

글로벌 초우량 기업의 빛나는 미래  
**KT&G** 가 만들어갑니다.

# 2010 3Q Earnings Presentation

KT&G 를 말하다

KT&G가 전하는 상상네트워크

보다 따뜻한 우리들, 재능있는 청년의 바상을.  
더 큰 우리나라를 상상합니다. 더 좋은 내일을 상상합니다.

**KT&G**  
WWW.KTNG.COM

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- KGC

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This material has been produced to provide investors with various information in order for them to get more understanding about KT&G based on the objective facts as best as we can. However, the numbers and guidance in this material may be subject to change and the company does not guarantee the correctness and completeness

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## Chapter 1. Consolidated Results

- Sales
- Profit / Loss



# 1-1. Consolidated Sales



**Consolidated sales for the 9 months 2,579.2 bil. won, sales for 3Q 943.0 bil won**

## Consolidated Sales for the 9 months

(bil.won)	YOY		
	3Q FY10	3Q FY09	Change
KT&G	1,835.3	2,066.7	11.2% ↓
KGC	638.6	559.7	14.1% ↑
Others & Adjusted Amt.	105.3	59.2	77.8% ↑
<b>Total</b>	<b>2,579.2</b>	<b>2,685.6</b>	<b>4.0% ↓</b>

- Sales of KT&G and KGC are the amounts before eliminating internal transactions.
- Others and adjusted amounts are sales of Yungin Pharm., Tae-A Industry, KT&G overseas affiliates, KGC overseas affiliates and etc. after eliminating internal transactions, etc..

### → Consolidated sales for the 9 months decreased by 4.0% yoy

- KT&G : 11.2% down yoy
- KGC : 14.1% up yoy

## Consolidated 3Q Sales

(bil. won)	YOY		
	3Q FY10	3Q FY09	Change
KT&G	681.7	706.0	3.4% ↓
KGC	232.5	220.5	5.4% ↑
Others & Adjusted Amt.	28.8	29.6	2.7% ↓
<b>Total</b>	<b>943.0</b>	<b>956.1</b>	<b>1.4% ↓</b>

- Sales of KT&G and KGC are the amounts before eliminating internal transactions.
- Others and adjusted amounts are sales of Yungin Pharm., Tae-A Industry, KT&G overseas affiliates, KGC overseas affiliates and etc. after eliminating internal transactions, etc..

### → Consolidated 3<sup>rd</sup> Quarter sales were down by 1.4% yoy

- KT&G : 3.4% yoy decreased
- KGC : 5.4% yoy increased



# 1-2. Consolidated Profit



**Consolidated 9 months OP recorded 920.6 bil. won and 314.6 bil won in 3Q**

Consolidated Profit for the 9 months

(bil. won)		YOY		
		3Q FY10	3Q FY09	Change
O P	KT&G	732.6	755.4	3.0% ↓
	KGC	190.1	171.0	11.2% ↑
	Others & Adjusted Amt.	-2.1	-9.6	78.2% ↑
	<b>Total</b>	<b>920.6</b>	<b>916.8</b>	<b>0.4% ↑</b>
N I	KT&G	783.8	607.1	29.1% ↑
	KGC	145.3	130.8	11.1% ↑
	Others & Adjusted Amt.	-62.9	-56.5	11.3% ↓
	<b>Total</b>	<b>866.3</b>	<b>681.4</b>	<b>27.1% ↑</b>
<b>Comprehensive Income</b>		<b>729.4</b>	<b>802.5</b>	<b>9.1% ↓</b>

• Each profit figure of KT&G and KGC is based on sales amounts before eliminating internal transactions.

## → Consolidated OP for the 9 months went up 0.4% yoy

- OP : KT&G 3.0% ↓, KGC 11.2% ↑ yoy each
- NI : KT&G 29.1% ↑, KGC 11.1% ↑ yoy each

Consolidated 3Q Profit

(bil. won)		YOY		
		3Q FY10	3Q FY09	Change
O P	KT&G	250.5	217.1	15.4% ↑
	KGC	66.4	65.4	1.5% ↑
	Others & Adjusted Amt.	-2.4	0.5	557.2% ↓
	<b>Total</b>	<b>314.6</b>	<b>283.0</b>	<b>11.2% ↑</b>
N I	KT&G	194.8	167.5	16.3% ↑
	KGC	51.2	50.3	1.8% ↑
	Others & Adjusted Amt.	-10.1	-7.1	41.0% ↓
	<b>Total</b>	<b>235.9</b>	<b>210.6</b>	<b>12.0% ↑</b>
<b>Comprehensive Income</b>		<b>224.4</b>	<b>243.7</b>	<b>7.9% ↓</b>

• Each profit figure of KT&G and KGC is based on sales amounts before eliminating internal transactions.

## → Consolidated 3Q OP went up 11.2% yoy

- OP : KT&G 15.4% ↑, KGC 1.5% ↑ yoy each
- NI : KT&G 16.3% ↑, KGC 1.8% ↑ yoy each



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## Chapter 2. Separate Results

- KT&G
- KGC

상상하면 이루어지는 세상

## 2-1-1. KT&G - FY10 3Q Results Summary

**3Q Sales shrank 3.4%, but OP enlarged 15.4% yoy**

(bil. sticks/bil won)	YOY(9 month period)			YOY		
	'10. 3Q	'09. 3Q	Change	'10. 3Q	'09. 3Q	Change
Sales Volume (Domestic)	66.1 (40.0)	71.9 (45.9)	8.1% ↓ (12.8% ↓)	25.8 (14.4)	26.1 (16.2)	1.3% ↓ (10.7% ↓)
Net Sales	1,835.3	2,066.7	11.2% ↓	681.7	706.0	3.4% ↓
Operating Expense	373.0	485.1	23.1% ↓	158.8	204.4	22.3% ↓
Operating Profit	732.6	755.4	3.0% ↓	250.5	217.1	15.4% ↑
Net Income	783.8	607.1	29.1% ↑	194.8	167.5	16.3% ↑
Comprehensive Income	650.0	729.3	10.9% ↓	183.4	203.5	9.9% ↓
Net ASP(won/pack)	662.1	649.2	2.0% ↑	662.4	648.9	2.1% ↑

➔ Sales and OP until 3Q 1,835.3 bil, and 732.6 bil won each

- Domestic cig. sales were down 11.1% , export cig. sales were up by 6.0% yoy

➔ '10.3Q: Sales 681.7 bil won, OP 250.5 bil, won

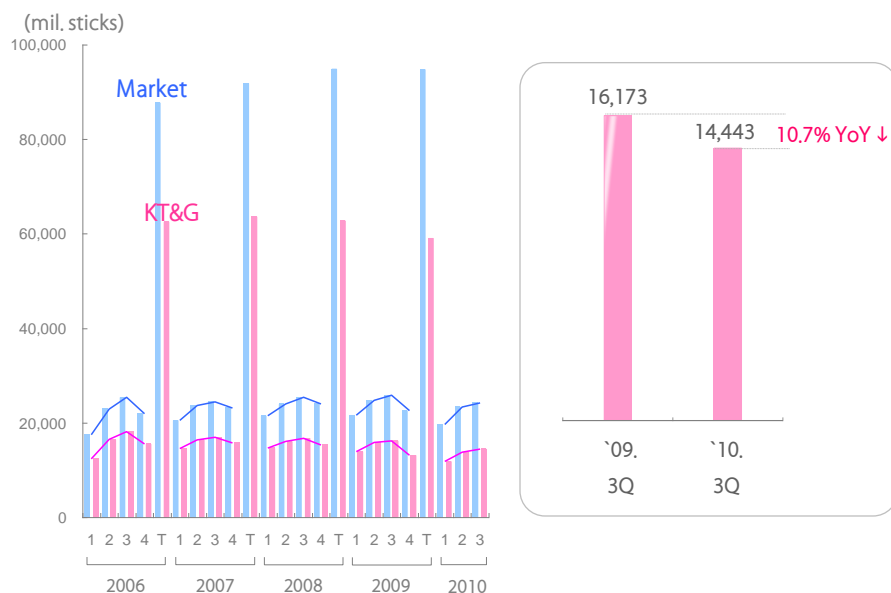
- Domestic cig. sales decreased 8.8% , export cig. sales increased 21.1% yoy

➔ Operating expense including SG&A dropped hugely

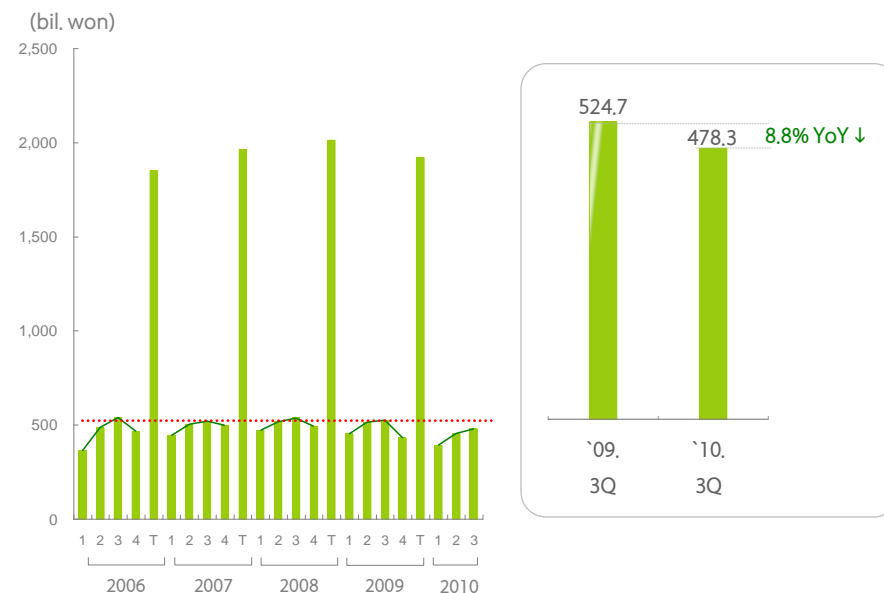
→ OP & NI increased 15.4% and 16.3% each yoy

**Sales volume and sales amount in 3Q dropped 10.7% and 8.8% yoy**

Quarterly Sales Volume Trend



Quarterly Sales Amount Trend



➔ Total market and KT&G sales volume went down by 6.2% and 10.7%

- Total market : '09.3Q 25.9 bil. sticks → '10.3Q 24.2 bil. sticks (6.2% ↓)
- KT&G sales volume : '09.3Q 16.2 bil. sticks → '10.3Q 14.4 bil. sticks (10.7% ↓)

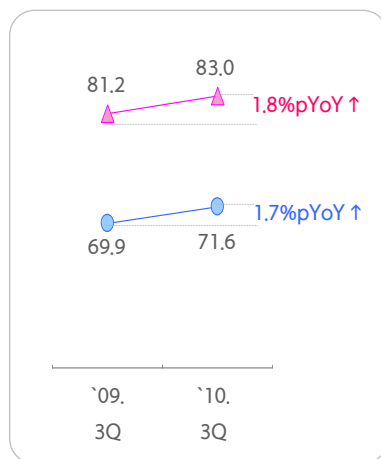
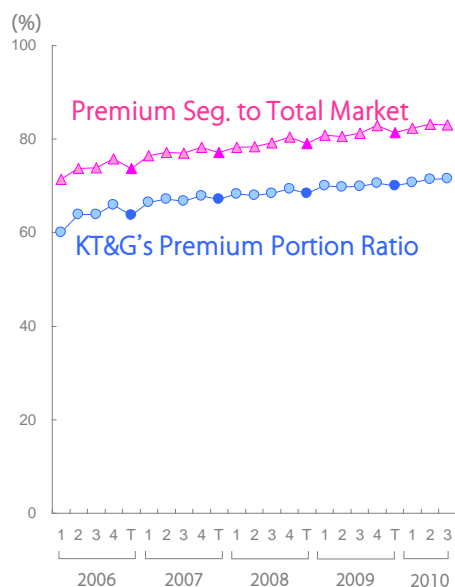
➔ Sales amount recorded 478.3 bil. won, down 8.8% yoy

- Sales volume 10.7% ↓, Net ASP 2.1% ↑  
→ Volume drop rate > sales amount drop rate continued
- Market share slightly increased  
- '10.1Q 60.2% → '10.2Q 58.8% → '10.3Q 59.6%



## Both premium portion and net ASP increased in 3Q

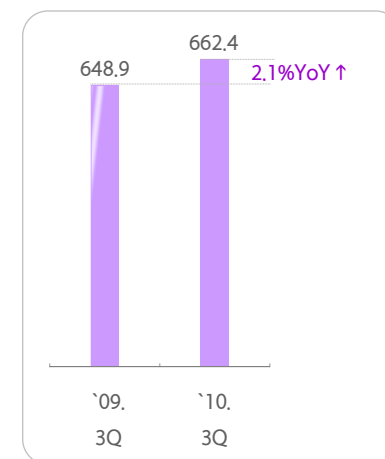
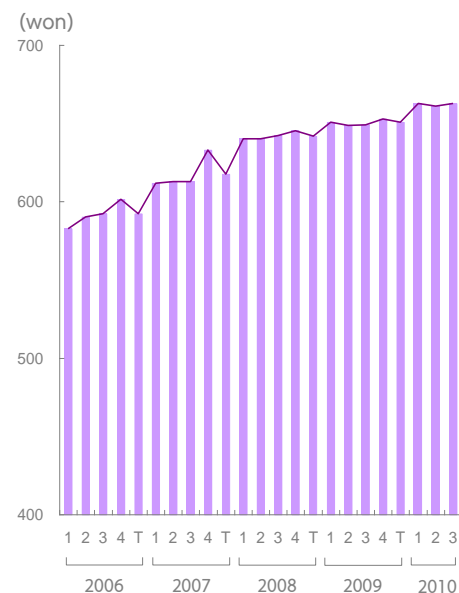
Premium Market Trend



### ➔ Premium portion expanded yoy

- Total Market : 1.8%p ↑ yoy
- KT&G : 1.7%p ↑ yoy

Net ASP Trend

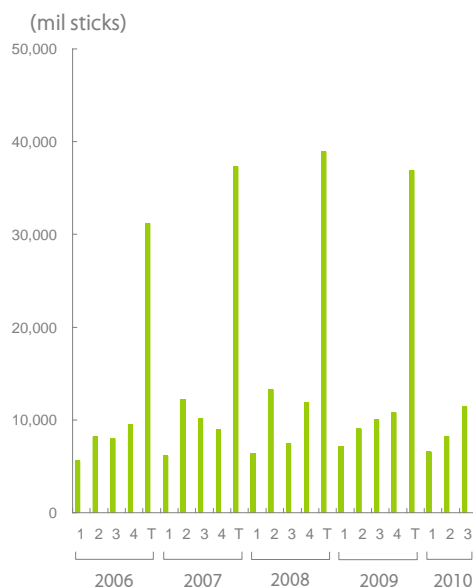


### ➔ Net ASP has kept upward trend yoy

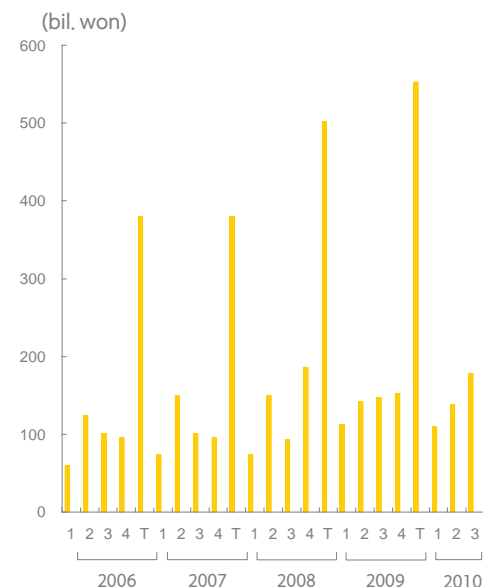
- 2Q Net ASP moved up 2.1% to 662.4 won
- Net ASP trend : '09.3Q 648.9 → '10. 2Q 661.1 → '10. 3Q 662.4

**3Q sales volume and amount shot up 14.1% and 21.1% each**

Export Volume Trend



Sales Amount Trend



→ Sales volume increased yoy

- Sold 11.4 bil. sticks, up 14.1% yoy
- Increased in main markets, hugely soared in new markets

→ Sales amount grew much higher than volume

- Achieved 178.2 bil. won., up 21.1% yoy
- Improved volume growth and also increased USD ASP through sales mixture

## 2-1-5. Profitability Analysis I

3Q GP down 2.9%, OP up 15.4% yoy

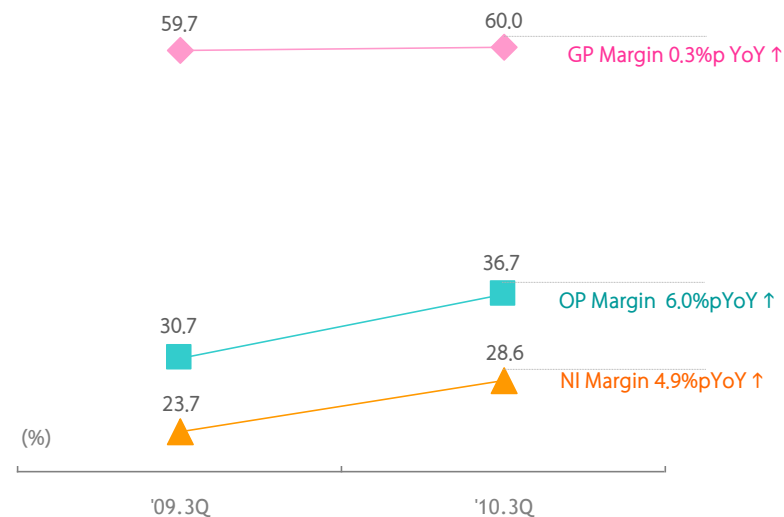
### Major Profit Change

(bil. won)	3Q FY10	3Q FY09	Change
<b>Gross Profit</b>	<b>409.3</b>	<b>421.5</b>	<b>2.9% ↓</b>
<b>Operating Expense</b>	<b>158.8</b>	<b>204.4</b>	<b>22.3% ↓</b>
SG&A	134.2	156.9	14.5% ↓
Other Income	9.7	3.1	217.9% ↑
Other Expense	34.4	50.6	32.0% ↓
<b>Operating Profit (K-GAAP base OP)</b>	<b>250.5 (275.2)</b>	<b>217.1 (264.5)</b>	<b>15.4% ↑ (4.0% ↑)</b>
<b>Net Income</b>	<b>194.8</b>	<b>167.5</b>	<b>16.3% ↑</b>
<b>Comprehensive Income</b>	<b>183.4</b>	<b>203.5</b>	<b>9.9% ↓</b>

#### ➔ OP and NI hiked yoy due to operating expense reduction

- OP and NI increased 15.4% and 16.3% yoy respectively
- Huge cut in SG&A(22.8 bil. won↓) and other expenses

### Major Profitability Ratio Change



#### ➔ Profitability ratios improved yoy

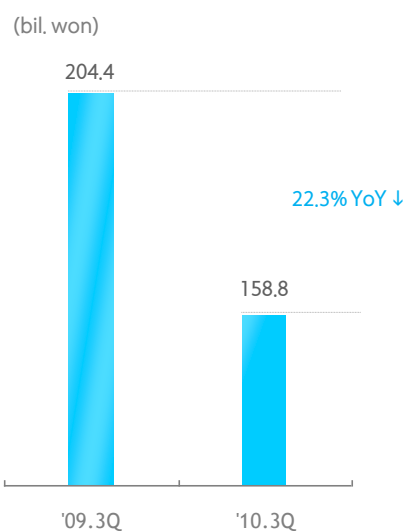
- OP margin rose 6.0%p yoy
- NI margin rose 4.9%p yoy

## 2-1-6. Profitability Analysis II

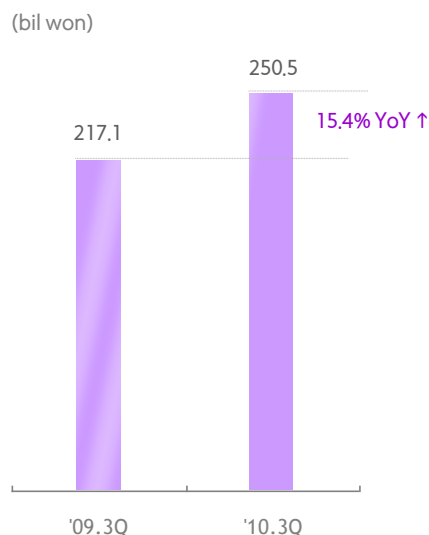
**3Q Net income showed 194.8 bil. won, up 16.3% yoy**

### Operating Profit

< Operating Expense >



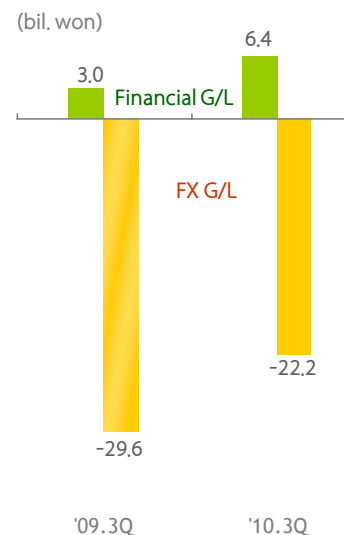
< Operating Profit >



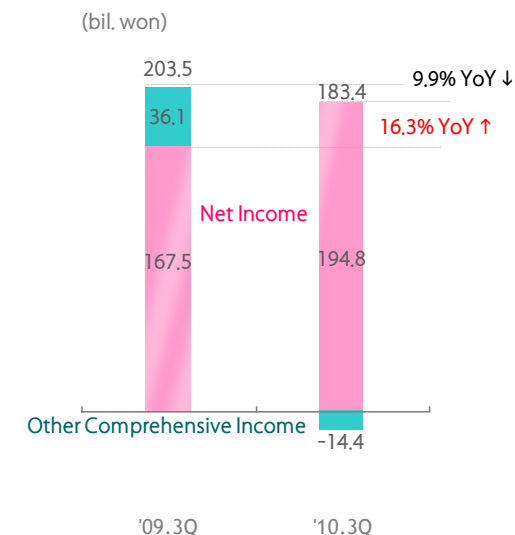
\* Operating Expense = SG&A + Other Expense - Other Income

### Net income

< Financial/FX Gain/Loss >



< NI/CI >



#### ➔ SG&A and other expense plunged

- Operating profit : 250.5 bil. won, up by 15.4% yoy
  - SG&A cut by 14.5% yoy by reducing ads. & promotion and labor cost
  - Net other income improved by 22.9 bil. won yoy

#### ➔ Net income increased due to net financial gain enhancement

- Net income recorded 194.8 bil. won, up 16.3% yoy
  - Net financial gain went up by 3.4 bil. won
- Comprehensive income led to 183.4 bil. won, down 9.9% yoy
  - Thanks to appraisal loss on available for sale securities ('09.3Q 36.3 bil. → '10.3Q -11.1 bil.won)

**3Q sales and OP grew by 5.4% and 1.5% each**

(bil. won)	YOY(9 month period)			YOY		
	'10. 3Q	'09. 3Q	Change	'10. 3Q	'09. 3Q	Change
Sales	638.6	559.7	14.1 % ↑	232.5	220.5	5.4% ↑
Gross Profit	353.6	307.8	14.9 % ↑	128.5	123.4	4.1% ↑
Operating Expense	163.5	136.9	19.4 % ↑	62.0	58.0	6.9% ↑
Operating Profit	190.1	171.0	11.2 % ↑	66.4	65.4	1.5% ↑
Income before Income Tax	192.9	173.5	11.2% ↑	67.8	66.8	1.5% ↑
Net Income	145.3	130.8	11.1 % ↑	51.2	50.3	1.8 % ↑
Comprehensive Income	145.4	130.2	11.7 % ↑	51.2	50.3	1.8 % ↑

- ➔ Sales and OP for the 9 months showed 638.6 and 190.1 bil won each
  - Sales up 14.1%, OP up 11.2% yoy
- ➔ Sales growth continued by proactive marketing efforts for reinforcing market dominance
  - Bolstered “Local Promotion”, targeting on local communities, based on CRM
  - Launched “Good Base” in big marts, Extended non-red ginseng brand line-up

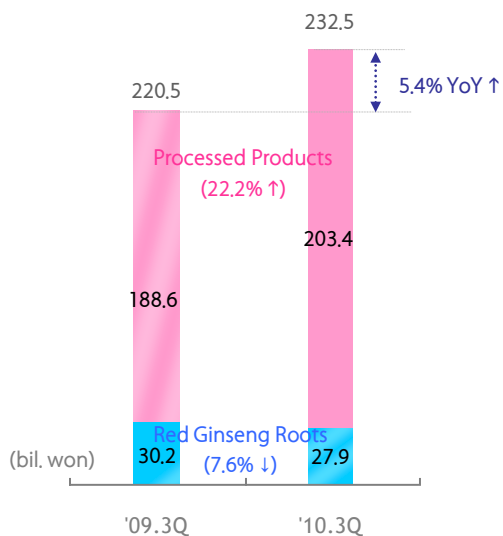
- ➔ '10.3Q sales and OP recorded 232.5 and 66.4 bil. won each
  - Sales : up 5.4%, OP : up 1.5% yoy
- ➔ Sales growth relatively slowed due to FY09 3Q base effect (H1N1 influenza effect)
  - Quarterly sales growth rate : '10. 1Q 22.8% → 2Q 16.8% → 3Q 5.4%  
'09. 1Q 10.4% → 2Q 11.1% → 3Q 23.6%



3Q sales recorded 232.5 bil. won, up 5.4% yoy

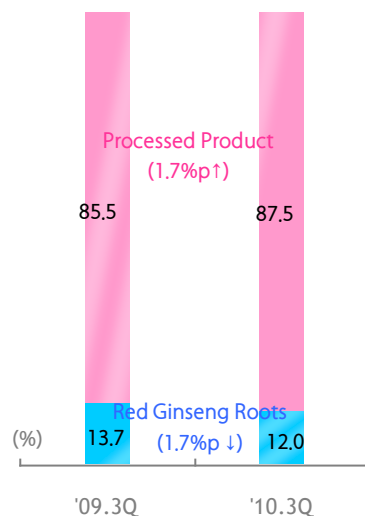
Sales

< Sales >

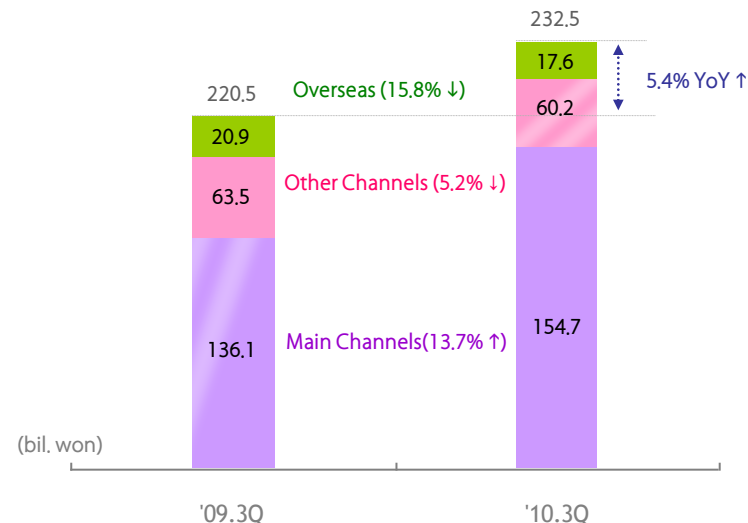


\* Other sales '09.3Q(1.7 bil won), '10.3Q(1.2 bil. won)

< Ratio >



Sales by Distribution Channel



→ High value added processed products led sales growth

- Processed Product : '09.3Q (188.6 bil. won) vs '10.3Q (203.4 bil. won) 22.2% ↑
  - Actively promoted products for children and youth
  - Increased processed product sales thanks to gift demand during Choosuk holidays

→ Domestic : Main channels' sales increased, Other channels' decreased

- Main channels : '09.3Q(136.1 bil. won) vs. '10.3Q(154.7 bil. won) 13.7% ↑
- Other channels : '09.3Q(63.5 bil. won) vs. '10.3Q(60.2 bil. won) 5.2% ↓
  - Other channels sales growth rate for the 9 month recorded 15.1% (3Q growth rate temporarily lessened due to base effect)

→ Overseas : Sales went down

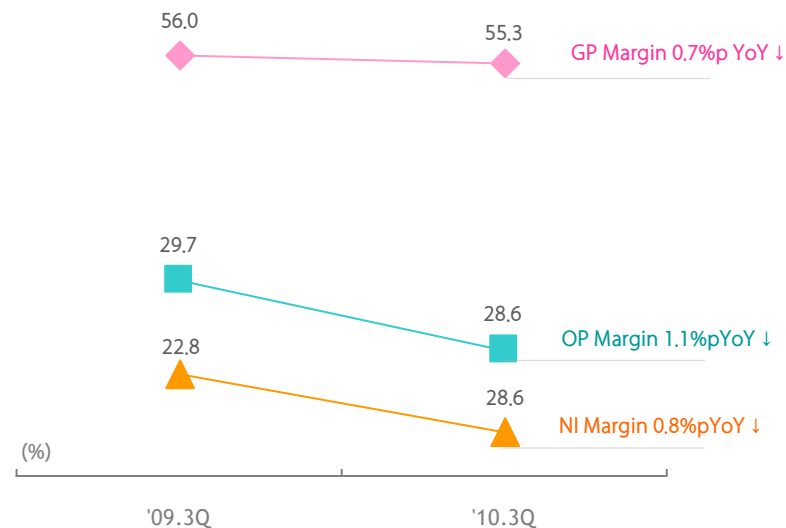
- '09.3Q(20.9 bil. won) vs. '10.3Q(17.6 bil. won) 15.8% ↓

3Q GP and OP grew by 4.1% and 1.5% each yoy

Major Profit Change

(bil. won)	3Q FY10	3Q FY09	Change
<b>Gross Profit</b>	<b>128.5</b>	<b>123.4</b>	<b>4.1% ↑</b>
<b>Operating Expense</b>	<b>62.0</b>	<b>58.0</b>	<b>6.9% ↑</b>
SG&A	58.2	53.8	8.2% ↑
Other Income	0.4	0.4	-
Other Expense	4.2	4.6	8.7% ↓
<b>Operating Profit</b> (K-GAAP based OP)	<b>66.4</b> (70.3)	<b>65.4</b> (69.6)	<b>1.5% ↑</b> (1.0% ↑)
<b>Net Income</b>	<b>51.2</b>	<b>50.3</b>	<b>1.8% ↑</b>

Major Profitability Ratio Change



➔ Both OP and NI slightly increased yoy

- COGS enlarged 7.1% due to material and procurement cost hike
- SG&A rose 8.2% owing to marketing expense increase because of fiercer competition

➔ Major profitability ratio dropped yoy

- OP Margin : '09.3Q(29.7%) vs.'10.3Q(28.6%) 1.1%p ↓
- NI Margin : '09.3Q(22.8%) vs.'10.3Q(22.0%) 0.8%p ↓

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## Chapter 3. Major Business Plan

상상하면 이루어지는 세상



### 3. Major Business Plan



#### Cigarette Business Division

##### Domestic

- Launched 'Davidoff Classic' (June, 2010)
- Carrying forward licensing of non-tobacco international luxury brands

##### Overseas

- Main Market : Building a solid business foundation (5-year contract with the M/E distributor)
  - Completed Russia factory (Oct., 2010), Starting to sell with a full fledged level early next year
- New Market : Propelling aggressive volume growth strategies(Changed partners in Indonesia, Established the direct control of US business)
  - Targeting to set up sales office in India/Brazil/Eastern & Western Europe within 2010
  - S. E. Asia market on the drastic rise : '09 2.2 bil. sticks → '10 4.2 bil sticks → '11 5.7 bil sticks(target)

#### Ginseng & Health Food Business Division

##### KGC

- Domestic market : Enhancing sales of higher profitable products(I-Pass etc), launched 2<sup>nd</sup> tier red ginseng brand 'Good Base'
  - 'Good Base' : Expanding big marts distributions(78 → 208 shops), Home Shopping and E-Biz channels
- Overseas market : Changing into direct penetration strategies, more focusing on main market(China, Taiwan, Japan)
- Oriental Medicinal Herb Business : Completed the factory('10 Sep.), Targeting to produce and distribute 800 metric tons within 5 years

##### China Business

- Dispatched representatives in Yanji, China and establishing a corporate entity and producing sample products using sino-ginseng
- Planning to start building a manufacturing factory in the 1<sup>st</sup> half of 2011
- Planning to manufacture and sell in the 2<sup>nd</sup> half of 2012

##### KGC Health & Living

- KGC Health & Living(tentative name, currently KGC Sales) will start in Nov. 2010
- Non ginseng health food : Propelling a plan to open New F/C (One-stop Fusion Health Food Shop)
  - Targeting to open F/C shop at the end of 2011 (Target number 2011, 90 → 2015, 800 stores)
- Cosmetic Business : Choosing 'ODM' partner and developing products within 2010, Setting distribution network in the 1<sup>st</sup> half of 2011 and starting to sell in the 2<sup>nd</sup> half of 2011

## KT&G 를 말하다

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## Chapter 4. Appendix

- Consolidated F/S
- Separate F/S
  - KT&G
  - KGC





# 4-1. Consolidated Financial Statement



## Summarized Statement of Financial Position

(bil. won)	FY08	FY09	FY10. 3Q
<b>Non-Current Assets</b>	2,346.9	2,471.4	2,378.5
-Property Plant Equipment	1,504.0	1,471.6	1,497.5
-Account Receivables and Others	256.6	130.0	1,091
-Investment Properties	107.3	104.1	123.8
-Available-For-Sale Financial Assets	302.1	442.1	262.0
<b>Current Assets</b>	2,566.0	2,700.4	3,203.3
-Inventories	1,558.9	1,509.1	1,325.3
-Cash and Cash Equivalents	110.2	316.7	853.6
-Accounts Receivables and others	633.6	600.8	701.6
-Prepaid Cig. Taxes and Others	201.8	169.4	176.6
<b>Total Assets</b>	<b>4,912.9</b>	<b>5,171.9</b>	<b>5,581.8</b>
<b>Non-Current Liabilities</b>	217.2	240.3	238.8
<b>Current Liabilities</b>	1,191.9	923.6	945.1
-Short Term Borrowings	104.1	94.5	90.5
-Account Payables and Others	455.3	326.6	354.9
<b>Total Liabilities</b>	<b>1,409.1</b>	<b>1,163.9</b>	<b>1,183.9</b>
Capital Stock	955.0	955.0	955.0
Treasury Stock	△226.9	△226.9	△226.9
Other Capital Surplus	2.9	5.3	5.3
Gain on Reissuance of Treasury Stock	468.3	468.3	468.3
Reserves	1,825.7	2,075.0	2,156.5
Retained Earnings	451.4	704.2	996.6
Non-Controlling Interest	27.6	27.1	43.2
<b>Total Equities</b>	<b>3,503.8</b>	<b>4,008.0</b>	<b>4,397.9</b>
<b>Total Liabilities and Equities</b>	<b>4,912.9</b>	<b>5,171.9</b>	<b>5,581.8</b>

## Summarized Statement of Comprehensive Income

(bil. won)	FY08	FY09					FY10			
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
<b>Net Sales</b>	<b>3,312.3</b>	<b>853.4</b>	<b>876.1</b>	<b>956.1</b>	<b>940.7</b>	<b>3,626.4</b>	<b>780.9</b>	<b>855.2</b>	<b>943.0</b>	<b>2,579.2</b>
COGS	1,312.5	359.8	356.0	399.9	437.6	1,553.3	321.8	357.9	391.6	1,071.3
Gross Profit	1,999.8	493.6	520.2	556.1	503.2	2,073.1	459.2	497.3	551.4	1,507.9
Operating Expense	761.9	148.1	231.9	273.1	264.2	917.4	208.3	142.1	236.8	587.3
<b>Operating Profit</b>	<b>1,237.9</b>	<b>345.5</b>	<b>288.3</b>	<b>283.0</b>	<b>238.9</b>	<b>1,155.7</b>	<b>250.9</b>	<b>355.1</b>	<b>314.6</b>	<b>920.6</b>
-Financial Gain(Loss)	7.5	1.0	0.4	2.6	2.3	6.3	6.2	247.9	7.0	261.2
<b>Income before Income Tax</b>	<b>1,245.1</b>	<b>346.4</b>	<b>288.7</b>	<b>285.6</b>	<b>241.2</b>	<b>1,161.9</b>	<b>256.9</b>	<b>603.0</b>	<b>321.6</b>	<b>1,181.5</b>
-Income Tax	350.0	89.6	74.7	75.0	72.5	311.8	77.9	151.6	85.7	315.2
<b>Net Income</b>	<b>895.1</b>	<b>256.8</b>	<b>214.0</b>	<b>210.6</b>	<b>168.7</b>	<b>850.1</b>	<b>179.1</b>	<b>451.4</b>	<b>235.9</b>	<b>866.3</b>
-Other Comprehensive Income	△5.7	54.5	33.5	33.1	△2.6	118.4	58.2	△183.7	△11.4	△136.9
<b>Comprehensive Income</b>	<b>889.5</b>	<b>311.3</b>	<b>247.5</b>	<b>243.7</b>	<b>166.1</b>	<b>968.5</b>	<b>237.3</b>	<b>267.7</b>	<b>224.4</b>	<b>729.4</b>



## 4-2-1. Separate Financial Statement - KT&G



### Summarized Statement of Financial Position

(bil. won)	FY08	FY09	FY10. 3Q
<b>Non-Current Assets</b>	2,631.5	2,752.0	2,601.7
-Property Plant Equipment	1,275.5	1,210.4	1,187.7
-Account Receivables and Others	122.1	106.6	81.1
-Investment Properties	105.1	101.9	99.0
-Investment in Subsidiaries	662.7	720.3	784.8
-Available-For-Sale Financial Assets	302.0	441.8	261.8
<b>Current Assets</b>	1,981.9	2,035.8	2,441.7
-Inventories	1,147.1	1,054.3	959.3
-Cash and Cash Equivalents	88.4	269.0	654.6
-Account Receivables	517.6	505.7	548.7
-Prepaid Cig.Taxes and Others	201.8	169.4	176.6
<b>Total Assets</b>	<b>4,613.4</b>	<b>4,787.8</b>	<b>5,043.4</b>
<b>Non-Current Liabilities</b>	155.0	165.2	131.4
<b>Current Liabilities</b>	1,004.0	769.6	765.1
-Short Term Borrowings	13.3	19.3	9.3
-Account Payables and Others	393.0	277.6	282.3
<b>Total Liabilities</b>	<b>1,159.0</b>	<b>934.8</b>	<b>896.5</b>
Capital Stock	955.0	955.0	955.0
Treasury Stock	△226.9	△226.9	△226.9
Other Capital Surplus	0.3	2.6	2.6
Gain on Reissuance of Treasury Stock	468.3	468.3	468.3
Reserves	1,821.3	2,074.1	2,158.3
Retained Earnings	436.5	580.0	789.6
<b>Total Equities</b>	<b>3,454.4</b>	<b>3,853.0</b>	<b>4,146.0</b>
<b>Total Liabilities and Equities</b>	<b>4,613.4</b>	<b>4,787.8</b>	<b>5,043.4</b>

### Summarized Statement of Comprehensive Income

(bil. won)	FY08	FY09					FY10			
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
<b>Net Sales</b>	<b>2,573.1</b>	<b>675.7</b>	<b>685.1</b>	<b>706.0</b>	<b>709.7</b>	<b>2,776.4</b>	<b>540.4</b>	<b>613.2</b>	<b>681.7</b>	<b>1,835.3</b>
-Cigarettes	2,514.2	563.3	654.5	671.9	582.3	2,472.1	500.2	592.0	656.6	1,748.8
-Real Estate	21.3	104.0	17.5	24.3	112.3	258.0	33.1	14.0	18.4	65.5
-Others	37.7	8.4	13.2	9.8	15.0	46.3	7.0	7.2	6.8	21.0
COGS	965.3	277.8	263.9	284.5	328.7	1,154.9	212.7	244.5	272.4	729.7
-Cigarettes	938.8	206.7	247.7	262.2	243.5	960.2	189.3	233.6	258.5	681.5
-Real Estate	3.4	67.7	9.2	13.7	75.2	165.8	19.7	6.8	9.6	36.1
-Others	23.1	3.5	6.9	8.6	10.0	28.9	3.7	4.1	4.3	12.1
Gross Profit	1,607.8	397.8	421.2	421.5	380.9	1,621.5	327.6	368.7	409.3	1,105.6
Operating Expense	561.4	102.1	178.6	204.4	184.9	670.0	137.1	77.1	158.8	373.0
-SG&A	618.0	138.3	147.1	156.9	168.9	611.2	129.4	161.7	134.2	425.3
-Other Income	108.4	46.2	12.2	3.1	18.6	51.4	10.7	90.9	9.7	85.3
FX Translation & Transaction Gain	85.0	36.3	10.3	1.5	7.5	27.0	3.0	31.0	5.0	12.9
Others	23.3	9.9	1.9	1.5	11.0	24.4	7.7	60.0	4.8	72.4
-Onther Expense	51.7	10.0	43.7	50.6	34.6	110.1	18.5	6.3	34.4	33.0
FX Translation & Transaction Gain	10.3	3.5	34.5	31.1	11.3	51.8	14.5	4.4	27.2	20.0
Others	41.4	6.5	9.2	19.4	23.3	58.3	3.9	1.9	7.2	13.0
<b>Operating Profit</b>	<b>1,046.4</b>	<b>295.7</b>	<b>242.7</b>	<b>217.1</b>	<b>196.1</b>	<b>951.5</b>	<b>190.5</b>	<b>291.5</b>	<b>250.5</b>	<b>732.6</b>
-Financial Gain(Loss)	68.3	31.7	△2.1	3.0	1.2	33.9	36.4	248.1	6.4	290.9
<b>Income Before Income Tax</b>	<b>1,114.7</b>	<b>327.4</b>	<b>240.6</b>	<b>220.0</b>	<b>197.3</b>	<b>985.3</b>	<b>226.9</b>	<b>539.6</b>	<b>256.9</b>	<b>1,023.5</b>
-Income Tax	265.2	70.9	57.5	526	59.4	240.4	47.5	129.9	62.1	239.6
<b>Net Income</b>	<b>849.5</b>	<b>256.5</b>	<b>183.1</b>	<b>167.5</b>	<b>137.9</b>	<b>744.9</b>	<b>179.4</b>	<b>409.7</b>	<b>194.8</b>	<b>783.8</b>
<b>Comprehensive Income</b>	<b>844.1</b>	<b>308.9</b>	<b>216.9</b>	<b>203.5</b>	<b>133.6</b>	<b>862.9</b>	<b>242.4</b>	<b>224.2</b>	<b>183.4</b>	<b>650.0</b>



## 4-2-2. Separate Financial Statement - KGC



### Summarized Statement of Financial Position

(bil won)	FY08	FY09	FY10. 3Q
Non-Current Assets	291.6	315.4	364.3
-Tangible Assets	129.0	128.3	128.5
-Intangible Assets	6.9	6.8	9.6
-Account Receivables and Others	155.7	180.3	226.2
Current Assets	495.8	554.8	667.2
-Inventories	376.5	407.6	319.1
-Account Receivables and Others	105.6	114.7	201.6
-Cash and Cash Equivalents	13.7	32.5	146.5
<b>Total Assets</b>	<b>787.4</b>	<b>870.1</b>	<b>1,031.5</b>
Non-Current Liabilities	18.2	11.6	15.4
-Account Payables and Others	18.2	11.6	15.4
Current Liabilities	128.6	84.3	126.4
-Accrued Liabilities and Others	86.7	54.7	47.4
-Account Payables and Others	41.9	29.6	79.0
<b>Total Liabilities</b>	<b>146.8</b>	<b>95.9</b>	<b>141.8</b>
Capital Stock	64.9	64.9	64.9
Reserves	436.3	551.0	679.2
Retained Earnings	139.4	158.3	145.6
<b>Total Equities</b>	<b>640.6</b>	<b>774.2</b>	<b>889.7</b>
<b>Total Liabilities and Equities</b>	<b>787.4</b>	<b>870.1</b>	<b>1,031.5</b>

### Summarized Statement of Comprehensive Income

(bil won)	FY08	FY09					FY10			
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
<b>Sales</b>	<b>642.7</b>	<b>165.8</b>	<b>173.4</b>	<b>220.5</b>	<b>187.1</b>	<b>746.7</b>	<b>203.6</b>	<b>202.5</b>	<b>232.5</b>	<b>638.6</b>
Red Ginseng Roots	115.5	28.4	28.0	30.2	27.9	114.5	29.0	33.3	27.9	90.2
Red Ginseng Products	526.6	137.1	145.2	188.6	157.9	628.8	173.1	167.9	203.4	544.4
(Ratio)	(81.9)	(82.7)	(83.8)	(85.5)	(84.4)	(84.2)	(85.0)	(82.9)	(87.5)	(85.2)
Others	0.6	0.2	0.2	1.7	1.3	3.4	1.5	1.3	1.2	4.0
COGS	291.7	74.3	80.5	97.1	84.4	336.3	90.4	90.6	104.0	285.0
Gross Profit	351.0	91.5	92.9	123.4	102.6	410.5	113.2	111.9	128.5	353.6
Operating Expense	154.0	36.8	42.1	58.0	64.4	201.3	52.5	49.0	62.0	163.5
SG&A	152.9	38.2	42.7	53.8	57.2	192.0	50.6	53.7	58.2	162.5
Other Income	6.3	2.1	2.1	0.4	0.5	5.1	0.7	5.2	0.4	6.2
Other Expense	7.4	0.7	1.5	4.6	7.6	14.4	2.6	0.4	4.2	7.2
<b>Operating Profit</b>	<b>197.0</b>	<b>54.7</b>	<b>50.8</b>	<b>65.4</b>	<b>38.2</b>	<b>209.2</b>	<b>60.7</b>	<b>63.0</b>	<b>66.4</b>	<b>190.1</b>
Financial Gain(Loss)	1.8	0.9	0.2	1.4	0.3	2.8	0.5	0.9	1.4	2.8
<b>Income Before Income Tax</b>	<b>198.7</b>	<b>55.6</b>	<b>51.0</b>	<b>66.8</b>	<b>38.6</b>	<b>212.0</b>	<b>61.2</b>	<b>63.8</b>	<b>67.8</b>	<b>192.9</b>
Income Tax	53.5	13.1	13.0	16.5	7.3	50.0	15.2	15.7	16.6	47.5
<b>Net Income</b>	<b>145.3</b>	<b>42.5</b>	<b>38.0</b>	<b>50.3</b>	<b>31.3</b>	<b>162.1</b>	<b>46.0</b>	<b>48.2</b>	<b>51.2</b>	<b>145.3</b>
<b>Comprehensive Income</b>	<b>143.5</b>	<b>42.8</b>	<b>37.1</b>	<b>50.3</b>	<b>33.4</b>	<b>163.5</b>	<b>46.1</b>	<b>48.2</b>	<b>51.2</b>	<b>145.4</b>

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