

The BEK SE JU Story



Once upon a time, a noble and wise man was riding into a town when he ran into the most unusual sight. A young man was beating an old man!

The noble and wise man halted his horse in order to berate the young man.

"How dare you hit that helpless old man?"

The young man turned and replied,

"This is my son who was born when I was 80 years old. I told him to drink the wine but he didn't take my advice. Now he has grown older than I have."

The noble and wise man bowed down in humility before the young man, asking what the miraculous drink might be. He told about BEK SE JU and that it was made from 10 kinds of oriental herbs including Korean Ginseng.

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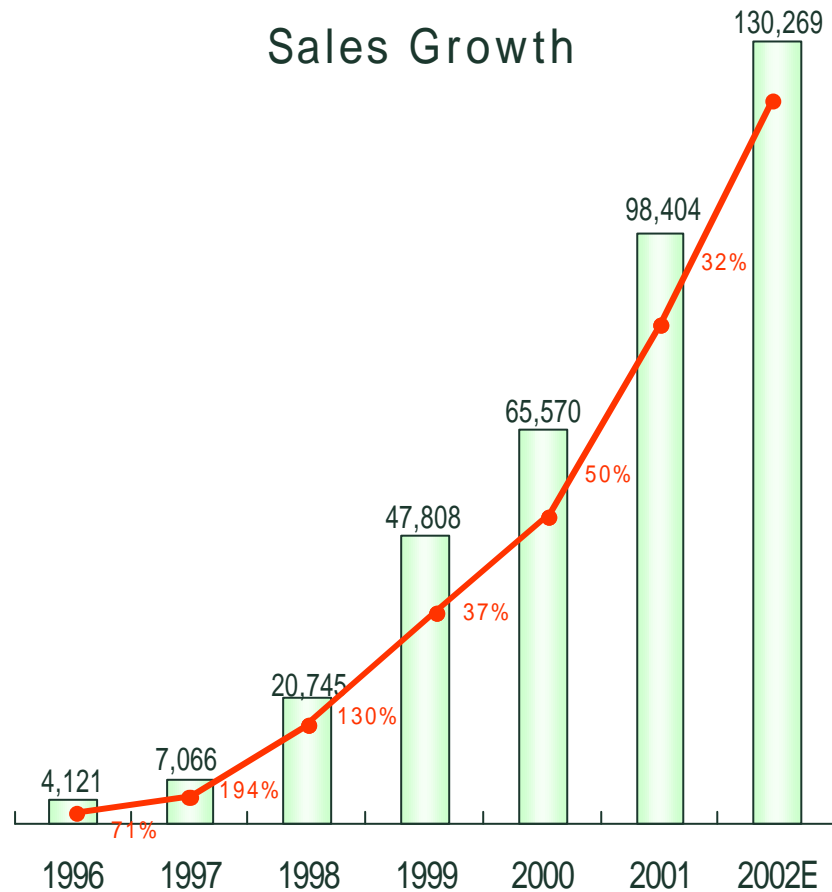
Bek Se Ju Village

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Growth of Kook Soon Dang

Sales Growth



<History of Kook Soon Dang>

- 1952: Founded Gi Rin Brewery
- 1970: Founded Korea Microbial Research Laboratory
- 1986: Completed the construction of Suwon Plant
- 1992: Changed the company name to Kook Soon Dang
- 1994: Released Bek Se Ju
- 1999: Acquired an ISO 9002 Certification
- 2000: Registered on KOSDAQ in August

<Major Awards for Kook Soon Dang>

- 2001: Selected as a hit product by major newspapers
- 2001: Selected as BEST CEO
- 2001: Awarded with Presidential Prize in Best 5 Korean Traditional Food Contest
- Mar. 2002.: Awarded with Iron Tower Medal on the Day of Tax Payers

(Unit: \ 1,000,000)

Year	1996	1997	1998	1999	2000	2001	2002E
Sales revenue	4,121	7,066	20,745	47,808	65,570	98,404	130,269

Business Performance in 2001

(Uite : \ 1,000,000)

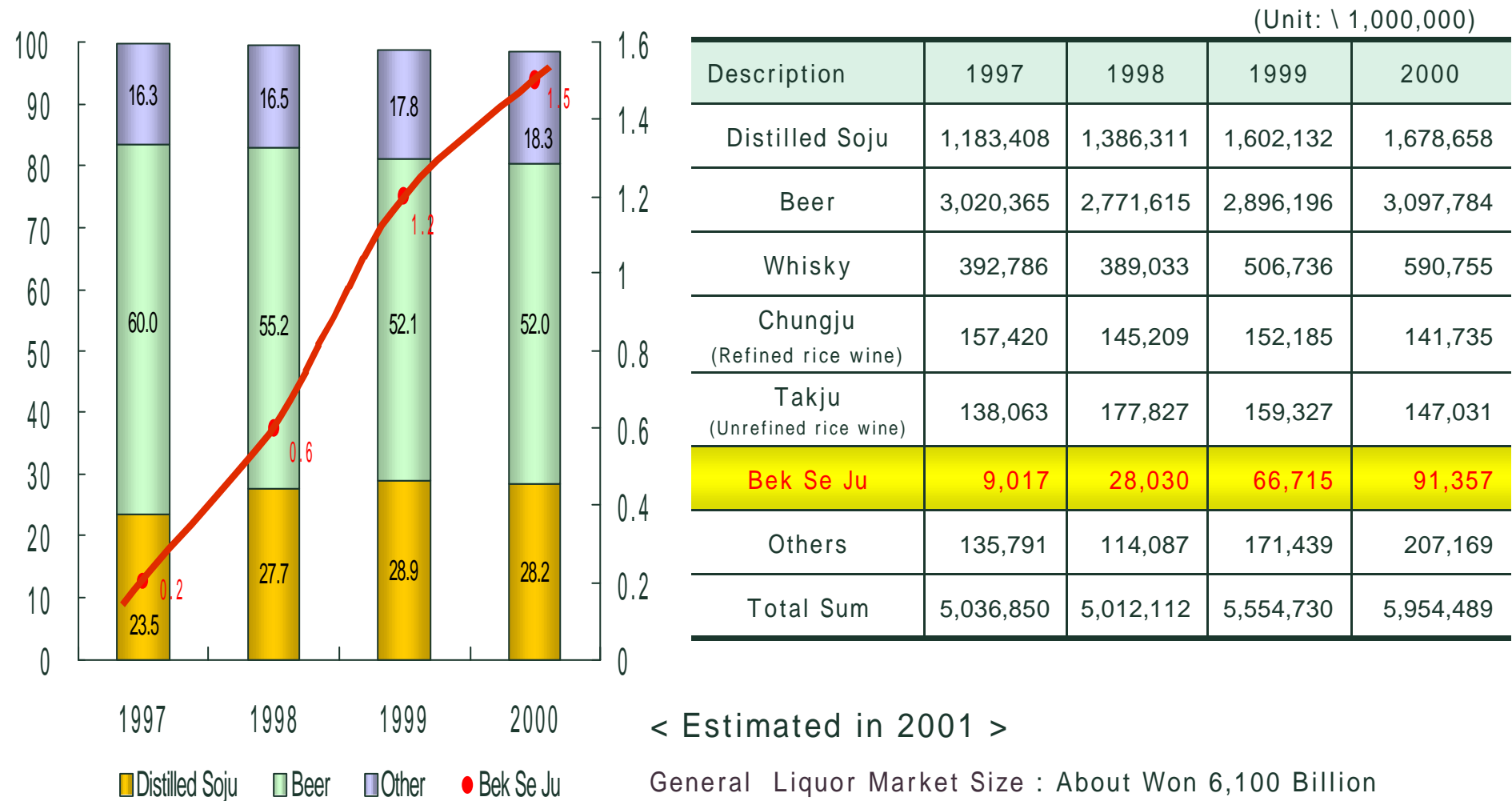
Description	2000	2001	Increase/ Decrease	Increase/ Decrease(%)
Sales amount	65,570	98,404	32,834	50.1
Cost of sales	32,274	45,374	13,100	-
Gross profit on sales	33,296	53,030	19,734	59.3
Ratio of gross profit to net sales	50.8%	53.9%	-	-
Selling & general administrative expenses	16,588	22,333	5,745	34.6
Operating income	16,708	30,697	13,989	83.7
Non-operating loss & income	139	1,793	1,654	-
Ordinary income	16,847	32,490	15,643	92.9
Ratio of ordinary income	25.7%	33.0%	-	-
Net income	12,545	22,914	10,369	82.7

Business Goal, 2002

(Unit: \ 1,000,000)

Description	2001	Eistimated in 2002	Increase/ Decrease	Increase/ Decrease(%)
Sales amount	98,404	130,269	31,865	32.4
Cost of sales	45,374	61,200	15,826	-
Gross profit on sales	53,030	69,069	16,039	30.2
Ratio of gross profit to net sales	53.9%	53.0%	-	-
Selling & general administrative expenses	22,333	33,233	10,900	48.8
Operating income	30,697	35,836	5,139	16.7
Ratio of operating income	31.2%	27.5%	-	-
Non-operating loss / incom	1,793	2,109	316	-
Ordinary income	32,490	37,945	5,455	16.8
Ratio of ordinary income	33.0%	29.1%	-	-

General Liquor Market Size & Changes among Liquor Classes (including taxes)



Success Factor of Bek Se Ju

◇ External Factors (Opportunity)

- Change of drinking culture to low alcohol preference
- Increase of consumer expectation and activation of functional health products
- Increase of women alcohol consumption volume alcohol
- O - Sip - Se - Ju

◇ Internal Factors (Strengths)

- Product development and marketing capability
- Wine that cares the body with 10 herbal medicine materials
- Independent sales network and one-to-one marketing
- Distribution of POP's, advertisement/promotion material
- Technology : 12 registered for patent, including pending
- Shared Vision “The enterprise leading culture of Liquors, food and beverages”
- Culture and system

Differentiated Competitiveness of Kook Soon Dang

- * Health-oriented concept using the oriental herbal medicine material
- * Recognition of brand(Bek Se Ju)
- * Prevention of hangover with the raw rice fermentation method(patented)
- * Development capability of research institute
- * Increase of acceptability of high quality and right(high) price of KSD products



- * Independent sales network for whole country
- * Information management of 130,000 restaurants
- * Entry to most distribution premises (All discount stores, mad- to large superstores)
- * Enhanced recognition of brand with POP to 130,000 restaurants
- * Continuous investment for advertisement and promotion

Strategy, 2002

Enlargement of Independent
Distribution Network

VPN System

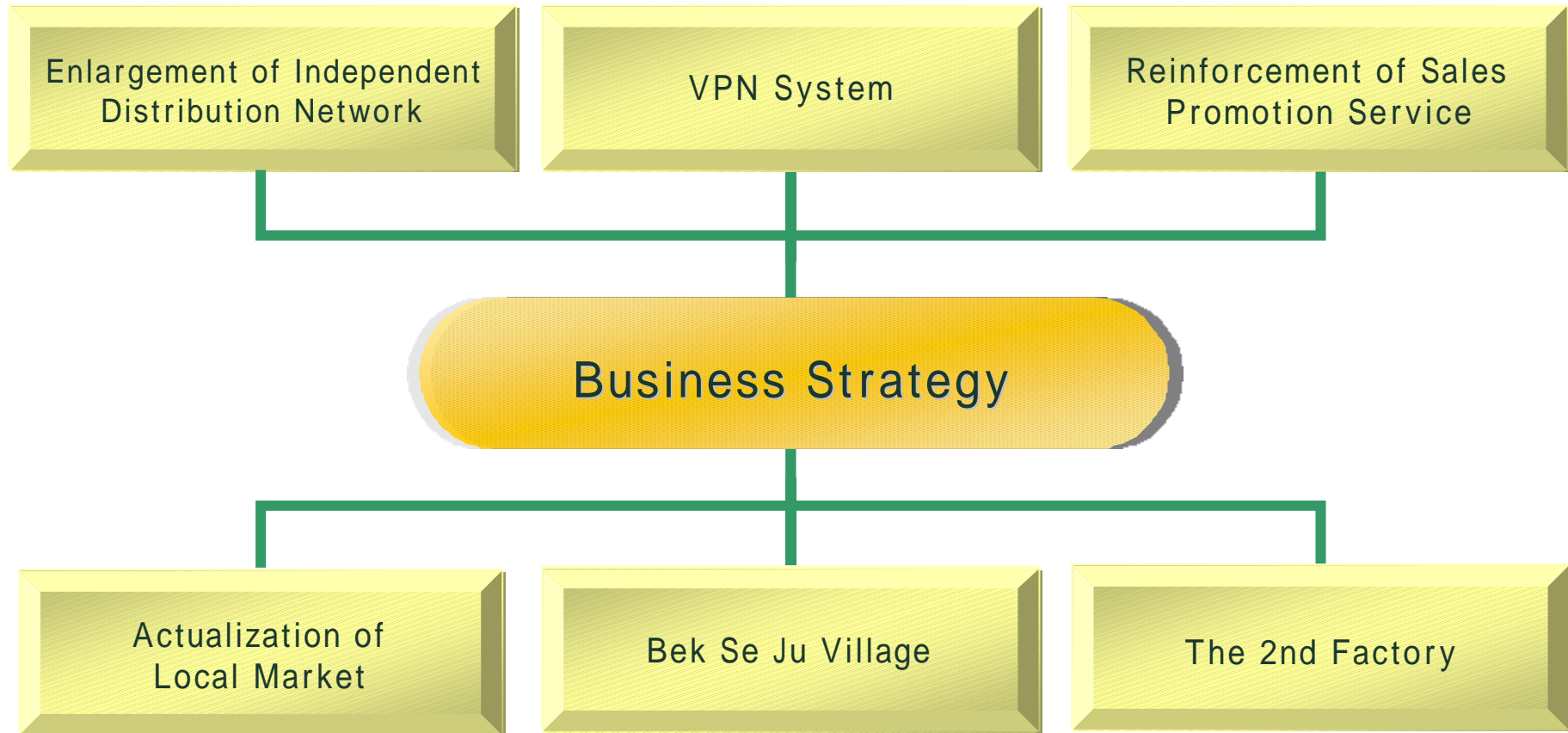
Reinforcement of Sales
Promotion Service

Business Strategy

Actualization of
Local Market

Bek Se Ju Village

The 2nd Factory



Bek Se Ju Village

The Effect Attained through Franchise Business



VISION : Achievement of “The enterprise leading culture of Liquors, food and beverages”

The 2nd Factory Construction

- 1. The period of construction : January 2002 – December 2003
- 2. The capacity of production : 400,000 bottles/day (based on 375Mℓ)
- 3. The amount of investment

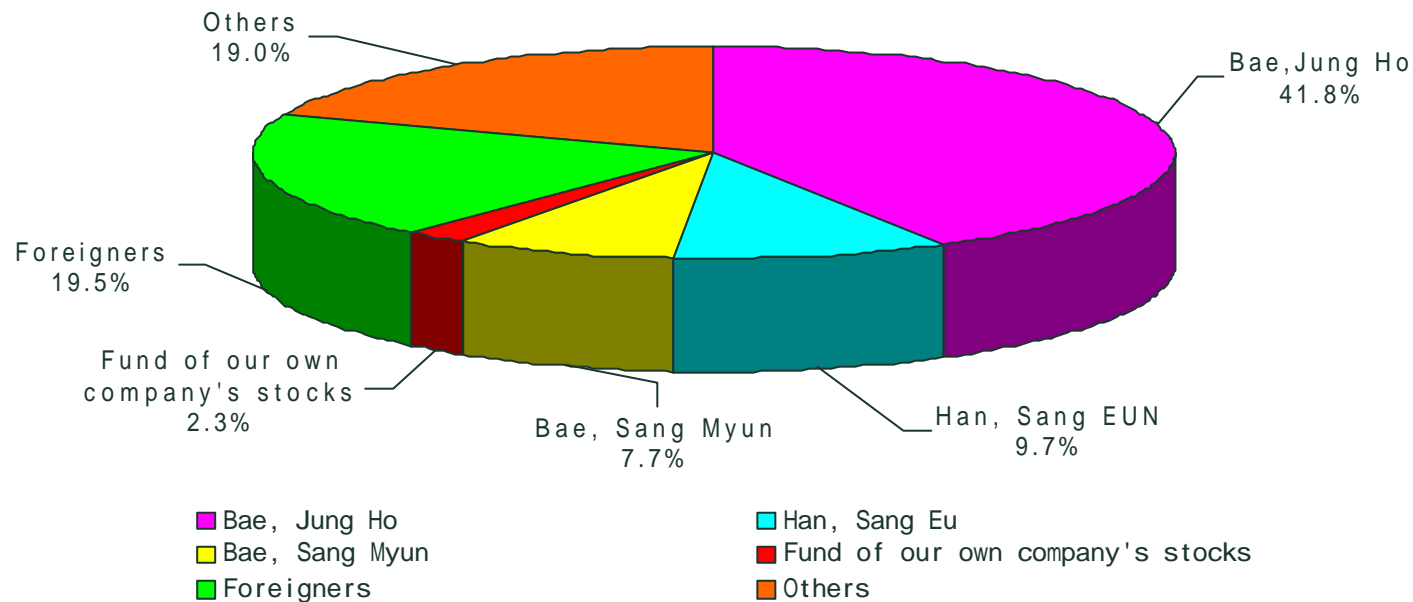
(Unit : \ 1,000,000)

Description	Amount
Building	7,000
Machinery	10,000
land	3,000
Total	20,000

- 4. The estimated depreciation cost for the 2nd factory : about 1.7Billion(Year)

The Distribution of Stocks

<Standard : February. 28, 2002>

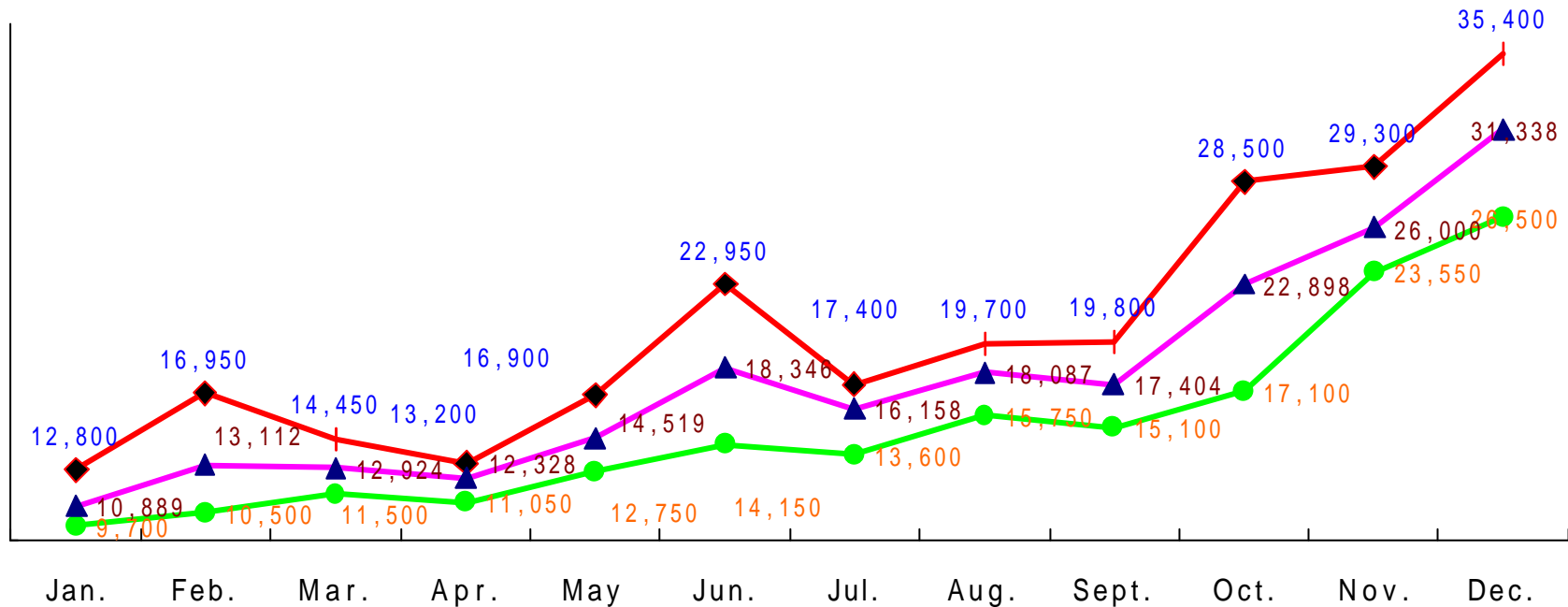


(Unit : Stock)

Description	Bae,Jung Ho	Han,Sang Eun	Bae,Sang Myun	Fund of our own Company's stocks	Foreigners	Others	Total
Number of Stocks	3,450,039	796,892	639,044	190,302	1,606,872	1,566,851	8,250,000
Rate of Portion	41.8%	9.7%	7.7%	2.3%	19.5%	19.0%	100.0%

Price Change of KSD Stocks

◆ Max. ● Min. ▲ Aver



(Unit : \, thousand stocks)

Description	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
Max.	12,800	16,950	14,450	13,200	16,900	22,950	17,400	19,700	19,800	28,500	29,300	35,400
Min.	9,700	10,500	11,500	11,050	12,750	14,150	13,600	15,750	15,100	17,100	23,550	26,500
Average Price of Stock	10,889	13,112	12,924	12,328	14,519	18,346	16,158	18,087	17,404	22,898	26,000	31,338
Monthly Amount of Transaction	5,440	5,016	2,418	1,688	6,034	14,624	3,775	5,503	2,620	7,540	3,315	2,711