3rd Quarter Financial Highlights

- 22% Growth in QoQ Sales
- 62% Growth in QoQ Operating Profit
- Profits reach a record-breaking U$100 million
- Telecom Sell-off – Daewoo Unitel to Silkway Holdings for U$73M

Business Highlights

- €12M of Electronics to Media Markt, Germany
- U$16.3M of Auto-manufacturing equipments sales to AUX China

Strategic Investments

- Natural Resource – Indonesia

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With US$3.2 billion in sales, US$110 million in operating income and US$100 million in net income, the Company showed 22%, 62% and 100% business growth compared to the same period of FY 2003, respectively. These record-high results come amid continued regional tensions in the Middle East, rise in logistics costs spurred by persistently high oil prices and ever-competitive business atmosphere around the globe. With US$35 million in revenues from equity investments and reduction in interest costs as a result of consistent debt repayments, the Company was able to realize a total of US$109 million in ordinary income.

As of end of September 2004, Daewoo International has US$1.5 billion in assets, with US$928 million in liabilities and US$563 million in shareholders’ equity. As part of its non-core asset disposal plan, the Company sold 100% of its stakes in Daewoo Unitel, the telecommunication investment entity in Uzbekistan with No.1 market share, to Silkway Holdings of the Netherlands for US$73.5 million, in August. Daewoo Unitel’s sales in FY2003 were US$26 million with US$5.8 million in ordinary income on a total asset of US$56 million. A majority of the proceeds will be allocated for debt repayments.

Also, Daewoo International ISM, the manufacturing arm of Daewoo International specializing in advanced textiles and car-seat fabrics, has integrated its two plants allocated in Banyeoo and Yangsan to Song-jeong, Busan, after signing the disposal plan of the former plant sites for a total of KRW 123 billion in early November. KRW 81.9 billion of the proceeds was used for debt repayments to KAMCO.

The Company’s debt-equity ratio is 165% and interest coverage ratio is at 3.14 times.
Business Highlights

€12 M Exports to Media Markt, Germany

In August, Daewoo International signed €12 million export sales agreement with German electronics retailer Media Markt. Accumulated sales to Media Markt since the business launch in 2003 would reach a total of €100 million. The Company aims to further reinforce the client relationship as a long-term supplier for Media Markt.

U$16.3 M Exports to AUX Group, China

In the same month, the Company also signed a contract valued at U$16.3 million to supply machinery to China’s AUX Group Co. Daewoo International will provide equipment for AUX’s new auto plant in the eastern province of Zhejiang. The facility is currently under construction and will be equipped to produce 400,000 vehicles by 2009. The deal demonstrates the Company’s competitiveness in plant equipment sales. Daewoo International expects this contract can pave the way for more orders from other auto plants in China. The Chinese conglomerate AUX is one of many Chinese electronics makers hoping to enter the nation’s fast-growing auto industry.

Strategic Investments

Coal Mine development in Indonesia

Walking in tandem with the Korean government’s initiative to establish energy independence and to secure strategic mining resources, Daewoo International, in early October, signed an MOU to participate in an international consortium for coal development project in the southern Kalimantan region of Indonesia. The consortium consists of Daewoo International, KORES (Korea Resource Corp.) and the Indonesian energy conglomerate Gunnung Bayan Group. Investment portfolio for the consortium will be decided upon after numerous simulations and feasibility studies on the project’s reserves, economic viability and other project-related risk factors.