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Press Release

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Asset Management Companies' Preliminary Net Income: First six months of FY2006 ended September 30

Regulatory filings by 49 asset management companies—36 domestic and 13 foreign—show preliminary net income for the first six months of FY2006 ended September 30 totaled KRW150.9 billion, up KRW93.6 billion from KRW57.3 billion a year earlier. Pretax income came to KRW200.0 billion, compared with KRW78.5 billion a year earlier.

A large increase in management fees boosted by a surge in investment into stock funds pushed asset management companies' net income for the period. Management fees, which averaged 63 basis points at end-September, compared with 58 basis points a year earlier, jumped KRW124.8 billion or 67.1% to KRW310.7 billion. Investment in stock funds, which typically generate higher management fees than other funds, more than doubled from KRW21.9 trillion at end-September, FY2005, to KRW46.4 trillion.

Preliminary Net Income of Asset Management Companies First six months of FY2006 ended September 30

	H1, FY2005	H1, FY2006	Change	Percent Change
Revenue	258.0	404.9	146.9	56.9
<i>Management fees</i>	185.9	310.7	124.8	67.1
<i>Advisory fees</i>	46.5	62.5	16.0	34.4
Operating expenses	183.9	212.2	28.3	15.4
Operating income	74.1	192.6	118.5	159.9
Nonoperating income	10.5	9.4	-1.1	-10.5
Nonoperating expenses	6.4	2.0	-4.4	-68.8
Pretax income	78.5	200.0	121.5	154.8
Net income	57.3	150.9	93.6	163.4

Domestic asset management companies' pretax income for the period totaled KRW155.8 billion, an increase of KRW91.2 billion or 141.2% from a year earlier. For foreign asset management companies, the total come to KRW44.2 billion, compared with KRW13.9 billion a year earlier.



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Domestic Asset Management Companies' Pretax Income

First six months of FY2006 ended September 30

(In billion of won)

	H1, FY2005	H1, FY2006	Change	Percent Change
Revenue	194.4	295.9	101.5	52.2
<i>Management fees</i>	146.3	234.8	88.5	60.5
<i>Advisory fees</i>	26.6	36.3	9.7	36.5
Operating expenses	133.5	144.7	11.2	8.4
Operating income	60.9	151.1	90.2	148.1
Pretax income	64.6	155.8	91.2	141.1

Foreign Asset Management Companies' Pretax Income

First six months of FY2006 ended September 30

(In billion of won)

	H1, FY2005	H1, FY2006	Change	Percent Change
Revenue	63.6	109.0	45.4	71.4
<i>Management fees</i>	39.7	75.8	36.1	90.9
<i>Advisory fees</i>	19.8	26.2	6.4	32.3
Operating expenses	50.4	67.5	17.1	33.9
Operating income	13.2	41.5	28.3	214.4
Pretax income	13.9	44.2	30.3	218.0

As of end-September, assets under management totaled KRW230.7 trillion (net asset basis), an increase of KRW25.2 trillion or 12.2% from KRW205.5 trillion a year earlier. Both stock funds and hybrid funds grew by KRW24.5 trillion and KRW9.5 trillion, respectively, from a year earlier, but money market funds fell by KRW15.5 trillion during the period. Assets under the management of domestic asset management companies came to KRW191.4 trillion. For foreign asset management companies, the total was KRW39.3 trillion.

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