Report of Independent Auditors

To the Board of Directors and Shareholders of
Korea Aerospace Industries, Ltd.

We have audited the accompanying consolidated statement of financial position of Korea Aerospace Industries, Ltd. and its subsidiaries collectively referred to as the "the Group") as of December 31, 2011, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, expressed in Korean won. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of the Group as of and for the year ended December 31, 2010 and consolidated statement of financial position as of January 1, 2010, presented herein for comparative purpose, were unaudited.

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test bases, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit providers a reasonable basis for our opinion.

In our opinion, the consolidated financial statements, referred to above, present fairly, in all material respects, the financial position of Korea Aerospace Industries, Ltd. and its subsidiaries as of December 31, 2011, and their financial performance and cash flows for the year ended December 31, 2011 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those who are informed about Korean auditing standards and their application in practice.

Seoul, Korea

March 15, 2012

This report is effective as of March 15, 2012, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.