



INVESTOR RELATIONS

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We always consider customers and shareholders.
www.samsungfire.com <http://ir.samsungfire.com>

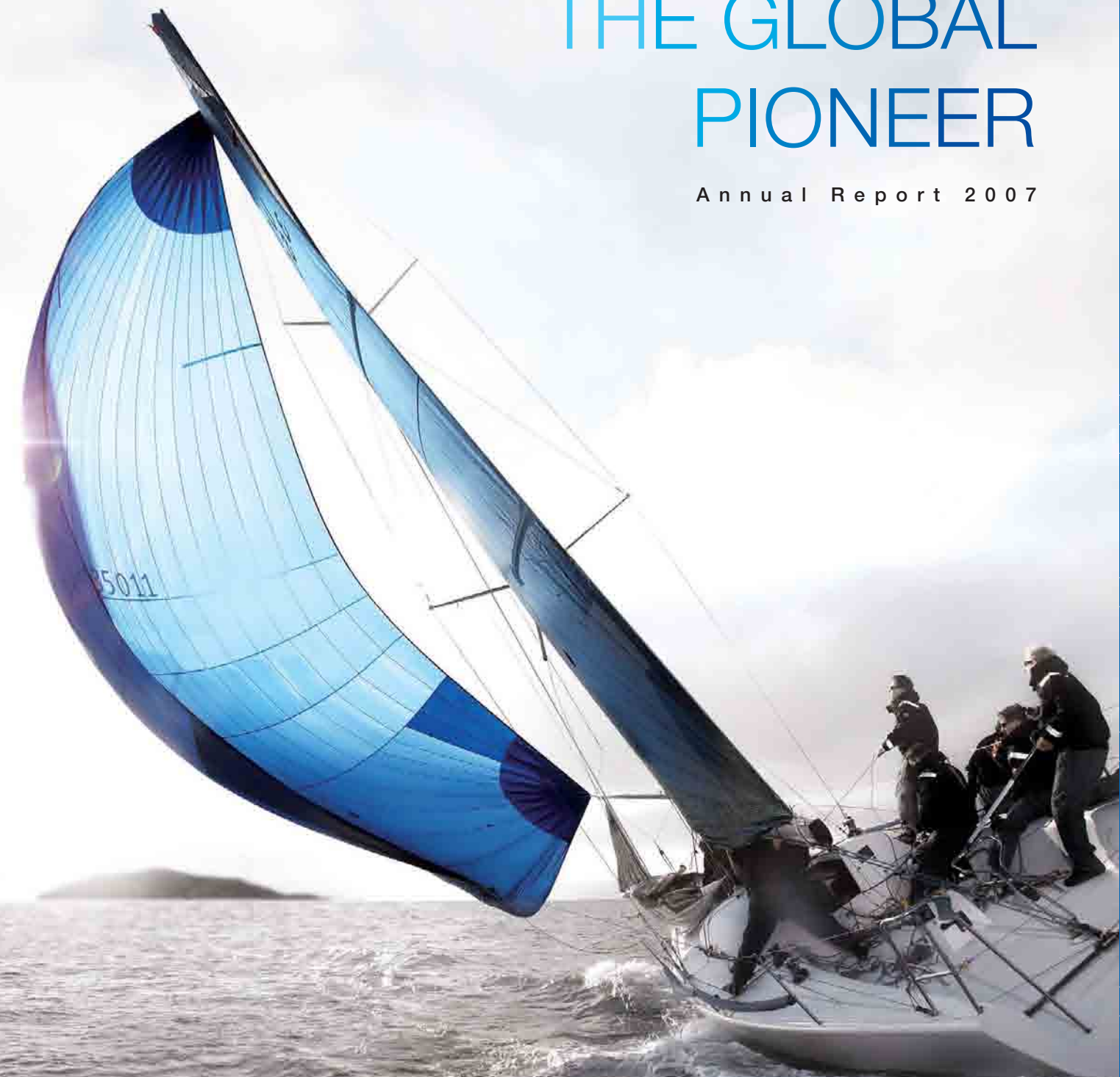
Annual Report 2007 THE GLOBAL PIONEER

SAMSUNG FIRE & MARINE INSURANCE

SAMSUNG FIRE & MARINE INSURANCE 

THE GLOBAL PIONEER

Annual Report 2007



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C O N T E N T S

PROFILE

CORPORATE OVERVIEW

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CORPORATE STORY

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The Global Pioneer

Samsung Fire & Marine Insurance Company is striding toward a better future. While we aim to enhance our recognition in the global market, we also care for the local community.

Samsung Fire & Marine Insurance is an outstanding corporate citizen with a caring and sharing spirit that encompasses both the local and the global community.



Samsung Fire & Marine Insurance entered the Chinese market in 2000 and established a gateway to Southeast Asia there. In 2003, we became Korea's first non-life insurer to advance into Vietnam. We also signed an MOU with Tokyo Marine & Nichido Fire Insurance on business and capital partnerships. As such, Samsung Fire & Marine Insurance is strengthening its stance as a global company by operating in countries such as the U.S., Japan, and China.

A STEP AHEAD IN THE GLOBAL MARKET

For the past 50 years, Samsung Fire & Marine Insurance has gained the trust and confidence of its customers for its industry-leading performance and reliability. Not content with just the top domestic position, we are aiming for broader market coverage and tangible results by advancing into the global market. Our pioneering spirit is the ceaseless driving force that propels us toward our goal of becoming a leading global company.



ENDLESS AMBITION TO BECOME THE BEST

Samsung Fire & Marine Insurance's ceaseless efforts to provide products and services that preemptively cater to customers' needs continue even as you read this report. Behind these efforts is our driving force, the "Pioneering spirit" of Samsung Fire & Marine Insurance, which is the result of our endless ambition to become the best.



Samsung Fire & Marine Insurance is the only Korean insurance company to receive an A+ rating from A.M. Best, a U.S. largest credit rating agency for insurance companies, for six years in a row. This is a top rating that only 7.8% of U.S. insurers have been able to attain. This rating shows that we aim higher than being the best domestic firm via ceaseless challenges for global markets.





Since 1993, Samsung Fire & Marine Insurance has been involved in corporate philanthropic activities such as supporting the children of traffic accident victims and conducting road safety education and campaigns. The Company is providing economic and psychological support to 90 children of traffic accident victims in 2008. Also the Samsung anycar Volunteer Corp provides support to teenage heads of households and rural families, contributing to building a better society.

PURE PASSION THAT EMBRACES HUMANITY

Good figures do not make a global leader, sincerity does. We believe our recognition by overseas credit rating agency was for our “sincerity” in caring for the less fortunate in society. Samsung Fire & Marine Insurance is the “The global pioneer” filled with passion that embraces humanity.



Financial Highlights

Samsung Fire & Marine Insurance posted KRW 9,160.6 billion in direct premiums written, an increase of 11.1% over the previous year. During the same period, net income increased by 39.7% to KRW 476.5 billion, an historic-high. Total assets rose by 12.2% to KRW 20,740.5 billion and the catastrophe reserve edged up by 5.5% to KRW 986.7 billion, further strengthening our financial stability. We also repurchased and retired approximately KRW 262.8 billion worth of treasury stocks in line with our investor-centered management philosophy.

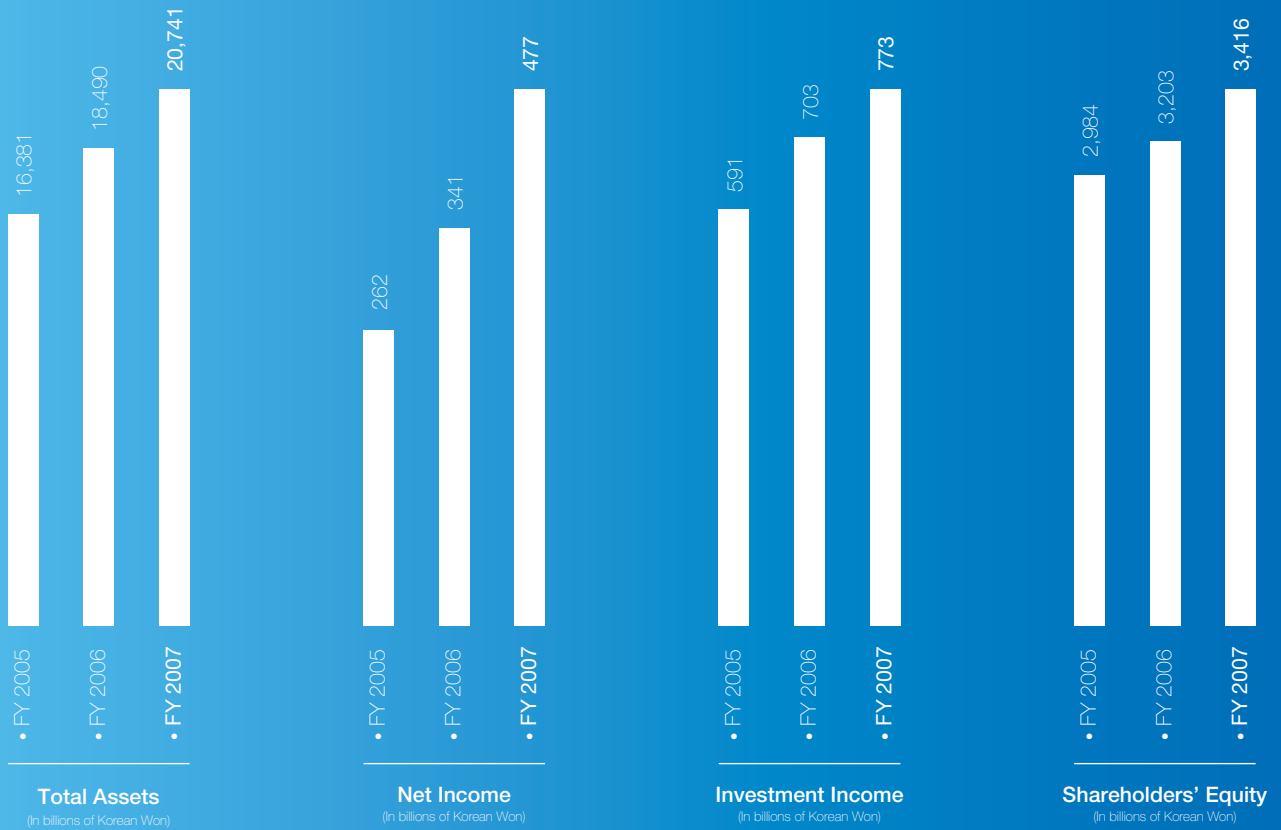
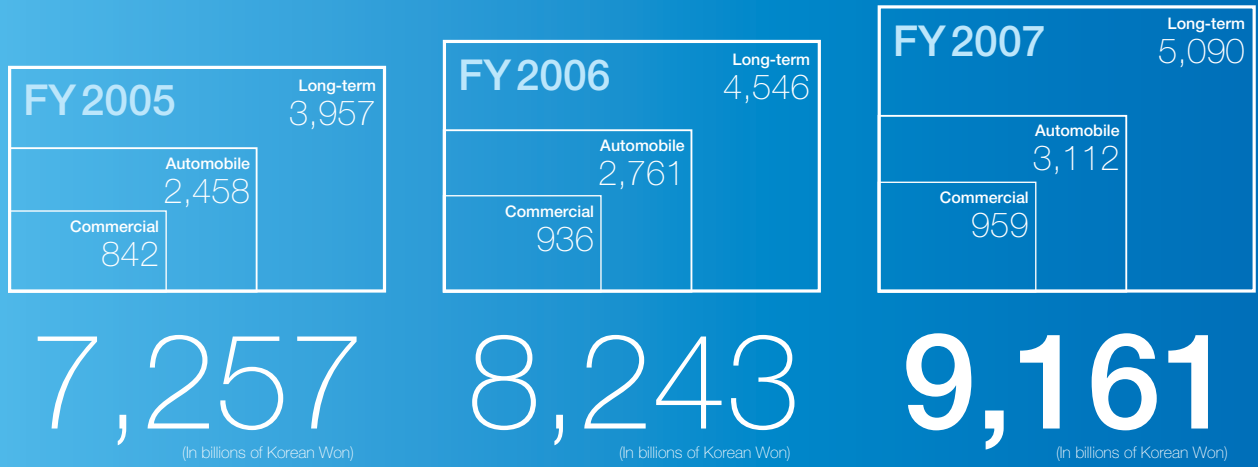
(In billions of Korean Won)

Summary of Income Statements	FY 2006	FY 2007	YoY
Direct Premiums Written	8,243	9,161	11.1%
Net Premiums Earned	7,263	8,337	14.8%
Increase in Catastrophe Reserves	38	51	33.6%
Underwriting Income	-197	-50	74.7%
Investment Income	703	773	10.0%
Operating Income	506	773	43.0%
Non-Operating Income	-23	-62	-173.7%
Pre-Tax Net Income	483	660	36.8%
Net Income	341	477	39.7%
Adjusted Net Income	380	528	39.1%
Adjusted EPS (in Won)	8,450	11,742	39.0%

(In billions of Korean Won)

Summary of Balance Sheet	FY 2006	FY 2007	YoY
Cash & Equivalent	311	566	82%
Stocks	1,732	2,032	17.3%
Bonds	8,531	9,269	8.7%
Loans	3,588	4,120	14.8%
Fixed Assets	959	1,037	8.0%
Non-Invested Assets	2,822	3,100	9.9%
Total Assets	18,490	20,741	12.2%
Policy Reserves	12,468	14,240	14.2%
Catastrophe Reserves	935	987	5.5%
Other Liabilities	994	1,094	10.1%
Separate A/C Liabilities	890	1,004	12.8%
Total Liabilities	15,287	17,325	13.3%
Shareholders' Equity	3,203	3,416	6.6%
Total Liabilities and Shareholders' Equity	18,490	20,741	12.2%
Solvency Margin Ratio	388.1%	362.5%	-25.6%P

Direct Premiums Written, by line (In billions of Korean Won)



Becoming a **Leading
Global Insurance
Company** through
the spirit of global pioneer



Message from the CEO

Fiscal Year 2007 was filled with difficulties.

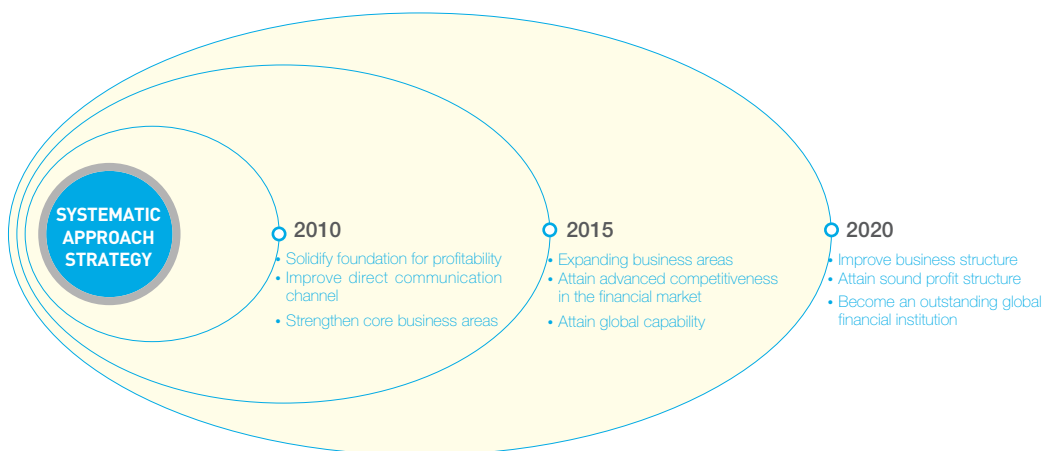
Worldwide, the U.S. sub-prime mortgage crisis created an unstable financial market, and soaring international oil prices and raw material costs had a tremendous effect on the global economy. Domestically, delayed economic recovery, increased interest rate fluctuations and a highly volatile stock market fuelled general economy instability. In 2007, the insurance sector saw diversification in sales channels, increased product and price competition, and the entry of foreign insurance firms into the Korean market, all of which made for a difficult and highly competitive year.

Despite difficult conditions both home and abroad, SF&MI posted KRW 9,160.6 billion direct premiums written, an 11.1% increase over the previous year. In comparison to last fiscal year, the net profit for this fiscal year grew by KRW 135.3 billion to KRW 476.5 billion, the highest net income in the company's history. During the same period, total assets increased by KRW 2,250.2 billion to KRW 20,240.5 billion and KRW 51.3 billion was added to the catastrophe reserve, further strengthening our financial structure. We also bought back approximately KRW 262.8 billion worth of treasury stocks in line with our investor-centered management philosophy.

Besides financial achievements, SF&MI has received the highest possible A+ rating from Standard and Poor's for five years in a row. We are also the only domestic financial institution to earn the number one ranking for seven consecutive years from the National Customer Satisfaction Index (NCSI), cementing our position as the leading customer service oriented financial institution. Along with management successes, we are also focusing on social responsibility by actively supporting "sharing management" programs. These programs include providing free traffic safety jackets to first grade elementary school students, supporting 100 children of car accident victims, operating a "500 Won present of hope" program, and providing leader dogs for the blind.

Fiscal Year 2008 will be another bumpy year for management. Factors contributing to global economic uncertainty include: the lingering subprime mortgage crisis, record high international oil prices, and increasing levels of global inflation led by China.

The domestic economy will also be affected by the "3 Hs," (a high FX rate, high oil prices and high commodity prices) which may trigger an economic slump. As the Capital Market Consolidation Act goes into effect, there will be the potential for both opportunities and pitfalls in the market.





The transformation of traditional sales channels, including the blurring of lines between property insurance and life insurance, and a number of M&As that will create larger enterprises are expected to instigate fierce competition among the players in the financial sector. To overcome the challenges of 2008, SF&MI will leverage its potential and experience under the 2008 management motto of “achieving client-centered management through creative innovation and challenges.” In order to become the leading financial institution domestically as well as internationally, we will adopt “a global pioneering spirit.” We will achieve our goal by following the action plan set out below.

First, continue to refine internal management.

Strengthen and build on last year’s profitable automobile insurance business. Focus on improved internal management to increase management efficiency. Create price competitiveness by innovating compensation and loss processes and seek fundamental improvements in cost structure and more efficient use of labor.

Second, strengthen the growth of our primary business

Attain new product development abilities for long-term insurance in preparation for a more complex finance market, and develop market leading products to cement our market leadership position. Commercial insurance will focus on expansion into new business areas in niche markets to increase profitability and growth. In addition, we will create an efficient office structure and strengthen activity centered insurance sales practices to innovate direct communication channel productivity. Asset Management will hire additional qualified professionals, improve core competencies and diversify product offerings such as overseas investments. We will strive to attain the highest asset management profit.

Third, attain new future growth engines

Recent expansion of new channels, such as direct sales, bancassurance and mail order, effectively halted the growth of insurance planners’ channels in the property insurance industry. Price-based competition in the automotive insurance, premium reductions, and free pricing in long-term insurance are also expected to negatively affect profitability. Due to the above factors, it is difficult to promise sustained future growth. To overcome these hurdles, we will create new businesses and expand into new areas, while focusing on developing new products and services. We will invest in human resources and systems, along with capabilities necessary to pursue new businesses. We will pioneer new business frontiers in the global market and continue to seek out new areas of business in the domestic market to strengthen the base for future growth.

Everyone in the SF&MI family will consider fiscal 2008 as a milestone year to determine our future path, with a fresh sense of starting over. We will reflect upon and reevaluate our processes from the beginning, and through unrelenting innovation and the spirit of challenge, we will establish a base for sustainable growth, and turn SF&MI into a leading global financial institution.

We ask for your continued support and advice.

Sincerely,

June 9, 2008

CHI, Dae Sub

President and CEO

D. S. Chi

Corporate Directory

President & CEO

- Chi, Dae Sub

Executive VP

- Yoon, Hyung Mo
- Lee, Gye Ha
- Lim, Seung Jin

Inspection Commissioner

- Son, Gwang Ki

Outside Director

- Kim, Young Chul
- Kim, Kang Jung
- Lee, Won Chang
- Hong, Ji Ho

Executive VP

- Brian O'Brien
- Lee, Jae Wook
- Yoon, Yong Am
- Jung, Young Man
- Kim, Seoung Yon
- Chae, Moon Pyo
- Nam, Jae Ho
- Cha, Young Soo

Vice President

- Hwang, Hae Sun
- Cho, Young Hwan
- Kim, Tae Hwan
- Ko, Young Chang
- Shin, Kee Chul
- Park, Jung Il
- Kim, Eui Hyun
- Bae, Ho Kyung
- Hwang, Seong Tae

- Park, Hyun Jung
- Shin, Ki Hong
- Lee, Sang Joo
- Kim, Seong Joon
- Hwang, Soon Seol
- Cho, Jin Il
- Jang, Won Gyun
- Lee, Ji Seok
- Jung, Hyo Yong

- Park, Jong Gu
- Kwon, Tae Myoung
- Choi, Young Moo
- Kim, Jong Woo
- Ko, Jung Bin
- Kwak, No Gil
- Choi, Young Gap
- Lim, Yun Bae
- Kim, Seong Gyu

- Oh, Hoon Taek
- Hwang, Hak Geun
- Choi, Byung Seok
- Lee, Yang Hee
- Lee, Seok Han
- Park, Choon Won
- Song, Seong Ho
- Lee, Beom

2007 Awards

- A.M Best's financial soundness rating of A+ (superior) for six years running
- S&P credit rating of A+ (stable) for five years in a row
- Ranked number one in 2007 NCSI Property Insurance, for seven consecutive years
- Ranked number one in 2007 KS-SQI Property Insurance, for six years in a row
- Ranked number one in 2007 KCSI Auto Insurance Awards, for ten years running
- Earned Overall First Place in 2007 Korea Service Awards, for four consecutive years
- Earned Overall First Place in 2007 Customer Satisfaction Management Awards, for two years a row
- Selected as the "Best Insurance Company" by Korea Insurance Consumer Federation in 2007
- Gold Award in 2008 Korea Economic Daily, Da-San Finance Award



Corporate Story

SF&MI will progress toward a global market with its “global pioneering spirit.” SF&MI will lead innovation and challenges befitting its reputation as an excellent financial institution.

Samsung Fire & Marine Insurance is taking steps toward becoming a world class financial services conglomerate

Vision

Samsung Fire & Marine Insurance will strive to strengthen its core competency to secure a broad profit base and diversify into other business areas to become a leading global corporation.



Strategies

STRENGTHENING THE CORE COMPETENCY

Meet the demands of the rapidly evolving market and develop a differentiated status in areas of core competency through strengthening profitability in existing business areas and securing core competency for the future.

- Strengthen insurance competency (products, underwriting, reinsurance)
- Organize direct communication sales channel and cultivate financial consulting skills
- Strengthen the compliance system

DIVERSIFICATION OF BUSINESS AREAS

Leverage core competency to diversify into new markets and strengthen overseas competency in preparation for competition with non-financial and global players, such as banks, securities and life insurance companies.

- Improve asset management
- Introduce new risk management competency (health, retirement, group)
- Strengthen global business competency

COMPREHENSIVE FINANCIAL SERVICES COMPANY

Through differentiated competitiveness and various business areas we aim to become a total finance service company that provides a combination of high quality services to clients in the areas of insurance, finance and additional services

- Achieve economy of scale through mergers
- Pursue competitive multi-channel structure
- Provide total risk solutions that cater to clients' needs

Advancing “Two-Top”
brand strategies by
promoting “anycar”, our
high-quality automobile
insurance brand, and
“Allife”, our signature long-
term insurance product
brand



Samsung anycar-leading Korea's automobile insurance brand

SF&MI Insurance opened a new era in Korea's auto insurance market in 2002 by introducing "anycar". An amalgam of the words "Anytime, Anywhere, Anything, and Car," Samsung "anycar" has since become a leading automobile insurance brand that offers customers prompt and efficient solutions 24 hours a day, 7 days a week. It has been benchmarked as a new model of brand development and customer service enhancement by other financial companies.

We also launched an industry-first automobile insurance consulting service in 2004. "Samsung Consulting anycar Automobile Insurance" offers customized policies that match the characteristics of each customer-each one of which has been designed by our professional sales organization of risk consultants (RCs). We have developed the nation's largest claims service network to ensure customer satisfaction by settling claims in a timely manner. In the future, we will provide total automobile life consulting services-a complete line of services related to all facets of automobile ownership and usage.



Samsung Allife-offering protection for health, wealth, safety and more

The insurance industry is currently seeing a rapid breakdown of the boundaries between non-life insurance and life insurance, primarily due to dramatic changes in the financial environment. This means that long-term insurance has become an important growth engine for non-life insurance operators.

We created Samsung "Allife" to enhance our competitiveness in the long-term insurance market by clearly conveying products' benefits to our customers. Allife is an amalgam of the words "All, Always, and Life," and it includes such long-term insurance products as disease, accident, fire, property, and general liability. The primary attraction of long-term, non-life insurance is that it runs the gamut of every aspect of a customer's life-from minor illnesses and property damages to protection against misfortunes that customers face over the course of their lifetime. We have introduced a new industry term-"living insurance". The purpose of this was to facilitate a better understanding among our customers of what we can do for them. From hereon in, our emphasis will be on "living", rather than on "life".

Based on a global
Pioneering spirit, we will
focus on the big picture
and mold Samsung Fire
& Marine Insurance into
a leading global financial
institution through
innovation & challenges.



Expanding overseas

Samsung Fire & Marine Insurance entered the global non-life insurance market by opening its London office in 1978. Initially, our overseas operations focused on advanced markets such as the United States, where we established a branch in 1990. In the late 1990s, when Asia started to emerge as a promising market due to rapid increases in investments and dramatic advances by Korean companies, we increased our activities in this area by opening subsidiaries in Indonesia and Vietnam and a branch in Shanghai. Later, in April 2005, we became the world's first non-life insurance company to set up a local subsidiary in China—a rising new economic power and prime investment base for many Korean companies.

As of end of June 2008, Samsung Fire & Marine Insurance has a presence in six countries with 11 locations worldwide, including three corporate offices, three branch offices and five liaison offices. In terms of office location, the Shanghai subsidiary office, Beijing and Shenzhen branch offices, and Beijing and Qingdao liaison offices are located in China; the Indonesian subsidiary office is located in Jakarta; the Vietnamese subsidiary office is located in Ho Chi Minh City; the American liaison office is located in New York, the Japanese liaison office is in Tokyo and the English liaison office is located in London.

Developing overseas markets

Our international bases offer high-quality insurance services to overseas customers. We are increasing our ability to compete in the international arena by researching advanced insurance services and data, and putting the results to good use.

To build bases for differentiated customer services overseas, we are improving our consulting capabilities through comprehensive risk management and insurance service providing systems. We also plan to increase the profitability of our overseas underwriting bases.

One of our primary goals is to increase our presence in new markets with great growth potential—including China and Vietnam. The aim of this strategy is to create additional stable earnings sources. We will carry out similar operations in other promising countries and regions.

Our overall strategy is to continue global expansion by emphasizing our expertise in secure risk management and leveraging our knowledge of advanced management techniques. This will give us a bridgehead in international markets and add to our profile as a world-class non-life insurance service provider.

2007 Highlights

2007

November 20

Standard and Poor's Credit Rating score of A+ for five consecutive years

Highest rank among domestic private enterprises and financial institutions

S&P's review of SF&MI's financial soundness and long-term credit rating warranted an A+ rating for five years in a row and also gave a stable long-term outlook.

October 18

"Non-participating Insurance, Happy 5060" for the elderly

Insurance available to those between ages 50 to 70, guaranteed until age 80.

This insurance product not only covers essential nursing and treatment costs, but also funeral costs. The age of insurance sign-up eligibility has been increased to 70.

August 20

Economics Camp for children who lost their parents through car accidents

Learning about the economy through programs like, "Mastering economics is a piece of cake!"

For children facing difficulties after their parents passed away in car accidents, we are providing an opportunity to help them encourage each other and to give them hope to overcome their difficult situation.

July 11

Offering new "Creating a Safer World Car Insurance"

Car Insurance that guarantees casualty and property losses

Each insurance policy contributes KRW 100 per month to a donation fund, used to provide safety jackets for first grade elementary school students and special education students. The jackets are distributed with a traffic safety booklet to promote the prevention of traffic accidents involving children.

June 26

Donating Guide Dogs for the Blind Ceremony for the First half of 2007

Donating ten to twelve guide dogs per year, actively making a social contribution

Since 1993, the "guide dogs for the blind" project has been a key social contribution project for Samsung Fire & Marine Insurance. Guide dogs act not only as eyes for the blind, but also become close companions.

2008

May 23

Guide Dogs for the Blind Training School-2008 Puppy Day Event

2008 Puppy Day Event for volunteers involved with the Guide Dogs for the Blind Program.

About 400 total guests, including 250 volunteers, guide dog trainers and other distinguished guests attended the event. Jane Coombs, the New Zealand ambassador to Korea and other New Zealand Embassy staff graced the event with their presence.

January 16

Establishment of the 2nd Chinese Corporate Office in ShenZhen

First Insurance Company in Korea to start insurance business in Southern China

By establishing an office in the Southern China, which has received less attention than the Eastern or the Northern provinces, SF&MI can provide more convenient customized insurance services to Korean businesses and residents in the region and overseas investment corporations.





Automobile Insurance

30.9%

Market Share

Long-term Insurance

29.5%

Market Share

삼성화재



HEART to HEART

The spirit of caring for customers is embodied by all Samsung Fire & Marine Insurance's products and services. The efforts of Samsung Fire & Marine Insurance to provide a better future for each of our customers are strengthened by the trust and confidence of our customers. Samsung Fire & Marine Insurance strives to create comfort and happiness in the lives of customers and always puts the customer first.



Commercial Insurance

28.2%

Market Share

REVIEW OF OPERATION

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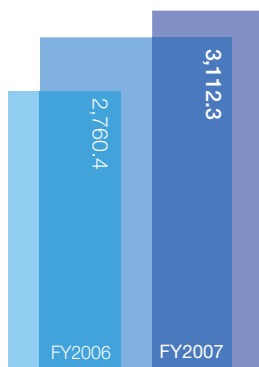
AUTOMOBILE INSURANCE

As a leading automobile insurance company, we will continue to improve quality of service and customer service while running a profitable business.

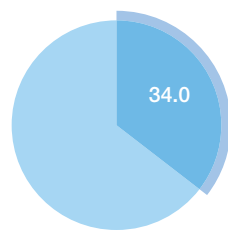
Although the boom in online auto insurance led to an expansion in the online insurance market share, anycar's market share increased by 0.8 percentage points over the same period last year, further solidifying our leadership position.

30.9%

Market Share



Direct Premiums
(In billions of Korean Won)



Sales Ratio
(%)



Automobile Insurance market environment last year and SF&MI's corresponding strategies and results

All other insurance companies except for SF&MI entered the online auto insurance market, and as a result, the online insurance market share increased by 3.1%p from 13.3% in FY 2006 to 16.4% in FY 2007. Although SF&MI did not go "online", our market share increased by 0.2%p in FY 2007 to 28.8% from 28.6% in FY 2006, further solidifying our leadership position. In 2007, changes to the premium discount/increase system, implementation of model specific rates and other profit oriented pricing policies also resulted in improved profits

Pricing policy that reflects actual insurance costs

Instead of engaging in a price competition with online competitors, anycar is committed to maintaining a pricing policy that allows us to provide the best products and services to our clients. Pricing policies that rates premiums according to risk provide appropriate premiums for all policy holders, as well as fostering an advanced underwriting system.

Gaining direct marketing competitiveness through development of consulting products

We provide products that increase competitiveness for direct communication groups and provide custom fit products that best fit for clients' needs. Sales of "Consulting anycar Automobile Insurance", our customized personal car insurance, have consistently increased, reaching sales of 80.1% in FY 2007, a 6.5%p improvement year-on-year. "Commercial anycar Automobile Insurance", was launched in June 2007 to increase commercial market competitiveness, and recorded sales of over 30%. Thanks to such efforts, "anycar", SF&MI's automobile insurance brand became the first financial company to be ranked number one for ten consecutive years by Korea Management Association Consulting, Korea Customer Service Index.

Automobile Accidents Prevention Programs

As part of efforts to reduce automobile accidents, and to fulfill social responsibility, SF&MI established the Samsung Traffic Safety Research Institute (STSRI) in July, 2001. In 2007, STSRI created 367 publicity programs to be released via various media outlets, including television. In 2006 STSRI

joined forces with a major broadcaster to produce and air programs that focus on good examples of traffic safety from advanced nations. Training mothers for an honorary traffic safety teacher program for elementary schools started in 2003. The program trains around 12,000 mothers per year. In 2007, those trained mothers educated 900,000 children on traffic safety and provided safety tips for getting to and from school. We have also hosted two traffic safety symposiums to support the traffic safety policies of local governments.

Predictions for this year's insurance market environment and SF&MI's strategies and plans

Property insurance companies faced steep declines in loss ratio during 2005 and 2006, and are now engaged in price cuts. Starting last year, anycar engaged in profit oriented pricing that takes the actual loss ratio and operation costs into consideration. Through such measures, we expect to see a stabilized loss ratio in 2008. We have also moved away from negative underwriting to determine individual insurance eligibility using a positive underwriting system. We will actively improve premium systems and policies to implement pricing policies that assess appropriate premiums for the amount of risk involved so as to promote fair premiums for individuals.

We will also focus on leveraging our personalized service through financial planners and our agencies and branches. We will concentrate on improving consulting-type products. Through various product offerings, we will deliver anycar automobile insurance products that best suit the needs of our clients, promoting better client understanding and improved sales. We will continue to make improvements to increase sales, and create automobile insurance products that not only work with our sales department, but also cater to our clients.

STSRI will build on last year's efforts to promote improved attitudes toward traffic safety in Korea and attract government investment in traffic safety infrastructures through the expanded broadcasting of overseas traffic safety programs.

As the leading Korean Automobile Insurance Company, we will continue to make every effort to ensure that automobile insurance remains a profitable business.



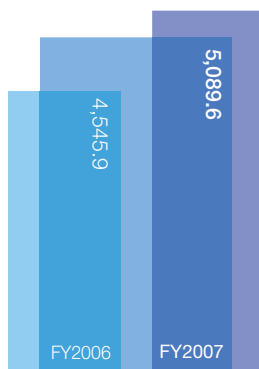
LONG TERM INSURANCE

While focusing on risk management through increased market share, we will devoted the rest of our resources to actively adjusting to a changing management environment and finding new growth engines.

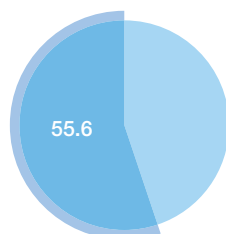
SF&MI's long-term insurance made up 55% of total sales, playing a crucial role both in terms of quantitative profit and as source of future growth.

55%

The long-term Insurance revenue in comparison to sales in FY 2006.



Direct Premiums
(In billions of Korean Won)



Sales Ratio (%)



Insurance Market Environment last year, and SF&MI's corresponding strategies

Currently, the Financial Market is undergoing changes due to the Capital Market Consolidation Act and the Free Trade Agreement between Korea and the U.S.. The lines between financial institutions are being blurred, while competition between financial institutions, both domestic and foreign is continuing to increase. Low birth rates and an aging society are increasing the demand for disease, savings and annuity insurance products. At the same time, increases in benefits for private insurance, the introduction of public nursing insurance, and expansion of bancassurance (including automobile insurance) are bringing about rapid changes in the management environment.

Emerging as a competitive insurance company within the financial sector through sustained growth based on profit

To overcome difficult market conditions, SF&MI follows the company management philosophy of "attaining prime competitiveness in the financial sector" in establishing systematic and strategic product development and underwriting policies to produce profitability through sustainable growth in long-term products. As part of an active response to the rapidly changing financial market, we have also dedicated a department for researching long-term insurance products as well as strengthening business areas.

Long-term products, core competency and internal substance

SF&MI's long-term insurance comprised 55% of total sales, not only playing a major role in terms of size, but also as a source of future growth. The most important aspect of long-term insurance products management is delivering a competitive product with substance. SF&MI has worked on product development and underwriting, optimizing product portfolio and strengthening compliance systems to differentiate and solidify its position as a leader in the long-term Insurance market. During the first half of this year, in order to gain a stable income source amid uncertain market conditions, we have improved institutional devices such as securities adjustments on high loss-rate securities, expanded operation on renewal policies to reduce product risk and improved control over premiums.

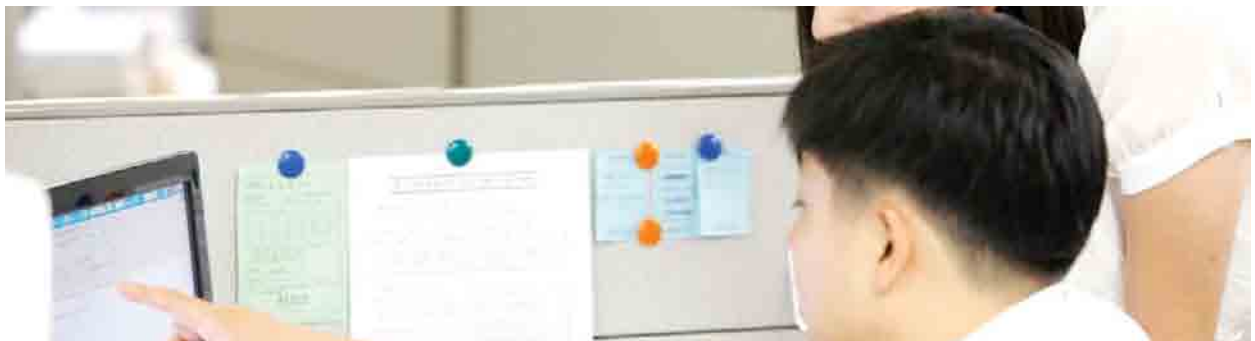
Cross-selling of property insurance and life Insurance due to diversification of the financial sector and strengthening face-to-face consulting

From 2004, SF&MI, through Samsung Risk Consultant (SRC), sold the industry's first combination product called "Samsung Super Insurance". Through SRC, SF&MI provides comprehensive consulting, including: comprehensive risk management, life management, and generation management. In preparation for looming open market competition due to the introduction of cross-selling in 2008 and diversification of the financial sector, SRC has been continually improved via expanded financial expertise and advanced consulting methods. Currently SRC is the top insurance consulting group, and as competition from life insurance and other non-financial corporations heats up, we will continue to do our best to maintain the leadership position.

Predictions for next year's market environment and SF&MI's strategies and plans

Major market issues revolve around the diversification of finance sector through the complete opening of bancassurance, permitting cross-sales of property and life insurance, the implementation of an elderly care system and issues related to an aging population. Under such conditions, it is expected that two major product types will dominate: guaranteed type insurance which focuses on increasing guaranteed assets such as existing life, medical, and nursing care insurance; and those with welfare benefits to cover extended longevity, such as investment type insurance, and annuity.

SF&MI will continue property insurance focused product management while pursuing long-term insurance management, concentrating on risk management to steadily increase market share. We will enhance our risk control capacity against disease security by systemizing the premium renewal scheme and introducing an internal risk rate scheme. At the same time, in response to the changes in national health and insurance policies such as the strengthened National Health Insurance Scheme, we will reinforce our market base in property insurance through reshuffling medical & damage covering product line-up. We will also continue efforts to pursue new business areas including retail financial markets by improving systems.



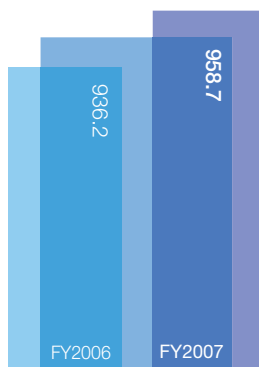
COMMERCIAL INSURANCE

Focus on overseas business to strengthen our position as a leading global financial institution, while diversifying revenue sources in the competitive domestic market to improve our market

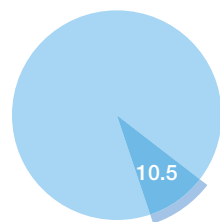
Revenue for commercial insurance in Fiscal Year 2007 was KRW 958.7 trillion, an increase of 2.4%p over the previous year and recorded a market share of 28.2%.

28.2%

Market Share



Direct Premiums
(In billions of Korean Won)



Sales Ratio
(%)



Commercial Insurance Market condition and SF&MI's strategies and results

In 2007, SF&MI's commercial insurance posted insurance sales of KRW 958.7 billion, showing a growth of 2.4%p over the previous year and grabbing a market share of 28.2%.

Due to rising oil prices and the weakening of the Korean Won, market conditions are worsening as corporations' ability to pay has diminished and investment has decreased. Despite such market conditions, SF&MI CI has implemented management strategies based on the principle of profit focused management to deliver operational profits of KRW 137.8 billion and an aggregate rate of 72.3%, a noteworthy result.

We are revamping operations in preparation to overcome potentially difficult market conditions. Management innovation activities center around revamping our infrastructure, securing underwriting supplementary decision making processes through scientific risk analysis, expanding profitability bases through increasing holdings, and implementing a scientific and statistical business decision making system to maximize profitability.

In the overseas markets, we added the Shenzhen branch to the Samsung Fire & Marine Insurance (China) in January of 2008 to strengthen the basis for business and customer service both in China and globally.

Market outlook for next year and SF&MI's strategies and plans

Continuing last year's trend, competition in the CI sector will become even fiercer. In the case of the CI reinsurance market, due to a reduction in the number large scale accidents and natural disasters, premiums have continued a downward spiral. In such market conditions, our first priority is to maintain a positive relationship with our top reinsurers and negotiate the best reinsurance terms to differentiate our company from the competition. SF&MI also seeks to establish a consulting type business system and a risk management and underwriting guide along with highlevel service, the continued expansion of overseas branches and strengthening business capabilities to overcome difficult market conditions.

In addition, SF&MI CI will establish a global management system by increasing the number of transplanted management personnel in overseas branches, and establishing an infrastructure that best suits local market conditions to provide differentiated disaster prevention services and integrated services to businesses operating overseas. We plan to focus our abilities on securing new domestic market growth engines, along with development of new institutionalization domains and continue to expand large-scale co-operative insurance business to differentiate CI revenue streams and improve our market position.



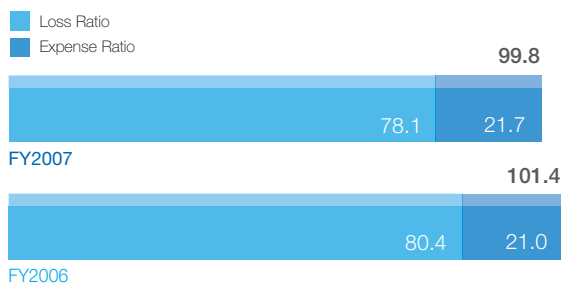
ENTERPRISE RISK MANAGEMENT

Dedicated to identifying, assessing and managing potential threats

Our Enterprise Risk Management Committee is responsible for addressing risk and controlling risk-related issues in a timely and appropriate manner.

99.8%

Underwriting Efficiency
(Loss Ratio 78.1% / Expense Ratio 21.7%)



Underwriting Efficiency (%)



SF&MI uses the Enterprise Risk Management (ERM) system. It has two functions: to ensure financial stability through controlled risk-taking and to provide for adequate capitalization through a broad range of risk analyses.

SF&MI's Enterprise Risk Management Principles

At SF&MI, Enterprise Risk Management (ERM) is based on three principles that are applied throughout the company.

■ **Early Warning Risk Identification:** Risk management and analyses involving projections for the future and risk management forecasts and prognostications. Key Risk Indicators (KRIs) allow SF&MI's risk managers to preemptively evaluate risk using real data.

■ **Independent Risk Management Function:** A specialized SF&MI department charged with managing for conflicts of interest.

■ **Value-based Management Support:** Embedded Value (EV) appraisal and reporting enable SF&MI to practice Value-based Management (VBM) and measure the economic value of SF&MI's overall insurance operations.

Enterprise Risk Management Organization and Structure

The Board of Directors is responsible for establishing the framework, principles, and guidelines for Enterprise Risk Management (ERM) at SF&MI. The Enterprise Risk Management Committee is responsible for addressing risk and controlling for risk-related issues in a timely and appropriate manner.

SF&MI's ERM Department monitors risk through analyses, reports, and risk modeling and is tasked with identifying a wide range of possible risk scenarios in the company's business units as well as company-wide. By applying these processes, the department assesses each risk scenario, monitors it, and implements appropriate action plans.

Risk Categories

The major risks that Samsung Fire & Marine Insurance faces are as follows.

■ **Asset-Liability Management (ALM) Risk:** ALM manages structural risks (i.e., interest rate, equity, and liquidity) from the perspective of optimized returns. Managing for ALM Risk involves strategizing from the dual viewpoints of assets and liabilities. Strategic Asset Allocation (SAA) involves the optimization of asset structures, while Product Mix Strategy is concerned with the optimization of liability structures.

■ **Insurance Risk (Underwriting Risk):** Insurance Risk (Underwriting Risk): Insurance Risk refers to the danger of incurring a financial loss due to property, casualty, auto, or long-term insurance events. Our Enterprise Risk Management Department manages the transfer of such risks--including setting limits on underwriting authorizations and requiring approvals for transactions involving new products. It also oversees the management of reinsurance and monitors emerging issues that may affect the company's overall exposure to risk.

■ **Market Risk:** Market Risk refers to the danger of being negatively impacted by movements in financial markets--including equity market prices, credit spreads, foreign exchange rates, and real estate prices.

■ **Credit Risk:** Credit Risk refers to the danger of incurring a financial loss due to the diminished credit-worthiness of counter-parties of SF&MI and/or third parties. To help mitigate the possibility of such occurrences, SF&MI transfers a portion of its new business to authorized reinsurers that are rated at least "A-".

Regulatory Perspective

SF&MI is engaged in the Risk Assessment & Application System (RAAS) and in preparations for the introduction of the Risk-Based Capital (RBC) System, both of which are statutory requirements of the Korean Financial Supervisory Service.

Strategic Risk Management Decision Making

SF&MI's strategic decision is made by quantitative/qualitative analysis.

The ERM department assesses the company's future earnings projection, NPV, IRR, Capital collection periods using quantitative analysis. SWOT analysis and reputation/compliance risk assessment are also used in the company's strategic decision making.

Strategic decision making is carried out at management committee meetings or by the Board of Directors.

Risk management analysis is the one of the major tools for strategic decision making. Not only in terms of financial impacts but also for the reputation/compliance risk review.

Strategic acquisition, if necessary, will be made through valuation by actuarial and risk management concepts in accordance with regional regulations.



ETHICAL MANAGEMENT

Ethical management by a corporation is no longer a matter of choice, but is a must for survival. SF&MI sees ethical management as the number one priority for our future survival, and is focusing on incorporating ethics into our daily practices.



Ethical Management Condition

SF&MI selected 2002 as start of an ethical management era and held the ethical management proclamation ceremony. “3Cs” (Clean, Change and Challenge), was selected as the basic management guideline. Ethical platforms were centered on following three principles: “Transparent Management” to earn consumer trust, “Fair Trade” that respects fair free competition market order, and a “Clean Organizational Structure” that eliminates corruption. SF&MI also adopted the idea of complete sales based on trust and pride in the value of insurance to provide customer satisfaction through accurate compensation.

In 2005, we announced the Samsung Values and Samsung Business Principles, and required all the officers to make the pledge, and cards were distributed detailing the practice of ethical management. Each year, our officers sign a written oath to uphold ethical laws to ensure the culture of ethical management can flourish.



Ethical Management Volition

All employees of SF&MI, from the CEO downwards, recognize that ethical management is not a choice, but is a must for survival. Our CEO attended the 2007 Business Ethics Seminar and the CEO Pledge Ceremony on March 7, 2007 was hosted by the Ethical Management Forum in conjunction with the Institute for Industrial Policy Studies, to rededicate its will to ethical management.

To Accelerate the process of Transparent Management

SF&MI was first in the industry to hold a fair trade self compliance declaration ceremony in 2001. SF&MI also created and operates a fair trade self regulation “Compliance Program” to establish the culture of fair trade self regulation. In 2005, an Internal Trade Commission formed entirely of external directors was inaugurated to accelerate the process of transparent management. Jeongdo Jikimi, an internal reporting system to anonymously report violations within the company was set in place to focus on prevention, rather than belated countermeasures to address any wrong doing. A number of ethical management education courses based on both positive and negative examples of internal reporting have been established, and all employees are trained annually to promote ethical values.



CORPORATE COMMUNITY RELATIONS

At SF&MI, when it comes to the society, we think on a different level. We will continue to participate in various social contribution activities for the betterment of society



Traffic Culture Business

By selecting "traffic culture" as our representative contribution to society, which fits perfectly with our line of business, we promote the prevention of traffic accidents involving children, and spread a culture of traffic accident prevention. Through the Samsung Traffic Safety Research Institute and Samsung Transportation Museum, we are continually creating traffic safety education programs and traffic related campaigns.

In 2007 we started a traffic safety campaign for children entitled "Keep Our Children Safe". This campaign provides free safety jackets for first grade students in selected areas with high rates of traffic accidents and students at model safety schools all over Korea. In addition, SF&MI runs a program that provides monthly scholarships and supports educational expenses for 90 children who lost their parents in automobile accidents. Each department of SF&MI provides emotional support to one parent-less-child.

Various Social Contribution Programs for the disable

SF&MI also participates in various social contribution programs for the disabled. SF&MI works with volunteers from "Korea Boorumuh Junhwa", to help the blind and wheelchair users play an active role in society. In addition we are working on changing stereotypes of the disabled in conjunction with the Disabled First Action Center.

Through the Samsung Fire & Marine Insurance Guide Dog School, guide dogs are donated two to three times a year via the Donation Education Program. From the program's inception in 1995, we have donated 114 leader dogs to the blind. Through an ongoing guide dog campaign, we are making efforts to increase guide dog accessibility to public buildings and changing the perception of their use and presence in public transportation.

In 2004, we have started the "Learning How to Smile Again" program through the Samsung Medical Center to restore facial deformities that stem from fires, auto accidents or congenital facial abnormality for individuals in low income brackets free of charge. We have funded 288 operations to date.

Samsung anycar Volunteer Group

In addition, to fulfill our corporate citizenship role, "Samsung anycar Volunteer Group" was formed, encouraging employees to volunteer. Such efforts resulted in the creation of around 180 volunteer groups that volunteer in various fields. During 2007, on average, Samsung officers volunteered around 6.6 times, for total of about 20.2 hours. An officers' volunteer fund, aptly named the "Dream Fund", was established and has raised about KRW 40 billion. This amount is matched by SF&MI and is donated to partner volunteer organizations.

From August 2005, SF&MI began forging relationships with 105 farming communities, encouraging its employees to participate in farming activities by visiting farms and purchasing agricultural products. In May 2005, SF&MI Risk Consultants began donating KRW 500 for every long-term contract signed to the smile fund. This fund is part of the "KRW 500 Gift of Hope" program to improve living conditions for the disabled.

SF&MI will continue to take part in social contributions activities and abide by the principle of "sharing management" in the future.



Automobile Insurance

12.7%
Growth

Long-term Insurance

12.0%
Growth

TOP to TOP

Established in 1952, Samsung Fire & Marine Insurance has maintained a leading position due to its "history of endless challenges and pioneering spirit." The driving force behind its success has been the passion, ambition, and energy that won customers' trust. Now, with the solid foundation established during 50 years of partnership with our customers, Samsung Fire & Marine Insurance will expand globally. From being the best company in Korea, Samsung Fire & Marine Insurance will evolve into a first class global corporation.

Commercial Insurance

2.4%

Growth

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Management Discussion & Analysis

A. Operational Results

1. Overview

In fiscal 2007, Samsung Fire and Marine Insurance (SF&MI) successfully overcame overall unfavorable economic environments such as instability in the financial markets, a slower-than-expected economic recovery, expanded volatility in interest rates and the stock market. SF&MI achieved the following results.

First, SF&MI recorded the highest pre-tax profit in company history. This is attributed to stable growth in all areas of business of SF&MI. The auto insurance sector produced in a stable loss ratio and enhanced its market position through differentiated profit-oriented management. In addition, the Company improved the loss ratio of its long-term insurance sector thanks to steady risk management. Despite a global credit crunch due to the U.S. subprime mortgage crisis, we also enjoyed increased profits in the investment sector through conservative management of asset portfolios.

Second, SF&MI established the base for profit-oriented management. In the auto insurance business, SF&MI got away from the structure of chronic losses. The combined ratio of the auto insurance stood at one of the lowest levels in the industry while making a huge contribution to expanding profits. In the long-term insurance business, last year's product reshuffling brought about positive effects and is expected to generate stable income in the future. Moreover, we achieved a tangible improvement in the policy persistency ratio and solicitor retention rate, compared to FY2006.

Third, we practiced steady shareholder-oriented management. SF&MI has paid dividends to its shareholders for 31 straight years. In fiscal 2007, our cash dividends totaled KRW 139.3 billion. The dividend ratio was 600% of the face value of a common share and was doubled compared to that of last year's. The payout ratio stood at 29.2%.

Also, the EPS and the ROE, both indicating corporate value grew by 39.0% and 3.4%p from a year earlier, respectively. As for the solvency margin ratio, an indicator of financial soundness, SF&MI recorded 362.5%, easily beating its competitors as of end of March, 2008.

In terms of SF&MI's major business performances, its direct premiums written increased 11.1% to KRW 9,160.6 billion compared to last year. Its net profit jumped at 39.7% to KRW 476.5 billion while its adjusted net profit including an increase in catastrophe reserves swelled 39.1% to KRW 527.8 billion. Total assets ballooned 12.2% to KRW 20,740.5 billion while catastrophe reserves increased at 5.5% to KRW 986.7 billion, further solidifying the stable financial structure.

Net Income by Year

(in billions of Korean Won)

	FY03	FY04	FY05	FY06	FY07
Net Income	170.1	278.2	262.0	341.2	476.5
Change	-36.5%	63.6%	-5.8%	30.2%	39.7%
Adjusted Net Income	214.3	324.2	325.3	379.5	527.8
Change	-31.0%	51.3%	0.3%	16.7%	39.1%

2. Profit and Loss summary

In fiscal 2007, direct premiums written and net premiums earned shot at 11.1% and 14.8% to KRW 9,160.6 billion and KRW 8,336.5 billion, respectively from a year before. In addition, an increase in catastrophe reserves rose 33.6% to KRW 51.3 billion over the year. As the auto insurance loss ratio fell a great deal, underwriting losses contracted by KRW 147.4 billion to negative KRW 49.9 billion from a year earlier. Investment operation posted KRW 772.7 billion in profits, up KRW 69.9 billion. As a consequence, operating profit increased by KRW 217.3 billion year or 43.0% on year to KRW 722.8 billion. Non-operating losses increased by KRW 39.6 billion to KRW 62.4 billion from a year before due to rise in one-off non-operating losses.

As a result, pre-tax net profit increased by KRW 177.8 billion to KRW 660.4 billion and net profit rose by KRW 135.3 billion to KRW 476.5 billion, an increase of 39.7% from the previous period. In addition, adjusted net profit (including catastrophe reserves) grew by KRW 148.3 billion to KRW 527.8 billion compared to last year. Adjusted EPS based on adjusted net profit recorded KRW 11,742, hike of 39.0% from the previous year.

Income Summary

(in billions of Korean Won)

	FY06	FY07	Amount	Change %
Direct Premiums Written	8,242.6	9,160.6	918.0	11.1%
Net Premiums Earned	7,263.3	8,336.5	1,073.2	14.8%
Increase in Catastrophe Reserves	38.4	51.3	12.9	33.6%
Underwriting Income	-197.3	-49.9	147.4	74.7%
Investment Income	702.7	772.7	70.0	10.0%
Operating Income	505.5	722.8	217.3	43.0%
Non-Operating Income	-22.8	-62.4	-39.6	173.7%
Pre-tax net Income	482.6	660.4	177.8	36.8%
Net Income	341.2	476.5	135.3	39.7%
Adjusted Net Income	379.5	527.8	148.3	39.1%
Adjusted EPS (in Won)	8,450	11,742	3,292	39.0%

1) Last year's financial statements were revised in accordance to changes in the insurance accounting laws

Management Discussion & Analysis

3. Earnings by Product Line

In growth rates of insurance sales by product lines during fiscal 2007, auto insurance ranks first, followed by long-term insurance and commercial line. Automobile insurance marked the largest growth due to premium hikes and expanded market share. It recorded KRW 3,112.3 billion, up 12.7% compared to one year ago. Long-term insurance grew at 12.0% from a year before to KRW 5,089.6 billion. Out of this amount, initial premiums comprised KRW 163.0 billion, inking a 1.1% increase from a year before. The low growth of initial premiums is ascribed largely to an overhaul of products and the reorganization of the sales division of last April. However, in the first quarter of 2008, initial premiums recorded a growth rate of 12.9% from a year before, showing signs of a gradual recovery. A sluggish insurance market due to a drop in new capex investment from manufactures and premium rates made general insurance grow a mere 2.4% to KRW 958.7 billion.

Direct Premiums Written, By Line

(in billions of Korean Won)

	FY06		FY07		Change	
	Amount	%	Amount	%	Amount	%
General	936.2	11.4%	958.7	10.5%	22.5	2.4%
Long-term	4,545.9	55.2%	5,089.6	55.6%	543.7	12.0%
Initial Premiums	161.3	2.0%	163.0	1.8%	1.7	1.1%
Renewal Premiums	4,384.6	53.2%	4,926.6	53.8%	542.0	12.4%
Automobile	2,760.4	33.5%	3,112.3	34.0%	351.9	12.7%
Total	8,242.6	100.0%	9,160.6	100.0%	918.0	11.1%

During fiscal 2007, our market share shrank by 1.0% to 29.8% from a year before. By product line, our share in the auto insurance market expanded from the previous year due to a rise in the rate of premiums and an increase in new contracts. On the other hand, our market shares in the general and long-term insurance markets dipped slightly due to prudent underwriting focused on profitability. During fiscal 2007, our market share shrank by 1.0% to 29.8% from a year before. By product line, our share in the auto insurance market expanded from the previous year due to a rise in the rate of premiums and an increase in new contracts. On the other hand, our market shares in the general and long-term insurance markets dipped slightly due to prudent underwriting focused on profitability.

Market Share, By Line

	FY05	FY06	FY07	% Change
General	28.6%	29.1%	28.2%	-0.9%p
Long-term	33.3%	31.6%	29.5%	-2.1%p
Automobile	28.7%	30.0%	30.9%	0.8%p
Total	31.0%	30.8%	29.8%	-1.0%p

* Our estimate, targeting 11 domestic insurers (excluding mono-line auto insurers) that are members of the General Insurance Association of Korea

The loss ratio in fiscal 2007 contracted 2.4%p to 78.1% from a year before. In particular, the loss ratio in auto insurance plummeted a good deal. The loss ratio of auto insurance was dropped by 4.3%p to 70.4% during fiscal 2007. This is because the insurance premium per vehicle increased at 11.1% from a year ago on account of a hike in the premium rate.

The loss ratio of long-term insurances also lowered by 1.9%p to 84.9% this year thanks to reduced net risk loss ratio and decreased interest burden. The net risk loss rate was shrank through preemptive risk management for living benefit coverages and the interest burden associated high-fixed guaranteed legacy was declined as the high-fixed rate products matured. On the other hand, loss ratio of general line soared by 6.4%p to 54.3% due to a number of large fire accidents.

Overall expense ratio increased by 0.7%p to 21.7% from a year earlier due to shrinking deferred acquisition cost and increasing amortization costs for long-term insurance. Examining expense ratios by items, wages and severance benefit ratio stood at 5.1%, a level similar to that of the previous year while distribution costs increased at 0.6% year on year. This is attributable to an increase in commissions for stronger sales and a decrease in deferred acquisition costs. Business administration cost dropped by 0.2%p to 7.2% year on year while cost-income ratio showed a slight increase. As a result, overall expense ratio rose 0.7%p year on year to 21.7%.

Underwriting Efficiency

	FY06	FY07	% Change
Loss Ratio	80.4%	78.1%	-2.4%p
General	47.9%	54.3%	6.4%p
Long-term	86.8%	84.9%	-1.9%p
Automobile	74.8%	70.4%	-4.3%p
Expense Ratio	21.0%	21.7%	0.7%p
General	16.8%	18.3%	1.4%p
Long-term	16.4%	17.4%	0.9%p
Automobile	29.4%	29.5%	0.0%p
Combine Ratio	101.4%	99.8%	-1.7%p

Miscellaneous Business Expense Ratio

	FY06	FY07	% Change
Wages & Severance Benefit Ratio	5.1%	5.1%	0.0%p
Distribution Cost ¹⁾	10.5%	11.1%	0.6%p
Business Administration Cost	7.4%	7.2%	-0.2%p
Expenses Recovered ²⁾	-2.0%	-1.8%	0.2%p
Total	21.0%	21.7%	0.7%p

1) New policy contract fee and collection fee, Transaction Fees, Depreciation

2) recovered commissions, recovered profit commissions

Management Discussion & Analysis

4. Investment operation profit

Investment operation profit showed a gain of KRW 70.0 billion (10.0%) to KRW 772.7 billion during fiscal 2007 while net investment yield showed a slight decline of 0.1%p to 4.8% from a year before due to a drop in profit from stocks and overseas assets. The increase in investment profit came mainly from a rise in profit from fixed income type assets such as bonds and loans. Profit from bonds recorded KRW 461.8 billion with a year-on-year increase of KRW 28.9 billion or 6.7%. At the same time, profit from loans grew at 17.7% or KRW 40.6 billion to KRW 270.5 billion. In fiscal 2007, stock dividend income increased by KRW 4.7 billion year on year to KRW 14.3 billion. However, a drop in profits from realization gain of LG Card during last fiscal year caused overall investment yield to slide by 1.9%p. The overseas investment yield dropped by 0.5%p year on year due to a KRW 6.3 billion losses from write-down of CDO (Collateralized Debt Obligation) bonds of the Company. The CDO assets that SFMI currently has are not sub-prime bonds, which are all AAA- rated senior bonds without any possibility of default. However, considering CDOs' widening credit spread caused by the current credit crunch in the global financial market, we made a conservative accounting decision to write it off.

Investment Income

(in billions of Korean Won)

	FY06	FY07	Won	Change %
Cash & equivalents	6.9	20.0	13.2	189.9%
Stocks	80.2	55.3	-24.9	-31.0%
Bonds	432.9	461.8	28.9	6.7%
Loans	229.9	270.5	40.6	17.7%
Overseas	19.5	29.4	9.9	50.8%
Real estate	3.4	12.0	8.6	252.9%
Total	772.8	849.0	76.2	9.9%
Investment Administration Expenses ¹⁾	70.2	76.4	6.2	8.8%
Investment Income	702.7	772.7	69.9	10.0%
Net Investment Yield	4.9%	4.8%	-0.1%p	

1) Bad debt expenses and depreciation costs have been distributed by asset.

5. Income Tax Expenses

During the last fiscal year 2007, profit before income tax grew by KRW 177.8 billion or 36.8% year on year to KRW 660.4 billion. As a result, income tax increased by KRW 42.5 billion to KRW 183.9 billion from a year earlier. The official corporate tax rate, including residency tax, setting at 27.5%, but the effective tax rate for the period was 27.8%, 1.5%p lower than the previous fiscal year.

Income Tax Charges

(in billions of Korean Won)

	FY06	FY07	Won	Change %
Income Before Income Tax Charges	482.6	660.4	177.7	36.8%
Income Tax Charges	141.5	183.9	42.4	30.0%
Effective Tax Rate	29.3%	27.8%	-1.5%p	

1) Last year's financial statements were revised in accordance to changes in the insurance accounting laws

B. Balance sheet

1. Financial Conditions

In fiscal 2007, SF&MI's total assets increased by KRW 2,250.2 billion or at 12.2%, year on year to KRW 20,740.5 billion. Bond assets grew the most with an increase of KRW 738.2 billion in terms of monetary value, to KRW 9,269.4 billion from a year before. This increase is attributed to a rise in available-for-sale bonds, especially in long-term bonds, most of which are beneficiary certificates and structured securities. Stocks enjoyed the biggest growth year on year in terms of growth rates at 17.3% to KRW 2,031.7 billion largely due to valuation gain in stock prices of affiliates. Loans also marked a significant increase of 14.8% or KRW 532.2 billion year on year, totaling KRW 4,120 billion as of the end of the fiscal year.

In fiscal 2007, total liabilities increased by KRW 2,037.7 billion (13.3%) year on year to KRW 17,325.0 billion. Policy reserves, the biggest portion of liabilities climbed at 14.2% to KRW 14,239.8 billion from a year before. Catastrophe reserves increased at 5.5% to KRW 986.7 billion and other liabilities and separate account liabilities rose at 10.1% and 12.8%, respectively from the previous year.

Total shareholders' equity increased by KRW 212.6 billion (6.6%) year-on-year to KRW 3,415.6 billion in fiscal 2007. The amount of capital and capital surplus remained at fiscal 2006 levels. Retained earnings rose 8.6% year on year to KRW 1,797.8 billion due to an increase in net income.

Accumulated other comprehensive income swelled by 8.0% to KRW 950.6 billion year on year with an increase in gains on valuation of available-for-sale securities. The solvency margin ratio stood at 362.5% at the end of fiscal 2007, but this figure is 25.6%p less than the previous period's due to a cancellation of treasury stock on May, 2007. But it is still much higher than 100%, statutory solvency margin, and is one of the highest levels when compared to the industrial average.

Balance Sheet Summary

(in billions of Korean Won)

	FY06		FY07		Change	
	Amount	%	Amount	%	Amount	%
Cash & Bank Deposits	311.1	1.7%	566.3	2.7%	255.2	82.0%
Stocks	1,731.5	9.4%	2,031.7	9.8%	300.2	17.3%
Bonds	8,531.2	46.1%	9,269.4	44.7%	738.2	8.7%
Loans	3,587.8	19.4%	4,120.0	19.9%	532.2	14.8%
Overseas	547.8	3.0%	616.3	3.0%	68.5	12.5%
Fixed Assets	959.4	5.2%	1,036.5	5.0%	77.1	8.0%
Non-Invested Assets	2,821.6	15.3%	3,100.3	14.9%	278.8	9.9%
Total Assets	18,490.3	100.0%	20,740.5	100.0%	2,250.3	12.2%
Policy Reserves	12,468.2	67.4%	14,239.8	68.7%	1,771.6	14.2%
Catastrophe Reserves	935.3	5.1%	986.7	4.8%	51.3	5.5%
Other Liabilities	993.5	5.4%	1,094.3	5.3%	100.9	10.1%
Separate A/C Liabilities	890.3	4.8%	1,004.1	4.8%	113.9	12.8%
Total Liabilities	15,287.3	82.7%	17,325.0	83.5%	2,037.7	13.3%
Shareholders' Equity	3,203.0	17.3%	3,415.6	16.5%	212.6	6.6%
Total Liabilities and Shareholder's Equity	18,490.3	100.0%	20,740.5	100.0%	2,250.3	12.2%
Solvency margin ratio	388.1%		362.5%		-25.6%p	

1) Last year's financial statements were revised in accordance to changes in the insurance accounting laws

Management Discussion & Analysis

2. Securities

As of the end of fiscal 2007, the value of the Company's securities including stocks and bonds stood at KRW 11,301.1 billion, up 10.1% or KRW 1,038.5 billion from the previous year. Stocks increased by KRW 300.2 billion or 17.3 % year on year to KRW 2,031.7 billion in total. This increase is ascribed to the higher valuation gain of shares of SF&MI's affiliates such as Samsung Electronics and Samsung Securities whose stocks were classified into available-for-sale securities.

Affiliates equities accounted for 76.7% of the total equity while the portion of beneficiary certificates took up 16.9%. Equities applying equity method rose by KRW 11.2 billion or 17.9% year on year to KRW 73.9 billion. As of the end of fiscal 2007, total bond assets stood at KRW 9,269.4 billion, up 8.7% or KRW 738.2 billion from a year ago. Short-term trading bonds decreased by KRW 121.7 billion year on year to KRW 139.5 billion, while available-for-sale bonds grew by KRW 841.3 billion or 10.2% to KRW 9,109.9 billion from a year earlier, due to an increase in special bonds and corporate bonds.

Securities

(in billions of Korean Won)

	FY06	FY07	Amount	Change %
Stocks	1,731.5	2,031.7	300.2	17.3%
Stocks - Applying the Equity Method	62.7	73.9	11.2	17.9%
Available-for-Sale Stocks	1,668.8	1,957.8	288.9	17.3%
Bonds	8,531.2	9,269.4	738.2	8.7%
Short-term Trading Bonds	261.2	139.5	-121.7	-46.6%
Available-for-Sale Bonds	8,268.6	9,109.9	841.3	10.2%
Held to Maturity Bonds	1.3	20.0	18.7	1,438.5%
Total	10,262.6	11,301.1	1,038.5	10.1%

1) Excludes overseas securities

3. Loans and Asset Quality

As of the end of fiscal 2007, loans stood at KRW 4,161.8 billion, up 18.7% or KRW 654.3 billion from a year before. Retail loans grew by KRW 381.8 billion or 12.4% year on year to KRW 3,467.8 billion, of which mortgage loan increased by KRW 145.1 billion to KRW 1,965.7 billion and policyholder loans grew by KRW 237.1 billion (19.3%) to KRW 1,463.5 billion from the previous year. Corporate loans swelled by KRW 272.5 billion (64.7%) to KRW 694.0 billion from a year earlier., In particular, non-secured corporate loans was up by KRW 73.8 billion or a staggering 450%.

In fiscal 2007, SFMI enjoyed a steady improvement in the quality of loans. The amount of substandard and below loans fell by KRW 4.4 billion year-on-year to KRW 17.5 billion, which pushed the non-performing loans ratio (NPL ratio) to drop 0.2%p to 0.4% from a year before. As of end of fiscal 2007, NPL coverage ratio (the substandard and below loans to loan loss provision ratio) stood at 225.8%, indicating an increase of 46%p from the previous period. Through effective loan management, the delinquency ratio fell by 0.2%p year on year to 0.5%. The delinquency ratios of retail loans and corporate loans slid by 0.1%p and 1.0%p, respectively to 0.5% from a year earlier.

Loans

(in billions of Korean Won)

	FY06		FY07		Change	
	Amount	%	Amount	%	Amount	%
Household Loans	3,086.0	88.0%	3,467.8	83.3%	381.8	12.4
Mortgages	1,820.6	51.9%	1,965.7	47.2%	145.1	8.0
Policyholders	1,226.4	35.0%	1,463.5	35.2%	237.1	19.3
Non-secured	39.1	1.1%	38.6	0.9%	-0.5	-1.3
Corporate Loans	421.5	12.0%	694.0	16.7%	272.5	64.7
Secured	405.1	11.5%	603.7	14.5%	198.6	49.0
Non-secured	16.4	0.5%	90.2	2.2%	73.8	450.0
Total ¹⁾	3,507.5	100.0%	4,161.8	100.0%	654.3	18.7

1) Excludes call loans, prior to subtracting loan provision, deferred additional income

Asset Quality

(in billions of Korean Won)

	FY06		FY07		Change	
	Amount	%	Amount	%	Amount	%
Total Loans	3,507.5		4,181.6		674.0	19.2%
Normal	3,480.0		4,158.7		678.8	19.5%
Precautionary	5.7		5.3		-0.4	-7.0%
Substandard	12.4		11.1		-1.3	-10.5%
Doubtful	2.1		2.1		0.0	0.0%
Estimated Losses	7.4		4.3		-3.0	-41.9%
Standard & Lower	21.9		17.5		-4.3	-20.1%
Non-Performing Loans to Total Loans Ratio	0.6%		0.4%			-0.2%p
Loan Loss Provisions to Substandard & Lower Loans Ratio	179.8%		225.8%			46.0%p
Delinquency Ratio	0.8%		0.5%			-0.2%p
Household	0.7%		0.5%			-0.1%p
Corporate	1.5%		0.5%			-1.0%p

Management Discussion & Analysis

4. Asset & Liability Management

In fiscal 2007, SF&MI realized an improvement in asset and liability management (ALM) and spread on long-term insurance was widened compared to last year. Although interest on liabilities went up due to a rise in market interest rates, the rise in rate of returns on matching assets was higher than that in market interest rates in fiscal 2007. Interest on liabilities climbed at 0.1%p year on year to 5.2% while returns on matching assets increased 0.13%p year on year to 5.7%. Accordingly, at the end of fiscal 2007, the ALM spread stood at 0.5%, up 0.03%p from the previous year. The difference between duration of assets and liabilities rose slightly to 0.40 years.

ALM on Long-term Insurance

(in billions of Korean Won, %, years)

	FY06			FY07			Change		
	Amount	Yield	Duration	Amount	Yield	Duration	Amount	Yield	Duration
Asset ¹⁾	9,811.1	5.57	3.00	11,108.4	5.70	2.87	1,297.3	0.13	-0.13
Liability ²⁾	9,814.5	5.10	3.36	11,360.8	5.20	3.27	1,546.4	0.10	-0.09
Spread	-3.4	0.47	-0.36	-252.4	0.50	-0.40	-249.0	0.03	-0.04

1) The sum of invested assets and unamortized deferred assets

2) The sum of reserves for savings, unearned premiums, and reserves for lapsed policies

Independent Auditors' Report

ENGLISH TRANSLATION OF A REPORT ORIGINALLY ISSUED IN KOREAN

To the Shareholders and Board of Directors of Samsung Fire & Marine Insurance Co., Ltd.:

Deloitte Anjin LLC

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We have audited the accompanying balance sheets of Samsung Fire & Marine Insurance Co., Ltd. (the "Company") as of March 31, 2008 and 2007, and the related statements of income, appropriations of retained earnings and cash flows for the years then ended, and statement of changes in shareholder's equity for the year ended March 31, 2008, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2008 and 2007, and the results of its operations, changes in its retained earnings and its cash flows for the years then ended, and changes in its shareholder's equity for the year ended March 31, 2008 in conformity with accounting principles generally accepted in the Republic of Korea.

Our audits also comprehended the translation of Korea Won amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis in Note 2. Such U.S. dollar amounts are presented solely for the convenience of the reader outside of Korea.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows and changes in its shareholder's equity in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are intended for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.



May 20, 2008

Notice to Readers

This report is effective as of May 20, 2008, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

BALANCE SHEETS

AS OF MARCH 31, 2008 AND 2007

	Note	Korea Won(in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
		2007	2008	2007	2008
ASSETS					
Cash and due from banks	3, 7	₩311,091	₩566,337	US\$ 313,695	US\$ 571,077
Trading securities	4, 8, 17	313,043	198,068	315,663	199,726
Available-for-sale securities	5, 7, 8, 17, 31	10,433,379	11,625,351	10,520,700	11,722,650
Held-to-maturity securities	6	1,340	20,000	1,351	20,167
Securities accounted for using the equity method	7	62,657	73,933	63,181	74,552
Loans, net of allowance for doubtful accounts of ₩39,499 million in 2008 and ₩39,306 million in 2007 and deferred loan origination fees of ₩2,236 million in 2008 and ₩1,625 million in 2007	9, 29	3,587,796	4,120,042	3,617,824	4,154,525
Property and equipment, net	10, 14, 24	1,027,494	1,093,666	1,036,094	1,102,819
Insurance receivables, net of allowance for doubtful accounts of ₩4,916 million in 2008 and ₩4,756 million in 2007	9, 12, 17, 29	173,182	188,567	174,632	190,146
Leasehold and other deposits	29	199,188	193,081	200,855	194,697
Accrued income, net of allowance for doubtful accounts of ₩154 million in 2008 and ₩136 million in 2007	9	177,990	194,674	179,480	196,303
Compensation receivables	13	97,381	109,839	98,196	110,758
Deferred acquisition costs	21	955,451	1,132,476	963,448	1,141,954
Other assets	11, 31, 34	273,639	234,115	275,930	236,073
Separate account assets, net of due to separate account of ₩33,616 million in 2008 and ₩16,701 million in 2007	2, 32	876,632	990,397	883,968	998,686
Total assets		₩ 18,490,263	₩ 20,740,546	US\$ 18,645,017	US\$ 20,914,133
LIABILITIES AND SHAREHOLDERS' EQUITY					
LIABILITIES:					
Policy reserves (Notes 2, 15, 31 and 38)	2, 15, 31, 38	₩12,468,184	₩14,239,827	12,572,536	14,359,007
Catastrophe reserves (Note 16)	16	935,337	986,676	943,165	994,934
Borrowings (Note 18)	18	100	-	101	-
Insurance payables (Notes 12, 17 and 29)	12, 17, 29	286,883	253,147	289,284	255,267
Accrued expenses		126,259	130,306	127,316	131,397
Income tax payables		49,005	81,872	49,415	82,557
Rental deposits received (Notes 29 and 31)	29, 31	32,256	30,247	32,526	30,500
Deferred income tax liabilities (Note 23)	23	375,820	402,956	378,965	406,329
Other liabilities (Notes 2, 22, 31 and 34)	2, 22, 31, 34	123,144	195,803	124,175	197,440
Separate account liabilities, net of due from separate account of ₩19,788 million in 2008 and ₩3,048 million in 2007 (Notes 2 and 32)	2, 32	890,285	1,004,141	897,736	1,012,545
Total liabilities		₩ 15,287,273	₩ 17,324,975	US\$ 15,415,219	US\$ 17,469,976

CONTINUED

	Note	Korea Won(in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
		2007	2008	2007	2008
COMMITMENTS AND CONTINGENCIES	31				
SHAREHOLDERS' EQUITY (Notes 24, 25, 26 and 27):	24, 25, 26, 27				
Capital stock of ₩500 par value, Authorized (100,000,000 shares), Issued and outstanding:					
-Common stock (47,374,837 shares)		₩24,802	₩24,802	US\$ 25,010	US\$ 25,010
-Preferred stock (3,192,000 shares)		1,671	1,671	1,685	1,685
		26,473	26,473	26,695	26,695
Capital surplus		733,340	733,749	739,478	739,890
Capital adjustments		(92,881)	(93,039)	(93,659)	(93,819)
Accumulated other comprehensive income		879,883	950,596	887,247	958,552
Retained earnings		1,656,175	1,797,792	1,670,037	1,812,839
Total shareholders' equity		3,202,990	3,415,571	3,229,798	3,444,157
Total liabilities and shareholders' equity		₩ 18,490,263	₩ 20,740,546	US\$ 18,645,017	US\$ 20,914,133

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

STATEMENTS OF INCOME

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

	Note	Korea Won (In millions, except per share amounts)		Translation into U.S. Dollars (Note 2) (In thousands, except per share amounts)	
		2007	2008	2007	2008
OPERATING REVENUES:					
Premium income	19, 29	₩8,181,848	₩9,097,270	US\$ 8,250,326	US\$ 9,173,409
Reinsurance income	20	274,973	321,204	277,274	323,892
Compensation income	13	3,019	12,458	3,044	12,562
Interest income:					
Interest on deposits		8,137	21,468	8,205	21,648
Interest on securities	5, 6	442,018	492,393	445,718	496,514
Interest on loans		235,309	274,958	237,278	277,259
		685,464	788,819	691,201	795,421
Gain on valuation and disposal of securities:					
Gain on valuation of trading securities	4, 8	318	1,363	321	1,374
Gain on disposal of trading securities		1,627	3,196	1,641	3,223
Gain on disposal of available-for-sale securities		71,116	26,175	71,710	26,394
Reversal of impairment loss on available-for-sale securities	5	-	2,936	-	2,961
		73,061	33,670	73,672	33,952
Gain on valuation and disposal of loans		1	185	1	187
Gain on foreign currency transaction		5,853	10,603	5,902	10,692
Dividend income		23,520	35,409	23,717	35,705
Rental income		34,416	36,819	34,704	37,127
Expenses recovered		146,652	152,027	147,879	153,299
Other operating income:					
Gain on valuation of derivatives	31	525	200	530	202
Gain on transaction of derivatives		3,508	1,735	3,537	1,750
Miscellaneous investment income		751	699	757	705
Miscellaneous income		785	494	792	498
Other	15	-	3,245	-	3,271
		5,569	6,373	5,616	6,426
Separate account income	2, 32	371,683	508,853	374,794	513,112
		9,806,059	11,003,690	9,888,130	11,095,784
OPERATING EXPENSES:					
Provision for policy reserves	2, 15, 31	1,756,956	1,774,888	1,771,661	1,789,743
Provision for catastrophe reserves	16	38,355	51,339	38,677	51,770
Claims paid	29	2,790,477	3,210,678	2,813,832	3,237,550
Reinsurance premium expenses	20	662,936	674,259	668,484	679,902
Dividend expense		8,134	10,270	8,202	10,356
Refund of long-term insurance policies		1,820,336	1,935,652	1,835,571	1,951,852
Selling and general operating expenses	10, 22, 29, 33	1,406,730	1,574,349	1,418,504	1,587,525
Amortization of deferred acquisition costs	21	343,098	435,605	345,970	439,251
Interest expense		1,255	1,419	1,266	1,431
Loss on valuation and disposal of securities:					
Loss on valuation of trading securities	4	177	154	178	155
Loss on disposal of trading securities		933	708	941	714
CONTINUED					

	Note	Korea Won (In millions, except per share amounts)		Translation into U.S. Dollars (Note 2) (In thousands, except per share amounts)	
		2007	2008	2007	2008
Loss on disposal of available-for-sale securities		₩8,293	₩8,328	US\$ 8,362	US\$ 8,398
Impairment loss of available-for-sale securities	5	2,755	6,811	2,779	6,868
		12,158	16,001	12,260	16,135
Loss on valuation and disposal of loans		3,325	2,778	3,353	2,801
Loss on foreign currency transaction		9,963	7,948	10,046	8,015
Investment administrative expenses	10, 22	79,239	76,625	79,902	77,266
Maintenance expenses on investments		16,071	17,129	16,206	17,272
Depreciation expense on investments	10	7,034	7,411	7,093	7,473
Other operating expenses:					
Loss on valuation of derivatives	31	362	8,753	365	8,826
Loss on transaction of derivatives		1,324	3,482	1,335	3,511
Miscellaneous investment expenses		2,847	2,690	2,871	2,713
Miscellaneous expenses		384	334	386	336
		4,917	15,259	4,957	15,386
Separate account expense	2, 32	371,683	508,853	374,794	513,112
		9,332,667	10,320,463	9,410,778	10,406,840
OPERATING INCOME		473,392	683,227	477,352	688,944
OTHER INCOME (EXPENSES):					
Gain on valuation of securities accounted for using the equity method	7	6,652	9,518	6,708	9,598
Loss on valuation of securities accounted for using the equity method	7	(99)	(879)	(100)	(887)
Loss on sales of securities accounted for using the equity method	7	-	(1,067)	-	(1,076)
Gain on disposal of property, plant and equipment, net		2,344	242	2,364	244
Donations	35	(20,000)	(20,553)	(20,167)	(20,725)
Separate account commission, net	32	4,744	5,774	4,784	5,823
Miscellaneous, net		15,596	(15,897)	15,727	(16,029)
		9,237	(22,862)	9,316	(23,052)
INCOME BEFORE INCOME TAX		482,629	660,365	486,668	665,892
INCOME TAX EXPENSE	23	141,455	183,875	142,639	185,414
NET INCOME		₩341,174	₩476,490	US\$ 344,029	US\$ 480,478
NET INCOME PER COMMON SHARE	30	₩7,488	₩10,406	US\$ 7.55	US\$ 10.49
DILUTED NET INCOME PER COMMON SHARE	30	₩7,449	₩10,358	US\$ 7.51	US\$ 10.44

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 2008 AND 2007

	Note	Korea Won(in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
		2007	2008	2007	2008
RETAINED EARNINGS BEFORE APPROPRIATIONS:					
Unappropriated retained earnings carried over from prior years		₩ 753	₩ 269,875	US\$ 759	US\$ 272,133
Retirement of earnings	24	-	(262,821)	-	(265,021)
Net income		341,174	476,490	344,029	480,478
		341,927	483,544	344,788	487,590
APPROPRIATIONS:					
Dividends	28	72,052	139,328	72,655	140,494
Voluntary reserves		-	344,000	-	346,879
		72,052	483,328	72,655	487,373
UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR					
		₩ 269,875	₩ 216	US\$ 272,133	US\$ 217

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED MARCH 31, 2008

Korea Won(in millions)

	Note	Capital stock	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Total
As of April.1, 2007		₩26,473	₩733,340	₩(92,881)	₩879,883	₩1,656,175	₩3,202,990
Annual dividends		-	-	-	-	(72,052)	(72,052)
Appropriated retained earnings		-	-	-	-	1,584,123	3,130,938
Retirement of earnings	24	-	-	-	-	(262,821)	(262,821)
Net income		-	-	-	-	476,490	476,490
Gain on disposal of treasury stocks		-	409	-	-	-	409
Disposition of treasury stocks		-	-	336	-	-	336
Exercise of stock options		-	-	(312)	-	-	(312)
Compensation expense related to stock options		-	-	(182)	-	-	(182)
Gain on valuation of available-for-sale securities		-	-	-	100,413	-	100,413
Changes in equity arising from application of the equity method		-	-	-	461	-	461
Negative changes in equity arising from application of the equity method		-	-	-	7,016	-	7,016
Cumulative translation debits		-	-	-	2,848	-	2,848
Loss on valuation of cash flow hedge derivatives		-	-	-	(40,109)	-	(40,109)
Accumulated other comprehensive income due to separate account		-	-	-	84	-	84
As of March. 31, 2008		₩26,473	₩733,749	₩(93,039)	₩950,596	₩1,797,792	₩3,415,571

Translation into U.S. Dollars (Note 2) (In thousands)

	Note	Capital stock	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Total
As of April.1, 2007		₩26,695	₩739,478	₩(93,659)	₩887,247	₩1,670,037	₩3,229,798
Annual dividends		-	-	-	-	(72,655)	(72,655)
Appropriated retained earnings		-	-	-	-	1,597,382	3,157,143
Retirement of earnings	24	-	-	-	-	(265,021)	(265,021)
Net income		-	-	-	-	480,478	480,478
Gain on disposal of treasury stocks		-	412	-	-	-	412
Disposition of treasury stocks		-	-	339	-	-	339
Exercise of stock options		-	-	(315)	-	-	(315)
Compensation expense related to stock options		-	-	(184)	-	-	(184)
Gain on valuation of available-for-sale securities		-	-	-	101,253	-	101,253
Changes in equity arising from application of the equity method		-	-	-	465	-	465
Negative changes in equity arising from application of the equity method		-	-	-	7,075	-	7,075
Cumulative translation debits		-	-	-	2,872	-	2,872
Loss on valuation of cash flow hedge derivatives		-	-	-	(40,445)	-	(40,445)
Accumulated other comprehensive income due to separate account		-	-	-	85	-	85
As of March. 31, 2008		₩26,695	₩739,890	₩(93,819)	₩958,552	₩1,812,839	₩3,444,157

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

	Note	Korea Won(in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
		2007	2008	2007	2008
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income		₩341,174	₩476,490	US\$ 344,029	US\$ 480,478
Adjustments to reconcile net income to net cash provided by operating activities:					
Executive compensation - stock options, net		101	(182)	102	(184)
Gain on valuation of trading securities, net		(141)	(1,209)	(143)	(1,219)
Impairment loss on available-for-sale securities		2,755	6,811	2,779	6,868
Amortization of deferred acquisition cost		343,098	435,605	345,970	439,251
Loss (gain) on valuation of derivatives , net		(163)	8,553	(165)	8,624
Gain on valuation of securities accounted for using the equity method		(6,652)	(9,518)	(6,708)	(9,598)
Loss on valuation of securities accounted for using the equity method		99	879	100	887
Loss on sales of securities accounted for using the equity method		-	1,067	-	1,076
Depreciation		58,648	59,882	59,139	60,383
Gain on disposal of property and equipment, net		(2,344)	(242)	(2,364)	(244)
Amortization		22,869	30,794	23,060	31,052
Loss (gain) on foreign currency transaction, net		1,664	(3,573)	1,678	(3,603)
Bad debt expense		3,813	3,537	3,845	3,567
Net provision for policy and catastrophe reserves		1,795,310	1,826,228	1,810,336	1,841,513
Provision for retirement and severance benefits		30,440	31,679	30,695	31,944
Miscellaneous gain, net		(230)	(1,454)	(233)	(1,467)
Donations		4	-	4	-
Interest income		(25,033)	(16,706)	(25,242)	(16,846)
Reversal of impairment loss on available- for-sale securities		-	(2,936)	-	(2,961)
Reversal of allowance for doubtful accounts		(1)	(185)	(1)	(187)
Compensation income		(3,019)	(12,458)	(3,044)	(12,562)
Other operation income		-	(3,245)	-	(3,271)
Changes in assets and liabilities resulting from operations:					
Decrease in trading securities		266,987	116,339	269,222	117,313
Increase in available-for-sale securities		(1,322,318)	(1,262,138)	(1,333,384)	(1,272,700)
Increase in held-to-maturity securities		(1,340)	(18,660)	(1,351)	(18,816)
Increase in dividends		1,736	1,260	1,750	1,270
Increase in loans, net		(484,664)	(534,950)	(488,721)	(539,428)
Decrease (increase) in insurance receivables		1,155	(14,811)	1,164	(14,935)
Decrease in leasehold and other deposits		5,240	5,987	5,284	6,037
Increase in accrued income		(158)	(16,703)	(159)	(16,843)
Increase in deferred acquisition costs		(621,266)	(612,630)	(626,466)	(617,757)
Decrease in financial derivative assets		6,761	8,390	6,817	8,460
Decrease (increase) in other assets		(73,456)	5,453	(74,071)	5,500
Decrease (increase) in due from separate account		8,769	(16,739)	8,843	(16,879)

CONTINUED

	Note	Korea Won(in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
		2007	2008	2007	2008
Increase (decrease) in insurance payables		₩4,899	₩(34,539)	US\$ 4,940	US\$ (34,828)
Increase in accrued expenses		44,013	4,047	44,382	4,080
Decrease in deferred income tax liabilities		(1,421)	228,731	(1,433)	230,645
Payment of retirement and severance benefits		(25,655)	(3,345)	(25,869)	(3,373)
Transfer of deposits from the National Pension Fund		299	29	302	29
Decrease in deposits for severance insurance		11,693	-	11,791	-
Increase in pension plan assets		(21,456)	(17,829)	(21,635)	(17,978)
Increase in income tax payables		10,130	32,867	10,215	33,142
Decrease in rental deposits received		(2,757)	(2,009)	(2,780)	(2,026)
Increase (decrease) in financial derivative liabilities		538	(6,465)	542	(6,520)
Increase (decrease) in other liabilities		(7,016)	9,496	(7,074)	9,576
Increase (decrease) in due to separate account		(6,748)	16,914	(6,805)	17,056
Decrease (increase) in overseas operation translation loss		(1,514)	2,848	(1,527)	2,872
Net cash provided by operating activities		354,843	721,360	357,814	727,398
CASH FLOWS FROM INVESTING ACTIVITIES:					
Decrease in securities accounted for using the equity method		8,715	2,725	8,788	2,748
Increase in bank deposits		(157,900)	(96,690)	(159,222)	(97,500)
Proceeds from disposal of property and equipment		7,414	327	7,477	330
Acquisition of property and equipment		(101,227)	(126,200)	(102,075)	(127,256)
Increase in intangible assets		(7,959)	(8,605)	(8,026)	(8,677)
Net cash used in investing activities		(250,957)	(228,443)	(253,058)	(230,355)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Payment of dividends		(71,874)	(72,052)	(72,476)	(72,655)
Decrease of borrowings, net		(13,000)	(100)	(13,109)	(101)
Acquisition of treasury stock		-	(262,821)	-	(265,021)
Disposal of treasury stock		3,481	588	3,510	593
Net cash used in financing activities		(81,393)	(334,385)	(82,075)	(337,184)
NET INCREASE IN CASH AND CASH EQUIVALENTS		22,493	158,532	22,681	159,859
CASH AND DUE FROM BANKS, BEGINNING OF YEAR	37	76,110	98,603	76,747	99,428
CASH AND DUE FROM BANKS, END OF YEAR	37	₩98,603	₩257,135	US\$ 99,428	US\$ 259,287

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

1. GENERAL:

Samsung Fire & Marine Insurance Co., Ltd. (the "Company") was incorporated on January 26, 1952 under the Commercial Code of the Republic of Korea to engage in non-life insurance and other related investment activities. The shares of the Company have been listed on the Korea Stock Exchange since 1975. As of March 31, 2008, the Company's issued common shares and preferred shares amounting to ₩24,802 million and ₩1,671 million, respectively.

The Company's shareholders as of March 31, 2008 are as follows:

Shareholders	Common stock		Preferred stock	
	Number of shares	Percentage of ownership (%)	Number of shares	Percentage of ownership (%)
Samsung Life Insurance Co., Ltd.	4,905,718	10.36	720	0.02
Treasury stock	3,828,032	8.08	300,780	9.42
Samsung Card Co., Ltd.	2,298,377	4.85	-	-
Samsung Foundation of Culture	1,451,241	3.06	-	-
Others	34,891,469	73.65	2,890,500	90.56
	47,374,837	100.00	3,192,000	100.00

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Financial Statement Presentation

The Company maintains its official accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use only by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English (with certain expanded descriptions) from the Korean language financial statements. Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, changes in shareholder's equity or cash flows, is not presented in the accompanying financial statements.

The accompanying financial statements are stated in Korean Won, the currency of the country in which the Company is incorporated and operates. The translation of Korean Won amounts into U.S. dollar amounts is included solely for the convenience of the readers outside of the Republic of Korea and has been made at the rate of ₩991.70 to US\$1.00 at March 31, 2008, the Base Rate announced by Seoul Money Brokerage Services, Ltd. Such translation should not be construed as representations that the Korean won amounts could be converted at that or any other rate.

The 2008 financial statements to be submitted to the general meeting of shareholder were approved by the board of directors on May 20, 2008.

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

Application of the Statements of Korean Accounting Standards

The Korean Accounting Standards Board ("KASB") has published a series of Statements of Korea Accounting Standards ("SKAS"), which replace the existing financial accounting standards, established by the Korean Financial and Supervisory Board. The Company has implemented SKAS No.1 ~ No.20 (except for No.11-"Discontinuing Operations") from prior year, and SKAS No.11 and No.21 ~ No.25 from April 1, 2007.

The major changes from adoption of new SKAS are as follows:

Statements of Korean Accounting Standards	Major changes
No.21 Preparation and Presentation of Financial Statements I	<ul style="list-style-type: none"> - To prepare the statement of changes in shareholder's equity as a complete set of financial statements - To classify capital adjustment as capital adjustment and accumulated other comprehensive income (loss) - To expand notes for comprehensive income(loss)
No.23 Earnings per Share	<ul style="list-style-type: none"> - To expand notes in detail for weighted-average number of shares of common stock and earnings per share - To disclose earnings per share in statements of income
No.24 Preparation and Presentation of Financial Statements II	<ul style="list-style-type: none"> - To prescribes the principles for the preparation and presentation of balance sheet and statement of income of a financial company

The KASB under the Korean Accounting Institute ("KAI") has issued a series of SKAS to replace the existing Korean Financial Accounting Standards since March 2001. As of March 31, 2008, the KASB has published a series of Statements of SKAS No. 1~25, which replace the existing financial accounting standards.

The Company prepared its financial statements as of March 31, 2008 in accordance with SKAS No. 1~13(except No. 11) from April 1, 2004, SKAS No. 14~17 from April 1, 2005, SKAS No. 18~20 from April 1, 2006, and SKAS No. 21~25 from April 1, 2007.

In accordance with SKAS No. 21 and SKAS No. 24, statement of changes in shareholder's equity and comprehensive income are included in the financial statements and notes, respectively. Furthermore, classification of assets, liabilities and equity are changed as summarized below. Also the Company did not prepare the statement of changes in shareholder's equity for the year ended March 31, 2007 for comparative purposes in accordance with the transition provision of SKAS No.21.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

Classification	Before implementation	After implementation
Assets	<ul style="list-style-type: none"> - Cash and bank deposits - Securities - Loans - Fixed assets - Other assets 	<ul style="list-style-type: none"> - Cash and due from banks - Securities - Loans - Property and equipment - Other assets - Separate account assets
Liabilities	<ul style="list-style-type: none"> - Policy reserves - Catastrophe reserves - Other liabilities 	<ul style="list-style-type: none"> - Policy reserves - Catastrophe reserves - Borrowings - Other liabilities - Separate account liabilities
Equity	<ul style="list-style-type: none"> - Capital stock - Capital surplus - Retained earnings - Capital adjustments 	<ul style="list-style-type: none"> - Capital stock - Capital surplus - Capital adjustments - Accumulated other comprehensive income (loss) - Retained earnings

In addition, a discontinued operation is separately presented in the income statements and extraordinary items are no longer reported separately. The company has reclassified the components of the statements of income, such as, gains or losses relating to available-for-sale securities and loans, etc that were presented under other income (expenses) are currently presented under operating revenue (expenses).

The effects on the statement of income for the current period are as follows:

Description	Korea Won (in millions)			Translation into U.S. Dollars (In thousands) (Note 2)		
	After reclassifications	Before reclassifications	Difference	After reclassifications	Before reclassifications	Difference
Operating revenue	₩ 11,003,690	₩ 10,961,855	₩ 41,835	US\$ 11,095,785	US\$ 11,053,600	US\$ 42,185
Operating expenses	10,320,463	10,254,347	66,116	10,406,840	10,340,170	66,670
Operating income	683,227	707,508	(24,281)	688,945	713,430	(24,485)
Other income	24,127	65,962	(41,835)	24,329	66,514	(42,185)
Other expenses	46,989	113,105	(66,116)	47,382	114,052	(66,670)
Income before income tax						
income tax	660,365	660,365	-	665,892	665,892	-
Income tax	183,875	183,875	-	185,414	185,414	-
Net income	₩ 476,490	₩ 476,490	₩ -	US\$ 480,478	US\$ 480,478	US\$ -

The Company restated the balance sheet as of March 31, 2007, and statement of income and cash flows for the year ended March 31, 2007, which are prepared for comparative purposes, in accordance with the new SKAS No. 21 and No. 24. Such restatement had no effect on net assets and net income of the prior period. The financial effects of the restatement on the statement of income for the prior period are as follows:

Description	Korea Won (in millions)			Translation into U.S. Dollars (In thousands) (Note 2)		
	After reclassifications	Before reclassifications	Difference	After reclassifications	Before reclassifications	Difference
Operating revenue	₩9,806,059	₩9,725,055	₩81,004	US\$ 9,888,130	US\$ 9,806,448	US\$ 81,682
Operating expenses	9,332,667	9,287,102	45,565	9,410,776	9,364,829	45,947
Operating income	473,392	437,953	35,439	477,354	441,619	35,735
Other income	33,905	114,909	(81,004)	34,189	115,871	(81,682)
Other expenses	24,668	70,233	(45,565)	24,874	70,821	(45,947)
Income before income tax	482,629	482,629	-	486,669	486,669	-
Income tax	141,455	141,455	-	142,640	142,640	-
Net income	₩341,174	₩341,174	₩-	US\$ 344,029	US\$ 344,029	US\$ -

Revenue Recognition

Revenues from premium income are recognized at the time when such premium payments become due. However, in the case of insurance contracts of which the first premium payment or lump-sum premium payment are uncollected as of the first day of the insured period due to payment extension allowed by the Company, the first premium payment or lump-sum premium payment may be recognized as revenue in the period in which the first day of insured period falls. If premium income is received before the nominated collection date, the Company records unearned insurance premium based on calendar period calculation.

The Company applies the accrual basis in recognizing interest income related to deposits, loans and securities, except for non-secured uncollectible receivables. Interest on loans and collapsible corporation's securities, whose principal or interest is past due at the balance sheet date, is generally not accrued. When a loan is placed on non-accrual status, previously accrued interest is generally reversed and deducted from the current interest income, and future interest income is recognized on cash basis in accordance with the accounting standard.

Investment Securities other than those Accounted for Using the Equity Method

At acquisition, the Company classifies securities into one of the three categories: trading, held-to-maturity or available-for-sale. Trading securities are those that were acquired principally to generate profits from short-term fluctuations in prices. Held-to-maturity securities are those with fixed or determinable payments and fixed maturity that an enterprise has the positive intent and ability to hold to maturity. Available-for-sale securities are those securities that are not classified either as held-to-maturity or trading securities. Trading securities are classified as short-term investment securities, whereas available-for-sale and held-to-maturity securities are classified as long-term investment securities except for those whose maturity dates or whose likelihood of being disposed are within one year from balance sheet date, which are classified as short-term investment securities.

Investments in securities are initially recognized at cost, which includes the market price of the consideration given to acquire them and incidental expenses. If the market price of the consideration is not available, the market prices of the securities purchased are used as the basis for measurement. If neither the market prices of the consideration given nor those of the acquired securities are available, the acquisition cost is measured at the best estimates of its fair value.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

After initial recognition, held-to-maturity securities are valued at amortized cost. The difference between their acquisition costs and face values (commonly referred to as “discounts” or “premiums” on debt securities) is amortized over the remaining term of the securities by applying the effective interest method and added to or subtracted from the acquisition costs and interest income of the remaining period. Trading securities are valued at fair value, with unrealized holding gains or losses included in current operations. Available-for-sales securities are also valued at fair value, with unrealized holding gains or losses included in capital adjustments, until the securities are sold or if the securities are determined to be impaired and the lump-sum cumulative amount of capital adjustments are reflected in current operations. However, available-for-sale securities that are not traded in an active market and whose fair values cannot be reliably estimated are accounted for at their acquisition cost. For those securities that are traded in an active market (“marketable securities”), fair values refer to those quoted market prices, which are measured as the closing price at the balance sheet date. The fair value of nonmarketable securities are measured at the discounted future cash flows by using the discount rate that appropriately reflects the credit rating of issuing entity assessed by a publicly reliable independent credit rating agency. If application of such measurement method is not feasible, estimates of the fair values may be made using a reasonable valuation model or quoted market prices of similar debt securities issued by entities conducting similar business in similar industries.

Securities are evaluated at each balance sheet date to determine whether there is any objective evidence of impairment loss. When any such evidence exists, unless there is a clear counter-evidence that recognition of impairment is unnecessary, the Company estimates the recoverable amount of the impaired security and recognizes any impairment loss in current operations. The amount of impairment loss of the held-to-maturity security or non-marketable equity security is measured as the difference between the recoverable amount and the carrying amount. The recoverable amount of held-to maturity security is the present value of expected future cash flows discounted at the securities' original effective interest rate. For available-for-sale debt or equity security, the amount of impairment loss to be recognized in the current period is determined by subtracting the amount of impairment loss of debt or equity security already recognized in prior period from the amount of amortized cost in excess of the recoverable amount for debt security or the amount of the acquisition cost in excess of the fair value for equity security.

If the realizable values subsequently recovers, in case of a security stated at fair value, the increase in value is recorded in current operations, up to the amount of the previously recognized impairment loss, while for security stated at amortized cost or acquisition cost, the increase in value is recorded in current operations, so that its recovered value does not exceed what its amortized cost would be as of the recovery date if there had been no impairment loss.

Investment Securities Accounted for Using the Equity Method

Equity securities held for investment in companies in which the Company is able to exercise significant influence over the operating and financial policies of the investees are accounted for using the equity method. Differences between the initial purchase price and the Company's initial proportionate ownership of the net book value of the investees are amortized over five years using the straight-line method. Under the equity method, the change in the Company's portion of an investee's net equity resulting from a change in an investee's net equity is reflected in the Company's net income (loss), retained earnings and accumulated other comprehensive income (loss), in accordance with the causes of the change, which consist of the investee's net income (loss), changes in retained earnings and changes in capital surplus and accumulated other comprehensive income (loss).

(1) Application of goodwill

The difference between the fair value of the consideration given and the net fair value of the identifiable assets and liabilities acquired is recognized as goodwill or negative goodwill, which is amortized using the straight-line method for 5 years or reversed using the straight-line method based on the weighted average useful life among discernable non-monetary assets of the investees.

(2) Elimination of inter-company transactions' unrealized gain (loss)

- a. Unrealized profit arising from sales by the Company to the investees is proportionately eliminated. However, unrealized profit arising from sales by the Company to its subsidiaries is fully eliminated.
- b. Unrealized profit arising from sales by the investees to the Company is proportionately eliminated.

(3) Translation of overseas affiliates' financial statements

For overseas affiliates whose financial statements are prepared in foreign currencies, assets and liabilities are translated at the exchange rate at the balance sheet date, shareholder's equity is translated at the historical exchange rate and the items in the statement of income are translated at the weighted average exchange rate for the reporting period. Net translation adjustments are recorded as a component of shareholders' equity.

Allowance for Loan Losses

In accordance with the Regulation on Supervision of Insurance Business (the "Supervisory Regulation") legislated by the Korean Financial Supervisory Service (FSS) and the Company's analysis of its assets and estimated loss on uncollectible accounts computed using past collection experience, the Company classifies all credits into five categories as normal, precautionary, substandard, doubtful or estimated loss, based on borrowers' repayment capability and historical financial transaction records. The Supervisory Regulation also requires the Company to provide the minimum rate of loss provision for each category balance using the prescribed minimum percentages of 0.5 percent (individual loan is 0.75 percent) or more, 2 percent (individual loan is 5 percent) or more, 20 percent or more, 50 percent or more and 100 percent, respectively.

However, the Company does not provide allowances for loans to the Korean government and local government entities, and call loans, which are classified as normal, in accordance with the Accounting Standards for the Insurance Industry.

Restructuring of Loans

In case the contractual terms, such as those pertaining to the face amount, interest rate or maturity, have been modified to alleviate the debtor's burdens, as a result of an agreement between the creditor and debtor or through initiation of corporate reorganization procedures under court trustee or under debtor's management and in case of transfer of an asset or issue of equity securities in order to restructure troubled debts, the assets transferred or equity securities issued are accounted for at fair values by the creditor. If the fair value of the asset received is less than the carrying amount of the receivable before subtracting relevant provisions, the carrying amount of the receivable is written off against the relevant provisions and any remaining difference is recognized as bad debt expense. Furthermore, the difference between the fair value and the carrying amount of the asset transferred is recognized as gain or loss on disposal of the asset by the debtor. When a troubled debt restructuring occurs as a result of various different types of modification of terms, the difference between the present value calculated by discounting the future cash flows determined under the modified terms of the restructuring by the effective interest rate as of the inception of the debt and the carrying amount of the debt is recognized as discount on present valuation of debt and gain on debt restructuring by the debtor. However, if the aggregate sum of the future cash flows contractually determined in a troubled debt restructuring effected through modification of terms involving reduction of the maturity amount and accrued interest of a debt is less than the carrying amount of the debt, the debtor shall first write down the carrying amount of the debt to the sum of the future cash flows and the effects resulting from other modifications of terms are recognized.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

Property and Equipment

Property and equipment are stated at cost, except in the case of revaluation made in accordance with the Asset Revaluation Law on January 1, 1999. In addition, property and equipment acquired by investment in kind, donation, and free charge are stated at fair value. Significant additions or improvements extending the useful lives of assets are capitalized. However, normal maintenance and repairs are charged to expense as incurred. The Company assesses any possible recognition of impairment loss when there is an indication that expected future economic benefits of a tangible asset is considerably less than its carrying amount, as a result of technological obsolescence, rapid decline in market value or other causes of impairment. When it is determined that an asset may have been impaired and that its estimated total future cash flows from continued use or disposal is less than its carrying amount, the carrying amount of a tangible asset is reduced to its recoverable amount and the difference is recognized as an impairment loss. If the recoverable amount of the impaired asset exceeds its carrying amount in subsequent reporting period, the amount equal to the excess is treated as the reversal of the impairment loss, however, it can not exceed the carrying amount that would have been determined had no impairment loss been recognized. Interest costs on borrowings for property and equipment are expensed as incurred.

Depreciation is computed by the declining-balance method (straight-line method for buildings and structures purchased from January 1, 1995) using the rates based on the useful lives of the respective assets as follows:

	Useful lives (years)
Buildings	10-60
Structures	15-25
Equipment	4-20
Vehicles	4

Development Costs and Other Intangible Assets

Expenditure on development incurred in conjunction with new software, in which the elements of cost can be identified and future economic benefits are clearly expected, is capitalized and amortized on a straight-line basis over the expected periods to be benefited.

Other intangible assets, which are acquired by the Company, are stated at cost less accumulated amortization and impairment losses. Such assets are amortized using the straight-line method over a reasonable period, based on the nature of the assets as follows:

	Useful lives (years)
Goodwill	5
Development cost	5
Software	4
Others	4

Insurance Reserves

In accordance with Article 120 of the Insurance Business Law, the Company is required to maintain insurance reserves determined as follows:

1) Reserve for outstanding claims

Reserve for outstanding claims is based on the accumulation of estimates for losses reported and incurred but not reported (IBNR) prior to the balance sheet date on the direct business written by the Company and estimates received from ceding companies.

In accordance with the amended Regulation on Supervision of Insurance Business and Enforcement Rules of Supervision of Insurance Business, the Company is required to report IBNR against long-term non-life insurance as reserve for outstanding claims. As a result, the Company recorded ₩27,614 million (\$27,845 thousand) and ₩53,642 million (\$54,091 thousand) of reserve for outstanding claims against long-term non-life insurance as of March 31, 2008 and 2007, respectively.

2) Long-term insurance premium reserve

The Company maintains a reserve for the portion of premiums (and investment income on such portion), which is refundable to policyholders upon maturity and cancellation of the policy under long-term deposit-type insurance, unless there has been a substantial claim for payment under the policy.

3) Unearned premium reserve

The Company is required to maintain an unearned premium reserve at amounts determined based on lines of insurance and types of policy.

4) Reserves for participating policyholder dividend

The Company is required to maintain a reserve for participating policyholder dividend based on the regulations approved by the Governor of the Financial Supervisory Service.

5) Excess participating policyholder dividend reserve

Pursuant to relevant laws and contracts, the Company may establish excess participating policyholder dividend reserve depending on the operating results of related insurance products. The reserve may be used to pay participating policyholder dividend or additional dividend.

Catastrophe Reserves

Catastrophe reserves are required based on the regulations approved by the Governor of the Financial Supervisory Service. Non-life insurance companies may establish a catastrophe reserve amounting to 30%~100% multiplied net cash premiums by reserve basic rate for each type of insurance products in proportion to underwriting profit for the year, if any, up to 50% (in case of car insurance, 40%) of the current year earned premiums. These reserves can be used against exceptionally large claims in the future. Until March 31, 2006, the company adopted 100% reserve ratio, but since April 1, 2006, the company adopted reserve in proportion from 35% to 100% considering realized loss ratio.

Revenue Recognition of Compensation Receivables

The Company recognizes compensation receivables according to Accounting Standards for the Insurance Industry and Insurance Supervisory Regulations. Compensation ratio is calculated by dividing the salvage and recovery account balance paid in the last three consecutive years by net claims paid, and such ratio is applied to net claims paid for one year prior to the balance sheet date to arrive at the estimated compensation receivables for the year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

Compensation Receivables

Of the amounts paid for claims during the year, amounts recoverable by exercising compensation and other rights or through disposal of secured assets acquired in the resolution of accidents are accounted for as compensation receivables and deducted directly from insurance reserves in the accompanying balance sheet. Compensation receivables are calculated by multiplying the average recovery ratio (recovery amount/net claims) for the last 3 years from the prior year balance sheet date to the amount of net claims for the last year from the prior year balance sheet date claimed.

Retirement and Severance Benefits

Employees who have been with the Company for more than one year are entitled to lump-sum payments based on current rates of pay and length of service when they leave the Company. The Company's estimated liability is based on the assumption that all employees left the Company on the balance sheet date. From prior fiscal year, the Company has made defined benefit retirement pension plan and defined contribution retirement pension plan in Samsung Life Insurance which guarantees the employees' pension right.

Defined benefit retirement pension plan is a financial instrument, which pay a lump-sum allowance at retirement or pay an annual pension after retirement through pension plan assets accumulated by the Company. Accordingly, accrued severance indemnities in the accompanying balance sheet are presented net of these pension plan assets. Defined contributions retirement pension plan is a retirement plan where in a certain amount or percentage of money is set aside each year by the Company for the benefit of the employee, and the expense is recognized as Provision for retirement and severance benefits.

The deposit for severance benefits insurance is reflected in the accompanying balance sheets as a deduction from the liability for retirement and severance benefits. Through March 1999, under the National Pension Law of Korea, the Company transferred a certain portion of retirement allowances of employees to the National Pension Fund. The amount transferred reduces the retirement and severance benefit amount payable to the employees when they leave the Company and is reflected in the accompanying financial statements as a reduction from the retirement and severance benefit liability. However, from April 1999, a new regulation is applied and such transfers to the National Pension Fund are no longer required.

Separate Account Assets and Liabilities

In accordance with Article No.108 of the Insurance Business Law and Article 34 of the Labor Standards Act, all assets and liabilities related to retirement benefit insurance are managed and accounted for separately. According to the amended Article No.4-1 of the Regulation on Supervision of Insurance Business, the Company has changed the presentation of separate account assets (liabilities). Until March 31, 2007, due from(to) separate account had been presented as an asset(liability), however from April 1, 2007, due from(to) separate account has been presented as a deduction from separate liabilities(assets). As a result, total assets(liabilities) are decreased by ₩53,402 millions (\$53,849 thousand) and ₩19,749 millions(\$19,914 thousand) as of March 31, 2008 and 2007, respectively. Such restatement had no effect on net assets. In addition, in accordance with Article No.6-23 of the Regulation on Supervision of Insurance Business, operating incomes and operating expenses of capital guarantee separate account are increased by ₩371,683 million (\$374,794 thousand) for the years ended March 31, 2007.

Deferred Acquisition Costs

Deferred acquisition costs are equally amortized over the period of premium payment of insurance contracts or over seven years for insurance contracts of which premium payment period exceeds seven years. Further, if the insurance contracts are surrendered or have lapsed, the related unamortized balance of deferred acquisition costs is charged to current operations.

Premium Deficiency

When the pre-assumed interest rate to be applied in accumulating premium reserve is higher than the interest rate for one year time deposits and this situation is expected to continue for a long period, the Company is considered to have a premium deficiency. This situation is becoming more common given the current low interest rate environment in Korea.

The above reserve for premium deficiency is initially offset against any unamortized deferred acquisition costs and then against the excess dividend reserve. The remaining balance, if any, is charged to current operations.

Accounting for Foreign Currency Transactions and Translation

The Company maintains its accounts in Korean won. Transactions in foreign currencies are recorded in Korean won based on the prevailing rates of exchange on the transaction date. Monetary accounts with balances denominated in foreign currencies are recorded and reported in the accompanying financial statements at the exchange rates prevailing at the balance sheet dates. The balances have been translated using the basic rate announced by Seoul Money Brokerage Services, Ltd., and the resulting translation gains and losses are reflected in current operations. For overseas subsidiaries and branches whose financial statements are prepared in foreign currencies, assets and liabilities are translated at the exchange rate at the balance sheet date and statement of income items are translated at the average exchange rate for the respective fiscal year.

Income Tax

Income tax on the earnings for the year comprises current and deferred taxes. Income tax is recognized in the statement of income, except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Deferred taxes are provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred taxes provided is based on the expected realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable earnings will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

From prior fiscal year, the Company applies Korea Accounting Institute Opinion 06-02 "Deferred Income Taxes on Investments in Subsidiaries, Associates and Interests in Joint Ventures" which is announced Dec. 29, 2006.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

Derivatives

Derivative instruments are presented as assets or liabilities valued principally at fair value of the rights or obligations associated with the derivative contracts. The unrealized gain or loss from derivative transactions is recognized in current operations.

However, for derivative instruments for the purpose of hedging the exposure to the variability of cash flows of a forecasted transaction, the effective portion of the derivative's gain or loss is deferred as a accumulated other comprehensive income, a component of shareholder's equity. The ineffective portion of the gain or loss is charged or credited to current operations.

Stock Options

The stock option program allows the Company's employees to acquire shares of the Company. The option exercise price is generally fixed below the market price of underlying shares at the date of the grant. The Company values stock options based on option pricing model under the fair value method and recognizes this value as an expense over the period in which the options vest. When the options are exercised, equity is increased by the amount of the proceeds received, and the difference between the exercise price and market price is included in compensation cost and credited to the capital adjustment account.

Contingent Liabilities

Contingent losses are generally recognized as a liability when probable and reasonably estimable.

Recognition of Liabilities on Expired Insurance

As of March 31, 2008 and 2007, the Company recognized other liabilities amounting to ₩33,968 million (\$34,252 thousand) and ₩20,535 million (\$20,707 thousand), respectively, which are probable and reasonably estimable based on insurance payment empirical rate. Because payment obligation is actually granted to the Company in view of the public character of insurance transaction and the practice of insurance industries, even though the extinctive prescription of insurance payment expired. Until March 31, 2007, in case of long-term and automobile insurance, the Company had recognized difference in amount between real insurance payment and expected insurance payment based on insurance payment empirical rate as liabilities. However, since April 1, 2007, the Company has recognized liabilities on the entire insurance payment of which extinctive prescription of insurance payment expired because of contribution to Microfinance foundation based on the Law of establishment Microfinance foundation. The effect of the change was to decrease net income by ₩10,546 million (\$10,634 thousand) for the year ended March 31, 2008.

Reclassification of Accounts in the Prior Financial Statements

The Company reclassified some accounts in the prior financial statements in accordance with the Company's current financial statement for comparative purposes. This reclassification does not affect the reported net income or net assets in the prior financial statements.

3. CASH AND DUE FROM BANKS:

Restricted due from banks as of March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Deposits for maintenance of checking accounts	₩11	₩11	US\$ 11	US\$ 11
Collateral for swap	-	4,046	-	4,080
Collateral for guarantee deposits	-	445	-	449
	₩11	₩4,502	US\$ 11	US\$ 4,540

4. TRADING SECURITIES:

Trading securities as of March 31, 2008 and 2007 are as follows (Unit: Won in millions):

	2007		2008	
	Book value	Book value before valuation	Fair value	Valuation gain (loss)
Government and public bonds	₩91,218	₩9,346	₩9,222	₩(124)
Special bonds	119,901	10,006	9,976	(30)
Beneficiary certificates	50,081	119,939	120,281	342
Securities denominated in foreign currencies	51,843	57,568	58,589	1,021
	₩313,043	₩196,859	₩198,068	₩1,209
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 315,663	US\$ 198,507	US\$ 199,726	US\$ 1,219

As the trading securities are valued at fair value, the gains on valuation of trading securities amounted to ₩1,363 million (\$1,374 thousand) and the losses on valuation of trading securities amounted to ₩154 million (\$155 thousand) for the year ended March 31, 2008.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

5. AVAILABLE-FOR-SALE SECURITIES:

(1) Available-for-sale securities as of March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Equity securities	₩ 1,357,997	₩ 1,598,510	US\$ 1,369,363	US\$ 1,611,889
Investments in partnerships	245	12,508	247	12,613
Government and public bonds	2,574,051	2,232,782	2,595,594	2,251,469
Special bonds	3,590,803	3,990,453	3,620,856	4,023,851
Corporate bonds	1,313,016	1,701,592	1,324,005	1,715,833
Beneficiary certificates	304,933	443,227	307,485	446,937
Securities denominated in foreign currencies	495,932	557,696	500,083	562,364
Others	796,402	1,088,583	803,067	1,097,694
	₩ 10,433,379	₩ 11,625,351	US\$ 10,520,700	US\$ 11,722,650

(2) Changes in gain (loss) on valuation of available-for-sale securities recorded as accumulated other comprehensive income (before deferred taxes), all of which are stated at fair value for the year ended March 31, 2008, are as follows (Unit: Won in millions):

Description	Beginning balance	Gain(loss) on Valuation	Realized on disposal	Others	Ending balance
Equity securities	₩ 1,151,084	₩ 232,308	₩ 4,354	₩ -	₩ 1,379,038
Investments in partnerships	108	-	108	-	-
Government and public bonds	15,123	(29,831)	2,160	-	(16,868)
Special bonds	3,772	(64,515)	(535)	-	(60,208)
Corporate bonds	2,725	(17,825)	(93)	-	(15,007)
Beneficiary certificates	53,269	20,895	4,651	-	69,513
Securities denominated in foreign currencies	3,607	15,968	606	1,267	20,236
Structured securities	117	-	-	(117)	-
Others	512	(7,200)	17	(1,150)	(7,855)
	₩ 1,230,317	₩ 149,800	₩ 11,268	₩ -	₩ 1,368,849
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 1,240,614	US\$ 151,054	US\$ 11,362	US\$ -	US\$ 1,380,306

(3) For the years ended March 31, 2008 and 2007, the Company recorded net impairment loss on available-for-sale securities amounting to ₩6,811 million (\$6,868 thousand) and ₩2,755 million (\$2,779 thousand), respectively, which are not expected to be recovered. The Company also recorded reversal of impairment loss amounting to ₩2,936 million (\$2,961 thousand) whose fair value were recovered for the years ended March 31, 2008.

(4) Maturities of debt securities included in available-for-sale securities as of March 31, 2008 are as follows (Unit: Won in million):

Maturities	Bonds (*)		Securities (**)	
	Face value	Book value	Face value	Book value
Within 1 year	₩834,838	₩832,754	₩65,000	₩63,744
Within 5 years	3,934,168	3,869,775	228,544	227,945
Within 10 years	3,154,756	3,063,551	906,486	897,393
More than 10 years	156,000	158,747	259,834	257,904
	₩8,079,762	₩7,924,827	₩1,459,864	₩1,446,986
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 8,147,385	US\$ 7,991,153	US\$ 1,472,082	US\$ 1,459,097

(*) Bonds consist of government and public bonds, special bonds and corporate bonds.

(**) Securities consist of securities denominated in foreign currencies and others

For the year ended March 31, 2008, the Company recognized interest income amounting to ₩4,829 million (\$4,869 thousand) and ₩486,798 million (\$490,872 thousand) related to trading securities and available-for-sale securities, respectively.

(5) Available-for-sale securities pledged as collateral as of March 31, 2008 and 2007 are as follows:

Description	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
UBS(*)	₩31,333	₩43,595	US\$ 31,595	US\$ 43,960
ABN AMRO(*)	-	8,541	-	8,612
	₩31,333	₩52,136	US\$ 31,595	US\$ 52,572

(*) As of March 31, 2008 and 2007, the Company pledged available-for-sale securities for foreign currency swap.

6. HELD-TO-MATURITY SECURITIES:

Held-to-maturity securities as of March 31, 2008 are as follows (Unit: Won in millions):

Maturities	Type	Description	Acquisition cost	Book value
Within 5 year	Others	The 4th Asset backed securities	₩20,000	₩20,000
Translation into U.S. Dollars (In thousands) (Note2)		of CJ Corp.	US\$ 20,167	US\$ 20,167

For the year ended March 31, 2008, the Company recognized interest income amounting to ₩621 million (\$626 thousand) related to held-to-maturity securities.

NOTES TO FINANCIAL STATEMENTS

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7. SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

(1) Securities accounted for using the equity method as of March 31, 2008 and 2007 consist of the following (Unit: Won in millions, dollars in thousands):

2008

Investees	Ownership ratio (%)	Acquisition cost	Net book value	Book value	Translation into U.S. Dollars (Note 2)
P.T Asuransi Samsung Tugu Samsung Fire & Marine Insurance	70.00	₩3,761	₩4,677	₩4,677	US\$ 4,716
Claim Adjustment Service	96.79	880	1,047	1,047	1,056
Anycar Claim Adjustment Service	100.00	250	661	661	667
Macquarie Central	4.98	3,800	3,795	3,795	3,827
KOCREPIII	4.71	3,200	3,240	3,240	3,267
KOCREPVII	4.83	2,900	2,880	2,880	2,904
New Airport Hiway	1.38	3,042	3,772	3,772	3,804
Samsung Vina Insurance	50.00	3,031	2,887	2,887	2,911
Samsung Fire & Marine Insurance of China Limited	100.00	32,594	50,974	50,974	51,400
		₩53,458	₩73,933	₩73,933	US\$ 74,552

2007

Investees	Ownership ratio (%)	Acquisition cost	Net book value	Book value	Translation into U.S. Dollars (Note 2)
P.T Asuransi Samsung Tugu Samsung Fire & Marine Insurance	70.00	₩3,761	₩3,591	₩3,591	US\$ 3,621
Claim Adjustment Service	96.79	880	1,926	1,926	1,942
Anycar Claim Adjustment Service	100.00	250	536	536	540
Macquarie Central	4.98	3,800	3,804	3,804	3,836
KOCREPII	11.61	65	84	84	85
KOCREPIII	4.71	3,200	3,346	3,346	3,374
KOCREPVII	4.83	2,900	2,901	2,901	2,925
New Airport Hiway	1.38	3,042	3,138	3,138	3,164
Samsung Vina Insurance	50.00	3,031	2,445	2,445	2,465
Samsung Venture Investment	29.00	2,757	3,744	3,744	3,775
Samsung Fire & Marine Insurance of China Limited	100.00	32,594	37,142	37,142	37,454
		₩56,280	₩62,657	₩62,657	US\$ 63,181

The Company has significant influence on Macquarie Central, KOCREPIII, KOCREPVII and New Airport Hiway since the Company's employee holds an additional position for the directors of invested companies. Until March 31, 2006, the Company had excluded these invested companies from applying securities accounted for using the equity method since the amount of changes in equity is not significant, while evaluating them as available-for-sale securities. From April 1, 2006, however, the Company has reclassified them into securities accounted for using the equity method since the amount of changes in equity is considered significant. As a result, the Company transfer available-for-sale securities amounting to ₩14,535 million (\$14,657 thousand) and gain on valuation of available-for-sale securities amounting to ₩1,528 million (\$1,541 thousand) into securities accounted for using the equity method amounting to ₩13,007 million (\$13,116 thousand). For the year ended March 31, 2008, the Company recognized loss on sales of securities accounted for using the equity method amounting to ₩1,067 million (\$1,076 thousand) related to disposal of KOCREPII and Samsung Venture Investment.

(2) The valuation of securities accounted for using the equity method for the years ended March 31, 2008 and 2007 were as follows (Unit: Won in millions):

2008

Investees	Beginning book value	Gain (loss) on valuation	Other increase (decrease)	Ending book value
P.T Asuransi Samsung Tugu	₩3,591	₩949	₩137	₩4,677
Samsung Fire & Marine Insurance				
Claim Adjustment Service	1,926	(879)	-	1,047
Anycar Claim Adjustment Service	536	125	-	661
Macquarie Central	3,804	539	(548)	3,795
KOCREPII	84	-	(84)	-
KOCREPIII	3,346	275	(381)	3,240
KOCREPVII	2,901	282	(303)	2,880
New Airport Hiway	3,138	661	(27)	3,772
Samsung Vina Insurance	2,445	73	369	2,887
Samsung Venture Investment	3,744	-	(3,744)	-
Samsung Fire & Marine Insurance of China Limited	37,142	6,614	7,218	50,974
	₩62,657	₩8,639	₩2,637	₩73,933
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 63,181	US\$ 8,711	US\$ 2,659	US\$ 74,552

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2007

Investees	Beginning book value	Gain (loss) on valuation	Other increase (decrease)	Ending book value
P.T Asuransi Samsung Tugu	₩2,801	₩784	₩6	₩3,591
Samsung Fire & Marine Insurance				
Claim Adjustment Service	1,759	167	-	1,926
Anycar Claim Adjustment Service	400	136	-	536
Macquarie Central	-	498	3,306	3,804
KOCREPII	-	19	65	84
KOCREPIII	-	466	2,880	3,346
KOCREPVII	-	380	2,521	2,901
New Airport Hiway	-	662	2,476	3,138
Samsung Vina Insurance	2,382	115	(52)	2,445
Samsung Venture Investment	11,968	(99)	(8,125)	3,744
Samsung Fire & Marine Insurance of China Limited	33,628	3,425	89	37,142
	₩52,938	6,553	3,166	62,657
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 53,381	US\$ 6,608	US\$ 3,192	US\$ 63,181

In addition, for valuation of securities accounted for using the equity method, the Company used the financial statements based on audited or reviewed, as it is possible to obtain as of March 31, 2008.

(3) The summarized financial information of investees of which securities are accounted for using the equity method as of and for the year ended March 31, 2008 is as follows:

Korea Won (in millions)

Investees	Total assets	Total liabilities	Sales	Net income (loss)
P.T Asuransi Samsung Tugu	₩9,866	₩3,185	₩19,375	₩1,355
Samsung Fire & Marine Insurance				
Claim Adjustment Service	6,962	5,880	70,889	(909)
Anycar Claim Adjustment Service	3,574	2,913	29,189	125
Macquarie Central(*)	172,975	91,250	23,762	10,828
KOCREPIII	153,014	84,166	14,367	5,847
KOCREPVII	125,697	66,106	15,197	5,828
New Airport Hiway(*)	1,197,185	922,624	222,638	47,789
Samsung Vina Insurance	12,986	7,211	12,158	146
Samsung Fire & Marine Insurance of China Limited	66,562	15,588	41,554	6,614

(*) For Macquarie Central and New Airport Hiway, on the other hand, the Company decreased the securities accounted for using the equity method since it gained the dividend after the settling day of these invested companies.

(4) The market price of listed equity securities as of March 31, 2008 is as follows:

Affiliated company	Korea Won (In millions, except price per share and number of shares)		Translation into U.S. Dollars (Note 2) (In thousands)	
	Price per share	Number of shares	Market value	Market value
Macquarie Central	₩8,830	760,000	₩6,711	US\$ 6,767
KOCREPIII	13,400	640,000	8,576	8,648
KOCREPVII	6,500	580,000	3,770	3,802

8. DISCRETIONARY ASSET MANAGEMENT CONTRACTS AND OTHERS:

(1) Discretionary asset management contracts

The Company has entered into discretionary asset management contracts with investment trust management company (Samsung Trust Investment Corporation), in order to manage trading securities and available-for-sale securities amounting to ₩19,198 million (\$19,359 thousand) and ₩7,701,274 million (\$7,765,730 thousand), respectively, as of March 31, 2008.

The Company entrusts Prudential Financial, Inc. with the management of foreign investment securities among trading securities according to the discretionary asset management contracts. All amount of corresponding foreign investment securities are foreign bonds of which book value is ₩58,589 million (\$59,079 thousand), and the gain accounting to ₩1,021 million (\$1,030 thousand) from foreign investment securities are reflected in the income statements regarded as the account for the gain on valuation for trading securities.

(2) Private equity fund

Private equity fund as of March 31, 2008 and 2007 consist of the following. The Company presents private equity fund as a beneficiary certificates of the available-for-sale securities.

Description	2007		2008	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Beneficiary certificates	₩160,717	₩213,140	₩261,717	₩333,198
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 162,062	US\$ 214,924	US\$ 263,907	US\$ 335,987

(Won in millions)

For the year ended March 31, 2008 and 2007, the Company recognized gain on valuation of a beneficiary certificates as a accumulated other comprehensive income amounting to ₩71,481 million (\$72,079 thousand) and ₩52,423 million (\$52,862 thousand) related to private equity fund.

In addition, main assets of private equity fund as of March 31, 2008 are as follows:

Description	Korea Won (In millions)	Translation into U.S. Dollars (Note 2) (In thousands)
Equity securities	₩215,072	₩216,872
Call loans	40,884	41,226
Bank deposits	5,095	5,138
Bonds	47,586	47,984
Derivatives	23,817	24,016
Other assets and liabilities, net	744	751
	₩333,198	US\$ 335,987

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

9. LOANS:

(1) In accordance with Insurance Business Act and the Regulation on Supervision of Insurance Business, the Company provides various loans. Loans as of March 31, 2008 bear an annual interest rate ranging from 5.86% to 15.50%. Ratios of allowance for loan losses are 1.11%, 1.29%, and 1.43% in 2008, 2007 and 2006 respectively.

(2) Loans as of March 31, 2008 and 2007 are summarized as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Call loan	₩121,200	₩-	US\$ 122,214	US\$ -
Policy loans	1,226,380	1,463,489	1,236,645	1,475,739
Loans secured by real estate	1,895,332	2,101,754	1,911,195	2,119,345
Unsecured loans	55,489	128,849	55,953	129,927
Loans secured by third party guarantees	4,493	3,084	4,532	3,110
Other loans	325,833	464,601	328,560	468,489
	3,628,727	4,161,777	3,659,099	4,196,610
Allowance for loan losses	(39,306)	(39,499)	(39,636)	(39,830)
Deferred loan origination fees	(1,625)	(2,236)	(1,639)	(2,255)
	₩3,587,796	₩4,120,042	US\$ 3,617,824	US\$ 4,154,525

(3) Loans by maturity as of March 31, 2008 and 2007 are as follows:

2008	(Won in millions)					
	Within 1 year	Within 2 Years	Within 3 Years	Within 5 Years	More than 5 Years	Total
Policy loans	₩83,749	₩81,940	₩81,048	₩160,629	₩1,056,123	₩1,463,489
Loans secured by real estate	176,820	51,232	46,375	120,651	1,706,676	2,101,754
Unsecured loans	41,741	17,429	38,651	30,499	529	128,849
Loans secured by third party guarantees	891	415	154	1,561	63	3,084
Other loans	37,519	62,863	686	83,395	280,138	464,601
	₩340,720	₩213,879	₩166,914	₩396,735	₩3,043,529	₩4,161,777
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 343,572	US\$ 215,669	US\$ 168,311	US\$ 400,055	US\$ 3,069,002	US\$ 4,196,609

2007

(Won in millions)

	Within 1 year	Within 2 Years	Within 3 Years	Within 5 Years	More than 5 Years	Total
Call loans	₩121,200	₩-	₩-	₩-	₩-	₩121,200
Policy loans	92,699	73,246	70,763	121,045	868,627	1,226,380
Loans secured by real estate	155,559	105,359	34,880	107,163	1,492,371	1,895,332
Unsecured loans	34,118	14,971	4,671	386	1,343	55,489
Loans secured by third party guarantees	1,284	405	147	1,361	1,296	4,493
Other loans	15,229	7,030	10,000	63,771	229,803	325,833
	₩420,089	₩201,011	₩120,461	₩293,726	₩2,593,440	₩3,628,727
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 423,606	US\$ 202,693	US\$ 121,469	US\$ 296,184	US\$ 2,615,147	US\$ 3,659,097

(4) Loans to employees as of March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Loans secured by real estate	₩23,557	₩25,525	US\$ 23,754	US\$ 25,739
Unsecured loans	30,882	31,707	31,140	31,972
Loans secured by third party guarantees	3,574	2,491	3,604	2,512
Other loans	29	29	29	29
	₩58,042	₩59,752	US\$ 58,527	US\$ 60,252

(5) Loans by forward looking criteria as of March 31, 2008 and 2007 are summarized as follows:

2008

(Won in millions)

	Normal	Precautionary	Substandard	Doubtful	Loss	Total
Policy loans	₩1,463,489	₩-	₩-	₩-	₩-	₩1,463,489
Loans secured by real estate	2,079,437	5,209	11,115	1,812	4,181	2,101,754
Unsecured loans	128,527	70	-	117	135	128,849
Loans secured by third party guarantees	3,077	7	-	-	-	3,084
Other loans	464,421	-	2	178	-	464,601
	4,138,951	5,286	11,117	2,107	4,316	4,161,777
Insurance receivables(*)	79,811	5,775	313	3,616	2,531	92,046
Other receivables	117,813	6	137	3,999	219	122,174
Accrued income	19,666	139	-	-	-	19,805
Notes receivable	907	-	-	-	-	907
Other assets(**)	-	-	258	-	-	258
	218,197	5,920	708	7,615	2,750	235,190
Total	₩4,357,148	₩11,206	₩11,825	₩9,722	₩7,066	₩4,396,967
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 4,393,615	US\$ 11,300	US\$ 11,924	US\$ 9,803	US\$ 7,125	US\$ 4,433,767

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

2007

(Won in millions)

	Normal	Precautionary	Substandard	Doubtful	Loss	Total
Policy loans	₩ 1,226,380	₩ -	₩ -	₩ -	₩ -	₩ 1,226,380
Loans secured by real estate	1,869,045	5,442	12,382	1,429	7,034	1,895,332
Unsecured loans	54,643	215	-	302	329	55,489
Loans secured by third party guarantees	4,448	45	-	-	-	4,493
Other loans	325,450	-	2	381	-	325,833
	3,479,966	5,702	12,384	2,112	7,363	3,507,527
Insurance receivables(*)	74,920	4,453	293	1,838	3,315	84,819
Other receivables	147,744	10	8	2,776	1,191	151,729
Accrued income	16,766	120	-	-	-	16,886
Notes receivable	2,399	-	-	-	-	2,399
Other assets(**)	-	-	318	-	-	318
	241,829	4,583	619	4,614	4,506	256,151
Total	₩ 3,721,795	₩ 10,285	₩ 13,003	₩ 6,726	₩ 11,869	₩ 3,763,678
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 3,752,944	US\$ 10,371	US\$ 13,112	US\$ 6,782	US\$ 11,968	US\$ 3,795,177

(*) Net of the insurance payables correspond with insurance receivables.

(**) The Company reserve allowance for doubtful accounts for Credit provisional payment.

(6) Loans classified as loss but haven't met its extinctive prescription or lost its claim are as follows:

	2007		2008	
	Loans	Claim	Loans	Claim
Loans	₩ 7,363	₩ 7,363	₩ 4,316	₩ 4,316
Insurance receivables	3,315	2,190	2,531	2,010
Other receivables	1,191	397	219	-
	₩ 11,869	₩ 9,950	₩ 7,066	₩ 6,326
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 11,968	US\$ 10,033	US\$ 7,125	US\$ 6,379

(Won in millions)

10. PROPERTY AND EQUIPMENT:

(1) The details of property and equipment as of March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Land	₩347,872	₩348,151	US\$ 350,784	US\$ 351,065
Buildings	688,345	713,633	694,105	719,605
Structures	2,825	2,825	2,849	2,849
Furniture and other equipment	362,130	382,140	365,161	385,338
Vehicles	2,143	2,092	2,161	2,110
Construction in progress	26,490	94,876	26,712	95,670
	1,429,805	1,543,717	1,441,772	1,556,637
Accumulated depreciation	(402,311)	(450,051)	(405,678)	(453,818)
	₩ 1,027,494	₩ 1,093,666	US\$ 1,036,094	US\$ 1,102,819

As of March 31, 2008 and 2007, the published value of land is ₩453,718 million (\$457,515 thousand) and ₩412,285 million (\$415,736 thousand), respectively, based on the disclosed public land price announced by the government pursuant to the Laws on Disclosure of Land Price and Valuation of Land.

(2) The change in property and equipment for the year ended March 31, 2008 is as follows (Unit: Won in millions):

	Beginning Book value	Acquisition	Disposal	Depreciation	Transfer from other accounts	Ending book value
Land	₩347,872	₩279	₩-	₩-	₩-	₩348,151
Buildings	582,792	1,741	-	16,773	23,547	591,307
Structures	2,226	-	-	94	-	2,132
Furniture and other equipment	67,795	31,942	144	42,720	(11)	56,862
Vehicles	320	305	3	295	11	338
Construction in progress	26,490	91,933	-	-	(23,547)	94,876
	₩ 1,027,495	₩ 126,200	₩ 147	₩ 59,882	₩ -	₩ 1,093,666
Translation into U.S. Dollars (In thousands) (Note2)	US\$ 1,036,094	US\$ 127,256	US\$ 148	US\$ 60,383	US\$ -	US\$ 1,102,819

In addition, depreciation for the year amounting to ₩51,665 million (\$52,097 thousand), ₩806 million (\$813 thousand) and ₩7,411 million (\$7,473 thousand) is charged in selling and general operating expenses, investment administrative expenses and depreciation expense on investments, respectively.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

11. INTANGIBLE ASSETS:

The details of intangible assets as of March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Goodwill	₩213	₩133	US\$ 215	US\$ 134
Development cost	65,051	62,070	65,595	62,589
Software	14,818	16,182	14,942	16,317
Others	68	55	69	56
	₩80,150	₩78,440	US\$ 80,821	US\$ 79,096

12. INSURANCE RECEIVABLES AND INSURANCE PAYABLES:

Insurance receivables and insurance payables as of March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Insurance receivables:				
Insurance receivable	₩73,601	₩78,395	US\$ 74,217	US\$ 79,051
Due from agents	364	546	367	551
Co-insurance receivable	795	1,355	802	1,366
Receivables related to agency business	15,372	17,755	15,501	17,904
Reinsurance accounts receivable	59,847	72,402	60,348	73,008
Overseas reinsurance premiums receivable	24,089	19,013	24,291	19,172
Deposits on reinsurance treaty ceded	3,870	4,017	3,902	4,051
	177,938	193,483	179,428	195,103
Less: Allowance for doubtful accounts	(4,756)	(4,916)	(4,796)	(4,957)
	₩173,182	₩188,567	US\$ 174,632	US\$ 190,146
Insurance payables:				
Claims payable	₩99,606	₩46,295	US\$ 100,440	US\$ 46,682
Due to agents	36,070	34,591	36,372	34,881
Premiums refund payable	2,174	3,796	2,192	3,828
Payables related to agency business	20,641	28,397	20,814	28,635
Reinsurance accounts payable	82,737	84,620	83,429	85,328
Overseas reinsurance premiums payable	33,536	34,949	33,817	35,242
Deposits on reinsurance treaty ceded	12,119	20,499	12,220	20,671
	₩286,883	₩253,147	US\$ 289,284	US\$ 255,267

13. COMPENSATION RECEIVABLES:

Compensation receivables as of March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Fire insurance	₩348	₩556	US\$ 351	US\$ 561
Marine insurance	3,735	2,246	3,766	2,265
Automobile insurance	89,957	102,519	90,710	103,375
Special insurance	1,602	2,450	1,615	2,471
Guarantee insurance	861	843	868	850
Overseas insurance	83	107	84	108
Long-term insurance	818	1,142	825	1,152
Pension insurance	[23]	[24]	[23]	[24]
	₩97,381	₩109,839	US\$ 98,196	US\$ 110,758

14. INSURED ASSETS:

Insured assets of the Company as of March 31, 2008 are as follows:

Type	Insured assets	Korea Won (In millions)	Translation into U.S. Dollars (Note 2) (In thousands)
		Insured amount	Insured amount
Package insurance	Office building	₩1,019,948	US\$ 1,028,484

In addition, the Company is insured against various indemnity liability.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

15. POLICY RESERVES:

(1) Policy reserves as of March 31, 2008 are summarized as follows:

Korea Won (in millions)

	General	Automobile	Long-term	Pension	Total
Outstanding claims	₩459,895	₩589,959	₩325,200	₩13,266	₩1,388,320
Long-term insurance	-	-	8,611,015	2,590,390	11,201,405
Unearned premiums	477,188	1,464,169	15,922	6,805	1,964,084
Participating policyholders' dividends	-	-	5,492	144,242	149,734
Excess participating policyholders' dividends	-	-	2,406	31,345	33,751
Reserve for reinsurance premiums	(487,311)	(1,494)	(8,492)	(170)	(497,467)
	₩449,772	₩2,052,634	₩8,951,543	₩2,785,878	₩14,239,827

Translation into U.S. Dollars (Note 2) (In thousands)

	General	Automobile	Long-term	Pension	Total
Outstanding claims	US\$ 463,744	US\$ 594,897	US\$ 327,922	US\$ 13,377	US\$ 1,399,940
Long-term insurance	-	-	8,683,086	2,612,070	11,295,156
Unearned premiums	481,182	1,476,423	16,055	6,862	1,980,522
Participating policyholders' dividends	-	-	5,538	145,449	150,987
Excess participating policyholders' dividends	-	-	2,426	31,607	34,033
Reserve for reinsurance premiums	(491,390)	(1,507)	(8,563)	(171)	(501,631)
	US\$ 453,536	US\$ 2,069,813	US\$ 9,026,464	US\$ 2,809,194	US\$ 14,359,007

(2) Policy reserves as of March 31, 2007 are summarized as follows:

Korea Won (in millions)

	General	Automobile	Long-term	Pension	Total
Outstanding claims	₩330,722	₩547,975	₩287,046	₩11,480	₩1,177,223
Long-term insurance	-	-	7,408,072	2,258,489	9,666,561
Unearned premiums	455,114	1,372,247	14,931	6,674	1,848,966
Participating policyholders' dividends	-	-	5,539	124,372	129,911
Excess participating policyholders' dividends	-	-	2,462	34,533	36,995
Reserve for reinsurance premiums	(380,260)	(934)	(10,092)	(186)	(391,472)
	₩405,576	₩1,919,288	₩7,707,958	₩2,435,362	₩12,468,184

Translation into U.S. Dollars (Note 2) (In thousands)

	General	Automobile	Long-term	Pension	Total
Outstanding claims	US\$ 333,490	US\$ 552,561	US\$ 289,448	US\$ 11,576	US\$ 1,187,075
Long-term insurance	-	-	7,470,075	2,277,391	9,747,466
Unearned premiums	458,923	1,383,732	15,056	6,730	1,864,441
Participating policyholders' dividends	-	-	5,585	125,413	130,998
Excess participating policyholders' dividends	-	-	2,483	34,822	37,305
Reserve for reinsurance premiums	(383,443)	(942)	(10,176)	(188)	(394,749)
	US\$ 408,970	US\$ 1,935,351	US\$ 7,772,471	US\$ 2,455,744	US\$ 12,572,536

16. CATASTROPHE RESERVES:

Catastrophe reserves as of March 31, 2008 and 2007 are summarized as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Beginning balance	₩896,982	₩935,337	US\$ 904,489	US\$ 943,165
Net increase:				
Fire insurance	905	(290)	913	(292)
Marine insurance	(1,978)	201	(1,995)	203
Automobile insurance	24,479	36,462	24,683	36,766
Special insurance	14,399	14,166	14,520	14,285
Guarantee insurance	1	-	1	-
Overseas insurance	549	800	554	807
Sub total	38,355	51,339	38,677	51,770
Ending balance	₩935,337	₩986,676	US\$ 943,165	US\$ 994,934

17. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY:

Assets and liabilities denominated in foreign currency as of March 31, 2008 and 2007 are summarized as follows (Unit: Won in millions, dollars in thousands):

	2007		2008	
	U.S. Dollars	Korean Won equivalent (*)	U.S. Dollars	Korean Won equivalent (*)
Assets:				
Due from banks	US\$ 3,702	US\$ 3,481	₩7,491	₩7,429
Overseas securities	58,746	55,238	58,028	57,547
Insurance receivables	11,806	11,101	16,436	16,299
Liabilities:				
Insurance payables	US\$ 27,853	US\$ 26,190	₩23,920	₩23,723

(*) The Korean Won equivalent of assets and liabilities denominated in foreign currency are translated in these financial statements based on the basic rate (₩991.70 and ₩940.30 to US\$1.00 at March 31, 2008 and 2007, respectively) or cross rates for other currencies announced by Seoul Money Brokerage Services Ltd. at the balance sheet dates.

18. BORROWINGS:

Borrowings as of March 31, 2008 and 2007 consist of the following:

Type	Bank	Annual interest rate	Korea Won (in millions)	
			2007	2008
Call money	Korea Investment Trust Management	4.69%	₩100	₩-
Translation into U.S. Dollars(Note 2)			US\$ 101	US\$ -

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

19. PREMIUM INCOME:

(1) Premium income for the year ended March 31, 2008 is as follows:

Korea Won (in millions)

	Primary premium	Assumed reinsurance premium	Refund of surrender value	Assumed reinsurance's refund of surrender value	Premium income
Fire insurance	₩52,008	₩-	₩(482)	₩-	₩51,526
Marine insurance	179,038	176	(1,749)	-	177,465
Automobile insurance	3,112,307	-	(138,059)	-	2,974,248
Special insurance	710,882	2,163	(10,034)	-	703,011
Guarantee insurance	-	2	-	-	2
Overseas insurance	16,772	60,458	-	(37)	77,193
Long term insurance	4,651,234	-	-	-	4,651,234
Pension insurance	438,364	-	-	-	438,364
Incidental business	-	24,227	-	-	24,227
	₩9,160,605	₩87,026	₩(150,324)	₩(37)	₩9,097,270
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 9,237,274	US\$ 87,754	US\$ (151,582)	US\$ (37)	US\$ 9,173,409

(2) Premium income for the year ended March 31, 2007 is as follows:

Korea Won (in millions)

	Primary premium	Assumed reinsurance premium	Refund of surrender value	Assumed reinsurance's refund of surrender value	Premium income
Fire insurance	₩52,952	₩-	₩(418)	₩-	₩52,534
Marine insurance	181,602	253	(1,342)	-	180,513
Automobile insurance	2,760,456	-	(122,028)	-	2,638,428
Special insurance	692,075	2,167	(4,248)	-	689,994
Guarantee insurance	-	10	-	-	10
Overseas insurance	9,495	41,694	-	(5)	51,184
Long term insurance	4,188,526	-	-	-	4,188,526
Pension insurance	357,376	-	-	-	357,376
Incidental business	90	23,193	-	-	23,283
	₩8,242,572	₩67,317	₩(128,036)	₩(5)	₩8,181,848
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 8,311,558	US\$ 67,880	US\$ (129,107)	US\$ (5)	US\$ 8,250,326

20. REINSURANCE:

(1) Reinsurance income for the year ended March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Reinsurance claims	₩ 280,568	₩ 332,214	US\$ 282,916	US\$ 334,994
Reinsurance refund paid	(5,595)	(11,010)	(5,642)	(11,102)
Reinsurance income	₩ 274,973	₩ 321,204	US\$ 277,274	US\$ 323,892

(2) Reinsurance premium expenses for the years ended March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Reinsurance premium	₩ 667,352	₩ 678,910	US\$ 672,937	US\$ 684,592
Cancellation refund received	(4,416)	(4,651)	(4,453)	(4,690)
Reinsurance premium expenses	₩ 662,936	₩ 674,259	US\$ 668,484	US\$ 679,902

21. DEFERRED ACQUISITION COSTS:

Changes in deferred acquisition costs for the years ended March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Beginning balance	₩ 677,283	₩ 955,451	US\$ 682,951	US\$ 963,448
Increase	621,266	612,630	626,467	617,757
Amortization	(343,098)	(435,605)	(345,970)	(439,251)
Ending balance	₩ 955,451	₩ 1,132,476	US\$ 963,448	US\$ 1,141,954

22. RETIREMENT AND SEVERANCE BENEFITS:

Changes in the liabilities for retirement and severance benefits for the years ended March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Beginning balance	₩ 115,893	₩ 120,678	US\$ 116,863	US\$ 121,688
Provision for the year	30,440	31,679	30,695	31,944
Payment during the year	(25,655)	(3,345)	(25,870)	(3,373)
Ending balance	120,678	149,012	121,688	150,259
National pension payments	(1,298)	(1,269)	(1,309)	(1,280)
Retirement pension plan assets	(77,776)	(95,605)	(78,427)	(96,405)
	₩ 41,604	₩ 52,138	US\$ 41,952	US\$ 52,574

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

The Company has transfer into Defined benefit retirement pension plan, maintaining previous retirement and severance benefits system. The Company record as a pension plan assets in balance sheets amounting to ₩95,605 million (\$96,405 thousand) that was placed to reserve in Samsung Life Insurance Co., Ltd. From October 4, 2006, paid-in retirement pension plan assets transfer "rate related instruments (minimum guaranteed rate 2.0%)" into "rate guarantee instruments (6.5%)". In addition, provision for the year amounted to ₩30,615 million (\$30,871 thousand), net of Defined contribution retirement pension plan amounting to ₩68 million (\$69 thousand) and ₩1,064 million (\$1,073 thousand) in selling and general operating expenses and investment administrative expenses, respectively.

Retirement pension plan assets as of March 31, 2008 and 2007 are as follows:

Description	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Cash and bank deposits	₩71,227	₩79,610	US\$ 71,823	US\$ 80,276
Investment securities	716	15,995	722	16,129
Other assets	5,833	-	5,882	-
	₩77,776	₩95,605	US\$ 78,427	US\$ 96,405

23. INCOME TAX:

(1) The components of income tax expense for the years ended March 31, 2008 and 2007 are summarized as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Income tax to be paid	₩142,864	₩179,936	US\$ 144,060	US\$ 181,442
Tax effect on changes in cumulative temporary differences(*)	(707)	4,094	(713)	4,128
Income tax due to gains on sale of treasury stock	(702)	(155)	(708)	(156)
Income tax	₩141,455	₩183,875	US\$ 142,639	US\$ 185,414

(*) Tax effect on changes in cumulative temporary differences

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Beginning balance	₩(36,805)	₩(36,085)	US\$ (37,113)	US\$ (36,387)
Changes due to tax reconciliation	13	76	13	76
Ending balance	(36,085)	(40,103)	(36,387)	(40,439)
Tax effect on changes in cumulative temporary differences	₩(707)	₩4,094	US\$ (713)	US\$ 4,128

(2) The difference between net income and taxable income for the years ended March 31, 2008 and 2007 consists of the following:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Income before income tax	₩482,629	₩660,365	US\$ 486,668	US\$ 665,892
Permanent differences	(27,600)	106,656	(27,831)	107,549
Temporary differences	47,319	(105,333)	47,715	(106,215)
Taxable income	₩502,348	₩661,688	US\$ 506,552	US\$ 667,226

(3) Deferred income tax assets (liabilities) adjusted to capital directly as of March 31, 2008 is summarized as follows:

Korea Won (in millions)

Description	Before adjustment	Deferred income tax assets (liabilities)	After adjustment
Gain on valuation of available-for-sale securities	₩ 1,368,849	₩ (376,456)	₩ 992,393
Changes in equity arising from application of the equity method	671	(185)	486
Negative changes in equity arising from application of the equity method	(3,527)	856	(2,671)
Gain on valuation of derivatives	(47,026)	12,932	(34,094)
Accumulated other comprehensive income arising from separate account	84	-	84
	₩ 1,319,051	₩ (362,853)	₩ 956,198
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 1,330,091	US\$ (365,890)	US\$ 964,201

(4) Changes in significant cumulative temporary differences and deferred income tax assets (liabilities) are as follows:

Description	Cumulative temporary differences			Deferred income tax assets (liabilities)		
	2007	Increase (decrease)	2008	2007	Increase (decrease)	2008
Temporary difference, net	₩ (165,214)	₩ (16,462)	₩ (181,676)	₩ (36,085)	₩ (4,018)	₩ (40,103)
Capital adjustment	1,228,070	(90,981)	(1,319,051)	(339,735)	(23,118)	(362,853)
	₩ 1,393,284	₩ 107,443	₩ (1,500,727)	₩ (375,820)	₩ (27,136)	₩ (402,956)
Translation into U.S. Dollars (In thousands) (Note 2)	US\$ 1,404,945	US\$ 108,342	US\$ (1,513,287)	US\$ (378,965)	US\$ (27,364)	US\$ (406,329)

(5) The Company's effective tax rate (Income tax expense/Net income before income tax) is 27.84% and 29.31% in 2008 and 2007, respectively.

24. SHAREHOLDERS' EQUITY:

(1) Capital stock as of March 31, 2008 is as follows (Unit: Won):

Description	Description
Number of the authorized shares	100,000,000
Value per share	₩ 500
Number of the issued stock	
-Common shares	47,374,837
-Preferred shares	3,192,000

NOTES TO FINANCIAL STATEMENTS

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Preferred shareholders have no voting rights but may receive accumulative dividends and liquidation proceeds. Preferred shareholders normally receive additional cash dividends of 1% on par value. Upon liquidation, preferred shareholders are entitled to receive liquidation proceeds prior to the common shareholders. The Company allows the retirement of the stocks within the amount of dividend by the decision of the board of directors in accordance with related law. According to this, the company retired the treasury stocks of the 730,000 common stocks and 50,000 preferred stocks on November 11, 2003 based on the decision of the board of directors on September 5, 2003. Also, the company retired treasury stocks, which acquisition cost amounts to ₩262,821 million (\$265,021 thousand), of the 1,500,000 common stocks and 100,000 preferred stocks on May 28, 2007 by the decision of the board of directors on April 18, 2007. As a result, the difference occurs between the amount of the value per share multiplied by the number of issued stocks and the capital stock as of March 31, 2008.

(2) Capital surplus

Capital surplus as of March 31, 2008 and 2007 is summarized as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Additional paid-in capital	₩593,429	₩593,429	US\$ 598,396	US\$ 598,396
Asset revaluation surplus	132,209	132,209	133,316	133,316
Other capital surplus	7,702	8,111	7,766	8,178
	₩733,340	₩733,749	US\$ 739,478	US\$ 739,890

(3) Revaluation surplus

The Company revalued its property on January 1, 1999 in accordance with the Assets Revaluation Law. Details of the asset revaluation and revaluation surplus are summarized as follows (Unit: Won in millions, dollars in thousands):

	Net book value		Revalued amount		Revaluation surplus	
	Korean Won	U.S. dollars	Korean Won	U.S. dollars	Korean Won	U.S. dollars
Land	₩172,180	US\$ 173,621	₩262,061	US\$ 264,254	₩89,881	US\$ 90,633
Buildings	289,443	291,865	333,410	336,200	43,967	44,335
Structures	345	348	545	550	200	202
	₩461,968	US\$ 465,834	₩596,016	US\$ 601,004	₩134,048	US\$ 135,170

The movements in the revaluation surplus for the period from January 1, 1999 to March 31, 2008 are summarized as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Asset revaluation surplus carried forward before January 1, 1999		₩1,506		US\$ 1,519
Asset revaluation surplus on January 1, 1999		134,048		135,170
Revaluation taxes		(3,345)		(3,373)
Revaluation surplus as of March 31, 2005		₩132,209		US\$ 133,316

(4) Legal reserve

Legal reserve as of March 31, 2008 is ₩13,237 million (\$13,348 thousand). The Korean Commercial Code requires the Company to appropriate as legal reserve an amount equal to at least 10% of the cash dividends for each accounting period until the reserve equals 50% of stated capital. The legal reserve may be used to reduce a deficit or it may be transferred to stated capital by a shareholders' resolution.

(5) Voluntary reserve

Voluntary reserve as of March 31, 2008 amounting to ₩1,852 million (\$1,868 thousand) and ₩1,299,159 million (\$1,310,032 thousand) is reserved for business rationalization and reserve approved at the general meeting of shareholders.

25. TREASURY STOCK:

Treasury stock as of March 31, 2008 and 2007 are summarized as follows:

	Number of shares		Korean Won	Translation into U.S. Dollars (Note 2)
	Common stock	Preferred stock	Amount (In millions)	Amount (In thousands)
April 1, 2007	3,841,596	300,780	₩98,875	US\$ 99,703
Exercise of stock option	(13,564)	-	(336)	(339)
March 31, 2008	3,828,032	300,780	₩98,539	US\$ 99,364

As of March 31, 2008 and 2007, Acquisition cost of treasury stock is ₩98,539 million (\$99,364 thousand) and ₩98,875 million (\$99,703 thousand), respectively. The Company holds its treasury stock for price stabilization and preparing for stock options. Gains on reissue of treasury stock are recorded as other capital surplus. As of March 31, 2008, gains on reissue of treasury stock amount to ₩8,111 million (\$8,179 thousand).

26. COMPREHENSIVE INCOME(LOSS) STATEMENTS:

The comprehensive income (loss) statements for the years ended March 31, 2008 and 2007 are summarized as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Net income	₩341,174	₩476,490	US\$ 344,029	US\$ 480,478
Other comprehensive income(loss):				
Gain(loss) on valuation of available-for-sale securities	(52,074)	100,413	(52,510)	101,253
Changes in equity arising from application of the equity method	25	461	25	465
Negative changes in equity arising from application of the equity method	1,317	7,015	1,328	7,074
Gain(loss) on overseas operation translation (*)	(1,514)	2,848	(1,527)	2,872
Gain(loss) on valuation of cash flow hedge derivatives	(451)	(40,108)	(455)	(40,444)
Accumulated other comprehensive income arising from separate account	-	84	-	85
Comprehensive income	₩288,477	₩547,203	US\$ 290,890	US\$ 551,783

(*) For presentation in the accompanying financial statements, assets and liabilities in financial statements of the overseas branch are translated into Korean won at the current exchange rate, shareholders' equity at historical exchange rate and income and expense at the weighted average exchange rate for the year. Translation losses of ₩5,603 million (\$5,650 thousand) resulting from the translation of financial statements of the overseas branch are recorded to loss on overseas operation translation as an accumulated other comprehensive loss.

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FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

27. STOCK OPTIONS:

The Company granted stock options to certain employees according to a resolution of the shareholders' meeting and the board of directors' meeting. Details of the stock options are summarized as follows (Unit: Won):

	May 30, 2000	Sep 6, 2001	May 30, 2002	Jun 11, 2003	May 28, 2004
Number of shares granted	75,473	109,301	7,815	19,984	33,813
Stock	Common stock	Common stock	Common stock	Common stock	Common stock
Exercise price	₩23,800	₩38,900	₩82,500	₩62,600	₩74,900
Exercisable period	May 31, 2003 ~May 30, 2010	Sep 7, 2003 ~Sep 6, 2011	May 31, 2004 ~May 30, 2012	Jun 12, 2005 ~Jun 11, 2013	May 29, 2006 ~May 28, 2014
Service period	3 years	2 years	2 years	2 years	2 years

The Company estimated compensation cost associated with the stock options using Black-Sholes Model. Details of assumptions used are summarized as follows:

	May 30, 2000	Sep 6, 2001	May 30, 2002	Jun 11, 2003	May 28, 2004
Risk free rate	9.22%	5.39%	6.57%	4.14%	4.54%
Expected excisable period	5 years	5 years	5 years	5 years	5 years
Expected volatility of stock price	65.47%	66.24%	66.30%	59.78%	52.68%
Expected dividend rate	1.05%	1.30%	1.22%	1.57%	1.35%
Expected rate of rights expiration	0.00%	0.00%	0.00%	0.00%	0.00%

Details on the compensation cost for stock options are summarized as follows:

	May 30, 2000	Sep 6, 2001	May 30, 2002	Jun 11, 2003	May 28, 2004
Valuation amount for stock options	₩4,536	₩6,818	₩741	₩1,286	₩1,342
Accumulated decrease of stock options for exercise, cancellation, change and others.	3,431	4,435	367	636	172
Compensation costs for the year ended Mar 31, 2007	(35)	(76)	(12)	(23)	(36)
Residual of stock options	1,070	2,307	362	627	1,134
Additional compensation costs to be incurred	-	-	-	-	-

(Won in millions)

28. DIVIDENDS:

The Company has proposed to appropriate retained earnings for cash dividends as follows:

	Korean Won		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Common stock	₩67,550	₩130,640	US\$ 68,115	US\$ 131,733
Preferred stock	4,502	8,688	4,540	8,761
	₩72,052	₩139,328	US\$ 72,655	US\$ 140,494
Net earnings	₩341,174	₩476,490	US\$ 344,029	US\$ 480,478
Dividends as a percentage of net earnings	21.12%	29.24%	21.12%	29.24%

29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES:

(1) The Company is the ultimate holding company and its subsidiaries as of March 31, 2008 are as follows (Unit: Won in millions, dollars in thousands):

Subsidiaries	Shares	Ownership Ratio (%)	Shareholder's Equity	Business	Location
P.T Asuransi Samsung Tugu	10,500	70.0	₩5,373 (US\$5,714)	Insurance	Indonesia
Samsung Vina Insurance(*)	-	100.0	32,594 (34,663)	Insurance	China
Samsung Fire & Marine Insurance of China Limited (*)	-	50.0	6,063 (6,448)	Insurance	Vietnam

(*) It is not presented shares since it is stock with out par value.

Besides above mentioned, there are related parties as Samsung Fire & Marine Insurance Claim Adjustment Service and others.

(2) Major balances and significant transactions with affiliates as of and for the years ended March 31, 2008 and 2007 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Revenues and expenses:				
Premiums income	₩331,036	₩418,456	US\$ 333,807	US\$ 421,958
Claims paid	60,089	72,603	60,529	73,211
Receivables and payables:				
Leasehold and other deposits	76,514	85,368	77,154	86,082
Insurance receivables	40,289	35,802	40,626	36,102
Rental deposits received	8,366	8,027	8,436	8,094
Insurance payables	828	1,184	835	1,194

NOTES TO FINANCIAL STATEMENTS

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(3) Major balances and significant transactions with the company accounted for using the equity method as of March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Revenues and expenses:				
Investigation expense for claim paid	₩86,795	₩98,487	US\$ 87,521	US\$ 99,311
Receivables and payables:				
Loans	48,085	46,617	48,487	47,007

(4) The compensations for the key management of the Company for the year ended March 31, 2008 are as follows:

Description	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	Amount		Amount	
Short-term salaries	₩2,424		US\$ 2,444	
Long-term salaries	(419)		(423)	
Provision for salaries	325		328	

(5) The Company provides an allowance for doubtful accounts amounting to ₩185 million (\$187 thousand) on insurance receivables amounting to ₩35,802 million (\$36,102 thousand), and reversal of allowance for doubtful accounts amounting to ₩221 million (\$223 thousand).

30. EARNINGS PER SHARE:

(1) Earnings per common share for the years ended March 31, 2008 and 2007 is calculated as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Net income	₩341,174	₩476,490	US\$ 344,029	US\$ 480,478
Dividends on preferred stock	(4,502)	(8,688)	(4,540)	(8,761)
Earnings available for common stock	336,672	467,802	339,489	471,717
Weighted-average number of shares of common stock	44,963,760	44,953,649	44,963,760	44,953,649
Earnings per common share (Won, U.S. dollars)	₩7,488	₩10,406	US\$ 7.55	US\$ 10.49

(2) Diluted net income per common share for the years ended March 31, 2008 and 2007 is calculated as follows:

Diluted net income per common share are computed by diluted net income for the year ended March 31, 2008 and 2007 divided by weighted-average number of diluted shares plus common shares, assuming all stock options are exercised at the beginning.

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Earnings available for common stock	₩336,672	₩467,802	US\$ 358,046	US\$ 471,717
Compensation cost, net of tax	73	(132)	78	(133)
Diluted net income	336,745	467,670	358,124	471,584
Weighted-average number of diluted share	45,207,944	45,152,411	45,207,944	45,152,411
Diluted net income per common share (Won, U.S. dollars)	₩7,449	₩10,358	US\$ 7.51	US\$ 10.44

31. COMMITMENTS AND CONTINGENCIES:

(1) Promissory Note

As of March 31, 2008, the Company has provided Samsung Life Insurance Company and others with 4 promissory notes with total face value amounting to ₩1,685 million (\$1,672 thousand), as collateral for rental deposits.

(2) Reinsurance Contract

Non-life insurance companies (including the Company) assume and cede certain portions of the total insurance premium with Korean Reinsurance Company and the remaining portion is covered by foreign reinsurers. The Company utilizes reinsurance arrangements to limit its maximum loss, to provide greater diversification of risks and to minimize exposure to large risks.

(3) Bank Overdraft Agreement

The Company has general bank overdraft agreements and daily bank overdraft agreements with Korea First Bank and other banks up to ₩10,000 million (\$10,084 thousand) and ₩310,000 million (\$312,595 thousand), respectively, of which no amounts were drawn as of March 31, 2008.

(4) Guarantee Insurance

As of March 31, 2008, The Company entered into guarantee agreements with Seoul Guarantee Insurance Co., LTD for guarantee limits of ₩12,540 million (\$12,645 thousand)

(5) Lawsuits

The Company is a defendant in 5,478 lawsuits for insurance claims aggregating ₩154,639 million (\$155,933 thousand). The Company has set up a policy reserve for estimated losses amounting to ₩129,242 million (\$130,324 thousand) in relation to the above lawsuits as policy reserves.

(6) Derivatives Instruments

As of March 31, 2008, the Company entered into contracts of financial derivative instruments as follows (Unit: Won in millions, dollars in thousands):

	Total		Trading		Hedging	
	Korean Won	Translation Into U.S. Dollars (Note 2)	Korean Won	Translation Into U.S. Dollars (Note 2)	Korean Won	Translation Into U.S. Dollars (Note 2)
Foreign currency forward	₩65,044	US\$ 65,588	₩6,846	US\$ 6,903	₩58,198	US\$ 58,685
Foreign currency swap	474,128	478,096	-	-	474,128	478,096
Interest rate forward	18,842	19,000	18,842	19,000	-	-
	₩558,014	US\$ 562,684	₩25,688	US\$ 25,903	₩532,326	US\$ 536,781

In connection with the financial derivative instruments, the Company recognized gain and loss on valuation amounting to ₩200 million (\$202 thousand) and ₩8,753 million (\$8,826 thousand), respectively, for the year ended March 31, 2008. In addition, loss on valuation of the financial derivative instruments amounting to ₩47,026 million (\$47,420 thousand), the amount before income tax directly deducted from accumulated other comprehensive income(loss), is accounted for and reflected as accumulated other comprehensive income(loss) as of March 31, 2008.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

(7) Credit Linked Notes and Collateralized Debt Obligations

Credit linked notes and collateralized debt obligations as of March 31, 2008 are as follows (Unit: Won in millions, dollars in thousands):

Description	Interest Rate(%)	Nominal Price	Book value	Acquisition date	Maturity date
ABN AMRO FTD CLN	6.12	US\$ 20,000	₩ 18,050	2006-10-26	2016-12-20
JPMORGAN CORSAIR CLN	LIB03USD+0.88	20,000	16,821	2007-07-19	2014-06-09
LEVERAGED ROK CLN	LIB03USD+3.67	20,000	17,945	2007-01-24	2017-03-20
LEVERAGED ROK CLN070913	LIB03USD+1.10	20,000	17,821	2007-09-13	2017-09-20
MERIT HOLDINGS LTD SCB CLN	LIB03USD+0.88	10,000	8,270	2007-07-30	2014-09-20
SCB FTD CLN	5.55	20,000	18,844	2006-10-10	2011-12-20
LION CITY CDO LIMITED 2006-5(AAA)	LIB06USD+0.71	10,000	6,558	2006-08-28	2013-12-20
PALLADIUM CDO SERIES2 (CLASS A-1U)	LIB06USD+0.50	10,000	6,966	2006-08-21	2013-12-20
		US\$ 130,000	₩ 111,275		

The Company has credit-linked notes amounting to ₩128,921 million (\$130,000,000) at face value. The Company is taking risk to undertake goods or pay cash equivalent to Reference Obligation on demand of a person related to transaction in case of occurring credit event on Reference Obligation.

32. SEPARATE ACCOUNT:

The Company has recorded corporate retirement insurance and corporate pension insurance as a separate account independently from ordinary accounts in accordance with Insurance Supervisory Regulation as established by the Financial Supervisory Commission of the Republic of Korea. Separate account is stated at fair value and the Company properly presents the financial status and operating results of the separate account.

The financial statements of the separate account of corporate retirement insurance as of and for the years ended March 31, 2008 and 2007 are as follows:

Balance sheets

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Separate account assets:				
Cash and deposits	₩273,351	₩358,232	US\$ 275,639	US\$ 361,230
Securities	487,604	443,161	491,685	446,870
Loans	-	19,684	-	19,849
Others	11,955	13,324	12,054	13,435
Due from ordinary account	10,848	11,147	10,940	11,241
	₩783,758	₩845,548	US\$ 790,318	US\$ 852,625
Separate account liabilities:				
Policy reserves	₩759,990	₩813,616	US\$ 766,351	US\$ 820,426
Others	20,758	12,541	20,932	12,646
Due to ordinary account	3,010	19,391	3,035	19,553
	₩783,758	₩845,548	US\$ 790,318	US\$ 852,625

Statements of income

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Separate account income:				
Premiums earned	₩214,412	₩281,796	US\$ 216,207	US\$ 284,155
Interest income	35,247	40,016	35,542	40,351
Others	5,156	4,017	5,199	4,051
Separate account expenses:	₩254,815	₩325,829	US\$ 256,948	US\$ 328,557
Provision for policy reserves				
Claims paid	₩(3,725)	₩53,626	US\$ (3,756)	US\$ 54,075
Others	249,574	260,919	251,663	263,103
	8,966	11,285	9,041	11,379
	₩254,815	₩325,830	US\$ 256,948	US\$ 328,557

The financial statements of the separate account of corporate pension insurance as of and for the years ended March 31, 2008 and 2007 are as follows:

Balance sheets

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Separate account assets:				
Cash and deposits	₩75,219	₩94,231	US\$ 75,849	US\$ 95,020
Securities	25,323	57,240	25,535	57,719
Loans	700	1,000	706	1,008
Others	2,480	3,525	2,501	3,555
Due from ordinary account	5,853	22,469	5,902	22,657
	₩109,575	₩178,465	US\$ 110,493	US\$ 179,959
Separate account liabilities:				
Policy reserves	₩104,062	₩171,643	US\$ 104,934	US\$ 173,080
Others	5,475	6,341	5,521	6,394
Accumulated other comprehensive income(loss)	-	84	-	85
Due to ordinary account	38	397	38	400
	₩109,575	₩178,465	US\$ 110,493	US\$ 179,959

Statements of income

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Separate account income:				
Premiums earned	₩114,447	₩177,858	US\$ 115,405	US\$ 179,347
Interest income	2,618	6,509	2,640	6,563
Others	640	1,182	645	1,192
Separate account expenses:	₩117,705	₩185,549	US\$ 118,690	US\$ 187,102
Provision for policy reserves				
Claims paid	103,482	67,581	US\$ 104,348	US\$ 68,147
Others	13,065	115,574	13,174	116,541
	1,158	2,394	1,168	2,414
	₩117,705	₩185,549	US\$ 118,690	US\$ 187,102

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

33. SELLING AND GENERAL OPERATING EXPENSES:

Selling and general operating expenses for the years ended March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Salaries	₩311,293	₩343,953	US\$ 313,898	US\$ 346,832
Provision for retirement and severance benefits	29,582	30,683	29,830	30,940
Other employee benefits	44,101	57,277	44,470	57,756
Taxes and due	48,552	55,636	48,958	56,102
Rent	54,981	58,416	55,441	58,905
Depreciation	42,562	51,665	42,918	52,097
Amortization	22,869	30,794	23,060	31,052
Commissions	77,682	79,883	78,332	80,552
Advertising	43,886	41,580	44,253	41,928
Computer related expenses	47,773	53,526	48,173	53,974
Deferred acquisition cost & collection cost	190,429	211,290	192,023	213,058
Agency fee	251,464	287,483	253,569	289,889
Investigation expense for claim paid	119,117	145,730	120,114	146,950
Others	122,439	126,433	123,465	127,490
	₩1,406,730	₩1,574,349	US\$ 1,418,504	US\$ 1,587,525

34. OTHER ASSETS AND OTHER LIABILITIES:

(1) Other assets as of March 31, 2008 and 2007 are summarized as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Development costs and other intangible assets	₩80,150	₩78,440	US\$ 80,821	US\$ 79,097
Other account receivables	151,728	122,174	152,998	123,197
Prepaid expenses	8,675	10,044	8,748	10,128
Advanced payments	9,416	12,158	9,495	12,260
Note receivables	2,399	907	2,419	915
Prepaid value added tax	590	679	595	684
Securities deposit	2,426	2,891	2,446	2,915
Financial derivative assets	21,354	9,939	21,533	10,022
Others	1,142	944	1,151	950
Allowance for doubtful accounts	(4,241)	(4,061)	(4,276)	(4,095)
	₩273,639	₩234,115	US\$ 275,930	US\$ 236,073

(2) Other liabilities as of March 31, 2008 and 2007 are summarized as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Other account payables	₩28,389	₩22,722	US\$ 28,627	US\$ 22,912
Retirement and severance benefits	41,604	52,138	41,952	52,574
Premiums received in suspense	1,357	215	1,368	217
Note payables	636	1,348	641	1,359
Advanced receipts	12,648	14,555	12,754	14,677
Withholdings	5,754	5,652	5,802	5,699
Unearned income	110	468	111	472
Accrued value added tax	1,042	1,041	1,051	1,050
Financial derivatives liabilities	6,725	61,109	6,781	61,620
Other	24,879	36,555	25,088	36,860
	₩123,144	₩195,803	US\$ 124,175	US\$ 197,440

35. EMPLOYEES' WELFARE AND DONATIONS:

(1) Supporting educational expenses

In order to mitigate the burden of the educational expenses of employees' children, the Company supports portion of tuition of pre-school, and entrance fee and tuition of middle school to college.

(2) Medical examination

The Company provides regular annual medical examination service for its employees.

(3) Others

The Company executes paid vacation, such as congratulations and condolences vacation, long service vacations and vacation for training.

(4) Donation to the public

The Company donated to college development funds and others amounting to ₩20,553 million (\$20,725 thousand) and ₩20,000 million (\$20,167 thousand) for the years ended March 31, 2008 and 2007, respectively.

36. VALUE-ADDED:

Information needed for calculation of value-added for the years ended March 31, 2008 and 2007 is as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Salaries	₩321,346	₩355,341	US\$ 324,035	US\$ 358,315
Provision for severance and retirement benefits	30,440	31,747	30,695	32,013
Employee benefits	45,154	58,728	45,532	59,220
Taxes and dues	79,327	89,045	79,991	89,790
Rental expenses	54,990	58,426	55,450	58,915
Depreciation	58,648	59,882	59,139	60,383
Total	₩589,905	₩653,169	US\$ 594,842	US\$ 658,636

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

37. CASH FLOW STATEMENTS:

(1) Cash in the cash flow statements consist of cash and bank deposits exclusive of short-term finance instruments, which do not meet the requirements of cash equivalents on the balance sheets as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Cash and due from banks				
Cash	₩16	₩27	US\$ 16	US\$ 27
Passbook deposits	1,657	195	1,671	197
Ordinary deposits	24,180	23,409	24,382	23,605
Time deposits	212,477	254,700	214,255	256,832
Deposits in overseas countries	1,067	385	1,076	388
Other deposits	71,694	233,575	72,294	235,530
Sub total	311,091	512,291	313,694	516,579
Other due from banks	-	54,046	-	54,498
	₩311,091	₩566,337	US\$ 313,694	US\$ 571,077
Less:				
Short-term finance instruments	(212,477)	(254,700)	(214,255)	(256,832)
Restricted deposits	(11)	(4,502)	(11)	(4,540)
Restricted other due from banks	-	(50,000)	-	(50,418)
	₩98,603	₩257,135	US\$ 99,428	US\$ 259,287

(2) Significant transactions with no effects to the cash flows for the years ended March 31, 2008 and 2007 are as follows:

	Korea Won (in millions)		Translation into U.S. Dollars (Note 2) (In thousands)	
	2007	2008	2007	2008
Transfer from construction in progress to buildings	₩40,719	₩23,547	US\$ 41,060	US\$ 23,744
Transfer from prepaid accounts to intangible assets	41,183	20,599	41,528	20,771
Transfer from loans secured by real estate to other loans	7,000	-	7,059	-
Transfer from other securities to equity securities	181	-	183	-
Transfer from equity securities to other securities	-	3,000	-	3,025
Transfer from furniture and other equipment to vehicles	-	11	-	11
Retirement of treasury stocks	-	262,821	-	265,021

38. PREMIUM DEFICIENCY:

(1) The objects of insurance contracts for calculating premium deficiency

As valid insurance contracts as of February 28, 2008, the Company included for premium deficiency, the individual pension insurance products and long-term insurance against loss products with fixed interest rate and floating interest rate. In addition, general insurance against loss and retirement insurance with less than one year insurance term were excluded.

(2) The basis of calculating premium deficiency is as follows

① Discount rate:

The discount rate is 5.32% (Rate of return on assets management for recent 3 years from April 1, 2005 to March 31, 2008).

② Rate of operating expenses:

The rate of operating expenses is 83.0% (Ratio of actual operating expenses to anticipated operating expenses for recent 1 year from March 1, 2007 to February 28, 2008).

③ Rate of claim payment

The rate of claim payment is 72.4% (Ratio of claim payment to the anticipated risk of the insurer for recent 3 years from Jan 1, 2005 to December 31, 2007).

④ Rate of changing on condition

The rate of changing on condition is as follows (Ratio of changing on condition to the number of contracts for recent 3 years from Jan 1, 2005 to December 31, 2007).

Rate of changing on condition was reflected by 6 types of ratio(cancellation rate on holding, effectiveness rate, resurrection rate, non-resurrection rate, cancellation rate on effectiveness and cancellation rate on non-resurrection), and the rate of maintenance caused by reflection is as follows.

Description	13 th	25 th	37 th	49 th	61 th
Long-term with dividend	88.4%	74.3%	61.0%	56.9%	57.8%
Long-term without dividend	76.0%	61.8%	54.0%	49.5%	46.5%
Individual pension	85.7%	75.4%	67.9%	60.3%	52.5%
Total	76.5%	62.3%	54.4%	49.8%	46.8%

(3) The calculation and accounting principle of reserve for claims by type of insurance contract, anticipated interest rate and premium surplus (premium deficiency) as of March 31, 2008 are summarized as follows:

Description	(Won in millions)		
	Reserve for claims	Anticipated interest rate(*)	Premium surplus(deficiency)
Long-term with dividend	385	2.50-6.50	4
Long-term without dividend	73,903	3.25-8.00	12,928
Individual pension	25,215	2.50-7.50	3,157
Total	99,503		16,089
(Fixed interest rate)	38,875		605
(Floating interest rate)	60,628		15,484

(*) The anticipated interest rate is based on a guaranteed portion.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2008 AND 2007

39. MAJOR INDICATORS FOR THE FINAL INTERIM PERIOD:

The major indicators of management performance for the final interim period (unaudited) are as follows (Unit: Won in millions, dollars in thousands, except net income per share):

Description	Korea Won		Translation into U.S. Dollars (Note 2)	
	2007, 4Q	2008, 4Q	2007, 4Q	2008, 4Q
Operating revenues	₩2,530,281	₩2,705,609	US\$ 2,551,458	US\$ 2,728,254
Operating expenses	2,331,657	2,512,505	2,351,172	2,533,333
Operating income	198,624	193,104	200,286	194,721
Other income	7,743	9,614	7,808	9,694
Other expenses	1,023	1,957	1,032	1,973
Net income	145,940	146,044	147,161	147,266
Net income per common share	3,242	3,229	3,269	3,256

Independent Accountant's Review Report on Internal Accounting Control System ("IACS")

ENGLISH TRANSLATION OF A REPORT ORIGINALLY ISSUED IN KOREAN

Deloitte Anjin LLC

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To the Representative Director of Samsung Fire & Marine Insurance Co., Ltd.:

We have reviewed the accompanying Report on the Management's Assessment of IACS (the "Management's Report") of Samsung Fire & Marine Insurance Co., Ltd. Company (the "Company") as of March 31, 2008. The Management's Report, and the design and operation of IACS are the responsibility of the Company's management. Our responsibility is to review the Management's Report and issue a review report based on our procedures. The Company's management stated in the accompanying Management's Report that "based on our assessment of the IACS as of March 31, 2008, the Company's IACS has been appropriately designed and is operating effectively as of March 31, 2008, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association."

We conducted our review in accordance with the IACS Review Standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform a review, objective of which is to obtain a lower level of assurance than an audit, of the Management's Report in all material respects. A review includes obtaining an understanding of a company's IACS and making inquiries regarding the Management's Report and, when deemed necessary, performing a limited inspection of underlying documents and other limited procedures.

A company's IACS represents internal accounting policies and a system to manage and operate such policies to provide reasonable assurance regarding the reliability of financial statements prepared, in accordance with accounting principles generally accepted in the Republic of Korea, for the purpose of preparing and disclosing reliable accounting information. 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 of IACS 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 the Management's Report referred to above is not fairly stated, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association.

Our review is based on the Company's IACS as of March 31, 2008, and we did not review its IACS subsequent to March 31, 2008. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in the Republic of Korea and may not be appropriate for other purposes or for other users.



Notice to Readers

This report is annexed in relation to the audit of the financial statements as of March 31, 2008 and the review of internal accounting control system pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.

CORPORATE HISTORY

1950s

January 26, 1952
Founded as Anbo Fire & Marine Insurance Co., Ltd.

1960s

January 31, 1963
Acquired Ankuk Fire & Marine Insurance Co., Ltd.

February 25, 1963
Company name changed to Ankuk Fire & Marine Insurance Co., Ltd.

1970s

June 1, 1975
Initial Public Offering

February 4, 1979
Established a risk management institute-a first among Korean non-life insurers

1980s

October 1, 1983
Launched Auto Insurance Division

September 1, 1985
Opened New York office (U.S.A)

October 17, 1987
Completion of the head office building

May 26, 1989
Increased capital to KRW 8.4 billion

1990s

February 10, 1990
Increased capital to KRW 10.0 billion

March 17, 1990
Increased capital to KRW 11.7 billion

April 1, 1990
Opened U.S. branch

May 29, 1990
Increased capital to KRW 12.8 billion

April 1, 1992
Opened Seoul Customer Service Center

March 26, 1993
Selected as domestic lead manager for Koreasat Insurance

November 29, 1993
Opened Jakarta office (Indonesia)

December 6, 1993
Company name changed to Samsung Fire & Marine Insurance Co., Ltd.

January 10, 1994
Opened Tokyo office (Japan)

May 9, 1994
Opened Yuseong Training Center

April 20, 1995
Opened Beijing office (China)

July 15, 1995
Opened Ho Chi Minh office (Vietnam)

August 28, 1996
Opened Hanoi office (Vietnam)

September 20, 1996
Opened Shanghai office (China)

November 7, 1996
Established a local subsidiary in Indonesia

April 4, 1998
Increased capital to KRW 14.8 billion

October 15, 1998
Established Samsung Fire & Marine Insurance Claim Adjustment Service Co., Ltd.

January 19, 1999
Increased capital to KRW 20.0 billion

July 3, 1999
Stock split to KRW 500 (par value)

2000s

January 30, 2000
Increased capital to KRW 25.0 billion

May 30, 2000
Paid dividend (increased capital)

April 24, 2001
Opened Shanghai branch-a first among domestic insurers

July 1, 2001
Established Samsung Traffic Safety Research Institute

December 31, 2001
Selected as one of Asia's "Top 200 Companies" by the Far Eastern Economic Review, a Hong Kong-based political and economic weekly magazine

January 18, 2002
Made commitment to ethical management, declaring 2002 the first year for "Samsung Fire & Marine Insurance Ethical Management"

January 26, 2002
Unveiled time capsule in commemoration of 50th anniversary

April 2, 2002
Launched "Samsung anycar", a leading auto insurance brand

April 26, 2002
Named the most respected company in the non-life insurance sector by Korea Minting and Security Printing Corporation

November 14, 2002
Established a local subsidiary in Vietnam

March 26, 2003

Selected as an "excellent" company for autonomous observance of fair trade" by Korea Fair Trade Commission

September 25, 2003

Opened Qingdao office (China)

December 10, 2003

Launched "Samsung Super Insurance", the first-ever integrated insurance product in the non-life insurance industry

March 3, 2004

Received "KRW100 billion Tax Tower" award from the National Tax Service

August 19, 2004

Introduced "Keep Kids Safe", a first social contribution brand in the industry

February 2, 2005

Established Samsung Loss Control Center, a first among domestic private companies

April 25, 2005

Established Samsung Fire & Marine Insurance (China), the first local subsidiary to be established by a foreign insurance company

July 2, 2005

Opened London office (U.K.)

July 13, 2005

Awarded Gold Prize and named "Respected Company" in contest sponsored by Dong-Ah Daily and Korean IBM BCS

September 30, 2005

Launched "Allife", a long-term insurance brand

November 1, 2005

Samsung Traffic Safety Research Institute relocated to Cheongryangri

February 27, 2006

Launched the "2006 Samsung anycar Volunteer Corp"

April 4, 2006

Introduced the "Allife-living care insurance" slogan for our long-term insurance product

August 23, 2006

Opened Beijing branch of Samsung Fire & Marine Insurance (China)

November 27, 2006

Unveiled the "Metro Pole 50", a neon sculpture

November 29, 2006

Received Grand Prize at the Korea Brand Award Ceremony

December 12, 2006

Received a Presidential Citation at the "First and Foremost Movement for Persons with Disabilities" Awards Ceremony

December 12, 2006

Received Ministry of Culture and Tourism Award at the Corporate Communication Awards Ceremony

December 12, 2006

Opened Gwangju call center

December 20, 2006

Received the President's Award at the Digital Innovative Enterprise Award Ceremony

January 9, 2007

Samsung Traffic Safety Research Institute received "Samsung Award of Honor"

January 18, 2007

Named one of "Asian Fub 50" companies in the Asia-Pacific region by Forbes

February 21, 2007

Opened Railroad Wing at the Samsung Transportation Museum

March 08, 2007

Launched Samsung anycar Volunteer Group

2008

January 04, 2008

Received Gold Award in Da-San Finance Award, Insurance

January 15, 2008

Established local subsidiary in Shenzhen, China

June 09, 2008

J. DaeSup takes office as CEO

WORLDWIDE NETWORK

HEAD OFFICE

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Telephone : 82-2-1588-5114 Facsimile : 82-2-758-4320
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OVERSEAS NETWORK

SUBSIDIARY & JOINT VENTURE

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Plaza Dm Bldg. 23rd Floor, Suite # 2301 Jl. Jend. Sudirman Kav.25 Jakarta Selatan Indonesia - 12920
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SAMSUNG FIRE & MARINE INS.CO., LTD.

U.S. BRANCH, LA OFFICE

14251e. Firestone Blvd. La Mirada, CA 90638, U.S.A.
Telephone : 1-562-229-0411 Facsimile : 1-562-229-0620

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Telephone : 81-3-6234-2208 Facsimile : 81-3-3360-5122

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■ China (Qingdao)

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■ U.K. (London)

SAMSUNG FIRE & MARINE INSURANCE CO., LTD.

LONDON REPRESENTATIVE OFFICE

21th Floor, Tower 42, 25 Old Broad Street, EC2N 1HP, London, UNITED KINGDOM
Telephone : 44-207-786-7851~4 Facsimile : 44-207-786-7866

SAMSUNG AFFILIATES

SAMSUNG FIRE & MARINE INSURANCE CO., LTD.

HAS AFFILIATES IN THE SAMSUNG GROUP WHICH INCLUDES THE BELOW COMPANIES.

Finance

Samsung Fire & Marine Insurance Co., Ltd.
Samsung Life Insurance Co., Ltd.
Samsung Card Co., Ltd.
Samsung Securities Co., Ltd.
Samsung Investment Trust Management Co., Ltd.
Samsung Venture Investment Corporation

Other Samsung Companies

Samsung Corporation
Samsung Engineering Co., Ltd.
Cheil Industries Inc.
Samsung Everland Inc.
The Shilla Hotels & Resorts
Cheil Communications Inc.
S1 Corporation
Samsung Lions
Samsung Medical Center
Samsung Economic Research Institute
Samsung Advanced Institute of Technology
Samsung Foundation of Culture
Samsung Welfare Foundation

Electronics

Samsung Electronics Co., Ltd.
Samsung SDI Co., Ltd.
Samsung Electro-Mechanics Co., Ltd.
Samsung Corning Co., Ltd.
Samsung Corning Precision Glass Co., Ltd.
Samsung SDS Co., Ltd.
Samsung Networks Inc.

Chemicals

Samsung Total Petrochemicals Co., Ltd.
Samsung Petrochemical Co., Ltd.
Samsung Fine Chemicals Co., Ltd.
Samsung BP Chemicals Co., Ltd.

Machinery

Samsung Heavy Industries Co., Ltd.
Samsung Techwin Co., Ltd.