

*Creating
value for customers,
shareholders and
employees alike*



LG Card

BUSINESS AREAS

Credit Card
Installment Financing
Consumer Loan
Leasing

Profile

Since the company's inception in 1988, all operations of LG Card have been predicated on a fundamental and uncompromising management mandate: "Create value for the customers." The Company believes success is defined as offering products and services that directly address client needs. This philosophy has allowed LG Card to become the leader in the Korean credit card market.

In 1998, LG Card moved into installment financing and leasing to become a fully diversified financial service company. The Company's mission, embodied in the "Top 2005" Vision promulgated in 1999, is to make LG Card a preeminent credit finance firm on the world stage. Since then, the Company has moved inexorably and determinedly toward the manifestation of this vision.

Backed by the best core competencies and a strong and vibrant organization, LG Card has 16.6 million cardholders culminating in ₩112 trillion in annual aggregate transaction volume and a record net income of ₩653.3 billion at the end of December 2001.

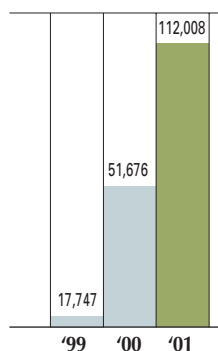
LG Card enjoys the industry's highest competitiveness and follows strategies for ongoing profit generation and long-term growth. The ultimate goal has always been, and remains, unvarying: offer maximum value to customers, shareholders and employees alike.

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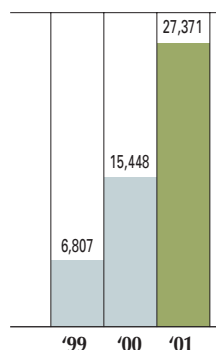
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FINANCIAL HIGHLIGHTS

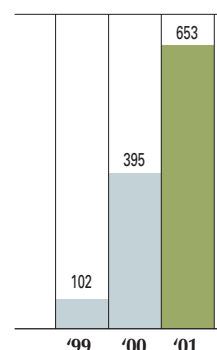
	1998	1999	2000	2001
(KRW Billions)				
Total Assets (Managed)	3,986	6,807	15,448	27,371
Total Assets (Reported)	3,986	6,676	11,336	14,208
Total Capital	295	438	804	1,346
Total Borrowings	3,262	5,453	9,377	9,840
Net Income	36	102	395	653
ROA (Managed)	0.8%	1.9%	3.5%	3.1%
ROA (Reported)	0.8%	1.9%	4.4%	5.1%
ROE	14.1%	27.9%	63.6%	60.8%
EPS (KRW)	917	2,193	6,126	9,332
BPS (KRW)	6,669	7,292	11,492	19,222
Total Transaction Volume	9,901	17,747	51,676	112,008
Cardholders (in Thousand)	6,128	8,029	12,404	16,629



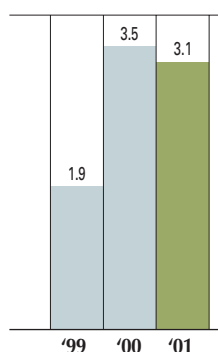
Total Transaction Volume
(KRW Billions)



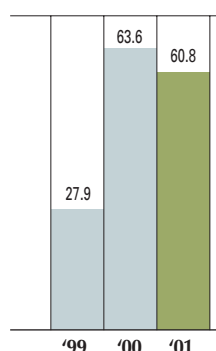
Total Asset (Managed)
(KRW Billions)



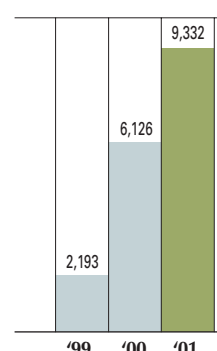
Net Income
(KRW Billions)



ROA (Managed)
(%)



ROE
(%)



EPS
(KRW)

MESSAGE from the management

A solid client base and the industry-best performance are the promise of LG Card as a preeminent consumer finance provider



To Our Shareholders

Despite the global economic slowdown, the Korean credit card industry flourished in 2001, under a supportive government policy and full-force marketing activities by credit card companies. Aggregate credit card transaction volume grew at an average annual growth rate of 131%, from ₩90 trillion in 1999 to ₩445 trillion in 2001.

2001 Performance Summary

FY01 was particularly gratifying for LG Card, which achieved a record net income of ₩653.3 billion, the highest in the industry. Our transaction volume surged 117% year on year to reach ₩112 trillion. This marks the third straight year we have held the top market share. Return on equity and earnings per share have also remained the highest in the domestic credit card industry.

Our success can be attributed mainly to three factors: effective marketing, sophisticated risk management, and a vibrant corporate culture.

First, we are adept at analyzing the market, its trends, and its potential areas of new exploitation. As a result, we have been able to anticipate and respond to emergent needs by offering carefully designed products that meet specific target needs. Prime examples are our flagship LG Lady Card and LG 2030 Card, the first gender-specific credit cards in Korea.

Second, we built a unique Credit Risk Management System to reflect the realities of the Korean market. Our system has proven very effective as our sound asset quality attests.

Third, our strong, talented, and vibrant workforce embraces a "winning spirit" that drives us to build an organization able to prevail over any and all competition. This constitutes an integral and intrinsic element of our Top 2005 Vision, a guideline for our maturation and recognition as a world-class financial services firm.



Plans for 2002

The coming year will be a milestone in our corporate history. LG Card will be listed on the Korea Stock Exchange, helping to diversify our investor base and boost our transparency and external credibility. We will ensure that our company's value is fairly reflected in our share prices to deliver the maximum value to our shareholders.

Managerial Focus in 2002

LG Card will focus on continued consumer-oriented management to quickly adjust to market changes and maintain competitive superiority in the coming year. Our approach will incorporate the following strategies:

First, we will continue to build a solid customer base, one of our most important business resources. We will continuously enroll new cardholders while strengthening the capability to retain existing ones. Our Customer Relationship Management (CRM) infrastructure will provide the foundation for orienting all work processes around the customer. We will continue to offer products and services that best accommodate customer needs, differentiating our products from those of our competitors.

Second, we will continue to hone our core competencies. Risk management activities are regularly improved through ongoing innovations to the credit analysis and management systems. IT capabilities are constantly upgraded, while work processes and the cost structure are being enhanced to improve administrative capabilities.

As such, our strategy going forward is to maximize our first-mover advantage and prevail in the face of any challenge. We are advancing confidently toward our goal of being a "world-class financial services firm" that creates value for all elements of the three-sided cornerstone of our business: customers, shareholders and employees. Your participation plays a critical role in achieving this goal, and we are grateful for it.

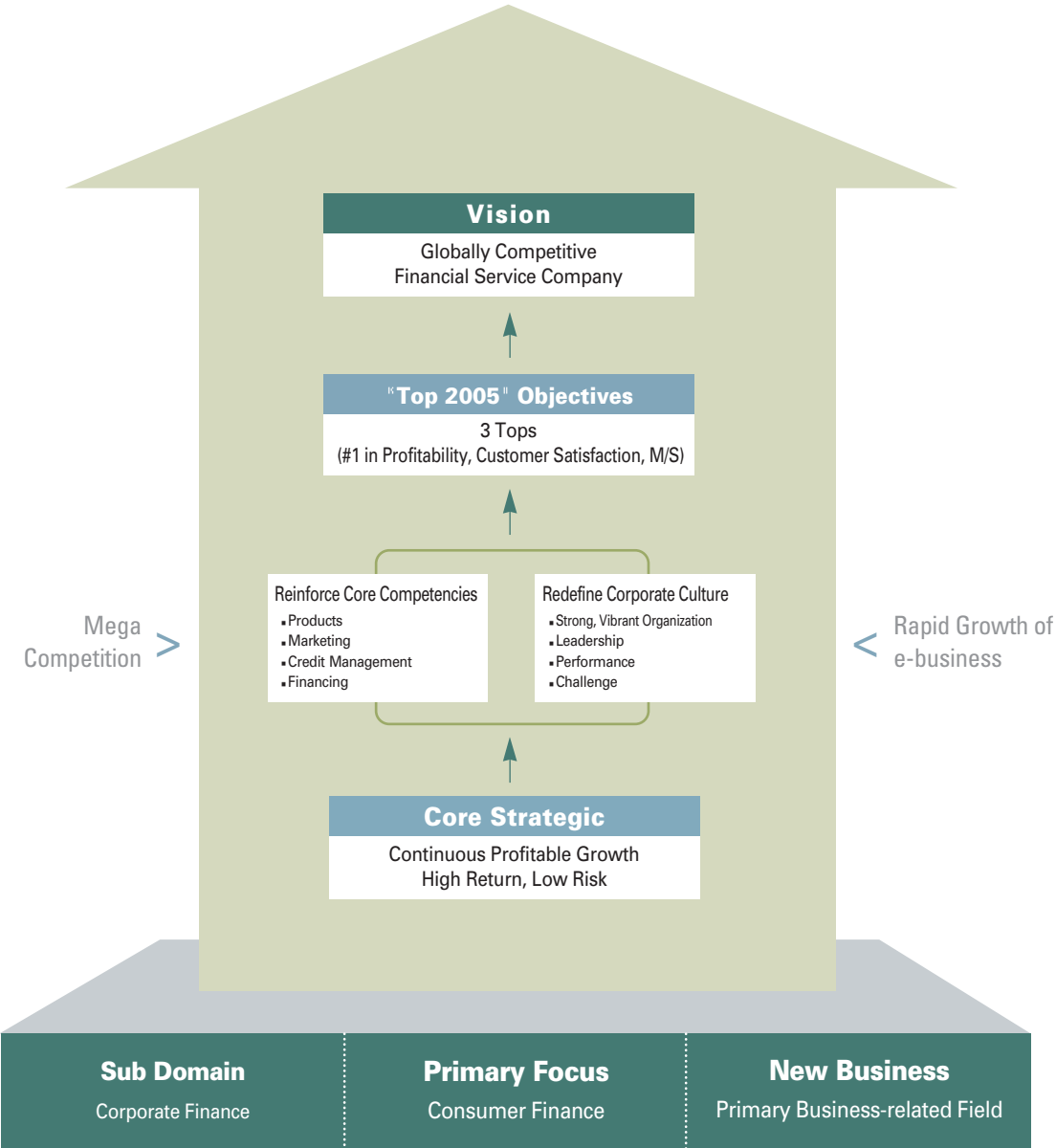
A handwritten signature in black ink, appearing to read "H.C. Lee". The signature is fluid and cursive, with a long horizontal stroke at the end.

Heon-Chul Lee

President & Chief Executive Officer

VISION

To become a globally competitive financial services company, LG Card's corporate vision "Top 2005", focuses on maximizing values for its shareholders, customers and employees alike. Driven by two core strategies that focus on continuous profitable growth and high-return and low-risk, LG Card will sharpen its core capabilities as it creates a resilient new corporate culture that leads it to the top of the domestic industry in both profitability and customer satisfaction and lays the groundwork to compete with the world's best by 2005.



HIGHLIGHTS OF 2001

1. Profitability
2. 'LG Lady Card' members
3. Asset Quality
4. Credit Rating
5. E-business

Pursuing the lowest in both delinquency ratio and funding cost

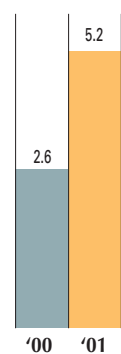
PROFITABILITY

LG Card achieved the industry's highest net income of ₩653.3 billion in 2001, up 65% over the previous year. This strong performance is attributable to several factors, both industry-related and company-specific. On the overall industry side, the Korean government continued to promote credit card purchases by strengthening the tax incentives and maintaining an industry-wide lottery for credit card users. The low interest rate environment of 2001 was also favorable to finance companies as a whole. On the part of LG Card, the strong volume growth experienced by the Company enabled it to enjoy certain economies of scale. This factor, along with the Company's ability to contain credit risk at a minimum level in the backdrop of strong earnings and volume growth, all contributed to the Company's outstanding profitability for fiscal year 2001.

'LG LADY CARD' MEMBERS

About 16 million people, or one in every four Koreans, have an LG Card today. The Company has employed a marketing strategy of "selectively focusing" on target customers. This effort has persuaded over 5 million women to acquire an LG Lady Card, the first credit card targeting young working women in Korea.

The LG Lady Card was launched in January 1999 as a product of careful market analysis and planning. Continual upgrading and augmentation of services have enabled the LG Lady Card to remain the most popular credit card for women in Korea. Affiliated services in alliance with other companies have also been developed to offer cardholders a comprehensive package of the best services available.



Ladycard Cardholders
(in Millions)

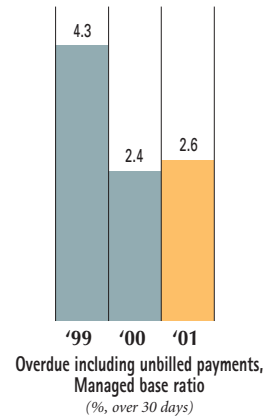
ASSET QUALITY

LG Card's adjusted 30+days overdue ratio, including unbilled installment payments, remained at 2.6% in 2001.

For credit card asset alone, the overdue ratio was 1.8%. These two ratios were among the industry's lowest.

This demonstrates LG Card's strong ability to maintain sound asset quality.

LG Card's credit management system, called the Credit Optimization System, is composed of two parts: the Application Scoring System and the Behavior Scoring System. These two systems, along with a sophisticated collection system, continue to undergo upgrades and fine-tuning to become smarter and stronger. The application scoring system has helped to expedite new credit card issuance, while the behavior scoring system manages credit risk through close monitoring and detection of the financial status of our card members. Such innovations have allowed the Company to consistently maintain sound asset quality.



CREDIT RATING

The National Information & Credit Evaluation Inc. and Korea Investors' Service Inc. the two leading credit rating agencies in Korea, both gave LG Card corporate bonds a "AA" rating in 2001. The company's commercial paper was also rated an industry-high "A1."

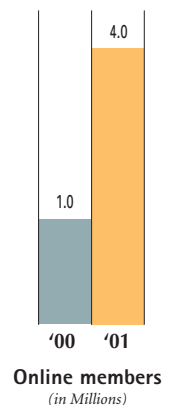
These excellent credit ratings reflect the financial strength of LG Card and bolster its corporate competitiveness.

E-BUSINESS

LG Card recognized early on, the market imperative for a strong Internet presence and built Korea's first online personal finance system. This was followed by the opening of various customized websites, including myLG Point(www.mylgpoint.com), LG myShop(www.lgmyshop.com), LG myCar(www.lgmycar.com), and Joy Hill(www.joyhill.co.kr). Prudent foresight has borne fruit. The number of online card members has now broken the 4 million mark. Annual e-business transaction volume has reached ₩900 billion, and there are now over 150 online co-branded and affinity cards. Meanwhile, some 500 businesses are participating in the Company's online shopping mall. The Company's e-business system is leading the restructuring of the consumer finance industry. LG Card's acumen with respect to web marketing and service was publicly acknowledged when the Company received the top prize in the Credit Card category at the Korean Economic Daily Web Awards.

LG Partner(www.lgpartner.com) is Korea's first website dedicated to installment financing. The site efficiently manages loan consultations and customer data. Inquiries and offers can be submitted directly to the Head Office for discussion, providing greater convenience and flexibility in the installment financing business.

As modern, convenient, and efficient as web-based services can be, they are also vulnerable to the disequilibrium inherent in the Internet. LG Card has installed a comprehensive back-up system to ensure stable operations. A special center is in operation to bring the system quickly back online in the event of a mishap, while another system eliminates bottlenecks so online service is accessible 24 hours a day, 365 days a year for complete customer satisfaction.



REVIEW OF

BUSINESS UNITS

. Credit Card

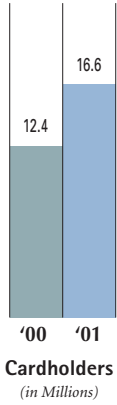
. Installment Financing

. Consumer Loan

. Leasing

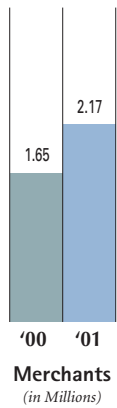
*LG Card thrives on developing innovative
consumer finance products*

CREDIT CARD



LG Card's flagship product is the credit card. Today credit cards are the most favored purchasing tool for individuals and corporates alike. In general, credit cards in Korea function like the charge card found in the West. Card members can make either lump sum or installment purchases with their credit card under their credit limit. The lump sum purchases are due in full on the next billing date with no interest incurred on the customer. The installment purchases are due in equal installments over several months and are charged interest on the installments.

Credit cards also function as a short term financing tool through their cash advance function. Card members can receive quick and convenient access to cash within the individual credit limits.



LG Card develops specialized products targeting specific age groups and organizations. The LG Lady Card, LG 2030 Card, and the LG ACE Card have been mainstay products for LG Card, while other LG Card hits include the transportation Card, Platinum Card, Golf Card, Dog Lover's Card, and Culture Card.

The **LG Lady Card** set a new standard for gender-specific marketing



The **LG 2030 Card** targets men in their 20s and 30s.



The **LG ACE Card** helps define lifestyles for the middle-aged and elderly.



INSTALLMENT FINANCING



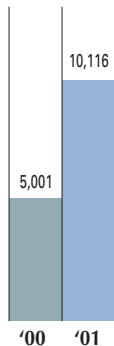
Installment Financing transaction volume
(KRW Billions)

LG Card finances families wishing to purchase big ticket items such as automobiles, appliances and computers. LG Card pays the merchant, and the consumer remits monthly installments over a predetermined period of time. Installment financing arrangements are in place at 10,000 business locations around Korea as well as at large retailers with nationwide networks.

LG Card is expanding relations with leading retail channels and strengthening its networking with used car dealers. Joint promotions are being carried out with large corporate partners for consumer electronics, computers and other items. LG Card continue to discover and develop new markets with high earning potential.

LG Card has built the first data warehousing system in the Korean installment financing industry, managing information on customers and corporate partners, providing comprehensive data analysis and offering a variety of support. The dedicated LG Partner homepage was opened to provide information on installment financing products, loan consultation and other services.

CONSUMER LOAN



Consumer Loan transaction volume
(KRW Billions)

LG Card offers a variety of loan products for cardholders as well as for non-cardholders.

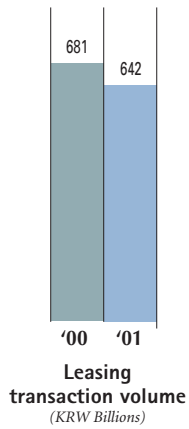
The Company continues to come out with new and innovative loan products. The lineup includes loans specifically designed for taxpayers, office workers, students, housewives, newlyweds and mobile phone users. Moreover, the LG Speed Loan is a unique financial service that allows users to be quickly and conveniently arranged their loans and check their repayment schedules by phone or online.

www.lgcard.com





LEASING



LG Card entered the corporate leasing business in 1998. It offers leasing services to creditworthy companies while acquiring valuable lease assets from merchant banks and leasing firms.

Services have been diversified beyond the conventional mortgage-based financing, and sophisticated credit rating techniques are constantly being developed to base financial transactions on credit and project feasibility. A variety of service packages have been expended to accommodate diverse needs, including general leases, vendor program, short-/long-term operating capital loans, factoring and note discounts.

LG Card continues to grow this business by completing new lease contracts with sound business firms and acquiring valuable lease assets from additional lease companies. Advanced financing methods are being adopted to ensure profitability while fiscal soundness remain our top priority.



VALUE

- CREATIONS

- *Value Creations for Customers*
- *Customer-oriented Management*
- *for Our Employees*

*Generating revenue over the long term and growing continuously,
while customers, shareholders and employees are rewarded a
maximized value and reciprocate with loyalty and trust*



Value Creations for CUSTOMERS

“LG Card carefully analyzes my needs
and uniquely develops products that
accommodate those needs”



Customers reach for their LG Card first because of its distinctive features.

In Korea today, credit card use is increasing rapidly, and customers prefer to use their LG credit cards for purchases. LG Card aims to remain the industry leader by ensuring its credit card products are always chosen first.

LG Card management understands that product features are the key to competitiveness. The Company analyzes market trends and then develops products that best suit changing lifestyles. Unlike products and services of other credit card issuers which focus on meeting common needs for the general population, LG Card has differentiated its products and services by focusing on specific needs of defined target segments. As a result, its products and services have been categorized and refined by regions and population segments. The LG Lady Card is designed for females and LG 2030 Card for males from age 20 to 30, while the Ace Card targets customers in the 40s and 50s.

On the basis of our three flagship brands, the LG Lady Card, 2030 Card, and Ace Card, our strategy is to issue cards in alliance with other successful businesses and organizations through co-branding and affinity marketing. Co-branded cards with mileage point programs are being issued with hundreds of successful names, including Korean Airlines, Asiana Airlines, Korea Telecom, and LG-Caltex to name a few. Such ties with successful businesses enhance marketability of the credit card product and allows both the credit card company and its partners access to valuable customers. In the area of affinity marketing, LG Card endorses various people groups to issue affiliated cards with organizations such as the Korea Teachers Credit Union and the Lion's Club.

In addition, new services and technology such as the IC Card are constantly being adopted to maintain our products' competitiveness.

Individualized marketing helps the Company to retain customers for life.

The myLG Point customer loyalty program has been improved to provide customers with unique services. Users accumulate bonus points based on card transaction volume, and these points then can be spent like cash. Points are awarded for both online and offline purchases to provide cardholders with maximum benefit.

Major Products

LG Lady Card_ for women in 20~30s
LG 2030 Card_ for men in 20~30s
LG ACE Card_ for the middle aged and elderly
LG Check Card_ better than cash
LG Corporate Card_ supporting corporate success
LG Skypass Card_ the best airline mileage program in Korea
LG Oil Card_ a must for drivers
M-Plus Card_ a service from LG Telecom and LG Card

LG Pre i Card_ a card for the online generation
Big Family LG Card_ for dining out anytime
LG Love Dog Card_ for protecting Man's Best Friend
LG Exchange Student Card_ covering every aspect of overseas study
LG Leisure/Sports Card_ a ticket to affordable leisure & sports activities
LG Culture Card_ for theater and movie buffs
MyPass Card_ commute now, pay later



CUSTOMER-oriented Management

LG Card boasts the best credit management in the business.

LG Card has implemented a corporate-wide credit risk management system to analyze, assess and develop strategies to cope with credit risk. The Credit Risk Management Committee is in charge of establishing credit limits for individual credit cardholders and credit policies, and overseeing the proper implementation of the Company's credit policies. The system itself, called the Credit Optimization System (COS), composed of Application Scoring (AS) and Behavior Scoring (BS) was developed in-house to address Korean market realities. The 2 systems are constantly upgraded to higher degrees of intricacy to become smarter and stronger.

A customer-oriented management approach results in services customers admire.

Customer Relationship Management (CRM) has been strengthened considerably with the establishment of the new CRM Department as part of the efforts to reorient all work processes around the customer. The Company is currently constructing a new CRM system and upgrading managerial capabilities to retain preferred customers.

The Company's CRM goal is to never lose preferred customers once they have been gained.

LG Card services put the customer first.

LG Card is creating new customer access channels such as the Internet and mobile communications to provide advisory support and the best customer services. A Computer Telephony Integration (CTI) system is in place to provide customized advice to individual customers, while the Customer Protection Center quickly responds to cardholder inquiries and implements preventative measures.

Major Awards

- 2000
 - 06 Website ranked first in the Credit Card category by the Korea Management Association.
 - 09 Outstanding Product Award received from VISA International.
 - 12 Website wins first place in the Credit Card category at Hankook Ilbo Web Awards 2000.
- 2001
 - 03 Website gets Grand Prize in the Credit Card category at the 1st annual Korea Economic Daily Web Awards.
 - 10 Top Award is received in the Credit Card category at Korea e-Commerce Awards 2001.
 - 12 Top Advertiser 2001 Awards overall as well as in specific categories by seven major daily newspapers, including the Hankook Ilbo and Korea Economic Daily.
- 2002
 - 01 Gold Award received at the 11th annual Dasan Financial Awards.

“Cardholders can do everything with a single
LG Card because **diverse services**
have been developed
for specific customer segments.”





for Our **EMPLOYEES**

A strong and vibrant Organization

The unique organizational strength at LG Card is a key asset that has taken the company to the top of the industry. Employees receive performance based compensation. Various programs have been developed to give the organization even greater vitality.

The Future Committee

In 1990, the Future Committee was inaugurated as an official channel for conveying junior employee opinions directly to senior management, helping to build a progressive organization. Since then, ideas have flowed smoothly throughout the organization, creating a greater sense of solidarity and providing all organizational members with a sense of participation in management. This has served as the foundation for a healthy corporate culture.

i-BOARD

The **i**-BOARD is composed of middle managers. Members uncover problems with various practices and systems within the organization to ensure future competitiveness and bolster core competencies. They then employ brainstorming and innovative activities designed to formulate action plans that can be submitted to senior management.

Corporate Culture

University students chose LG Card as the best employer (for the Financial category) in surveys by the Korean Economic Daily for both 2000 and 2001.

The ACT (Activating & Cheering for Teamwork) program was implemented to make LG Card an enjoyable place to work.

More than ten informal groups are sponsored by the company including Hiking and Music Clubs.

“ A survey of university students organized by
the Korea Economic Daily newspaper named LG Card as
the preferred place to work
in the Finance category. ”



FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2001 and 2000

OVERVIEW

The Korean credit card market was strong throughout 2001, and LG Card recorded the industry-best performance as well as the highest profits in Company history. Three principal external factors, namely, the continued strong growth in private consumption, government policies promoting credit card use, and the low interest rate environment, helped LG Card achieve such a banner year. Within this favorable environment, LG Card continued its successful marketing campaign of introducing a steady stream of innovative products and new value-added services. This, together with the Company's world-class credit management capabilities, contributed most to the record-breaking performance in 2001.

Earnings Summary

Reported operating revenue grew 62.5% year on year in 2001, totaling more than ₩3.88 trillion in reported basis and ₩4.89 trillion in managed basis. This drove net income up 65.4% to ₩653.3 billion, which was ₩258.4 billion higher than in the previous year. In terms of profitability, ROA rose 0.7 percentage points over 2000 to reach 5.1% on a reported basis. ROE(reported), was 60.8%, remaining above the 60% mark for the second year in a row.

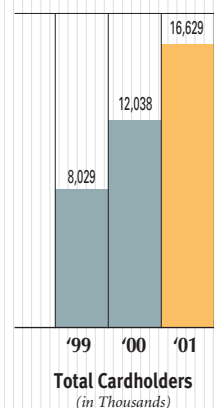
The total transaction volume exceeded ₩112 trillion in 2001, up 116.7% (₩66.3 trillion) from a year earlier. Reported total assets grew 25.3% year on year to more than ₩14.2 trillion, while managed total assets came to ₩27.4 trillion, up 77.2% (₩11.9 trillion) from 2000. The surge in net income raised the adjusted capital adequacy ratio to 13.7%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2001 and 2000

Cardholder & Merchant Base

The number of LG cardholders rose 38.1% year on year in 2001 or 4.59 million new members to reach 16.63 million. The sharp increase in cardholders is attributable to successful marketing activities, focused particularly on personalized products through co-branded and affinity marketing in alliance with the flagship Lady Card and 2030 Card.



Cardholders and Merchants

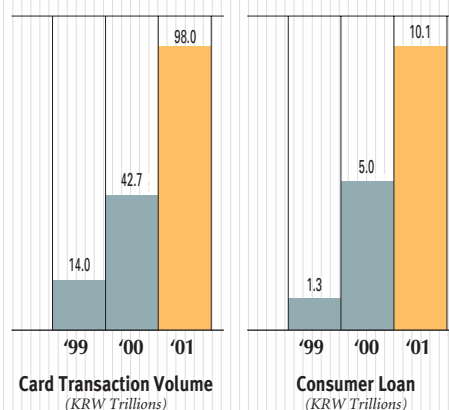
(KRW Thousands)

	2001	2000	1999
Total Cardholders	16,629	12,038	8,029
Merchants	2,171	1,650	1,266

Transaction Volume

Total transaction volume rose 116.7% to surpass ₩112 trillion. Card transaction volume alone surged at a rate of 129% to over ₩98 trillion. All card transaction categories—lump sum purchases, installment purchases and cash advances—more than doubled year on year.

Consumer loan transaction volume, which includes card loans, increased 102.3% (over ₩5.2 trillion) to exceed ₩10.1 trillion. Transaction volume growth in installment financing and leasing were stable.



MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2001 and 2000

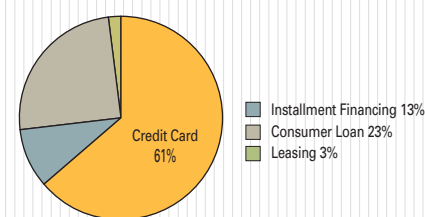
Credit Card Transaction Volume & Consumer Loans

	(KRW Billions)		
	2001	2000	1999
Card Transaction Volume	98,049	42,746	13,957
Lump sum purchases	24,127	9,806	4,204
Installment purchases	10,460	5,085	1,910
Cash advances	63,462	27,855	7,843
Consumer Loans	10,116	5,001	1,325
Installment Financing	3,202	3,248	1,915
Leasing	642	681	549
Total	112,009	51,676	17,747

Operating Revenue Configuration

Reported operating revenue was up 62.5% to more than ₩3.88 trillion. The same figure was 4.89 trillion on a managed basis. The overall growth in earnings was primary attributable to the growth in the Company's managed loan and account volumes.

Credit Cards accounted for 61% of total operating revenue, followed in descending order by consumer loan (23%), installment financing (13%) and leasing (3%).



Operating Revenue Configuration
(%, managed)

Operating Revenue

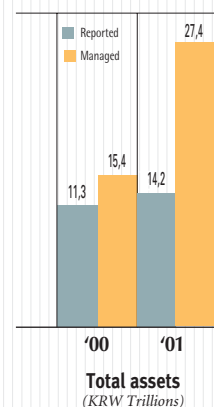
	(KRW Billions)			
	2001			
	Reported		Managed	
Operating Revenue	3,883	100.0%	4,886	100.0%
Credit Card Income	1,938	49.9%	2,988	61.2%
Lump sum Purchase	557	14.3%	557	11.4%
Cash Advance	986	25.4%	1,904	39.0%
Installment Purchase	263	6.8%	366	7.5%
Late Payment Fee	88	2.3%	116	2.4%
Annual Fee	45	1.1%	45	0.9%
Installment Financing	185	4.8%	624	12.8%
Consumer Loan	579	14.9%	1,143	23.4%
Leasing	31	0.8%	97	2.0%
Securitization Income	1,052	27.1%	-	0.0%
Other Income	98	2.5%	34	1.8%

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2001 and 2000

Asset Portfolio

The Company analyzes its financial performance on a managed asset basis. Managed asset data adds back the effect of off-balance sheet assets. The Company's assets increased 77.2% (more than ₩11.9 trillion) on a managed basis during 2001 to exceed ₩27.4 trillion at the end of the year. Credit Card assets surged 105.8% (over 8.2 trillion) to make up 58.5% of total assets, 8.2 percentage points higher year on year. In the credit card asset category, both credit purchases and cash advances climbed steeply in 2001, representing most of the increase in assets as a whole. Consumer loan include card loans extended to the Company's credit card members, and other consumer loans to non-card members such as student tuition loans.



Asset Portfolio

(KRW Billions)

	2001		2000	
	Reported	Managed	Reported	Managed
Earning assets	10,326	26,846	10,528	14,875
Credit Card assets	7,311	16,004	7,777	7,777
Credit purchase	3,808	5,947	2,899	2,899
Cash advance	3,503	10,057	4,878	4,878
Installment financing	524	3,518	919	2,936
Consumer loan	2,233	6,528	1,694	3,370
Lease assets	250	788	130	784
Other assets	8	8	8	8
(Loan loss reserve)	(792)	(792)	(353)	(353)
Other assets	4,674	1,315	1,162	927
Total assets	14,208	27,369	11,337	15,449

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2001 and 2000

Sales, General & Administrative Expenses

Sales, general and administrative expenses increased 104.8% (₩1.087 trillion) to ₩2.125 trillion. This was mainly due to the company's ongoing investments in its information technology systems and infrastructures. Meanwhile, bad debt expenses (net provision for loan losses) grew 156.5% (₩600.3 billion) to ₩984 billion in line with the company's conservative provisioning policy.

Sales, General & Administrative Expenses

(KRW Billions)

	2001	2000	1999
Sales, General & Administrative Expenses	2,125	1,038	478
Personnel expense	122	98	59
Bad debt expense	984	384	121
Service fees	262	138	51
Credit data fees	132	65	37
Other	624	353	212

Funding

In the absence of deposits as a funding source, LG Card engages in off-balance sheet funding such as outright sales and asset backed securities(ABS) to diversify its funding sources.

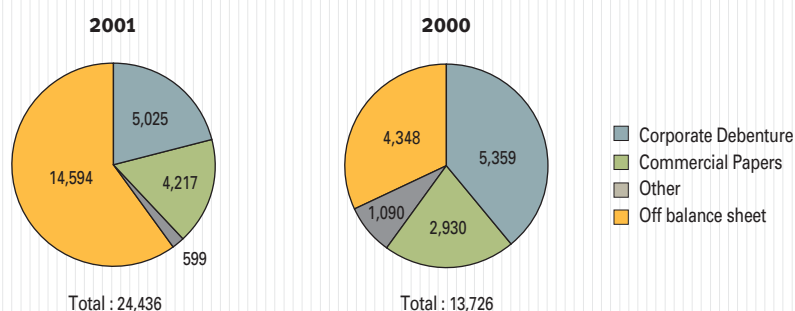
The issuance of ABS began in 2000, with the underlining asset mainly being credit card receivables, card loan receivables and lease receivables. The funding balance stood at ₩24.4 trillion at the end of the year, up 78% from the previous year.

Major changes have occurred in the relative weight of funding sources, with a 28 percentage-point increase in off-balance sheet funding year on year, from 31.7% to 59.7% of overall funding.

Meanwhile, the balance of corporate debentures decreased ₩334 billion from the previous year.

The balance of funding through commercial papers increased ₩1.3trillion year on year to reach ₩4,217 billion, but the CP portion of the funding portfolio dropped 4.1 percentage points from 21.4% to 17.3%.

Funding Structure (KRW Billions)



MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2001 and 2000

Interest Expense

	(KRW Billions)		
	2001	2000	1999
Total	1,790	928	471
Borrowings	787	753	471
Off-Balance sheet Funding	1,003	175	

Net Interest Spread

Net interest spread rose 0.6% year on year to reach 15.6% in 2001. Asset yield has fluctuated little since 1999 and came to 23.3% in 2001, down 0.9 percentage points from the previous year. On the other hand, funding cost has fallen steadily since 1999 to reach 7.7% in 2001, which was 1.5 percentage points below the 2000 figure. As a result, the net interest spread widened year on year.

Net Interest Spread

	(%)		
	2001	2000	1999
Portfolio Yield	23.32	24.17	23.96
Average Funding Cost	7.67	9.23	10.80
Net Interest Spread	15.64	14.95	13.17

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2001 and 2000

Asset Quality and Loan Loss Provisions

There are three types of transactions available to an LG Card member: (1) credit for purchase repayable in one lump sum at the end of the current monthly billing cycle; (2) credit for purchase repayable on an even-payment monthly installment basis for periods of up to 18 months; and (3) cash advances repayable in full at the end of the current monthly billing cycle. A member's account becomes contractually delinquent if the billed amount is not received in full on the member's billing date.

The following tables set forth the historical overdue experience for each of the three calendar years 1999, 2000, and 2001. The balance of credit card receivables overdue 30 days or longer, including unbilled installment payments totaled ₩280.7 billion at the end of 2001. The percentage of total earning assets overdue 30 days or more stood at 2.6% at the end of 2001.

Credit Card Receivables(Lump, Installment Payment, Cash Advance)

(KRW Billions)

	2001	% of Total Receivables	2000	% of Total Receivables	1999	% of Total Receivables
Total Receivables (Managed)	16,004.8	100%	7,776.0	100%	2,814.9	100%
overdue 30-59 days	173.0	1.1%	91.5	1.2%	26.5	0.9%
overdue 60-89 days	66.2	0.4%	29.0	0.4%	4.3	0.2%
overdue 90 or more days	41.5	0.3%	43.7	0.6%	23.7	0.8%
Total (overdue 30 or more days)	280.7	1.8%	164.2	2.1%	54.5	1.9%

*includes unbilled installment payments

*Managed base

Total Earning Assets

(KRW Billions)

	2001	% of Total Receivables	2000	% of Total Receivables	1999	% of Total Receivables
Total Receivables (Managed)	26,847.3	100%	14,873.9	100%	6,041.4	100%
overdue 30-59 days	360.2	1.3%	182.5	1.2%	89.7	1.5%
overdue 60-89 days	163.8	0.6%	60.3	0.4%	25.3	0.4%
overdue 90 or more days	163.4	0.6%	107.5	0.7%	142.7	2.4%
Total (overdue 30 or more days)	687.4	2.6%	350.3	2.4%	257.7	4.3%

*includes unbilled installment payments

*Managed base

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2001 and 2000

NPL Classification

Outstanding receivables classified as non-performing loans according to the definition set by the Financial Supervisory Service for credit card companies stood at ₩72.2 billion at the end of 2001. The Company's NPL ratio as a % of total receivables dropped from 0.31% in 2000 to 0.26% in 2001.

NPL calculation for total assets

(KRW Billions)

	2001		2000	
	Reported	Managed	Reported	Managed
Total Receivables	11,076.0	27,597.3	10,579.5	14,927.1
Normal	11,001.2	27,479.4	10,514.7	14,849.1
Precautionary	24.7	45.7	22.6	31.8
Substandard	-	-	-	-
Doubtful	7.6	11.3	8.4	9.9
Estimated Loss	42.5	60.9	33.8	36.2
NPL (Substandard and below)	50.0	72.2	42.2	46.1
NPL Ratio (NPL / Total Receivables)	0.45%	0.26%	0.40%	0.31%

Loan Loss Reserves

The loan loss reserve balance came to ₩791 billion at the end of 2001, up ₩439.2 billion from the year before. This is almost four times higher than the FSS requirement of 206.6 billion.

At the same time active disposal of non-performing loans in 2001 increased the net charge-off ratio 1.2 percentage points during 2001 to 2.6%. This reflects in part the FSC's relaxation of charge-off guidelines in January 2001. Prior to January 1, 2001, the FSC only allowed accounts that were equal to or more than 6 months overdue to be written-off every quarter, if at least two collection attempts on such accounts had been made. Under the new regulation, LG Card began writing off accounts with shorter delinquency periods than would have been charged off under its previous policy by including accounts that had become less than three months overdue. Write-offs include only the principal amount of a receivable charged off.

At the end of 2001, the loan loss reserve balance exceeded the Financial Supervisory Service requirement by ₩585.3 billion.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2001 and 2000

Loan Loss Reserves

	<i>(KRW Billions)</i>		
	2001	2000	1999
Loan loss reserve			
Balance at beginning of year	352.7	121.1	150.4
Provision for loan losses net of recoveries	984.0	383.7	120.5
Net Charge-off	(545)	(152)	(150)
Balance at end of year	791.9	352.7	121.1

NPL Coverage Ratio

	<i>(KRW Billions)</i>			
	2001		2000	
	Reported	Managed	Reported	Managed
Loan Loss Reserve	791.9	791.9	352.7	352.7
NPL	50.0	72.2	42.2	46.1
NPL Coverage Ratio	1,583%	1,097%	835%	764%

Capital Adequacy

The adjusted capital adequacy ratio stood at 13.73% at the end of 2001, up 4.24 percentage points from a year earlier. The increase is mainly due to a 26.7% year-on-year growth in adjusted total assets, the formula denominator, and a 83.3% surge in adjusted equity capital, the formula numerator. The rise in net income during 2001 was another reason for the increase in adjusted equity capital.

The adjusted capital adequacy ratio is the numerical value that calculates the capital adequacy ratio with respect to the size of risk assets. This figure allows for accounting adjustments in total assets and equity capital. Credit with a low risk of default is added to the loan loss reserve, while the non-risk categories such as cash and deposits are deducted from the total assets. The FSS has stipulated a minimum capital adequacy ratio of 7% since 1999, but the Company's adjusted capital adequacy ratio is almost twice the requirement.

Adjusted Capital Adequacy Ratios

	<i>(KRW Billions)</i>		
	2001 *	2000	1999
Adjusted equity capital	1,906.3	1,040.3	480.1
Adjusted total assets	13,888.0	10,961.5	6,425.1
Adjusted capital adequacy ratio	13.73%	9.49%	7.47%

*The calculation method of Adjusted capital adequacy ratio was revised by the FSS in 2001.

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS OF

LG CARD CO., LTD.

We have audited the accompanying balance sheets of LG CARD CO., LTD. (the "Company") (formerly LG Capital services Corp.) as of December 31, 2001 and 2000, and related statements of income, appropriations of retained earnings and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in 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, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2001 and 2000, and the results of its operations, the appropriations of its retained earnings and its cash flows for the years then ended in conformity with financial accounting standards generally accepted in Korea ("Korean GAAP").

Without qualifying our opinion, we draw attention to the following:

As explained in Note 26 to the accompanying financial statements, the Company sold with recourse receivables to be used in asset securitization. Such receivables, for which the Company is contingently liable, amounted to ₩16,521 billion as of December 31, 2001

As explained in Note 30 to the accompanying financial statements, the operations of the Company have been affected, and may continue to be affected for the foreseeable future, by the general unstable economic conditions in the Republic of Korea and in the Asia Pacific region. The ultimate effect of these uncertainties on the financial position of the Company as of the balance sheet date cannot presently be determined.

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 accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized 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 knowledgeable about Korean accounting procedures and auditing standards and their application in practice.

Ahn Kwon K Co.

January 25, 2002

BALANCE SHEET

December 31, 2001 and 2000

	(KRW Thousands)	
	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Notes 3,15,23 and 24)	₩ 383,744,169	₩ 266,817,702
Short-term financial instruments	30,340,942	39,569,763
Marketable securities (Notes 2,4 and 23)	141,040	5,263,931
Short-term loans - net of allowance for doubtful accounts of ₩2,537,658 thousand in 2001 and ₩102,500 thousand in 2000 (Notes 2 and 10)	504,994,065	20,397,500
Other receivables - net of allowance for doubtful accounts of ₩152,783 thousand in 2001 and ₩33,106 thousand in 2000 (Note 2)	22,346,910	6,588,086
Accrued income - net of allowance for doubtful accounts of ₩955,562 thousand in 2001 and ₩2,503,134 thousand in 2000 (Note 2)	385,480,078	115,095,795
Advance payments - net of allowance for doubtful accounts of ₩599,949 thousand in 2001 and ₩130,519 thousand in 2000 (Note 2)	119,389,767	25,973,344
Prepaid expenses	49,525,594	67,817,377
Total Current Assets	1,495,962,563	547,523,498
CREDIT CARD ASSETS		
Credit card receivables - net of allowance for doubtful accounts of ₩437,337,533 thousand in 2001 and ₩125,898,913 thousand in 2000 (Notes 2,5,16 and 26)	6,873,438,325	7,650,054,035
INSTALLMENT FINANCING ASSETS		
Installment receivables - net of allowance for doubtful accounts of ₩97,466,056 thousand in 2001 and ₩61,364,455 thousand in 2000 (Notes 2,6,26 and 29)	426,407,628	857,218,582
CONSUMER LOAN ASSETS (Note 16)		
Card loans (Notes 2 and 7)	1,910,239,549	1,222,222,769
Commercial loans	245,485,705	368,882,803
Working capital loans	77,000,000	82,000,000
Factorings (Note 8)	688,475	21,065,635
Less : Allowance for doubtful accounts (Note 2)	(248,902,051)	(158,706,429)
Total credit financing assets	1,984,511,678	1,535,464,778
NEW TECHNOLOGY ASSETS (Note 11)		
New technology investments	8,056,816	8,000,000
LEASE ASSETS - net of accumulated depreciation of ₩20,372,624 thousand in 2001 and ₩10,134,472 thousand in 2000 and allowance for doubtful accounts of ₩3,938,846 thousand in 2001 and ₩3,920,920 thousand in 2000 (Notes 2 and 9)		
	245,874,987	125,598,795
INVESTMENTS		
Long-term financial instruments (Notes 3 and 24)	93,191,137	97,081,360
Investment securities (Notes 2,11,15 and 23)	2,843,731,852	285,257,946
Derivatives (Notes 2 and 26)	6,851,078	7,094,404
Long-term loans (Note 10)	4,599,674	12,271,422
Investment real estate (Notes 12)	124,119	1,027,388
Guarantee deposits	92,367,196	81,055,527
Deposits for severance benefits (Note 3)	-	10,861,516
Other	115,959	110,207
Total Investments and Other Assets	3,040,981,016	494,759,770
PROPERTY AND EQUIPMENT (Notes 2 and 23)		
Land (Note 12)	54,277,589	54,277,589
Buildings - net of accumulated depreciation of ₩1,450,080 thousand in 2001 and ₩1,202,653 thousand in 2000	8,447,001	8,694,428
Vehicles - net of accumulated depreciation of ₩1,161,227 thousand in 2001 and ₩1,110,811 thousand in 2000	383,730	570,036
Furniture and fixtures - net of accumulated depreciation of ₩30,965,621 thousand in 2001 and ₩27,378,432 thousand in 2000	11,355,683	9,040,298
Computer information technology related assets - net of accumulated depreciation of ₩101,772,080 thousand in 2001 and ₩60,237,872 thousand in 2000	51,853,463	41,535,799
Construction in progress	619,184	541,634
Property and Equipment, net	126,936,650	114,659,784
INTANGIBLE ASSETS (Notes 2 and 13)		
	5,713,405	2,386,967
TOTAL ASSETS	₩14,207,883,067	₩11,335,666,209

BALANCE SHEET

December 31, 2001 and 2000

	(KRW Thousands)	
	2001	2000
LIABILITIES AND STOCKHOLDERS' EQUITIES		
CURRENT LIABILITIES		
Short-term borrowings (Note 16)	₩ 4,286,694,946	₩3,544,697,328
Short-term debentures (Note 14)	763,000,000	1,309,000,000
Current portion of long-term debt-net of discounts of ₩345,764 thousand in 2001 and discounts of ₩271,671 thousand in 2000 (Notes 2 and 14)	1,914,654,236	1,319,728,329
Other payables (Notes 15 and 16)	260,602,007	137,341,235
Advanced receipts	25,944,952	24,359,391
Withholdings (Note 15)	1,841,678,389	261,117,601
Accrued expenses	428,628,393	355,202,355
Dividends payable (Note 21)	138,250,000	99,750,000
Unearned income	58,270,800	43,421,250
Guarantee deposits withheld (Note 2)	8,388,161	7,745,584
Value added tax payable	10,401	14,581
Income tax payable	202,160,462	162,290,586
Deposits in prepaid cards	449,831	299,414
Total Current Liabilities	9,928,732,578	7,264,967,654
LONG-TERM LIABILITIES		
Long-term debentures - net of discounts of ₩950,388 thousand in 2001 and ₩965,952 thousand in 2000 (Notes 2 and 14)	₩ 2,526,049,612	₩2,844,034,048
Long-term borrowings (Note 14)	349,600,000	360,000,000
Derivatives (Notes 2 and 26)	18,911,437	27,241,297
Long-term advance from customers (Note 14)	2,102,724	1,704,830
Guarantee deposits for leases	2,913,534	364,378
Accrued severance benefits - net (Notes 2 and 3)	13,458,170	21,017,219
Deferred income tax liabilities (Notes 2 and 19)	20,606,795	11,881,418
Total Long-term Liabilities	2,933,642,272	3,266,243,189
TOTAL LIABILITIES	12,862,374,850	10,531,210,843
COMMON STOCK (Note 17)	350,000,000	350,000,000
CAPITAL SURPLUS	54,198,452	54,198,452
RETAINED EARNINGS (Note 18)		
Legal reserve	28,408,000	14,583,000
Reserve for business rationalization	989,180	758,291
Reserve for research and development	152,666,667	107,333,333
Reserve for business development	385,000,000	65,000,000
Reserve for investment loss	1,099,997	1,099,997
Unappropriated retained earnings	374,554,763	238,920,319
Total Retained Earnings	1,346,917,058	831,893,392
CAPITAL ADJUSTMENTS (Notes 2,11 and 26)	(1,408,841)	(27,438,026)
TOTAL STOCKHOLDERS' EQUITY	1,345,508,217	804,455,366
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	₩14,207,883,067	₩11,335,666,209

See accompanying notes to financial statements.

STATEMENTS OF INCOME

for the years ended December 31, 2001 and 2000

	(KRW Thousands)	
	2001	2000
OPERATING REVENUE (Notes 2 and 16)		
Credit card income	₩ 1,937,565,760	₩ 1,470,695,211
Installment financing income	185,003,648	344,693,724
Consumer loan income	578,963,832	401,579,789
Lease income	30,736,661	91,853,856
Interest income	211,897,539	39,577,661
Other income	938,734,296	40,628,656
Total Operating Revenues	3,882,901,736	2,389,028,897
OPERATING EXPENSES (Note 16)		
Interest expense	787,336,865	753,209,562
General and administrative expenses (Notes 27 and 31)	2,125,004,296	1,037,561,294
	(2,912,341,160)	(1,790,770,856)
OPERATING INCOME	970,560,576	598,258,041
NON-OPERATING INCOME		
Interest income	152,608	171,432
Gain on foreign currency transactions	3,929,161	6,501,122
Gain on foreign currency translation (Note 2)	2,808,878	7,550,462
Gain on disposition of marketable securities	1,370,197	4,248
Dividend income	2,079,008	2,195,050
Gain on disposition of investment securities	482,000	-
Gain on valuation using the equity method of accounting	173,058	-
Gain on disposition of property and equipment	140,165	913,298
Gain on valuation of derivatives	6,901,325	6,985,584
Gain on derivative transactions	4,182,536	-
Other	4,538,558	760,065
Total non-operating Income	26,757,494	25,081,261
NON-OPERATING EXPENSES		
Loss on foreign currency transactions	769,289	1,193,317
Loss on foreign currency translation (Note 2)	357	364
Loss on disposition of marketable securities	10,300	39,957
Loss on valuation of marketable securities	-	9,589,158
Loss on disposition of investment securities	14,496,635	-
Loss on disposition of investments	453,681	177,208
Loss on disposition of property and equipment	240,344	598,712
Additional income taxes paid	7,173,920	-
Donations	8,076,276	12,299,209
Loss on valuation using the equity method of accounting	4,253,903	-
Loss on derivative transactions	9,743,390	922,078
Loss on valuation of derivatives	-	26,196,497
Loss on redemption of debentures	-	458,000
Other	1,868,770	180,836
Total non-operating Expense	(47,086,868)	(51,655,336)
ORDINARY INCOME	₩ 950,231,202	₩ 571,683,965
INCOME BEFORE INCOME TAXES	950,231,202	571,683,965
INCOME TAX EXPENSE (Note 19)	(296,957,536)	(176,825,073)
NET INCOME	₩ 653,273,666	₩ 394,858,892
INCOME PER SHARE (in Korean won) (Note 20)	₩ 9,332	₩ 6,126

See accompanying notes to financial statements.

STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

for the years ended December 31, 2001 and 2000

	(KRW Thousands)	
	2001	2000
RETAINED EARNINGS BEFORE APPROPRIATIONS		
Unappropriated retained earnings carried over from prior years	₩ 238,920,318	₩ 74,705,719
Net income for the year	653,273,666	394,858,892
Total Retained Earnings	892,193,984	469,564,611
TRANSFER FROM VOLUNTARY RESERVES		
Reserve for research and development	14,666,667	5,216,666
APPROPRIATIONS OF RETAINED EARNINGS		
Legal reserve	13,825,000	9,975,000
Reserve for research and development (Note 18)	60,000,000	60,000,000
Reserve for business rationalization (Note 18)	230,889	35,962
Reserve for business development (Note 18)	320,000,000	65,000,000
Reserve for investment loss (Note 18)	-	1,099,997
Amortization of discounts on stock issuance	-	-
Cash dividends (Note 21)	138,250,000	99,750,000
Total Appropriations of Retained Earnings	532,305,889	235,860,959
UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED OVER TO SUBSEQUENT YEAR	₩ 374,554,762	₩ 238,920,318

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

for the years ended December 31, 2001 and 2000

	(KRW Thousands)	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	₩ 653,273,666	₩ 394,858,892
Addition of expenses not involving cash outflows :		
Depreciation and amortization	74,539,298	38,862,218
Provision for severance benefits	10,363,054	9,626,869
Loss on disposition of property and equipment	240,344	598,712
Loss on valuation or disposition of marketable securities	10,300	9,629,115
Loss on disposition of investments	14,950,317	177,208
Amortization of intangible assets	2,171,120	800,316
Loss on valuation using the equity method of accounting	4,253,903	-
Amortization of discounts on debentures issued	1,080,430	2,671,277
Loss on disposition of lease assets	510,997	4,707,221
Loss on redemption of debentures	-	458,000
Loss on derivatives valuation and transactions	9,743,390	27,118,575
	117,863,153	94,649,511
Deduction of income not involving cash inflows :		
Gain on disposition of marketable securities	(1,370,197)	(4,248)
Gain on disposition of investment securities	(482,000)	-
Gain on valuation using the equity method of accounting	(173,058)	-
Gain on disposition of lease assets	(246,661)	(12,294,974)
Gain on disposition of property and equipment	(140,165)	(913,298)
Gain on disposition of investments	(1,294)	(5,320)
Gain on derivatives valuation and transactions	(11,083,861)	(6,985,584)
Gain on valuation of foreign currency translation	(2,086)	(108,819)
Other	(29)	-
Sub-total	(13,499,352)	(20,312,243)
Changes in assets and liabilities resulting from operations :		
Decrease (increase) in other receivable	(15,878,500)	12,424,832
Increase in accrued income	(268,836,712)	(44,448,061)
Decrease (increase) in advance payments	(93,885,852)	10,830,314
Decrease (increase) in prepaid expenses	18,291,783	(45,533,364)
Decrease (increase) in credit card receivables	465,177,090	(4,961,045,248)
Decrease (increase) in commercial loans	123,397,098	(209,418,808)
Increase in card loans	(688,016,780)	(487,522,241)
Decrease (increase) in installment receivables	394,709,353	753,277,990
Decrease (increase) in factorings	20,377,160	(7,418,330)
Decrease (increase) in short-term loans	(487,031,723)	56,376,700
Decrease in short-term financial instruments	22,502,821	18,756,011
Decrease (increase) in working capital loans	5,000,000	(22,350,920)
Increase in new technology investment securities	-	(8,000,000)
Decrease (increase) in lease assets	(63,077,852)	274,034,338
Increase in other payable	123,260,772	46,616,866
Increase (decrease) in advanced receipts	1,585,560	(109,091,402)
Increase in withholdings	1,580,560,788	158,569,743
Increase in accrued expenses	73,426,038	102,059,381
Increase (decrease) in unearned income	14,849,550	(42,568,573)
Decrease in value added tax payable	(4,180)	(19,082)
Increase in income tax payable	39,869,877	129,923,246
Increase (decrease) in leased deposits	2,549,156	(14,725,986)
Increase (decrease) in severance and retirement liabilities	(7,060,586)	(5,551,666)
Increase (decrease) in allowance for doubtful accounts	439,230,462	232,868,964
Increase (decrease) in long-term advanced receipts	397,894	530,680
Increase (decrease) in deferred income tax liabilities	8,725,377	(3,741,414)
Other	150,417	(3,194)
Sub-total	1,710,269,013	(4,165,169,224)
Net cash provided by (used in) operating activities	₩2,467,906,481	₩(3,695,973,063)

STATEMENTS OF CASH FLOWS

for the years ended December 31, 2001 and 2000

	(KRW Thousands)	
	2001	2000
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities :		
Disposal of marketable securities	₩ 6,636,528	₩ 130,158,181
Disposal of lease assets	10,545,576	54,095,914
Decrease in long-term financial instruments	2,700	25,133,100
Disposal of investment securities	10,782,005	-
Decrease in long-term loans	7,671,748	1,275,472
Disposal of investment real estate	565,882	421,355
Decrease in guarantee deposits	6,422,335	741
Disposal of property and equipment	433,477	1,490,345
Increase in guarantee deposits withheld	2,930,796	210,030
Sub-total	45,991,048	212,785,138
Cash outflows for investing activities :		
Acquisition of marketable securities	(153,740)	(13,941,610)
Acquisition of lease assets	(90,460,787)	-
Increase in long-term financial instruments	(9,386,477)	(101,550,187)
Acquisition of investment securities	(2,568,123,001)	(251,589,946)
Increase in long-term loans	-	(9,557,730)
Acquisition of investment real estate	-	(800,425)
Increase in guarantee deposits	(17,849,005)	(5,910,463)
Increase in deposits for severance benefits	-	(7,674)
Increase in guarantee deposits withheld	(2,288,219)	-
Acquisition of investments	(5,752)	(33,500)
Increase in intangible assets	(5,497,529)	(3,161,258)
Acquisition of property and equipment	(64,915,211)	(65,714,771)
Sub-total	(2,758,679,721)	(452,267,564)
Net cash used in investing activities	(2,712,688,673)	(239,482,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from financing activities :		
Increase in short-term borrowings	₩84,358,174,759	₩59,440,698,027
Issuance of short-term debentures	250,000,000	119,000,000
Issuance of long-term debentures	2,288,861,041	3,777,818,125
Capital contributions	-	100,000,000
Increase in long-term borrowings	263,000,000	677,000,000
Sub-total	87,160,035,800	64,114,516,152
Cash outflows for financing activities		
Payment of stock issuance costs	-	(246,474)
Decrease in short-term borrowings	(83,616,177,141)	(57,824,251,122)
Repayment of short-term debentures	(796,000,000)	(427,000,000)
Repayment of current portion of long-term debentures	(1,320,000,000)	(850,000,000)
Repayment of long-term debentures	(873,000,000)	(910,000,000)
Repayment of long-term borrowings	(93,400,000)	(82,000,000)
Dividends paid	(99,750,000)	(30,000,000)
Sub-total	(86,798,327,141)	(60,123,497,596)
Net cash provided by financing activities	361,708,659	3,991,018,556
NET INCREASE IN CASH AND CASH EQUIVALENTS	116,926,467	55,563,067
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	266,817,701	211,254,634
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	₩ 383,744,168	₩ 266,817,701

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

1. GENERAL

LG CARD CO., LTD. (the "Company") was incorporated in 1985 as a credit card services company under the name of Express Credit Card Corporation, and changed its name to LG Credit Card Co., Ltd. in 1988, LG Capital Service Corp. in 1998 and LG CARD CO., LTD. in 2001. The Company merged with GoldStar Factoring Corporation and LG Financing Corporation in 1988 and 1998, respectively. With 31 branch offices nationwide, the Company primarily operates financial services in the areas of credit card Installment Financing Consumer Loan Leasing with 16 million credit cardholders and 2,170 thousand business establishments.

The Company was registered in the Republic of Korea and operates under the Act for the Financial Companies Specializing in Loan Businesses. In order to change the articles of incorporation, the Company must obtain approval from the Commissioner of the Financial Supervisory Service.

The Company began with common stock of ₩50 million at the business commencement date and currently records common stock of ₩350,000 million as of December 31, 2001. The Company is owned 11.89% by Cherry Stone Investment Holdings, 9.99% by Acom Investment Holdings, 9.99% by Pecan Investment Holdings and 14.97% by LG Investment Securities and affiliates of the LG Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company maintains its books of accounts and prepares its financial statements in conformity with financial accounting standards generally accepted in Korea ("Korean GAAP"), and the Decrees for the Financial Companies Specializing in Loan Businesses.

The Company maintains its official accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) 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 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, result of operations or cash flows, is not presented in the accompanying financial statements.

The significant accounting policies the Company complied with are as follows:

(1) Recognition of Service Charges and Interest Income

The revenue from service charges imposed on franchisees is recognized at the time when the service is rendered. The entire service charges on installment financings are recognized at the time when the contract is entered into. Service charges on cash advances, interest income, and factoring discounts are recorded over the outstanding period of the credit. However, interest income from delinquent credits and annual membership fees are recorded on a cash basis.

(2) Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts to cover estimated losses on uncollectible receivables, based on laws and decrees for financial companies specializing in loan businesses, a review of outstanding accounts and historical experience. Restructured receivables that are related to companies involved in bankruptcy proceedings, composition proceedings or workout programs with creditors are stated at present value, and the difference between book value and present value is accounted for as bad debt expense.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

(KRW Billions)

Classification	Credit Card	Installment Financing	Consumer Loan	Leasing	Other	Total
Assets carried at book	7,311	524	2,233	250	1,032	11,350
Contingently liable for asset backed securitizations	8,694	2,995	4,295	538	-	16,521
Total	16,005	3,518	6,528	788	1,032	27,871
Allowance for doubtful accounts	437	98	249	4	4	792
Rate	2.7%	2.8%	3.8%	0.5%	0.4%	2.8%

(3) Marketable Securities and Investment Securities

Marketable securities and investment securities are initially carried at cost, using the weighted average method. The following paragraphs describe the subsequent accounting for securities by the type of security :

Marketable securities are reported at fair value, and valuation gains or losses are reported in current operations. (See Note 4)

Investments in equity securities with readily determinable fair values and available-for-sale debt securities are reported at fair value with unrealized gains or losses reported as a capital adjustment in stockholders' equity until realized. Declines in the fair value that are anticipated to be not recoverable are recorded as impairment losses in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded as a capital adjustment in stockholders' equity.

Investments in equity securities of non-controlled investees that do not have readily determinable fair values are reported at cost, except for declines in the Company's proportionate equity of the underlying book value of the investees which are anticipated to be not recoverable, which are recorded as impairment losses in current operations. Subsequent recoveries are also recorded in current operations up to the original cost of the investment.

Investments in equity securities of companies over which the Company exercises significant influence are reported using the equity method of accounting. Differences between the purchase cost and net asset value of the investee are amortized over five years using the straight-line method. Unrealized profits arising from sales by the Company to equity-method investees are fully eliminated. The Company's proportionate unrealized profit arising from sales by equity-method investees to the Company or sales between equity-method investees is also eliminated. Under the equity method, the Company records changes in its proportionate equity of the book value of the investee as current operations, capital adjustments or adjustments to retained earnings, depending on the nature of the underlying change in book value of the investee.

Premiums and discounts on debt securities held to maturity are amortized over the life of the debt using the effective interest method. Investments in debt securities that the Company has the intent and ability to hold to maturity are generally carried at cost, adjusted for the amortization of discounts or premiums. Declines in the fair value of debt securities that are anticipated to be not recoverable are recorded as impairment losses in current operations. Subsequent recoveries are also recorded in current operations up to the amortized cost of the investment.

Financial statements of overseas investee companies presented in foreign currency are translated into Korean won. Assets and liabilities are translated using the current rate at the balance sheet date. Contributed capital is translated using historical exchange rate, and revenue and expenses are translated using the weighted average exchange rate for the period. Translation gains or losses are reported as a capital adjustment.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

(4) Property and Equipment

Property and equipment are stated at acquisition cost.

Major renewals and betterments are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. In addition, interest expense associated with borrowings for the construction of fixed assets during the time of construction are included in the cost basis of the related fixed assets.

Depreciation for buildings and structures is computed using the straight-line method over the useful lives of related assets, while other depreciation is computed using the declining balance method. Property and equipment's useful life is as follows:

Account	Useful life (Years)
Buildings	40
Vehicles and Other	4

(5) Valuation and Amortization of Intangible Assets

Intangible assets are stated at cost, less amortization computed using the straight-line method over their lives. Development cost is amortized over 4 years from the usable date, and trademarks are amortized over 5 years. (See Note 13)

(6) Discounts on Debentures

Discounts on debentures issued are amortized over the maturity using the effective interest rate method. Such amortization is charged to operations as interest expense.

(7) Translation of Foreign Currency Assets and Liabilities

Monetary assets and liabilities denominated in foreign currencies are translated in the accompanying financial statements at the Base Rate announced by the Korean government, which was US\$1: ₩1,326.10 at December 31, 2001 and US\$1: ₩1,259.70 at December 31, 2000, and the resulting translation gain or loss is credited or charged to current operations.

(8) Accrued Severance Benefits

In accordance with the Company's policy, all employees with more than one year of service are entitled to severance payments, based on their length of service and rate of salary, upon termination of their employment. The accrual for severance benefits is determined based on the amount which would be payable assuming all employees were to terminate at the balance sheet date.

The Company has deposits for severance benefits that are required to be paid directly to its employees upon termination of their employment. Such deposits are insured by Kyobo Life Insurance Co., Ltd. and Lucky Life Insurance Co., Ltd., and deducted from accrued severance benefits. In addition, the Company has deposits for severance benefits with Lucky Life Insurance Co., Ltd., which are presented in other assets section of the balance sheets. The beneficiaries of the insurance are employees of the Company.

Actual payments for severance benefits amounted to ₩3,380 million and ₩1,774 million for the years ended December 31, 2001 and 2000, respectively.

(9) Derivatives

With regard to derivative instruments, the Company records rights and obligations arising from derivative contracts as assets and liabilities, which are stated at fair value.

The gains and losses that result from the change in the fair value of derivative instruments are reported in current earnings. However, for derivative instruments designated as hedging the change in the fair value associated with certain foreign currency denominated stock and the exposure of variable cash flows associated with foreign lease receivables, the effective portions of the gains or losses on the hedging instruments are recorded as a separate component of stockholders' equity and credited/charged to operations at the time the hedged transactions affect earnings, and the ineffective portions of the gains or losses are credited/charged immediately to operations.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

(10) Accounting for Leases

A. Classification of Leases

The Company accounts for non-cancelable leases that meet one or more of the following criteria, as finance leases. Leases that do not meet these criteria are accounted for operating leases. (See Note 9)

- a) The ownership of the leased property transfers to the lessee at the end of the lease term.
- b) The lease has a bargain purchase option.
- c) The lease term is equal to 75% or more than estimated useful life of the leased property.
- d) The present value of the lease receivable which is computed using an implicit interest rate equals or exceeds 90% of the fair value of the leased property.

B. Revenue Recognition

For finance leases, the principal portion is accounted for as return of outstanding finance lease receivable and the interest portion is accounted for as revenue for the current period. Revenue from operating leases is recognized on a straight-line basis over the lease term.

C. Capitalization of Financing Costs

Financing costs and fee charges associated with lease assets incurred prior to the commencement of the lease contract are included as part of acquisition costs for lease assets.

D. Depreciation of Operating Lease Assets

The Company depreciates operating lease assets using the straight line method.

E. Advance Payments

The Company records the payments made to purchase lease assets during the period from the date of contract to the execution of contract as advance payments.

F. Adjustment to Rents

Except for changes in the interest rate and foreign exchange rate factors, the adjustments in rents due to other factors arising subsequent to the commencement of leases are reflected in current operations.

3. RESTRICTED DEPOSITS

Restricted deposits as of December 31, 2001 and 2000 are as follows:

(KRW Millions)

Accounts	2001	2000	Remarks
Cash and cash equivalents	12,096	21,486	Borrowings (Note 24)
Long term financial instruments	47	42	Guarantee for overdraft
Deposits for severance benefits	19,009	15,006	Deposits for severance benefits
Total	31,152	36,534	

4. MARKETABLE SECURITIES

Details of marketable securities as of December 31, 2001 and 2000 are as follows:

(KRW Millions)

Classification	Acquisition cost		Fair Value		Loss on valuation	
	2001	2000	2001	2000	2001	2000
Stock	-	13,746	-	5,045	-	(8,701)(*)
Treasury bonds	141	219	141	219	-	-
Total	141	13,965	141	5,264	-	(8,701)

(*) Excluding ₩888 million of loss on valuation of securities, which were transferred from marketable securities to investment securities.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

5. CREDIT CARD RECEIVABLES

Credit card receivables as of December 31, 2001 and 2000 consist of the following:

(KRW Millions)

Description	2001	2000
Lump sum payments	1,409,367	1,019,808
Installments	2,398,922	1,878,556
Cash in advance	3,502,486	4,877,589
Total	7,310,775	7,775,953

Credit card holders are required to make lump-sum payments to the Company on the contracted payment date. The Company imposes service charges for rendering credit card services at the time of payment by the Company to business establishments on behalf of the cardholders.

The Company receives installment payments over the contracted period of installment plans ranging from 2 to 18 months, starting from the date when the payments are made by the Company. The Company charges annual interest ranging between 11.5 and 16.7 percent on the outstanding installment balances and imposes service charges for rendering card services to business establishments.

In addition, with the limit of ₩6 million per month, card members are charged a service fee at rates ranging from 0.03 to 3.85 percent (from 0.60 to 4.66 percent for the year ended December 31, 2000) of the total advanced cash for the year ended December 31, 2001. The advanced cash and the service fee are required to be repaid at the contracted payment date.

6. INSTALLMENT FINANCING

In accordance with laws and decrees for financial companies specializing in the loan business, the Company offers installment financing on purchases of products for those with good credit ratings. As of December 31, 2001, such service covers the purchases of durable goods, automobiles and houses at annual interest rates of 13 to 24 percent over a 36 month period, 8 to 25 percent over a 3 to 60 month period, and 7 to 9 percent over a 1 to 20 year period. The Company charges service fees as high as 3 percent to business establishments, which are accounted for as installment financing income. The interest from delinquent receivables is accounted for as interest income on installment financing.

Certain amounts are deposited as collateral to ensure repayment for installment financing transactions. Such deposits are accounted for as guarantee deposits withheld. The Company requires third party guarantees or collateral for installment financing services, depending on the card members' credit rating.

The collection schedule for installment financing as of December 31, 2001 is as follows:

(KRW Millions)

Year	Amount
2002	310,540
2003	143,826
2004	60,592
2005	3,888
Thereafter	5,027
Total	523,873

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

7. CARD LOANS

Card loan services are rendered to those card holders with prior agreements up to the credit limit of ₩30 million at an annual interest rate of 9.5 to 19.0 percent as of December 31, 2001 and 2000. The card loans are offered with the contracted term of one, two or three years. The card loans with one year term can be repaid with a lump sum payment while the card loans with two or three year term are required to be made through the installment payment plan.

8. FACTORING

In accordance with laws and decrees for financial companies specializing in the lending business, the Company renders factoring services with annual interest rates of 6.4 to 10 percent (the average interest rates 13.5 percent in 2000) in 2001. Such interest is recorded as a factoring discount.

9. LEASE ASSETS

(1) Operating Leases

Details of operating leases based on acquisition costs as of December 31, 2001 and 2000 are as follows:

(KRW Millions)

Sectors	2001	2000
Manufacturing	75,554	8,861
Information technologies	-	1,370
Public and private services	2,519	388
Total	78,073	10,619
Accumulated depreciation	(20,372)	(10,134)
Book value	57,701	485

(2) Collection Schedule for Lease Receivables

The collection schedule for lease receivables as of December 31, 2001 is as follows:

(KRW Millions)

Year	Operating Lease	Capital Lease	Total
2002	21,848	31,239	53,087
2003	21,020	29,466	50,486
2004	20,992	30,430	51,422
2005	8,197	16,512	24,709
Thereafter	-	8,295	8,295
Total	72,057	115,942	188,999

10. SHORT-TERM AND LONG-TERM LOANS

Details of short-term and long-term loans as of December 31, 2001 and 2000 are as follows:

(KRW Millions)

Classification	Description	2001	2000
Short-term	ABS loans	507,532	20,500
Long-term	Treasury stock association loans	4,599	12,271
Total		512,131	32,771

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

11. INVESTMENT SECURITIES

Details of investment securities as of December 31, 2001 and 2000 are as follows:

<2001>

(KRW Millions)

Description	Number of Shares	Ownership Percentage	Acquisition Cost	Net Asset or Fair Value	Book Value
(Securities accounted for using the equity method)					
Off-shore funds (HTVI)		28.6%	11,410	8,670	8,670
Off-shore funds (GTI)		16.7%	5,774	7,211	7,211
Sub-Total			17,184	15,881	15,881
(Listed securities)					
LG CI Ltd.	2,907,403	3.14%	25,966	24,357	24,357
LG International Corp.	600,000	0.9%	3,000	2,358	2,358
Sub-Total			28,966	26,715	26,715
(Non-listed securities)					
Kihyup Technology Banking Corp.	200,000	3.4%	1,000	1,040	1,000
Korea Credit-card	163,805	11.4%	819	723	819
Korea Cyber Payment Inc.	92,000	7.1%	510	540	510
Epion Technologies Corp.	214,220	3.3%	500	257	500
Mondex Korea Co., Ltd.	20,000	0.7%	150	84	150
V - Cash Co., Ltd.	84,000	3.2%	420	2,501	420
A - Cash Co., Ltd.	395,250	19.7%	1,976	171	1,976
EVALI Corp.	60,000	9.7%	300	303	300
Dizzo. com	40,000	1.9%	800	719	800
One Loyalty Korea Co., Ltd.	40,000	10.0%	20	11	20
LG Sports Ltd.	58,800	4.9%	254	390	254
KMCC Corp.	30,000	1.8%	360	651	360
Mirae Credit Information Services Corp.	114,000	19.0%	570	911	570
Global Credit Center Inc.	60,000	10.0%	400	400	400
Mybe Co.Ltd	300	1.4%	300	300	300
Credipia 1 st (SPC)	190	19.0%	1.9	1.9	1.9
Credipia 2 nd (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 3 rd (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 4 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 5 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 6 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 7 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 8 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 9 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 10 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 11 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 12 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 13 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 14 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 15 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 16 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 17 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 18 th (SPC)	20	2.0%	0.2	0.2	0.2
Credipia 19 th (SPC)	20	2.0%	0.2	0.2	0.2

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

<2001>						(KRW Millions)
Description	Number of Shares	Ownership Percentage	Acquisition Cost	Net Asset or Fair Value	Book Value	
Credipia 20 th (SPC)	20	2.0%	0.2	0.2	0.2	
Credipia 21 th (SPC)	20	2.0%	0.2	0.2	0.2	
Credipia 22 th (SPC)	20	2.0%	0.2	0.2	0.2	
Credipia 23 th (SPC)	20	2.0%	0.2	0.2	0.2	
Credipia 24 th (SPC)	20	2.0%	0.2	0.2	0.2	
Credipia 25 th (SPC)	20	2.0%	0.2	0.2	0.2	
Credipia 26 th (SPC)	20	2.0%	0.2	0.2	0.2	
Credipia 2001 (SPC)	20	2.0%	0.2	0.2	0.2	
Hanse TeleCom Co., Ltd. (*)	5,000	2.5%	275	-	-	
Sub-Total			8,371	10,589	8,085	
(Investment in bonds)						
Credipia 1 st ~ 26 th (SPC)			2,281,044	2,281,044	2,281,044	
Credipia 2001 (SPC)			511,705	511,705	511,705	
Sub-Total			2,792,749	2,792,749	2,792,749	
Investment securities - total			2,847,571	2,844,430	2,843,731	
(Partnership interest accounted for using the equity method)						
New Technology Investment Association		10%	8,000	8,057	8,057	

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

<2000>						(KRW Millions)
Description	Number of Shares	Ownership Percentage	Acquisition Cost	Net Asset or Fair Value	Book Value	
(Stock accounted for using the equity method)						
Off-shore funds (HTVI)		28.6%	11,410	12,662	12,597	
(Listed securities)						
LG Chemical, Co., Ltd. (*)	1,115,000	1.1%	40,278	12,655	12,655	
LG International Corp. (*)	600,000	0.9%	3,000	1,872	1,872	
			43,278	14,527	14,527	
(Non-listed securities)						
Kihyup Technology Banking Corp.	200,000	3.4%	1,000	1,040	1,000	
Korea Credit-card	163,805	11.4%	819	723	819	
Korea Cyber Payment Inc.	92,000	7.1%	510	540	510	
Epion Technologies Corp.	214,220	3.3%	500	257	500	
Mondex Korea Co., Ltd.	20,000	0.7%	150	84	150	
V Cash Co., Ltd.	84,000	3.2%	420	2,501	420	
A-Cash Co., Ltd.	150,000	15.9%	750	137	750	
EVALI Corp.	60,000	9.7%	300	303	300	
Dizzo. com	40,000	1.9%	800	217	800	
One Loyalty Korea Co., Ltd.	40,000	10.0%	30	11	20	
LG Sports Ltd.	58,800	4.9%	265	390	254	
KMCC Corp.	60,000	2.0%	720	1,230	720	
Mirae Credit Information Services Corp.	114,000	19.0%	570	911	570	
Off-shore funds (GTI)		16.7%	5,774	5,774	6,345	
Credipia 1 st (SPC)	190	19.0%	1.9	1.9	1.9	
Credipia 2 nd (SPC)	20	2.0%	0.2	0.2	0.2	
Credipia 3 rd (SPC)	20	2.0%	0.2	0.2	0.2	
Credipia 4 th (SPC)	20	2.0%	0.2	0.2	0.2	
Credipia 5 th (SPC)	20	2.0%	0.2	0.2	0.2	
Hanse TeleCom Co., Ltd. (*)		2.5%	275	-	-	
Sub-Total			12,876	14,120	13,161	
(Investment in bonds)						
Subordinated bonds			10,000	10,000	10,000	
Credipia 1 st (SPC)			14,387	14,387	14,387	
Credipia 2 nd (SPC)			43,436	43,436	43,436	
Credipia 3 rd (SPC)			27,682	27,682	27,682	
Credipia 4 th (SPC)			54,229	54,229	54,229	
Credipia 5 th (SPC)			95,239	95,239	95,239	
Sub-Total			244,973	244,973	244,973	
Total			312,537	286,282	285,258	
(Partnership)						
New Technology Investment Association		10%	8,000	8,000	8,000	

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

12. LAND

The Company's standard land values officially announced by the Korean government for tax calculation purposes as of December 31, 2001 and 2000 are as follows:

Account	Book value		Standard Value	
	2001	2000	2001	2000
Investment real estate	124	1,027	124	1,027
Property and equipment	54,278	54,278	20,867	19,937

13. CAPITALIZED DEVELOPMENT COSTS

Details of capitalized development costs as of December 31, 2001 and 2000 are as follows:

Description	2001	2000	Remarks
Balance at beginning of the year	2,371	-	Amortization method:
Increase	5,498	3,161	Straight-line method
Amortization	(2,165)	(790)	Amortization period:
Balance at end of year	5,704	2,371	4 years

14. LONG-TERM BORROWINGS AND DEBENTURES

Details of long-term borrowings and debentures and the repayment schedule as of December 31, 2001 and 2000 are as follows:

(1) Long-term borrowings

Lender	Interest rate	Maturity	2001	2000
Samsung Life Insurance Co., Ltd.	10.00%	2002/02/07	-	80,000
Samsung Life Insurance Co., Ltd.	7.10%	2003/04/10	50,000	50,000
Samsung Life Insurance Co., Ltd.	7.10%	2003/04/10	10,000	10,000
Samsung Life Insurance Co., Ltd.	7.10%	2003/04/10	20,000	20,000
Samsung Fire Insurance Co., Ltd.	10.7%	2003/04/20	50,000	50,000
Samsung Fire Insurance Co., Ltd.	7.60%	2003/01/11	30,000	
Nonghyup Co.	9.50%	2005/06/26	-	100,000
Kookmin Bank	9.80%	2005/10/26	50,000	50,000
Hung Kuk Life Insurance	7.40%	2003/07/05	60,000	
Samsung Fire Insurance Co., Ltd.	7.60%	2004/01/11	30,000	
Tong Yang Investment Bank	7.30%	2004/12/25	14,600	
Korea Life Insurance	7.20%	2004/09/21	15,000	
Korea Life Insurance	6.50%	2004/12/28	50,000	
Total			349,600	360,000

Certain cash and cash equivalents are pledged as collateral in relation to long-term borrowings. (Note 3)

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

(2) Debentures

(KRW Millions)

Description	Interest rate	2001	2000
Debentures	4.4%-11.04%	5,025,000	5,359,000
Deduction:			
Short-term debentures		(763,000)	(1,309,000)
Current portion of long-term debentures		(1,735,000)	(1,205,000)
Discounts on debentures		(1,296)	(1,238)
		2,525,704	2,843,762

The Company is allowed to issue debentures not exceeding 10 times capital. The debentures as of December 31, 2001 are all composed of unguaranteed debentures.

(3) The repayment schedule of outstanding long-term borrowings and debentures is as follows:

(KRW Millions)

Account	December 31, 2001	Repayment amount			
		2002	2003	2004	2005 and thereafter
Long-term borrowings	349,600	-	190,000	109,600	50,000
Debentures	5,025,000	2,498,000	1,740,000	767,000	20,000
Total	5,374,600	2,498,000	1,930,000	876,600	70,000

15. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES

Foreign currency denominated assets and liabilities as of December 31, 2001 and 2000 are as follows:

(KRW Millions, USD Thousands)

Account	Foreign currency		Equivalent Korean won	
	2001	2000	2001	2000
Cash and cash equivalents	USD 442	USD 1,070	586	1,348
Investment securities	USD 15,000	USD 15,000	19,892	18,895
Assets total	USD 15,442	USD 16,070	20,478	20,243
Withholdings	USD 328	USD 1,100	435	1,386
Other accounts payable	USD 251	USD 334	332	421
Liabilities total	USD 579	USD 1,434	767	1,807

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

16. TRANSACTIONS WITH RELATED PARTIES

Major transactions and related account balances with related parties as of and for the years ended December 31, 2001 and 2000 are as follows:

(1) Detail of transactions

(KRW Millions)

Affiliates	Operating and other revenue		Operating and other expenses	
	2001	2000	2001	2000
LG Philips LCD Co., Ltd.	-	3,337	-	-
LG EDS Systems Inc.	731	408	59,425	39,731
LG Electronics Inc.	6,453	17,762	15,236	12,185
LG Home Shopping Co., Ltd.	6,925	3,222	230	52
LG-Caltex Oil Corp.	7,402	254	59	6
LG Ad Inc.	106	97	4,553	3,493
LG Investment & Securities Co., Ltd.	660	2,614	991	1,029
LG Department Store Co., Ltd.	5,383	2,776	3,156	1,293
Other	23,603	14,165	13,368	9,213
Total	51,263	44,635	97,018	67,002

(2) Account Balances

(KRW Millions)

Affiliates	Receivables and other		Payables and other	
	2001	2000	2001	2000
LG Electronics Inc.	10,568	8,935	128	15,503
LG Cheem Ltd.	2,192	2,101	7	5
LG-Caltex Oil Corp.	814	1,918	20	3
LG LCD Co., Ltd.	567	604	10	6
LG Engineering & Construction Corp.	2,386	2,453	29	14
LG Investment & Securities Co., Ltd.	30,233	17,636	-	60,541
LG EDS Systems Inc.	2,130	1,013	501	12,061
Other	60,602	90,300	4,637	3,518
Total	109,492	124,960	5,332	91,651

17. COMMON STOCK

Common stock as of December 31, 2001 is as follows:

Description	2001
Number of shares authorized	200,000,000 shares
Par value	₩ 5,000
Number of shares issued and outstanding	70,000,000 shares

The par value of the stock was decreased from 10,000 to 5,000 on January 14, 2000.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

Common stock issued on July 21, 2000 is summarized as follows:

Description	2000
Resolution date	June 13, 2000
Number of shares	10,000,000
Issued price per share	₩ 10,000
Total cash contribution	₩ 50,000 million
Additional paid-in capital	₩ 49,754 million
Due date for payment	July 21, 2000
Record date for dividend	January 1, 2000

18. RETAINED EARNINGS

(1) Reserve for Business Rationalization

Pursuant to the Tax Reduction and Exemption Control Law of Korea, the Company is required to appropriate, as a reserve for business rationalization, certain income tax credits utilized by the Company. This reserve may be used only for offset against future deficits or transfer to capital stock.

(2) Reserve for Research and Development

Pursuant to the Tax Reduction and Exemption Control Law of Korea, the Company appropriates a reserve for research and development as a result of certain tax deductions. The reserve may not be utilized for cash dividends, but may be used for future research and development activities. After certain periods, such reserve must be included in taxable income and can be used for cash dividends after transfer to unappropriated retained earnings in accordance with the above law.

(3) Reserve for Business Development

The Company appropriates a reserve for business development. This reserve may be used only for offset against future deficits or transfer to capital stock.

(4) Reserve for Investment Loss

Pursuant to the Tax Reduction and Exemption Control Law of Korea, the Company appropriates a reserve for investment loss as a result of certain tax deductions. The reserve may not be utilized for cash dividends, but may be used for future loss on investments. After certain periods, such reserve must be included in taxable income and can be used for cash dividends after transfer to unappropriated retained earnings in accordance with the above law.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

19. DEFERRED INCOME TAXES

(1) Reconciliation between accounting income and taxable income

Reconciling items between accounting income and taxable income for the years December 31, 2001 and 2000 are as follows:

(KRW Millions)

Description	Temporary Differences		Permanent Differences	
	2001	2000	2001	2000
<Additions>				
Entertainment in excess of limit	-	-	2,536	1,987
Taxes and dues	-	-	1,060	466
Donations	1,074	517	310	37
Reserve for research and development	14,667	5,217	-	-
Loss on valuation of marketable securities	-	9,589	-	-
Allowance for doubtful accounts in excess of limit	181,489	60,275	-	-
Loss on valuation of derivatives	-	26,197	-	-
Loss on valuation of investment assets	60	-	-	-
Additional income taxes for prior period	-	-	7,174	-
Subordinated bonds interest expense	11,896	-	-	-
Loss on valuation using the equity method of accounting	4,676	-	-	-
Accrued point expenses	23,573	-	-	-
Total	237,435	101,795	11,079	2,490
<Deductions>				
Refund of income tax	-	-	2,654	157
Reserve for research and development	60,000	60,000	-	-
Donation	517	344	-	-
Stock discount	-	88	-	-
Stock issue cost	-	220	-	-
Gain on valuation of derivatives	6,901	6,986	-	-
Subordinated bonds interest expense	137,436	11,778	-	-
Reserve for investment loss	-	1,100	-	-
Gain on disposition of bonds	-	8,952	-	-
Dividends	-	-	46	-
Allowance for doubtful accounts in excess of limit	59,686	-	-	-
Loss on disposition of marketable securities	8,813	-	-	-
Depreciation	281	595	-	-
Gain on valuation using the equity method of accounting	747	-	-	-
Total	274,381	90,063	2,701	157

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

(2) Details of major cumulative temporary differences as of December 31, 2001 and 2000 are as follows:

(KRW Millions)				
<2001>				
Description	Beginning (*)	Increase	Decrease	Ending
<Deductible temporary differences>				
Depreciation	545	-	281	264
Loss on valuation of investment securities	275	60	-	335
Donation	517	1,074	517	1,074
Loss on valuation of marketable securities	9,941	-	8,813	1,128
Loss on valuation using the equity method of accounting	195	4,081	151	4,125
Accrued point expenses	-	23,573	-	23,573
Loss on valuation of derivatives	26,196	-	-	26,196
Allowance for doubtful accounts in excess of limit	59,686	181,489	59,686	181,489
Total	97,355	210,277	69,448	238,184
<Taxable temporary differences>				
Reserve for research and development	(107,333)	(60,000)	(14,667)	(152,666)
Subordinated bonds interest expense	(11,896)	(137,436)	(11,896)	(137,436)
Gain on valuation of derivatives	(6,986)	(6,901)	-	(13,887)
Reserve for investment loss	(1,100)	-	-	(1,100)
Total	(127,315)	(204,337)	(26,563)	(305,089)
Deferred tax assets	29,985	64,765	21,390	73,360
Deferred tax liabilities	(39,213)	(62,936)	(8,181)	(93,968)
Deferred tax liabilities (net)	(9,228)	1,829	13,209	(20,608)
(KRW Millions)				
<2000>				
Description	Beginning (*)	Increase	Decrease	Ending
<Deductible temporary differences>				
Donations	344	517	344	517
Depreciation	1,140	-	595	545
Debenture issuance costs	219	-	219	-
Loss on valuation of marketable securities	352	9,589	-	9,941
Loss on valuation of investment assets	275	-	-	275
Allowance for doubtful accounts in excess of ceiling limit	-	60,275	-	60,275
Loss on valuation of derivatives	-	26,197	-	26,197
Loss on valuation using the equity method of accounting	710	-	-	710
Total	3,040	96,578	1,158	98,460
<Taxable temporary differences>				
Reserve for investment loss	-	(1,100)	-	(1,100)
Reserve for research and development	(52,550)	(60,000)	(5,217)	(107,333)
Gain on valuation using the equity method of accounting	(515)	-	-	(515)
Discount on stock issuance	(284)	(88)	-	(372)
Gains on transfer of receivables	-	(8,952)	-	(8,952)
Gain on valuation of derivatives	-	(6,986)	-	(6,986)
Subordinated bonds interest expense	-	(11,778)	-	(11,778)
Total	(53,349)	(88,904)	(5,217)	(137,036)
Deferred tax assets	936	29,746	357	30,325
Deferred tax liabilities	(16,431)	(27,382)	(1,607)	(42,206)
Deferred tax liabilities (net)	(15,495)	2,364	(1,250)	(11,881)

(*) The amount reflects the adjustments based on actual prior year tax returns.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

(3) Income Tax Expense

(KRW Millions)

Description	2001	2000
Current period income tax payable	285,578	180,438
Changes in deferred income taxes (Note *)	11,380	(3,613)
Income tax expense	296,958	176,825
(Note *)	2001	2000
Deferred income taxes liabilities at end of period	(20,608)	(11,881)
Deferred income taxes liabilities at beginning of period	(9,228)	(15,495)
Changes in deferred income taxes	(11,380)	3,613

(4) Effective Tax Rate

(KRW Millions)

Description	2001	2000
Income before income taxes (A)	950,231	571,684
Income tax expense (B)	296,958	176,825
Effective tax rate (B) / (A)	31.25 %	30.9 %

20. INCOME PER SHARE

The Company's income per shares amounts for the years ended December 31, 2001 and 2000 are as follows:

(1) Income per Share

(KRW)

Description	2001	2000
Net income	653,273,662,218	394,858,892,167
Extraordinary gains	-	-
Extraordinary losses	-	-
Tax effect on extraordinary gains	-	-
Ordinary income per common stock	653,273,662,218	394,858,892,167
Weighted average number of shares outstanding (shares)	70,000,000	64,453,552
Ordinary income per share	9,332	6,126
Net income per share	9,332	6,126

(2) Weighted average number of shares outstanding

<2001>

Description	Number of Shares	Days	Weighted Number of Shares
Beginning of the period	70,000,000	365	25,550,000,000
Weighted average number of shares outstanding			70,000,000

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

<2000>			
Description	Number of Shares	Days	Weighted Number of Shares
Beginning of the period	60,000,000	203	12,180,000,000
Issuance of common stock (July 21, 2000)	70,000,000	163	11,410,000,000
Total		366	23,590,000,000
Weighted average number of shares outstanding			64,453,552

21. DIVIDENDS

(1) The cash dividends declared for the years ended December 31, 2001 and 2000 are as follows:

Classifications	(KRW)	
	2001	2000
Dividends per share (Dividend ratio)	1,975 (39.5%)	1,425 (28.5%)
Number of shares outstanding	70,000,000	70,000,000
Dividends	138,250,000,000	99,750,000,000

(2) Payout Ratio

Classifications	(KRW)	
	2001	2000
Dividends	138,250,000,000	99,750,000,000
Net income	653,273,662,218	394,858,892,167
Payout ratio	21.16 %	25.26 %

22. STATEMENTS OF CASH FLOWS

(1) Cash flows from operating activities in the statements of cash flows were presented using the indirect method. Cash and cash equivalents are amounted to ₩383,744 million in 2001 and ₩266,818 million in 2000.

(2) Non-cash transactions are follows:

Description	(KRW Millions)	
	2001	2000
Loss on valuation of investment securities	24,953	28,625
Gain on valuation of investment securities	1,077	1,187
Transfers of long-term debentures to current liabilities	1,915,000	1,320,000
Dividends declared, not paid	138,250	99,750
Transfers of group-term retirement insurance to retirement insurance	10,861	-
Transfers to reserve for retirement allowance	10,854	-
Non-cash subscription of investment securities	10,377	-
Transfers of long-term financial instrument to current financial instrument	13,274	-
Valuation of derivatives	6,744	29,247

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

23. INSURED ASSETS

Details of insured assets as of December 31, 2001 are as follows:

(KRW Millions)

Insurance	Insured Assets	Coverage	Insurer
Fire insurance	Buildings	360,631	LG Fire & Insurance
Theft insurance	Cash and securities	5,693	LG Fire & Insurance
Total		366,324	

In addition, the Company's vehicles are also insured by comprehensive and liability insurance.

24. ASSETS PLEDGED

Details of assets pledge as of December 31, 2001 are as follows

(KRW Millions)

Banks	Secured Assets pledged for	Amount	Remarks
CitiBank	Certificate of deposit	5,087	Recourse provision for sale of assets
Korea First Bank and Nonghyup	Long-term financial instruments	14,696	Borrowings
Other	Long-term financial instruments & certificate of insurance	4,409	Relating to sale of assets
Total		24,192	

25. GUARANTEE PROVIDED BY OTHERS

The guarantees provided by others as of December 31, 2001 are as follows:

(KRW Millions)

Guarantor	Guarantee date	Guarantee amounts	Description
Koram Bank and others	2001/04/04	3,024	Lease assets

26. CONTINGENT LIABILITIES AND CONTRACTS

(1) Blank Notes and Checks

As of December 31, 2001, the Company issued 30 blank promissory notes and 8 promissory notes (face value ₩4,150,000) to financial institutions as collateral for financial transactions.

(2) Licenses

In accordance with the agreements for issuance of credit cards with Master Card Co., JCB Card Co. and VISA International Co., the Company has provided local customers in Korea with card services under the names of LG Master Card, LG JCB Card, and LG Visa Card since 1988, 1997 and 1997, respectively.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

(3) Cooperation Contracts for Installment Financing

With respect to installment financing, the Company has signed cooperation contracts with a number of manufacturers and their respective distributors.

(4) Service Agreements

The Company entered into agreements with a number of local banks and the Ministry of Information and Telecommunication in which the Company will provide them with credit card services.

(5) Sale of Installment and Card Loan Receivables with Recourse

During 2001, the Company sold receivables to special purpose companies (SPC), as prescribed in the Law for Asset Based Securities, and to Korea First Bank and other financial institutions with recourse. Outstanding loans out of these transferred loans, for which the Company is contingently liable, amounted to ₩13,237 billion for SPC and ₩3,284 billion for financial institutions as of December 31, 2001.

(6) Litigation

The Company filed a number of lawsuits for the collection of delinquent card loans and installment financing receivables. The ultimate result of the lawsuits is not presently predictable.

Details of lawsuits are as follow:

(KRW Millions)

Classification	Amount	Number	Remarks
Card loans	966	5,959	Pusan and other local courts
Installment financing	331	1,863	Seoul and other local courts
	1,297	7,822	

(7) Derivative instruments

Details of derivative instruments contracted by the Company are as follows.

1) The Company has currency forward contracts for the purpose of hedging foreign currency risk. Details of currency forward contracts outstanding as of December 31, 2001 are as follow:

(KRW Millions)

	Buying	Selling	Contract Date	Maturity	Contract Rate (won : US\$)
Korea Development Bank	-	101,064	2000/03 ~ 2001/06	2002/09 ~ 2006/04	1,108.70 ~ 1,288.50
Kookmin Bank	-	17,766	2000/02 ~ 2000/04	2003/02 ~ 2003/08	1,109.15 ~ 1,136.10
LG Investment & Securities Co., Ltd.	-	36,841	2000/12	2006/06	1,210.90
Korea Development Bank	111,322	-	2000/12	2006/06	1,210.90
Koram Bank	-	12,530	2001/02	2002/02	1,235.00
Korea Development Bank	-	6,596	2001/06	2002/06	1,319.10
Total	111,322	174,797			

2) As of December 31, 2001, the Company has two currency forward contracts (selling amount of ₩19,126 million) for the purpose of hedging foreign currency risk of investment securities and fifty-nine currency swap contracts (buying amount of ₩111,322 million, selling amount of ₩155,623 million) for the purpose of hedging foreign currency risk of lease receivables with local security companies and local banks.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

3) Details of valuation of derivative instruments at December 31, 2001 are as follows :

(KRW Millions)

Type	Valuation loss	Credited to current operations	Capital adjustment
Currency forward contracts	(682)	-	(682)
Currency swaps	(11,378)	6,901	-
	(12,060)	6,901	(682)

27. VALUE ADDED INFORMATION

Value added information for the years ended December 31, 2001 and 2000 consist of the following:

(KRW Millions)

Description	2001	2000
Salaries and wages	44,758	37,619
Bonus	67,183	50,525
Provision for severance benefits	10,363	9,627
Welfare	21,725	19,033
Rent	18,898	9,427
Depreciation and amortization	74,539	38,862
Taxes and dues	8,479	6,647
Total	245,945	171,740

28. FRINGE BENEFITS AND DONATIONS

Details of fringe benefits for employees and donations for the years ended December 31, 2001 and 2000 are as follow:

(KRW Millions)

Description	2001	2000
Training expenses	2,654	2,582
Donations for public facilities	305	358
Scholarships	242	189
Welfare	5,000	10,000
Total	8,201	13,129

29. SUBSEQUENT EVENTS

The Company has transferred without recourse installment loans amounting to ₩1,80 billion to Korea First Bank on January 18, 2002.

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2000 and 2001

30. UNCERTAINTIES IN BUSINESS ENVIRONMENT

Beginning in 1997, Korea and other countries in the Asia Pacific region experienced a severe contraction in substantially all aspects of their economies. This situation is commonly referred to as the 1997 Asian financial crisis. In response to this situation, the Korean government and the private sector began implementing structural reforms to historical business practices.

The Korean economy continues to additional difficulties, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure on Korean companies to restructure into more efficient and profitable firms. The banking industry is currently undergoing consolidations and significant uncertainty exists with regard to the continued availability of financing. The Company's operating plans call for obtaining certain amounts of short-term financing during the year. If such financing is not available, the Company may be required to make significant changes to its operating plans.

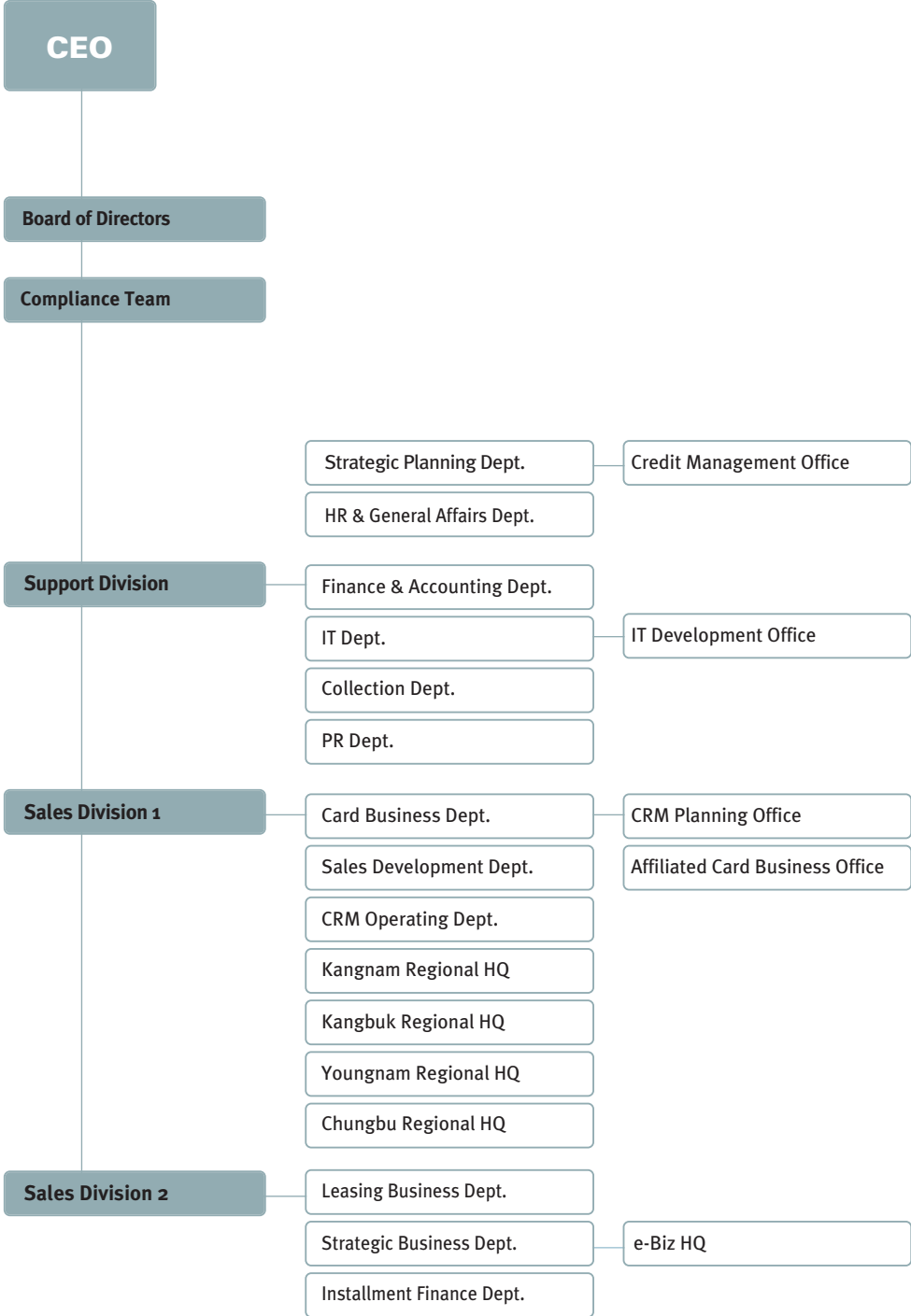
The accompanying financial statements reflect management's current assessment of the impact to date of the economic situation on the financial position of the Company. Actual results may differ materially from management's current assessment.

31. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31, 2001 and 2000 consist of the following:

Description	(KRW Millions)	
	2001	2000
Salaries and wages	111,941	88,144
Provision for severance benefits	10,363	9,627
Welfare	21,725	19,033
Travel	1,229	1,021
Communications	59,616	32,349
Utilities	14,707	9,317
Taxes and dues	8,479	6,648
Rent	18,898	9,427
Depreciation and amortization	76,710	39,662
Insurance	911	481
Collection fees	4,113	3,281
Advertising	103,886	44,062
Entertainment	3,164	2,267
Supplies	36,432	20,630
Transportation	1,013	511
Vehicle	3,240	2,458
Repairs and maintenance	143	153
Publications	434	343
Service outsourcing	520,844	271,899
Training	3,441	3,391
Bad debts	983,974	383,687
Compensation for losses	3,221	1,935
Credit rating service	131,967	64,995
Loss on disposition of lease assets	511	4,707
Loss from settlement of finance leases	2,528	17,533
Other	1,513	-
Total	2,125,004	1,037,561

ORGANIZATION CHART



BOARD OF DIRECTORS



Bon-Moo Koo
Director,
Chairman of
LG



Yung-Euy Chung
Director,
Chairman of
LG Economic Research Institute



Heon-Chul Lee
Director,
President & C.E.O. of
LG Card



Young-Jun Lee
Director,
Senior Vice President & C.F.O. of
LG Card



Sung-Jin Hwang
Director,
Vice President of
Warburg Pincus



Il-Sup Kim
Director,
Professor of
Ehwa Women's University



Man-Woo Lee
Director,
Professor of
Korea University



Leonard Kim
Director,
Senior Vice President of
Capital International

HISTORY

1987	Nov 20	Entered credit card business with acquisition of Korea Express Co., Ltd.	1998	Jan 1	Merged with LG Installment Finance Co., Ltd.
				Feb 18	Entered leasing business
				Oct 1	Introduced asset and liability management system
				Oct 16	Introduced data warehousing system
1988	Mar 9	Renamed LG Credit Card Co., Ltd.	1999	Jan 1	Renamed LG Capital Services Corp.
	Apr 1	Launched cash advance service		May 12	Entered beneficiary certificate-secured loan business
	Jun 1	Merged with Goldstar Factoring Co., Ltd.		May 18	Entered foreign exchange business
	Sep 16	Signed issuer agreement with MasterCard of the U.S.		Jun 21	Launched first domestic business-to-business e-commerce system
1989	Mar 2	Entered credit card loan business		Jul 17	Signed affiliate agreement with GE Capital of the U.S.
	Apr 1	Entered international card and consumer finance businesses		Sep 1	Launched new LG Lady Card exclusively for women
	Jun 1	Launched electronic fund transfer service		Sep 15	Launched LG 2030 Card exclusively for men
	Nov 1	Entered payment guarantee business			
1990	Mar 15	Entered special-purpose loan business	2000	Feb 16	Launched platinum card products
1991	Mar 4	Launched 24-hour phone service for credit limit increases and lost/stolen card reporting		Mar 24	Entered venture capital financing business
	Sep 1	Launched LG Green Card to benefit environmental organizations		Apr 19	Pax Cargo Card, Korea's first shipping insurance card, launched.
1992	Apr 22	Launched LG Lady Card exclusively for women		Jun 28	Hello Kitty Card, the sector's first character card, launched
	Dec 15	Launched Daehyun Fashion Club Card, the first domestic co-branded card		Jun 29	Investment contract for electronic A-cash development signed.
1993	Mar 22	Launched LG Artist Card to benefit artist organizations		Jul 21	Paid-in-capital increased to ₩350 billion.
1994	Apr 1	Launched LG-Caltex Oil-LG Card		Ocr 5	Strategic alliance with Asiana Airlines established.
	May 1	Introduced integrated credit limit management system		Nov 01	LG-Card, new-concept and airtight-security virtual card, launched.
	May 17	Introduced interactive voice response (IVR) service	2001	Feb. 1	MyLGPoint system introduced.
1995	Apr 17	Launched LG-Skypass Card in affiliation with Korean Air		Feb. 1	LG Pre ① Card, a reloadable prepaid card for online users, launched.
1996	Apr 12	Signed affiliation agreement with China Trust Commercial Bank of Taiwan, making us the first Korean credit card accepted overseas		Mar. 14	The New Corporate Card launched.
	Oct 1	Launched KT/Skypass LG Card, Korea's first three-company co-branded card		Apr. 24	The LG All Japan Card, for Japanese visitors to Korea, launched.
1997	Jan 3	Introduced industry's first relational database system		Jul. 2	Alliance formed with SK Telecom to enter mobile commerce market.
	Apr 1	Introduced ARS-based cash advance service		Jul. 23	LG ACE Card, for middle-aged and elderly users, launched.
	Jul 3	Signed issuer agreement with JCB of Japan		Sept. 1	Renamed LG Card Co.,Ltd.
	Sep 29	Signed issuer agreement with Visa of the U.S.		Nov. 20	Korea's first ABS backed by both card loan receivables and leasing receivables issued
				Nov. 21	LG Leisure/Sports Card issued.
				Dec. 20	Global ATM service launched.
			2002	Jan. 29	LG Culture Card, aimed at movie and theater enthusiasts, launched.
				Feb. 18	LG MyPass Card, a transportation debit card, issued.

CORPORATE DATA

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Date of Establishment

March 27, 1988

Number of Employees

3,200

Paid-in Capital

350 billion won

Total Shareholders' Equity

1,345.5 billion

Number of Shares

70 million common shares

Independent Accountants

Ahn Kwon & Co