

Daekyo Co., Ltd.
Financial Statements
December 31, 2003 and 2002

Daekyo Co., Ltd.
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December 31, 2003 and 2002

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Report of Independent Auditors

To the Board of Directors and Shareholders of
Daekyo Co., Ltd.

We have audited the accompanying balance sheets of Daekyo Co., Ltd. (the “Company”) as of December 31, 2003 and 2002, and the related statements of income, appropriations of retained earnings, 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 financial statements referred to above present fairly, in all material respects, the financial position of Daekyo Co., Ltd. as of December 31, 2003 and 2002, and the results of its operations, the changes in its retained earnings and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

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

As discussed in Note 1 to the accompanying financial statements, the Company offered its shares for public ownership on February 3, 2004 and the Company’s common stocks are listed at Korean Stock Exchange. The Company issued 1,310,552 new shares of common stocks through public subscription and 689,448 shares of treasury common stocks through sale, raising a total amount of ₩84,000,000 thousand (₩42,000 per stock). As a result, the number of common stocks outstanding as of audit report date is 8,470,285 shares.

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As discussed in Note 2 to the accompanying financial statements, the Company changed its accounting treatment of retained earnings from disclosing financial position after appropriation of retained earnings to disclosing financial position before appropriation of retained earnings in accordance with Statements of Korean Financial Accounting Standards ("SKFAS") No. 6. The financial statements as of and for the year ended December 31, 2002 have been retroactively restated for the change, which resulted in decreasing the current liabilities of ₩8,510,119 thousands and increasing retained earnings of ₩8,510,119 thousands.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying 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 financial statements are for use by those who are knowledgeable about Korean accounting principles or auditing standards and their application in practice.

Seoul, Korea
February 13, 2004

This report is effective as of February 13, 2004, 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.

Daekyo Co., Ltd.
Balance Sheets
December 31, 2003 and 2002

<i>(in Korean Won)</i>	2003	2002
Assets		
Current assets		
Cash and cash equivalents (Note 3)	₩ 73,118,848,529	₩ 35,803,073,971
Short-term financial instruments (Note 4)	16,163,100,000	17,624,480,000
Available-for-sale securities (Note 7)	1,280,300,752	142,064,000
Trade accounts receivable, net (Notes 5 and 23)	17,978,519,001	16,801,505,473
Other accounts receivable, net (Notes 5 and 23)	8,676,666,313	7,469,703,590
Inventory (Note 6)	18,534,071,131	12,239,515,658
Advance payments	14,672,102,459	7,804,260,542
Other current assets	2,087,286,281	453,381,494
Total current assets	152,510,894,466	98,337,984,728
Property, plant and equipment, net (Note 9)	139,498,635,428	137,425,902,102
Long-term financial instruments (Note 4)	1,514,747,417	1,078,169,233
Available-for-sale securities (Note 7)	132,053,257,383	100,350,572,505
Equity method investments (Note 8)	3,300,590,665	3,599,831,220
Non-current guarantee deposit	49,143,822,624	45,762,781,038
Long-term other accounts receivable, net (Note 5)	-	36,185,969
Deferred income tax assets (Note 19)	10,465,914,909	13,573,001,567
Other investment assets	4,276,270,000	4,276,270,000
Intangible assets (Note 10)	24,103,530,687	17,960,275,804
Total assets	₩ 516,867,663,579	₩ 422,400,974,166

Daekyo Co., Ltd.
Balance Sheets
December 31, 2003 and 2002

<i>(in Korean Won)</i>	2003	2002
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts payable	₩ 7,834,165,539	₩ 8,856,907,236
Other accounts payable	19,245,896,078	10,649,940,558
Accrued expenses	41,573,497,435	31,627,451,176
Withholdings	4,241,211,915	3,848,585,836
Advances received	58,924,748,713	40,763,086,046
Income tax payable	11,061,584,965	18,721,126,588
Current maturities of long-term borrowings (Note 11)	559,500,000	506,000,000
Other current liabilities	1,224,430,427	793,624,051
Total current liabilities	<u>144,665,035,072</u>	<u>115,766,721,491</u>
Long-term borrowings, net of current maturities (Note 11)	1,958,250,000	2,277,000,000
Long-term accrued expense	32,056,496,526	38,127,094,761
Long-term deposit received	13,358,131,000	13,218,465,613
Liability for loss contingencies	500,000,000	-
Accrued severance benefits, net (Note 12)	22,765,451,806	31,139,747,168
Total liabilities	<u>215,303,364,404</u>	<u>200,529,029,033</u>
Commitments and contingencies (Note 13)		
Shareholders' equity		
Capital stock, ₩5,000 par value; authorized 150 million shares		
Common stock:		
issued and outstanding 7,159,733 shares	35,798,665,000	35,798,665,000
Preferred stock:		
issued and outstanding 1,942,699 shares	9,713,495,000	9,713,495,000
Capital Surplus (Note 15)	8,613,284,760	8,613,284,760
Retained earnings (Note 16)	213,468,991,694	160,998,898,188
Capital adjustments (Note 17)	33,969,862,721	6,747,602,185
Total shareholders' equity	<u>301,564,299,175</u>	<u>221,871,945,133</u>
Total liabilities and shareholders' equity	<u>₩ 516,867,663,579</u>	<u>₩ 422,400,974,166</u>

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

Daekyo Co., Ltd.
Income Statements
Years Ended December 31, 2003 and 2002

<i>(in Korean Won)</i>	2003	2002
Sales (Note 20)	₩ 805,387,949,382	₩ 764,480,472,634
Cost of sales (Note 20)	<u>632,125,851,178</u>	<u>609,820,699,328</u>
Gross profit	173,262,098,204	154,659,773,306
Selling and administrative expenses	<u>102,521,582,943</u>	<u>98,703,835,707</u>
Operating income	<u>70,740,515,261</u>	<u>55,955,937,599</u>
Non-operating income		
Interest income	5,542,924,033	4,985,933,962
Dividend income	2,394,169,905	2,364,639,400
Refunded income taxes	12,992,986,479	2,494,457,936
Gain on disposal of available-for-sale securities	505,073,263	772,696,710
Gain on valuation of available-for-sale securities	-	95,644,530
Gain on foreign currency translation	45,828,904	1,923,253
Foreign exchange gains	6,054,533	6,641,937
Gain on disposal of property, plant and equipment	24,730,901	101,746,595
Rental income	936,581,211	937,421,483
Others	<u>178,669,669</u>	<u>1,705,180,574</u>
	<u>22,627,018,898</u>	<u>13,466,286,380</u>
Non-operating expenses		
Interest expenses	98,113,012	20,718,700
Foreign exchange losses	17,437,778	3,103,660
Loss on foreign currency translation	240,750,000	36,468,644
Loss on valuation of inventory	376,104,127	752,362,050
Loss on disposal of property, plant and equipment	1,205,656,937	2,624,835,571
Loss on valuation of available-for-sale securities	-	2,366,106,265
Loss on valuation of securities using the equity method of accounting	750,989,466	623,633,824
Loss on valuation of option	40,074,750	-
Loss on impairment of available-for-sale securities	245,148,294	-
Loss on impairment of intangible assets	72,727,634	51,663,114
Provision for guarantee losses	500,000,000	-
Additional income taxes	1,991,296,350	15,883,215,480
Donations	1,709,279,000	1,683,403,067
Others	<u>176,183,180</u>	<u>135,064,000</u>
	<u>7,423,760,528</u>	<u>24,180,574,375</u>
Income before income taxes	85,943,773,631	45,241,649,604
Income tax expense (Note 19)	<u>24,963,561,175</u>	<u>17,698,674,653</u>
Net income	<u>₩ 60,980,212,456</u>	<u>₩ 27,542,974,951</u>
Ordinary income per share (Note 21)		
Common stock	₩ 7,225	₩ 3,262
Preferred stock	₩ 7,325	₩ 3,312
Earnings per share		
Common stock	₩ 7,225	₩ 3,262
Preferred stock	₩ 7,325	₩ 3,312

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

Daekyo Co., Ltd.
Statements of Appropriations of Retained Earnings
Years Ended December 31, 2003 and 2002
 (Date of appropriations : March 12, 2004 and March 10, 2003
 For the years ended December 31, 2003 and 2002, respectively)

<i>(in Korean Won)</i>	2003	2002
Retained earnings before appropriations		
Unappropriated retained earnings carried-over		
from prior years	₩ 3,683,754,362	₩ 4,784,231,696
Net income	<u>60,980,212,456</u>	<u>27,542,974,951</u>
	64,663,966,818	32,327,206,647
Transfer from voluntary reserve		
Reserve for foreign investment loss	-	66,666,665
Appropriation of retained earnings		
Legal reserve	-	5,000,000,000
Reserve for business rationalization	-	200,000,000
Reserve for business development	-	12,000,000,000
Voluntary reserve	50,000,000,000	3,000,000,000
Cash dividend (Note 22)	<u>10,710,499,900</u>	<u>8,510,118,950</u>
	60,710,499,900	28,710,118,950
Unappropriated retained earnings		
carried forward to the subsequent year	<u>₩ 3,953,466,918</u>	<u>₩ 3,683,754,362</u>

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

Daekyo Co., Ltd.
Statements of Cash Flows
Years Ended December 31, 2003 and 2002

<i>(in Korean Won)</i>	2003	2002
Cash flows from operating activities		
Net income	₩ 60,980,212,456	₩ 27,542,974,951
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	8,655,554,515	9,398,384,507
Amortization of intangible assets	10,301,511,234	6,769,025,748
Provision for severance benefits	17,425,078,246	22,009,471,747
Loss on valuation of securities using the equity method of accounting	750,989,466	623,633,824
Donation	-	997,616,000
Loss on disposal of property, plant and equipment, net	1,180,926,036	2,523,088,976
Loss on foreign currency translation, net	240,750,000	7,150,000
Provision for bad debt expenses	1,123,626,338	47,053,340
Provision for other bad debt expenses	168,086,202	-
Provision for return reserve	-	680,061,242
Loss on valuation of available-for-sale securities, net	-	2,299,650,265
Loss on valuation of inventory	376,104,127	752,362,050
Loss on valuation of option	40,074,750	-
Loss on impairment of available-for-sale securities	245,148,294	-
Loss on impairment of intangible assets	72,727,634	51,663,114
Provision for guarantee losses	500,000,000	-
Gain on disposal of available-for-sale securities, net	(504,531,207)	(772,696,710)
Others	1,363,970	105,911,481
	<u>40,577,409,605</u>	<u>45,492,375,584</u>
Changes in operating assets and liabilities		
Increase in trade accounts receivable	(3,806,057,521)	(5,110,916,480)
(Increase) decrease in other accounts receivable	166,554,699	(4,554,196,273)
Increase in advance payments	(12,793,227,634)	(3,136,603,028)
Increase in inventory	(4,789,779,261)	(284,328,987)
(Increase) decrease in deferred income tax assets	3,107,086,658	(6,817,990,106)
(Increase) decrease in other current assets	(1,668,034,419)	633,696,506
Increase (decrease) in trade accounts payable	(1,022,741,697)	743,034,490
Increase (decrease) in other accounts payable	8,595,955,520	(4,470,372,642)
Increase in accrued expenses	9,946,046,259	1,230,756,023
Increase in withholdings	392,626,079	1,178,001,217
Increase in advances received	18,161,662,667	4,237,923,346
Increase (decrease) in income tax payable	(7,659,541,623)	10,046,398,719
Payment of severance benefits	(28,913,911,789)	(6,114,248,213)
(Increase) decrease in severance insurance deposit	1,919,324,681	(10,098,379,856)
Decrease in contribution to national pension fund	1,195,213,500	307,089,900
Increase (decrease) in long-term deposit received	139,665,387	(1,291,807,050)
Increase (decrease) in long-term accrued expense	(6,070,598,235)	9,245,934,467
Increase in other current liabilities	292,751,626	57,108,513
	<u>(22,807,005,103)</u>	<u>(14,198,899,454)</u>
Net cash provided by operating activities	₩ 78,750,616,958	₩ 58,836,451,081

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Statements of Cash Flows
Years Ended December 31, 2003 and 2002

<i>(in Korean Won)</i>	2003	2002
Cash flows from investing activities		
Proceeds from disposal of available-for-sale securities	₩ 3,674,739,962	₩ 1,471,465,710
Proceeds from disposal of short-term financial instruments	19,624,480,000	47,327,664,444
Proceeds from disposal of long-term financial instruments	10,168,007	745,301,381
Proceeds from disposal of property, plant and equipment	1,637,643,464	4,860,231,298
Decrease in other current assets	34,129,632	30,883,349
Proceeds from disposal of other investment assets	-	484,545,456
Increase in other current liabilities	97,980,000	-
Decrease in non-current guarantee deposit	8,544,581,348	5,819,657,045
Acquisition of equity method investments	(198,367,752)	-
Acquisition of other investment assets	-	(2,088,000,000)
Increase in non-current guarantee deposit	(11,925,622,934)	(13,642,453,672)
Increase in other current assets	-	(75,800,000)
Acquisition of long-term financial instruments	(446,746,191)	(653,036,524)
Acquisition of available-for-sale securities	(9,287,399,302)	(10,897,842,200)
Acquisition of short-term financial instruments	(18,163,100,000)	(33,725,126,245)
Acquisition of property, plant and equipment	(15,429,101,650)	(27,137,197,993)
Acquisition of intangible assets	(10,592,108,034)	(12,506,194,879)
Net cash used in investing activities	<u>(32,418,723,450)</u>	<u>(39,985,902,830)</u>
Cash flows from financing activities		
Cash dividend	(8,510,118,950)	(4,285,721,530)
Repayment of current maturities of long-term borrowings	<u>(506,000,000)</u>	<u>(287,350,000)</u>
Net cash used in financing activities	<u>(9,016,118,950)</u>	<u>(4,573,071,530)</u>
Net increase in cash and cash equivalents	37,315,774,558	14,277,476,721
Cash and cash equivalents		
Beginning of the year	<u>35,803,073,971</u>	<u>21,525,597,250</u>
End of the year (Note 25)	<u>₩ 73,118,848,529</u>	<u>₩ 35,803,073,971</u>

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

Daekyo Co., Ltd.
Notes to Financial Statements
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1. The Company

Daekyo Co., Ltd. (the "Company") was incorporated in December 1986 under the Commercial Code of the Republic of Korea to provide educational services for children. The Company changed its name from Daekyo Munhwa to Daekyo in January 1991.

As of December 31, 2003, the Company's shareholders of common stock are as follows:

	Number of shares	Percentage of ownership (%)
Daekyo Network Co., Ltd.	4,953,120	69.18
Seo, Yong Ha	348,490	4.87
Daekyo Culture Foundation	297,842	4.16
Others	1,560,281	21.79
	<u>7,159,733</u>	<u>100.00</u>

The Company offered its shares for public ownership on February 3, 2004 and the Company's common stocks are listed at Korean Stock Exchange. The Company issued 1,310,552 new shares of common stocks through public subscription and 689,448 shares of treasury common stocks through sale, raising a total amount of ₩84,000,000 thousand (₩42,000 per share). As a result, the number of common stocks outstanding as of February 13, 2004 is 8,470,285 shares.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its financial statements are summarized below:

Basis of Financial Statement Presentation

The Company maintains its accounting records in Korean Won and prepares statutory financial statements in the Korean language in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language financial statements. 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.

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Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect amounts reported therein. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may be different from those estimates.

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, and the Company has adopted these statements in its financial statements for the year ended December 31, 2003.

The Company's financial statements are scheduled to be approved by board of directors on March 8, 2004.

Revenue Recognition

Sales of products are recognized when delivered and revenues from construction contracts are recognized using percentage-of-completion method.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful receivables based on the aggregate estimated collectibility of the receivables.

Return reserve

Effective January 1, 2003, the Company changed its accounting treatment for return reserve in accordance with Statements of Korean Financial Accounting Standards No. 4, Revenue Recognition (SKFAS 4). Under the previous method, gross profit amounts calculated based on estimated return was recorded as selling and administrative expenses. Under the new method, estimated return and related estimated cost of goods sold were deducted from sales and cost of goods sold, respectively. This change resulted in the decrease in sales by ₩935,131 thousand and the decrease in cost of goods sold by ₩528,817 thousand for the year ended December 31, 2003.

Inventories

Inventories are stated at the lower of cost or market, with cost being determined using the weighted-average method. If the net realizable value of inventory is less than its cost, the carrying amount is reduced to the net realizable value.

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Investments in Affiliates and Other Investments

The Company accounts for equity and debt securities under the provision of Statement of Korean Financial Accounting Standards No. 8, *Investments* (SKFAS No. 8). This statement requires investments in equity and debt securities to be divided into one of three categories: trading, available-for-sale and held-to-maturity.

Securities are initially carried at cost, including incidental expenses, with cost being determined using the moving average method. Debt securities, which the Company has the intent and ability to hold to maturity, are generally carried at cost, adjusted for the amortization of discounts or premiums. Premiums and discounts on debt securities are amortized over the term of the debt using the effective interest rate method. Trading and available-for-sale securities are carried at fair value, except for non-marketable securities classified as available-for-sale securities, which are carried at cost. Non-marketable debt securities are carried at a value using the present value of future cash flows, discounted at the reasonable interest rate determined considering the credit ratings by the independent credit rating agencies.

Unrealized valuation gains or losses on trading securities are charged to current operations, and those resulting from available-for-sale securities are recorded as a capital adjustment, the accumulated amount of which shall be charged to current operations when the related securities are sold, or when an impairment loss on the securities is recognized. Impairment losses are recognized in the income statement when the recoverable amounts are less than the acquisition cost of securities or adjusted cost of debt securities for the amortization of discounts or premiums.

Investments in equity securities of companies, over which the Company exercises significant control or influence (controlled investees), are recorded using the equity method of accounting. Under the equity method, the Company records changes in its proportionate ownership of the book value of the investee in current operations, as capital adjustments or as adjustments to retained earnings, depending on the nature of the underlying change in book value of the investee. The Company discontinues the equity method of accounting for investments in equity method investees when the Company's share of accumulated losses equals the costs of the investments, and until the subsequent cumulative changes in its proportionate net income of the investees equals its cumulative proportionate net losses not recognized during the periods when the equity method was suspended.

Differences between the initial purchase price and the Company's initial proportionate ownership of the net book value of the investee are amortized over five years using the straight-line method.

Unrealized profit arising from sales by the Company to equity method investees is fully eliminated. The Company's proportionate unrealized profit arising from sales by the equity method investees to the Company or sales between equity method investees is also eliminated.

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Foreign currency financial statements of equity method investees are translated into Korean Won using the basic exchange rates in effect as of the balance sheet date for assets and liabilities, and annual average exchange rates for income and expenses. Any resulting translation gain or loss is included in the capital adjustment account, a component of shareholders' equity.

Property, Plant and Equipment

The cost of property, plant and equipment includes purchase costs or manufacturing costs, incidental costs directly related to preparing the premises and equipment for use, and the discounted estimated costs to remove, dismantle or restore property, plant and equipment at the end of the estimated useful lives of the related assets when those costs meet the conditions for the recognition of liabilities.

The Company had been capitalizing interest expense incurred on borrowings used to finance the cost of constructing facilities and equipment until December 31, 2002. Capitalized interest expense amounted to ₩129,986 thousand for the year ended December 31, 2002. However, with the adoption of SKFAS No. 7 on January 1, 2003, the Company decided not to capitalize interest expense.

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method for buildings and structures and the declining-balance method for the other property, plant and equipment over the estimated useful lives of the related assets as described below:

Buildings	40 - 60 years
Structures	3 - 40 years
Machinery	4 years
Vehicles	2 - 5 years
Tools	2 - 4 years
Equipment	2 - 17 years

Routine maintenance and repairs are charged to current operations as incurred. Expenses for betterments and renewals, enhancing the value of the assets over the recently appraised value of the assets, are capitalized.

The Company assesses the potential impairment of property, plant and equipment when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value to be unlikely. The carrying value of the assets is reduced to the estimated realizable value and an impairment loss is recorded as a reduction in the carrying value of the related asset and charged to current operations. However, the recovery of the impaired assets would be recorded in current operations up to the cost of the assets, net of accumulated depreciation before impairment, when the estimated value of the assets exceeds the carrying value after impairment.

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Intangible Assets

Intangible assets are stated at cost, net of accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives as described below:

Goodwill	5 years
Industrial property right	5 - 10 years
Development cost	4 years
Intellectual property right	5 years
Franchise	5 years
Right to use donated assets	1 – 4 years

Development costs, directly relating to new technology or new products of which the estimated future benefits are probable, are capitalized as intangible assets.

The Company assesses the potential impairment of intangible assets when there is evidence that events or changes in circumstances have made the recovery of an asset's carrying value to be unlikely. The carrying value of the assets is reduced to the estimated realizable value, and an impairment loss is recorded as a reduction in the carrying value of the related asset and charged to current operations. However, the recovery of the impaired assets would be recorded in current operations up to the cost of the asset, net of accumulated amortization before impairment, when the estimated value of the assets exceeds the carrying value after impairment.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the basic rates in effect at the balance sheet date (US\$1:₩1,197.8, ¥100:₩11.19, Canada\$1:₩926.09, NZ\$1:₩783.84, HK\$1:₩154.28 as of December 31, 2003), and the resulting translation gains and losses are recognized in current operations.

Accrued Severance Benefits

Employees and directors with one year or more of service are entitled to receive a lump-sum payment upon termination of their employment, 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 and directors were to terminate their employment as of the balance sheet date.

The Company has made deposits to the National Pension Fund in accordance with the 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 through a group severance insurance plan and are presented as a deduction from accrued severance benefits.

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Long-term accrued expenses

The Company entered into a contract with free-lance instructors to manage its educational service members. According to the contract, the Company pays instructors a certain amount calculated based on cumulative cash collection amounts from its educational service members during contract terms. Long-term accrued expenses represent the amount which would be payable assuming all instructors were to terminate their contract as of the balance sheet date.

Income Taxes

The Company recognizes deferred income tax assets and liabilities, which represent temporary differences between the financial reporting and tax bases of assets and liabilities. Deferred income tax assets and liabilities are computed on such temporary differences, including available net operating loss ("NOL") carry-forwards and tax credits, by applying enacted statutory tax rates applicable to the years when such differences are expected to reverse. Deferred income tax assets are recognized when it is almost certain that such deferred income tax assets will be realized. The total income tax provision includes the current income tax expense under applicable tax regulations and the change in the balance of deferred income tax assets and liabilities during the period.

Long-term Accounts Receivable and Payable

Long-term accounts receivable or payable arising from long-term contracts are recorded at the net present value of future cash flows, calculated using the effective interest rate method at the time of the contract execution. The difference between the nominal value and the present value of these accounts receivable or payable is amortized over the term of the contract using the effective interest rate method. The resulting amortization is recognized as interest income or expense.

Adoption of SKFAS No. 6

The Company changed its accounting treatment of retained earnings from disclosing financial position after appropriation of retained earnings to disclosing financial position before appropriation of retained earnings in accordance with Statements of Korean Financial Accounting Standards ("SKFAS") No. 6. The financial statements as of and for the year ended December 31, 2002 have been retroactively restated for the change, which resulted in decreasing the current liabilities of ₩8,510,119 thousands and increasing retained earnings of ₩8,510,119 thousands.

Reclassification of prior year financial statement presentation

Certain amounts in the financial statements as of and for the year ended December 31, 2002 have been reclassified to conform to the 2003 presentation. These reclassifications had no effect on previously reported net income or shareholder's equity.

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3. Monetary Assets Denominated in Foreign Currencies

Monetary assets denominated in foreign currencies at December 31, 2003 and 2002 are as follows:

<i>(In thousands)</i>	2003				2002			
	Korean Won Equivalent		Foreign Currency		Korean Won Equivalent		Foreign Currency	
Cash and cash	₩	35,982	US\$	30	₩	42,334	US\$	35
Equivalent		65,980	Canada\$	71		13,667	Canada\$	18
		16,642	HK\$	108		3,142	HK\$	20
		110,390	NZ\$	141		54,024	NZ\$	85
		50,621	JP ¥	4,524		26	JP ¥	3
		10,372	AUD\$	11				

4. Restricted Deposit

As of December 31, 2003 and 2002, long-term financial instruments amounting to ₩2,500 thousand represent key money deposits required to maintain checking accounts and, accordingly, withdrawal of these deposits is restricted. As of December 31, 2003 and 2002, short-term financial instruments amounting to ₩9,463,100 thousand and ₩9,960,000 thousand, respectively, were provided as collateral in connection with guarantee on affiliated companies and others (See Note 13).

5. Account Receivable

The Company's receivables, including trade and other accounts receivable, as of December 31, 2003 and 2002, consist of the following:

<i>(In thousands of Korean Won)</i>	2003			
	Gross Amount	Allowance for Doubtful Accounts	Discounts on Present Value	Carrying Value
Trade accounts receivable	₩20,094,806	₩ 2,116,287	₩ -	₩17,978,519
Other accounts receivable	10,031,360	1,336,120	18,574	8,676,666
Long-term other accounts receivable	-	-	-	-
	<u>₩30,126,166</u>	<u>₩ 3,452,407</u>	<u>₩ 18,574</u>	<u>₩26,655,185</u>

Daekyo Co., Ltd.
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<i>(In thousands of Korean Won)</i>	2002			
	Gross Amount	Allowance for Doubtful Accounts	Discounts on Present Value	Carrying Value
Trade accounts receivable	₩17,806,715	₩ 1,005,210	₩ -	₩16,801,505
Other accounts receivable	8,694,419	1,144,744	79,971	7,469,704
Long-term other accounts receivable	54,726	-	18,540	36,186
	<u>₩26,555,860</u>	<u>₩ 2,149,954</u>	<u>₩ 98,511</u>	<u>₩24,307,395</u>

As of December 31, 2002, long-term other accounts receivable of ₩54,726 thousand and other accounts receivable of ₩118,893 thousand was incurred in connection with sale of equipment of broadcasting division. Other accounts receivable of ₩54,825 thousand as of December 31, 2003 are scheduled to be repaid by April 30, 2004. Discounts on present value was calculated at 8.58% per annum.

6. Inventories

Inventories as of December 31, 2003 and 2002 consist of the following:

<i>(In thousands of Korean Won)</i>	2003	2002
Merchandise	₩ 392,160	₩ 92,462
Finished products	13,796,352	11,189,109
Supplies	712,206	167,467
Raw material	-	295,211
Work in-process	48,150	495,267
Land held for resale	1,402,961	-
Construction in-progress held for resale	2,182,242	-
	<u>₩ 18,534,071</u>	<u>₩ 12,239,516</u>

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7. Available-for-sale Securities

Available-for-sale securities as of December 31, 2003 and 2002, consist of the following:

<i>(In thousands of Korean Won)</i>	2003		2002	
Debt securities	₩	4,106,979	₩	2,716,003
Equity securities		129,226,579		97,776,634
	₩	<u>133,333,558</u>	₩	<u>100,492,637</u>

Debt securities included in available-for-sale securities as of December 31, 2003 and 2002, consist of the following:

<i>(In thousands of Korean Won)</i>	2003		2002	
Exchange bond	₩	1,707,974	₩	1,727,856
Convertible bond		1,315,992		-
Government and public bond		1,083,013		988,147
	₩	<u>4,106,979</u>	₩	<u>2,716,003</u>

Among the above debt securities, securities with maturities of less than one year or securities which are almost certain to be disposed of are classified as current. For the year ended December 31, 2003, total interest income from available-for-sale securities amounted to ₩140,063 thousand.

The Company recognized impairment loss of ₩199,882 thousand, relating to convertible bond issued by LG Card, which was charged to current operation. Accrued income relating to the convertible bond was ₩5,299 thousand.

The carrying value and the fair value of held-to-maturity securities by annual maturity, in aggregate, as of December 31, 2003 and 2002 are as follows:

<i>(In thousands of Korean Won)</i>	2003		2002	
	Carrying value	Fair value	Carrying value	Fair value
One year or less	₩ 214,746	₩ 214,746	₩ 142,064	₩ 142,064
One year to five year	3,692,814	3,692,814	2,572,639	2,572,639
Five year to ten year	199,419	199,419	1,300	1,300
	₩ <u>4,106,979</u>	₩ <u>4,106,979</u>	₩ <u>2,716,003</u>	₩ <u>2,716,003</u>

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Equity securities included in available-for-sale securities as of December 31, 2003 and 2002, consist of the following:

	2003				
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Market or Net Asset Value	Carrying Value
<i>(In thousands of Korean Won)</i>					
<u>Current assets</u>					
Beneficiary certificate(*1)	-	-	₩ 1,095,511	₩ 1,065,555	₩ 1,065,555
<u>Non-current assets</u>					
<u>Non-marketable Equity Securities</u>					
Shinhan Life Insurance Co., Ltd. (*2)	7,776,936	19.44	38,885,480	38,885,480	38,885,480
Shanghai Daekyo Co., Ltd. (*4)	-	100	301,693	301,693	301,693
Daekyo USA, Inc. (*4)	-	66	397,894	397,894	397,894
Pureun Child-Care Consortium (*3)	1,600	22.85	1,600,000	1,600,000	1,600,000
			41,185,067	41,185,067	41,185,067
<u>Marketable Equity Securities</u>					
Shinhan Financial Group Co., Ltd.	3,686,544	1.26	30,089,398	70,228,663	70,228,663
LG Telecom Ltd.	1,035,652	0.37	5,395,747	3,764,595	3,764,595
KT Corporation	13,985	0.005	755,190	623,731	623,731
Samsung Electronics Co., Ltd.	2,400	0.001	802,096	1,082,400	1,082,400
Good Morning Shinhan Securities Co., Ltd.	192,024	0.09	1,167,030	1,056,132	1,056,132
KorAm Bank	203,000	0.09	1,064,333	2,842,000	2,842,000
Woori Finance Holdings Co., Ltd.	87,443	0.01	564,945	596,361	596,361
Hyundai Motor Company	10,500	0.004	402,851	530,250	530,250
Beneficiary certificate (*5)	-	-	1,954,706	6,251,825	6,251,825
			42,196,296	86,975,957	86,975,957
			₩ 84,476,874	₩ 129,226,579	₩ 129,226,579

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	2002				
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Market or Net Asset Value	Carrying Value
<i>(In thousands of Korean Won)</i>					
<u>Non-current assets</u>					
<u>Non-marketable Equity Securities</u>					
Shinhan Life Insurance Co., Ltd. (*2)	7,776,936	19.44	₩38,885,480	₩ -	₩38,885,480
Yanbian Daekyo Co., Ltd. (*4)	-	84.62	166,390	166,390	166,390
			<u>39,051,870</u>	<u>166,390</u>	<u>39,051,870</u>
<u>Marketable Equity Securities</u>					
Shinhan Financial Group Co., Ltd.	3,799,544	1.32	30,945,800	47,114,346	47,114,346
LG Telecom Ltd.	1,035,652	0.37	5,395,747	4,505,086	4,505,086
KT Corporation	13,985	0.005	755,190	709,040	709,040
Samsung Electronics Co., Ltd.	2,500	0.001	854,177	785,000	785,000
Good Morning Shinhan Securities Co., Ltd.	213,360	0.09	1,167,030	953,719	953,719
KorAm Bank	203,000	0.09	1,064,333	1,489,600	1,489,600
Woori Finance Holdings Co., Ltd.	1,653	0.0002	11,240	7,025	7,025
Hyundai Motor Company	10,500	0.004	402,851	291,375	291,375
Beneficiary certificate			4,000,000	2,869,573	2,869,573
			<u>44,596,368</u>	<u>58,724,764</u>	<u>58,724,764</u>
			<u>₩83,648,238</u>	<u>₩58,891,154</u>	<u>₩97,776,634</u>

(*1) The beneficiary certificates are classified as current assets because certificate term ends within one year or is almost certain to be disposed of within one year. The Company recognized impairment loss of ₩45,267 thousand on MMF which included bond issued by SK Networks. The impairment loss was charged to current operations.

(*2) Equity securities of Shinhan Life Insurance Co., Ltd. has been recorded as acquisition cost considering capital raise amounting to ₩50 billion in 2001 and increasing net income. As of December 31, 2003, the equity securities were recorded at appraisal value by independent valuation institute.

(*3) Pureun Child-Care Consortium was recorded at acquisition cost because it is a non-profit association to raise children for welfare of employees and others, which made it inapplicable to perform equity method of accounting or fair valuation.

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(*4) Shanghai Daekyo Co., Ltd. and Daekyo USA, Inc., both of which incorporated in 2003, were excluded from application of equity method of accounting because respective total assets are less than ₩7 billion and the effect of changes in carrying value is immaterial. Yanbian Daekyo Co., Ltd, was recorded using equity method in 2003 and at cost in 2002.

(*5) Among the beneficiary certificate, securities linked to stock price, whose underlying assets are common stocks of Shinhan Financial Group Co., Ltd., are bifurcated to fair value underlying assets and embedded option. Fair value of underlying assets and short-option position is recorded under available-for-sale securities and short-option, respectively. Short-option position was fair valued considering factors such as market value of underlying assets, market interest rate, volatility of market value of underlying assets and dividend ratio of underlying assets. As a result of fair valuation, loss on valuation amounting to ₩40,075 thousand was charged to current operations.

The unrealized gain (loss) on valuation of available-for-sale securities, which is accounted for as a capital adjustment for the years ended December 31, 2003 and 2002, is as follows:

	2003			
	Beginning balance	Increase (Decrease)	Disposal (Realization)	Ending balance
<i>(In thousands of Korean Won)</i>				
KT Corporation exchange bond	₩ -	₩ (19,882)	₩ -	₩ (19,882)
Shinhan Financial Group Co., Ltd. investment bond	(4,246)	-	4,246	-
Samsung Card Co., Ltd. CB	-	(16,027)	-	(16,027)
Shinhan Financial Group Co., Ltd.	16,168,546	24,481,366	(510,647)	40,139,265
LG Telecom Ltd.	(890,661)	(740,491)	-	(1,631,152)
KT Corporation	-	(85,309)	-	(85,309)
Samsung Electronics Co., Ltd.	-	337,554	-	337,554
Good Morning Shinhan Securities Co., Ltd.	-	102,413	-	102,413
KorAm Bank	-	1,352,400	-	1,352,400
Woori Finance Holdings Co., Ltd.	-	35,632	-	35,632
Hyundai Motor Company	-	238,875	-	238,875
Beneficiary certificate	-	1,955,140	-	1,955,140
	₩ 15,273,639	₩27,641,671	₩ (506,401)	₩ 42,408,909

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<i>(In thousands of Korean Won)</i>	2002			
	Beginning balance	Increase (Decrease)	Disposal (Realization)	Ending balance
Shinhan Financial Group Co., Ltd.	₩ 36,365,278	₩ (20,196,732)	₩ -	₩ 16,168,546
LG Telecom Ltd.	3,138,025	(4,028,686)	-	(890,661)
Shinhan Financial Group Co., Ltd. investment bond	-	(4,246)	-	(4,246)
	<u>₩ 39,503,303</u>	<u>₩ (24,229,664)</u>	<u>₩ -</u>	<u>₩ 15,273,639</u>

8. Equity Method Investments

Equity method investments as of December 31, 2003 and 2002 consist of the following:

<i>(In thousands of Korean Won)</i>	2003				
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Market or Net Asset Value	Carrying Value
Daekyo America, Inc.	209	63.53	₩ 960,656	₩ 918,727	₩ 918,727
Daekyo Hongkong Co., Ltd.	2,272,727	47.89	250,000	449,299	449,299
Daekyo Canada Inc.	100	100.00	89,160	107,560	96,282
Daekyo Japan Co., Ltd.	60	100.00	258,748	223,513	219,047
Beijing Daekyo Co., Ltd.	-	100.00	467,353	349,534	343,162
Yanbian Daekyo Co., Ltd.	-	84.62	166,390	66,715	66,715
Corein Consulting Co., Ltd.	14,400	45.00	72,000	511,587	511,587
Eduvision Co., Ltd.	9,000	45.00	45,000	186,013	186,013
E&S Co., Ltd.	18,000	45.00	90,000	369,307	369,307
MyfriendNet Co., Ltd.	33,334	30.30	333,340	98,016	140,452
Interesting Creative Co., Ltd.	64,738	20.00	680,000	-	-
Daekyo EOL Co., Ltd.	12,210	56.53	842,490	-	-
			<u>₩ 4,255,137</u>	<u>₩ 3,280,271</u>	<u>₩ 3,300,591</u>

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	2002				
	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Market or Net Asset Value	Carrying Value
<i>(In thousands of Korean Won)</i>					
Daekyo America, Inc.	209	63.53	₩ 960,656	₩ 920,608	₩ 904,283
Daekyo Hongkong Co., Ltd.	2,272,727	83.33	250,000	400,950	400,950
Daekyo Canada Inc.	100	100	89,160	88,556	71,567
Daekyo Japan Co., Ltd.	60	100	258,748	233,023	228,234
Beijing Daekyo Co., Ltd.	-	100	268,985	191,017	191,017
Corein Consulting Co., Ltd.	14,400	45	72,000	447,870	447,870
Eduvision Co., Ltd.	9,000	45	45,000	222,008	222,008
E&S Co., Ltd.	18,000	45	90,000	319,668	319,668
MyfriendNet Co., Ltd.	33,334	30.3	333,340	124,915	188,569
Interesting Creative Co., Ltd.	64,738	20	680,000	(81,316)	-
Daekyo EOL Co., Ltd.	12,210	56.53	842,490	299,466	625,665
			<u>₩ 3,890,379</u>	<u>₩ 3,166,765</u>	<u>₩ 3,599,831</u>

The details of the equity method valuation as of December 31, 2003 and 2002 are as follows:

	2003				
	Acquisition Cost	Retained Earnings	Gain (loss) on Valuation	Capital Adjustment	Carrying Value
<i>(In thousands of Korean Won)</i>					
Daekyo America, Inc.	₩ 960,656	₩ (384,927)	₩ 16,490	₩ 326,508	₩ 918,727
Daekyo Hongkong Co., Ltd.	250,000	55,061	(4,661)	148,899	449,299
Daekyo Canada Inc.	89,160	(35,876)	6,436	36,562	96,282
Daekyo Japan Co., Ltd.	258,748	(30,514)	(28,655)	19,468	219,047
Beijing Daekyo Co., Ltd.	467,353	(50,907)	(47,874)	(25,410)	343,162
Yanbain Daekyo Co., Ltd.	166,390	-	(96,304)	(3,371)	66,715
Corein Consulting Co., Ltd.	72,000	375,870	63,717	-	511,587
Eduvision Co., Ltd.	45,000	177,008	(35,995)	-	186,013
E&S Co., Ltd.	90,000	192,714	49,639	36,954	369,307
MyfriendNet Co., Ltd.	333,340	(144,771)	(48,117)	-	140,452
Interesting Creative Co., Ltd.	680,000	(680,000)	-	-	-
Daekyo EOL Co., Ltd.	842,490	(216,825)	(625,665)	-	-
	<u>₩ 4,255,137</u>	<u>₩(743,167)</u>	<u>₩ (750,989)</u>	<u>₩ 539,610</u>	<u>₩3,300,591</u>

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(In thousands of Korean Won)	2002				
	Acquisition Cost	Retained Earnings	Gain (loss) on Valuation	Capital Adjustment	Carrying Value
Daekyo America, Inc.	₩ 960,656	₩ (315,925)	₩ (69,002)	₩ 328,554	₩ 904,283
Daekyo Hongkong Co., Ltd.	250,000	21,432	33,629	95,889	400,950
Daekyo Canada Inc.	89,160	(51,947)	16,071	18,283	71,567
Daekyo Japan Co., Ltd.	258,748	-	(30,514)	-	228,234
Beijing Daekyo Co., Ltd.	268,985	-	(50,907)	(27,061)	191,017
Corein Consulting Co., Ltd.	72,000	156,634	219,236	-	447,870
Eduvision Co., Ltd.	45,000	98,869	78,139	-	222,008
E&S Co., Ltd.	90,000	61,353	131,361	36,954	319,668
MyfriendNet Co., Ltd.	333,340	(89,949)	(54,822)	-	188,569
Interesting Creative Co., Ltd.	680,000	-	(680,000)	-	-
Daekyo EOL Co., Ltd.	842,490	-	(216,825)	-	625,665
	₩ 3,890,379	₩(119,533)	₩ (623,634)	₩ 452,619	₩3,599,831

Changes in differences between the initial acquisition costs and the Company's initial proportionate ownership of the net book value of the investee for the years ended December 31, 2003 and 2002, are as follows:

(In thousands of Korean Won)	2003			
	Beginning balance	Increase (Decrease)	Amortization	Ending balance
MyfriendNet Co., Ltd.	₩ 63,654	₩ -	₩ 21,218	₩ 42,436
Daekyo EOL Co., Ltd.	326,199	-	326,199	-
	₩ 389,853	₩ -	₩ 347,417	₩ 42,436

(In thousands of Korean Won)	2002			
	Beginning balance	Increase (Decrease)	Amortization	Ending balance
MyfriendNet Co., Ltd.	₩ 84,872	₩ -	₩ 21,218	₩ 63,654
Interesting Creative Co., Ltd.	-	474,296	474,296	-
Daekyo EOL Co., Ltd.	-	362,443	36,244	326,199
	₩ 84,872	₩ 836,739	₩ 531,758	₩ 389,853

Differences between the initial purchase price and the Company's initial proportionate ownership of the net book value of the investee are amortized within five years using straight-line method.

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As of December 31, 2003 and 2002, elimination of unrealized gains or losses relating to valuation of equity method investments are as follows:

<i>(In thousands of Korean Won)</i>	2003	2002
Daekyo America, Inc.	₩ -	₩ 16,325
Daekyo Canada, Inc.	11,277	16,989
Daekyo Japan Co., Ltd.	4,466	4,789
Beijing Daekyo Co., Ltd.	6,372	-
	<u>₩ 22,115</u>	<u>₩ 38,103</u>

Details of unaudited financial statements used in application of equity method of accounting are as follows:

			2003		
<i>(In thousands of Korean Won)</i>	Closing date	Reason for using unaudited financial statements	Net assets before adjustment	Adjustment	Net assets after adjustment
Daekyo Canada Inc.	Aug. 31, 2003	Foreign subsidiary(*)	₩ 121,914	₩ (14,354)	₩ 107,560
Daekyo Japan Co., Ltd.	Sept. 30, 2003	Foreign subsidiary(*)	223,513	-	223,513
Daekyo America, Inc.	Dec. 31, 2003	No statutory audit	1,446,130	-	1,446,130
Daekyo Hongkong Co., Ltd.	Dec. 31, 2003	No statutory audit	938,189	-	938,189
Beijing Daekyo Co., Ltd.	Dec. 31, 2003	No statutory audit	349,534	-	349,534
Yanbain Daekyo Co., Ltd.	Dec. 31, 2003	No statutory audit	78,841	-	78,841
Corein Consulting Co., Ltd.	Dec. 31, 2003	No statutory audit	1,136,860	-	1,136,860
Eduvision Co., Ltd.	Dec. 31, 2003	No statutory audit	413,361	-	413,361
E&S Co., Ltd.	Dec. 31, 2003	No statutory audit	820,683	-	820,683
MyfriendNet Co., Ltd.	Dec. 31, 2003	No statutory audit	323,485	-	323,485
Daekyo EOL Co., Ltd.	Dec. 31, 2003	No statutory audit	(7,434)	-	(7,434)
			<u>₩ 5,845,076</u>	<u>₩ (14,354)</u>	<u>₩ 5,830,722</u>

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(In thousands of Korean Won)	Closing date	Reason for using unaudited financial statements	2002		
			Net assets before adjustment	Adjustment	Net assets after adjustment
Daekyo Canada Inc.	Aug. 31, 2003	Foreign subsidiary(*)	₩ 104,056	₩ (15,500)	₩ 88,556
Daekyo Japan Co., Ltd.	Sept. 30, 2003	Foreign subsidiary(*)	228,234	-	228,234
Daekyo America, Inc.	Dec. 31, 2003	No statutory audit	1,449,092	-	1,449,092
Daekyo Hongkong Co., Ltd.	Dec. 31, 2003	No statutory audit	481,160	-	481,160
Beijing Daekyo Co., Ltd.	Dec. 31, 2003	No statutory audit	191,017	-	191,017
Corein Consulting Co., Ltd.	Dec. 31, 2003	No statutory audit	995,266	-	995,266
Eduvision Co., Ltd.	Dec. 31, 2003	No statutory audit	500,118	(6,767)	493,351
E&S Co., Ltd.	Dec. 31, 2003	No statutory audit	743,776	(33,403)	710,373
Interesting Creative Co., Ltd.	Dec. 31, 2003	No statutory audit	502,939	(909,520)	(406,581)
			<u>₩ 5,195,658</u>	<u>₩ (965,190)</u>	<u>₩ 4,230,468</u>

(*) Fiscal year-end of above two companies is different from the Company's. However, the effect of the difference was considered immaterial. Therefore, the most recently available financial statements were used in application of equity method of accounting.

As of December 31, 2003, the Company stopped applying the equity method of accounting for investment in Interesting Creative Co., Ltd. and Daekyo EOL Co., Ltd. because the Company's share of accumulated losses of these companies exceeded the costs of the investments. As of December 31, 2003 interesting Creative Co., Ltd. is not in operation and the Company's share of accumulated losses over investment on Daekyo EOL Co., Ltd. amounted to ₩4,202 thousand.

9. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2003 and 2002 are as follows:

(In thousands of Korea Won)	2003				
	Land	Buildings	Structures	Machinery	Vehicles
Balance as of January 1, 2003	₩ 40,277,648	₩ 83,090,715	₩ 2,552,504	₩ 2	₩ 183,995
Acquisition during the year	353,707	367,163	118,690	-	104,749
Disposal	1,069,120	1,670,733	-	-	10
Depreciation	-	2,384,158	70,399	-	119,756
Transfer	(1,880,880)	10,966,661	-	-	-
Balance as of December 31, 2003	<u>₩ 37,681,355</u>	<u>₩ 90,369,648</u>	<u>₩ 2,600,795</u>	<u>₩ 2</u>	<u>₩ 168,978</u>
Accumulated depreciation	<u>₩ -</u>	<u>₩ 14,717,118</u>	<u>₩ 147,453</u>	<u>₩ 468,198</u>	<u>₩ 999,305</u>

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	Tools	Equipment	Tree	Construction in-progress	Total
Balance as of January 1, 2003	₩ 89	₩ 8,626,278	₩ 87,486	₩ 2,607,185	₩ 137,425,902
Acquisition during the year	89	6,009,729	-	8,474,976	15,429,103
Disposal	-	62,584	17,486	-	2,819,933
Depreciation	50	6,081,194	-	-	8,655,557
Transfer	-	-	-	(10,966,661)	(1,880,880)
Balance as of December 31, 2003	₩ 128	₩ 8,492,229	₩ 70,000	₩ 115,500	₩ 139,498,635
Accumulated depreciation	₩ 30,929	₩ 57,584,798	₩ -	₩ -	₩ 73,947,801

2002

(In thousands of Korea Won)

	Land	Buildings	Structures	Machinery	Vehicles
Balance as of January 1, 2002	₩ 33,292,054	₩83,049,387	₩ 69,314	₩ 2	₩ 132,618
Acquisition during the year	10,197,563	6,395,164	2,494,444	-	157,492
Disposal	3,211,969	3,988,592	-	-	13,758
Depreciation	-	2,365,244	11,254	-	92,357
Balance as of December 31, 2002	₩ 40,277,648	₩83,090,715	₩ 2,552,504	₩ 2	₩ 183,995
Accumulated depreciation	₩ -	₩12,823,176	₩ 77,055	₩ 468,198	₩ 984,233

	Tools	Equipment	Tree	Construction in-progress	Total
Balance as of January 1, 2002	₩ 570	₩ 9,707,363	₩ 87,486	₩ 736,644	₩127,075,438
Acquisition during the year	-	6,021,995	-	1,870,541	27,137,199
Disposal	-	174,030	-	-	7,388,349
Depreciation	481	6,929,050	-	-	9,398,386
Balance as of December 31, 2002	₩ 89	₩ 8,626,278	₩ 87,486	₩ 2,607,185	₩137,425,902
Accumulated depreciation	₩ 30,878	₩51,923,554	₩ -	₩ -	₩ 66,307,094

As of December 31, 2003 and 2002, the value of the Company's land, as determined by the local government in Korea for property tax assessment purposes, approximates ₩61,031,095 thousand and ₩53,351,995 thousand, respectively.

As of December 31, 2003, buildings and equipment are insured against fire and other casualty losses up to ₩105,039,494 thousand. In addition, the Company insured against casualty losses its vehicles and donated assets, over which the Company hold right to use for a certain period.

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10. Intangible Assets

Changes in intangible assets for the years ended December 31, 2003 and 2002 are as follows:

	2003			
	Goodwill	Industrial property right	Development cost	Intellectual property right
<i>(In thousands of Korea Won)</i>				
Beginning balance	₩ 641,368	₩ 103,060	₩ 9,448,889	₩ 2,185,537
Increase	84,661	179,802	9,185,246	914,207
Amortization	(169,098)	(61,532)	(5,218,188)	(668,534)
Impairment	-	-	(72,728)	-
Ending balance	₩ 556,931	₩ 221,330	₩ 13,343,219	₩ 2,431,210
Accumulated amortization	₩ 390,380	₩ 285,835	₩ 9,730,992	₩ 1,440,797
Accumulated impairment	₩ 51,663	₩ -	₩ 72,728	₩ -
	Right to use donated assets	Franchise	Total	
Beginning balance	₩ 5,581,422	₩ -	₩ 17,960,276	
Increase	5,796,734	356,844	16,517,494	
Amortization	(4,178,212)	(5,947)	(10,301,511)	
Impairment	-	-	(72,728)	
Ending balance	₩ 7,199,944	₩ 350,897	₩ 24,103,531	
Accumulated amortization	₩ 12,911,219	₩ 5,947	₩ 24,765,170	
Accumulated impairment	₩ -	₩ -	₩ 124,391	
	2002			
	Goodwill	Industrial property right	Development cost	Intellectual property right
<i>(In thousands of Korea Won)</i>				
Beginning balance	₩ 58,121	₩ 61,446	₩ 5,193,222	₩ 2,108,333
Increase	767,498	76,566	6,996,633	657,800
Amortization	(132,588)	(34,952)	(2,740,966)	(580,596)
Impairment	(51,663)	-	-	-
Ending balance	₩ 641,368	₩ 103,060	₩ 9,448,889	₩ 2,185,537
Accumulated amortization	₩ 221,282	₩ 224,302	₩ 4,512,804	₩ 772,263
Accumulated impairment	₩ 51,663	₩ -	₩ -	₩ -

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	Right to use donated assets	Franchise	Total
Beginning balance	₩4,853,648	₩ -	₩12,274,770
Increase	4,007,697	-	12,506,194
Amortization	(3,279,923)	-	(6,769,025)
Impairment	-	-	(51,663)
Ending balance	<u>₩5,581,422</u>	<u>₩ -</u>	<u>₩17,960,276</u>
Accumulated amortization	<u>₩8,733,008</u>	<u>₩ -</u>	<u>₩14,463,659</u>
Accumulated impairment	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 51,663</u>

In 2003 and 2002, amortization of intangible assets incurred as follows:

<i>(In thousands of Korean Won)</i>	2003	2002
Selling and administrative expenses	₩ 1,607,657	₩ 1,542,209
Cost of goods sold	8,693,855	5,226,817
	<u>₩ 10,301,512</u>	<u>₩ 6,769,026</u>

In 2003 and 2002, research and development costs incurred as follows:

<i>(In thousands of Korean Won)</i>	2003	2002
Expensed	₩ 2,457,837	₩ 3,305,526
Deferred	9,185,245	6,996,633
	<u>₩ 11,643,082</u>	<u>₩ 10,302,159</u>

For the years ended December 31, 2003 and 2002, the significant expenses, which are expected to have probable future economic benefits but expensed in the period incurred, are as follows:

<i>(In thousands of Korean Won)</i>	2003	2002
Training expenses	₩ 8,407,177	₩ 8,401,528
Advertising expenses	37,616,701	33,468,376
	<u>₩ 46,023,878</u>	<u>₩ 41,869,904</u>

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11. Long-Term Borrowings

Long-term borrowings as of December 31, 2003 and 2002 consist of the following:

<i>(In thousands of Korean Won)</i>	Annual interest rates (%) as of December 31,		
	2003	2003	2002
<u>Foreign currency borrowings :</u>			
Woori Bank	3.70	₩ 2,517,750	₩ 2,783,000
Foreign currency equivalent		(¥ 225,000)	(¥ 275,000)
Less : Current maturities		(559,500)	(506,000)
		<u>₩ 1,958,250</u>	<u>₩ 2,277,000</u>

The aggregate annual maturities of long-term borrowings outstanding as of December 31, 2003, are as follows:

For the year ending December 31,		<i>(In thousands of Korean Won)</i>
2005	₩	559,500
2006		559,500
2007		559,500
2008		279,750
	₩	<u>1,958,250</u>

12. Accrued Severance Benefits

Accrued severance benefits as of December 31, 2003 and 2002 are as follows:

<i>(In thousands of Korean Won)</i>	2003	2002
Balance at the beginning of the year	₩ 89,689,772	₩ 73,794,548
Actual severance payments	28,913,912	6,114,248
Provision for severance benefits	17,425,078	22,009,472
	<u>78,200,938</u>	<u>89,689,772</u>
Cumulative deposits to National Pension Fund	(52,287,994)	(54,207,319)
Severance insurance deposit	(3,147,492)	(4,342,706)
Balance at the end of the year	<u>₩ 22,765,452</u>	<u>₩ 31,139,747</u>

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The severance benefits are funded approximately 66.9% and 60.4% as of December 31, 2003 and 2002, respectively, through a severance insurance deposit for the payment of severance benefits, and the account is deducted from accrued severance benefit liabilities. The beneficiaries of the severance insurance deposit are the Company's employees.

13. Commitments and Contingencies

As of December 31, 2003, the Company has entered into credit agreements with various banks amounting to ₩75,000 million for corporate purchase card and general operation.

As of December 31, 2003, the Company provides guarantee amounting to ₩500 million for affiliates in relation to affiliate's borrowings and ₩3,963 million for certain lessees in relation to lessees' guarantee deposit. For affiliates in relation to security interest in damage claim, the Company provides ₩6,166 million, among which ₩5,000 million was put under temporary attachment. Seoul Guarantee Insurance provides the Company guarantee for performance and others up to ₩460 million as of December 31, 2003.

The Company and Daekyo America, Inc. were named as defendants in a lawsuit filed in district court of California, U.S.A. by KUMON U.S.A, INC. in 2003. The plaintiffs seek claims for the alleged illegal use of the plaintiffs' intellectual properties. Eagle M&A filed a lawsuit against the Company and other two companies for breach of contract, claiming damages totaling ₩280 million. The outcome of these lawsuits is uncertain.

The Company had maintained a contract with Mr. Kang, Young Jung, the shareholder and owner of intellectual property right over Noon-no-pi Math, to pay certain percentage of sales as royalties since September 1993. The contract was renewed to make payment to Daekyo Network Co., Ltd. as Mr. Kang, comprehensively trust the intellectual property right and approves to use it. In accordance with the contract, the Company paid to Mr. Kang, and Daekyo Network Co., Ltd. ₩1,373 million and ₩774 million, respectively for the year ended December 31, 2003. For the year ended December 31, 2002, the Company paid to Mr. Kang, ₩2,075 million.

The Company entered into a contract with free-lance instructors to educational service members. In accordance with the contract, the Company pays instructors a certain percentage of monthly cash collection amounts from its educational service members. Expense in relation to this contract amounted to ₩346,269 million and ₩329,252 million for the years ended December 31, 2003 and 2002, respectively. The Company is required to pay/collect instructors one month's fees of educational service depending upon net increase/decrease of educational service members. The Company is required to pay instructors a certain amount based on cumulative cash collection amounts from its educational service members upon cancellation of contracts between the Company and the Instructors.

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In common with certain other Asian countries, the economic environment in the Republic of Korea continues to be volatile. In addition, the Korean government and the private sector continue to implement structural reforms to historical business practices, including corporate governance. The Company may be either directly or indirectly affected by these volatile economic conditions and the reform program described above. The accompanying financial statements reflect management's assessment of the impact to date of the economic environment on the financial position and results of operations of the Company. Actual results may differ materially from management's current assessment.

14. Capital Surplus

Capital surplus shall not be used for the payment of cash dividends. However, it may be transferred to capital stock through an appropriate resolution by the Company's Board of Directors, or may be used to reduce accumulated deficit, if any, through an appropriate resolution by the Company's shareholders.

15. Retained Earnings

Retained earnings as of December 31, 2003 and 2002 are as follows:

<i>(In thousands of Korean Won)</i>	2003	2002
Legal reserve	₩ 32,300,000	₩ 27,300,000
Reserve for business rationalization	1,233,353	1,033,353
Reserve for business development	110,000,000	98,000,000
Reserve for foreign investment losses	-	66,667
Voluntary reserve	5,271,672	2,271,672
Retained earnings before appropriation	64,663,967	32,327,206
	<u>₩ 213,468,992</u>	<u>₩ 160,998,898</u>

The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock through an appropriate resolution by the Company's Board of Directors or used to reduce accumulated deficit, if any, through an appropriate resolution by the Company's shareholders. However, amount exceeding minimum legal requirement maybe transferred to voluntary reserve and used as cash dividend.

Pursuant to the tax law, the Company is required to appropriate, as a reserve for business development, a portion of retained earnings, which is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any. However, amount exceeding minimum legal requirement maybe transferred to voluntary reserve and used as cash dividend.

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16. Capital Adjustments

Capital adjustments as of December 31, 2003 and 2002 are as follows:

<i>(In thousands of Korean Won)</i>	2003	2002
Treasury stocks	₩ (8,978,656)	₩ (8,978,656)
Gain on valuation of available-for-sale securities	44,161,278	16,168,546
Loss on valuation of available-for-sale securities	(1,752,369)	(894,906)
Gain on valuation of equity method investments	539,610	452,618
	<u>₩ 33,969,863</u>	<u>₩ 6,747,602</u>

17. Treasury Stock

As of December 31, 2003, the Company holds 689,448 shares as treasury stock, among which 120,000 shares (book value of ₩2,335 million) were acquired in relation to the merger of Daekyo Broadcasting Co., Ltd., and 569,448 shares (book value of ₩6,644 million) in relation to the merger of Daekyo Computer Co., Ltd., M&C Co., Ltd. and Daekyo Distribution Co., Ltd. All treasury stocks were sold at public offering upon listing at Korean Stock Exchange in February 2004.

18. Income Taxes

Income tax expense for the years ended December 31, 2003 and 2002 are as follows:

<i>(In thousands of Korean Won)</i>	2003	2002
Current income taxes	₩ 21,856,474	₩ 24,516,666
Deferred income taxes	3,107,087	(6,817,991)
Income tax expense	<u>₩ 24,963,561</u>	<u>₩ 17,698,675</u>

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The income tax effect of temporary differences, comprising the deferred income tax assets and liabilities as of December 31, 2003 and 2002, are as follows:

<i>(In thousands of Korean Won)</i>	2003		2002	
Long-term accrued expense	₩	32,056,497	₩	38,127,095
Accrued income		(293,860)		(366,208)
Accrued severance benefit		36,815,884		49,474,395
Severance insurance deposit		(36,815,884)		(49,474,395)
Allowance for bad debt expense		3,085,656		2,501,459
Bad debt expense		276,565		1,058,722
Depreciation		173,889		395,311
Development cost		(1,690,988)		(3,428,095)
Designated donation		3,980,246		6,783,728
Others		(651,843)		647,309
		<u>₩36,936,162</u>		<u>₩ 45,719,321</u>
Effective tax rate		29.7%, 27.5%		29.70%
Tax effect	₩	11,116,980	₩	13,578,638
Less: Valuation allowance (*)		(651,065)		(5,636)
	₩	<u>10,465,915</u>	₩	<u>13,573,002</u>

(*) Bad debt expenses relating to affiliates and valuation losses on equity method investments are excluded from deferred tax assets because the items are not certain to be realized.

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The reconciliations from income before income taxes to taxable income for years ended December 31, 2003 and 2002 are as follows:

<i>(In thousands of Korean Won)</i>	2003		2002	
Income before income taxes	₩	85,943,774	₩	45,241,650
Long-term accrued expense		(6,070,598)		9,245,934
Accrued income		72,349		589,108
Allowance for bad debt expense		506,748		557,501
Depreciation		(221,394)		(410,832)
Development cost		1,737,108		1,765,126
Valuation of securities		1,310,882		1,899,505
Entertainment expenses		2,187,537		2,093,075
Additional income taxes		1,991,296		15,883,215
Refunded income taxes		(12,992,986)		(2,494,458)
Designated donation		(2,247,318)		6,783,728
Provision for guarantee losses		500,000		-
Accrued expenses		1,384,680		-
Others		313,943		(488,997)
Taxable income	₩	<u>74,416,021</u>	₩	<u>80,664,555</u>

The statutory income tax rate, including resident tax surcharges, applicable to the Company was approximately 29.7% in 2003 and 2002, and was amended to 27.5% effective for fiscal years beginning January 1, 2005 in accordance with Corporate Income Tax Law enacted in December 2003. Deferred tax assets are computed by applying enacted statutory tax rates applicable to the years when temporary differences are expected to reverse.

After tax adjustment and deferred tax expenses, effective tax rates for the years ended December 31, 2003 and 2002 are 29.0% and 39.1%, respectively.

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19. Sales and Cost of Sales

Details of sales and cost of sales for the years ended December 31, 2003 and 2002 are as follows:

<i>(In thousands of Korean Won)</i>	2003	2002
Sales		
Publication of study material	₩ 768,869,433	₩ 737,051,604
New media sales	9,510,671	7,360,814
Book sales	15,807,881	13,006,510
Sales from educational institute	9,240,486	5,505,916
Others	1,959,478	1,555,629
	<u>₩ 805,387,949</u>	<u>₩ 764,480,473</u>
Cost of Sales		
Publication of study material	₩ 593,668,557	₩ 579,999,413
New media sales	8,626,666	7,297,069
Book sales	15,028,941	11,854,564
Sales from educational institute	13,064,335	9,387,151
Others	1,717,352	1,282,502
	<u>₩ 632,105,851</u>	<u>₩ 609,820,699</u>

20. Earnings Per Share

Earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the year. Ordinary income per share is computed by dividing ordinary income allocated to common stock, which is net income allocated to common stock as adjusted by extraordinary gains or losses, net of related income taxes, by the weighted-average number of common shares outstanding during the year.

Basic earnings per share for the years ended December 31, 2003 and 2002, are calculated as follows :

<i>(In thousands, except for per share amount)</i>	2003	2002
Net income allocated to common stock (*2)	₩ 46,749,449,700	₩ 21,108,135,576
Weighted-average number of common shares outstanding (*3)	6,470,285	6,470,285
Earnings per share (*5)	<u>₩ 7,225</u>	<u>₩ 3,262</u>

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<i>(In thousands, except for per share amount)</i>	2003	2002
Net income allocated to preferred stock (*1)	₩ 14,230,762,756	₩ 6,434,839,375
Weighted-average number of preferred shares outstanding (*4)	1,942,699	1,942,699
Earnings per share (*5)	₩ 7,325	₩ 3,312

(*1) Net income allocated to preferred stocks is calculated as follows:

2003

<i>(In Korean Won)</i>	Calculation	Amount
Preferred stock (dividend ratio: 27%)	1,942,699 shares * ₩5,000 * 27%	₩ 2,622,643,650
Net income additionally allocated to preferred stock	₩50,269,712,556(a) * 1,942,699 shares / (1,942,699 shares + 6,470,285 shares)	11,608,119,106
		₩ 14,230,762,756

(a) Net income, which can be allocated to preferred stock after allocation of net income in accordance with dividend ratio, is calculated as follows:

<i>(In Korean Won)</i>	Calculation	Amount
Net income		₩ 60,980,212,456
Less: Common stock dividend	6,470,285 shares * ₩5,000 * 25%	(8,087,856,250)
Less: Preferred stock dividend	1,942,699 shares * ₩5,000 * 27%	(2,622,643,650)
		₩ 50,269,712,556

2002

<i>(In Korean Won)</i>	Calculation	Amount
Preferred stock (dividend ratio: 21%)	1,942,699 shares * ₩5,000 * 21%	₩ 2,039,833,950
Net income additionally allocated to preferred stock	₩19,032,856,001(b) * 1,942,699 shares / (1,942,699 shares + 6,470,285 shares)	4,395,005,425
		₩ 6,434,839,375

(b) Net income, which can be allocated to preferred stock after allocation of net income in accordance with dividend ratio, is calculated as follows:

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<i>(In Korean Won)</i>	Calculation	Amount
Net income		₩27,542,974,951
Less: Common stock dividend	6,470,285 shares * ₩5,000 * 20%	(6,470,285,000)
Less: Preferred stock dividend	1,942,699 shares * ₩5,000 * 21%	<u>(2,039,833,950)</u>
		<u>₩19,032,856,001</u>

(*2) Net income allocated to common stocks is calculated as follows:

<i>(In Korean Won)</i>	2003	2002
Net income as reported on the income Statements	₩ 60,980,212,456	₩ 27,542,974,951
Less: Net income allocated to preferred stock	<u>14,230,762,756</u>	<u>6,434,839,375</u>
Net income allocated to common stock	<u>₩ 46,749,449,700</u>	<u>₩ 21,108,135,576</u>

(*3) Weighted average number of common shares for the year ended December 31, 2003 and 2002, are calculated as follows:

	Number of shares	Number of days outstanding	Weighted number
Common Stock	7,159,733	365	2,613,302,545
Treasury stocks	(689,448)	365	<u>(251,648,520)</u>
			<u>2,361,654,025</u>

Weighted average number of common shares : $2,361,654,025 \div 365 = 6,470,285$

(*4) Weighted average number of preferred stock is the number of preferred stock at the beginning and end of year 2003 and 2002. There has been no event that may change the weighted-average number of preferred stocks.

(*5) Because there was no extraordinary gains or losses, basic earnings per share is the same as basic ordinary income per share.

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21. Dividend

Details of cash dividend and dividend payout ratio for the year ended December 31, 2003 and 2002, are as follows :

Details of cash dividend –

<i>(In Korean Won)</i>	2003	
	Common stock	Preferred stock
Par value	₩ 5,000	₩ 5,000
Dividend ratio (%)	25%	27%
Dividend per share	₩ 1,250	₩ 1,350
Number of shares outstanding	6,470,285	1,942,699
Amount of dividend	<u>₩ 8,087,856,250</u>	<u>₩ 2,622,643,650</u>

<i>(In Korean Won)</i>	2002	
	Common stock	Preferred stock
Par value	₩ 5,000	₩ 5,000
Dividend ratio (%)	20%	21%
Dividend per share	₩ 1,000	₩ 1,050
Number of shares outstanding	6,470,285	1,942,699
Amount of dividend	<u>₩ 6,470,285,000</u>	<u>₩ 2,039,833,950</u>

Dividend payout ratio –

<i>(In Korean Won)</i>	2003	2002
(1) Total dividends	₩10,710,499,900	₩ 8,510,118,950
(2) Net income	60,980,212,456	27,542,974,951
(3) Dividend payout ratio ((1)/(2))	<u>17.56%</u>	<u>30.90%</u>

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22. Transactions with Related Parties

Significant transactions with related companies for years ended December 31, 2003 and 2002, and the related account balances outstanding as of December 31, 2003 and 2002, are summarized as follows:

<i>(In thousands of Korean Won)</i>	Sales	Purchases	Receivables(*)	Payables(*)
Kang Young Jung	₩ -	₩ 1,560,469	₩ -	₩ -
THE D&S Co., Ltd.	1,308,477	3,079,487	4,000,000	2,333,243
Alpome Construction Co., Ltd.	2,187	5,106,259	69	26,700
Daekyo Publishing Co., Ltd.	20,548	4,850,667	148	1,467,651
Eduvision Co., Ltd.	6,878	2,239,591	27	206,835
Corein Consulting Co., Ltd.	17,472	4,765,587	-	667,045
E&S Co., Ltd.	17,410	3,228,760	1,557	440,860
Daekyo Network Co., Ltd.	74,044	10,809,260	-	5,326,282
Others	382,757	777,341	62,179	11,183
2003 Total	<u>₩ 1,829,773</u>	<u>₩36,417,421</u>	<u>₩ 4,063,980</u>	<u>₩10,479,799</u>
2002 Total	<u>₩ 4,567,733</u>	<u>₩35,497,659</u>	<u>₩ 6,335,470</u>	<u>₩ 7,388,472</u>

(*) Includes guarantee deposits and others

23. Value Added Information

Value added information for the years ended December 31, 2003 and 2002 is as follows:

<i>(In thousands of Korean Won)</i>	2003	2002
Salaries	₩ 118,875,137	₩ 112,386,160
Provision for severance benefit	17,425,078	22,009,472
Employee benefit	22,929,027	23,939,194
Rental charges	15,167,537	13,100,166
Depreciation	8,654,349	9,398,385
Taxes and dues	1,176,018	1,321,702
	<u>₩ 184,227,146</u>	<u>₩ 182,155,079</u>

Daekyo Co., Ltd.
Notes to Financial Statements
December 31, 2003 and 2002

24. Supplemental Cash Flow Information

Cash and cash equivalents include cash on hand and on deposit and highly liquid, temporary cash investments with original maturities of three months or less.

Significant transactions not affecting cash flows for the years ended December 31, 2003 and 2002 are as follows (in millions of Korean Won):

	2003		2002
Valuation gain (loss) on available-for-sale securities	₩ 27,135	₩	24,148
Reclassification of current available-for-sale into non-current available-for-sale	-		988
Reclassification of long-term other accounts receivable into other accounts receivable	36		2,087
Reclassification of advance payment into other investment assets	-		2,000
Reclassification of advance payments into development cost	5,925		-
Reclassification of land into inventory	1,881		-
Addition of building into acquisition cost of land	-		1,524
Reclassification of construction in-progress into buildings	10,967		-
Reclassification of long-term borrowings into current maturities of long-term borrowings	560		506