

MERGENT INDUSTRIAL

NEW LISTING

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SUNGWON PIPE CO LTD

Company Website:: www.sungwonpipe.co.kr

History: Established in the Republic of Korea ("ROK", South Korea) on Mar. 20, 1973 as Sungwon Pipe Manufacturing Company. Incorporated in the ROK on Dec. 26, 1980. Present name adopted on Dec. 26, 1980.

On Dec. 8, 2009, Co. acquired 100% (210,000 outstanding shares) and all assets of MS Metal Global Service Co., Ltd. (formerly, Joong Pyung Metals Co., Ltd.) for SKW29,500,000,000 (equivalent to US\$24,600,000, SKW1,200/US\$).

Business Summary: Sungwon Pipe is engaged in the production of stainless pipe and non-ferrous metals. Co. manufactures various types of stainless steel pipes which are used in piping and structural systems of industrial and commercial fields such as construction, manufacturing and shipbuilding. Co.'s products are ARC welded large diameter stainless steel pipes, ordinary piping stainless steel pipes, and boiler & heat exchanger stainless steel tubes.

Property: Co. maintains its head office and manufacturing plants in owned facilities comprised of 24,000 square meters in Kwangyang-si, Jullanam-do, the Republic of Korea ("ROK", South Korea). Co. owns additional land in Seoul and Busan, the ROK. Through its subsidiary, MS Metal Global Service Co., Ltd., Co. owns an additional 16,000 square meters of land in Busan, the ROK. Through its subsidiaries, Co. maintains other operating facilities in the United States and Hong Kong.

Subsidiaries

Miju Steel MFG Co., Ltd.
Nextcode Co., Ltd.
Bluegem D&C Co., Ltd.
Miju Vina Co., Ltd.
Sewon LCD Co., Ltd.
Mijuphil Corp.
Miju Steel Service Co., Ltd.
M Steel International Co., Ltd.
MS Metal Global Service Co., Ltd.
Haksan Construction Co., Ltd.
Miju Steel HK Limited (Hong Kong)
Miju Steel America, Inc. (United States)

Officers

Chung Keun Kim, Chairman; Chief Executive Officer
Mu-Keun Kim, Chief Financial Officer
Hyungchai Park, Chief Operating Officer
Jongkan Yoon, Auditor

Directors

Chung Keun Kim, Chairman
Jinsuk Kim
Kwangsoo Lee
Jongkan Yoon
Sungyung Bang, Outside Director
Kilsun Kim, Outside Director

Auditors: E-chon Accounting Firm

Shareholder Relations: Mu-Keun Kim, CFO Tel.: 82-2-3215-5106

Annual Meeting: In March

No. of Stockholders: Dec. 31, 2009, 10,537

No. of Employees: Aug. 16, 2010, 96

Address: 15-3 Yeoido-dong, Youngdeungpo-gu, Seoul, 150-872, Korea (South) Tel: 82 2 3215 5106 Fax: 82 2 786 3443 E-mail: mkkim@mijusteel.com Web: www.sungwonpipe.co.kr

Consolidated Income Statement, years ended Dec. 31 (WMillions):

	2009	2008	2007 (revised)
Sales	196,460,323	130,023,436	129,604,805
Cost of sales	(170,836,718)	(119,318,463)	(113,542,757)
Gross profit	25,623,606	10,704,973	16,062,049
Selling, general & administrative expenses	(10,345,405)	(6,170,378)	(5,562,415)
Operating income (loss)	15,278,200	4,534,595	10,499,634
Total non-operating income	3,958,480	2,862,702	4,745,431
Interest income	560,911	667,884	71,300
Rental income	550,363	456,001	263,926
Gain on foreign exchange transaction	846,985	187,386	78,168
Gain on valuation of using equity method accounting		299,958	
Gain on foreign exchange translation	78,171		
Reversal of allowance for doubtful accounts	89,390		
Dividend income	94,498	51,100	
Fees & commissions	56,538		
Gain on disposal of available-for-sale securities	82,404	147,610	1,905,390
Gain on disposal of equity method investments	1,276,375		
Gain on disposal of property, plant & equipment	33,527	200,804	879,603
Gain on prior period error correction	30,918		
Gain on futures	98,450		
Gain on disposal of other assets		737,430	
Gain on derivatives			606,765
Miscellaneous income	159,951	114,529	240,279
Total non-operating expenses	(11,769,763)	(6,840,543)	(5,311,263)
Interest expense	(3,782,575)	(3,489,212)	(1,785,306)
Loss on disposal of trade accounts receivable	(1,128,212)	(1,683,994)	(1,380,010)
Loss on foreign currency transactions	(1,248,236)	(54,876)	(155,811)
Loss on foreign exchange translation	(1,191)		
Donations expense	(31,042)		
Loss on disposal of investment	(95,222)		

Loss on disposal of property, plant & equipment	(4,618)		(1,214)
Loss on valuation of equity method investments, net	(4,398,945)	(253,250)	(223,733)
Loss on disposal of available-for-sale securities		(627,683)	(1,654,684)
Loss on retirement of bonds	(973,869)	(577,779)	
Miscellaneous expenses	(105,856)	(153,750)	(110,505)
Income (loss) before income tax benefits (expenses)	7,466,917	556,754	9,933,802
Income tax benefits (expenses)	(3,063,689)	160,183	(3,225,705)
Pre-acquisition income of subsidiary	(9,308,328)		
Net income (loss)	(4,905,100)	716,937	6,708,097
Net income (loss) attributable to controlling interest	(4,905,100)		
Weighted average share outstanding-basic	83,291	46,968	40,892
Weighted average share outstanding-diluted	83,291	46,968	40,892
Year-end shares outstanding	120,676	51,040	45,108
Net earnings (loss) per share-basic	W(59.00)	W15.00	W164.00
Net earnings (loss) per share-diluted	W(59.00)	W15.00	W164.00

2008 and prior years reported in non-consolidated financials.

Consolidated Balance Sheet, as of Dec. 31 (WMillions):

	2009	2008
Total current assets	55,982,168	36,456,822
Cash & cash equivalents, net	5,258,316	989,891
Short-term financial instruments	436,000	1,100
Other short-term investments	5,325	28,610
Trade accounts receivable, gross	21,310,963	16,007,673
Less: Allowance for doubtful accounts	(839,183)	(347,608)
Short-term loans receivable, net	5,550,549	4,607,040
Other accounts receivable, gross	28,288	
Less: Allowance for doubtful accounts	(129)	
Other accounts receivable, net		43,010
Accrued income, net	344,193	412,874
Advance payments, net	146,920	141,000

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Prepaid expenses	38,700	3,507	Less: Accumulated depreciation	(1,375,492)	(1,100,444)	Deferred income taxes	19,795	238,078
Current deferred income tax assets	238,498		Transportation equipment, gross	559,166	372,595	Total long-term liabilities	10,286,704	11,264,676
Prepaid value added tax	46,288		Less: Accumulated depreciation	(295,742)	(335,325)	Long-term borrowings	7,950,000	9,500,000
Inventories	23,417,439	14,569,725	Facilities & equipment, gross	964,847		Accrued severance benefits, net	116,175	1,764,676
Merchandise	6,305,830	235,816	Less: Accumulated depreciation	(738,175)		Deferred income taxes	2,220,530	
Goods in transit	25,393		Construction in progress		926,384	Total liabilities	75,344,574	53,442,351
Finished goods	9,332,164	9,491,744	Intangible assets	11,305,225		Controlling interest	103,954,357	
Work-in-process	1,085,593	1,403,797	Guaranteed deposits	2,673,161	1,518,367	Capital stock	60,337,759	25,519,813
Raw materials	6,581,305	3,356,436	Long-term trade receivable, gross	1,708,074	998,454	Common stock	60,337,759	25,519,813
Stored goods	87,153	81,932	Less: Allowance for doubtful accounts	(1,299,734)	(251,533)	Capital surplus	13,138,081	8,240,843
Total non-current assets	123,316,763	75,453,226	Deferred income tax assets	45,704	942,212	Capital adjustment	93,567	444,557
Long-term financial instruments	1,720,000	60,000	Total assets	179,298,931	111,910,048	Accumulated other comprehensive income (loss)	6,738,067	(4,289,500)
Available-for-sale securities	17,461,510	11,986,134	Total current liabilities	65,057,869	42,177,675	Retained earnings (accumulated deficit)	23,646,883	28,551,983
Held-to-maturity securities	6,953,370	1,500,000	Trade accounts payable	10,223,980	6,140,297	Total shareholders' equity	103,954,357	58,467,697
Equity method investments	27,193,017	26,771,366	Short-term borrowings	40,329,484	24,403,242	Total liabilities & shareholders' equity	179,298,931	111,910,048
Long-term loans receivable, net	70,750	81,900	Other accounts payable, net	3,475,364	654,529			
Investment in properties	35,514	35,514	Advances received	14,025	50,393			
Property, plant & equipment, net	55,450,171	31,810,812	Withholdings	77,563	50,349			
Land	34,373,516	13,303,633	Accrued expenses	565,851	300,879			
Buildings, gross	22,414,420	18,417,873	Income tax payable	1,985,982	394,869			
Less: Accumulated depreciation	(4,140,729)	(3,000,138)	Value added tax withheld	254,949	243,047			
Machinery & equipment, gross	13,371,067	12,285,097	Withholding deposits	220,000	220,000			
Less: Accumulated depreciation	(11,164,362)	(10,266,155)	Current portion of long-term debt, net	7,850,000				
Mold, gross	498,219	498,219	Bonds with stock warrants, gross	42,000	10,236,000			
Less: Accumulated depreciation	(498,199)	(498,199)	Add: Premium on redemption	3,895	949,154			
Tools & equipment, gross	200,291	169,014	Less: Bond discount	(123)	(41,783)			
Less: Accumulated depreciation	(198,766)	(164,465)	Less: Adjustment	(4,896)	(1,661,379)			
Furniture & fixtures, gross	1,480,111	1,202,724						

Long Term Debt: Dec. 31, 2009, SKW5,840,876,000 (classified as current) long-term borrowing with interest rate of 7.27%.

Capital Stock: 1. Sungwon Pipe Co Ltd common; par W500.
 AUTHORIZED — 200,000,000 shs.
 OUTSTANDING — Dec. 31, 2009, 120,675,518 shs; par W500.
 OWNERSHIP — As of Dec. 31, 2009, Miju Steel MFG Co., Ltd. owned 24.66% of Co.'s outstanding common share capital.
 PRIMARY EXCHANGE — KOSDAQ (KOS): 015200.
 SECONDARY EXCHANGES — National Bulletin Board (NBB): SNGW F