equity funds (PEF) and developing more sophisticated structured finance products and alternative investments.



INVESTMENT BANKING NET REVENUE

05

PRINCIPAL INVESTMENT

The principal investment division is comprised of principal investment and proprietary trading. Kiwoom Securities has reinforced its principal investment (PI) business to broaden the company's overall business scope and profitability. We plan to continue generating stable profits, even in volatile markets, by enhancing principal investments in commodities, stocks, buy-out investments, real estate and other investment products, while maintaining strict risk control standards. Utilizing diverse tactical investment techniques, we plan to expand into emerging Asian markets. The division was formed in FY2009 and posted net revenue of KRW 11.7billion.

the principal investment division is expanding
the company's business scope and raising overall profitability.
the pi division will generate stable profit by investing
in a broad array of investment products
utilizing diverse tactical techniques.

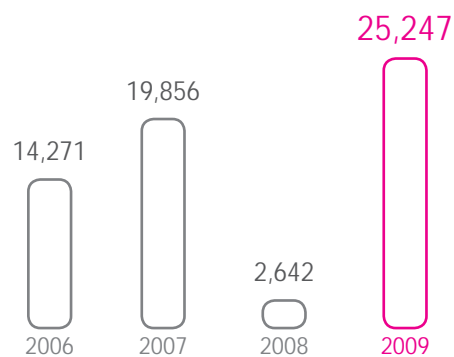
As for proprietary trading, the team continues to stabilize profit streams by investing in derivatives, applying diverse strategic techniques and carefully monitoring risks. We intend to expand into a wider range of trading products as opportunities become available, including commodity futures and overseas futures.



In FY2009, the prop trading team focused on maximizing earnings via derivatives. Net revenue from the team totaled KRW 13.6billion and our FY2010 goal is KRW 15.0billion. The team will adopt several flexible trading strategies and risk management processes to achieve our goals.

All operations are conducted under the strictest possible risk control measures. Our risk management systems have been designed to account for and manage all types of market, credit, counterparty, organizational and systemic risk.

Furthermore, the unit is actively recruiting top specialists to maximize the pool of available trading strategies, ensuring strong, stable profit growth.



(UNIT: KRW MILLION)

PRINCIPAL INVESTMENT & PROP TRADING NET REVENUE

06

NEW BUSINESS

Kiwoom Securities continues to focus on growth. Our technological prowess, solid financial structure and low-cost business model create the flexibility necessary to acquire new skills and pursue promising opportunities, such as foreign exchange margin trading, OTC derivatives, overseas equities and mobile trading.

kiwoom securities is focusing on fx margin trading,
otc derivatives, overseas equities and mobile trading
to catalyze strategic growth over the near term.

FX margin trading is a form of multiple currency spot trading that offers returns in either direction in a two-way trade. As exchange rates fluctuate constantly due to economic, political and market conditions, investors can enter either long or short positions to gain from these fluctuations.

To provide FX margin trading and overseas futures trading services to our clients, Kiwoom invested a year to develop the “Hero Worldwide” trading platform, which has been introduced to positive reviews. We believe this new business will emerge as another revenue stream as it suits our strong client base.



We will launch an OTC derivatives trading business in the second half of 2010, centered on ELS and ELW, in addition to credit, interest rate, equity, commodity and F/X products. Kiwoom has already secured a license to engage in OTC derivatives trading, and we plan to emerge as a major player in this market.

Growing our global trading network is also a high priority at Kiwoom Securities. We were the first domestic player to offer online equity trading in the Hong Kong stock market and we are the only Korean company that offers a real-time trading system that spans Hong Kong, China, Japan and the US. Overseas futures and FX margin trading are also available for our clients. Over the long term, we plan to link all of the major stock exchanges into a single global trading system.

At end-FY2009, the release of the iPhone in Korea sparked a paradigm shift in the domestic securities market. To adjust to the new conditions, we have developed a unique mobile trading system based on our flagship "Hero" HTS, and we believe this will emerge as a cash cow going forward. In FY2009, 2% of total trading volume and 9.8% of commissions were derived from trades executed via mobile phones. Going forward, we believe this will grow due to the rising penetration of smartphones. In fact, the number of clients trading via mobile phones has increased from 3,000 to 18,000 per month last year and annual volume has surged from KRW 40trillion to KRW 67trillion. We will continue developing new tools for our mobile trading platform, backed by Daou Tech and its IT expertise.

BUSINESS

kiwoom securities is committed to creating sustainable value for its investors and shareholders. as such, it will maintain a healthy corporate structure, backed by a strong brand name, and grow its market share by focusing on profitability and enhanced customer **satisfaction.**



FINANCIAL STATEMENTS

- 40 Non-Consolidated Balance Sheets
- 42 Non-Consolidated Statements of Income
- 43 Non-Consolidated Statements of Appropriations of Retained Earnings
- 44 Non-Consolidated Statements of Changes in Shareholders' Equity
- 45 Non-Consolidated Statements of Cash Flows

non-consolidated balance sheets

Fiscal Year End March

(in thousands of Korean won)	FY2009	FY2008
ASSETS		
CASH AND DEPOSITS		
Cash and cash equivalents	₩ 125,575,588	₩ 165,223,755
Deposits	1,105,580,598	981,333,165
SECURITIES		
Trading securities	389,928,731	80,339,705
Available-for-sale securities	8,396,113	9,346,097
Equity method investments	37,570,428	36,440,645
OPTIONS PURCHASED	341,633	883,297
LOAN RECEIVABLES		
Broker's loans, net of allowance for credit losses of ₩ 2,872,609 (2009: ₩ 1,978,275)	570,713,920	345,357,940
Purchased loans, net of allowance for credit losses of ₩ 17,737,517 (2009: ₩ 9,310,307)	8,826,000	17,900,001
Privately placed bonds, net of allowance for credit losses of ₩ 78,081	15,538,064	-
Others, net of allowance for credit losses of ₩ 34,013 (2009: ₩ 25,865)	6,768,569	5,147,100
PROPERTY AND EQUIPMENT, NET	106,220,642	22,721,194
OTHER ASSETS		
Receivables, net of allowance for credit losses of ₩ 834,552 (2009: ₩ 606,748)	29,655,345	33,883,514
Accrued income, net of allowance for credit losses of ₩ 360,523 (2009: ₩ 31,781)	16,634,440	6,324,307
Advance payments	2,126,363	2,362,899
Prepaid expenses	603,857	394,665
Guarantee deposits	4,797,416	7,554,264
Collective fund for default loss	10,984,541	8,911,237
Intangible assets, net	16,797,928	7,662,005
Deferred income tax assets	148,694	1,804,037
Others	7,012,581	7,599,070
Total assets	₩ 2,464,221,451	₩ 1,741,188,897

non-consolidated balance sheets

Fiscal Year End March

(in thousands of Korean won)	FY2009	FY2008
LIABILITIES		
DEPOSITS		
Customers' deposits	₩ 1,335,010,349	₩ 1,117,712,914
Securities loaned	7,628,628	-
BORROWINGS		
Borrowings from KSFC	169,977,617	122,686,412
Bonds sold under repurchase agreements	48,000,000	-
Securities sold	123,871,475	-
Derivatives	635,624	1,043,855
OTHER LIABILITIES		
Accrued severance benefits	2,773,296	1,488,280
Accrued income tax	18,774,147	14,645,525
Accrued payable	14,127,350	14,266,075
Accrued expenses	17,509,715	10,774,099
Leasehold deposits received	13,174,985	-
Unearned income	6,015,637	-
Withholding income taxes	1,823,000	1,410,401
Others	243,281	5,995,986
Present value discount	(523,685)	-
Total liabilities	1,759,041,419	1,290,023,547
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Common stock	110,498,700	97,297,380
Preferred stock	11,223,345	-
CAPITAL SURPLUS		
Paid in capital in excess of par value	275,930,625	123,185,988
Gain on sale of treasury stock	44	44
CAPITAL ADJUSTMENTS		
Stock options	1,234,327	-
ACCUMULATED OTHER COMPREHENSIVE INCOME AND EXPENSE		
Gain (loss) on valuation of securities available-for-sale securities	1,258,085	280,151
Accumulated comprehensive income of equity method investees	1,650,902	3,502,895
Accumulated comprehensive expense of equity method investees	-	(556,803)
RETAINED EARNINGS		
Legal reserve	4,235,304	3,067,735
Reserve for loss on futures transactions	25,493	25,493
Retained earnings before appropriation	299,123,207	224,362,467
Total shareholders' equity	705,180,032	451,165,350
Total liabilities and shareholders' equity	₩ 2,464,221,451	₩ 1,741,188,897

non-consolidated statements of income

Fiscal Year End March

(in thousands of Korean won)	FY2009		FY2008	
OPERATING REVENUE				
Fee revenues	₩	184,118,240	₩	131,187,231
Gain on valuation and disposal of securities		59,687,791		81,108,703
Gain on derivatives transactions		121,855,845		131,482,729
Interest income		66,764,193		87,695,785
Gain on foreign currency transactions		2,059,456		5,358,466
Others		31,073,747		1,078,459
		465,559,272		437,911,373
OPERATING EXPENSES				
Fee expenses		41,369,872		25,034,725
Loss on valuation and disposal of securities		41,708,995		77,132,305
Loss on derivatives transactions		101,825,207		113,900,092
Interest expense		14,406,211		16,772,672
Credit loss expenses		9,407,773		8,730,211
Loss on foreign currency transactions		1,845,386		4,069,974
General and administrative expenses		137,935,679		112,337,231
Others		559,203		373,483
		349,058,326		358,350,693
Operating income		116,500,946		79,560,680
NON-OPERATING INCOME				
Gain on valuation of equity method investments		769,474		389,570
Gain on disposal of property and equipment		49,560		441
Rental revenues		4,980,222		-
Others		261,754		321,170
		6,061,010		711,181
NON-OPERATING EXPENSES				
Loss on valuation of equity method investments		1,223,039		988,963
Loss on disposal of property and equipment		-		2,357
Donations		365,406		267,149
Others		3,600,535		232,756
		5,188,980		1,491,225
Income before income taxes		117,372,976		78,780,636
Income tax expense		29,768,982		24,400,918
Net income	₩	87,603,994	₩	54,379,718
Basic and diluted earnings per share	₩	3,946	₩	3,009

non-consolidated statements of appropriations of retained earnings

Fiscal Year End March

(Dates of appropriations: May 28, 2010 and May 29, 2009 for the years ended March 31, 2010 and 2009, respectively)

(in thousands of Korean won)	FY2009		FY2008	
RETAINED EARNINGS BEFORE APPROPRIATIONS				
Retained earnings before appropriation carried over from prior year	₩	211,519,213	₩	169,982,749
Net income		87,603,994		54,379,718
		<u>299,123,207</u>		<u>224,362,467</u>
APPROPRIATION OF RETAINED EARNINGS				
Legal reserves		1,998,323		1,167,569
Cash dividends		19,983,238		11,675,685
(Dividends (ratio) per share-				
Common stock:				
₩ 650 (13%) in 2010				
₩ 600 (12%) in 2009				
Preferred stock:				
₩ 2,503 (5.62%) in 2010				
		<u>21,981,561</u>		<u>12,843,254</u>
Retained earnings before appropriation carried forward to subsequent year	₩	277,141,646	₩	211,519,213

non-consolidated statements of changes in shareholders' equity

Fiscal Year End March

(in thousands of Korean won)	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income and expense	Retained earnings	Total
BALANCES AS OF APRIL 1, 2008	₩ 81,081,150	₩ 87,615,687	₩ -	₩ (276,914)	₩ 183,616,526	₩ 352,036,449
Dividends	-	-	-	-	(10,540,549)	(10,540,549)
RETAINED EARNINGS AFTER APPROPRIATION	-	-	-	-	173,075,977	341,495,900
Paid in capital increase	16,216,230	35,570,345	-	-	-	51,786,575
Net income	-	-	-	-	54,379,718	54,379,718
Gain (loss) on valuation of available-for-sale securities	-	-	-	300,560	-	300,560
Changes in equity method investees with accumulated comprehensive income	-	-	-	3,202,597	-	3,202,597
Balances as of March 31, 2009	₩ 97,297,380	₩ 123,186,032	₩ -	₩ 3,226,243	₩ 227,455,695	₩ 451,165,350
BALANCES AS OF APRIL 1, 2009	₩ 97,297,380	₩ 123,186,032	₩ -	₩ 3,226,243	₩ 227,455,695	₩ 451,165,350
Dividends	-	-	-	-	(11,675,685)	(11,675,685)
RETAINED EARNINGS AFTER APPROPRIATION	-	-	-	-	215,780,010	439,489,665
Paid in capital increase	24,424,665	152,744,637	-	-	-	177,169,302
Net income	-	-	-	-	87,603,994	87,603,994
Stock options	-	-	1,234,327	-	-	1,234,327
Gain (loss) on valuation of available-for-sale securities	-	-	-	977,934	-	977,934
Changes in equity method investees with accumulated comprehensive income, net	-	-	-	(1,295,190)	-	(1,295,190)
Balances as of March 31, 2010	₩ 121,722,045	₩ 275,930,669	₩ 1,234,327	₩ 2,908,987	₩ 303,384,004	₩ 705,180,032

non-consolidated statements of cash flows

Fiscal Year End March

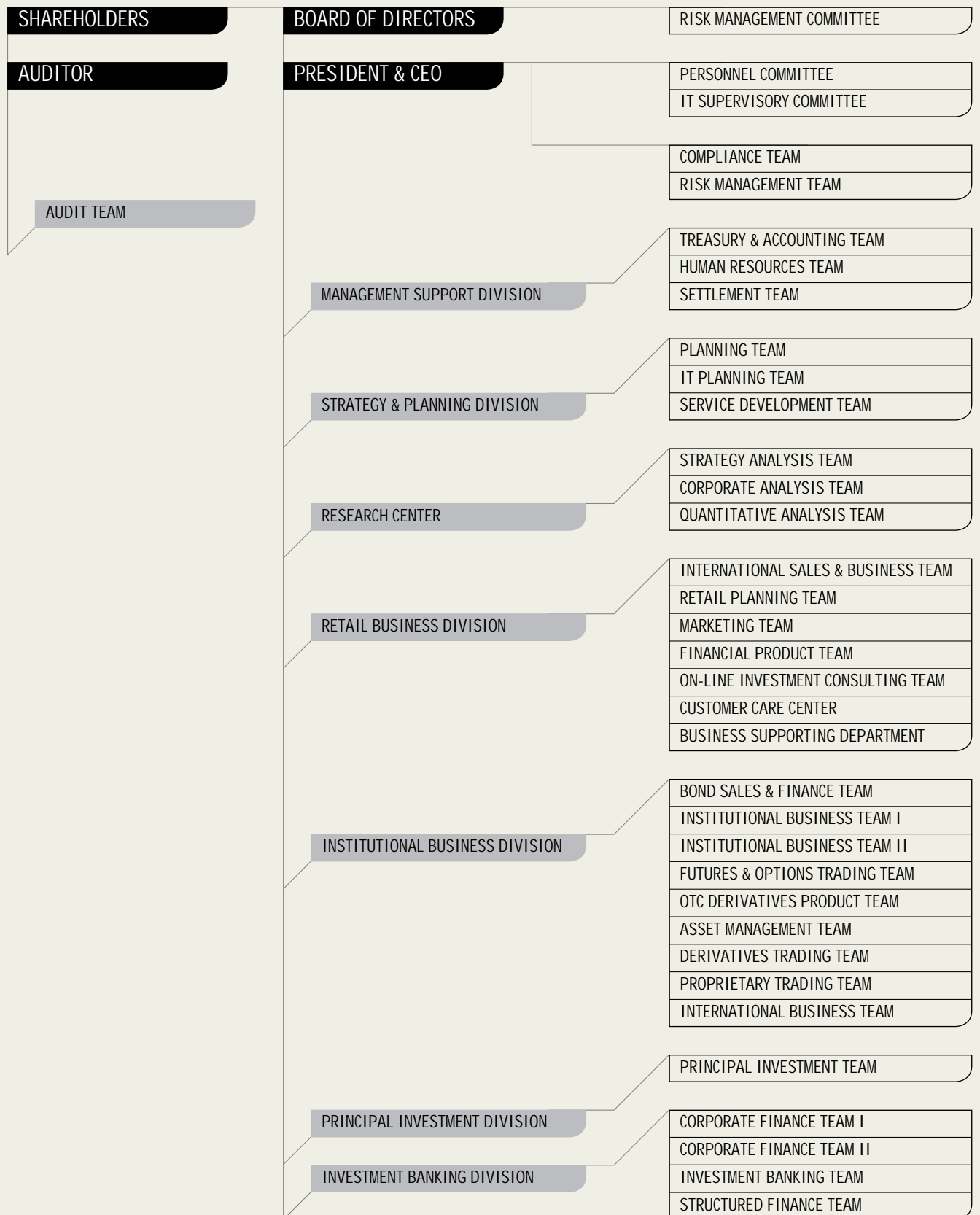
(in thousands of Korean won)	FY2009		FY2008	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	₩	87,603,994	₩	54,379,718
Adjustment to reconcile net income to net cash provided by (used in) operating activities				
Loss on valuation of trading securities		1,360,147		2,907,120
Loss on disposal of available-for-sale securities		-		62,915
Loss on valuation of options		130,711		342,761
Impairment loss on available-for-sale securities		30,522		442,825
Loss on valuation of equity method investments		1,223,039		988,963
Credit loss expenses		9,407,773		8,730,211
Provision for severance benefits		1,763,058		1,741,572
Depreciation		8,002,155		6,439,347
Amortization of intangible assets		3,946,643		2,933,354
Other credit loss expenses		556,546		373,482
Loss on disposal of property and equipment		-		2,357
Loss on foreign currency translation		68,139		66,821
Loss on settlement of futures		8,316		14,916
Interest expense (present value discount)		180,726		-
Compensation expenses associated with stock options		1,234,327		-
Gain on valuation of trading securities		(3,882,043)		(523,450)
Gain on disposal of available-for-sale securities		(940,657)		(10,598,449)
Gain on valuation of options		(227,319)		(587,608)
Gain on valuation of equity method investments		(769,474)		(389,570)
Gain on disposal of property and equipment		(49,560)		(441)
Gain on settlement of futures		(98,360)		(15,417)
Gain on foreign currency translation		(55,008)		(148,379)
Interest income (present value discount)		(294,400)		-
		21,595,281		12,783,330
Changes in operating assets and liabilities				
Increase in deposits		(189,933,258)		(307,898,446)
Increase in trading securities		(307,067,130)		(7,967,395)
Decrease (Increase) in options purchased		433,580		(835,825)
Decrease (Increase) in broker's loans		(226,250,314)		136,573,810
Decrease in purchased loans		646,790		789,692
Decrease (Increase) in receivables		4,090,411		(10,000,544)
Decrease (Increase) in accrued income		(10,638,875)		631,728
Decrease (Increase) in advanced payments		236,535		(1,076,721)
Decrease (Increase) in prepaid expenses		(209,192)		23,044
Increase in collective fund for default loss		(2,073,304)		(276,481)
Decrease (Increase) in deferred income tax assets		1,379,515		(1,883,053)
Increase in customers' deposits		217,297,435		417,373,049
Increase (Decrease) in securities loaned		7,628,628		(7,440,874)
Increase in securities sold		123,871,475		-
Increase (Decrease) in options sold		(199,277)		1,297,443
Increase (Decrease) in over-the-counter derivatives instruments liabilities		(4,262)		4,262

non-consolidated statements of cash flows

Fiscal Year End March

(in thousands of Korean won)	FY2009		FY2008	
Increase [Decrease] in accrued payables	₩	(5,138,850)	₩	3,290,745
Increase [Decrease] in accrued expenses		6,735,616		2,641,485
Increase [Decrease] in accrued income tax		4,128,622		(12,179,422)
Increase [Decrease] in unearned income		6,015,637		(46,849)
Increase [Decrease] in withholding income taxes		412,599		(372,016)
Decrease in deferred income tax liabilities		-		(427,473)
Increase [Decrease] in other liabilities		(5,752,705)		5,812,910
Payment of severance benefits		(1,867,917)		(985,619)
		(376,258,241)		217,047,450
Net cash provided by (used in) operating activities		(267,058,966)		284,210,498
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in long-term deposits, net		67,052,600		(76,052,600)
Disposal (acquisition) of available-for-sale securities, net		3,113,883		(9,642,977)
Disposal (acquisition) of other assets, net		586,490		(1,617,468)
Decrease in guarantee deposits, net		2,756,846		425,985
Increase in leasehold deposits received		13,174,985		-
Increase in restricted deposits		(6,000,000)		-
Increase in other deposits		(1,379,906)		(576,031)
Acquisition of equity method investments, net		(2,878,537)		(26,302,999)
Increase in loans, net		(1,629,617)		(1,171,043)
Acquisition of privately placed bonds		(15,321,745)		-
Acquisition of property and equipment, net		(91,085,502)		(8,099,253)
Increase in construction in progress, net		(366,540)		(345,791)
Acquisition of intangible assets		(7,396,979)		(3,582,157)
Net cash provided by (used in) investing activities		(39,374,022)		(126,964,334)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in borrowings, net		47,291,204		(76,497,535)
Increase in bonds sold under repurchase agreements		48,000,000		-
Increase in paid in capital		177,169,303		51,786,575
Payment of dividends		(11,675,686)		(10,540,550)
Net cash provided by financing activities		260,784,821		(35,251,510)
Net increase (decrease) in cash and cash equivalents		(45,648,167)		121,994,654
CASH AND CASH EQUIVALENTS				
Beginning of year		165,223,755		43,229,101
End of year	₩	119,575,588	₩	165,223,755

organization

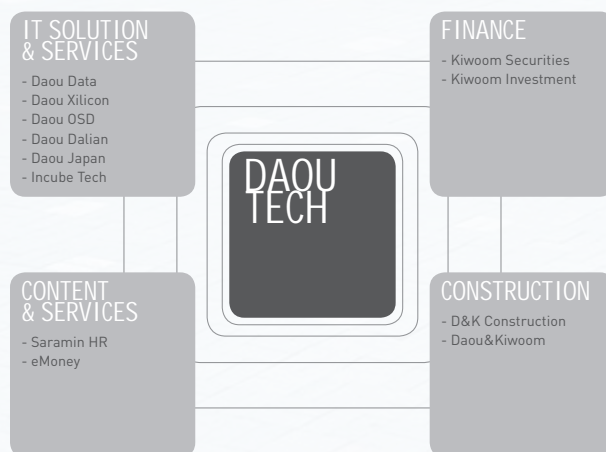




ABOUT DAOU



Daou Tech was established in 1986, and plays an important role in Korea's economic and technological development by creating and implementing complex IT solution integration projects for domestic industries. Daou Tech developed and retains ownership of Kiwoom's HERO and other trading platforms, and is responsible for their continued maintenance and upgrading. Daou Tech was the first software company to be listed on the Korea Exchange, where its shares have traded under the ticker 023590 since 1997.





DAOU TECH CORPORATE HEADQUARTERS

IT SOLUTION & SERVICES

DAOU TECH

T. 82-70-8707-1000
6F. Daou Digitalsquare, 23-7 Jukjeon-dong,
Suji-gu, Yongin-si, Gyeonggi-do, Korea

DAOU DATA

T. 82-70-8707-3000
7F. Daou Digitalsquare, 23-7 Jukjeon-dong,
Suji-gu, Yongin-si, Gyeonggi-do, Korea

DAOU XILICON TECHNOLOGY CO., LTD.

T. 82-70-8707-2500
7F. Daou Digitalsquare, 23-7 Jukjeon-dong,
Suji-gu, Yongin-si, Gyeonggi-do, Korea

DAOU OSD TECHNOLOGY (DALIAN) INC.

T. 86-411-3973-1555
Nami Bldg., 3 Huoju Road, Gaoxinyuan District,
Dalian, China

DAOU (DALIAN) TECHNOLOGY DEVELOPMENT CO.

T. 86-411-3973-1516-8
Nami Bldg., 3 Huoju Road, Gaoxinyuan District,
Dalian, China

DAOU JAPAN

T. 81-03-5402-3675
4F. Nakamura Bldg., 2-12-11 Hamamatsucho,
Minato-ku, Tokyo, Japan

INCUBE TECHNOLOGIES, INC.

T. 82-1566-1374
7F. Daou Digitalsquare, 23-7 Jukjeon-dong,
Suji-gu, Yongin-si, Gyeonggi-do, Korea

CONTENT & SERVICES

SARAMINHR CO., LTD.

T. 82-2-2025-4733
Rm. 208, Kolon Science Bldg., First 187-10
Guro-dong, Guro-gu, Seoul, Korea

EMONEY COMPANY LIMITED

T. 82-2-3787-6965
5F. DongYoido Bldg., 25 Yoido-dong,
Youngdeungpo-gu, Seoul, Korea

FINANCE

KIWOOM SECURITIES

T. 82-2-3787-5236
14F. Yuhwa Bldg., 23-7 Yoido-dong,
Youngdeungpo-gu, Seoul, Korea

KIWOOM INVESTMENT

T. 82-2-3430-4800
3F. Sindoricoh Bldg., 943-27 Daechi-dong,
Gangnam-gu, Seoul, Korea

CONSTRUCTION

DNK CONSTRUCTION INC.

T. 82-70-8707-2801
7F. Daou Digitalsquare, 23-7 Jukjeon-dong,
Suji-gu, Yongin-si, Gyeonggi-do, Korea

DAOU&KIWOOM INC.

T. 82-70-8707-2700
7F. Daou Digitalsquare, 23-7 Jukjeon-dong,
Suji-gu, Yongin-si, Gyeonggi-do, Korea

shareholder's information

Established: Jan. 2000

KOSPI Listing: Aug. 2009 (**Prior KOSDAQ Listing:** April 2004)

Employees: 444 (July 2010)

Shareholder's Equity: KRW 718.0billion (July 2010)

Outstanding Shares: 22,099,740 (July 2010)

Preferred Shares: 2,244,669 (Oct. 2009)

Kiwoom Securities, 14F. Yuhwa Bldg., 23-7 Yoido-dong, Youngdeungpo-gu, Seoul, Korea

T. 82-2-3787-5236 F. 82-2-3787-5136 ir@kiwoom.com

