

**2004 Asia-Pacific Corporate Disclosure Survey**  
**Executive Summary**  
**Korea**

The total number invited to participate in the survey was 780, with a response rate of 9.49%, or 74 respondents. The total number of respondents whose professional activities, now or in the past year, include analyzing the financial statements and other financial reports of publicly held companies was 105 (13.46%)

Respondents were asked to consider the companies they usually analyze and use a five-point rating scale (from “1”=lowest to “5”=highest) to rate sources of corporate information for its (a) **importance** to their analysis and its (b) **quality** across the publicly traded companies that they follow. The results can be found in the following tables.

Respondents rated the following sources of corporate information as most important:

Income or Profit and Loss Statement -52% ranked it “5” (most important).

Cash Flow Statement-51% ranked it “5.”

Balance Sheet or Statement of Financial Position-48% ranked it “5.”

Footnote Disclosures to the Financial Statements -41% ranked it “5.”

Interim Financial Statements-35% ranked it “5.”

When considering all the available corporate information sources and disclosure practices that respondents were asked to rank, 3% of respondents rated the overall quality of financial or corporate information disclosed by the publicly traded companies that they follow with a letter grade of “A” (Excellent). 56% responded with Good (grade of “B”), 34% responded with Average (grade of “C”), and 6% responded with Below Average (grade of “D”). No one rated the quality of information as poor (or failing, a grade of “F”).

59% of respondents noted that over the past three years, the overall quality of corporate information disclosed by most of the publicly traded companies that they follow had improved some. 30% said it had improved a lot while 11% thought it had remained about the same. In general, quality of corporate information still needs improvement. No source of information received a “5” in quality by more than 30% of respondents.

When asked to agree or disagree with the following statement: corporate issuance of comprehensive quarterly financial reports is a global best practice that should be emulated by public companies in Asia and the Pacific region, 37% strongly agreed, 52% somewhat agreed, 10% neither agreed nor disagreed, and 2% somewhat disagreed.

44% strongly agreed (46% somewhat agreed, 6% neither agreed nor disagreed, and 3% somewhat disagreed) that regulators around the world should make it mandatory for the public companies to issue comprehensive quarterly financial reports.

Respondents were then asked to what extent companies’ disclosure practices and quality of their financial statements are a factor in their investment/financial recommendations, decisions, or actions. 29% said they are an extremely important factor, 62% said they are a very important factor, and 10% said they are a somewhat important factor. To the extent that company corporate governance practices is a factor in their investment/financial recommendations, decisions, or actions, 18% of respondents indicated it was extremely important, 61% very important, 19% somewhat important, and 2% not very important.

**Selected written comments from respondents:**

- Disclosure for many large blue chip Korean companies have improved significantly since the currency crisis in 1998 and greater foreign ownership of the market. Quarterly statements have been made available for the past two years... great sources of information on how companies are really making money. From these statements, we can delve into companies' on and off balance sheet activities.
- Financial statements disclosed by the companies I follow are okay. However, management's discussion and analysis of operating results, which is important for analysis of future performance, is quite poor... segment and geographical information are always insufficient. CFOs do not always clearly understand what investment analysts and fund managers want to know about their companies.