

Daishin Securities Co., Ltd.

Annual Report for the year ended on

31 March 2013 as filed with the UK Listing

Authority on 30 September 2013

Confirmation and Signature

Confirmation

We, the CEO and the reporting board member of Daishin Securities Co., Ltd. ("Daishin Securities" or the "Company"), have personally checked and reviewed the contents of this report, and confirm that there is (i) no omission or false report of important statements or presentations and (ii) no statement or presentation that may cause serious misunderstanding by those who use the statements or presentations from this report.

Furthermore, Daishin Securities confirms that it has prepared and has been operating under the internal accounting management system pursuant to Paragraphs 2 and 3, Article 2 of the Outside Auditing of Corporations Act (concerning corporations that are subject to external audits under Article 2 of the Outside Auditing of Corporations Act).

September 30, 2013

Daishin Securities Co., Ltd.

Head of Planning Group : Kyung-Sun Cho



CEO : Jai-Chel Na

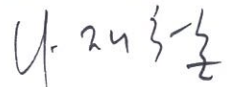


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September 30, 2013

Daishin Securities Co., Ltd.

Head of Planning Group : Kyung-Sun Cho

CEO : Jai-Chel Na

I. Business Report

1. Corporate History

1962	Jul. 27	Established as Sam-Lark Securities
1968	Jul. 08	Renamed Chung-Bo Securities
1975	Apr. 22 Oct. 01	Renamed Daishin Securities Listed on Korea Stock Exchange (now Korea Exchange)
1984	Aug. 25 Sep. 22	Established Tokyo Representative Office Established Daishin Economic Research Institute
1985	Mar. 06 Apr. 12 May. 28	Forged capital alliance with W.I.C.O., Hong Kong Forged capital alliance with Yamaichi Securities, Japan Relocated headquarters to Yeoido, Seoul
1988	Mar. 24	Established Daishin Investment Consulting Co.
1990	Jul. 20	Established Daishin Songchon Cultural Foundation
1996	Jul. 01 Nov. 23	Changed the name of Daishin Investment Consulting Co. to Daishin Investment Trust Management Co. Introduced Korea's first "One Card System"
1997	Apr. 12	Launched home trading system (CYBOS DOS version)
1998	Jun. 09	Introduced Internet trading, the first among large brokers
1999	Aug. 31 Nov. 03	Capital increase (new share issue via third party placement) - strategic alliance with Sumitomo Life Insurance, Japan Capital increase (rights offering)
2002	Sep. 16	Retired 200,000 common shares of treasury stock
2003	Jul. 21 Sep. 04 Dec. 01	Selected as a component of KODI (Korea Dividend Stock Price Index, an index of 50 component stocks) Registered as insurance sales agent financial institution Selected as a component of KOGI (Korea Corporate Governance Stock Price Index)
2004	Mar. 10 Jun. 03 Jun. 23	Received Good Compliance Member Award given by Korea Exchange Recognized for outstanding corporate governance by Korea Exchange Registered to engage in investment advisory business
2005	Feb. 25 Sep. 26 Dec. 09 Dec. 09 Dec. 17	Received approval to deal in OTC derivatives products Road shows (major US cities including New York) Received approval to engage in trust business Registered to engage in retirement pension business Capital increase (new share issue via third party placement) - strategic alliance with SPARX Asset Management, Japan
2006	Aug. 21 Aug. 29 Oct. 16	Launched next generation ARS system Forged strategic alliance with Nikko Cordial Group of Japan Forged capital alliance with Nikko Cordial Group

2007	Nov. 03	Listed 20 million GDS on London Stock Exchange (capital increase by KRW 50 billion)
2008	Feb. 13 May. 26 Sep. 12	Established Daishin Securities Asia Limited, Hong Kong (Hong Kong subsidiary) Established Shanghai Representative Office in China Added an affiliate with the establishment of private equity fund, Daishin Pegasus No.1
2009	Feb. 04 Feb. 05 Apr. 22 May. 04 Oct. 20 Dec. 18	Shift to financial investment business with the implementation of Financial Investment Services and Capital Markets Act Daishin Securities Asia Limited, Hong Kong, launches operation Participation in Korea Financial Telecommunications and Clearings Institute project for fund transfer (Retail payment) Opened next-generation financial system Selected as a component of the Dow Jones Sustainability Korea Index (DJSI Korea) Addition to financial investment license: approval for trading/brokerage (domestic) of exchange-traded derivatives
2010	Apr. 12	Addition of a subsidiary after creation of Daishin-Heungkuk Private Equity Fund No. 1
2011	Mar. 04	Addition of a subsidiary after creation of KoFC Daishin Aju IB Growth Champ 2010-7
2011	Aug. 05	Addition of a subsidiary after creation of DSB Company
2011	Aug. 26	Changed a name of a subsidiary after obtaining a license of savings banking (DSB Company → Daishin Savings Bank)
2012	Sep. 27	Addition of a subsidiary after creation of DSHF

2. Chairwoman's Message

Dear esteemed shareholders,

The investment environment improved somewhat in 2012. Although worries over the debt crisis in Europe resurfaced in the first half of the year, coordinated policy efforts in the euro-zone alleviated the fears in the latter half. In addition, quantitative easing measures across the globe resulted in abundant liquidity in international financial markets.

However, the languished global economy dampened sentiment among retail investors and sharply reduced stock market turnover. Reduced trading volume led to a sharp decline in brokerage commissions, a major income source for securities firms. This highlighted the need to seek and develop new sources of income. Daishin Securities responded to various challenges in an uncertain setting to make further strides toward its goal of achieving mutual growth with customers.

With a heightened sense of urgency, groupwide efforts were made to preserve profits in a slumping market. In addition to cost-saving measures, Daishin proceeded with branch consolidation to strengthen the wealth management business and ideas were pooled together from all personnel to uncover new business models. Operations were reinforced at Daishin Asset Management with the acquisition of Korea Creative Investment.

Our efforts over the past year were not merely intended to tackle immediate problems. Rather, they were aimed at paving the way toward sustainable growth, upgraded services for customers, and enhanced trust from shareholders.

Throughout Daishin Securities, every effort was made to achieve our business objectives. In investment banking, we exceeded our targets for rights offerings and corporate bonds despite the overall market slump. We also reached our targets in fixed income trading backed by stringent risk management and appropriate hedging strategies.

Turning to wealth management where competition was intense, we achieved growth in terms of collective investment securities, trust, and corporate pension assets. Our continued investment in the mobile segment resulted in market share expansion. We anticipate another year of uncertainty. Along with the outlook for prolonged fiscal woes in Europe and anemic recovery of developed economies, unfavorable factors at home include weakened export competitiveness due to a weak Japanese yen and the North Korea risk.

In the midst of the slumping brokerage market and low interest rates, competition will likely intensify among securities companies to come up with products and services that deliver higher returns.

To reinforce our presence as a leading financial services provider, we have adopted the following three strategies for fiscal 2013: 'Catch up Moving Target', 'Swift and Smart Organization', and 'Strengthen Asset-based Operations'. In addition to pursuing the adopted strategies, we will maintain effective risk management and proactively respond to uncertainties to enable stable profit generation.

With continued monitoring of the domestic and international financial markets, we will seek new income sources for future growth and move toward Daishin Financial Group's mission of "growing together with clients as their financial health partner."

We are now operating in an environment where uncertainty is the norm. In the face of an aging

society, slow growth and low interest rates, financial institutions have to consider more than investment returns. Customer needs now include how to save on taxes, preparing for post-retirement life, and much more. Daishin will pay close attention to cater to individual needs. We believe maximizing customer satisfaction holds the key to sustaining growth and enhancing shareholder value.

Daishin will further build up its strengths as a financial group and grow and evolve with customers and shareholders.

Everyone at Daishin is firmly committed to delivering optimal services for customers and superior returns for shareholders. We look forward to your continued trust and encouragement.

Thank you.

Daishin Securities Co., Ltd.
Chairwoman
Auh-Ryung Lee

3. CEO's Interview

Q. What is Daishin's business focus and strategy for fiscal 2013?

While the brokerage business is slumping, the wealth management market is expanding. Daishin Securities will develop financial products tailored to market and customer needs to firmly establish its asset-based operations. We are aiming for financial asset growth in excess of the market average growth rate.

With continued monitoring of the domestic and international financial markets, we will seek out new products and services that will contribute to future earnings. We will also keep a close watch for change in the pertinent regulations. We plan to set up an in-house product committee to explore financial products delivering stability and high returns in various parts of the world and to explore ideas that cater to diverse client needs.

As part of the government's creative economy initiative, the Korea New Exchange (KONEX) will be launched in July. Daishin Securities has already been selected as a nominated advisor and arranged the listing of three companies. In line with the government's policy direction, Daishin will reinforce investment banking operations with an emphasis on KONEX.

Q. Tell us about Daishin Financial Group's growth plans.

Daishin Financial Group intends to grow together with clients as their financial health partner. With the securities business at the core, the Group will generate synergy with the asset management arm, savings bank and economic research institute.

In March, Daishin Asset Management acquired a 100% stake in Korea Creative Investment. Work is underway for organizational and personnel integration. The combination of superior research of Daishin Securities and the strong capabilities of Korea Creative Investment is expected to produce meaningful synergy from the second half of 2013.

Daishin Savings Bank was set up in August 2011 via the P&A (purchase and assumption) method. It was created by bringing together Jungang Busan Savings Bank, Busan II Savings Bank and Domin Mutual Savings & Finance. Over the past two fiscal years, work was carried out to enhance branch efficiency and set up a thorough risk management system. Efforts to clean up asset quality have produced a healthy savings bank. Our target is to realize a turnaround to profits for the fiscal year beginning in the second half of 2013. For greater synergy with Daishin Securities, Daishin Savings Bank will step up cooperation in diverse areas including loan services for Daishin Securities' customers.

Daishin Economic Research Institute, the first economic research entity set up by a securities company, is preparing for a fresh start via organizational reshuffle. It is supporting the activities of its financial affiliates with in-depth research on wideranging topics, from financial engineering to asset allocation. In step with its role as a non-equity research center, Daishin Economic Research Institute presents strategies for allocating assets in multiple asset classes to clients of Daishin affiliates.

Daishin Financial Group will strengthen its presence and maximize synergy backed by expertise in the fields of securities, asset management, savings bank, and economic research. With efforts to develop a wide array of new products and services, the Group will expand its base of customer assets and generate stable income to drive sustained growth.

Daishin Securities Co., Ltd.
CEO Jai-Chel Na

4. General Corporate Information

A. Business Objectives

- (1) The purposes of the Company shall be to engage in the following businesses:
1. The following businesses prescribed by the Financial Investment Services and Capital Market Act (the “FSCMA”):
 - A. Dealing;
 - B. Brokerage;
 - C. Collective investment;
 - D. Investment advisory;
 - E. Discretionary investment business; and
 - F. Trust business.
 2. Financial activities permitted under the FSCMA and other relevant laws and regulations;
 3. Incidental activities permitted under the FSCMA and other relevant laws and regulations; and
 4. Any and all activities incidental to any of the foregoing.
- (2) In addition to the businesses set out in Paragraph (1) above, the Company may engage in other businesses after obtaining approvals, authorizations or permits from the relevant agencies and authorities, including the government.
- (3) In addition to the businesses set out in Paragraphs (1) and (2) above, the Company may engage in other businesses after registering with, notifying, etc. the relevant agencies and authorities, including the government.

B. Total Employee Status

(As of March 31st 2013)

Business Division	Gender	Full-Timer	Contractor	Others	Total
HQ Sales* Capital Market Research	Male	156	86	3	245
	Female	62	22	2	86
Branch Sales	Male	680	74	2	756
	Female	536	61	21	618
Management	Male	326	23	35	384
	Female	158	41	10	209
Total		1,918	307	73	2,298

* HQ Sales includes Corporate Finance Group, Wholesale Group, and Trust dept. (See page 9)

C. Status of Domestic Branches and Overseas Representative Offices(As of March 31st 2013)

	HQ	Branches	Rep. Offices	Sales Office	Total
Domestic	1	84	-	-	85
Overseas	-	-	2 [*]	-	2
Total	1	84	2	-	87

*** Overseas Offices****- Tokyo Representative Office**

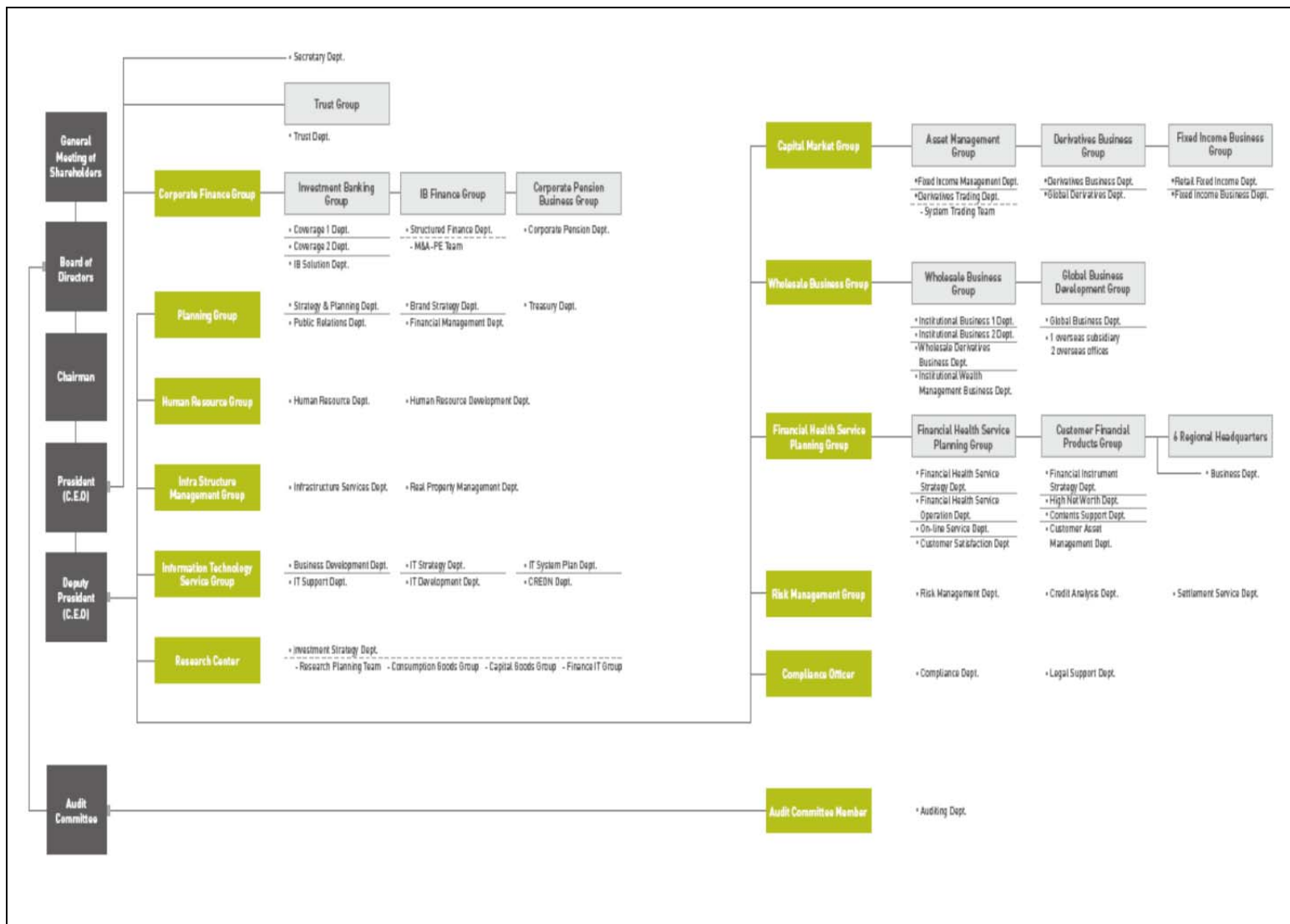
8/F, NAX Bldg., 1-3-2 Shinkawa, Chuo-ku, Tokyo, Japan

Tel : 81-3-3551-8088, Fax : 81-3-3551-5533

- Shanghai Representative OfficeOffice 1209-A07, 12/F Shui On Plaza Centre, 333 Huai Hai Zhong Road, Lu Wan District,
Shanghai 200021, P.R. China

Tel : 86-21-5116-0740, Fax : 86-21-5116-0742

D. Organization Chart



E. Stock information

(1) Type of stocks & total issuance

Types of shares	Amount of shares	Capital (Thousand won)	Percentage	Note
Registered common shares	50,773,400*	253,867,000	58.51%	-
Registered preferred shares	36,000,000	180,000,000	41.49%	-
Total	86,773,400	433,867,000	100%	-

* 200,000 stock retirement through profit (2002. 9. 16)

(2) Change in capital

Date	Types of shares	Amount of shares	Amount of capital increase (Thousand won)	Capital after increase (Thousand won)	Note
1987. 7.19	Registered common shares	8,800,000	-	44,000,000	Reverse stock split
1988. 3.24	Registered common shares	4,400,000	22,000,000	66,000,000	Paid-in capital increase
1988. 8. 4	Registered preferred shares	6,600,000	33,000,000	99,000,000	Paid-in capital increase
1989. 3.30	Registered preferred shares	6,600,000	33,000,000	132,000,000	Paid-in capital increase
1989. 3.31	Registered common shares	3,300,000	16,500,000	148,500,000	Stock issue
	Registered preferred shares	3,300,000	16,500,000	165,000,000	Capitalization of excess reserves
1989. 5.30	Registered common shares	3,166,493	15,832,465	180,832,465	Stock dividend
1989.12. 9	Registered common shares	1,129,240	5,646,200	186,478,665	Paid-in capital increase
	Registered preferred shares	4,295,733	21,478,665	207,957,330	
1989.12.12	Registered common shares	5,204,267	26,021,335	233,978,665	Stock issue
	Registered preferred shares	5,204,267	26,021,335	260,000,000	Capitalization of excess reserves
1990. 5.26	Registered common shares	2,048,410	10,242,050	270,242,050	Stock dividend
1994. 5.28	Registered common shares	1,080,966	5,404,830	275,646,880	Stock dividend
1995. 5.27	Registered common shares	1,270,624	6,353,120	282,000,000	Stock dividend
1999. 8.31	Registered common shares	1,128,000	5,640,000	287,640,000	Paid-in capital increase
1999.11. 3	Registered common shares	17,258,400	86,292,000	373,932,000	Paid-in capital increase
2005.12.17	Registered common shares	2,187,000	10,935,000	384,867,000	Paid-in capital increase
2007.11. 3	Registered preferred shares	10,000,000	50,000,000	434,867,000	Paid-in capital increase

5. Parent Company, Subsidiary Company and Consolidated Circumstances

A. Parent Company Status

- None

B. Subsidiary

Subsidiary				Relations		
Company	Address	Book Value (billion KRW)	Main business	Stake	%	
Daishin Economic Research Institute	Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, 150-884, Korea	4.95	Service	495,000	99	Research
Daishin Asset Management	Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, 150-884, Korea	35.50	Collective investment & Advisory	5,800,000	100	-
Daishin Savings Bank	211-21 Nonhyeon-dong, Gangnam-gu, Seoul, 135-010, Korea	130.00	Savings Banking	7,120,000	100	-
Daishin Securities Asia Limited, Hong Kong	28/F, Queen's Road Central 8, Central, Hong Kong	10.89	Brokerage, Advisory	10,000,000	100	-
DSHF	Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, 150-884, Korea	10.00	Collective investment & Advisory	2,000,000	100	
Daishin Pegasus Private Equity Fund	-	0.05	PEF	-	26.1	
Daishin-Heungkuk Private Equity Fund No. 1	-	29.40	PEF	-	18.9	
KoFC Daishin Aju IB Growth Champ 2010-7	-	9.12	PEF	-	15.0	

C. Director's Concurrent Office Position in Parent Company & Subsidiaries

Position	Name	Concurrent office
Wholesale Group	Hee-Jin Koo	Daishin Economic Research Institute Independent Auditor
Risk Management Group	Moon-Soo Lee	Daishin Asset Management Independent Auditor
Planning Group	Kyung-Sun Cho	DSHF Independent Auditor

6. Management's Discussion and Analysis

< FY2012 BUSINESS HIGHLIGHTS >

- Global liquidity expanded as a result of the quantitative easing policies undertaken by major developed countries to respond to the deepening eurozone fiscal crisis, the US fiscal cliff and the economic slowdown
- Despite the rise in the stock price indexes since the latter half of 2012, the daily average trading volume fell sharply as the turnover ratio declined
- Customer service improvement continued with the launch of system that allows trading of US-listed stocks and "CREON Mobile", a smart phone application
- The acquisition of 100 percent stake in "Korea Creative Investment", a leading investment advisory firm, and the merger with "Daishin Asset Management" led to stronger competitiveness in sales and greater capabilities in customer asset management
- Company-wide cost reduction was pursued through a proactive response to lower brokerage commissions; and branch offices were consolidated and made bigger to ensure greater management efficiency
- Daishin Securities is the only major securities company in Korea to pay out cash dividends for 15 consecutive years. The dividend yield of its common stock was 5.1% with Class 1 preferred stock being 8.4% and Class 2 preferred stock being 8.2%, the highest level in the industry.

A. Executive Summary

In 2012, the volatility in the global financial markets continued to grow with Europe's worsening fiscal crisis and America's fiscal cliff. In the latter half of the year, however, the markets started showing signs of stability as a result of policy coordination and liquidity supply by major industrialized countries for global recovery. Meanwhile, the domestic stock markets, both primary and secondary, suffered a steep decline amid growing uncertainties in the economy and projections of weaker corporate profits. In the secondary market, the daily average trading volume dropped to a little over 6 trillion won and the futures and options markets lost their vibrancy as investors accelerated migration to safe assets and the turnover ratio plummeted. Despite a relatively steady recovery on the KOSDAQ, the share of retail investors in the total trading volume declined. The shares of online and mobile transactions rapidly expanded, resulting in lower commission rates and a prolonged stagnation of the brokerage market.

In the primary market, the corporate bond issuance remained as strong as the previous year, underpinned by low interest rates and led by large corporations with good credit ratings. However, funds raised through IPOs and rights offerings fell by more than 80 percent compared with the previous year, resulting in the weakening of the stock market's fund-raising function. With market presence of retail investors and turnover decreasing in fiscal 2012, brokerage commission income sharply declined. However, thanks to a stable growth in financial service, asset management, product operation and investment banking and diversified earning structure, the net operating revenues dropped by 23.5% only, recording KRW 348.8 billion in fiscal 2012. Despite company-wide cost reduction with the down trends in the industry, net profit reached KRW 17.1 billion, down 81.2% from a year earlier largely because of the reduction in net operating revenues.

With investors' preference shifting toward financial products that offer stable returns, the portion of stocks declined and the share of bonds and customized products catering to diverse needs such as CMA, ELS and retirement pension expanded. This shift will contribute to strengthening and diversifying future income. With a preemptive approach to dealing with stock market volatility, Daishin Securities has constructed its asset portfolio with an emphasis on safe assets. As of the end of March 2013, total assets were up by 20.4% from a year earlier to KRW 11.9 trillion. The net capital ratio and the assets-to-liabilities ratio stood at 405.3% and 113.6%, respectively, indicating healthy asset quality. Upholding its commitment to enhancing shareholder

value, Daishin Securities is the only major securities company in Korea to distribute cash dividends for 15 consecutive years.

Daily Average Turnover

(Unit: KRW billion)

		FY11	FY12	% YoY
Stock	KOSPI	6,584.9	4,318.8	-34.4
	KOSDAQ	2,380.8	1,934.6	-18.7
Futures		55,638.8	49,930.2	-10.3
Options		1,649.7	1,188.5	-28.0

B. Operating Results

Net Operating Revenue

Despite the liquidity-backed stock market recovery in the second half of fiscal 2012, earnings from brokerage, the company's main income source, plunged as a result of the weaker presence of retail investors, the drop in stock trading values and the decrease in commission rates caused by the growing share of online and mobile transactions.

Still, under a management strategy powered by thorough risk management and low interest rates, Daishin's product operating revenues increased by 23.1% to KRW 91.2 billion. Thanks to stronger competitiveness in sales, the volume of customer deposit assets reached KRW 27.9 trillion at the end of March 2013, a 20.9% increase from the previous year, whereas commission income from wealth management remained similar to the previous year's level at KRW 14.8 billion. Income from financial service was kept at the same level as the year before despite a sharp drop in the stock trading values. Although the sluggish IPOs and rights offerings dealt a blow to the primary market, Daishin's investment banking sector did relatively well, exceeding its targets for rights offerings and corporate bond issuance. Net operating revenues in fiscal 2012 stood at KRW 348.8 billion, a 23.5% drop from the year before. In terms of earnings structures, the sales sector that includes product management, financial service and wealth management and the investment banking sector accounted for 50% of the revenues, helping to strengthen the profit-making business for the future and diversify the income sources.

Net Operating Revenue

(Unit: KRW billion)

	FY11	FY12	% YoY
Brokerage	301.6	176.2	-41.6
Financial service (loan service)	48.7	47.6	-2.3
Wealth management	8.4	8.7	3.6
Capital markets (proprietary trading income)	74.1	91.2	23.1
Investment Banking	14.5	12.5	-13.8
Others	8.4	12.7	51.2
Net operating revenues	455.8	348.8	-23.5

Component ratio of Net Operating Revenues

(Unit: %)

	FY11	FY12
Brokerage	66.2	50.5
Financial service (loan service)	10.7	13.6
Wealth management	1.8	2.5
Capital markets (proprietary trading income)	16.3	26.1
Investment Banking	3.2	3.6
Others	1.8	3.6
Total	100.0	100.0

As investors turned risk-averse in response to the global economic slowdown and increased financial market volatility, there was a growing demand for safe assets. Customer deposit assets in fiscal 2012 increased 20.9% to KRW 27.9 trillion. The proportion of relatively risky stocks decreased whereas customized financial products offering stable profits expanded their share with bonds increasing 74.8%, beneficiary certificates 46.8% and ELS 66.2%.

Customer Deposit Assets

(Unit: KRW billion)

	FY11	FY12	% YoY
Stocks	13,109.7	12,359.5	-5.7
Bonds	3,665.7	6,408.9	74.8
Beneficiary certificates	2,987.5	4,385.4	46.8
ELS	2,305.1	3,831.1	66.2
Deposits	1,003.5	907.6	-9.6
Customer Deposit Assets	23,071.5	27,892.5	20.9

Component ratio of Customer Deposit Assets

(Unit: %)

	FY11	FY12
Stocks	56.8	44.3
Bonds	15.9	23.0
Beneficiary certificates	12.9	15.7
ELS	10.0	13.7
Deposits	4.3	3.3
Total	100.0	100.0

Commission income from wealth management in fiscal 2012 only suffered a slight drop to KRW 14.8 billion despite the lower sales of collective investment securities and derivatives-linked securities. Such a fine performance was attributable to the increase in customer deposit assets that netted more wealth management commissions, Wrap commissions and trust account fees.

Commission Income from Wealth Management

(Unit: KRW billion)

	FY11	FY12	% YoY
Collective investment securities	6.9	6.0	-12.7
Derivatives-combined securities	6.8	6.1	-9.5
Others	1.5	2.6	73.6
Total	15.2	14.8	-2.7

Investment banking provides a variety of financial services for companies to utilize to secure financing effectively. In the debt capital market, Daishin served as the lead manager for the corporate bond issuance of big Korean companies such as SK Construction, SK Chemical, Korean Air, Hite Jinro, and Kumho Petrochemical. Daishin demonstrated a fine performance in the equity capital market, too, playing a leading role in large-scale rights issuance of Hyundai Merchant Marine, NICE Holdings, Oriental Precision and Engineering. But in the midst of the overall downturn in the primary market in fiscal 2012, commission income from investment banking fell by 13.7% from the year before to KRW 12.4 billion.

Commission Income from Investment Banking

(Unit: KRW billion)

	FY11	FY12	% YoY
Underwriting commission	10.5	9.0	-13.6
Advisory commission	4.0	3.4	-13.8
Total	14.5	12.4	-13.7

General and Administrative Expenses

In response to the sharp drop in brokerage commission income, the company's main source of income, Daishin declared emergency operation and made company-wide cost-cutting efforts. The company secured stable profit bases by consolidating some of its branch offices and making them bigger to ensure more efficiency in management. In fiscal 2012, the company cut its general and admin expenses by 6.9% to KRW 334.8 billion by introducing a profit-linked merit pay system and curtailing labor costs, paid commissions and general admin expenses. But advertising costs rose by 10.1% to support TV advertisements for the company's 50th anniversary and CREON Mobile.

Customer Deposit Assets

(Unit: KRW billion)

	FY11	FY12	% YoY
Salaries & employee benefits	201.3	186.8	-7.2
IT operating expenses	21.9	21.7	-0.9
Rental expenses	10.8	11.3	4.6
Miscellaneous commissions	26.5	23.6	-11.0
Advertising expenses	12.7	14.0	10.1
Depreciation & amortization expenses	35.7	33.5	-6.1
Others	50.2	43.9	-12.5
SG&A expenses	359.1	334.8	-6.9

Component ratio of SG&A Expenses

(Unit: %)

	FY11	FY12
Salaries & employee benefits	56.1	55.8
IT operating expenses	6.1	6.5
Rents	3.0	3.4
Miscellaneous commissions	7.4	7.0
Advertising expenses	3.5	4.2
Depreciation & amortization expenses	9.9	10.0
Others	14.0	13.1
Total	100.0	100.0

Profitability and Shareholder Value

Daishin's operating income in fiscal 2012 was KRW 2,602 billion, which included KRW 204.6 billion in brokerage commissions, KRW 1,263.3 billion in gains on valuation and disposition of securities, KRW 634.7 billion in income from derivatives and KRW 414.9 billion in interest income. The company drastically curtailed operating expenses by proactively responding to changes in the market environment and pursuing a thorough risk management. It also cut sales management expenses by improving management efficiency in an emergency operation mode. All this allowed the company to remain in the black, despite the stagnant performance of brokerage, with KRW 14.2 billion in operating income.

Operating Income

(Unit: KRW billion, %)

	FY11	FY12	% YoY
Operating revenues	4,298.0	2,602.2	-39.5
Operating expenses	4,201.5	2,588.0	-38.4
Operating income	96.5	14.2	-85.3

On non-operating income, the company continued chalking up profits to contribute to improved profitability. Non-operating income dropped by 75.0% on year to KRW 13 billion whereas non-operating expenses fell by 63.3% to KRW 8.4 billion won. All told, net non-operating income stood at KRW 4.5 billion.

Net Non-operating Income

(Unit: KRW billion, %)

	FY11	FY12	% YoY
Non-operating income	52.0	13.0	-75.0
Non-operating expenses	22.9	8.4	-63.3
Net non-operating income	29.1	4.5	-84.4

With both operating income and net non-operating income on a downward trend, the company's pre-tax income dropped by 85.1% to KRW 18.7 billion and net income fell by 81.1% to KRW 17.2 billion.

Net Income

(KRW billion, %)

	FY11	FY12	% YoY
Pre-tax income	125.5	18.7	-85.1
Corporate taxes	34.8	1.6	-95.5
Net income	90.7	17.2	-81.1

Daishin Securities maintains a dividend policy of returning wealth to shareholders. Income diversification and qualitative growth has enabled continued generation of profits for distribution to shareholders. Daishin is the only major securities company to pay out cash dividends for 15 straight years. For fiscal 2012, dividend per share was KRW 500 for common stock and Class 2 preferred stock and KRW 550 for Class 1 preferred stock. Total cash dividends amounted to KRW 38.7 billion and the payout ratio was 5.1%.

C. Financial Condition

Assets

Daishin Securities is looking beyond top-line growth and focusing on preemptive risk management and total wealth management to emerge as the premier financial service provider. As of March 31, 2013, total assets stood at KRW 11,884.6 billion, up 20.4% compared to a year earlier. Low-risk assets such as cash and deposits, government bonds and loans receivable comprised more than 80% of the asset portfolio.

In fiscal 2012, Daishin rebalanced its asset portfolio centering on bonds that carry low risk, sound returns and liquidity. As a result, the balance of marketable securities rose by 31.2% to KRW 7,813.8 billion. In light of the volatile stock market, the weighting of high-risk asset classes such as derivatives and loans receivable was reduced.

Assets Portfolio

(Unit: KRW billion)

	FY11	FY12	% YoY
Cash & deposits	1,240.9	1,639.5	32.1
Securities	5,955.6	7,813.8	31.2
Derivative assets	405.8	301.6	-25.7
Loans receivable, net	974.9	873.1	-10.4
Property & equipment, net	275.5	387.1	40.5
Other assets	1,017.3	869.8	-14.5
Total assets	9,870.2	11,884.6	20.4

Assets Breakdown

(Unit: %)

	FY11	FY12
Cash & deposits	12.6	13.8
Securities	60.3	65.8
Derivative assets	4.1	2.5
Loans receivable, net	9.9	7.3
Property & equipment, net	2.8	3.3
Other assets	10.3	7.3
Total	100.0	100.0

Liabilities and Shareholders' Equity

With market presence of retail investors and turnover decreasing due to the slowdown of the global economy and lingering uncertainties in the market, customer deposit liabilities including customer deposits, deposits for derivatives and collective investment securities reached KRW 907.6 billion, down by 9.6% from a year earlier. However, funds were raised through borrowings and securities sold such as securities sold under repurchase agreements and structured derivatives sold as the funding rate and spread showed stable movements with the low interest rate trends continuing. Along with the growth in the asset portfolio, total liabilities stood at KRW 10,210.2 billion at the end of March 2013, up 25.5% from a year earlier.

Liabilities

(Unit: KRW billion)

	FY11	FY12	% YoY
Deposits from customers	1,003.5	907.6	-9.6
Borrowings & securities sold	6,055.1	8,506.7	40.5
Derivatives liabilities	323.5	171.6	-47.0
Other liabilities	752.4	624.3	-17.2
Total liabilities	8,134.5	10,210.2	25.5

Liabilities Breakdown

(Unit: %)

	FY11	FY12
Deposits from customers	12.3	8.9
Borrowings & securities sold	74.4	83.3
Derivatives liabilities	4.0	1.7
Other liabilities	9.3	6.1
Total	100.0	100.0

Daishin Securities has been paying out cash dividends for 15 straight years since fiscal 1998 for shareholder value, and the dividend amount per share has been no less than KRW 500 for common stock thus far. Despite a sharp decline in net profit in fiscal 2012, we paid out cash dividends per share of KRW 500 for common stock and Class 2 preferred stock and KRW 550 for Class 1 preferred stock. Total dividends amounted to KRW 38.7 billion and retained earnings fell by 5.5% from the previous year. Accordingly, shareholder's equity as of March 2013 recorded KRW 1,674.4 billion down 3.5% from a year earlier.

Shareholders' Equity

(Unit: KRW billion)

	FY11	FY12	% YoY
Capital stock	434.9	434.9	0.0
Capital surplus	699.7	699.3	-0.1
Capital adjustments	113.0	105.7	-6.4
Accumulated other comprehensive income	620.8	586.9	-5.5
Retained earnings	(132.7)	(152.3)	14.8
Total shareholders' equity	1,735.6	1,674.4	-3.5

Financial Soundness and Risk Management

Total risk exposure amount in fiscal 2012 was kept stable thanks to the systemic risk management. However, the net capital ratio declined by 103.1%p recording 405.3% as of the end of March 2012 owing to a decrease in net assets. The figure was above the 300% limit set by the Financial Supervisory Service (FSS) for companies that deal with OTC derivatives. The assets-to-liabilities ratio also stood about 115% exceeding the FSS requirement.

Asset Quality

(Unit: %)

	FY11	FY12	% YoY
Net capital ratio	508.4	405.3	-103.1%p
Assets-to-liabilities ratio	117.5	113.6	-3.9%p

D. Business Outlook

As the persisting eurozone debt crisis is making the economic outlooks in advanced countries bleaker, uncertainties in the financial markets at home and abroad are expected to continue in 2013 due mainly to concerns over the US' reduction in quantitative easing, weaker Yen hurting Korea's export and North Korea's nuclear issues. Particularly, with the volatility of the stock market increasing, turnovers are showing a slow recovery, which will intensify competitions in the brokerage service and create challenging environment in the securities industry. In response to the unclear outlook and increasing competitive pressure, Daishin Securities will sharpen the competitive edge of asset-based sales achieving significant increase in financial assets surpassing the industry average and building up stable earning structure. In addition, we will bolster "financial clinic service" which offers a balanced approach to investing and managing risk to develop tailored service that fully reflects the needs and life cycle of customers. Along with such effort, we also will establish effective risk management systems to proactively respond to the slowdown of the brokerage service sector and protracted low interest while enhancing profitability based on customers' financial assets. Under our new mission of growing with customers as their financial health partner, we will strive to gain customers' trust, achieve mutual growth, and pursue innovation to become the financial service group most trusted and preferred by all domestic financial customers and overseas brokerage customers.

7. Operation Review

A. Financial Clinic Service

Business Performance in FY2012

During FY2012, Daishin Securities was dedicated to growing customer assets based on various services provided to further establish “Financial Clinic Service” and diversifying our profit structure. In particular, we focused our effort on three aspects; growing financial assets, increasing the scale and efficiency of branch offices and exploring new sources of revenue.

First of all, Daishin Securities successfully expanded the customer base capitalizing on its competitive interest rates.

We shifted the focus our product lineup to offering tax benefits and stability through inflation-linked bonds and annuity insurance while providing brokerage service for Brazil Treasury bonds, special MMT for financial corporation customers and many other promotions and special discounts. Thanks to such effort, we surpassed the goal by 105% achieving the financial asset balance of KRW7,351.6 billion.

Second, Daishin raised its two branch offices to the status of the financial health service centers, newly established a branch office and integrated 32 branches with the aim of providing differentiated services and enhancing efficiency of branch operations.

We opened a financial health service center in Gangnam district to cater to the needs of the region’s corporate customers and high net worth individuals and raised Gwangmyung branch which had strong growth potential to the status of the financial health service center.

Third, as part of effort to expand sources of revenue, Daishin offered equity-linked financial products and added collateral loan service to sharpen the competitive edge of CYBOS Touch. We endeavored to attract as many customers as possible by using online stock trading applications provided by outside service partners while improving customer satisfaction by paying closer attention to non face-to-face communication with customers and smallscale retail customers through our online consulting team. Thanks to such various efforts, the percentage of mobile stock trading increased twice compared to the previous fiscal year.

Meanwhile, effort to secure a strong customer base through SNS marketing continued while a wide range of activities such as college student reporters, blog activities and cultural events were carried out to further enhance customer satisfaction. We also outreached companies to help them open IRP or CMA accounts by using mobile offices, which demonstrated our strong commitment to expanding customer access channels.

Strategy and Objectives for FY2013

The low growth and low interest rate environment is expected to continue in 2013 with the global economy facing further downturn and advanced economies keeping interest rate low.

Although liquidity is increasing in the market thanks to low interest rates, the turnover in the stock market is still sluggish largely because of low growth trends. This, in turn, is posing challenges against offline stock trading, one of Daishin’s strengths, and we will not be able to adequately and promptly respond to changes in the market with the existing brokerage system.

To effectively respond to the changing environment, Daishin Securities will dedicate itself for asset growth focusing on financial assets of individual customers and profit growth in FY2013. To this end, we will pursue a smart and swift business structure to bolster capabilities and expand sources of revenue to improve productivity. More specifically, we are planning to come up with monthly/quarterly strategy for each business segment based on comprehensive analysis of market trends and performance for agile and flexible response to market changes.

Sales positions will be divided into two categories (IM/PM) with the aim to boost competencies and performance. We will bolster capabilities of employees who have strengths on brokerage service (IM) while

building an effective sales capability for financial products (PM). At the same time, a performance assessment system will be upgraded to match the change and carry out effective sales activities. In addition, a financial expert qualification system will be introduced to nurture professional financial consultants, which will further boost competencies and performance of the asset management service. With an upgraded performance assessment system, we intend to attract high-caliber outside talent while nurturing our internal competencies.

With the aim to strengthen asset management service, Daishin will increase financial products targeting individual customers while making effort to enhance profitability of the products. To this end, we will be pursuing “Account Gathering” effect and expanding the customer base by sharpening the competitive edge of basic financial products such as CMA and installment-type investment products. We will make our growth sustainable by providing our strong line-up of strategic products and sound portfolios considering trends and profitability. Not only that, we also will increase products offering tax benefits and stability such as Brazil treasury bond and annuity insurance as an increasing number of customers overwhelmingly value stability over high returns. Outbound sales activities will be accelerated with service managers actively involved in the sales effort. Capitalizing on the newly established HNW department, we will offer tailed service such as portfolio check and tax consulting service with the goal of expanding the HNW customer base. Also, we will step up effort to invigorate loan service by expanding customer access channels.

B. Overseas Business

One of Daishin Securities’ strategies for overseas expansion is to focus on the Asian market which has high growth potential from mid and long-term perspective, while minimizing the risk associated with the entry into a foreign market and developing overseas businesses that can lead to tangible result and profit. In order to meet the needs of financial customers for global investment products, the company has worked closely and organically with the main headquarters, overseas affiliates, overseas branches and partners with an aim to develop more competitive businesses. In line with the strategy, we established a local affiliate in Hong Kong and local branch offices in Shanghai and Tokyo while building partnership with local financial institutions that are equipped with competitive edge in the countries where direct entry does not deem fit.

Our priority in overseas expansion is to minimize the risk associated with entry into a new market and to pursue a business model through which our strengths can be fully utilized and which is fitting for the local financial environment. Daishin Securities is now pressing ahead with online business joint venture with Indonesian Mandiri Securities.

Capitalizing on our financial IT expertise, which is one of our biggest strengths, we successfully entered the Indonesian market, which boasts immense mid and long-term growth potential. We have adopted multifaceted approaches such as seeking a direct entry into the market through M&A with overseas financial institutions and establishment of a corporation, and joint venture with overseas partners, foreign investment product development, and global IB business support.

In an effort to beef up global investment service, we introduce prominent overseas financial products to domestic investors providing solutions fitting for the needs of diversity in investment options, and have expanded investment product lines that are favored by investors and equipped with safety and profitability. In the brokerage sector, we have provided online foreign stock trading service through which customers can make a direct investment in the global financial markets such as US, Hong Kong, and Japanese stock market and in particular, we offer foreign derivative products and foreign exchange margin trading service, the vehicle where customers make an investment in U.S. CME market.

The company has been building network with leading global financial institutions to grow as a regional securities firm that represents Asia capitalizing on its presence in Hong Kong. We have focused on Asia’s emerging markets with greater growth potential than advanced countries, while proceeding with continued cooperation with financial institutions in North America and Euro Zone, which will eventually result in our expansion into global financial market.

C. Investment Banking

For FY2012 our investment banking service group provided diverse financial services such as bond and stock issuance, right issue and initial public offerings to effectively assist prominent domestic companies with their fund raising effort. Along with such effort, we also continuously endeavored to bolster our competency to

develop new products and provide optimal financing services for customers.

Daishin solidified its footing in the debt capital market (DCM) in FY2011. We serviced as lead manager for the bond issuance of SK Construction, SK Chemical, Korean Air, Hite Brewery, and Kumho Petrochemical while providing our services for corporate bond underwriting.

On the ECM (Equity Capital Market) front, Daishin served as lead manager for the equity issuance of prominent domestic companies such as Hyundai Merchant Marine, Nice Holdings and Oriental Precision & Engineering, achieving remarkable results.

In the IPO market, Daishin was behind the approval on the preliminary screening for Yeoi System's listing at KOSDAQ and served as lead manager for many blue-chip SMEs. Also, we have been appointed as an advisory brokerage house for KONEX (Korea New Exchange), a stock exchange exclusively for SMEs scheduled to open in July 2013, joining the effort to facilitate direct financing of venture start-ups and SMEs through the capital market.

In FY2013 IPO department will grow the underwriting business with active marketing and through close cooperation with other business groups within Daishin Securities including the retail segments. Moving forward, we will maintain the strong performance we achieved last year and step up effort to boost competency and performance as lead manager, expand underwriting business and produce substantial results in IPO markets.

In particular, Daishin will restructure the sales segments in the headquarters to better serve large-scale companies as well as outstanding SMEs. We will do our best to seek new business opportunities and bolster our sales competencies. Catching up with new regulations and systems concerning investment banking, we will strive to develop new products and prepare ourselves for the KONEX market to achieve market dominance in the new market.

8. Major Shareholder Structure

(as of March 31st, 2013, Common shares basis)

Stakeholder	Number of shares	Percentage (%)	Relation with Daishin	Remark
Hong-Seok Yang and 6 affiliated people	4,989,957 shares	9.83%	Major Shareholder	
Daishin ESOP	3,317,414 shares	6.53%	ESOP	
Treasury stock	7,593,518 shares	14.96%	Treasury stock	

9. Board of Directors and Audit Committee Member

Sort	Name	Position	Audit Committee	Remark
Full-time	Auh-Ryung Lee	Chairwoman	-	
Full-time	Jai-Chel Na	CEO	-	
Full-time	Hong-Seok Yang	Deputy President	-	
Full-time	Kyung-Sik Kim	Director	Member	Auditing Dept, Legal Support Dept.
Part-time	Sung-Ho Kim	Outside Director	-	
Part-time	Jung-Hoon Lee	Outside Director	-	
Part-time	Chan-Wook Park	Outside Director	Chairman	
Part-time	In-Hyung Lee	Outside Director	Member	

II. Financial Report

1. Separate Statements of Financial Position

March 31, 2013 and 2012

(In Korean won)

	2013	2012
Assets		
I. Cash and bank deposits	1,639,514,967,062	1,240,938,065,020
II. Financial assets at fair value through profit or loss	7,671,376,258,125	5,980,147,928,120
1. Financial assets held for trading	4,725,991,159,713	3,592,602,521,570
2. Derivative assets	301,866,978,866	405,820,516,970
3. Financial assets designated at fair value through profit and loss	2,643,518,119,546	1,981,724,889,580
III. Available-for-sale financial assets	178,765,887,326	209,758,835,697
IV. Investments in associates	269,928,412,278	177,776,855,442
V. Loans and receivables	873,132,865,412	974,941,768,978
VI. Current tax assets	23,860,503,150	4,379,818,556
VII. Property and equipment	387,132,886,437	275,543,443,241
VIII. Intangible assets	46,147,335,649	58,332,187,286
IX. Investment property	186,258,464,750	164,451,169,523
X. Non-current assets as held for sale	748,977,411	-
XI. Other assets	607,768,576,793	783,919,947,710
Total assets	11,884,635,134,393	9,870,190,019,573
Liabilities		
I. Financial liabilities at fair value through profit and loss	4,134,224,459,358	2,959,684,656,322
1. Financial liabilities held for trading	131,548,366,000	103,329,858,500
2. Derivative liabilities	206,209,707,349	548,530,860,944
3. Financial liabilities designated at fair value through profit and loss	3,796,466,386,009	2,307,823,936,878
II. Deposits received	907,600,954,337	1,003,537,129,408
III. Borrowings	4,324,741,155,584	3,299,349,663,746
IV. Debentures	219,369,613,074	119,556,037,037
V. Defined benefit liability and other long-term employee benefits	3,432,661,035	4,219,720,971
VI. Provisions	2,507,886,586	2,270,277,755
VII. Deferred tax liabilities	47,260,329,095	51,571,743,155
VIII. Other liabilities	571,062,818,912	694,356,493,416
Total liabilities	10,210,199,877,981	8,134,545,721,810
Equity		
I. Capital stock	434,867,000,000	434,867,000,000
II. Capital surplus	699,253,626,841	699,713,072,438
III. Accumulated other comprehensive income	105,697,614,463	112,959,650,984
IV. Retained earnings	586,888,758,278	620,771,958,479
V. Other components of equity	(152,271,743,170)	(132,667,384,138)
Total equity	1,674,435,256,412	1,735,644,297,763
Total liabilities and equity	11,884,635,134,393	9,870,190,019,573

2. Separate Statements of Comprehensive Income

For the years ended March 31, 2013 and 2012

(In Korean won)

	2013	2012
I. Commissions received and expenses, net	190,392,052,565	305,207,715,276
1. Commissions received	204,646,902,930	319,536,611,291
2. Commissions expenses	14,254,850,365	14,328,896,015
II. Interest income and expenses, net	(92,811,255,151)	(74,303,165,322)
1. Interest income	195,136,377,710	179,566,738,948
2. Interest expenses	287,947,632,861	253,869,904,270
III. Trading gains and losses, net	286,285,968,856	164,164,624,793
IV. Gains and losses on financial instrument designated at fair value through profit and loss, net	(36,074,059,028)	61,175,852,235
V. Other operating income and expenses	1,034,868,730	(487,126,702)
VI. Operating revenues, net	348,827,575,972	455,757,900,280
Selling and administrative expenses, net	334,623,829,244	359,263,465,747
1. Labor costs	186,624,376,599	201,511,496,052
2. Depreciation and amortization	33,528,468,867	35,703,989,514
3. Other selling and administrative expenses	114,470,983,778	122,047,980,181
VII. Operating income	14,203,746,728	96,494,434,533
VIII. Non-operating income and expenses	4,544,027,103	29,051,279,264
IX. Net income before income tax	18,747,773,831	125,545,713,797
X. Income tax expense	1,575,617,532	34,826,807,355
XI. Net income	17,172,156,299	90,718,906,442
XII. Other comprehensive income(loss) for the year, net of tax	(7,262,036,521)	11,213,474,213
XII. Total comprehensive income	9,910,119,778	101,932,380,655
XIV. Earnings per share		
1. Basic earnings per ordinary share	220	1,152
2. Basic earnings per preference share	243	1,206
3. Basic earnings per 2nd preference share	193	1,156
4. Diluted earnings per ordinary share	219	1,145
5. Diluted earnings per preference share	242	1,199
6. Diluted earnings per 2nd preference share	192	1,149

3. Separate Statements of Changes in Equity

For the years ended March 31, 2013 and 2012

(In thousands of Korean won)

	Capital stock	Capital Surplus	Accumulated other comprehen- sive income	Retained earnings	Other components of equity	Total
April 1, 2011	434,867,000	703,182,029	101,746,177	589,351,403	(133,077,610)	1,696,068,999
I . Comprehensive Income						
1. Net income	-	-	-	90,718,906	-	90,718,906
2. Changes in value of available-for-sale	-	-	11,213,474	-	-	11,213,474
II. Transactions with equity holders						
1. Cash dividends	-	-	-	(59,768,351)	-	(59,768,351)
2. Changes in treasury Stock	-	(3,468,957)	-	-	(1,230,325)	(4,699,282)
3. Others	-	-	-	470,000	1,640,550	2,110,550
March 31, 2012	434,867,000	699,713,072	112,959,651	620,771,958	(132,667,384)	1,735,644,298
April 1, 2012	434,867,000	699,713,072	112,959,651	620,771,958	(132,667,384)	1,735,644,298
I . Comprehensive Income						
1. Net income	-	-	-	17,172,156	-	17,172,156
2. Changes in value of available-for-sale	-	-	(7,262,037)	-	-	(7,262,037)
II. Transactions with equity holders						
1. Cash dividends	-	-	-	(51,525,357)	-	(51,525,357)
2. Changes in treasury Stock	-	(459,446)	-	-	(20,791,659)	(21,251,104)
3. Others	-	-	-	470,000	1,187,300	1,657,300
March 31, 2013	434,867,000	699,253,627	105,697,614	586,888,758	(152,271,743)	1,674,435,256

4. Separate Statements of Cash Flows

For the years ended March 31, 2013 and 2012

(In Korean won)

	2013	2012
I. Cash flows from operating activities		
1. Net income	17,172,156,299	90,718,906,442
2. Adjustments in expenses and revenues		
(1) Gain(loss) on financial assets held for trading	(14,715,144,412)	9,451,965,567
(2) Gain(loss) on financial assets designated at fair value through profit or loss	151,366,323,910	18,306,050,043
(3) Gain on derivatives	(123,050,732,740)	(12,559,777,521)
(4) Gain(loss) on loans and receivables	4,483,173,465	(141,122,746)
(5) Depreciation and amortization	33,528,468,867	35,703,989,514
(6) Gain(loss) on foreign currency translation	(830,384,009)	(1,981,789,584)
(7) Interest income(expenses)	92,811,255,151	74,303,165,322
(8) Gain on disposal of available-for-sale financial assets	(1,869,288,727)	(521,944,526)
(9) Loss on disposal of Investments in associates and subsidiaries	-	1,116,887,082
(10) Loss on impairment of available-for sale financial assets	6,089,065,005	6,917,849,727
(11) Gain(loss) on disposal of property and equipment	1,280,249,769	(18,284,773,364)
(12) Gain on disposal of intangible assets	74,094,940	(992,000,390)
(13) Gain on disposal of investment property	(931,515,772)	(18,691,223,862)
(14) Loss on impairment of intangible assets	1,603,500,001	639,437,323
(15) Employee benefits	4,297,681,827	2,160,833,119
(16) Others	(23,482,897,674)	(15,295,975,045)
(17) Dividends income	(13,898,758,849)	(7,139,380,724)
(18) Income tax expense	1,575,617,532	34,826,807,355
3. Changes in operating assets and liabilities		
(1) Increase/(decrease) in Deposit	(500,731,868,814)	152,235,096,249
(2) Decrease/(Increase) in financial assets held for trading	(1,110,910,003,963)	(141,552,729,323)
(3) Increase in financial liabilities held for trading	20,250,982,938	44,608,068,685
(4) Increase in financial assets designated at fair value through profit and loss	(601,316,252,393)	(963,051,704,700)
(5) Increase in financial liabilities designated at fair value through profit and loss	1,276,799,147,648	876,630,135,900
(6) Increase(decrease) in derivative assets and liabilities	(114,286,197,447)	39,240,351,722
(7) Increase in loans and receivables	98,464,645,439	56,125,659,200
(8) Decrease(increase) in deposits received	(95,903,170,673)	(401,365,526,471)
(9) Increase(decrease) in borrowings	959,458,015,412	231,999,036,576
(10) Increase(decrease) in retirement benefit and employee benefits obligations	(1,966,039,751)	(1,839,380,602)
(11) Decrease(increase) in other assets	176,235,945,280	188,250,873,524
(12) Decrease(increase) in other liabilities	(128,180,988,553)	(382,080,485,012)
(13) Collective fund for default loss	1,217,578,379	493,799,045
4. Interests received	185,153,323,267	166,244,106,884
5. Interests paid	(285,532,395,310)	(247,219,213,004)
6. Dividends received	9,040,149,504	7,381,003,149
7. Income taxes paid	(22,902,546,433)	(23,901,174,085)
Net cash (used in) provided by operating activities	393,189,113	(199,264,178,531)

4. Separate Statements of Cash Flows (Continued)

For the years ended March 31, 2013 and 2012

(In Korean won)

	2013	2012
II. Cash flows from investing activities		
1. Proceeds from disposal of available-for-sale financial assets	8,975,070,599	19,809,411,484
2. Proceeds from disposal of investments for associates and subsidiaries	2,184,403,935	6,394,143,112
3. Proceeds from disposal of property and equipment	829,129,500	35,188,777,967
4. Proceeds from intangible assets	2,747,012,450	3,103,795,200
5. Proceeds from disposal of intangible assets	15,500,000,000	53,378,000,003
6. Decrease in deposit	18,812,227,989	7,120,116,481
7. Payment for acquisition of available-for-sale financial assets	-	(11,027,930,130)
8. Payment for acquisition of investments for associates and subsidiaries	(89,074,760,771)	(144,030,816,326)
9. Payment for acquisition of property and equipment	(169,961,838,820)	(42,451,525,330)
10. Payment for acquisition of intangible assets	(2,669,729,498)	(464,298,000)
11. Increase in deposit	(3,594,053,902)	(11,076,505,826)
12. Increase in other assets	-	(143,702,385)
13. Payment for restoration of property and equipment	(424,329,000)	-
Net cash used in investing activities	(216,676,867,518)	(84,200,533,750)
III. Cash flows from financing activities		
1. Issuance of debentures	99,544,800,001	59,690,900,000
2. Increase in call money	1,173,800,000,000	61,800,000,000
3. Increase in borrowings	468,321,943,330	-
4. Increase in guarantee deposits received	2,302,735,112	53,185,301,340
5. Payment of dividends	(51,525,356,500)	(59,760,869,660)
6. Decrease in call money	1,235,600,000,000	-
7. Retirement of debentures	-	(60,000,000,000)
8. Decrease in borrowings	(340,588,466,905)	(109,972,882,853)
9. Decrease in guarantee deposits received	(4,261,449,793)	(67,511,806,237)
10. Payment for acquisition of treasury stocks	(23,329,189,800)	(12,263,794,600)
11. Decrease in other liabilities	-	(1,870,000)
Net cash (used in) provided by financing activities	88,665,015,445	(134,835,022,010)
IV. Changes in cash and cash equivalent by foreign currencies translation	(19,945,808)	6,814,916,178
V. Net increase (decrease) in cash and cash equivalents	(127,638,608,768)	(411,484,818,113)
VI. Cash and cash equivalents at beginning of year	252,848,876,235	664,333,694,348
VII. Cash and cash equivalents at end of year	125,210,267,467	252,848,876,235

III. Audit Report

1. Audit Report by the Audit Committee

The Audit Committee has reviewed and audited the accounting principles and operations for 52th fiscal year (1st April 2012 ~ 31st March 2012), and it has made the audit report as follows.

(1) Audit method summary

The Audit Committee has reviewed the accounting books and related documents, as well as the separated financial statements, consolidated financial statements and other detailed documents for the accounting audit, and the committee has made comparison check, on-the-spot inspection, witness, reference check and other appropriate auditing measures if it was found necessary.

In regards to the operations audit, the Audit Committee has received management report from the Directors and it has reviewed the related documents and details in an appropriate manner when the committee found it necessary for attending the Board of Directors meeting or other important meetings,

(2) Details on the balance sheet, consolidated balance sheet & statement of comprehensive income, consolidated comprehensive income

The balance sheet, consolidated balance sheet and statement of comprehensive income, consolidated comprehensive income fairly represents the Company's assets and profit/loss conditions appropriately in accordance to the Korean regulations and the Company's statute.

(3) Change on the basis of preparation

The Company has applied the International Financial Reporting Standards as adopted by the Republic of Korea (K- IFRS) instead of Korean generally accepted accounting principal (K-GAAP) from 2011 fiscal year. This change has been approved in accordance with Act on External Audit of Stock Companies.

(4) Details on the business report

The Company's business report accurately represents the Company's condition.

(5) Details on the statement of appropriations of retained earnings

The Company's statement of appropriations of retained earnings has been prepared appropriately in accordance to the Korean regulations and the Company's statute.

8th May 2013

Daishin Securities Co.,Ltd.

Chairman of Audit Committee Chan-Wook Park

2. Report of Independent Auditors

To the Board of Directors and Shareholders of Daishin Securities Co., Ltd.

We have audited the accompanying separate statement of financial position of Daishin Securities Co., Ltd. (the “Company”) as of March 31, 2013 and the related separate statement of comprehensive income, changes in equity and cash flows for the year then ended. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these separate financial statements based on our audit.

The accompanying separate statement of financial position of the Company as of March 31, 2012 and the related separate statements of comprehensive income, changes in equity and cash flows for the year then ended, were audited by Samil PwC, whose report thereon dated May 17, 2012, expressed an unqualified opinion. We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Korean International Financial Reporting Standards. Without qualifying our opinion, we draw attention to the following: The procedures and practices utilized in the Republic of Korea to audit such separate financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those knowledgeable about Korean auditing standards and their application in practice.



KPMG Samjong Accounting Corp.
Seoul, Korea
May 23, 2013

This report is effective as of May 23, 2013, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

3. Report on Internal Accounting Control System

A. Report of independent accounts review of internal accounting control system

To the President of
Daishin Securities Co., Ltd.

We have reviewed the accompanying management's report on the operations of the Internal Accounting Control System ("IACS") of Daishin Securities Co., Ltd. (the "Company") as of March 31, 2013. The Company's management is responsible for designing and operating IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review the management's report on the operations of the IACS and issue a report based on our review.

The management's report on the operations of the IACS of the Company states that "based on its assessment of the operations of the IACS as of March 31, 2013, the Company's IACS has been designed and is operating effectively as of March 31, 2013 in all material respects, in accordance with the IACS standards established by the Internal Accounting Control System Operations Committee (IACSOC) of the Korea Listed Companies Association."

Our review was conducted in accordance with the IACS review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of management's report on the operations of the IACS to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's IACS and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit.

A company's IACS is a system to monitor and operate those policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the Republic of Korea. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that management's report on the operations of the IACS, referred to above, is not presented fairly, in all material respects, in accordance with the IACS standards established by IACSOC.

Our review is based on the Company's IACS as of March 31, 2013, and we did not review management's assessment of its IACS subsequent to March 31, 2013. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in Korea and may not be appropriate for other purposes or for other users.



KPMG Samjong Accounting Corp.
Seoul, Korea

May 23, 2013

B. Report on the operations of the internal accounting control system

To the Board of Directors and Audit Committee of
Daishin Securities Co., Ltd.

I, as the Internal Accounting Control Officer ("IACO") of Daishin Securities Co. Ltd. ("the Company"), assessed the status of the design and operations of the Company's internal accounting control system ("IACS") for the year ended March 31, 2013.

The Company's management including the IACO is responsible for designing and operating the IACS. I, as the IACO, assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause misstatements to the financial statements, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external purposes. I, as the IACO, applied the IACS standard to assess the design and operations of the IACS.

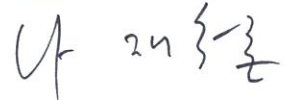
Based on the assessment on the operations of the IACS, in all material respects, the design and operations of the Company's IACS were effective as of March 31, 2013, in accordance with the IACS standards.

April 25, 2013

Kyung-Sun Cho
Internal Accounting Control System Officer



Jai-Chel Na
Chief Executive Officer



V. Consolidated Financial Statements

Daishin Securities Co., Ltd. and Subsidiaries

Consolidated Financial Statements

March 31, 2013

Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders of
Daishin Securities Co., Ltd.:

We have audited the accompanying consolidated statement of financial position of Daishin Securities Co., Ltd. (the "Group") as of March 31, 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

The accompanying consolidated statement of financial position of the Group as of March 31, 2012 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, were audited by Samil PwC, whose report thereon dated May 17, 2012, expressed an unqualified opinion.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of March 31, 2013 and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

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

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those knowledgeable about Korean auditing standards and their application in practice.

KPMG Samjong Accounting Corp.
Seoul, Korea
May 23, 2013

<p>This report is effective as of May 23, 2013, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.</p>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Consolidated Statements of Financial Position
For the years ended March 31, 2013 and 2012

(In won)	Note	2013	2012
Assets			
Cash and bank deposits	7	₩ 2,037,512,434,202	2,001,215,795,852
Financial assets at fair value through profit or loss	9	7,712,010,938,340	6,046,388,618,408
Financial assets held for trading		4,766,625,839,928	3,658,843,211,858
Derivative assets	18	301,866,978,866	405,820,516,970
Financial assets designated at fair value through profit and loss		2,643,518,119,546	1,981,724,889,580
Available-for-sale financial assets	10	198,155,328,833	227,067,382,558
Investments in associates	11	38,645,742,424	21,139,828,209
Loans and receivables	12	1,284,578,451,498	1,325,399,090,218
Current tax assets		23,877,525,300	4,397,096,836
Property and equipment	13	416,407,521,435	298,607,445,683
Intangible assets	14	86,162,277,114	101,235,487,152
Investment property	15	165,257,072,235	145,467,207,337
Non-current assets as held for sale	16	748,977,411	-
Deferred tax assets	34	-	130,446,234
Other assets	15	622,792,264,485	809,800,594,942
Total assets		₩ 12,586,148,533,277	10,980,848,993,429
Liabilities			
Financial liabilities at fair value through profit and loss	17	₩ 4,134,224,459,358	2,960,350,631,145
Financial liabilities held for trading		131,548,366,000	103,329,858,500
Derivative liabilities	18	206,209,707,349	549,196,835,767
Financial liabilities designated at fair value through profit and loss		3,796,466,386,009	2,307,823,936,878
Deposits received	19	1,611,810,722,890	2,077,642,637,166
Borrowings	20	4,318,570,338,916	3,296,248,921,543
Debentures	21	219,369,613,074	119,556,037,037
Defined benefit liability and other long-term employee benefits	22	3,702,124,909	4,732,727,132
Provisions	23	2,721,259,810	5,633,901,803
Accrued income tax		1,561,970	46,140
Deferred tax liabilities	34	45,365,207,722	51,071,320,036
Other liabilities	24	592,107,311,333	732,218,052,988
Total liabilities		10,927,872,599,982	9,247,454,274,990
Equity			
Equity attributable to owners of the parent company		1,658,208,138,231	1,733,330,057,555
Capital stock	25	434,867,000,000	434,867,000,000
Capital surplus	25,35	699,306,070,121	699,713,072,438
Accumulated other comprehensive income	25	106,694,417,370	111,936,532,932
Retained earnings	25	571,019,256,488	619,993,476,323
Other components of equity	25	(153,678,605,748)	(133,180,024,138)
Non-controlling interests		67,795,064	64,660,884
Total equity		1,658,275,933,295	1,733,394,718,439
Total liabilities and equity		₩ 12,586,148,533,277	10,980,848,993,429

See accompanying notes to the consolidated financial statements.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended March 31, 2013 and 2012

(In won)	Note	2013	2012
Commissions received and expenses, net	26		
Commissions received		₩ 209,574,532,720	325,680,425,862
Commissions expenses		15,226,492,333	15,359,769,583
		<u>194,348,040,387</u>	<u>310,320,656,279</u>
Interest income and expenses, net	27		
Interest income		257,385,822,121	218,523,884,681
Interest expenses		327,734,008,372	287,535,886,369
		<u>(70,348,186,251)</u>	<u>(69,012,001,688)</u>
Trading gains and losses, net	28	283,651,086,877	160,126,391,938
Gains and losses on financial instrument designated at fair value through profit and loss, net	29	(36,074,059,028)	61,303,852,235
Other operating income and expenses	30	<u>(9,578,607,701)</u>	<u>9,142,561,456</u>
Operating revenues, net		<u>361,998,274,284</u>	<u>471,881,460,220</u>
Selling and administrative expenses, net			
Labor costs	31	201,272,934,641	212,191,274,953
Depreciation and amortization	13,14,15	37,145,915,238	37,785,878,040
Other selling and administrative expenses	32	122,601,050,958	128,708,011,085
		<u>361,019,900,837</u>	<u>378,685,164,078</u>
Operating income		<u>978,373,447</u>	<u>93,196,296,142</u>
Non-operating income and expenses	33	2,568,957,004	33,918,542,622
Net income before income tax		3,547,330,451	127,114,838,764
Income tax expense	34	155,736,373	37,254,802,039
Net income		<u>3,391,594,078</u>	<u>89,860,036,725</u>
Other comprehensive income(loss) for the year, net of tax	35	<u>(6,549,438,795)</u>	<u>10,242,025,297</u>
Total comprehensive income		<u>₩ (3,157,844,717)</u>	<u>100,102,062,022</u>
Attribution of net income		3,391,405,106	89,857,663,212
Owners of the parent		188,972	2,373,513
Non-controlling interests		3,391,594,078	89,860,036,725
Attribution of comprehensive income		(3,160,978,897)	100,095,073,422
Owners of the parent		3,134,180	6,988,600
Non-controlling interests		(3,157,844,717)	100,102,062,022
Earnings per share (in Korean won)	36		
Basic earnings per ordinary share		₩ 44	1,140
Basic earnings per 1st preferred share		60	1,194
Basic earnings per 2nd preferred share		10	1,144
Diluted earnings per ordinary share		43	1,134
Diluted earnings per 1st preferred share		60	1,188
Diluted earnings per 2nd preferred share		10	1,138

See accompanying notes to the consolidated financial statements.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended March 31, 2013 and 2012

(In won)

	Note	Common stock	Capital surplus	Accumulated other comprehensive income (loss)	Retained earnings	Other components of equity	Total
Balance at April 1, 2011	₩	434,867,000,000	703,182,029,232	589,461,727,427	101,699,122,722	(133,077,609,598)	1,696,132,269,783
		-	-	89,857,663,212	10,237,410,210	-	100,095,073,422
Comprehensive income		-	-	89,857,663,212	-	-	89,857,663,212
Net income		-	-	-	11,384,007,000	-	11,384,007,000
Changes in value of available-for-sale	35	-	-	-	(1,378,826,888)	-	(1,378,826,888)
		-	-	-	232,230,098	-	232,230,098
Transactions with equity holders		-	(3,468,956,794)	(59,325,914,316)	-	(102,414,540)	(62,897,285,650)
Cash dividends		-	-	(59,768,350,900)	-	-	(59,768,350,900)
Changes in treasury stock	25	-	(3,468,956,794)	-	-	(1,230,324,982)	(4,699,281,776)
Others	25	-	-	442,436,584	-	1,127,910,442	1,570,347,026
Balance at March 31, 2012	₩	434,867,000,000	699,713,072,438	619,993,476,323	111,936,532,932	(133,180,024,138)	1,733,330,057,555
Balance at April 1, 2012	₩	434,867,000,000	699,713,072,438	619,993,476,323	111,936,532,932	(133,180,024,138)	1,733,330,057,555
		-	-	2,081,136,665	(5,242,115,562)	-	(3,160,978,897)
Comprehensive income		-	-	3,391,405,106	-	-	3,391,405,106
Net income		-	-	-	(6,351,620,638)	-	(6,351,620,638)
Changes in value of available-for-sale	35	-	-	(1,310,268,441)	1,297,512,688	-	(12,755,753)
		-	-	-	(188,007,612)	-	(188,007,612)
Transactions with equity holders		-	(407,002,317)	(51,055,356,500)	-	(20,498,581,610)	(71,960,940,427)
Cash dividends		-	-	(51,525,356,500)	-	-	(51,525,356,500)
Changes in treasury stock	25	-	(459,445,597)	-	-	(20,791,658,736)	(21,251,104,333)
Others	25	-	52,443,280	470,000,000	-	293,077,126	815,520,406
Balance at March 31, 2013	₩	434,867,000,000	699,306,070,121	571,019,256,488	106,694,417,370	(153,678,605,748)	1,658,208,138,231

See accompanying notes to the consolidated financial statements.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Consolidated Statements of Cash flows
For the years ended March 31, 2013 and 2012

(In won)

	<u>Note</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities			
Net income	₩	3,391,594,078	89,860,036,725
Adjustments in expenses and revenues		114,862,320,197	86,645,359,218
Gain(loss) on financial assets held for trading		(7,895,716,308)	11,704,320,275
Gain(loss) on financial assets designated at fair value through profit or loss		151,366,323,910	18,178,050,043
Gain on derivatives		(123,101,540,707)	(10,737,817,045)
Gain(loss) on loans and receivables		12,654,540,378	(9,894,755,374)
Depreciation and amortization		37,145,915,238	37,785,878,040
Gain(loss) on foreign currency translation		(833,727,078)	(1,978,960,929)
Interest income(expenses)		70,348,186,251	69,012,001,688
Gain on disposal of available-for-sale financial assets		(1,948,075,953)	(906,634,888)
Loss on disposal of investments in associates and subsidiaries		-	3,586,659,488
Loss on impairment of available-for-sale financial assets		6,089,065,005	6,917,849,727
Gain(loss) on disposal of property and equipment		1,464,519,416	(18,284,773,364)
Gain(loss) on disposal of intangible assets		200,354,940	(992,000,390)
Gain(loss) on disposal of investment property		(931,515,772)	(18,691,223,862)
Loss on impairment of intangible assets		1,603,500,001	639,437,323
Employee benefits		4,777,479,346	2,610,873,569
Others		(22,415,491,531)	(32,852,414,950)
Gain on disposal of other assets		70,400,000	-
Gain(loss) on equity-method investments in associates		320,842,152	428,146,254
Dividends for shares of the affiliated companies		46,772,302	170,569,620
Dividends income		(14,255,247,766)	(7,304,648,046)
Income tax expense		155,736,373	37,254,802,039
Changes in operating assets and liabilities		(67,300,235,491)	(1,112,810,306,828)
Increase/(decrease) in deposits		(97,271,679,325)	(492,195,323,343)
Decrease/(Increase) in financial assets held for trading		(1,092,123,421,994)	42,591,683,011
Increase in financial liabilities held for trading		20,250,982,938	44,608,068,685
Increase in financial assets designated at fair value through profit and loss		(601,316,252,393)	(951,719,208,522)
Increase in financial liabilities designated at fair value through profit and loss		1,279,702,956,088	876,630,135,900
Increase(decrease) in derivative assets and liabilities		(114,901,364,303)	38,188,949,460
Increase in loans and receivables		29,312,849,047	(26,847,895,819)
Decrease(increase) in deposits received		(465,798,909,878)	(494,074,368,287)
Increase(decrease) in borrowings		947,306,682,156	232,008,643,112
Increase(decrease) in retirement benefit and employee benefits obligations		(2,719,738,632)	(1,839,380,602)
Decrease(increase) in other assets		173,923,893,449	86,232,192,559
Decrease(increase) in other liabilities		(144,883,811,023)	(466,887,602,027)
Collective fund for default loss		1,217,578,379	493,799,045
Interests received		258,256,572,923	202,776,816,850
Interests paid		(330,864,963,870)	(247,532,225,875)
Dividends received		9,396,683,571	7,546,225,321
Income taxes paid		(23,032,673,688)	(24,254,674,703)
Net cash (used in) provided by operating activities	₩	<u>(35,290,702,280)</u>	<u>(997,768,769,292)</u>

See accompanying notes to the consolidated financial statements.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Consolidated Statements of Cash flows, Continued
For the years ended March 31, 2013 and 2012

<i>(In won)</i>	<i>Note</i>	2013	2012
Cash flows from investing activities			
Payment for acquisition of available-for-sale financial assets	₩	-	(25,748,628,569)
Proceeds from disposal of available-for-sale financial assets		15,177,925,041	19,923,473,182
Payment for acquisition of investments for associates		(20,074,760,771)	(14,030,816,326)
Proceeds from disposal of investments for associates		2,236,847,212	410,132,118
Payment for acquisition of property and equipment		(175,675,199,894)	(46,844,689,278)
Proceeds from disposal of property and equipment		944,499,000	35,259,839,036
Payment for acquisition of intangible assets		(3,589,757,318)	(464,298,000)
Proceeds from disposal of intangible assets		2,397,012,000	3,103,795,200
Proceeds from disposal of investment properties		15,500,000,000	53,374,499,086
Payment for restoration of property and equipment		(424,329,000)	-
Increase in deposits		(3,594,053,902)	(19,872,629,096)
Decrease in deposit		19,831,333,315	7,120,116,481
Increase in cash and cash equivalent by business combination		-	407,212,509,970
Proceeds from disposal of investments for subsidiaries		-	274,185,634,182
Increase in other assets		-	(143,702,393)
Net cash (used in) provided by investing activities		(147,270,484,317)	693,485,235,593
Cash flows from financing activities			
Issuance of debentures		99,544,800,001	59,690,900,000
Retirement of debentures		-	(60,000,000,000)
Increase in call money		1,173,800,000,000	61,800,000,000
Decrease in call money		(1,235,600,000,000)	-
Increase in borrowings		468,321,943,330	-
Decrease in borrowings		(340,588,466,905)	(109,972,882,853)
Increase in guarantee deposits received		2,302,735,112	53,258,289,815
Decrease in guarantee deposits received		(4,836,746,549)	(67,511,806,237)
Payment for acquisition of treasury stock		(23,329,189,800)	(12,263,794,600)
Issuance of stock		(863,863,503)	(512,640,000)
Payment of dividends		(51,525,356,500)	(59,760,869,660)
Increase(decrease) in borrowings, net		9,081,258,791	4,645,065,592
Net cash (used in) provided by financing activities		96,307,113,977	(130,627,737,943)
Changes in cash and cash equivalent by foreign currencies translation		(16,602,739)	7,024,773,793
Increase in cash and cash equivalent by changes in consolidated group		-	4,515,319,892
Net increase (decrease) in cash and cash equivalents		(86,270,675,359)	(423,371,177,957)
Cash and cash equivalents at beginning of year		271,012,633,174	694,383,811,131
Cash and cash equivalents at end of year	38	₩ 184,741,957,815	271,012,633,174

See accompanying notes to the consolidated financial statements.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended March 31, 2013 and 2012

1. Reporting entity

Daishin Securities Co., Ltd. (the “Parent Company” or the “Company”) and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) are as follows.

1.1 Description of the controlling company

Daishin Securities Co., Ltd. was incorporated as Samrak Securities Co., Ltd. on July 27, 1962, under the Commercial Code of the Republic of Korea, to engage in the securities business operations, including brokerage transactions, trading and underwriting of securities and other related business activities. The Group changed its corporate name to Daishin Securities Co., Ltd. on April 22, 1975, and has been listed on the Korea Exchange since October 1, 1975. The Group has issued global depositary receipts (“GDR”), representing 10 million shares of preferred stock at the London Stock Exchange’s Professional Securities Market since November 2, 2007.

1.2 Description of consolidated subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of the other entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

a) Consolidated subsidiaries as of March 31, 2013 are as follows:

Subsidiaries	Number of Shares	Percentage of ownership (%)	Primary business
Daishin Investment Asset Management Co., Ltd.	5,800,000	100.00	Asset management
Daishin Economic Research Institute Co., Ltd.	495,000	99.00	Service
Daishin Champs Elysees Hwt	10,000	100.00	Service
Daishin Securities Asia Ltd.	10,000,000	100.00	Securities business
Daishin Savings Bank Co., Ltd. (*)	7,120,000	100.00	Saving bank
Daishin Sales Growth Company Fund	6,823,734,176	65.46	Investment trust
DSHF Co., Ltd	2,000,000	100.00	Asset management
Daishin [Balance] Structured Hedge Privately Placed Fund for Qualified Investors Only #1	25,000,000,000	81.97	Investment trust
Daishin [Balance] Corporate Event-driven Privately Placed Fund for Qualified Investors Only #1	8,000,000,000	76.23	Investment trust
Samsung SLS Private Fund of Funds (*)	1,188,810,248	100.00	Investment trust
KTB Smart 30 Private Securities 12 (*)	12,623,145,804	100.00	Investment trust

(*) Daishin Savings Bank entered into the contract with ‘Korea Deposit Insurance Corporation’ as of August 25, 2011. According to the contract above, it took over the related assets and liabilities of ‘Jungang Busan savings Bank’, ‘Busan 2 Savings Bank’ and ‘Domin Savings Bank’ as of August 26, 2011.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

1. Reporting entity, continued

1.2 Description of consolidated subsidiaries, continued

b) The condensed statements of financial position of the consolidated entities as of March 31, 2013 and condensed statements of comprehensive income of the consolidated entities for the years ended March 31, 2013 are as follows:

Subsidiaries		Assets	Liabilities	Operating income	Net income(loss)
Daishin Investment Asset Management Co., Ltd.	₩	37,216,624	451,080	(451,853)	(2,986,287)
Daishin Economic Research Institute Co., Ltd.		6,911,631	314,705	(28,161)	2,581
Daishin Champs Elysees Hwit		1,630,153	1,492,655	(8,604)	16,317
Daishin Securities Asia Ltd.		7,048,807	183,745	(1,457,526)	(1,452,991)
Daishin Savings Bank Co., Ltd. (*)		843,020,320	727,626,686	(11,799,706)	(9,930,119)
Daishin Sales Growth Company Fund		10,440,143	2,866	261,081	261,081
DSHF Co., Ltd		9,428,969	2,011	(422,765)	(422,765)
Daishin [Balance] Structured Hedge Privately Placed Fund for Qualified Investors Only #1		30,546,683	154	-	-
Daishin [Balance] Corporate Event-driven Privately Placed Fund for Qualified Investors Only #1		10,514,756	940	-	-
Samsung SLS Private Fund of Funds		503,645	30	(376,929)	(376,929)
KTB Smart 30 Private Securities 12		7,930,043	4,222	(3,229,318)	(3,229,318)

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

1.3 Changes in subsidiaries

The list of subsidiaries that were newly acquired from consolidation for the year ended March 31, 2013 is as follows:

Subsidiaries	Reason
Daishin Sales Growth Company Fund (*)	Additional acquisition
DSHF Co., Ltd	Foundation
Daishin [Balance] Structured Hedge Privately Placed Fund for Qualified Investors Only #1 (*)	Foundation
Daishin [Balance] Corporate Event-driven Privately Placed Fund for Qualified Investors Only #1 (*)	Foundation

(*) Included in consolidated subsidiaries for the year ended March 31, 2013 due to over-50% ownership

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”), as prescribed *in the Act on External Audits of Corporations in the Republic of Korea*.

2.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, unless otherwise specified.

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value
- liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets and unrecognized past service costs

2.3 Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Korean won, which is the controlling entity’s functional.

2.4 Use of estimates and judgments

The preparation of consolidated financial statements requires the application of accounting policies, certain critical accounting estimates and assumptions that may have a significant impact on assets/liabilities and income/expenses. The managements’ estimate of outcome may differ from an actual outcome if the managements’ estimate and assumption based on its best judgment at the reporting date are different from an actual environment.

Estimates and assumptions are continually evaluated and the change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or the period of the change and future periods, if the change affects both.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

2. Basis of Preparation, continued

2.4 Use of estimates and judgments, continued

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 6 -- Fair value of financial instruments
- Note 12 -- Provisions of credit losses
- Note 22 -- Measurement of defined benefit obligations
- Note 23 -- Provisions for liabilities and charges
- Note 34 -- Income taxes

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 3.(8) -- Impairment of financial assets
- Note 3.(12) -- Investment property

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies

The significant accounting policies applied by the entity in preparation of its consolidated financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.1 Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of the other entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

(b) Special purpose entities

The Group has established a number of special purpose entities (SPEs) for trading and investment purposes. The Group does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

(c) Intra-group transactions

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Intra-group losses are recognized as expense if intra-group losses indicate an impairment that requires recognition in the consolidated financial statements.

(d) Non-controlling interests

Non-controlling interests in a subsidiary are accounted for separately from the parent's ownership interests in a subsidiary. Each component of net profit or loss and other comprehensive income is attributed to the owners of the parent and non-controlling interest holders, even when the allocation reduces the non-controlling interest balance below zero.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies, continued

3.2 Associates and jointly controlled entities

An associate is an entity in which the Group has significant influence, but not control, over the entity's financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement, and require unanimous consent for strategic financial and operating decisions.

The investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss and changes in equity of the associate after the date of acquisition. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Intra-group losses recognized as expense if intra-group losses indicate an impairment that requires recognition in the consolidated financial statements.

If an associate uses accounting policies different from those of the Company for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in applying the equity method.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has to make payments on behalf of the investee for further losses.

3.3 Operating segments

Operating segments are components of the Group about which consolidated financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. As describe note 5, there are 9 reporting segments and each is the strategic business unit. Each strategic business unit offers different products and services and is managed separately because it has different risks and opportunities requiring different technology and marketing strategies.

Segment information includes the items which are directly attributable and reasonably allocated to the segment.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and are used by the Group in management of its short-term commitments. Generally equity investments are excluded from cash and cash equivalents. However, redeemable preference shares, for which the period from the acquisition to redemption is short, are classified as cash and cash equivalents.

3. Significant accounting policies, continued

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3.5 Foreign currency transaction

(a) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Foreign operation

If the presentation currency of the Group is different from a foreign operation's functional currency, the financial statements of the foreign operation are translated into the presentation currency using the following methods:

The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated to presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation is treated as assets and liabilities of the foreign operation. Thus they are expressed in the functional currency of the foreign operation and translated at the closing rate.

When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the translation reserve.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies, continued

3.6 Non-derivative financial assets

The Group recognizes and measures non-derivative financial assets by the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Group recognizes financial assets in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Categories	Accounts
Financial assets at fair value through profit or loss	Financial assets held for trading, financial assets designated at fair value through profit or loss, derivatives assets
Held-to-maturity investments	Securities held-to-maturity
Available-for-sale financial assets	Financial assets held for available-for-sale, Collective fund for default loss
Loans and receivables	Cash and deposits, loans, other assets(*)

(*) Several accounts such as receivables, unearned revenues, lease deposits are classified to 'Loans and receivables'.

Upon initial recognition, non-derivative financial assets are measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the asset's acquisition or issuance.

(a) Financial assets and liabilities at fair value through profit or loss

A financial asset is classified as financial assets are classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Group may designate certain financial assets, other than held for trading, upon initial recognition as at fair value through profit or loss when one of the following conditions is met:

- It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.
- A group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the financial assets is provided internally on that basis to the Group's key management personnel.
- A contract contains one or more embedded derivatives; the Group may designate the entire hybrid (combined) contract as a financial asset at fair value through profit or loss if allowed by K-IFRS 1039, *Financial Instruments: Recognition and measurement*.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies, continued

3.6 Non-derivative financial assets, continued

(b) Held-to-maturity investments

A non-derivative financial asset with a fixed or determinable payment and fixed maturity, for which the Group has the positive intention and ability to hold to maturity, are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Subsequent to initial recognition, they are measured at fair value, which changes in fair value, net of any tax effect, recorded in other comprehensive income in equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

When a financial asset is derecognized or impairment losses are recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Dividends on an available-for-sale equity instrument are recognized in profit or loss when the Group's right to receive payment is established.

(d) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method except for loans and receivables of which the effect of discounting is immaterial.

(e) De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

(f) Offsetting between financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Group currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies, continued

3.7 Derivative financial instruments

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

(a) Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately only if the following criteria have been met:

- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

(b) Other derivative financial instruments

Changes in the fair value of other derivative financial instrument not designated as a hedging instrument are recognized immediately in profit or loss.

(c) Day one profit and loss

If the Group uses a valuation technique that incorporates data not obtained from observable markets for the fair value at initial recognition of the financial instrument, there may be a difference between the transaction price and the amount determined using that valuation technique. In these circumstances, the fair value of the financial instrument is recognized as the transaction price and the difference is amortized by using the straight-line method over the life of the financial instrument. If the fair value of the financial instrument is subsequently determined using observable market inputs, the remaining deferred amount is recognized in profit or loss.

(d) Adjustment for credit risk

When applying credit risk related with evaluation of fair value for derivatives including derivatives combined securities, in case of pit trading derivatives, the Group is not applying the credit risk due to trade is incurring through the market which has public confidence and it cannot identify specific counterparty. However, it applies the credit risk only off-board transactions of derivatives for evaluation of fair value.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies, continued

3.8 Fair value

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Group establishes fair value by using highly accredited independent credit rating agencies in Korea or adopting a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis, etc.

The fair value measurement of a financial instrument is classified between 'Level 1', 'Level 2' and 'Level 3' of the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. If the Level 1 or Level 2 fair value differs from the actual consideration, the difference is recognized in profit or loss. If the Level 3 fair value differs from the actual consideration, the difference is deferred and amortized over the life of the financial instrument using the straight-line method. The details of fair value hierarchy are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., prices) or indirectly (e.g., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the valuation techniques used did not incorporate all factors that market participants would consider in setting a price, the fair value is further adjusted for those missing factors, such as credit risk of the counter party, bid price, ask price, relationship between inputs, etc.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies, continued

3.9 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. However, losses expected as a result of future events, regardless of likelihood, are not recognized.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- For economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data suggesting that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, even though the decrease cannot be identified with respect to individual financial assets in the portfolio.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If financial assets have objective evidence that they are impaired, impairment losses should be measured and recognized.

(a) Loans and receivables

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies, continued

3.9 Impairment of financial assets, continued

The Group first assesses whether objective evidence of impairment exists for loans and receivables that are individually significant at the specific asset level. Financial assets that are not individually significant are reviewed at the collective level. If there is no objective evidence of impairment that exists for an individually assessed financial asset, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

i) Individual impairment loss

If there is an objective evidence for impairment, individual impairment loss is measured by considering the present value of estimated future cash flows from loans and receivables. The Group estimates the future cash flows by using the counterparties' financial status such as operating cash flows and considering available information such as net realizable value of collaterals received.

ii) Collective impairment loss

Future cash flows of financial assets that are assessed for impairment at the collective level are estimated based on historical impairment experience. The Group uses estimation modeling method to measure the incurred losses embedded in financial instrument portfolios. The Group considers the various factors such as the types of products and borrowers, credit rate, a balance of portfolios, loss emergence period, and timing of recovery through modeling method and applies the probability of default and loss given default to each asset (or portfolios). In addition, assumptions are applied to the modeling method in order to measure the incurred loss and determine the input data based on historical experience and current status. Method and assumptions above are periodically reviewed for reconciling the difference between the impairment loss estimated and actual loss incurred.

(b) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies, continued

3.10 Property and equipment

Property, plant and equipment are initially measured at cost. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. In addition, in the preparation of the opening K-IFRS statement of financial position on the date of transition to K-IFRS, the Group elected to measure part of land and buildings at fair value at the date of transition and use those values as their deemed costs in accordance with the K-IFRS No. 1101 First-time Adoption of K-IFRS. Revaluation gains on property, plant and equipment measured at fair value are restricted to be provided as dividends according to the resolution from board of directors.

After initial recognition, property, plant and equipment, except for land are carried at cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of property and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed. A component that is significant compared to the total cost of property and equipment is depreciated over its separate useful life. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized in profit or loss.

The estimated useful lives of the assets and depreciation method are as follows:

Property and equipment	Depreciation method	Estimated useful lives
Buildings	Straight-line method	40 years
Vehicles	Straight-line method	5 years
Supplies	Straight-line method	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies, continued

3.11Borrowing costs

The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale. To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. Other borrowing costs are recognized in expense as incurred.

3.12Intangible assets

Intangible assets are measured initially at cost and, subsequently, are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets except for goodwill is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which club memberships are expected to be available for use, this intangible asset is determined as having indefinite useful lives and not amortized.

<u>Intangible assets</u>	<u>Useful lives (years)</u>
Develop cost	5 years
Other intangible assets	indefinite

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

3. Significant accounting policies, continued

3.13 Investment property

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as investment property. Investment property is measured initially at cost. Subsequently investment property is carried at cost less accumulated amortization and accumulated impairment losses.

Property and equipment	Depreciation method	Estimated useful lives
Investment property	Straight-line method	40 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

3.14 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than assets arising from employee benefits and deferred tax assets, are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

The Group estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then the Group estimates the recoverable amount of cash-generating unit ("CGU"). A CGU is the smallest identifiable company of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the goodwill acquired. Any impairment identified at the CGU level will first reduce the carrying value of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Except for impairment losses in respect of goodwill which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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3. Significant accounting policies, continued

3.15 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. In order to be classified as held for sale, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. The assets or disposal group that are classified as non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

A non-current asset that is classified as held for sale or part of a disposal group classified as held for sale is not depreciated (or amortized).

The Group recognizes an impairment loss for any initial or subsequent write-down of an asset (or disposal group) to fair value less costs to sell, and a gain for any subsequent increase in fair value less costs to sell, up to the cumulative impairment loss previously recognized in accordance with K-IFRS No. 1036, *'Impairment of Assets'*.

3.16 Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into financial liabilities at fair value through profit or loss or financial liabilities at amortized cost in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. The Group recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

Categories	Accounts
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading, financial liabilities designated at fair value through profit or loss, derivatives liabilities
Financial liabilities at amortized cost	Deposit liabilities, borrowings, debentures, other liabilities(*)

(*) Several accounts such as unpaid dividends, account payables, unpaid expenses, lease deposit received are classified to *'other liabilities'*.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as such upon initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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3. Significant accounting policies, continued

3.15 Non-derivative financial liabilities, continued

(b) Financial liabilities at amortized cost

Non-derivative financial liabilities other than financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. At the date of initial recognition, the financial liabilities at amortized cost are measured at fair value minus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition, the financial liabilities are measured at amortized cost using the effective interest method.

The Group derecognizes a financial liability from the consolidated statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

3.17 Derivatives-combined Securities and derivatives-combined securities sold

Equity-linked securities are recorded as assets at the purchase price, and equity-linked securities sold are recorded as a liability at the issuance price. Gains or losses upon redemption are recorded as a gain or loss on the redemption, and the difference with the estimated value and the book value at the end of the reporting period is recorded as a gain or loss on valuation.

3.18 Securities sold under repurchase

Under the repurchase agreements, the Group records securities sold under repurchase agreements at the amount of securities sold. Also the Group records the difference between the repurchase price and the price of the securities sold as interest expense.

Meanwhile under the resale agreements, the securities purchased under resale agreements are stated at acquisition cost. The Group records the difference between the securities resale price and acquisition cost as interest income.

3.19 Collective fund for default loss

Pursuant to Article No. 394 of the Financial Investment Services and Capital Markets Act and its Enforcement Ordinance No. 362, collective fund for default loss is reserved to compensate losses resulting from breaching of securities contract in the Korea Exchange. The Group reserves the collective fund for default loss (available for-sale) at ₩1,000 million of the reserve and reserves the variable reserve calculated by multiplying the proportion of the Group's average daily transaction amount to the average daily transaction amount of security market of the year just before the end of the last quarter.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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3. Significant accounting policies, continued

3.20 Equity instrument issued by the Group

Equity instrument is any contract or agreement that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

(a) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or exercise of share options are deducted, net of tax, from the equity.

(b) Preferred shares

The preferred shares are classified as equities if; not need to redeem, only redeem according to the Group's choice or the dividends are decided by the Group's discretion. And the Group recognizes the dividends when approved by the shareholders.

The preferred shares are classified as liabilities if the shareholders are able to recourse for the amount that is settled or possible to settle at the specific date or after the specific date. And the Group recognizes the dividends as interest expense when the dividends are incurred.

(c) Treasury shares

If the Group reacquires its own equity instruments, those instruments ('treasury shares') are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

3.21 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

(b) Other long-term employee benefits

Other long-term employee benefits include employee benefits that are settled beyond 12 months after the end of the period in which the employees render the related service, and are calculated at the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, less the fair value of any related assets.

The present value is determined by discounting the expected future cash flows using the interest rate of high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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3. Significant accounting policies, continued

3.21 Employee benefits, continued

(c) Retirement benefits : defined contribution plans

The Group has defined contribution plans and recognizes as expense the severance benefits provided for the period. If the Group has shortage of payment, it recognized as accrued expenses. However, overpaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(d) Retirement benefits : defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan assets is deducted. The calculation is performed annually by an independent actuary using the projected unit credit method. The discount rate is the yield at the reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Group recognizes all actuarial gains and losses arising from actuarial assumption changes and experiential adjustments in other comprehensive income when incurred.

When the fair value of plan assets exceeds the present value of the defined benefit obligation, the Group recognizes an asset, to the extent of the total of cumulative unrecognized past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in the future contributions to the plan.

Past service costs which are the change in the present value of the defined benefits obligation for employee service in prior periods, resulting in the current period from the introduction of, or change to post-employment benefits, is recognized as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the Group recognizes the past service cost immediately.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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3. Significant accounting policies, continued

3.22 Share-based payment transactions

The Group has granted shares or share options to its employees and other parties. For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity as a capital adjustment at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot reliably estimate the fair value of the goods or services received, the Group measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. If the fair value of the equity instruments cannot be estimated reliably at the measurement date, the Group measures them at their intrinsic value and recognizes the goods or services received based on the number of equity instruments that ultimately vest.

For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at each reporting date and at the date of settlement, with changes in fair value recognized in profit or loss for the period.

3.23 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. A provision shall be used only for expenditures for which the provision was originally recognized.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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3. Significant accounting policies, continued

3.24 Revenue recognition

(a) Interest income and expenses

Interest income and expenses are recognized in the statement of other comprehensive income, under effective interest method. Effective interest method is a method of calculating the amortized cost of financial asset or liability and of allocating interest income or expenses over the relevant period.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. Also, the calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all premiums or discounts. When it is not possible to estimate reliably the cash flows or the expected life of a financial instrument, the Group uses the contractual cash flows over the full contractual term of the financial instrument to calculate its effective interest rate.

Once a financial asset or a Group of financial assets with the similar characteristics has been written down as a result of impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

b) Other fees and commissions

Revenue recognition for fees and commission depends on the types of services rendered by the Group. Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income are recognized as the related services are performed. In addition, fees and commission earned as significant activity is performed are immediately recognized when significant activity is complete.

c) Net gain(loss) on financial instrument designated at fair value through profit or loss

The net gain(loss) on financial instrument designated at fair value through profit or loss are including gains and losses (such as changes in fair value, interests, dividends, foreign currency translation gain and loss) related to financial instruments.

- Designated financial assets and liabilities at fair value through profit or loss
- Gain(loss) related financial derivatives held for sale (including financial derivatives held for risk management which fail to satisfy the risk aversion accounting requirements)

d) Dividends

Dividend income is recognized when the right to receive dividends is established.

3. Significant accounting policies, continued

3.25 Income tax expense

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is calculated based on the taxable profit for the year. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit. Income tax payable is calculated using the tax rates enacted or substantively enacted at the reporting date.

The Group had adopted the consolidated tax return system. Current tax was calculated for the whole consolidated group and allocated to the Group on a prorate basis its portion of total taxable income of the consolidated group. Each subsidiary recognized deferred tax assets or liabilities based on probability of realization of temporary differences considering the expected future taxable income of the whole consolidated group.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and accounted for under the asset and liability method. Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are only recognized for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, and the Group intends to settle current tax liabilities and assets on a net basis.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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3. Significant accounting policies, continued

3.26 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares in the statements of comprehensive income. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares. The Group calculates earning per share for the preferred stock since the preferred stock is eligible to participate in division of profits.

3.27 Trust accounts

The Group accounts trust asset separately from the owner's assets, recognizes any fees received in relation to operation, management and disposition of the trust assets as trust fees and commissions in operating revenue.

3.28 Borrowing securities and securities sold

If securities are borrowed from Korea Securities Depository, the Group presents the borrowed securities in the consolidated statement of financial position as memorandum account. In addition, if the related securities are sold, the Group recognizes securities sold as liability in the statement of financial position. When the Group redeems by purchase the securities, the difference amount between purchasing price and selling price is recognized as gain(loss) on trading and changed amount of market price is recognized as gains(losses) on valuation.

In case of short stock selling, the Group recognizes it as the securities sold, even if it is not traded as a loan transaction.

3.29 New standards and interpretations not yet adopted

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Group for annual periods beginning after April 1, 2012, and the Group has not early adopted them.

Management believes the impact of the amendments on the Group's consolidated financial statements is not significant.

a) K-IFRS No.1110, 'Consolidated Financial Statements'

The standard introduces a single control model to determine whether an investee should be consolidated. The standards are effective for annual periods beginning on or after January 1, 2013.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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3. Significant accounting policies, continued

3.29 New standards and interpretations not yet adopted, continued

b) K-IFRS No.1111, 'Joint Arrangements'

The standard classifies joint arrangements into two types - joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities and the related revenues and expenses in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venturer to recognize an investment and to account for that investment using the equity method. The standards are effective for annual periods beginning on or after January 1, 2013.

c) K-IFRS No.1112, 'Disclosure of Interests in Other Entities'

The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests. The standards are effective for annual periods beginning on or after January 1, 2013.

d) Amendments to K-IFRS No. 1019, 'Employee Benefits'

The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation. The standard will be applied retrospectively for the Group's annual periods beginning on or after January 1, 2013.

e) K-IFRS No. 1113, 'Fair Value Measurement'

The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements. The standard will be applied prospectively for the Group's annual periods beginning on or after January 1, 2013.

f) Amendments to K-IFRS No. 1001, 'Presentation of Financial Statements'

The amendments require presenting in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment is mandatorily effective for annual periods beginning on or after July 1, 2012.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management

4.1 Summary

(a) Overview of financial risk management

The financial risks that the Company is exposed to are credit risk, liquidity risk and market risk. The note regarding financial risk management provides information about the risks that the Company is exposed to, including the objectives, policies and processes for managing the risks, the methods used to measure the risks, and capital adequacy. Additional quantitative information is disclosed throughout the separate financial statements.

(b) Financial risk management

The board of directors has overall responsibilities for the Company's establishment of risk management systems and supervision. And it constitutes and operates the risk management committee which has responsibility for establishing the sectorial risk management policies and monitoring for the Company.

The Company's risk management policies are established in order to distinguish and analyze the risk that the Company is exposed to, set-up the limit of the risks, and control and monitor whether the Company complies with the limit of the risks. The risk management policies and systems are periodically checked to reflect the changes of market conditions, instruments offered and services. The Company aims to make the employee understand their roles and obligations, and structural control environment by education and training, and management standards and procedures.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

4.2 Credit risk

(a) Overview of credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation and consists of expected loss and unexpected loss. Exposure to the credit risk mainly occurs in loan process or debt security investments. For the risk management objective, the Group is considering every factor of the exposure credit risks such as individual debtor's default, countries and specific sector.

Through the credit risk of securities for trading are managed individually, it is reported as part of market risk for the risk management objective.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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4. Financial risk management, continued

4.2 Credit risk, continued

(b) Credit risk management

The board of directors delegates management responsibilities of credit risk to the risk management committee. The independent office, which reports the details listed below to the risk management committee, has the responsibility supervising credit risk. The risk management committee establishes credit risk policies including evaluation objects and procedures, managing limitation, and measuring and managing the credit risks.

- Review and evaluation of credit risk: The risk management office evaluates individual counterparty's amount of credit exposure and monitors the risk whether it exceeds the set limitation.
- The evaluating analysis office performs post monitoring for entities which have a secured loan, transferred receivables, evaluation and approval of projects.
- The measurement of credit risk is managed by using estimate method of credit risk determined by the Financial Supervisory Service and Credit VaR designed by the Bank of International Settlement(BIS).
- It limits the concentration of credit risks each counterparty, associate, grade, and maturity.
- In order to effective credit risk management, the risk management office is operating credit risk management system separately and maintain up-to-date system.

The internal auditors perform periodic inspection for business process of the credit risk office.

(c) Maximum exposure to credit risk

- i) The Group's maximum exposures of financial instruments to credit risk without consideration of collateral values as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

	March 31, 2013			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cash and due from financial institutions	₩ 2,037,508,111	-	-	2,037,508,111
Financial assets at fair value through profit or loss	7,333,412,756	-	-	7,333,412,756
Financial assets held for trading	4,630,458,515	-	-	4,630,458,515
Derivative assets	301,866,979	-	-	301,866,979
Financial assets designated at fair value through profit or loss	2,401,087,262	-	-	2,401,087,262
Available-for-sale financial assets	5,528,392	-	-	5,528,392
Loan receivables	1,132,359,946	18,230,996	133,987,510	1,284,578,452
Others	609,855,996	-	6,077,060	615,933,056
	₩ 11,118,665,201	18,230,996	140,064,570	11,276,960,767

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.2 Credit risk, continued

(in thousands of Korean won)

	March 31, 2012			
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cash and due from financial institutions	₩ 2,001,189,991	-	-	2,001,189,991
Financial assets at fair value through profit or loss	5,700,890,527	-	-	5,700,890,527
Financial assets held for trading	3,513,948,592	-	-	3,513,948,592
Derivative assets	405,820,517	-	-	405,820,517
Financial assets designated at fair value through profit or loss	1,781,121,418	-	-	1,781,121,418
Available-for-sale financial assets	21,364,058	-	-	21,364,058
Loan receivables	1,198,486,862	32,023,400	94,888,828	1,325,399,090
Others	792,777,054	-	512,265	793,289,319
	<u>₩ 9,714,708,492</u>	<u>32,023,400</u>	<u>95,401,093</u>	<u>9,842,132,985</u>

(ii) Off balance account

Maximum degree of exposure on credit risk as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

	March 31, 2013	March 31, 2012
Purchase guarantee commitments	₩ 97,400,000	224,000,000
Bond acceptance commitments	40,000,000	-
Loan contract	33,443,166	98,707,683

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For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.2 Credit risk, continued

(d) Impaired financial assets

Impaired financial assets as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013			
		Receivable amount	%	Receivable amount	Carrying amount
Loan receivables	₩	263,518,078	95.83	(129,530,568)	133,987,510
Others		11,475,263	4.17	(5,398,203)	6,077,060
	₩	274,993,341	100.00	(134,928,771)	140,064,570

(in thousands of Korean won)

		March 31, 2012			
		Receivable amount	%	Receivable amount	Carrying amount
Loan receivables	₩	316,929,483	98.13	(222,040,655)	94,888,82
Others		6,027,613	1.87	(5,515,348)	512,265
	₩	322,957,096	100.00	(227,556,003)	95,401,093

(e) Evaluation of overdue status for financial assets that are past due but not impaired financial assets that are past due but not impaired as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013			
		1 ~ 29 days	30 ~ 59 days	60 ~ 89 days	Total
Loan receivables	₩	12,707,302	3,265,557	2,258,137	18,230,996

(in thousands of Korean won)

		March 31, 2012			
		1 ~ 29 days	30 ~ 59 days	60 ~ 89 days	Total
Loan receivables	₩	24,889,848	4,095,262	3,038,290	32,023,400

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Notes to Consolidated Financial Statements, Continued
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4. Financial risk management, continued

4.2 Credit risk, continued

(f) Restructured conditions of financial assets

The loans receivable adjusted through principal reduction, debt for equity swaps and interest rate reduction due to work-out, as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)	March 31, 2013						
	Date of restructuring	Final repayment date	Discount rate (%)		Nominal Value	Present Value	Difference
Debentures:							
Kumho Industrial Co., Ltd	March 30, 2010	December 31, 2014	11.24	₩	371,567	337,512	34,055
(in thousands of Korean won)	March 31, 2012						
	Date of restructuring	Final repayment date	Discount rate (%)		Nominal Value	Present Value	Difference
Debentures:							
Namsun Aluminium Co., Ltd	April 3, 2006	December 31, 2012	10.50	₩	518,783	509,753	9,030
Kumho Industrial Co., Ltd	March 30, 2010	December 31, 2014	11.24		371,567	320,823	50,744
				₩	890,350	830,576	59,774

(g) Details and estimated value for collaterals

The fair value of collaterals for each financial asset as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)	March 31, 2013				
	Type of collateral	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Financial assets at fair value through profit or loss					
	Cash equivalents	₩ 921,832,200	-	-	921,832,200
Derivatives	Marketable securities	1,588,696,603	-	-	1,588,696,603
Loans and receivables					
Brokers' Loans	Marketable securities	684,234,399	-	-	684,234,399
Loans secured by deposits	Cash equivalents	1,908,320	112,507	31,912	2,052,739
General loans	Real estate	158,654,130	14,976,137	106,261,358	279,891,625
		₩ 3,355,325,652	15,088,644	106,293,270	3,476,707,566

The Group is provided with ₩7,660 million of guarantee by Seoul Guarantee Insurance Co., Ltd. for the loans of employees and it has ₩75,800 million of collateral security and leasehold rights in regard to leasehold deposits as of March 31, 2013.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.2 Credit risk, continued

(in thousands of Korean won)

		March 31, 2012			
	Type of collateral	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Financial assets at fair value through profit or loss					
	Cash equivalents	₩ 403,620,000	-	-	403,620,000
Derivatives	Marketable securities	1,340,254,578	-	-	1,340,254,578
Loans and receivables					
Brokers' Loans	Marketable securities	757,099,816	3,236,511	-	760,336,327
Loans Secured by Deposits	Cash equivalents	441,438	3,320,751	254,303	4,016,492
General Purpose Loans	Real estate	141,370,517	17,405,423	82,502,373	241,278,313
		₩ 2,642,786,349	23,962,685	82,756,676	2,749,505,710

The Group is provided with ₩7,925 million of guarantees by Seoul Guarantee Insurance Co., Ltd. for the loans of employees and it has ₩82,623 million of collateral security and leasehold rights in regard to leasehold deposits as of March 31, 2012.

(h) Credit quality and concentration of credit risks

Loans and receivables that are exposed to credit risk as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013			
		Normal	Precautionary	Substandard	Total
Cash and due from financial institutions	₩	2,037,508,111	-	-	2,037,508,111
Loan receivables		1,055,428,712	112,936,426	116,213,314	1,284,578,452
Others		609,855,996	-	6,077,060	615,933,056
	₩	3,702,792,819	112,936,426	122,290,374	3,938,019,619

(in thousands of Korean won)

		March 31, 2012			
		Normal	Precautionary	Substandard	Total
Cash and due from financial institutions	₩	2,001,189,991	-	-	2,001,189,991
Loan receivables		1,198,486,862	32,023,400	94,888,828	1,325,399,090
Others		792,777,054	-	512,265	793,289,319
	₩	3,992,453,907	32,023,400	95,401,093	4,119,878,400

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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4. Financial risk management, continued

4.2 Credit risk, continued

Credit quality of loans and receivables are classified by applying the Forward Looking Criteria. Credit quality and concentration of graded credit rating risk for securities which are exposed to credit risk as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

(in thousands of Korean won)		March 31, 2013							
		Government and public bonds(*)	AAA	AA	A	BBB	BB	Under B	Total
Financial assets that are neither past due nor impaired									
Financial assets at fair value through profit or loss	₩	3,193,353,570	1,847,273,209	1,042,226,477	1,023,258,292	222,492,345	-	4,808,863	7,333,412,756
Financial assets held for trading		2,590,326,122	1,239,364,819	373,593,067	373,782,480	48,583,164	-	4,808,863	4,630,458,515
Derivative assets		15,557,590	52,714,474	126,473,872	26,655,476	80,465,567	-	-	301,866,979
Financial assets designated at fair value through profit or loss		587,469,858	555,193,916	542,159,538	622,820,336	93,443,614	-	-	2,401,087,262
Available-for-sale financial assets		4,638,825	-	-	889,567	-	-	-	5,528,392
	₩	3,197,992,395	1,847,273,209	1,042,226,477	1,024,147,859	222,492,345	-	4,808,863	7,338,941,148

(*) Amounts not defined under a credit rating such as national bonds and pit trading derivative assets

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For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.2 Credit risk, continued

(in thousands of Korean won)

(in thousands of Korean won)		March 31, 2012							
		Government and public bonds(*)	AAA	AA	A	BBB	BB	Under B	Total
Financial assets that are neither past due nor impaired									
Financial assets at fair value through profit or loss	₩	2,114,810,339	1,235,093,342	1,280,436,954	843,797,182	223,354,737	2,929,222	468,751	5,700,890,527
Financial assets held for trading		1,718,890,592	839,501,002	458,908,850	421,602,388	71,647,787	2,929,222	468,751	3,513,948,592
Derivative assets		5,202,907	181,254,243	109,254,494	16,829,710	93,279,163	-	-	405,820,517
Financial assets designated at fair value through profit or loss		390,716,840	214,338,097	712,273,610	405,365,084	58,427,787	-	-	1,781,121,418
Available-for-sale financial assets		15,603,166	-	5,760,892	-	-	-	-	21,364,058
	₩	2,130,413,505	1,235,093,342	1,286,197,846	843,797,182	223,354,737	2,929,222	468,751	5,722,254,585

(*) Amounts not defined under a credit rating such as national bonds and pit trading derivative assets

Credit quality of securities is classified by credit rating published by Korea Investors Service Inc.(KIS) and others which have public confidence.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.2 Credit risk, continued

As regard to trading the securities, details of the receivables classified as other assets such as loans and other receivables as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012
Receivables for proprietary trading	₩	20,716,180	97,974,750
Receivables for brokerage		432,100,727	532,163,863
	₩	<u>452,816,907</u>	<u>630,138,613</u>

As regards investment brokerage trading of securities, the Group recognizes receivables and payables arising from the trading between Korea Stock Exchange and the customer at the date of the transaction. As regards specified investment brokerage business, in accordance with relating regulations, the Group is exposed to the credit risks from the date of the contract to settlement date (commonly, in two business days from the date of making a contract). As Central Counterparty, 'CCP'), the Korea Stock Exchange reduces default risk through operating Collective Fund for Default Loss, the Group reduces the risk through customer margin. If the customer does not pay off their debts until settlement date, the Group is able to recover the payment through liquidation. Therefore, the actual credit risks the Group bears are related with price risk of securities between the date of the contract and settlement date.

As regards specified investment trading of securities, the Group recognizes receivables and payables at the date of the transaction arising from the trading with Korea Stock Exchange in case of pit trading, and customer in case of off-board transactions respectively. Therefore, the Group is exposed to price risk and credit risk between the date of making a contract and settlement date.

(i) Analysis of concentration ratio for credit risks

Before considering possessing collateral and other credit reinforcement, the loans receivable of Group's counterparties are mostly concentrated on domestic accounts. Component ratios of loans receivable as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013			
		Amount	Ratio (%)	Allowances	Carrying amount
Retail	₩	882,997,184	61.94	(45,947,366)	837,049,818
Corporate		542,668,848	38.06	(95,140,214)	447,528,634
	₩	<u>1,425,666,032</u>	<u>100.00</u>	<u>(141,087,580)</u>	<u>1,284,578,452</u>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.2 Credit risk, continued

(in thousands of Korean won)

		March 31, 2012		
		Amount	Ratio (%)	Allowances
				Carrying amount
Retail	₩	955,487,952	61.32	(71,035,018)
Corporate		602,750,179	38.68	(161,804,023)
	₩	<u>1,558,238,131</u>	<u>100.00</u>	<u>(232,839,041)</u>
				<u>1,325,399,090</u>

Industrial classification of loans receivable as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013		
		Amount	Ratio (%)	Allowances
				Carrying amount
Finance	₩	224,664,576	15.76	(3,222,844)
Manufacture		77,755,466	5.45	(53,696,426)
Others(*)		1,123,245,990	78.79	(84,168,310)
	₩	<u>1,425,666,032</u>	<u>100.00</u>	<u>(141,087,580)</u>
				<u>1,284,578,452</u>

(in thousands of Korean won)

		March 31, 2012		
		Amount	Ratio (%)	Allowances
				Carrying amount
Finance	₩	240,072,668	15.41	(7,868,750)
Manufacture		118,657,906	7.61	(53,786,925)
Others(*)		1,199,507,557	76.98	(171,183,366)
	₩	<u>1,558,238,131</u>	<u>100.00</u>	<u>(232,839,041)</u>
				<u>1,325,399,090</u>

(*) If the counterparty is individual, the loans receivable are classified as others.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.2 Credit risk, continued

Before considering possessing collateral and other credit reinforcement, classifications of the Group's securities (debt securities) by industry as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)	March 31, 2013		March 31, 2012	
	Amount	%	Amount	%
Financial assets held for trading				
Government and government funded institutions	₩ 3,134,705,678	48.00	2,339,337,895	46.09
Banking and Insurance	707,643,768	10.83	546,954,857	10.77
Others	788,109,069	12.07	627,655,840	12.36
	<u>4,630,458,515</u>	<u>70.90</u>	<u>3,513,948,592</u>	<u>69.22</u>
Financial assets designated at fair value through profit or loss				
Government and government funded institutions	772,362,375	11.83	599,974,421	11.82
Banking and Insurance	517,127,671	7.92	393,141,036	7.74
Others	605,799,406	9.28	548,473,780	10.80
	<u>1,895,289,452</u>	<u>29.03</u>	<u>1,541,589,237</u>	<u>30.36</u>
Available-for-sale financial assets				
Government and government funded institutions	5,528,392	0.07	14,697,916	0.29
Banking and Insurance	-	-	5,760,892	0.11
Others	-	-	905,250	0.02
	<u>5,528,392</u>	<u>0.07</u>	<u>21,364,058</u>	<u>0.42</u>
	<u>₩ 6,531,276,359</u>	<u>100.00</u>	<u>5,076,901,887</u>	<u>100.00</u>

Before considering possessing collateral and other credit reinforcement, classifications of the Group's securities(debt securities) by location as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)	March 31, 2013		March 31, 2012	
	Amount	%	Amount	%
Domestic	₩ 6,377,093,569	97.64	4,899,297,007	96.50
Foreign	154,182,790	2.36	177,604,880	3.50
	<u>₩ 6,531,276,359</u>	<u>100.00</u>	<u>5,076,901,887</u>	<u>100.00</u>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.3 Liquidity risk

(a) Overview of liquidity risk

Liquidity risk is the risk occurred when there are no financial resources to repay remains outstanding on maturity due to deficiency of liquidity or financial resources are raised by only abnormal expenses like raising fund by high interest rate or unfavorable sales of assets though solvency of the group is enough to pay. Relating with liquidity risk, the group discloses maturity analysis of all financial assets and liabilities in 6 groups.

Cash flows disclosed for the maturity analysis are undiscounted contractual principal and interest to be received (paid) and, thus, differ from the amount in the financial statements which are based on the present value of expected cash flows in some cases. The amount of interest to be received or paid on floating rate assets and liabilities is measured on the assumption that the current interest rate would be the same upon maturity.

(b) Liquidity risk management

The purpose of managing liquidity risk is obtaining stable base of profit by predicting change factor of liquidity with raising and operating fund and securing optimal level of liquidity through systematic management. And then, ultimate object is finding balance between profitability and liquidity and efficiently managing and maintaining the balance.

The Group periodically calculates liquidity gap and liquidity ratio for managing liquidity risk. As of March 31, 2013 and 2012 liquidity gap and liquidity ratio are as follows:

<i>(in millions of Korean won)</i>		March 31, 2013	March 31, 2012
Liquidity gap	₩	815,314	1,936,585
Liquidity ratio (%)	%	115.89	121.31

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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4.3 Liquidity risk, continued

(c) Analysis on remaining contractual maturity of financial assets and liabilities

Financial statement items

Financial assets and liabilities subject to liquidity risk disclosure requirements as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013						
		On demand	Up to 1 month	1-3 months	3-12 months	1-3 years	Over 3 years	Total
Financial Assets								
Cash and due from financial institutions	₩	998,488,115	281,326,767	140,091,278	631,942,716	9,894,878	-	2,061,743,754
Financial assets at fair value through profit or loss		4,686,459,507	2,264,163,130	161,108,327	128,169,661	338,434,509	108,832,583	7,687,167,717
Financial assets held for trading		4,478,494,932	124,448,527	135,188,239	28,494,142	-	-	4,766,625,840
Financial assets designated at fair value through profit or loss		203,714,714	2,133,175,194	2,716,049	58,923,006	217,463,156	14,494,761	2,630,486,880
Derivatives		4,249,861	6,539,409	23,204,039	40,752,513	120,971,353	94,337,822	290,054,997
Available-for-sale financial assets		188,529,150	11,597	23,194	227,104	272,154	9,649,431	198,712,630
Loan receivables		140,482,371	267,368,820	583,246,078	271,260,066	100,732,716	9,071,138	1,372,161,189
Others		529,060,709	13,199,334	11,767,516	38,881,422	17,232,002	6,376,438	616,517,421
Total	₩	<u>6,543,019,852</u>	<u>2,826,069,648</u>	<u>896,236,393</u>	<u>1,070,480,969</u>	<u>466,566,259</u>	<u>133,929,590</u>	<u>11,936,302,711</u>
Financial Liabilities								
Financial liabilities at fair value through profit or loss	₩	140,224,334	2,535,090,109	16,607,524	244,981,462	966,050,271	172,185,195	4,075,138,895
Financial liabilities held for trading		131,548,366	-	-	-	-	-	131,548,366
Financial liabilities designated at fair value through profit or loss ¹		-	2,531,186,553	4,619,593	208,744,053	871,113,589	127,784,752	,743,448,540
Derivatives		8,675,968	3,903,556	11,987,931	36,237,409	94,936,682	44,400,443	200,141,989
Deposits received		924,372,103	18,619,036	88,610,696	553,167,654	40,596,942	11,373,601	1,636,740,032
Debts		382,658,757	3,603,117,562	216,856,180	115,597,902	428,393	255,203	4,318,913,997
Bonds		-	1,603,616	627,616	65,265,535	69,610,000	105,335,123	242,441,890
Others		499,254,477	33,958,583	5,550,542	34,416,303	6,128,580	9,332,502	588,640,987
Total	₩	<u>1,946,509,671</u>	<u>6,192,388,906</u>	<u>328,252,558</u>	<u>1,013,428,856</u>	<u>1,082,814,186</u>	<u>298,481,624</u>	<u>10,861,875,801</u>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4.3 Liquidity risk, continued

(c) Analysis on remaining contractual maturity of financial assets and liabilities, continued

Financial statement items

(in thousands of Korean won)

		March 31, 2012						
		On demand	Up to 1 month	1-3 months	3-12 months	1-3 years	Over 3 years	Total
Financial Assets								
Cash and due from financial institutions	₩	1,691,812,203	208,327,966	55,988,342	47,821,892	966,136	-	2,004,916,539
Financial assets at fair value through profit or loss		3,650,579,403	1,807,315,393	127,050,783	141,204,982	295,756,224	24,481,834	6,046,388,619
Financial assets held for trading		3,640,396,234	-	-	6,591,762	11,855,216	-	3,658,843,212
Financial assets designated at fair value through profit or loss		3,515,818	1,739,232,330	15,873,184	52,798,633	170,304,925	-	1,981,724,890
Derivatives		6,667,351	68,083,063	111,177,599	81,814,587	113,596,083	24,481,834	405,820,517
Available-for-sale financial assets		199,487,455	-	-	17,923,745	124,190	9,690,273	227,225,663
Loan receivables		256,190,276	289,606,707	585,833,764	325,389,017	58,711,690	10,882,441	1,526,613,895
Others		693,699,933	16,564,757	17,572,781	33,094,454	32,070,402	4,480,000	797,482,327
Total	₩	<u>6,491,769,270</u>	<u>2,321,814,823</u>	<u>786,445,670</u>	<u>565,434,090</u>	<u>387,628,642</u>	<u>49,534,548</u>	<u>10,602,627,043</u>
Financial Liabilities								
Financial liabilities at fair value through profit or loss	₩	107,016,940	1,109,564,430	227,515,102	500,700,124	913,312,615	98,671,637	2,956,780,848
Financial liabilities held for trading		103,329,859	-	-	-	-	-	103,329,859
Financial liabilities designated at fair value through profit or loss ¹		-	1,041,614,092	54,074,776	242,692,210	886,999,447	79,539,603	2,304,920,128
Derivatives		3,687,081	67,950,338	173,440,326	258,007,914	26,313,168	19,132,034	548,530,861
Deposits received		1,030,611,819	36,733,221	23,852,905	923,908,665	49,611,233	12,924,794	2,077,642,637
Debts		464,779,645	2,370,870,194	350,496,769	124,192,497	5,070,450	828,643	3,316,238,198
Bonds		-	740,466	627,616	4,116,329	126,436,521	-	131,920,932
Others		646,451,006	12,898,973	5,419,994	44,294,654	9,245,116	8,883,021	727,192,764
Total	₩	<u>2,248,859,410</u>	<u>3,530,807,284</u>	<u>607,912,386</u>	<u>1,597,212,269</u>	<u>1,103,675,935</u>	<u>121,308,095</u>	<u>9,209,775,379</u>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.3 Liquidity risk, continued

Off-statement of financial position items

(in thousands of Korean won)

(in thousands of Korean won)		March 31, 2013						
		On demand	Up to 1 month	1-3 Months	3-12 months	1-3 years	Over 3 years	Total
Guarantees purchasing								
contract	₩	-	-	97,400,000	-	-	-	97,400,000
Underwriting of debentures								
contract		-	-	-	-	40,000,000	-	40,000,000
Commitments		30,313,203	1,124,671	311,053	1,686,988	7,251	-	33,443,166

(in thousands of Korean won)

(in thousands of Korean won)		March 31, 2012						
		On demand	Up to 1 month	1-3 Months	3-12 months	1-3 years	Over 3 years	Total
Guarantees purchasing								
contract	₩	-	-	224,000,000	-	-	-	224,000,000
Commitments		98,707,683	-	-	-	-	-	98,707,683

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.4 Market risk

(a) Market risk

Market risk is the risk of possible losses which arise from changes in market factors, such as interest rate, stock price, foreign exchange rate, commodity value and other market factors that affect the fair value or future cash flows of financial instruments, such as loans, receivables, deposit, securities and derivatives, amongst others. The most significant risks associated with trading positions are interest rate risks, and other risks are stock price risks and currency risks.

(b) Market risk management

The board of risk management established integrated guideline for market risk management, gave risk management department responsibility on market risk. With prior approval of the board of risk management, risk management department charges for practical decisions about compliance and setting limit relating market risk. Especially, risk management department sets up the limit to VaR(Value at Risk), position and losses on stop loss on bonds, equities, foreign exchanges and derivatives. For derivatives traded on over-the-counter market, risk management department reviews price decision model and judges that estimated price by model is appropriate for market condition.

i) Observation method on market risk

The group generally manages market risk at level of whole Group and portfolio for each department. The group uses risk limit set by the board of risk management to control market risk and manage derivatives traded on over-the-counter market by granting separate limit of sensibility. And the group manages and controls risk for trading derivatives according to regulations and guideline by Financial Supervisory Service.

The group watches risk in trading according to each departments and products. For all of assets and liabilities traded in foreign currencies and Korean Won, the group measures market risk using VaR and continuously calculates VaR by 'SAS Risk Dimension'(measuring engine for market risk) for all trading activities.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.4 Market risk, continued

ii) VaR (Value-at-Risk)

VaR (Value at Risk)

A key measure of market risk is the daily Value at Risk (VaR) at a 99% confidence level. The daily VaR is a statistically estimated maximum amount of loss that could occur in one day under normal distribution of financial variables. This means the actual amount of loss may exceed the VaR, on average, once out of 100 business days.

The group computes VaR in 3 ways ; i) Parametric VaR using variance-covariance method, ii) Historical VaR estimating expected loss amount by predicting future rate of return based on flow of historical rate of return, iii) Monte Carlo simulation VaR using random-number generating simulation.

VaR is a commonly used market risk measurement technique. However, the method has some shortcomings. VaR estimates possible losses over a certain period at a particular confidence level using past market movement data. Past market movement, however, is not necessarily a good indicator of future events, as there may be conditions and circumstances in the future that the model does not anticipate. As a result, the timing and magnitude of the actual losses can be different depending on the assumptions made at the time of calculation. In addition, the time periods used for the model, generally one or ten days, are assumed to be a sufficient holding period before liquidating the relevant underlying positions. If these holding periods are not sufficient, or too long, the VaR results may understate or overstate the potential loss.

Back-testing

Back testing is conducted on a daily basis to validate the adequacy of the market risk model. In back testing, the Bank compares both the actual and hypothetical profit and loss with the VaR calculations and Examines thoroughly income result exceeds confidence level 99%.

Stress testing

The stress testing is carried out to analyze the abnormal market situations relating to the trading and available-for-sale portfolio. It reflects interest rate, stock price, foreign exchange rate, implied volatility of derivatives and other risk factors that have significant influence on the value of the portfolio. The group uses historical scenario and virtual scenario, and measures level of exposure to change of risk factor. Risk management department periodically analyzes risk condition, uses for limit-setting adequacy test and reports the result of test to the board of risk management.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.4 Market risk, continued

VaR at a 99% confidence level of interest rate, stock price and exchange risk for trading positions with a one-day holding period as of and for the years ended March 31, 2013 and 2012 are as follows:

(in millions of Korean won)

		March 31, 2013			
		Average	Minimum	Maximum	Ending
Interest rate risk	₩	3,630	2,061	5,235	3,948
Stock price risk		2,018	697	4,192	2,864
Foreign exchange risk		2,674	745	4,232	3,918
Deduction of diversification effect		4,605	1,470	7,136	5,973
Total VaR	₩	3,716	2,033	6,523	4,757

(in millions of Korean won)

		March 31, 2012			
		Average	Minimum	Maximum	Ending
Interest rate risk	₩	3,215	1,978	5,308	2,729
Stock price risk		2,146	894	4,113	2,156
Foreign exchange risk		1,681	324	4,633	1,509
Deduction of diversification effect		2,845	876	7,507	2,507
Total VaR	₩	4,197	2,320	6,547	3,887

iii) Details of risk factors

Interest rate risk

Trading position interest rate risk usually arises from debt securities denominated in Korean won, government bond futures, and Interest rate swaps. The Group manages interest rate risk using market value-based tools such as VaR and sensitivity analysis (Price Value of a Basis Point: PVBP).

Foreign exchange risk

Foreign exchange risk is the risk arising from not only forward contracts or currency swap in off-statement of financial statement accounts but also holding assets and liabilities in foreign currencies. Most of assets and liabilities in foreign currencies are US dollar account.

Stock price risk

Stock price risk arises from stock, futures, option, and derivatives related to stock. The Group manages stock price risk using VaR and sensitivity analysis.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.5 Capital management

The main objectives of the group's capital management is optimizing use of capital, maintaining targeted credit rating for various activities in capital market and complying with sound BIS ratio to maximize value of equityholders' in long or short term.

The group manages capital structure, and has been adjusted capital structure for changes of market condition and characteristic of risk related with operating activities. The group can adjust and maintain capital structure by arranging amount of dividends grant to shareholders or capital increase /decrease with consideration.

(a) Details of regulated capital

Under the enforcement of ' The Regulation on Financial Investment Business ' in February, 2009, regulation on adequacy of capital is commonly applied according to principle as ' same conduct, same regulation'

For maintaining capital adequacy of financial investors, Financial Supervisory Service regulates to keep net capital for operation ration above 150% and takes improving management actions to financial investors which net capital for operation ratio is below certain level. Improving management actions of Financial Supervisory Service for each net capital for operation ratio groups are as follows:

- 120%~150% : recommend improve management
- 100%~120% : request improve management
- ~100% : command improve management

The Group's reported NOCR is as follows:

(in millions of Korean won)

		March 31, 2013
Total equity(*)	₩	1,674,435
Addition		759,035
Deduction		4,565
Net operating capital amount		919,965
Market risk amount		163,929
Credit risk amount		40,754
Management risk amount		22,300
Total risk amount	₩	226,983
Net operating capital ratio (%)		405.30

(*) Total equity is total assets less total liabilities.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

4. Financial risk management, continued

4.5 Capital management, continued

(b) Allocation of equity capital

The group allocate capital maintaining certain level of external regulated capital ratio and pursuing maximization of profit for allocated capital to each department, But, when the group judges that external regulated capital ratio is not reflecting various risks enough, the group's overall capital level is operated with flexibility to support certain operating risk with keeping minimum level of regulated capital ratio. The board of risk management periodically reviews allocation of equity capital.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

5. Segment information

5.1 Segment reporting status and business units

The Group has 9 operating segments as strategic business units. Each unit is managed separately and offers different products and services because each business has different risks and opportunities requiring different technology and marketing strategies. The highest decision management reviews internal financial information about each operating unit at least on a quarterly basis.

The Group's reportable segments and details are as follows:

Reportable segments	Main business
Retail	Outcome reportable segment generated from brokerage service
Corporate	Outcome reportable segment generated from overall financial service related with corporate finance
CM	Outcome reportable segment generated from operating products (equity, bond, derivatives)
Entity operation segment	Outcome reportable segment generated from corporate operating activities
Savings bank	Outcome reportable segment generated from operating individual and corporate financing by Daishin savings bank
Asset management	Outcome reportable segment generated from operating asset management services
Economy research institute	Outcome reportable segment generated from researching and publishing services related with the domestic and foreign economy, business, industries, finance, insurance and companies
Oversea	Outcome reportable segment generated from operating brokerage transactions to foreign investors
Others	Reportable segments operates not stated above

Accounting policy of above reportable segments is the same as accounting policy stated under significant accounting policies.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

5.2 Financial information by business segment

Financial information by business segment for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		2013											
		Retail	Corporate	CM	Operation	Savings bank	Asset management	Economy research institute	Oversea	Others	Total	Adjust-ments	Financial statement
Commissions received	₩	156,504,728	18,451,026	9,510,216	21,922,022	121,144	2,036,309	4,613,357	508,495	4,387,444	218,054,741	(8,480,208)	209,574,533
Commissions expenses		6,832,684	5,019	2,876,913	4,532,125	714,270	28,449	195,927	37,233	8,110	15,230,730	(4,238)	15,226,492
Net commissions		149,672,044	18,446,007	6,633,303	17,389,897	(593,126)	2,007,860	4,417,430	471,262	4,379,334	202,824,011	(8,475,970)	194,348,041
Interest income		53,270,071	3,123,761	338,284,676	359,984	61,450,971	1,010,007	191,363	72,854	19,864,191	477,627,878	(220,242,056)	257,385,822
Interest expenses		6,867,138	-	242,623,714	467,553	40,187,086	328	-	3,283	37,989,228	328,138,330	(404,321)	327,734,009
Net interest income		46,402,933	3,123,761	95,660,962	(107,569)	21,263,885	1,009,679	191,363	69,571	(18,125,037)	149,489,548	(219,837,735)	(70,348,187)
Net Financial instruments at fair value through profit or loss		-	(384,173)	(9,159,850)	(88,961)	(2,690,757)	-	-	-	(1,198,132)	(13,521,873)	261,098,901	247,577,028
Other operating revenue(expense)		(493,665)	(323,943)	10,811,703	290,952	(12,857,973)	2,025,340	76,458	2,663	26,159,090	25,690,625	(35,269,233)	(9,578,608)
Net operating income		195,581,312	20,861,652	103,946,118	17,484,319	5,122,029	5,042,879	4,685,251	543,496	11,215,255	364,482,311	(2,484,037)	361,998,274
Selling and administrative expenses		129,253,311	8,764,331	23,445,780	10,328,395	16,921,734	5,917,498	4,722,015	2,001,021	162,832,013	364,186,098	(3,166,197)	361,019,901
Operating profit		66,328,001	12,097,321	80,500,338	7,155,924	(11,799,705)	(874,619)	(36,764)	(1,457,525)	(151,616,758)	296,213	682,160	978,373
Non-operating revenue(expense)		(17,131)	-	(1,408,034)	37,370	26,927	(2,534,433)	54,914	4,534	5,931,822	2,095,969	472,988	2,568,957
Net income before income taxes	₩	66,310,870	12,097,321	79,092,304	7,193,294	(11,772,778)	(3,409,052)	18,150	(1,452,991)	(145,684,936)	2,392,182	1,155,148	3,547,330

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

5.2 Financial information by business segment, continued

(in thousands of Korean won)

		2012											
		Retail	Corporate	CM	Operation	Savings bank	Asset management	Economy research institute	Oversea	Others	Total	Adjust-ments	Financial statement
Commissions received	₩	270,941,285	20,742,474	6,940,005	23,161,346	47,558	2,634,497	4,940,274	1,238,609	4,522,971	335,169,019	(9,488,593)	325,680,426
Commissions expenses		9,433,492	-	2,811,661	2,053,605	836,199	43,224	151,451	-	30,138	15,359,770	-	15,359,770
Net commissions		261,507,793	20,742,474	4,128,344	21,107,741	(788,641)	2,591,273	4,788,823	1,238,609	4,492,833	319,809,249	(9,488,593)	310,320,656
Interest income		60,722,246	28,951	94,863,597	-	38,151,649	783,227	215,301	43,912	32,627,058	227,435,941	(8,912,056)	218,523,885
Interest expenses		7,388,879	-	192,701,867	-	34,081,965	305	-	3,070	53,850,645	288,026,731	(490,845)	287,535,886
Net interest income		53,333,367	28,951	(97,838,270)	-	4,069,684	782,922	215,301	40,842	(21,223,587)	(60,590,790)	(8,421,211)	(69,012,001)
Net Financial instruments at fair value through profit or loss		-	(943,830)	176,658,502	(34,896)	(1,632,279)	-	-	-	(7,973,512)	166,073,985	55,356,260	221,430,245
Other operating revenue(expense)		-	464,102	2,823,618	21,809	8,430,167	(107,602)	60,067	8,681	37,554,203	49,255,045	(40,112,484)	9,142,561
Net operating income		314,841,160	20,291,697	85,772,194	21,094,654	10,078,931	3,266,593	5,064,191	1,288,132	12,849,937	474,547,489	(2,666,028)	471,881,461
Selling and administrative expenses		145,580,572	7,175,246	23,257,405	7,879,366	10,908,845	5,132,520	4,558,140	2,345,410	175,370,877	382,208,381	(3,523,217)	378,685,164
Operating profit		169,260,588	13,116,451	62,514,789	13,215,288	(829,914)	(1,865,927)	506,051	(1,057,278)	(162,520,940)	92,339,108	857,189	93,196,297
Non-operating revenue(expense)		-	407	83,567	72,320	(3,619,087)	(9,626,599)	137,267	351	29,736,172	16,784,398	17,134,144	33,918,542
Net income before income taxes	₩	169,260,588	13,116,858	62,598,356	13,287,608	(4,449,001)	(11,492,526)	643,318	(1,056,927)	(132,784,768)	109,123,506	17,991,333	127,114,839

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

5. Segment information, continued

5.3 Financial information by geography

Financial information by geography for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		2013			
		Korea	Hong Kong	Sum	Financial Statement
Operating income (loss)	₩	2,435,898	(1,457,525)	978,373	978,373
Net income (loss)					
before income tax		5,000,321	(1,452,991)	3,547,330	3,547,330
Assets by geography		12,579,099,726	7,048,807	12,586,148,533	12,586,148,533

(in thousands of Korean won)

		2012			
		Korea	Hong Kong	Sum	Financial Statement
Operating income (loss)	₩	94,253,575	(1,057,279)	93,196,296	93,196,296
Net income (loss)					
before income tax		128,171,767	(1,056,928)	127,114,839	127,114,839
Assets by geography		10,972,204,026	8,644,967	10,980,848,993	10,980,848,993

There is no external client that had more than 10% of entity's operating income for the years ended March 31, 2013 and 2012.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments

6.1 Financial instruments by category

Categorizations of financial assets and financial liabilities as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013				
		Assets at fair value through profit or loss	Designated at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	
					Total	Fair value
Cash and bank deposits	₩	-	750,923,229	1,286,584,882	-	2,037,508,111
Assets at fair value through profit or loss		5,068,492,819	2,643,518,119	-	-	7,712,010,938
Financial asset held for trading		4,766,625,840	-	-	-	4,766,625,840
Derivative assets		301,866,979	-	-	-	301,866,979
Designated at fair value through profit or loss		-	2,643,518,119	-	-	2,643,518,119
Assets classified as available-for-sale		-	-	-	198,155,329	198,155,329
Loans receivable		-	-	1,284,578,452	-	1,284,578,452
Others(*)		-	-	615,933,056	-	615,933,056
	₩	<u>5,068,492,819</u>	<u>3,394,441,348</u>	<u>3,187,096,390</u>	<u>198,155,329</u>	<u>11,848,185,886</u>
						<u>11,836,027,784</u>

(in thousands of Korean won)

		March 31, 2013				
		Liabilities at fair value through profit or loss	Designated at fair value through profit or loss	Financial liabilities at amortized cost	Total	Fair value
Liabilities at fair value through profit or loss	₩	337,758,073	3,796,466,386	-	4,134,224,459	4,134,224,459
Financial liabilities held for trading		131,548,366	-	-	131,548,366	131,548,366
Derivative liabilities		206,209,707	-	-	206,209,707	206,209,707
Designated at fair value through profit or loss		-	3,796,466,386	-	3,796,466,386	3,796,466,386
Deposits		-	-	1,611,810,723	1,611,810,723	1,664,755,845
Debts		-	-	4,318,570,339	4,318,570,339	4,321,077,187
Debentures		-	-	219,369,613	219,369,613	222,205,953
Others(*)		-	-	579,567,015	579,567,015	578,709,380
	₩	<u>337,758,073</u>	<u>3,796,466,386</u>	<u>6,729,317,690</u>	<u>10,863,542,149</u>	<u>10,920,972,824</u>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments, continued

6.1 Financial instruments by category, continued

(in thousands of Korean won)

		March 31, 2012				
	Assets at fair value through profit or loss	Designated at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Total	Fair value
Cash and bank deposits	₩ -	821,834,328	1,179,381,467	-	2,001,215,795	2,001,123,200
Assets at fair value through profit or loss	4,064,663,729	1,981,724,890	-	-	6,046,388,619	6,046,388,619
Financial asset held for trading	3,658,843,212	-	-	-	3,658,843,212	3,658,843,212
Derivative assets	405,820,517	-	-	-	405,820,517	405,820,517
Designated at fair value through profit or loss	-	1,981,724,890	-	-	1,981,724,890	1,981,724,890
Assets classified as available-for-sale	-	-	-	227,067,383	227,067,383	227,067,383
Loans receivable	-	-	1,325,399,090	-	1,325,399,090	1,325,443,270
Others(*)	-	-	793,289,319	-	793,289,319	793,438,125
	₩ 4,064,663,729	2,803,559,218	3,298,069,876	227,067,383	10,393,360,206	10,393,460,597

(in thousands of Korean won)

		March 31, 2012			
	Liabilities at fair value through profit or loss	Designated at fair value through profit or loss	Financial liabilities at amortized cost	Total	Fair value
Liabilities at fair value through profit or loss	₩ 652,526,695	2,307,823,937	-	2,960,350,632	2,960,350,632
Financial liabilities held for trading	103,329,859	-	-	103,329,859	103,329,859
Derivative liabilities	549,196,836	-	-	549,196,836	549,196,836
Designated at fair value through profit or loss	-	2,307,823,937	-	2,307,823,937	2,307,823,937
Deposits	-	-	2,077,642,637	2,077,642,637	2,077,642,637
Debts	-	-	3,296,248,922	3,296,248,922	3,296,337,383
Debentures	-	-	119,556,037	119,556,037	120,297,845
Others(*)	-	-	724,327,223	724,327,223	724,820,898
	₩ 652,526,695	2,307,823,937	6,217,774,819	9,178,125,451	9,179,449,395

(*) Excludes prepayments or deferred revenue which does not satisfy the definition of financial instrument among other assets and liabilities accounts on consolidated financial statements.

6. Financial instruments, continued

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

For the years ended March 31, 2013 and 2012

Methods of determining fair value for financial instruments measured at amortized cost are as follows:

Cash and bank deposits	Book value of cash is equal to fair value. For cash equivalents including ordinary deposits and deposit or time deposit whose remaining maturity is less than 3 months, their book value is used as a substitute for fair value. For deposits (short-term receivables), book value is used as a substitute for reasonable fair value. Fair value of deposits(long-term receivables) is calculated by discounting expected future cash flow using discounting rate considering market interest rate and credit risk of counterparty.
Loans receivable	Fair value of loans receivables is calculated by discounting expected future cash flow using discounting rate considering market interest rate and credit risk of counterparty.
Other assets	For receivables (short-term), book value is used as a substitute for reasonable fair value. Fair value of leasehold deposits(long-term receivables) is calculated by discounting expected future cash flow using discounting rate considering market interest rate and credit risk of counterparty.
Deposits	For withheld liabilities whose remaining maturity is less than a year from date of issue, book value is used as a substitute.
Debts	For borrowings whose remaining maturity is less than a year from date of issue, book value is used as a substitute. For borrowings whose remaining maturity is more than a year from date of issue, fair value of borrowings is calculated by discounting expected future cash flow using discounting rate considering market interest rate and credit risk of counterparty.
Debentures	For bonds whose remaining maturity is more than a year from date of issue, fair value is calculated by discounting expected future cash flow using discounting rate considering market interest rate and credit risk of counterparty.
Other liabilities	For payables (short-term liabilities), book value is used as a substitute for reasonable fair value. Fair value of received leasehold deposits (long-term receivables) is calculated by discounting expected future cash flow using discounting rate considering market interest rate and credit risk of counterparty.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments, continued

6.2 Fair value hierarchy

Fair value hierarchy as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

(in thousands of Korean won)

		March 31, 2013				
		Fair value	Level 1	Level 2	Level 3	Total
Financial assets						
Cash and bank deposits	₩	750,923,229	-	750,923,229	-	750,923,229
Assets at fair value through profit or loss		7,712,010,938	3,005,297,243	4,259,673,811	447,039,884	7,712,010,938
Financial assets held for trading		4,766,625,840	2,410,097,615	2,356,355,781	172,444	4,766,625,840
Derivative assets		301,866,979	30,915,087	88,054,282	182,897,610	301,866,979
Designated at fair value through profit or loss		2,643,518,119	564,284,541	1,815,263,748	263,969,830	2,643,518,119
Assets classified as available-for-sale		198,155,329	20,682,445	14,187,105	163,285,779	198,155,329
	₩	8,661,089,496	3,025,979,688	5,024,784,145	610,325,663	8,661,089,496
Financial liabilities						
Liabilities at fair value through profit or loss	₩	4,134,224,459	170,854,573	98,346,230	3,865,023,656	4,134,224,459
Financial liabilities held for trading		131,548,366	131,548,366	-	-	131,548,366
Derivative liabilities		206,209,707	39,306,207	98,346,230	68,557,270	206,209,707
Designated at fair value through profit or loss		3,796,466,386	-	-	3,796,466,386	3,796,466,386
	₩	4,134,224,459	170,854,573	98,346,230	3,865,023,656	4,134,224,459

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments, continued

6.3 Fair value hierarchy, continued

(in thousands of Korean won)

		March 31, 2012				
		Fair value	Level 1	Level 2	Level 3	Total
Financial assets						
Cash and bank deposits	₩	821,834,328	-	821,834,328	-	821,834,328
Assets at fair value through profit or loss		6,046,388,619	2,517,423,370	3,125,760,464	403,204,785	6,046,388,619
Financial assets held for trading		3,658,843,212	1,783,011,173	1,875,832,039	-	3,658,843,212
Derivative assets		405,820,517	219,910,108	23,452,198	162,458,211	405,820,517
Designated at fair value through profit or loss		1,981,724,890	514,502,089	1,226,476,227	240,746,574	1,981,724,890
Assets classified as available-for-sale		<u>227,067,383</u>	<u>22,693,437</u>	<u>30,193,582</u>	<u>174,180,364</u>	<u>227,067,383</u>
	₩	<u>7,095,290,330</u>	<u>2,540,116,807</u>	<u>3,977,788,374</u>	<u>577,385,149</u>	<u>7,095,290,330</u>
Financial liabilities						
Liabilities at fair value through profit or loss	₩	2,960,350,632	326,406,911	274,980,132	2,358,963,589	2,960,350,632
Financial liabilities held for trading		103,329,859	102,857,546	-	472,313	103,329,859
Derivative liabilities		549,196,836	223,427,032	274,980,132	50,789,672	549,196,836
Designated at fair value through profit or loss		<u>2,307,823,937</u>	<u>122,333</u>	<u>-</u>	<u>2,307,701,604</u>	<u>2,307,823,937</u>
	₩	<u>2,960,350,632</u>	<u>326,406,911</u>	<u>274,980,132</u>	<u>2,358,963,589</u>	<u>2,960,350,632</u>

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. As of each ending date of reporting periods, the Group discloses information comparing fair value with book value for each type of financial assets and liabilities. The best estimation of financial instruments' fair value is active market price.

The Group believes that valuation methods used for measuring the fair values of financial instruments are reasonable and that the fair values recognized in the statements of financial position are appropriate. However, the fair values of the financial instruments recognized in the statements of financial position may change if other valuation methods or assumptions are used. Additionally, as there is a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments, continued

6.3 Fair value hierarchy, continued

The Group classifies and discloses the fair value of the financial instruments into the following three-level hierarchy:

- Level 1: Financial instruments measured at quoted prices from active markets are classified as level 1. This level includes listed equity securities, exchange traded derivatives and government bonds traded in exchange markets.
- Level 2: Financial instruments measured using valuation techniques where all significant inputs are observable market data are classified as level 2. This level includes the majority of debt and general over-the-counter derivatives such as swaps, futures and options.
- Level 3: Financial instruments measured using valuation techniques where one or more significant inputs are not based on observable market data are classified as level 3. This level includes unlisted equity securities, complex structured bonds, and complex over-the-counter derivatives.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments, continued

6.3 Level 3 of the fair value hierarchy disclosure

Changes in level 3 of the fair value hierarchy for the year ended March 31, 2013 are as follows:

<i>(in thousands of Korean won)</i>		Financial assets at fair value through profit or loss			Financial liabilities at fair value through profit or loss		Net derivatives(*)
		Financial assets held for trading	Designated at fair value through profit or loss	Available-for- sale financial assets	Financial liabilities held for trading	Designated at fair value through profit or loss	Derivatives held for trading
Beginning balance	₩	-	240,746,574	174,180,364	472,313	2,307,701,604	111,668,539
Total income		-	1,658,822	(10,494,585)	-	1,646,034,329	79,670,509
Profit or loss		-	1,658,822	-	-	1,646,034,329	79,670,509
Other comprehensive income		-	-	(10,494,585)	-	-	-
Increase		631,872	173,575,970	-	-	3,095,566,404	(279,475,675)
Decrease		(459,428)	(152,011,536)	(400,000)	(472,313)	(3,252,835,951)	202,476,967
Transfers from other level		-	-	-	-	-	-
Transfers out of level 3		-	-	-	-	-	-
Ending balance	₩	172,444	263,969,830	163,285,779	-	3,796,466,386	114,340,340

(*) Net amount of derivative assets and derivative liabilities

In relation to changes in Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period, and other comprehensive income in the statement of comprehensive income for the years ended March 31, 2013 are as follows:

<i>(in thousands of Korean won)</i>		Gains(loss) on net trade	Net income from financial investments designated at fair value through profit or loss	Other comprehensive income
Profit or loss	₩	79,670,509	(1,442,627,133)	-
Other comprehensive income		-	-	(10,494,585)

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments, continued

6.4 Level 3 of the fair value hierarchy disclosure, continued

Changes in level 3 of the fair value hierarchy for the year ended March 31, 2012 are as follows:

	(in thousands of Korean won)	Financial assets at fair value through profit or loss			Financial liabilities at fair value through profit or loss		Net derivatives(*)
		Designated at			Designated at		
		Financial assets held for trading	fair value through profit or loss	Available-for- sale financial assets	Financial liabilities held for trading	fair value through profit or loss	Derivatives held for trading
Beginning balance	₩	295	161,019,800	156,795,450	-	1,410,460,400	(11,640,618)
Total income		-	(5,377,959)	17,370,439	-	523,277,549	(122,521,284)
Profit or loss		-	(5,377,959)	-	-	523,277,549	(122,521,284)
Other comprehensive income		-	-	17,370,439	-	-	-
Increase		-	178,886,767	14,475	472,313	1,160,718,541	98,457,538
Decrease		(295)	(93,782,034)	-	-	(786,754,886)	147,372,903
Transfers from other level		-	-	-	-	-	-
Transfers out of level 3		-	-	-	-	-	-
Ending balance	₩	-	240,746,574	174,180,364	472,313	2,307,701,604	111,668,539

(*) Net amount of derivative assets and derivative liabilities

In relation to changes in Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period, and other comprehensive income in the statement of comprehensive income for the years ended March 31, 2012 are as follows:

	(in thousands of Korean won)	Gains(loss) on net trade	Net income from financial investments designated at fair value through profit or loss	Other comprehensive income
Profit or loss	₩	(122,521,284)	(528,655,508)	-
Other comprehensive income		-	-	17,370,439

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments, continued

6.4 Level 3 of the fair value hierarchy disclosure, continued

Day one profit and loss

If the Group uses a valuation technique that incorporates data not obtained from observable markets for the fair value at initial recognition of financial instruments, there may be a difference between the transaction price and the amount determined using that valuation technique. In these circumstances, the fair value of financial instruments is recognized as the transaction price and the difference is amortized by using the straight line method over the life of the financial instruments. If the fair value of the financial instruments is subsequently determined using observable market inputs, the remaining deferred amount is recognized in profit or loss.

The aggregate difference yet to be recognized in profit or loss at the beginning and end of the period and a reconciliation of changes in the balance of this difference are as follows:

(in thousands of Korean won)		2013		2012
		Assets	Liabilities	Liabilities
I. Balance at the beginning of the period	₩	-	2,903,809	2,727,358
II. New transactions		30,180,434	65,040,051	2,563,427
III. Amounts recognized in profit or loss during the period		(5,337,213)	(8,858,296)	(2,386,976)
Amortization		(5,337,213)	(6,970,855)	(253,956)
Settlement		-	(1,887,441)	(2,130,913)
Recognized in adjustment on valuation of profit and losses recognition at trading date due to change in observation possibility of evaluation factor in current term		-	-	(2,107)
IV. Balance at the end of period (I + II + III)	₩	24,843,221	59,085,564	2,903,809

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments, continued

6.4 Significant assets and liabilities dominated in foreign currencies

Details of significant assets and liabilities dominated in foreign currencies as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won and foreign currencies)

March 31, 2013					
	Foreign currency	Domestic entities		Oversea entities	
		Foreign currency amount	Korean won equivalent	Foreign currency amount	Korean won equivalent
Assets dominated in foreign currency					
Deposits in foreign currency	USD	3,181,328	₩ 3,537,955	5,352,854	5,952,909
	JPY	24,966,908	294,642	-	-
	HKD	4,784,922	685,488	-	-
	EUR	5,697	8,120	-	-
	CNY	2,807	502	-	-
	AUD	367	425	-	-
	SEK	1,748	298	-	-
	GBP	2	3	-	-
	CHF	278	325	-	-
	RUB	858,140	30,713	-	-
	TRY	201,190	123,786	-	-
	NOK	1,490	284	-	-
	Due from financial institutions in foreign currency	USD	39,356,627	43,768,505	-
JPY		48,615,174	573,722	-	-
HKD		113,497,198	16,259,609	-	-
EUR		92	131	-	-
Securities	USD	134,000,000	153,293,223	799,898	889,567
		₩	218,577,731	6,842,476	

(in thousands of Korean won and foreign currencies)

March 31, 2013					
	Foreign currency	Domestic entities		Oversea entities	
		Foreign currency amount	Korean won equivalent	Foreign currency amount	Korean won equivalent
Liabilities dominated in foreign currency					
Deposits in foreign currency	USD	1,056,005	₩ 1,174,383	-	-
	JPY	6,978,169	82,351	-	-
	HKD	1,778,705	254,817	-	-
	TRY	201,190	123,786	-	-
	RUB	858,140	30,713	-	-
			₩ 1,666,050	-	-

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments, continued

6.4 Significant assets and liabilities dominated in foreign currencies, continued

(in thousands of Korean won and foreign currencies)

March 31, 2012					
	Foreign currency	Domestic entities		Oversea entities	
		Foreign currency amount	Korean won equivalent	Foreign currency amount	Korean won equivalent
Assets dominated in foreign currency					
Deposits and due from financial institutions in foreign currency	USD	67,732,407	₩ 77,066,605	6,576,050	7,482,229
	JPY	18,809,084	259,705	-	-
	HKD	26,390,656	3,867,551	-	-
	EUR	263,425	398,677	-	-
Securities	USD	7,099,237	8,078,588	795,615	905,250
Others	USD	-	-	172,317	196,062
			₩ 89,671,126		8,583,541

(in thousands of Korean won and foreign currencies)

March 31, 2012					
	Foreign currency	Domestic entities		Oversea entities	
		Foreign currency amount	Korean won equivalent	Foreign currency amount	Korean won equivalent
Liabilities dominated in foreign currency					
Deposits in foreign currency	USD	32,354,956	₩ 36,809,927	-	-
	JPY	1,469,723	20,293	-	-
	HKD	541,277	79,390	-	-
	EUR	778	1,177	-	-
Others	USD	-	-	73,115	83,190
			₩ 36,910,787		83,190

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

6. Financial instruments, continued

Income and loss of financial instruments by category for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

(in thousands of Korean won)

	2013						
	Dividend /Distribution income	Interest income /expenses	Gain(loss) on valuation	Disposal /Repayments	Impairment loss/Reversal	Foreign currency gains and losses	Others
Financial assets							
Financial assets at fair value through profit or loss							
Financial assets held for trading	₩	3,308,654	147,852,313	7,012,086	8,647,120	-	-
Designated at fair value through profit or loss		8,046,965	72,281,665	65,561,787	20,532,302	-	(201,665)
Loans and receivables							
Cash and bank deposits		-	46,833,126	-	-	-	(25,928)
Loans receivables		-	102,737,137	-	(1,700,092)	(10,954,449)	-
Other assets		-	107,093,789	-	-	-	826,651
Available-for-sale financial assets		2,899,629	721,770	-	1,948,076	(6,089,065)	-
	₩	14,255,248	477,519,800	72,573,873	29,427,406	(17,043,514)	800,723
Financial liabilities							
Financial liabilities at fair value through profit or loss							
Financial liabilities held for trading	₩	-	-	(2,282,658)	(5,684,867)	-	-
Designated at fair value through profit or loss		-	-	(93,218,655)	(118,952,438)	-	9,875,979
Financial liabilities at amortized cost							
Deposits		-	(47,523,413)	-	-	-	33,004
Debts		-	(106,387,305)	-	-	-	-
Debentures		-	(6,922,593)	-	-	-	-
Other liabilities		-	(166,779,397)	-	-	-	-
		-	(327,612,708)	(95,501,313)	(124,637,305)	-	33,004
Derivatives		-	-	56,717,432	66,384,109	-	1,696,898
	₩	14,255,248	149,907,092	33,789,992	(28,825,790)	(17,043,514)	833,727

11,371,212

6. Financial instruments, continued

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

(in thousands of Korean won)

	2012						
	Dividend /Distribution income	Interest income /expenses	Gain(loss) on valuation	Disposal /Repayments	Impairment loss/Reversal	Foreign currency gains and losses	Others
Financial assets							
Financial assets at fair value through profit or loss							
Financial assets held for trading	₩ 2,328,327	155,305,709	3,415,796	(7,034,145)	-	-	-
Designated at fair value through profit or loss	297,030	43,096,264	30,466,735	4,882,119	-	-	(257,107)
Loans and receivables							
Cash and bank deposits	-	40,457,369	-	-	-	(3,383,772)	-
Loans receivables	-	81,201,300	-	(241,119)	10,448,422	-	-
Other assets	-	95,908,246	-	-	-	(94,405)	-
Available-for-sale financial assets	4,439,648	956,970	-	906,635	(6,917,850)	153,507	-
	₩ 7,065,005	416,925,858	33,882,531	(1,486,510)	3,530,572	(3,324,670)	(257,107)
Financial liabilities							
Financial liabilities at fair value through profit or loss							
Financial liabilities held for trading	₩ -	-	(2,093,961)	(5,834,889)	-	-	-
Designated at fair value through profit or loss	-	-	(185,300)	(20,288,399)	-	-	3,292,510
Financial liabilities at amortized cost							
Deposits	-	(41,140,163)	-	-	-	5,303,631	-
Debts	-	(113,831,977)	-	-	-	-	-
Debentures	-	(7,086,650)	-	-	-	-	-
Other liabilities	-	(125,349,790)	-	-	-	-	-
	-	(287,408,580)	(2,279,261)	(26,123,288)	-	5,303,631	3,292,510
Derivatives	-	-	18,528,318	(7,790,501)	-	-	3,301,737
	₩ 7,065,005	129,517,278	50,131,588	(35,400,299)	3,530,572	1,978,961	6,337,140

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

7. Cash and due from banks

(1) Details of cash and bank deposits as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	Financial Institutions	March 31, 2013	March 31, 2012
Cash and cash equivalents	Shinhan Bank and others	₩ 184,741,957	271,012,633
Subscription Deposits	IBK Securities Corporation	14,703	-
Reserve for claims of customers' deposits	The Korea Securities Finance Corporation	4,840,000	5,410,000
Reserve for claims of customers' deposits (trust)(*)	The Korea Securities Finance Corporation	750,923,229	821,834,328
Guarantee for delivery on loan transaction	The Korea Securities Finance Corporation	-	30,000,000
Deposits for trading futures and options	Newedge and others	62,325,377	17,374,861
Reserve with Korea Federation of Savings Banks	Korea Federation of Savings Banks	23,760,873	39,500,974
Reserve with Mutual Savings Bank	Korea Federation of Savings Banks	208,500,000	247,500,000
Long-term due from financial institutions	Shinhan Bank and others	712,239,130	113,431,000
Restricted due from financial institutions	Kookmin Bank and others	39,000	42,000
Other deposits	Daewoo Securities Corporation and others	90,128,165	455,110,000
		<u>₩ 2,037,512,434</u>	<u>2,001,215,796</u>

(*) According to satisfying designation terms explained in Note 3.6 (a), the Group designated separate deposits for investor fund (trust) as financial assets at fair value through profit and loss.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

7. Cash and due from banks, continued

(2) Restricted deposits and others as of March 31, 2013 and 2012 consist of the following:

<i>(in thousands of Korean won)</i>	<u>Financial Institutions</u>	<u>March 31, 2013</u>	<u>March 31, 2012</u>	<u>Reason</u>
Deposits				
Subscription Deposits	IBK Securities Corporation	₩ 14,703	-	
Reserve for claims of customers' deposits(*1)	The Korea Securities Finance Corporation	4,840,000	5,410,000	
Reserve for claims of customers' deposits (trust) (*1)	The Korea Securities Finance Corporation	750,923,229	821,834,328	
Deposits for trading futures and options(*1)	Newedge and others	62,325,377	17,374,861	
Reserve with Korea Federation of Savings Banks(*2)	Korea Federation of Savings Banks	23,760,873	39,500,974	
Reserve with Mutual Savings Bank(*2)	Korea Federation of Savings Banks	22,500,000	247,500,000	
Restricted due from financial institutions	Kookmin Bank and others	39,000	42,000	Guarantee for checking account
Long-term due from financial institutions	Kookmin Bank	2,000,000	2,000,000	Collateral for settlement system
Long-term due from financial institutions(*3)	Hana Daetoo Securities Coporation and others	181,190,000	44,700,000	
Others				
Guarantee deposits (surety guarantee)	Korea Exchange	1,000	1,000	
Collective fund for default loss(*4)	Korea Exchange	4,998,951	6,216,529	

(*1) According to the Financial Investment Services and Capital Markets Act No 74 and the regulation on Financial Investment Business ("RFIB") No 4-39, the Company is required to deposit the above amount that is recalculated daily at the sum of deposits for brokerage, customers' deposits – savings, deposits for certified securities investment, deposits for repurchase transaction, customers' deposits for derivatives trading less entrustment guaranty money with the Korea Securities Finance Corporation ("KSFC"). It should not be transferred, secured and anyone cannot offset and attach it.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

7. Cash and due from banks, continued

(2) Restricted deposits and others as of March 31, 2013 and 2012 consist of the following:

(*2) The Bank is required to hold cash, deposits in financial institutions, deposits in KFSB, government bond, local government bond, treasury bills, monetary stabilization bond, bond of government-invested institution issuing as required by Article 25 of Regulation on Supervision of Mutual Savings Bank Business, or securities as required by the presidential executive order within 50% of the total received deposits in accordance with Article 15 of Mutual Saving Bank Act. Reserve with Mutual Savings Bank ₩22,500 million is secured by domestic exchange payment and the use of reserve with Korea Federation of Savings Banks is limited by Regulation on Supervision of Mutual Savings Bank Business.

(*3) As of March 31, 2013, ₩181,190 million of long-term deposits were pledged as collaterals for derivative transactions with Hana Daetoo Securities Coporation and others.

(*4) Pursuant to the Financial Investment Services and Capital Markets Act No 394 and No 362, the collective fund for default loss that comprises of ₩1,000 million and additional variable amounts is reserved to compensate losses resulting from breaching of securities contract in the Korea Exchange.

8. Assets pledged as collateral

The Group has provided state and local government bonds, and others with a total face value of ₩158,300 million as collaterals for reserve for futures transactions with Korea Exchange and others, for collective fund for default loss with Korea Exchange with a total face value of ₩5,253 million, and for debt and credit transactions with Korea Securities Depository and others with a total face value of ₩34,400 million. It also provided securities with a total face value of ₩856,771 million to Korea Securities Finance Corporation and others as a margin to customers from KSFC, securities with a total face value of ₩525 million to a court as performance guarantee in the trust business, and securities with a total face value of ₩1,327,500 million to Societe Generale and others for its derivative transactions.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

9. Financial Assets at fair value through profit or loss

- (1) Details of financial assets at fair value through profit or loss as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2013	March 31, 2012
Financial assets held for trading		
Securities		
Equity securities	₩ 8,723,413	8,383,893
Debt securities	4,161,702,954	3,176,590,628
Collective investment securities	127,443,907	136,510,727
Commercial paper	315,462,339	160,658,333
Foreign equity securities	5	-
Foreign currency certificates	153,293,222	176,699,632
	<u>4,766,625,840</u>	<u>3,658,843,213</u>
Financial assets designated at fair value through profit or loss		
Securities		
Equity securities	228,842,579	197,287,621
Debt securities	1,895,289,452	1,541,389,270
Collective investment securities	13,588,278	3,315,851
Commercial paper	-	199,967
	<u>2,137,720,309</u>	<u>1,742,192,709</u>
Loans	190,126,436	-
Derivatives-combined securities(*)	303,116,218	239,884,119
Credit risk adjustments	(476,082)	(351,938)
Day 1 profit and loss adjustments	13,031,238	-
	<u>2,643,518,119</u>	<u>1,981,724,890</u>
Derivative assets held for trading(*)	<u>301,866,979</u>	<u>405,820,517</u>
	<u>₩ 7,712,010,938</u>	<u>6,046,388,619</u>

(*) Derivatives-combined securities and derivative assets are disclosed separately (Note 18).

- (2) As of March 31, 2013, book value as to ₩3,499,409 million(2012: ₩2,639,628 million) among debt securities are pledged as collaterals against securities sold under repurchase agreements.
- (3) In order to reduce the accounting mismatches, the Group designated such financial liabilities as those measured at fair value through profit and loss. In addition, the Group designated compound financial instruments as those measured at fair value through profit and loss if cash flows from those instruments very significantly due to the embedded derivatives and there are close relationships in economic characteristics and risks between host contracts and embedded derivatives.

10. Available-for-sale financial assets

Details of available-for-sale financial assets as of March 31, 2013 and 2012 are as follows:

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

(in thousands of Korean
won)

		March 31, 2013		March 31, 2012	
		Acquisition cost	Carrying amount	Acquisition cost	Carrying amount
Equity securities(*1)(*2)	₩	54,240,286	174,129,814	53,727,415	180,575,351
Investments in partnerships(*2)		726,000	726,000	926,000	926,000
Debt securities		4,404,869	4,638,824	14,823,089	14,697,916
Collective investment securities		17,868,898	12,772,173	22,855,394	17,985,444
Foreign currency certificates		885,863	889,567	6,792,791	6,666,142
Collective fund for default loss(*3)		4,998,951	4,998,951	6,216,529	6,216,529
	₩	83,124,867	198,155,329	105,341,218	227,067,382

(*1) The shares in Kumho Industrial Co., Ltd of ₩2,104 million were acquired upon the conversion of the receivables from Kumho Industrial Co., Ltd. of ₩18,587 million into equity. These stocks are subject to disposal restrictions until December 31, 2014.

(*2) As of March 31, 2013, the book value of equity securities is ₩3,132 million (2012: ₩4,182 million), which are measured at cost. Because those equity securities have no quoted market prices in active markets and their fair value amounts cannot be measured reliably.

(*3) As of March 31, 2013, the Group deposited common fund for security market amounting to ₩2,705 million(2012: ₩2,832 million) common fund for derivatives market amounting to ₩2,294 million(2012: ₩3,385 million) in the Korea Exchange.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

11. Investments in associates and subsidiaries

(1) Details of investments in associates as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)	March 31, 2013				
	Number of shares	Percentage of ownership(%)	Acquisition cost	Carrying amount	Location
Daishin-Pegasus I PEF	379,471,368	26.08	₩ 379,471	49,279	Korea
Daishin Securities Growth Alpha SPAC (*1)	10,000	0.09	10,000	19,863	Korea
Daishin-Heungkuk I PEF (*1) (*2)	29,400	18.92	29,400,000	29,833,982	Korea
KoFC Daishin-Aju IB Growth Champ 2010-7 PEF (*1) (*2)	9,780	15.00	9,780,000	8,742,618	Korea
			₩ 39,569,471	38,645,742	
(in thousands of Korean won)	March 31, 2012				
	Number of shares	Percentage of ownership(%)	Acquisition cost	Carrying amount	Location
Daishin-Pegasus I PEF	2,486,002,565	26.08	₩ 2,486,002	2,412,467	Korea
Daishin Securities Growth Alpha SPAC (*1)	10,000	0.09	10,000	19,551	Korea
Daishin-Heungkuk I PEF (*1) (*2)	17,850	18.92	17,850,000	17,574,506	Korea
KoFC Daishin-Aju IB Growth Champ 2010-7 PEF (*1) (*2)	1,290	15.00	1,290,000	1,133,305	Korea
			₩ 21,636,002	21,139,829	

(*1) Although the Group holds less than 20% of the equity shares of the Group, but has significant influence to govern the financial and operating policies. The investee, therefore, is classified as an associate.

(*2) According to articles of PEF, when there are losses on distribution of residual property, in case of Dashin-Heungkuk I PEF, the Group as managing partner covers all losses for up to ₩1 billion. And in case of KoFC Dashin-Aju IB Growth Champ 2010-7, the Group as managing partner covers initially 45% of the losses and an impairment loss of ₩1,212 million was recognized.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

11. Investments in associates and subsidiaries, continued

(2) Details of summarized financial information in associates as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013			
		Assets	Liabilities	Operating Income (Loss)	Net Income (Loss)
Daishin-Pegasus I PEF	₩	189,302	328	(822,314)	(822,314)
Daishin Securities Growth Alpha SPAC		24,787,377	3,017,116	(83,098)	43,687
Daishin-Heungkuk I PEF		157,973,334	279,430	3,101,983	3,837,328
KoFC Daishin-AjuIB Growth Champ 2010-7 PEF		61,543,136	3,259,015	(5,869,089)	(5,869,089)

<i>(in thousands of Korean won)</i>		March 31, 2012			
		Asset	Liability	Operating Income and loss	Net Income or Loss
Daishin-Pegasus I PEF	₩	9,250,815	559	(659,328)	(659,328)
Daishin Securities Growth Alpha SPAC		24,250,258	2,822,575	(256,684)	553,195
Daishin-Heungkuk I PEF		93,076,177	187,673	(1,430,633)	(1,092,165)
KoFC Daishin-AjuIB Growth Champ 2010-7 PEF		8,057,236	501,869	(1,033,079)	(1,033,387)

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

11. Investments in associates and subsidiaries, continued

(3) Changes in investments in associates for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		2013				
		Beginning	Acquisition (Disposal)	Equity profit or loss on investments	Other increase (decrease)	Ending
Daishin-Pegasus I PEF	₩	2,412,467	(2,149,643)	(166,771)	(46,774)	49,279
Daishin Securities						
Growth Alpha SPAC		19,551	-	312	-	19,863
Daishin-Heungkuk I PEF		17,574,506	11,550,000	725,980	(16,504)	29,833,982
KoFC Daishin-AjuIB						
Growth Champ 2010-7 PEF		1,133,305	8,490,000	332,098	(1,212,785)	8,742,618
	₩	<u>21,139,829</u>	<u>17,890,357</u>	<u>891,619</u>	<u>(1,276,063)</u>	<u>38,645,742</u>

(in thousands of Korean won)

		2012				
		Beginning	Acquisition (Disposal)	Equity profit or loss on investments	Other increase (decrease)	Ending
Daishin-Pegasus I PEF	₩	4,800,790	(269,316)	(171,931)	(1,947,076)	2,412,467
Daishin-MSB PEF		234,398	-	(2,438)	(231,960)	-
Daishin Securities Growth						
Alpha SPAC		18,787	-	764	-	19,551
Daishin-Heungkuk I PEF		5,176,494	12,600,000	(210,446)	8,458	17,574,506
KoFC Daishin-AjuIB						
Growth Champ 2010-7 PEF		-	1,290,000	(157,018)	323	1,133,305
	₩	<u>10,230,469</u>	<u>13,620,684</u>	<u>(541,069)</u>	<u>(2,170,255)</u>	<u>21,139,829</u>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

11. Investments in associates and subsidiaries, continued

- (4) Changes in accumulated other comprehensive income by equity method on investments in associates for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)		2013				
		Beginning	Increase	decrease	Deferred tax	Ending
Share of other comprehensive						
profit(loss) for investments	₩	(1,303,420)	1,771,453	(103,771)	(370,169)	(5,907)
in Associates						

(in thousands of Korean won)		2012				
		Beginning	Increase	decrease	Deferred tax	Ending
Share of other comprehensive						
profit(loss) for investments	₩	75,407	-	(1,816,227)	437,400	(1,303,420)
in Associates						

- (5) The marketable equity-method investments of investments in associates as of March 31, 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2012	
		Market value	Book value
Daishin Securities Growth Alpha SPAC	₩	19,450	10,000

In 2013, the marketability of equity-method investments was lost due to delist on the Korea Exchange.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

12. Loans and receivables

(1) Details of loans and other receivables as March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013								
		Individual assessment			Collective assessment			Total		
		Receivable amounts	Allowance for doubtful accounts	Percent age (%)	Receivable amounts	Allowance for doubtful accounts	Percent age (%)	Receivable amounts	Allowance for doubtful accounts	Percent age (%)
Cash and deposits	₩	1,286,584,882	-	-	-	-	-	1,286,584,882	-	-
Loans receivables										
Call loans		18,043,670	-	-	862,000	-	-	18,905,670	-	-
Broker's loans		684,234,399	-	-	-	-	-	684,234,399	-	-
Loans		8,216,350	(895,664)	10.90	-	-	-	8,216,350	(895,664)	10.90
Replaced payment		35,738,052	(30,581,491)	85.57	-	-	-	35,738,052	(30,581,491)	85.57
Dishonored loans and notes		26,632,130	(26,632,130)	100.00	-	-	-	26,632,130	(26,632,130)	100.00
Debt securities(private)		2,156,881	(34,055)	1.58	-	-	-	2,156,881	(34,055)	1.58
Purchase under repurchase agreements		167,559,000	-	-	2,000,000	-	-	169,559,000	-	-
Discounted notes		102,136	(84,106)	82.35	-	-	-	102,136	(84,106)	82.35
Loans under credit line		440,105	(158,594)	36.04	35,000	(614)	1.75	475,105	(159,208)	33.51
Loans secured by deposits		36,400	(30,544)	83.91	2,081,126	(43,376)	2.08	2,117,526	(73,920)	3.49
General purpose		170,042,529	(56,136,103)	33.01	240,554,917	(8,392,698)	3.49	410,597,446	(64,528,801)	15.72
Consumer loans		28,712,192	(14,726,559)	51.29	11,840,462	(448,224)	3.79	40,552,654	(15,174,783)	37.42
Others		19,725,654	(2,744,939)	13.92	6,653,029	(178,483)	2.68	26,378,683	(2,923,422)	11.08
	₩	1,161,639,498	(132,024,185)	11.37	264,026,534	(9,063,395)	3.43	1,425,666,032	(141,087,580)	9.90

12. Loans and receivables, continued

(1) Details of loans and other receivables as March 31, 2013 and 2012 are as follows, continued.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

(in thousands of Korean won)

		March 31, 2013								
		Individual assessment			Collective assessment			Total		
		Receivable amounts	Allowance for doubtful accounts	Percent age (%)	Receivable amounts	Allowance for doubtful accounts	Percent age (%)	Receivable amounts	Allowance for doubtful accounts	Percent age (%)
Other assets										
Non-trade receivables	₩	482,197,095	(1,407,671)	0.29	1,778,289	(1,778,289)	100.00	483,975,384	(3,185,960)	0.66
Accrued income		64,057,757	(358,025)	0.56	1,068,218	(1,068,218)	100.00	65,125,975	(1,426,243)	2.19
Deposit		60,696,228	(786,000)	1.29	-	-	-	60,696,228	(786,000)	1.29
Others		11,533,672	-	-	-	-	-	11,533,672	-	-
		618,484,752	(2,551,696)	0.41	2,846,507	(2,846,507)	100.00	621,331,259	(5,398,203)	0.87
	₩	3,066,709,132	(134,575,881)	4.39	266,873,041	(11,909,902)	4.46	3,333,582,173	(146,485,783)	4.39

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

12. Loans and receivables, continued

(1) Details of loans and other receivables as March 31, 2013 and 2012 are as follows, continued.

(in thousands of Korean won)

		March 31, 2012								
		Individual assessment			Collective assessment			Total		
		Receivable amounts	Allowance for doubtful accounts	Percent age (%)	Receivable amounts	Allowance for doubtful accounts	Percent age (%)	Receivable amounts	Allowance for doubtful accounts	Percent age (%)
Cash and deposits	₩	1,179,381,467	-	-	-	-	-	1,179,381,467	-	-
Loans receivables										
Call loans		6,786,551	-	-	-	-	-	6,786,551	-	-
Broker's loans		760,336,327	-	-	-	-	-	760,336,327	-	-
Loans		8,673,139	(832,921)	9.60	-	-	-	8,673,139	(832,921)	9.60
Replaced payment		38,955,460	(33,844,648)	86.88	-	-	-	38,955,460	(33,844,648)	86.88
Dishonored loans and notes		27,167,189	(25,758,565)	94.81	-	-	-	27,167,189	(25,758,565)	94.81
Debt securities(private)		16,228,076	(50,744)	0.31	-	-	-	16,228,076	(50,744)	0.31
Purchase under repurchase agreements		182,094,803	-	-	-	-	-	182,094,803	-	-
Discounted notes		2,049,805	(1,855,492)	90.52	100,000	(15,558)	15.56	2,149,805	(1,871,050)	87.03
Loans under credit line		1,001,489	(604,556)	60.37	140,031	(7,092)	5.06	1,141,520	(611,648)	53.58
Loans secured by deposits		160,900	(62,342)	38.75	2,050,913	(193,808)	9.45	2,211,813	(256,150)	11.58
General purpose		200,117,304	(123,303,331)	61.82	228,075,876	(7,014,920)	3.08	428,193,180	(130,318,251)	30.48
Consumer loans		46,237,370	(34,893,358)	75.47	29,457,012	(3,547,754)	12.04	75,694,382	(38,441,112)	50.78
Others		8,605,887	(853,952)	9.92	-	-	-	8,605,887	(853,952)	9.92
	₩	1,298,414,300	(222,059,909)	17.10	259,823,832	(10,779,132)	4.15	1,558,238,132	(232,839,041)	14.94

12. Loans and receivables, continued

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

(1) Details of loans and other receivables as March 31, 2013 and 2012 are as follows, continued.

(in thousands of Korean won)

		March 31, 2012								
		Individual assessment			Collective assessment			Total		
		Receivable amounts	Allowance for doubtful accounts	Percent age (%)	Receivable amounts	Allowance for doubtful accounts	Percent age (%)	Receivable amounts	Allowance for doubtful accounts	Percent age (%)
Other assets										
Non-trade receivables	₩	659,548,820	(1,410,175)	0.21	2,608,522	(2,608,522)	100.00	662,157,342	(4,018,697)	0.61
Accrued income		49,622,453	(303,548)	0.61	1,193,103	(1,193,103)	100.00	50,815,556	(1,496,651)	2.95
Deposit		74,818,646	-	-	-	-	-	74,818,646	-	-
Others		11,013,123	-	-	-	-	-	11,013,123	-	-
		<u>795,003,042</u>	<u>(1,713,723)</u>	<u>0.22</u>	<u>3,801,625</u>	<u>(3,801,625)</u>	<u>100.00</u>	<u>798,804,667</u>	<u>(5,515,348)</u>	<u>0.69</u>
	₩	<u>3,272,798,809</u>	<u>(223,773,632)</u>	<u>6.84</u>	<u>263,625,457</u>	<u>(14,580,757)</u>	<u>5.53</u>	<u>3,536,424,266</u>	<u>(238,354,389)</u>	<u>6.74</u>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

12. Loans and receivables, continued

(2) Changes in allowance for doubtful accounts for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		2013	2012
Beginning balance	₩	238,354,389	66,322,542
Provision(reversal) of credit loss		10,954,449	(10,448,422)
Business combinations		-	268,305,637
Others		(102,823,055)	(85,942,665)
Ending balance	₩	146,485,783	238,354,389

(3) Broker's loans

The Group recognizes the amount of loans to fund the purchase of shares lent to the credit customers, as credit broker's loans (interest for 1 year : 7.0%~10.0%; repayment term : less than 210 days). If maturity date of loans is over, the Group redeems loans according to Group's guideline and recognizes as outstanding loans with 12% interest rate. For broker's loan, securities and cash amounting to 45%~60% are secured and required collateral maintenance rate is 140%~150%. If collateral value is under required collateral maintenance rate or maturity date is over, loans are repaid by voluntary closed trade according to agreement.

For customer's deposited securities, the Group recognizes loans on securities collateral within 40%~60% of collateral evaluation amount. For above loans, interest rate for a year is 7.0%~8.5%, term for redemption is less than a year. Required collateral maintenance rate is 140%~150%. If there is deficiency of collateral or maturity date is over, loans are repaid by closed trade of security collateral.

(4) Replaced payment

Replaced payment consists of advanced payments on acceptances of bonds, advanced payment on loss compensations, advanced payment on acceptances and guarantees and other advanced payments. Advanced payments on acceptances and guarantees of bonds are recognized when the Group prepaid for acceptances and guarantees of bond due to dishonor of issuer. Advanced payments on loss compensations are amounts of compensation receivables prepaid by the Group when there is loss of customer due to misappropriation or voluntary sales by executives and staff members. Advanced payments among the investor protection fund are for the indemnity right of a securities Group.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

13. Property and equipment

(1) Details of property and equipment as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013		
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	171,069,281	-	171,069,281
Buildings		88,649,708	(18,664,383)	69,985,325
Vehicles		1,324,710	(447,849)	876,861
Furniture and equipment		200,242,222	(159,685,228)	40,556,994
Assets related to provisions for asset retirement obligation		1,993,007	(1,076,321)	916,686
Construction in progress		133,002,374	-	133,002,374
	₩	<u>596,281,302</u>	<u>(179,873,781)</u>	<u>416,407,521</u>

(in thousands of Korean won)

		March 31, 2012		
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	133,131,438	-	133,131,438
Buildings		103,589,333	(16,463,309)	87,126,024
Vehicles		936,091	(612,323)	323,768
Furniture and equipment		198,110,925	(150,347,826)	47,763,099
Assets related to provisions for asset retirement obligation		2,033,935	(939,024)	1,094,911
Construction in progress		29,168,206	-	29,168,206
	₩	<u>466,969,928</u>	<u>(168,362,482)</u>	<u>298,607,446</u>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

13. Property and equipment, continued

(2) Changes in property and equipment for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		2013						
		Land	Buildings	Vehicles	Furniture and equipment	Assets related to provisions for asset retirement obligation	Construction in progress (*)	Total
Beginning								
balance	₩	133,131,438	87,126,024	323,768	47,763,099	1,094,911	29,168,206	298,607,446
Acquisition		1,356,895	1,324,226	240,161	5,257,987	27,982	172,629,904	180,837,155
Disposal		-	-	(20,531)	(2,234,399)	(154,088)	-	(2,409,018)
Depreciation		-	(4,004,672)	(194,537)	(18,945,449)	(365,357)	-	(23,510,015)
Transfer and others		36,580,948	(14,460,253)	528,000	8,716,544	313,754	(68,795,736)	(37,116,743)
Translation adjustment		-	-	-	(788)	(516)	-	(1,304)
Ending								
balance	₩	171,069,281	69,985,325	876,861	40,556,994	916,686	133,002,374	416,407,521

(*) During the year, the Group has capitalized borrowing costs amounting to ₩5,287 million (rate of capitalization interest: 3.29%) on construction in progress.

(in thousands of Korean won)

		2012						
		Land	Buildings	Vehicles	Furniture and equipment	Assets related to provisions for asset retirement obligation	Construction in progress	Total
Beginning								
balance	₩	145,191,213	96,913,738	379,352	48,608,422	101,396	2,084,060	293,278,181
Acquisition		-	-	75,180	12,612,802	-	34,156,706	46,844,688
Disposal		(11,321,652)	(4,868,041)	(6,033)	(733,955)	(48,886)	-	(16,978,567)
Depreciation		-	(4,441,010)	(124,731)	(20,045,424)	(657,673)	-	(25,268,838)
Transfer and others		(738,123)	(478,663)	-	7,318,530	1,699,297	(7,072,560)	728,481
Translation adjustment		-	-	-	2,724	777	-	3,501
Ending								
balance	₩	133,131,438	87,126,024	323,768	47,763,099	1,094,911	29,168,206	298,607,446

(3) As of March 31, 2013, depreciable assets are insured against fire and other casualty losses for up to approximately ₩150,253 million(2012: ₩167,981 million). In addition, the Group has liability insurance and others for vehicles owned by the Group.

14. Intangible assets

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

(1) Details of intangible assets as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013		
		Acquisition cost	Accumulated amortization	Carrying amount
Goodwill	₩	30,942,328	-	30,942,328
Development cost		45,695,590	(32,646,848)	13,048,742
KFTC contributions to settlement system		19,324,446	-	19,324,446
Core deposit assets		11,620,000	(3,873,333)	7,746,667
Membership rights		15,100,094	-	15,100,094
	₩	<u>122,682,458</u>	<u>(36,520,181)</u>	<u>86,162,277</u>

(in thousands of Korean won)

		March 31, 2012		
		Acquisition cost	Accumulated amortization	Carrying amount
Goodwill	₩	30,880,000	-	30,880,000
Development cost		42,245,826	(23,779,147)	18,466,679
KFTC contributions to settlement system		19,324,446	-	19,324,446
Core deposit assets		11,620,000	(1,549,333)	10,070,667
Membership rights		22,493,695	-	22,493,695
	₩	<u>126,563,967</u>	<u>(25,328,480)</u>	<u>101,235,487</u>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

14. Intangible assets, continued

(2) Changes in intangible assets for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013					
		Goodwill	Development cost	KFTC contributions to settlement system	Core deposit assets	Membership rights	Total
Beginning balance	₩	30,880,000	18,466,679	19,324,446	10,070,667	22,493,695	101,235,487
Acquisition		62,328	3,449,764	-	-	77,666	3,589,758
Disposal		-	-	-	-	(2,597,367)	(2,597,367)
Amortization		-	(8,867,701)	-	(2,324,000)	-	(11,191,701)
Impairment loss(*)		-	-	-	-	(1,603,500)	(1,603,500)
Transfer		-	-	-	-	(3,270,400)	(3,270,400)
Ending balance	₩	30,942,328	13,048,742	19,324,446	7,746,667	15,100,094	86,162,277

(in thousands of Korean won)

		March 31, 2012					
		Goodwill	Development cost	KFTC contributions to settlement system	Core deposit assets	Membership rights	Total
Beginning balance	₩	-	26,915,844	19,324,446	-	28,051,029	74,291,319
Acquisition		30,880,000	-	-	11,620,000	464,298	42,964,298
Disposal		-	-	-	-	(2,111,795)	(2,111,795)
Amortization		-	(8,449,165)	-	(1,549,333)	-	(9,998,498)
Impairment loss(*)		-	-	-	-	(639,437)	(639,437)
Transfer		-	-	-	-	(3,270,400)	(3,270,400)
Ending balance	₩	30,880,000	18,466,679	19,324,446	10,070,667	22,493,695	101,235,487

(*) Impairment loss was recognized as other expenses in the statement of comprehensive income due to the decline in fair value during the period. The recoverable amount was calculated using fair value less costs to sell based on market prices.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

14. Intangible assets, continued

(3) Details of intangible assets with indefinite economic life as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2013	March 31, 2012
Goodwill	₩ 30,942,328	30,880,000
KFTC contributions to settlement system	19,324,446	19,324,446
Membership rights	15,100,094	22,493,695
	₩ 65,366,868	72,698,141

(4) Goodwill

Goodwill is distributed to cash generating units. The Goodwill of ₩30,942 million has occurred by business combination of Daishin Savings Bank Co.,Ltd, subsidiary and Daishin Asset Management Co.,Ltd, as of March 31, 2013. The Goodwill is distributed to Savings bank segmentation and Asset Management.

Goodwill is allocated to cash-generating units according to the supervision method used by management for impairment testing. Impairment testing to ensure that its assets of cash-generating units are carried at no more than their recoverable amounts is performed annually and when there is any indication that an asset may be impaired.

The recoverable amount of an asset of a cash-generating unit is measured at the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of the cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. If it is difficult to measure the amount obtainable from the sale of the cash-generating unit, the Group measures the fair value less costs to sell by adjusting the amount obtained from the sale of similar cash-generating units, reflecting the characteristics of the measured cash-generating unit. If it is not possible to obtain the reliable information to measure the fair value less costs to sell, the Group uses the asset's value in use as its recoverable amount. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The projections of the future cash flows are based on the financial budget approved by management and cover a maximum period of five years. The future cash flows after a maximum period of five years are estimated on the assumption that the future cash flows will increase by certain percentage every year. The key assumptions used for the estimation of the future cash flows are the market size and the Group's market share. An appropriate discount rate for future cash flows is determined on a pre-tax basis based on the Capital Asset Pricing Model ("CAPM") and makes assumptions on the risk-free interest rate, market risk premium, and systematic risk of cash-generation.

15. Investment property and other assets

(1) Investment Property

1) Details of investment property as of March 31, 2013 and 2012 are as follows:

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<i>(in thousands of Korean won)</i>		March 31, 2013		
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	103,537,969	-	103,537,969
Buildings		76,566,473	(14,847,370)	61,719,103
	₩	<u>180,104,442</u>	<u>(14,847,370)</u>	<u>165,257,072</u>

<i>(in thousands of Korean won)</i>		March 31, 2012		
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	90,007,785	-	90,007,785
Buildings		66,845,428	(11,386,005)	55,459,423
	₩	<u>156,853,213</u>	<u>(11,386,005)</u>	<u>145,467,208</u>

As of March 31, 2013, total fair value of investment property is ₩173,304 million.

As of March 31, 2013, the Group's leasehold deposits have been set up for collateral security amounting to ₩38,291 million and for the rights to lease on a deposit basis amounting to ₩2,459 million.

2) Changes in investment property for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013		
		Land	Buildings	Total
Beginning balance	₩	90,007,785	55,459,423	145,467,208
Disposal		(8,736,662)	(5,831,822)	(14,568,484)
Depreciation		-	(2,444,200)	(2,444,200)
Transfer within the non-current assets as held for sale		(372,943)	(376,034)	(748,977)
Transfer(*)		<u>22,639,789</u>	<u>14,911,736</u>	<u>37,551,525</u>
Ending balance	₩	<u>103,537,969</u>	<u>61,719,103</u>	<u>165,257,072</u>

15. Investment property and other assets, continued

<i>(in thousands of Korean won)</i>		March 31, 2012		
		Land	Buildings	Total

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES

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For the years ended March 31, 2013 and 2012

Beginning balance	₩	108,376,283	73,075,955	181,452,238
Disposal		(19,106,621)	(15,576,653)	(34,683,274)
Depreciation		-	(2,518,542)	(2,518,542)
Transfer(*)		<u>738,123</u>	<u>478,663</u>	<u>1,216,786</u>
Ending balance	₩	<u><u>90,007,785</u></u>	<u><u>55,459,423</u></u>	<u><u>145,467,208</u></u>

(*) Transfers of property, plant and equipment due to change in use.

- 3) Rental revenues and related expenses of Investment property for the years ended 2013 and 2012 are as follows.

<i>(in thousands of Korean won)</i>		<u>2013</u>	<u>2012</u>
Rent income	₩	8,570,950	10,930,762
Operating expenses (directly related to investment property)		(7,867,953)	(12,327,040)
Operating expenses (with no rental income)		(1,975,747)	(1,066,446)
Gain(loss) on disposal of investment property		<u>931,516</u>	<u>18,691,224</u>
Net income	₩	<u><u>(341,234)</u></u>	<u><u>16,228,500</u></u>

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15. Investment property and other assets, continued

(2) Other Assets

Details of other assets as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2013	March 31, 2012
Loans and receivables		
Non-trade receivables	₩ 483,975,384	662,157,342
Accrued income	65,125,975	50,815,556
Advance payments	10,645,993	11,013,123
Deposits	60,696,228	74,818,646
Others	887,679	-
Allowance for doubtful accounts	(5,398,203)	(5,515,349)
	<u>615,933,056</u>	<u>793,289,318</u>
Non-financial assets		
Advance payments	1,898,719	4,982,694
Prepaid expenses	3,556,360	5,246,695
Others	1,404,129	6,281,887
	<u>6,859,208</u>	<u>16,511,276</u>
	<u>₩ 622,792,264</u>	<u>809,800,594</u>

16. Non-current assets as held for sale

- (1) As of March 31, 2013, assets held for sale are composed of 1 land and building. Such reclassification to assets held for sale was made based on the sales decision of management. The Group is continuously conducting sales activities for the properties, it is unlikely that a significant change to the sales plan will be made or that the sales plan will be withdrawn.

- (2) Details of non-current assets as held for sale as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2013	March 31, 2012
Land	₩ 372,943	-
Buildings	376,034	-
Accumulated impairment losses on assets as held for sale	-	-
	<u>₩ 748,977</u>	<u>-</u>

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17. Financial liability at fair Value through profit or loss

- (1) Details of financial liability at fair value through profit or loss as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012
Financial liabilities held for trading			
Securities sold	₩	131,548,366	103,329,859
Financial liabilities designated at fair value through profit or loss			
Securities sold		-	-
Derivatives-combined securities sold (*)		3,743,982,568	2,305,126,365
Credit valuation Adjustments(*)		(534,028)	(206,236)
Day 1 profit and loss (*)		53,017,846	2,903,809
		<u>3,796,466,386</u>	<u>2,307,823,937</u>
Derivative liabilities held for trading(*)		<u>206,209,707</u>	<u>549,196,835</u>
	₩	<u>4,134,224,459</u>	<u>2,960,350,631</u>

(*) Details of derivatives-combined securities sold and derivative liabilities are disclosed separately (Note 18).

- (2) The difference between maturity value and book value of derivatives linked securities(sell), kinds of financial liabilities designated at fair value through profit and loss is as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012
Maturity payment	₩	3,713,916,857	2,244,567,610
Difference with book value		(30,065,711)	(60,558,755)

- (3) Changes in fair value from fluctuation of credit risk of financial liabilities designated at fair value through profit and loss are as follows:

<i>(in thousands of Korean won)</i>		2013	Accumulated	2012	Accumulated
Decrease(increase) in fair value from fluctuation of credit risk(*)	₩	327,792	534,028	20,101	206,236

(*) The amount of decrease (increase) and accumulated changes in fair value is calculated only for items which have ending balances as of March 31, 2013. The amount of fair value from fluctuation of credit risk is calculated by using Basel's method of the expected losses.

17. Financial liability at fair value through profit or loss, continued

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued

For the years ended March 31, 2013 and 2012

- (4) In order to reduce the accounting mismatches, the Group designated such financial liabilities as those measured at fair value through profit and loss. In addition, the Group designated compound financial instruments as those measured at fair value through profit and loss if cash flows from those instruments vary significantly due to the embedded derivatives and there are close relationships in economic characteristics and risks between host contracts and embedded derivatives.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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18. Derivatives-combined securities, derivatives-combined securities sold and derivative

- (1) Details of derivatives-combined securities and derivatives-combined securities sold as of March 31, 2013 and 2012 are as follows:

(in thousands of
Korean won)

	March 31, 2013			March 31, 2012		
	Valued amount	Gains on valuation	Losses on valuation	Valued amount	Gains on valuation	Losses on valuation
Derivatives-combined Securities						
Equity-linked securities	₩ 271,273,891	18,358,233	7,078,208	239,797,049	3,387,336	7,061,919
Others	31,842,327	199,375	210,972	87,070	-	80,692
	<u>₩ 303,116,218</u>	<u>18,557,608</u>	<u>7,289,180</u>	<u>239,884,119</u>	<u>3,387,336</u>	<u>7,142,611</u>
Derivatives-combined securities sold						
Equity-linked securities						
sold(*)	₩ 2,146,701,945	55,969,194	114,303,835	1,483,745,992	14,542,839	36,164,472
Others	1,597,280,623	16,560,581	51,444,595	821,380,373	31,166,901	9,730,569
	<u>₩ 3,743,982,568</u>	<u>72,529,775</u>	<u>165,748,430</u>	<u>2,305,126,365</u>	<u>45,709,740</u>	<u>45,895,041</u>

(*) Out of equity-linked securities sold, the credit-linked securities are 33 including 'Derivatives combined securities NO.100' and their notional amounts are ₩1,001,402 million as of March 31, 2013. Those are settled by contract terms when the credit event happens to the reference company during the contractual period.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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18. Derivatives-combined securities, derivatives-combined securities sold and derivative, continued

(2) Details of derivatives as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013		March 31, 2012	
		Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Interest rate swap	₩	133,398,665	62,603,832	82,956,165	281,784,470
Currency swaps		23,224,205	23,563,243	6,273,128	4,718,074
Currency forwards		8,022	39,159	3,182,410	4,849,826
Currency options		456,925	-	-	-
Stock swap		23,917,669	14,999,374	24,251,118	6,503,120
Stock and stock index options purchased		52,580,841	42,023,863	246,983,567	5,577,558
CDS		39,642,007	13,973,387	23,219,965	14,609,292
TRS		-	-	1,119,238	-
General swap		10,995,413	768,335	7,926,835	1,315,492
General option		1,808,500	683,925	3,641,631	3,175,326
Other option		-	-	1,072,477	-
Equity-linked warrants		285,163	34,002,165	-	222,598,346
Listed Derivatives		4,249,862	8,087,848	5,594,874	3,687,081
		<u>290,567,272</u>	<u>200,745,131</u>	<u>406,221,408</u>	<u>548,818,585</u>
Credit valuation Adjustments		(512,275)	(603,142)	(400,891)	(287,723)
Day 1 profit and loss		<u>11,811,982</u>	<u>6,067,718</u>	<u>-</u>	<u>-</u>
	₩	<u>301,866,979</u>	<u>206,209,707</u>	<u>405,820,517</u>	<u>548,530,862</u>

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18. Derivatives-combined Securities, derivatives-combined securities sold and derivative, continued

(3) Derivative instrument contracts outstanding as of March 31, 2013 and 2012 are as follows:

		March 31, 2013(*)	March 31, 2012(*)
Interest rate			
Swap	₩	10,452,584,000	6,529,981,000
Option		-	252,100,000
Futures		1,483,191,677	808,431,240
		<u>11,935,775,677</u>	<u>7,590,512,240</u>
Currency			
Forward		6,776,634	621,361,242
Swap		1,383,795,134	556,629,463
Option		13,198,000	-
Futures		15,304,853	19,846,000
		<u>1,419,074,621</u>	<u>1,197,836,705</u>
Stock and equity index			
Option		2,896,872,127	7,937,307,456
Futures		92,671,595	66,033,344
Swap		727,850,853	803,984,969
		<u>3,717,394,575</u>	<u>8,807,325,769</u>
Credit			
Swap		2,729,597,248	1,408,862,860
Others			
Option		104,376,585	107,197,900
Futures		16,568,586	113,480
Swap		255,446,780	277,752,500
		<u>376,391,951</u>	<u>385,063,880</u>
Equity-linked warrants sold		<u>2,009,718,208</u>	<u>7,616,237,446</u>
	₩	<u>22,187,952,280</u>	<u>27,005,838,900</u>

(*) Settlements credits of commitment amount are translated by applying standard rate of exchange at the end of fiscal year. In case of transactions between Korea won and a foreign currency, its basis is the contracted price of foreign currency. Also, transactions between different foreign currencies, its basis is the contracted price of buying rate.

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18. Derivatives-combined Securities, derivatives-combined securities sold and derivative, continued

- (4) Gains and losses on valuation of derivative financial instruments held for risk management for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013		March 31, 2012	
		Gain on valuation	Loss on valuation	Gain on valuation	Loss on valuation
Interest rate	₩	74,793,673	62,899,874	25,389,945	40,534,108
Currency		21,456,412	23,691,740	8,470,420	10,877,172
Stock and equity index		49,538,948	205,754,431	100,322,597	527,404,354
Credit		44,144,784	27,348,642	26,559,062	12,666,349
Others		12,536,492	5,510,836	2,628,182	10,147,682
Equity-linked warrants sold		180,893,915	1,441,269	522,874,320	66,269,086
	₩	<u>383,364,224</u>	<u>326,646,792</u>	<u>686,244,526</u>	<u>667,898,751</u>

19. Deposits

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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(1) Detail of deposits as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		March 31, 2013	March 31, 2012
Deposits from customers			
Customers' deposits for brokerage	₩	689,670,530	816,232,008
Customers' deposits for futures and options trading		196,785,295	171,593,165
Customers' deposits for savings		5,852,622	6,467,400
Customers' deposits for Repo		10,487,905	3,826,660
Customers' deposits for beneficiary		4,742,791	5,412,819
Others		61,811	5,077
		<u>907,600,954</u>	<u>1,003,537,129</u>
Deposits for saving banks			
Passbook deposits		3,260,300	5,077,802
Temporary deposits		1,329,003	4,414,309
Mutual installment deposits		58,470	321,832
Deposits with flexible installment		11,657	63,338
Time deposits		647,040,593	1,012,489,191
Corporate savings deposits		19,138,704	23,862,230
Installment savings deposits		625	7,962
Workers' preferential savings deposits		1,600	1,600
Long-term housing savings deposits		34,996,360	29,983,050
Present value discounts		(1,627,543)	(2,115,806)
		<u>704,209,769</u>	<u>1,074,105,508</u>
	₩	<u><u>1,611,810,723</u></u>	<u><u>2,077,642,637</u></u>

20. Debts

Details of debts as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

	Lender	Interest rate	March 31, 2013	March 31, 2012
Call money	Woori Asset Management	2.74 ~	₩ 400,000,000	461,800,000
	Company and others	2.82		
Borrowings	The Korea Securities Finance	2.82 ~	178,423,018	200,689,541
	Corporation	3.01		
Other borrowings	KTb Investment & Securities	2.80	270,000,000	120,000,000
	Company and others	1.90 ~		
Securities sold under repurchase agreement	-	17.00	3,458,534,681	2,511,227,999
Non-controlling interests in collective investment securities	-	-	11,612,640	2,531,382
			<u>₩ 4,318,570,339</u>	<u>3,296,248,922</u>

21. Debentures

(1) Details of debentures as of March 31, 2013 and 2012 are as follows:

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Notes to Consolidated Financial Statements, Continued
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<i>(in thousands of Korean won)</i>	Interest rate (%)	Date of issue	Date of maturity		March 31, 2013	March 31, 2012
10-1 st Non-guaranteed debenture (public)	4.95	2010-07-26	2013-07-26	₩	60,000,000	60,000,000
12-1 st Non-guaranteed debenture(public)	4.15	2012-03-20	2015-03-20		60,000,000	60,000,000
12-2 st Non-guaranteed debenture(public)	3.56	2012-07-27	2017-07-27		100,000,000	-
Discount on bonds payable					<u>(630,387)</u>	<u>(443,963)</u>
				₩	<u>219,369,613</u>	<u>119,556,037</u>

Debentures are to be redeemed at maturity.

(2) Details of changes in debentures, Issues and repayments for the years ended March 31, 2013.

<i>(in thousands of Korean won)</i>	Nominal interest rate (%)	Face value	Carrying amount	Maturity
Beginning balance		₩ 120,000,000	119,556,037	
Issues				
12-2st Non-guaranteed debenture(public)	3.56	100,000,000	99,544,800	2017-07-27
Amortization of interest expense			<u>268,776</u>	
Ending balance		₩ <u>220,000,000</u>	<u>219,369,613</u>	

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22. Defined benefit liability and other long-term employee benefits

(1) Defined Benefit Liability

Defined benefit liability recognized on the statements of finance position as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	<u>March 31, 2013</u>	<u>March 31, 2012</u>
Present value of defined benefit liability	₩ 4,953,965	6,789,372
Fair value of plan assets	<u>(4,492,831)</u>	<u>(5,067,762)</u>
Defined benefit liability	₩ <u>461,134</u>	<u>1,721,610</u>

Changes in the carrying amount of defined benefit obligations for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	<u>2013</u>	<u>2012</u>
Beginning balance	₩ 6,789,372	5,993,231
Current service cost	1,185,388	2,051,794
Interest expense	238,832	205,444
Actuarial gains and losses	320,574	(528,508)
Benefits paid	<u>(3,580,201)</u>	<u>(932,589)</u>
Ending balance	₩ <u>4,953,965</u>	<u>6,789,372</u>

The movements in the fair value of plan assets for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	<u>2013</u>	<u>2012</u>
Beginning balance	₩ 5,067,762	4,760,876
Expected return on plan assets	203,699	130,656
Actuarial gains and losses	454,301	(508,683)
Employer contribution	1,047,585	1,304,000
Benefits paid	<u>(2,280,516)</u>	<u>(619,087)</u>
Ending balance	₩ <u>4,492,831</u>	<u>5,067,762</u>

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22. Defined benefit liability and other long-term employee benefits, continued

Details of defined benefit liability for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		2013	2012
Current service cost	₩	1,185,388	2,051,794
Interest expenses		238,832	205,444
Expected return on plan assets		(203,699)	(130,656)
Actuarial gains and losses		(133,727)	(19,825)
Severance benefits	₩	<u>1,086,794</u>	<u>2,106,757</u>

Plan assets as of March 31, 2013, consist of time deposits.

The principal actuarial assumptions as of March 31, 2013 and 2012 are as follows:

	March 31, 2013	March 31, 2012
Discount rate	2.76% ~ 2.89%	3.86% ~ 4.11%
Expected return on plan assets(*1)	2.76% ~ 2.89%	4.42% ~ 4.50%
Future salary increases	2.50% ~ 3.00%	2.50% ~ 3.00%
Mortality(*2)	Age rate	Age rate

(*1) Expected return on plan assets, as expected long-term yield, is the interest rate of high-quality corporate bonds, which is used for defined benefit obligations according to the K-IFRS 1019, 'Employee Benefits'.

(*2) Expected mortality estimation based on mortality data published by Korea Insurance development Institute.

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22. Defined benefit liability and other long-term employee benefits, continued

(2) Other Long-term employee benefit liability

Details of other long-term salary and wage liability as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012
Other long-term employee benefit liability	₩	3,240,991	3,011,117

Changes in the other long-term salary and wage liability as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		2013	2012
Other long-term employee benefit liability (Beginning)	₩	3,011,117	2,728,746
Current service cost		265,865	261,258
Interest expenses		122,739	104,101
Actuarial gains and losses		213,738	138,758
Benefits paid		(372,468)	(221,878)
Others		-	132
Other long-term employee benefit liability (Ending)	₩	<u>3,240,991</u>	<u>3,011,117</u>

Details of other long-term salary and wage for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		2013	2012
Current service cost	₩	265,865	261,258
Interest expenses		122,739	104,101
Actuarial gains and losses		<u>213,738</u>	<u>138,758</u>
Other long-term employee benefit	₩	<u>602,342</u>	<u>504,117</u>

The principal actuarial assumptions as of March 31, 2013 and 2012 are as follows:

	March 31, 2013	March 31, 2012
Discount rate	2.89%~6.54%	4.11%~6.54%
Expected return on plan assets	Age rate	Age rate
Future salary increases	Age rate	Age rate
Mortality(*)	Age rate	Age rate

(*) Expected mortality estimation based on scheduled mortality of Korea insurance development institute.

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23. Provisions for liabilities and charges

Details and changes of provisions for liabilities and charges as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2013	March 31, 2012
Provision for restoration	₩ 2,287,424	2,321,499
Provision for other estimated liabilities	433,836	3,312,403
	<u>₩ 2,721,260</u>	<u>5,633,902</u>

Provision for restoration costs is the present value of expected rehabilitation expense based on the office rental contract at each branch. Provision for restoration costs is recognized when each branch has the contract and is reversed when each contract is terminated.

For reasonable estimation of average life of rental contracts, the Group used average life of terminated rental contracts for past ten years and average operating period of rental stores which operate more than five years as of March 31, 2013. For estimating the expected rehabilitation expense, the Group used average inflation rate for three years and average value of actual rehabilitation expenses of rehabilitated rental contract for past three years.

Changes in the provisions for liabilities and charges for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	2013	2012
Beginning	₩ 2,321,499	669,151
Increase	472,711	1,924,838
Reversal	(55,612)	(50,941)
Using	(479,728)	(222,917)
Others	28,554	1,368
Ending	<u>₩ 2,287,424</u>	<u>2,321,499</u>

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For the years ended March 31, 2013 and 2012

24. Other liability

Details of other liability as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2013	March 31, 2012
Financial liabilities carried at amortized cost		
Dividends payable	₩ 52,236	44,915
Non-trade payables	497,248,481	589,734,521
Accrued Expenses	40,513,785	57,855,766
Leasehold deposits received	30,749,115	31,986,894
Others(*)	11,003,398	44,705,127
	<u>579,567,015</u>	<u>724,327,223</u>
Non-financial liability		
Non-trade payables	7,414,436	2,191,013
Withholdings	4,991,764	5,698,818
Others	134,096	1,000
	<u>12,540,296</u>	<u>7,890,831</u>
	<u>₩ 592,107,311</u>	<u>732,218,054</u>

(*) Included in present value of the minimum dividend which should be paid to 2nd preferred shareholders of ₩7,087 million.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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25. Equity

(1) Capital Stock

(in thousands of Korean won)

March 31, 2013

	Number of issued shares	Treasury shares (*2)	Number of currency shares(*3)	Capital Stock
Common stock(*1)	50,773,400	7,593,518	43,179,882 ₩	254,867,000
1st Preferred stock	26,000,000	3,400,000	22,600,000	130,000,000
2nd Preferred stock	10,000,000	600,000	9,400,000	50,000,000
			₩	434,867,000

(in thousands of Korean won)

March 31, 2012

	Number of issued shares	Treasury shares (*2)	Number of currency shares(*3)	Capital Stock
Common stock(*1)	50,773,400	5,241,974	45,531,426 ₩	254,867,000
1st Preferred stock	26,000,000	3,400,000	22,600,000	130,000,000
2nd Preferred stock	10,000,000	600,000	9,400,000	50,000,000
			₩	434,867,000

(*1) On September 16, 2002, the Group retired 200,000 treasury shares. Due to the retirement of its treasury stock, the book value per share of issued shares is ₩5,020 as of March 31, 2013. As of March 31, 2013, the majority shareholder Hong-Suk, Yang and his related parties own 9.83% of the Group's common stock.

(*2) As of March 31, 2013, the Group holds common shares purchased at the market price, recorded as treasury stock under the capital adjustment account. The Group intends to distribute the treasury shares upon exercise of stock options or to dispose of depending on the market conditions.

(*3) Changes in the number of outstanding stock shares of common shares for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

	2013	2012
Beginning	₩ 45,531,426	46,184,592
Acquisition of treasury shares	(2,500,000)	(1,200,000)
Disposal of treasury shares	148,456	546,834
Ending	₩ 43,179,882	45,531,426

25. Equity, continued

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Consist of component of additional paid-in and other capital as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012
Share premium	₩	603,952,360	603,952,360
Gains on disposal of treasury shares		4,272,369	4,731,815
Other additional capital		91,081,341	91,028,898
	₩	<u>699,306,070</u>	<u>699,713,073</u>

(2) Retained Earnings

Retained earnings as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012
Legal reserves	₩	124,904,273	119,751,736
Reserve for credit lossess		4,565,267	-
Random surplus		420,000,000	400,000,000
Unappropriated retained earnings		21,049,716	99,741,739
Reserve for compensation for electronic financial incident		<u>500,000</u>	<u>500,000</u>
	₩	<u>571,019,256</u>	<u>619,993,475</u>

The Commercial Code of the Republic of Korea requires the Group to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any, with the ratification of the Group's majority shareholders.

According to Electronic Financial Transaction Act 9, the Group recognizes loss on electronic financial transactions, for compensating users' losses on accidents caused by forged or alteration of the means of access and on accidents occurring in electronic trading.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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25. Equity, continued

(3) Reserve for credit losses

The reserve for credit losses is calculated in accordance with the Regulation on Financial Investment Business, minus allowance for loan losses according to Korean-IFRS.

The reserve for credit losses is a type of discretionary reserves, therefore, only can be reserved after deposition of deficit and excessive amount can be reversed when the accumulated reserve exceeds the amount to be reserved as of the reporting date.

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012
Reserve of credit losses	₩	4,565,267	-
Expected reserve(reversal) of credit losses		(636,560)	4,565,267
Balances of reserve of credit losses	₩	3,928,707	4,565,267

The details of adjusted income per share and others as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won, except basic and diluted earnings per share)</i>		2013	2012
Reserve(reversal) of provision for credit losses	₩	(636,560)	(146,544)
Adjusted gain with reserve for credit losses(*)		4,027,965	90,004,206
Adjusted income per share with reserve for credit losses (in Korean won)(*)			
Basic earnings per common share		52	1,142
Basic earnings per 1st preferred share		68	1,196
Basic earnings per 2nd preferred share		18	1,146
Diluted earnings per common share		51	1,136
Diluted earnings per 1st preferred share		68	1,190
Diluted earnings per 2nd preferred share		18	1,140

(*) Adjusted gain and adjusted income per share with reserve for credit losses reflected is not an amount in accordance with K-IFRS, but an amount assuming the reversal of reserve for credit losses excluding income tax effect is reflected in comprehensive income attributable to equity holders of the parent entity.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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For the years ended March 31, 2013 and 2012

25. Equity, continued

(4) Other equity components

Details of other equity components as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2013	March 31, 2012
Treasury stock (*1)	₩ (155,866,226)	(135,074,568)
Discount on capital stock	(150,277)	-
Others (*2)	2,337,897	1,894,543
	<u>₩ (153,678,606)</u>	<u>(133,180,025)</u>

(*1) Disposal gains(losses) on treasury stocks occurred because the Group paid the performance bonus with treasury stocks according to the financial Investment Group's compensation plan.

(*2) The Group has granted shares or share options to its employees. Others are share-based payments recognized as other comprehensive income less the amount of treasury stock value already provided.

(5) Accumulated other comprehensive income

Details of accumulated other comprehensive income as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2013	March 31, 2012
Change in value of available-for-sale financial assets	₩ 106,830,966	113,182,587
Share of other comprehensive income of associates	(5,907)	(1,303,420)
Gains(loss) on overseas operation translation	(130,642)	57,366
	<u>₩ 106,694,417</u>	<u>111,936,533</u>

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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25. Equity, continued

(6) Details of year-end dividends as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won
, except numbers of shares and dividends)

March 31, 2013					
	Number of issued shares	Treasury shares (*)	Number of dividends	Dividend per share	Total dividends
Common stock	50,773,400	7,593,618	43,179,782 ₩	500	21,589,891
1st Preferred stock	26,000,000	3,400,003	22,599,997	550	12,429,998
2nd Preferred stock	10,000,000	600,009	9,399,991	500	4,699,996
					<u>38,719,885</u>

(in thousands of Korean won
, except numbers of shares and dividends)

March 31, 2012					
	Number of issued shares	Treasury shares (*)	Number of dividends	Dividend per share	Total dividends
Common stock	50,773,400	4,588,930	46,184,470 ₩	750	34,638,353
1st Preferred stock	26,000,000	3,400,002	22,599,998	800	18,079,998
2nd Preferred stock	10,000,000	600,000	9,400,000	750	7,050,000
					<u>59,768,351</u>

(*) As of March 31, 2013 and 2012, treasury shares were excluded when the Company calculated the number of shares eligible for dividends.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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25. Equity, continued

(7) The appropriation of retained earnings for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)		2013	2012
I. Retained earnings before appropriations at April 1	₩	36,919,218	100,520,221
Unappropriated retained earnings carried over from prior year		19,747,062	9,801,315
Net income(loss)		17,172,156	90,718,906
II. Transfers such as discretionary reserves		70,646,870	180,726
Other reserves	70,000,000	-	-
Reserve for loss on electronic financial transactions	10,310	180,726	-
Reversal of credit losses	636,560	-	-
III. 2nd Preferred stock interest expenses		470,000	470,000
IV. Appropriated earned surplus		42,602,183	81,423,885
Legal appropriated retained earnings	3,871,988	5,152,536	-
Reserve for loss on electronic financial transactions	10,310	180,726	-
Reserve for credit losses	-	4,565,267	-
Disposition of accumulated deficit	38,719,885	51,525,356	-
Dividend			
Cash dividend / Dividend per share (%):			
2013: Common stock: ₩ 500 (10%)			
1st Preferred stock: ₩ 550 (11%)			
2 Preferred stock: ₩ 500 (10%)			
2012: Common stock: ₩ 650 (13%)			
1st Preferred stock: ₩ 700 (14%)			
2 Preferred stock: ₩ 650 (13%)			
Discretionary appropriated retained earnings	-	20,000,000	-
Other discretionary appropriated retained earnings	-	20,000,000	-
V. Unappropriated retained earnings carried forward to the subsequent year at March 31	₩	65,433,905	19,747,062

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26. Commissions received and expenses, net

Details of commission received and commission expenses for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	2013	2012
Commissions received		
Consignment commission	₩ 169,522,617	288,545,241
Underwriting commissions	9,033,821	10,460,032
Underwriting commissions on bonds	110,000	152,500
Brokerage commissions on collective investment securities	6,031,354	6,912,110
Asset management commission	218,951	237,303
Management fee on collective investment securities	1,924,369	2,554,063
Purchase and merge commission	3,340,000	3,850,227
Fees on trust account(*1)	2,534,602	1,365,098
Remittance charge	148,890	163,500
Others	16,709,929	11,440,352
	<u>209,574,533</u>	<u>325,680,426</u>
Commission expenses		
Trade commission	9,601,624	11,917,403
Investment consulting fees	155,767	4,067
Operating commitment fees	4,295	9,391
Remittance charge	361,722	545,914
Others	5,103,085	2,882,995
	<u>15,226,493</u>	<u>15,359,770</u>
	<u>₩ 194,348,040</u>	<u>310,320,656</u>

(*1) Fees on trust account are for the management, administration and disposal of trust assets.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

27. Interest income and expenses, net

Details of interest income and interest expenses for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	2013	2012
Interest revenue		
Deposit	₩ 46,833,126	40,457,369
Available-for-sale financial assets	721,770	956,970
Loan receivables	102,737,137	81,201,300
Other asset	107,093,789	95,908,246
	<u>257,385,822</u>	<u>218,523,885</u>
Interest expense		
Interest on borrowings	4,880,663	11,107,187
Interest on customers' deposits	7,337,034	7,406,437
Interest on bonds sold under repurchase agreements	90,676,725	86,174,696
Interest on call-moneys	10,829,917	16,550,094
Interest on debentures	6,922,593	7,086,650
Interest on provision for restoration	121,300	127,307
Interest on deposits received	40,186,379	33,733,725
Others	166,779,397	125,349,790
	<u>327,734,008</u>	<u>287,535,886</u>
	₩ <u>(70,348,186)</u>	<u>(69,012,001)</u>

Interest revenues from impaired financial assets are ₩84 million and ₩283 million for the periods ended March 31, 2013 and 2012, respectively.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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28. Trading gains and losses

Trading gains and losses are from financial instruments held for trading and from derivatives, including commission received, interest income(expenses), dividend income, gains(losses) on valuation measuring at fair value, and gains(losses) on trading or repayment.

Details of trading gains and losses for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

		2013		2012	
		Gain	Loss	Gain	Loss
Gains(loss) on disposal of marketable securities	₩	40,636,477	27,679,624	65,555,404	69,931,403
Gains(loss) on repayment of marketable securities		903,108	5,212,841	945,396	3,603,542
Gains(loss) on valuation of marketable securities		18,269,711	11,257,625	13,330,301	9,914,505
Interest revenue of marketable securities		147,852,313	-	155,305,709	-
Dividends revenue		3,308,654	-	2,328,327	-
	₩	<u>210,970,263</u>	<u>44,150,090</u>	<u>237,465,137</u>	<u>83,449,450</u>

(in thousands of Korean won)

		2013		2012	
		Gain	Loss	Gain	Loss
Gains(loss) on disposal of sale marketable securities	₩	4,110,310	9,795,177	5,106,066	10,940,955
Gains(loss) on valuation of sale marketable securities		863,232	3,145,890	1,040,727	3,134,688
	₩	<u>4,973,542</u>	<u>12,941,067</u>	<u>6,146,793</u>	<u>14,075,643</u>

(in thousands of Korean won)

		2013		2012	
		Gain	Loss	Gain	Loss
Gains(loss) on transaction of derivatives	₩	232,902,430	271,840,093	481,363,173	513,573,197
Gains(loss) on revaluation of derivatives		383,364,224	326,646,792	686,596,900	668,068,582
Gains(loss) on redemption of derivatives		1,029,720,330	924,398,558	2,195,469,096	2,171,049,572
Commission revenue of derivative sales		1,094,724	-	3,458,859	-
Reversal(Contribution) of credit risk revaluation adjustment		315,419	111,384	-	157,122
Adjustments for Day 1 gain and loss reversal(contribution)		1,999,999	1,601,860	-	-
	₩	<u>1,649,397,126</u>	<u>1,524,598,687</u>	<u>3,366,888,028</u>	<u>3,352,848,473</u>

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29. Gains(loss) on financial instrument designated at fair value through profit or loss, net

Gains(loss) on financial instrument designated at fair value through profit or loss include commissions received(expenses), interest income(expenses), dividend income, gain(loss) on valuation measuring at fair value, and gain(loss) on trading or repayment. Details of gain(loss) on financial instrument designated at fair value through profit or loss for the years ended March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)	2013		2012	
	Gain	Loss	Gain	Loss
Gains(loss) on financial asset designated at Fair value through profit or loss				
Gains(loss) on disposal of marketable securities	₩ 37,474,946	31,710,558	20,274,030	15,480,243
Gains(loss) on valuation of marketable securities	33,161,356	4,360,964	13,330,840	11,884,827
Gains(loss) on repayment of marketable securities	31,928	269,006	35,162	1,311,207
Interest gains of marketable securities	72,281,665	-	43,096,264	-
Dividends revenue	8,046,965	-	297,030	-
Gains(loss) on valuation of derivatives-combined securities	18,557,608	7,289,180	3,387,336	7,142,611
Gains(loss) on repayment of derivatives-combined securities	16,934,533	1,929,541	2,190,673	826,296
Reversal(contribution) of credit risk valuation adjustment	-	124,145	-	257,107
Gain on valuation of Reserve for claims of customers' deposits(trust)	25,492,967	-	32,775,997	-
Adjustments for Day 1 gain and loss reversal(contribution)	-	3,735,353	-	-
Others	3,657,833	-	-	-
	₩ 215,639,801	49,418,747	115,387,332	36,902,291

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**29. Gains(loss) on financial instrument designated at fair value through profit or loss, net
,continued**

(in thousands of Korean won)

	2013		2012	
	Gain	Loss	Gain	Loss
Gains(loss) on financial liability designated at Fair value through profit or loss				
Gains(loss) on disposal of securities sold	₩ -	1,500	1,230,924	204,762
Gains(loss) on repayment of derivatives-combined securities sold	9,014,794	127,965,732	3,227,779	24,542,339
Gains(loss) on valuation of derivatives-combined securities sold	72,529,775	165,748,430	45,709,740	45,895,041
Sales commission of derivatives-combined securities	5,033,810	-	3,312,610	-
Reversal(contribution) of credit risk valuation adjustment	327,791	-	-	20,101
Adjustments for Day 1 gain and loss reversal(contribution)	4,514,378	-	-	-
	<u>91,420,548</u>	<u>293,715,662</u>	<u>53,481,053</u>	<u>70,662,243</u>
	<u>₩ 307,060,349</u>	<u>343,134,409</u>	<u>168,868,385</u>	<u>107,564,534</u>

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30. Other operating gain(loss)

Details of other operating gain(loss) for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		2013		2012	
		Gain	Loss	Gain	Loss
Impairment loss/impairment reversal of financial asset (*)	₩	-	17,043,514	10,911,625	7,381,053
Dividends revenue		2,899,629	-	4,568,788	-
Gain(loss) on valuation and disposal of loan receivables		427,798	2,127,890	-	241,119
Gain(loss) on foreign transaction		31,264,660	24,047,518	31,787,367	28,378,086
Gain(loss) on repayment of available-for-sale financial assets		-	-	1,313,341	-
Gain(loss) on disposal of available-for-sale financial assets		3,401,811	1,453,735	395,939	802,645
Provisions related revenue		2,249,684	560,507	50,941	98,234
Others		256	4,589,282	1,936	2,986,239
	₩	<u>40,243,838</u>	<u>49,822,446</u>	<u>49,029,937</u>	<u>39,887,376</u>

(*) Details of net impairment losses or reversals on financial assets among other operating income and expense for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		2013		2012	
		Reversal	Loss	Reversal	Loss
Loans and receivables related reversal(loss) (Note 12)	₩	-	10,954,449	10,448,422	-
Available-for-sale financial assets related reversal(loss)		-	6,089,065	-	6,917,850
	₩	<u>-</u>	<u>17,043,514</u>	<u>10,448,422</u>	<u>6,917,850</u>

31. Labor costs

Details of labor costs for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	2013	2012
Short-term salaries	₩ 103,416,316	102,043,675
Defined benefit pension plan (Note 21)	1,086,794	2,106,757
Defined contribution pension plan	11,102,509	12,732,616
Other long-term salaries (Note 21)	602,342	504,117
Employee benefits	85,064,974	94,804,110
	₩ <u>201,272,935</u>	<u>212,191,275</u>

32. Other selling and administrative expenses

Other selling and administrative expenses for the years ended March 31, 2013 and 2012 are as follows:

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<i>(in thousands of Korean won)</i>	2013	2012
Other employee benefits	₩ 6,010,796	5,738,660
Electronic data processing expenses	22,408,449	22,254,225
Rent	13,560,147	13,056,065
Commission expense	22,406,679	27,948,070
Entertainment	3,822,659	5,025,496
Advertising expense	14,087,800	12,836,950
Survey research expense	60,864	7,462
Training expense	1,321,130	1,821,591
Taxes and dues	10,902,278	14,022,567
Consignment fee	1,343,089	1,308,525
Sales promotion expenses	2,749	-
Registration and legal fees, Announcement fee	476,255	1,271,152
Conference expenses	36,771	14,946
Publication expenses	1,963,208	2,004,985
Travel expenses	1,108,388	1,494,289
Vehicles maintenance expenses	1,112,608	1,109,832
Supplies expenses	532,140	664,248
Utility expenses	4,025,348	4,111,637
Insurance expense	1,113,219	1,900,175
Exercise expense	5,457,734	5,510,403
Others	10,848,740	10,129,935
	₩ <u>122,601,051</u>	<u>132,231,213</u>

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33. Non-operating income and expenses

Non-operating income and expenses for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		2013		2012	
		Gain	Loss	Gain	Loss
Gain(loss) on disposal of property and equipment	₩	67,608	1,532,127	18,966,799	682,025
Gain(loss) on disposal of intangible asset		-	200,355	1,013,976	21,976
Impairment loss on intangible asset		-	1,603,500	-	639,437
Gain(loss) on disposal of investment property		2,298,483	1,366,967	19,475,223	783,999
Gain(loss) on disposal of subsidiaries investments		891,619	-	-	4,014,806
Impairment loss on subsidiaries investments		-	1,212,462	-	-
Gains on bad debt recovery		19,372	-	78,016	-
Rental Revenues		8,570,950	-	10,930,762	-
Donations		-	270,383	-	1,259,932
Reparation loss		-	2,498,027	-	9,626,550
Others		1,330,360	1,925,614	823,276	340,784
	₩	<u>13,178,392</u>	<u>10,609,435</u>	<u>51,288,052</u>	<u>17,369,509</u>

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34. Income tax

Income tax expense for the years ended March 31, 2013 and 2012 consist of:

<i>(in thousands of Korean won)</i>		2013	2012
Current income tax	₩	8,010,681	21,678,144
Changes in deferred income tax		(5,499,618)	21,414,033
Income taxes allocated directly to shareholders' equity (*)		1,857,814	(5,837,375)
Additional Payment of Income Taxes(Income Tax Refunds)		(4,213,141)	-
Income tax expense	₩	<u>155,736</u>	<u>37,254,802</u>

(*) Deferred income taxes allocated directly to the shareholders' equity are as follows:

<i>(in thousands of Korean won)</i>		2013	2012
Gain and loss on valuation of available-for-sale securities	₩	2,081,300	(7,338,457)
Share of other comprehensive profit or loss of associates		(370,169)	393,579
Gain and loss on disposal of the treasury securities		<u>146,683</u>	<u>1,107,503</u>
	₩	<u>1,857,814</u>	<u>(5,837,375)</u>

The following table reconciles the expected amounts of income tax expense based on statutory rates to the actual amount of taxes recorded by the Group for the years ended March 31, 2013 and 2012:

<i>(in thousands of Korean won)</i>		2013	2012
Income before taxes	₩	3,547,330	127,114,839
Income tax based on statutory tax rate		858,454	30,737,591
Permanent difference		2,875,047	2,174,021
Income tax refund		(4,213,141)	(1,512,560)
Temporary differences not recognized as deferred tax assets		1,243,746	5,206,095
Others		<u>(608,370)</u>	<u>649,655</u>
Income tax expense	₩	<u>155,736</u>	<u>37,254,802</u>
Effective tax rate		4.39%	29.31%

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34. Income tax, continued

The gross movements on the deferred income tax account as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won)

(in thousands of Korean won)		2013				
		Temporary Differences				Deferred Tax Assets (Liabilities)
		Beginning Balance(*)	Increase	Decrease	Ending Balance	Ending Balance
Financial assets for sale	₩	(3,590,413)	(42,654,562)	(3,537,378)	(42,707,597)	(10,329,318)
Financial Asset at fair value through profit and loss		1,828,604	(26,117,133)	(3,699,568)	(20,588,961)	(4,982,529)
Financial derivatives assets		379,978,019	23,684,379	379,978,019	23,684,379	5,731,620
Available for sale Financial Assets		24,268,345	6,089,065	6,377,230	23,980,180	5,816,889
Investments in Associates		(3,201,331)	6,097,720	(1,515,236)	4,411,625	971,718
Loans		(168,864)	(515,531)	(168,864)	(515,531)	(124,759)
Allowance for bad debt loans		(8,542,269)	1,147,680	(4,169,007)	(3,225,582)	(752,281)
Property and equipments		(54,953,226)	749,794	(9,269,038)	(44,934,394)	(10,873,437)
Intangible assets		(50,235,505)	(5,244,568)	(5,412,000)	(50,068,073)	(11,266,687)
Other assets		(28,180,451)	(32,621,263)	(28,184,889)	(32,616,825)	(7,880,715)
Financial liabilities for sale		2,093,961	2,282,657	2,093,961	2,282,657	552,403
Financial liabilities at fair value through profit and loss		35,287,476	146,163,415	34,727,587	146,723,304	35,507,039
Financial derivatives liabilities		(412,377,562)	(106,089,175)	(412,377,562)	(106,089,175)	(25,673,580)
Deposits		(2,115,806)	-	(488,263)	(1,627,543)	(358,059)
Salaries		2,500,641	4,345,410	3,408,179	3,437,872	827,509
Provision		5,587,003	2,673,085	5,587,003	2,673,085	643,253
Other liabilities		1,657,176	1,667,283	1,492,142	1,832,317	437,362
Others		1,181,538	(336,188)	819,363	25,987	25,605
		(108,982,664)	(18,677,932)	(34,338,321)	(93,322,275)	(21,727,967)
Gain(loss) on valuation of available for sale securities		(149,271,524)	(139,773,995)	(148,620,745)	(140,424,774)	(33,954,797)
Share of other comprehensive income of associates		1,692,320	8,048	1,692,320	8,048	2,141
		(147,579,204)	(139,765,947)	(146,928,425)	(140,416,726)	(33,952,656)
Tax loss carryforwards		46,193,811	(1,829,831)	(2,524,268)	46,888,248	10,315,415
	₩	(210,368,057)	(160,273,710)	(183,791,014)	(186,850,753)	(45,365,208)

(*) Beginning balance includes additional tax adjustments, after closing the prior year's financial statements.

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34. Income tax, continued

(in thousands of Korean won)

		2012				
		Temporary Differences				Deferred Tax Assets (Liabilities)
		Beginning Balance(*)	Increase	Decrease	Ending Balance	Ending Balance
Financial assets for sale	₩	25,173,951	(3,590,413)	25,173,951	(3,590,413)	(861,789)
Financial Asset at fair value through profit and loss		(6,540,138)	1,828,604	(6,540,138)	1,828,604	442,522
Financial derivatives assets		731,910,052	379,978,019	731,910,052	379,978,019	91,954,681
Available for sale Financial Assets		19,289,022	6,002,387	1,023,064	24,268,345	5,897,791
Investments in Associates		3,653,608	1,809,268	8,664,207	(3,201,331)	(751,683)
Loans		299,624	(558,818)	(90,330)	(168,864)	(40,865)
Allowance for bad debt loans		(4,635,393)	(3,973,706)	(66,830)	(8,542,269)	(1,982,175)
Property and equipments		(53,705,240)	(1,071,193)	176,793	(54,953,226)	(13,298,676)
Intangible assets		(6,164,207)	(44,071,298)	-	(50,235,505)	(11,256,078)
Other assets		(23,533,118)	(30,926,789)	(26,279,456)	(28,180,451)	(6,815,835)
Financial liabilities for sale		2,651,258	2,093,961	2,651,258	2,093,961	506,739
Financial liabilities at fair value through profit and loss		64,926,694	35,287,476	64,926,694	35,287,476	8,539,569
Financial derivatives liabilities		(766,841,641)	(412,377,562)	(766,841,641)	(412,377,562)	(99,795,370)
Deposits		-	(2,115,806)	-	(2,115,806)	(465,477)
Salaries		2,228,337	3,437,781	3,165,477	2,500,641	596,918
Provision		622,367	5,587,003	622,367	5,587,003	1,279,087
Other liabilities		1,374,005	1,657,176	1,374,005	1,657,176	396,721
Others		(4,900,552)	819,363	(5,262,727)	1,181,538	290,243
		(14,191,371)	(60,184,547)	34,606,746	(108,982,664)	(25,363,677)
Gain(loss) on valuation of available for sale securities		(130,443,816)	(149,271,524)	(130,443,816)	(149,271,524)	(36,036,097)
Share of other comprehensive income of associates		(96,676)	1,692,320	(96,676)	1,692,320	372,310
		(130,540,492)	(147,579,204)	(130,540,492)	(147,579,204)	(35,663,787)
Tax loss carryforwards		8,396,262	37,797,549	-	46,193,811	10,162,638
	₩	(136,335,601)	(169,966,202)	(95,933,746)	(210,368,057)	(50,864,826)

(*) Beginning balance includes additional tax adjustments, after closing the year before prior year's financial statements.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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34. Income tax, continued

Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Group's ability to generate taxable income within the period during which the temporary differences reverse, the outlook of the Korean economic environment, and the overall future industry outlook. Management periodically considers these factors in reaching its conclusion and recognized the deferred income tax asset since all the future (deductible) tax benefits are determined to be realizable as of March 31, 2013.

Temporary difference not recognized as deferred tax as of March 31, 2013 and 2012 are as follow:

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012
Investment of subsidiaries and associates - Daishin Asset Management Co.,Ltd.	₩	58,405,249	58,405,229
Tax loss carryforwards of subsidiaries		58,817,403	54,791,855
Gain and loss on translation of foreign operations		130,641	57,366

35. Other comprehensive income

Changes in other comprehensive income for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		2013				
		Beginning	Increase	Decrease	Effect of income tax	Ending
Gain(loss) on valuation of available-for-sale financial assets	₩	113,182,587	2,147,569	(10,580,490)	2,081,300	106,830,966
Share of other comprehensive income of associates		(1,303,420)	1,771,453	(103,771)	(370,169)	(5,907)
Gain and loss on translation of foreign operations		57,366	-	(188,008)	-	(130,642)
	₩	<u>111,936,533</u>	<u>3,919,022</u>	<u>(10,872,269)</u>	<u>1,711,131</u>	<u>106,694,417</u>
<i>(in thousands of Korean won)</i>		2012				
		Beginning	Increase	Decrease	Effect of income tax	Ending
Gain(loss) on valuation of available-for-sale financial assets	₩	101,798,580	19,396,530	(674,066)	(7,338,457)	113,182,587
Share of other comprehensive income of associates		75,407	(1,772,406)	-	393,579	(1,303,420)
Gain and loss on translation of foreign operations		(174,864)	232,230	-	-	57,366
	₩	<u>101,699,123</u>	<u>17,856,354</u>	<u>(674,066)</u>	<u>(6,944,878)</u>	<u>111,936,533</u>

36. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period excluding ordinary shares

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purchased by the Company and held as treasury shares. The Company calculates earning per share for the preferred stock due to the preferred stock has not a priority than common stock. Basic earnings per ordinary share as of March 31, 2013 and 2012 are as follows:

(in thousands of Korean won, except weighted-average
number of common shares outstanding)

		2013	2012
Net income attributable to common share (*1)	₩	1,949,422	52,106,548
Weighted-average number of common shares outstanding (*2)		44,782,041	45,688,525
Basic earnings per common share (in Korean won)		44	1,140

(in thousands of Korean won, except weighted-average
number of common shares outstanding)

		2013	2012
Net income attributable to 1st preferred shares (*1)	₩	1,350,337	26,993,661
Weighted-average number of common shares outstanding (*2)		22,600,000	22,600,000
Basic earnings per 1st preferred share (in Korean won)		60	1,194

(in thousands of Korean won, except weighted-average
number of common shares outstanding)

		2013	2012
Net income attributable to 2nd preferred shares (*1)	₩	91,646	10,757,453
Weighted-average number of common shares outstanding (*2)		9,400,000	9,400,000
Basic earnings per 2nd preferred share (in Korean won)		10	1,144

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36. Earnings per share, continued

(*1) Common net income and preferred net income for the years ended March 31, 2013 and 2012 are calculated as follows:

<i>(in thousands of Korean won)</i>		2013	2012
Net income (A)	₩	3,391,405	89,857,663
Dividends for common stock (B)		21,589,891	29,595,359
Dividends for 1st preferred stock (C)		12,429,998	15,819,997
Dividends for 2 preferred stock (D)		4,699,996	6,110,000
Undistributed earnings (E=A-B-C-D)		(35,328,480)	38,332,307
Undistributed earnings of common stock (F)		(19,640,469)	22,511,189
Undistributed earnings of 1st preferred stock (G)		(11,079,661)	11,173,664
Undistributed earnings of 2nd preferred stock (H)		(4,608,350)	4,647,453
Net income attributable to common shares (I=B+F)		1,949,422	52,106,548
Net income attributable to 1st preferred shares (J=C+G)		1,350,337	26,993,661
Net income attributable to 2nd preferred shares (K=D+H)		91,646	10,757,453

(*2) Weighted-average number of shares outstanding for the years ended March 31, 2013 and 2012 are calculated as follows:

<i>(in thousands of Korean won)</i>		2013	2012
Common stock			
Number of common shares issued at year-end	₩	50,773,400	50,773,400
Number of common treasury shares at year-end		7,593,518	5,241,974
Number of common shares outstanding at year-end		43,179,882	45,531,426
Weighted-average number of common shares outstanding		44,782,041	45,688,525
1st Preferred stock			
Number of 1st preferred shares issued at year-end		26,000,000	26,000,000
Number of 1st preferred treasury shares at year-end		3,400,000	3,400,000
Number of 1st preferred shares outstanding at year-end		22,600,000	22,600,000
Weighted-average number of 1st preferred shares outstanding		22,600,000	22,600,000
2 Preferred stock			
Number of 2nd preferred shares issued at year-end		10,000,000	10,000,000
Number of 2nd preferred treasury shares at year-end		600,000	600,000
Number of 2nd preferred shares outstanding at year-end		9,400,000	9,400,000
Weighted-average number of 2nd preferred shares outstanding		9,400,000	9,400,000

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36. Earnings per share, continued

Diluted earnings per share as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		2013	2012
Net income available for common stock	₩	1,949,422	52,106,548
Adjustments:		1,115	215,614
Net income available for common stock and common equivalent shares		1,950,537	52,322,162
Weighted-average number of shares of common stock and common equivalent shares outstanding (*)		45,184,500	46,147,710
Diluted earnings per share for common stock (in Korean won)		43	1,134

(*) The number of dilutive shares of outstanding stock options is calculated by applying the treasury stock method. As of March 31, 2013, the number of common equivalent shares is 269,577

<i>(in thousands of Korean won)</i>		2013	2012
Net income available for 1st preferred stock	₩	1,350,337	26,993,662
Adjustments:		(787)	(152,277)
Net income available for common stock and common equivalent shares		1,349,550	26,841,385
Weighted-average number of shares of common stock and common equivalent shares outstanding		22,600,000	22,600,000
Diluted earnings per share for 1st preferred stock (in Korean won)		60	1,188

<i>(in thousands of Korean won)</i>		2013	2012
Net income available for 2nd preferred stock	₩	91,646	10,757,453
Adjustments:		(327)	(63,337)
Net income available for common stock and common equivalent shares		91,319	10,694,116
Weighted-average number of shares of common stock and common equivalent shares outstanding		9,400,000	9,400,000
Diluted earnings per share for 2nd preferred stock (in Korean won)		10	1,138

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37. Share-based payment

As the Group applied the Code of Best Practices of Compensation system for financial investment companies during the year ended March 31, 2013, 40% of business incentives were paid instantly and remaining 60% were deferred for the following three years and paid with treasury stock. The details of share-based payment as of March 31, 2013 are as follows:

<i>(in thousands of Korea won, except for number of expected vesting quantity on settling date)</i>			
	Grant in 2010	Grant in 2011	Grant in 2012
Type	Equity-settled (grant of treasury share)	Equity-settled (grant of treasury share)	Equity-settled (grant of treasury share)
Date granted	March.31.2011	March.31.2012	March.31.2013
Period granted (period of service agreement)	2010 to 2013	2011 to 2014	2012 to 2015
Expected vesting quantity on settling date (*)	54,592	241,978	395,864
Total cost of payment	₩ 2,134,063	4,199,842	3,690,640
Share-based payment expenses recognized in the previous period	1,533,266	1,530,936	-
Share-based payment expenses recognized at current period	397,809	1,429,205	1,291,686
Share-based payment expenses not recognized (*)	202,988	1,239,701	2,398,954

(*) Calculated on the basis of share options valid at year-end, excluding share options exercised at current period.

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38. Supplemental cash flow information

Details of cash and cash equivalents as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	March 31, 2013	March 31, 2012
Cash in hand	₩ 4,322	25,805
Time deposit/ Installment deposit	87,097,457	164,457,829
Ordinary deposit	7,789,657	8,392,042
Current account	2,237,406	2,627,350
Foreign account	4,682,652	64,821,127
Certificate of deposit	31,441,515	-
MMDA	28,359,400	2,166,403
MMF	20,000,000	3,000,000
Others	3,129,549	25,522,077
	₩ 184,741,958	271,012,633

The amount of cash and cash equivalents on the consolidated statement of cash flows is the amount subtracted the amount of due from banks in Note 7 from the amount of cash and due from banks on the consolidated statement of financial position.

Significant transactions not affecting cash flows for the years ended March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>	2013	2012
Unrealized gain and loss on valuation of available-for-sale financial assets	₩ 6,351,621	11,388,622
Unrealized gain and loss on valuation of equity- method investments for associations	1,297,513	1,378,827
Gain and loss on translation of foreign operations	188,008	232,230
Reclassification of construction-in-progress to other accounts	68,795,734	7,318,530
Write-off of loans receivable	103,359,497	85,935,218
Transfer to property, plant and equipment and investment property	37,551,526	1,216,785
Decrease in intangible assets and other accounts payable	748,977	-

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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39. Commitments and contingencies

(1) Litigation

i) Daishin Securities Co., Ltd

As of March 31, 2013, legal actions involving the Company include five cases as the defendant with total claims amounting to ₩1,805 million, and eight cases as the plaintiff with total claims amounting to ₩12,545 million, including charges of unjustified gains restitution. Considering these legal cases and various other claims and proceedings pending as of March 31, 2013, the Company's management believes that, although the outcome of these matters is uncertain, the conclusion of these matters will not have a material adverse effect on the operations or financial position of the Company.

ii) Daishin Asset Management Co. Ltd.

As of March 31, 2013, there is the second trial pending litigation involving a subsidiary, Daishin Asset Management Co., Ltd. which filed a case against My Asset Investment Management on June 18, 2009, for encouraging illegal activity. The amount of damages claimed is ₩29,561 million plus interest. The interest rate is 5% for the period from June 30, 2008 to the day of duplicate petition delivery, and 20% for the period from the next day to day of full payment. Also, As of March 31, 2013, there is the second trial pending litigation which filed a case against Hyosung Capital Co., Ltd on January 27, 2012, due to default of the Company under confirmation duty. The amount of damages claimed is ₩23,927 million plus interest. The interest rate is 20% for the period from the day of duplicate petition delivery to day of full payment. Meanwhile, As of March 31, 2013, the details of pending litigation which Daishin Asset Management Co. Ltd. has faced lawsuits are as follow:

Plaintiff	Description	Litigation amount (in millions of Korean won)	
Lee Jung-Hee(*1)	Against fiduciary duty	₩ 7	Pending cases on the second trial
The-K Non-life Insurance Co., Ltd and others(*2)	Against fiduciary duty	15,867	Pending cases on the second trial
Texco Investment 2nd LLC(*3)	Against fiduciary duty	7,228	Pending cases on the second trial
Industrial bank of korea and other one bank	Against investor protection duty	7,395	Pending cases on the first trial
Kim Gwi-Yeol(*4)	Against fiduciary duty	701	Pending cases on the second trial
Yang-Woo Mutual aid/benefit association(*5)	Against fiduciary duty	1,969	Pending cases on the second trial

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39. Commitments and contingencies, continued

(*1) This litigation was paid as the reimbursement deposit and provisional payment based on the judgment of the first trial. The amount of the compensation could be changed according to the settlement of the fund, filing of a lawsuit from the investor and the result of agreement with the investor.

(*2) The sentence for the first trial had been made in prior year, provisional payment based on the judgment has been paid.

(*3) The sentence for the first trial rejected the claim of plaintiff on July 13, 2012, the plaintiff appealed litigation value of ₩7,228 million excluding division of profits on July 27, 2012.

(*4) The Company recognized ₩341 million as indemnification loss since the Company paid provisional payment according to the first trial sentence. Plaintiff defendant and appealed again, thus the litigation is on the second trial with the litigation value of ₩421 from plaintiff side and ₩280 from defendant side.

(*5) This litigation was filed on January 3, 2013, due to the violation of fiduciary duty.

The Company paid provisional payment and recognized ₩2,158 million as indemnification loss, due to the judgment on February 1, 2013 for the litigation besides from above which Kang Seok-Won and 10 others filed claiming violation of investor protection duty.

iii) Daishin Savings Bank

As of March 31, 2013 legal actions involving the Company include 450 cases as the defendant with total claims amounting to ₩31,611 million, and 12 cases as the plaintiff with total claims amounting to ₩12,798 million. Considering these legal cases and various other claims and proceedings pending as of March 31, 2013, the Company's management believes that, although the outcome of these matters is uncertain, the conclusion of these matters will not have a material adverse effect on the operations or financial position of the Company.

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
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39. Commitments and contingencies, continued

- (2) The contractual obligations and maximum amounts with financial institutions as of March 31, 2013 are as follows:

<i>(in thousands of Korean won)</i>	Financial Institutions	Maximum Limit
Bank overdraft agreements	Kookmin Bank and other banks	₩ 275,000,000
Short-term borrowing agreements	Hana Bank and other banks	200,000,000
Issue of commercial paper commitments	Shinhan Bank	50,000,000
Margin finance borrowings	Korea Securities Finance Corporation	400,000,000
Working capital borrowings	Korea Securities Finance Corporation	200,000,000
Working capital borrowings(trust)	Korea Securities Finance Corporation	Within the scope of investor deposit
Discounted notes	Korea Securities Finance Corporation	200,000,000
Discounted notes (subscription)	Korea Securities Finance Corporation	Within the scope of subscription deposit
Call money agreements	Korea Securities Finance Corporation	150,000,000
Borrowing agreements for financing aids	Korea Securities Finance Corporation	500,000,000
Overdraft agreements for unsettled exchange	Federation of savings banks	19,750,000

- (3) As of March 31, 2013, the Group is under contract that guarantees purchasing for residual commercial papers which is unpaid at the date of issue and issued by Big-Trust Salacia LLC and others in accordance with consignment contract and purchase guarantee contract. Details are as below.

<i>(in thousands of Korean won)</i>	Commitment amount
Big-Trust Yanggi logistics-I Co. Ltd.(*)	₩ 43,100,000
Big-Trust Frontier-III co. Ltd.(*)	54,300,000
	₩ <u>97,400,000</u>

- (*) The Group is under contract for purchasing residual commercial paper among the issued commercial paper. In addition, as of March 3, 2013, the Group has no commercial paper according to the contract above.

- (4) As of March 31, 2013, the Group is under contract overtaking mortgage loan receivable of the project developing officetel around Gang-nam subway station by REAL K PFV Co., Ltd. The credit limit is ₩40,000 million.

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39. Commitments and Contingencies, continued

(5) As of March 31, 2013, the Group is provided with fidelity guarantee of ₩145,320 million, performance guarantee of ₩840 million and deposit guarantee of ₩527 million from Seoul Guarantee Insurance Co. Ltd.

(6) The contraction amount regarding to loans as of March 31, 2013 and 2012 is as follows:

<i>(in thousands of Korean won)</i>		<u>March 31, 2013</u>	<u>March 31, 2012</u>
Loans agreements	₩	33,443,166	98,707,683

40. Trust account

Trust Account is accounted separately from the Group's identifiable assets, in accordance with the Capital Market and Financial Investment Business ACT, and it is not included in the financial statements.

The Group holds pension trust and specific money trust. The performance of Trust Account (Trust income) is ₩123,578 million.

41. Related parties transactions

Details of related parties as of March 31, 2013 are as follows:

<u>Type</u>	<u>Name of related parties</u>
Associates	Daishin-Pegasus I PEF
	Daishin-Heungkuk I PEF
	Daishin Securities Growth Alpha SPAC
	KoFC Daishin-Aju IB Growth Champ 2010-7 PEF
Others	Daishin Information & Communication Co., Ltd.
	Daishin Songchon Culture Foundation

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

41. Related parties transactions, continued

The related balances outstanding as of March 31, 2013 and 2012 are summarized as follows:

(in thousands of Korean won)

		2013			
		Receivables		Payables	
		Account	Amount	Account	Amount
Association	Daishin-Heungkuk I PEF	Loans and receivables	₩ 158,415		
	KoFC Daishin-Aju IB Growth Champ 2010-7 PEF	Loans and receivables	102,082		
	Daishin Securities Growth Alpha SPAC	Loans and receivables	1,785,314		
Others	Daishin Information & Communication Co., Ltd.			Borrowings	3,824,289
				Other financial liabilities	103,383
			₩ 2,045,811		3,927,672

(in thousands of Korean won)

		2012			
		Receivables		Payables	
		Account	Amount	Account	Amount
Association	KoFC Daishin-Aju IB Growth Champ 2010-7 PEF	Loans and receivables	₩ 225,310		
	Daishin Securities Growth Alpha SPAC	Loans and receivables	1,669,467		
Others	Daishin Information & Communication Co., Ltd.			Borrowings	3,244,747
				Other financial liabilities	193,398
			₩ 1,894,777		3,438,145

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

41. Related parties transactions, continued

Significant transactions which occurred in the normal course of business with related companies for the years ended March 31, 2013 and 2012 are summarized as follows:

(in thousands of Korean won)

		2013			
		Revenues		Expenses	
		Account	Amount	Account	Amount
Association		Commissions received	₩ 47,525		
	Daishin-Pegasus I PEF				
	Daishin-Heungkuk I PEF	Commissions received	646,323		
	KoFC Daishin-Aju IB Growth Champ 2010-7 PEF	Commissions received	440,197		
	Daishin Securities Growth Alpha SPAC	Interest income	99,467		
Others	Daishin Information & Communication Co., Ltd.	Non-operating income	23,028	General and administrative expenses	1,457,029
			₩ 1,256,540		1,457,029

(in thousands of Korean won)

		2012			
		Revenues		Expenses	
		Account	Amount	Account	Amount
Association		Commissions received	₩ 198,542		
	Daishin-Pegasus I PEF				
	Daishin-MSB PEF	Commissions received	91,255		
	Daishin-Heungkuk I PEF	Commissions received	540,455		
	KoFC Daishin-Aju IB Growth Champ 2010-7 PEF	Commissions received	454,625		
Others	Daishin Information & Communication Co., Ltd.	Non-operating income	11,190	General and administrative expenses	2,269,729
	Daishin Songchon Culture Foundation			Non-operating expense	1,000,000
			₩ 1,296,067		3,269,729

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
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41. Related parties transactions, continued

Key management includes directors (executive and non-executive), members of the Executive Committee, the Company Secretary and the Head of Internal Audit. The compensation paid or payable to key management for employee services for the years ended March 31, 2013 and 2012 is shown below:

<i>(in thousands of Korean won)</i>		2013	2012
Short-term salary and wage	₩	7,630,573	7,003,742
Severance benefits		1,086,794	1,657,373
Other long-term salary and wage		61,580	75,215
Share-based payment		1,219,755	1,055,327
	₩	<u>9,998,702</u>	<u>9,791,657</u>

42. Loans and borrowing securities

Details of loaned securities as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012	Debtor
Government issues	₩	110,715,420	-	The Korea Securities Finance Corporation

Details of borrowing securities as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012	Debtor
Government issues	₩	949,479,099	991,463,402	The Korea Securities Finance Corporation

The above amount of borrowing securities is the valuation amount at the end of year.

43. Securities received

Details of securities received as of March 31, 2013 and 2012 are as follows:

<i>(in thousands of Korean won)</i>		March 31, 2013	March 31, 2012	Valuation standards
Consignor securities received	₩	18,860,773,036	16,993,274,224	Fair value
Savers securities received		23,874,667	23,982,062	Fair value
Beneficiary securities received		4,275,430,123	2,987,941,604	Standard trading price
	₩	<u>23,160,077,826</u>	<u>20,005,197,890</u>	

44. Approval of financial statements

DAISHIN SECURITIES Co., Ltd. AND SUBSIDIARIES
Notes to Consolidated Financial Statements, Continued
For the years ended March 31, 2013 and 2012

The Group's financial statements were approved by the board of directors on May 13, 2013 and will be approved by the shareholders on June 7, 2013.