

## Independent Auditor's Report

### To the Shareholders and Board of Directors of Dongbu Insurance Co., Ltd.

May 10, 2005

- We have audited the accompanying non-consolidated balance sheet of Dongbu Insurance Co., Ltd. (the "Company") as of March 31, 2005 and 2004 and the related statements of income, appropriations of retained earnings and cash flows for the year then ended, all 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 audit.

- We conducted our audit 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 assessments on the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- In our opinion, the financial statements referred to present fairly, in all material respects, the financial position of the Company as of March 31, 2005 and 2004, and the results of its operations, the changes in its retained earnings and its cash flows for the year then ended, in conformity with financial accounting standards generally accepted in the Republic of Korea. (See Note 2) The translated amounts in the accompanying financial statements have been translated into U.S. dollars, solely for the convenience of the reader, on the basis set forth Note 2.

- As discussed in Note 18, the Company has pending litigations which totaled 1,409, amounting to ₩100,947 million. These litigations consisted of 444 cases, amounting ₩20,327 million as a plaintiff and 965 cases of ₩80,630 million as a defendant on indemnity and compensation claims, respectively, as of the year ended March 31, 2005. The Company has reserved estimated losses as a reserve for outstanding claims under the policy reserve account.

- As discussed in Note 26, the Company has transactions on claims survey fee amounting ₩26,825 million with Dongbu Automobile Claims Adjusting Co., Ltd. and on loans amounting ₩70,000 million to other related parties including Dongbu Anam Semiconductor Inc. for the year ended March 31, 2005.

Shinhan Accounting Corp.  
Member firm of RSM International

Notice to Readers: This report is effective as of May 10, 2005, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time of reading this report. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.