

We know the way!

Daewoo Securities Annual Report 2000

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Daewoo Securities Co., Ltd.

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"BESTez.COM", recently introduced by Daewoo Securities, is a compound of 'Best' and 'Easy'.

Best Trading!

One glance is all you need with our one-step ahead system.

Best Information!

Share in the know-how gained from 30 years of investment experience.

Best Community!

Get the best in investment information and feel our energy work for you.

Profile

Since its establishment in September of 1970, Daewoo Securities has been Korea's leading full service securities firm. Daewoo Securities has kept its number one position throughout the years by being at the forefront in operational innovations and providing nothing less than the highest in quality customer service.

It is true that the "Daewoo Group Crisis" in July 1999 brought several setbacks to Daewoo Securities, such as financial loss from Daewoo bonds, increased economic uncertainty, and deterioration in the corporate image. However, the Company's solid foundation built from 30 years of experience proved capable of overcoming such hardships. Now, with the dedicated cooperation of each and every employee, Daewoo Securities is already experiencing positive outcomes and a surprisingly fast recovery. In many ways, these setbacks were an unexpected opportunity for Daewoo Securities to re-prove itself. The result has been a renewing and strengthening of the confidence and trust in Daewoo Securities' qualifications.

Following the Daewoo Group Crisis, Daewoo Securities branched out from the Daewoo Group on October 1, 1999 and inaugurated Mr. Jong-Soo Park as its new president and CEO. In May 2000, the government-run Korea Development Bank became the Company's largest shareholder with 25% of the Company's shares.

With Korea Development Bank's credibility, excellent financing, and research capabilities, the positive synergy effects between the banking and securities industries have been maximized. As a result, in July 2000, market share in the brokerage market reached 9% and the on-line market 7%. Moreover, local credit rating agencies have raised the company's credit rating from CCC to BB-, and a further promotion is under consideration. Having been the financial vanguard in the Korean securities industry over the last few decades, the Company hopes to recreate that success in the 21st century with its new philosophy of Transparent Management, Value Management and Empowered Management.

Furthermore, Daewoo Securities possesses a variety of valuable assets that allow for advancement on a global scale. Its highly proficient employees make up the infrastructure for the company's growth and a long established well-respected reputation allows the company to turn out financially sustainable business portfolios. Daewoo Securities is also driven to establish itself as the most trusted company and leader of the Korean financial market. With these strengths, Daewoo Securities will strive to change itself into a globally advanced comprehensive financial institution known for its professional know-how and maximum customer satisfaction.

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Financial Highlights

Korean Won in Millions

U.S. Dollars in Thousands

Operating Results

	FY1999	FY1998	FY1999	FY1998
Revenues	W 1,630,839	W 1,054,300	\$ 1,471,478	\$ 951,277
Expenses	2,901,496	849,717	2,617,970	766,685
Net Income (loss)	(1,232,284)	134,237	(1,111,868)	121,120
Earnings Per Share	-	2,509	-	2.26

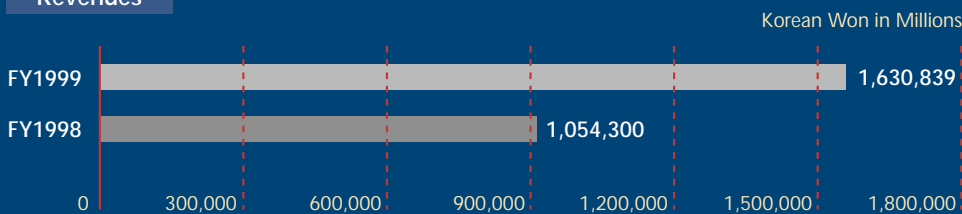
Financial Position

Total Assets	W 4,860,463	W 4,111,178	\$ 4,385,512	\$ 3,709,445
Total Shareholders' Equity	731,730	1,219,621	660,228	1,100,443

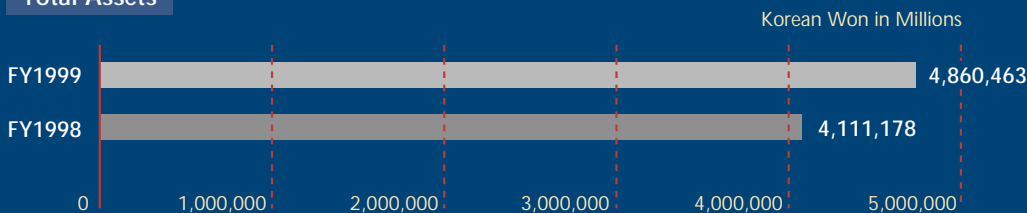
Note

1. U.S. Dollar amounts are presented solely for readers' convenience at the rate of US\$1=W1,108.30, the rate in effect on March 31, 2000.
2. In Won & Dollars
3. The fiscal years ended March 31, 2000 and 1999
4. Adjusted according to the revised financial accounting standards for comparison purposes only.

Revenues



Total Assets



Message from the Management

This relationship with KDB renders an excellent opportunity for Daewoo Securities to become a comprehensive financial service provider.



Jong-Soo Park, President & CEO

As the Chief Executive Officer, I am delighted to say that the future of Daewoo Securities looks very bright.

Despite our strongest ever operating performance in 1999, Daewoo Securities experienced some seemingly insurmountable difficulties arising from the collapse of the Daewoo Group. However, the occurrence also proved to be one of our most significant opportunities for improvement, strengthening the resilience and commitment of our 2,815 employees. Now, a new chapter begins with Daewoo Securities and

our controlling shareholder, the Korea Development Bank (KDB), moving forward together with one guiding principle: to maximize all shareholders' value while achieving the strictest corporate governance and highest level of operational transparency in the industry.

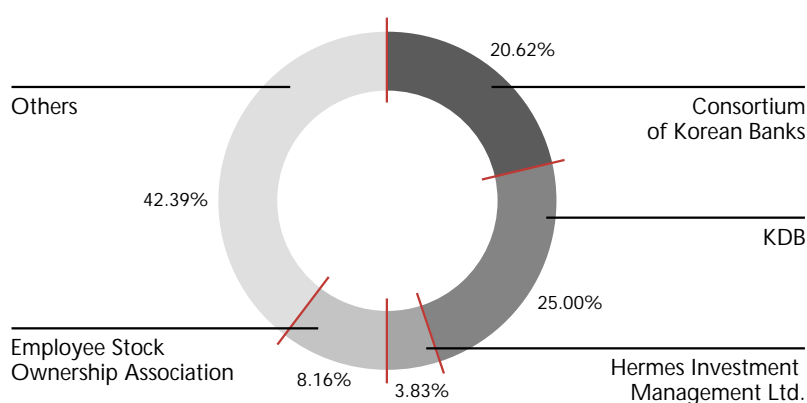
Some might take a pessimistic view of the alliance between KDB and Daewoo Securities as there are considerable differences in the management and corporate culture of the two businesses. However, we believe that it is the right choice for our company. Since our strategic alliance, we have been working to improve our corporate bond rating by taking advantage of the sound credit rating of KDB and by bolstering our corporate finance business and international sales divisions. Already, renewed hope and vigor have replaced the uncertainties of the past months and the joint development and sales of a range of financial products and services, such as Industry Finance Bonds, are well under way.

The current financial environment tends to blur the operational boundaries between the different institutions in the industry. Our partnership with KDB will allow Daewoo Securities to tackle these blurred boundaries in the forthcoming second round of financial restructuring. This relationship with KDB renders an excellent opportunity for Daewoo Securities to become a fully comprehensive financial service provider. We welcome KDB as our largest shareholder with the conviction that the relationship will offer tremendous strategic and operational advantages, making Daewoo Securities a formidable force in the Korean financial services industry.

In fiscal year 1999, we posted a record W1.63 trillion in operating revenue thanks both to the strong market and our dominant market presence. However, by completely disclosing all losses incurred last year and recognizing them in our financial statements, we recorded a net loss of W1.23 trillion. As a result, though, there are no more losses to be recognized going forward.

Major Shareholders

Major Shareholders	1999.4	1999.9	2000.5
Daewoo Group	16.72%	-	-
Consortium of Korean Banks	-	32.58%	20.62%
KDB	-	-	25.00%
Hermes Inv. Mgmt. Ltd.	7.68%	5.51%	3.83%
Employee Stock Ownership	0.03%	4.25%	8.16%
Others	75.57%	57.66%	42.39%



Our largest losses included: loss on sales of beneficiary certificates (W736.0 bn); write-off of allowance for call loans to Daewoo Capital (W504.6 bn); write-off of allowance for advances of

A renewed hope and vigor have replaced the uncertainties of the past months, and joint development and sales of various financial products and services, such as Industry Finance Bonds, are under way.

guarantee (W113.0 bn); loss from unsold Daewoo bond beneficiary certificates (W220.4 bn); and loss from the long-disputed Seoul ITC's Daewoo Group-related beneficiary certificates (W339.0 bn).

After the full recognition of losses, total shareholders' equity stood at W731.7 billion with a book value per share of W6,027 as of March 31, 2000. The total shareholders' equity currently stands at W966.7 billion following a W235.0 billion rights issue in the first quarter of 2000. KDB's acquisition of 30,980,000 shares from the most recent capital increase along with an additional 4,480,000 shares in third-party allotment rights issue makes it the largest shareholder of our company with 25% of the total outstanding shares. Other majority shareholders include a consortium of Korean banks (20.62%) and Hermes Investment Management Ltd. (3.83%), a U.K.-based pension fund. Employees of Daewoo Securities, through an Employee Stock Ownership Plan, collectively hold 8.16% of the outstanding shares.

Looking forward, our objective is to reestablish our presence and regain our leading position in the Korean financial industry. Through aggressive marketing, we are planning to greatly increase our customer deposits. In the mid- to long-term, we aim to increase our on-line customer base to 500,000 and 1,000,000, respectively. We will also establish more automated

Our objectives are to regain our leading position and, reestablish our presence in the Korean financial industry.

branch and cyber branches, thereby cutting costs while further expanding our customer reach. In addition, we will continue with our investment of approximately W300 billion into IT over the next three years to create the best site for on-line trading and investment information.

Already, our new financial portal site, BESTez.COM, which started service on May 15, 2000, is receiving great responses. Much work awaits Daewoo Securities in the times ahead, but by implementing these strategies, we expect to regain our position of prominence by the end of 2000 and enhance profitability regardless of the market situation.

As was mentioned earlier, our commitment to transparent management is also essential to our future growth. We came out of

last year's difficulties with the most transparent and immaculate financial structure in the industry, and we have every intention is to keep it that way. To strengthen our financial situation, we have already underwent a thorough and objective due diligence from Arthur Andersen LLP and the Financial Supervisory Service of Korea.

We can now confidently say that our company's financial structure is exceptionally sound and transparent.

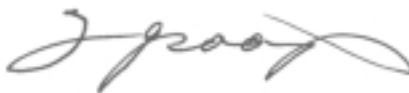
We can now confidently say that our company's financial structure is exceptionally sound and transparent and we will continue to regularly disclose our financial statements to interested parties so as to provide timely and accurate information.

We anticipate our constant restructuring drive to bear great fruit. The prospect of liquidity seems bright with the expected sales of our overseas subsidiaries and real estate worth 338.0 billion won in book value. Industry observers say that Daewoo Securities tops all other domestic securities firms in the areas of research and online service. This trend of advancement will be diligently maintained so that Daewoo Securities comes to once again lead the Korean securities field in all areas.

There is a Korean saying that says, "Sweet pleasure follows bitter

pain." All of our employees are determined to improve upon what we have already accomplished through unremitting efforts to maximize shareholder value and increase customer profits. Your participation and thoughtful advice are always welcome and truly appreciated.

Thank you.



Jong-Soo Park
President & CEO

Board of Directors

With the implementation of the Neo-Management philosophy, Daewoo Securities will emerge once again as the best securities house in Korea with the highest level of transparency.



Executive Director
Seung-Kyoon Park

Executive Director
Gye-Seop Sung

Standing Auditor
Sung-Hwan Chung

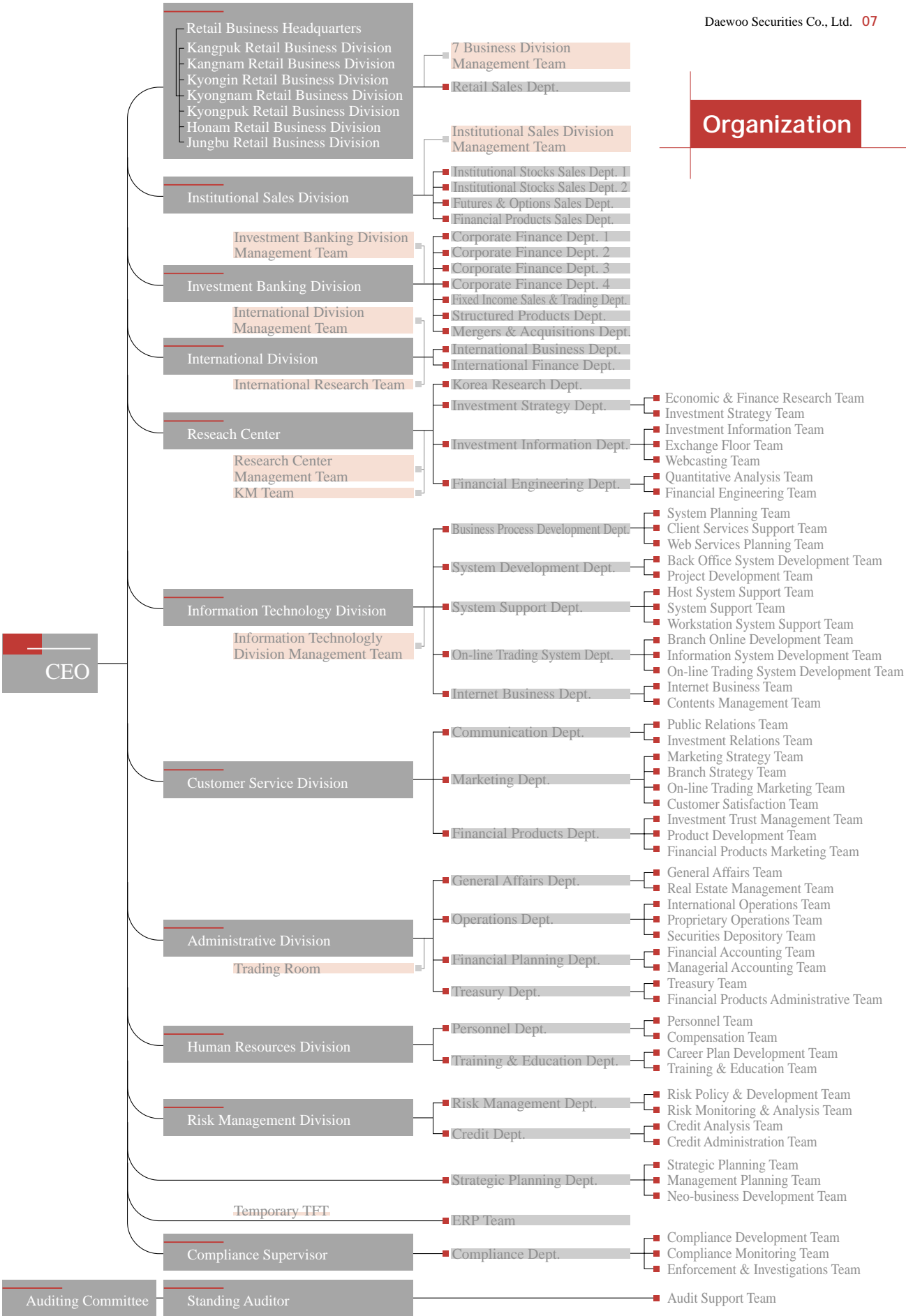
Chairman & CEO
Jong-Soo Park

Managing Director
Seung-Woo Kim

Managing Director
Nam-In Kim

Managing Director
Hyo-Seung Na

Organization



Vision and Strategy

Daewoo Securities' goal is to become the leading comprehensive financial service group in this digital era. The Company aims to enhance its corporate value and regain its superior credit rating through its healthy corporate culture.

Short-Term Goal and Strategy

Daewoo Securities' mission for 2000 is to improve its corporate credit rating and obtain dominant status in the market. This can be accomplished through its relationship with KDB and by attracting foreign capital.

Expanding Scope of Activities

Restructured through multi-directional alliances with KDB, Daewoo Securities aims to be the financial company that provides the best integrated services for all its customers' needs, such as its convenient One-stop & One-click system. In the retail financial sector, the Company plans to utilize a variety of distribution and transaction channels for expeditious and effective business transactions. In addition, it plans to implement the "Personal Financial Management" system in order to provide optimal asset management for each customer.

Bolstering Capability by Attracting Foreign Capital

Infusions of stable foreign capital will improve the Company's credit rating and assist it in its goal of

implementing advanced financial strategies. Such developments will also aid Daewoo Securities in obtaining the position of leading global financial service provider.

Establishing a Base for E-business

To build a distinguished infrastructure for strengthening competitiveness in e-business, Daewoo Securities is introducing three major concepts: e-organization, e-operation and e-technology.

In e-organization, Daewoo Securities will focus on transforming its value chain so as to encourage more flexible and horizontal communication. In e-operation, the company plans to provide a wide range of financial services with Internet applications and e-commerce, such as Internet banking and Web-casting. Lastly, in e-technology, Daewoo Securities is developing and investing in a variety of new technologies that allow its customers to access securities information through mobile services and cellular phones.

Improvements in Corporate Governance

To more effectively encourage responsible management, Daewoo Securities has established a new corporate governance structure and strengthened its compliance sectors. Also, independent auditors and the expertise of outside directors will facilitate transparency in future management.

Strengthening Competitiveness

To comply with organizational changes for new management, Daewoo Securities will place its energy into stabilizing and upgrading the company's credit rating. Investor Relations and Promotions will also be another area receiving focused attention.

Mid- & Long-Term Goal and Strategy

Daewoo Securities is highly adaptive to the rapid changes of the current financial environment. Due to this flexibility, it is able to maintain its accumulated strengths in the market while also aggressively advancing into new sectors of the finance industry. Its continuous efforts to establish

strategic alliances and its ongoing pre-investment in cutting edge technologies enables the Company to provide a wide variety of services to its customers. The Company's ardent enthusiasm for change and improvement can be seen in all aspects of its new strategy. One example of the Company's strong commitment to change is its voluntary internal restructuring plan to spin off its competitive divisions into independent entities.

On-line Business

Daewoo Securities has prepared a 24-hr on-line trading and global trading system. Its accessibility and its ability to handle a wide capacity of on-line transactions will meet the needs of the ever-increasing number of on-line customers. Its vital financial information and channels of communication will fully meet the needs of customers in real-time services.

Investment Banking

Daewoo Securities' comprehensive financial services for domestic and foreign institutional customers are of invaluable assistance in numerous ways. Its expertise in

corporate and project financing with multi-networks will not only assist IPO, but also continue to strengthen customers' financial competitiveness and help them find proper M&A partners.

Diversified Sources of Profits

As a comprehensive financial institution, the Company will provide services for a complete "One-Stop Shopping" experience. Daewoo Securities will also concentrate on developing and

launching advanced financial products such as REIT, pensions, and other finance-related products, and will even spin off competitive divisions in order to generate diversified profits. In particular, progressive improvement in the company's e-business sector will eventually become a key source of its future profits.



New Management Philosophy

Daewoo Securities has adopted the following new management philosophy in order to promptly and efficiently respond to problems and criticisms voiced by its shareholders. This new corporate mindset boldly discards outdated management practices to achieve further international prestige and credibility.

Transparent Management

Daewoo Securities aspires to be a company that is truly centered around knowledge-based management and the open sharing of information. Accordingly, the Company's commitment to transparent management is based on the complete disclosure of the decision-making process and outcome. Highly respected international and domestic accounting firms will evaluate the transparency and quality of Daewoo Securities' financial statements for the benefit of its customers and shareholders.

Value Management

The principle of value management has as its aim the reorganization of Daewoo Securities' decision-making and operational process so as to greater enhance the benefits reaped by its customers. It will correct the Company's past history of reckless business expansion and act as a guideline for increasing the development of new investment techniques under the slogans of, "Always One Step Beyond Your Expectation," and "Newer & Faster." Value management places priority on training Daewoo Securities' employees to become top financial experts capable of completely meeting all the customer's needs.

Empowered Management

The concept of empowered management revolves around an efficient internal check and balance system and an advanced managerial accounting system that encourages employees to show initiative and to act at their own discretion in their business dealings. Daewoo Securities anticipates that this will empower employees, boosting the responsibility and creativity level of the Company and greatly contributing to the overall development of its corporate foundation. An advanced risk management system will also be fully incorporated to ensure more viable business activities.



Burning the midnight Oil...



"Neo Management"

Tremendous effort and discomfort will accompany the initiation of our new management principle, "Neo Management," but Daewoo Securities is more than prepared to discard outdated practices. Daewoo Securities welcomes the suggestions and opinions of its customers and shareholders and holds itself responsible for their complete satisfaction. By maintaining the highest level of accountability to its customers and shareholders, Daewoo Securities will become the leading financial institution of the 21st century.

Korean Economic Environment

Upon the examination of Korea's steady economic growth, a recent OECD report described Korea as a model case in successfully overcoming the currency crisis.

Helped by the painstaking but successful structural overhaul of the Korean economy after the financial crisis of 1997, Korea was able to recover its pre-crisis GDP level in 1999. The country's GDP, after recording a 6.7% setback in 1998, grew 10.7%. We expect the economy to post yet another strong growth of close to 9% before it settles down on a more sustainable path of 6.1% in the year 2001. Upon the examination of Korea's steady economic growth, a recent OECD report described Korea as a model case in successfully overcoming the currency crisis.

At the outbreak of the crisis in 1997, market interest rates exploded above 30%, reflecting the instability and uncertainties surrounding Korea's currency and financial markets. As drastic macro and micro level adjustments were made market confidence returned, resulting in a continuous albeit with occasional hiccups, decline in interest rates. The yields on corporate and treasury bonds dropped to a single digit in 1999. We expect this trend to continue in 2000, given the more efficiency-oriented investment environment and still benign inflation.

The KOSPI continued to gain new ground in 1999, even with periods of correction, as foreign investors continued to pour portfolio investment funds into the market. As a result, the trading volume continued to rise and the KOSPI broke a record with 1,028.07 points in December 1999, the highest since 1994. Indeed, 1999 was a stellar year for both the Korea Stock Exchange (KSE) and the KOSDAQ Market. The KOSPI gained about 80% while the KOSDAQ Index gained more than 235% on an annual basis.

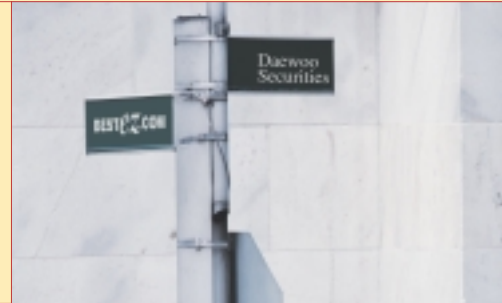
With strong economic recovery working as a tailwind, there also could be extra emphasis placed on human resources and intellectual capital in the future.

The government is currently seeking to achieve this through the democratic ideals and market principles of freedom, competition, and accountability. The immediate costs of economic reform will undoubtedly be high. However, the long-term benefits will surely offset any short-term costs. Korea's new economic system will open a broader horizon of opportunities for those in and outside of the country.



Domestic Overview

You will never lose your way with us.



Brokerage Business

The core business of Daewoo Securities domestically is fee-based brokerage services for equity, BCs and mutual funds, fixed income products, and futures and options for its retail and institutional clients.

For the fiscal year ending in March 2000, Daewoo Securities earned W1.01 trillion (US\$909 million) in commissions from brokerage services, making up 64.4% of its total revenue. Overall, W869.4 billion, or 86.1%, of the commissions received were from the brokerage of equities, fixed income products, and futures and options, while W137.5 billion, or 13.6%, came from BCs and mutual funds brokerage.

In addition to the above, the Company has positioned itself to

become the prevailing industry leader in wrap accounts, a type of specialized asset management product that is expected to be launched sometime in late 2000 or early 2001, once Korean regulators have finalized all the outstanding legal and regulatory details.

Over its 30 years of business in Korea, Daewoo Securities has come to represent what a trustworthy and reliable financial provider should be to its retail and institutional investors.

There are many reasons behind this achievement, but two deserve particular mention. One reason is the Company's client-centered organization. Every financial consultant at Daewoo Securities recognizes the vital importance of customer relationships and strives to achieve the highest level of

service and satisfaction for its clients. It was due to these qualities that the Company was able to come out of the Daewoo Group Crisis with its position as the leading securities firm in Korea still in place.

The second reason is the Company's solid base in research, which enables the Company to have a farsighted and multifaceted approach to investments. Since its establishment, Daewoo Securities has consistently been recognized by its customers and the financial community as being the top domestic research firm. It is this unparalleled level of service and research, with its close and frequent interactions between the Company's financial consultants and analysts, that allows Daewoo Securities to consistently provide its customers the quickest and most accurate investment information in the Korean securities field.

Drastic changes are expected to take place in the institutional brokerage field as numerous new competitors enter the market and decrease commission rates.

In spite of such challenges, the Company's transparent and value-

It was the quality of Daewoo Securities' customer relationship that allowed the Company to come out of the Daewoo Group Crisis with its lead position still in place.

Daewoo Securities' competitive strength lies in its long-term relationships with the issuers, ability to provide products that meet clients' specific needs, extensive branch network and cyber-trading accounts that allow wide distribution capability, and broad support base of high quality research.

oriented management principles will demonstrate why Daewoo Securities has the outstanding capacity to be a leader in the securities industry.

In order to overcome the severe difficulties caused by the Daewoo Group Crisis and regain the position as the leading securities firm, Daewoo Securities' strategy for fiscal year 2000 will start with the establishment of a retail infrastructure and campaign to increase entrusted assets.

Customer-related retail infrastructure is achieved by the subdividing of customer categories to better offer more differentiated services to each segment. The Company is also planning to provide one-on-one consultation, mileage services, and cyber trading services to increase customer satisfaction through more personalized transactions.

Staff-related retail infrastructure is made by strengthening leadership and consulting skills, and developing a reward program for employees. After successful attainment of all goals set in the infrastructure and campaign sector, Daewoo Securities will continue to solidify its foundation as an

exceptional securities firm with carefully drawn up plans for each region of the nation. In spite of the harsh conditions resulting from the Daewoo Group Crisis, Daewoo Securities' Retail Business Division will make every effort to regain its former top position by increasing its market share throughout the year to 12% by the end of fiscal year 2000.

Investment Banking Business

Daewoo Securities' Investment Banking Division is organized along four business lines: corporate finance, fixed income sales and trading, structured products, and mergers and acquisitions. Through these four business areas, Daewoo Securities is able to provide the following services to its clients:

- Rights offerings, IPOs, and underwriting/placement of corporate bonds (including convertible issues)
- Underwriting of government bonds
- Asset-backed securities, mortgage-backed securities, and collateralized bond obligations
- Corporate advisory services for mergers and acquisitions, asset disposals, and corporate restructuring.

Daewoo Securities has maintained a leading market position in the area of rights offerings, initial public offerings, and corporate bond underwriting during the past several years. It has one of the largest and most experienced investment banking employee base in Korea.

Daewoo Securities' competitive strength lies in its long-term relationship with its issuers, ability to provide products that meet clients' specific needs, extensive branch network and cyber-trading accounts allow for wide distribution capacity, and broad support base of high quality research.

The Corporate Finance Department's main clients are primarily large-scale corporations. The Fixed Income Sales & Trading Department has the Bank of Korea and major corporations as issuer-customers and investment trust companies as major investee-customers. The Structured Products Department primarily serves KAMCO and other financial institutions and the customer base of the Mergers & Acquisitions Department includes a growing number of corporations in a wide range of industries.



Yes, you are heading
in the right direction.

Following the Daewoo Group Crisis in 1999, the market share of Daewoo Securities' investment banking business declined as the opportunities related to affiliate-linked investment banking services were no longer present.

Nonetheless, in fiscal year 1999, its market share for bond underwriting

reached 14.50%, or W3.8 trillion, and capital increase consideration was W1.2 trillion, 6.8% of the market share.

Daewoo Securities' Investment Banking Division's objective is to regain its former number one position in the market. In order to achieve this, each of the departments

in the Investment Banking Division will reorganize itself to improve efficiency and increase productivity. By doing so, the departments hope to further broaden their client base and enhance the quality of their customer service.



By placing our most dedicated and experienced sales persons in key financial centers throughout the world, Daewoo Securities is best able to serve the needs of global clients.

International Overview



Due to the rapid changes in the financial environment at home and abroad, as well as with the ever-increasing level of competition, it is important to build a seamless network between the domestic and international sectors. The traditionally defined and fixed boundaries between business divisions are no longer valid in the securities industry with the recent trend of financial institutions

The International Division at Daewoo Securities provides a full range of financial and strategic advisory services to corporations and financial institutions worldwide.

The Division is responsible for advising clients on key strategic issues, such as M&A, disposals, and restructuring as well as for arranging domestic and international equity, bonds, and equity-linked issues. Furthermore, the Division possesses extensive experience as lead manager for services related to privatization, equity financing for banks, and debt financing for corporations.

Daewoo Securities is reshuffling its organization to better enhance its core capabilities and become more efficient in its operations. To achieve this, the Company is more clearly delineating the roles and responsibilities of each business division. Daewoo Securities will also place greater emphasis on sales and the overall management of the Company will become more profit-oriented, closely monitoring the profit and loss target for each of its domestic and overseas units. The Company differentiates itself with its outstanding manpower, the quality of its financial advice, vast range of services, global reach, and willingness to pledge capital resources on its client's behalf.

International Finance

Consisting of four marketing teams and a syndicate team, Daewoo Securities' International Finance Department is committed to providing a comprehensive range of financial services catered to the needs of each individual client. Armed with solid academic training and extensive industry experience, members of the department ensure that its domestic and international clients receive the finest in services in corporate finance, financial engineering, fixed-income securities trading, and asset management.

Throughout the nation's economic recovery, Daewoo Securities has continued to be a reliable provider of quality information and trusted financial advisor, maintaining close relationships with its individual and corporate clients. In May 1999, the International Finance Department was the successful joint coordinator and bookrunner of the issuing of American Depository Receipts for Korea Telecom, raising US\$2.5 billion, the largest funding amount ever collected by any Asian company outside of Japan. Daewoo Securities has also assisted several Korean companies experiencing financial difficulty by extending put options on debt instruments and arranging foreign capital investment deals. In addition, for fiscal year

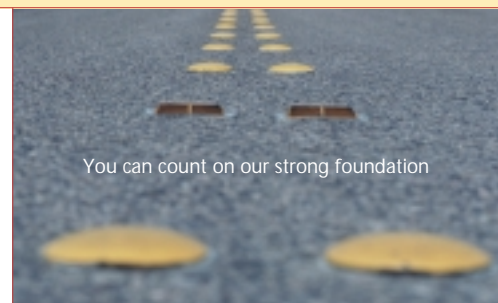
1999, the Company was the lead manager for the issuance of foreign currency-denominated securities worth US\$3.7 billion in a total of 17 cases.

Daewoo Securities' syndicate team has always strove to create the most favorable condition for sales, one that satisfies the needs of both the investors and the issuing companies so that the investors can enjoy high returns while the issuing companies succeed in raising funds. As the economic environment in Korea changes with the opening of its market and deregulation, the Company's marketing teams are well qualified to provide issuing companies with top quality financial consulting services. In addition, the International Finance Department's homepage, www.kpapers.com, provides excellent services for corporate finance, financial engineering, fixed income securities trading, and asset management.

International Sales & Trading

Amongst all the Korean securities companies that deal with foreign investors, Daewoo Securities' International Business Department offers unmatched customer service and the strongest marketing capacity through its extensive global network in brokerage, investment consulting, investment

providing total financial services. With Korea's successful recovery from the IMF crisis and the Korean securities market becoming the most bullish and profitable it has ever been, Daewoo Securities must be able to compete not only with its Korean competitors but also with foreign financial institutions from advanced countries.



in offshore fixed income securities, sales of derivatives, and private banking services. The Company has been able to consistently increase its market share in global brokerage services and during fiscal year 1999, the Company serviced 19% of the domestic market for international brokerage, up from 15.4% the year before. As one of the leading Korean firms engaged in international brokerage, the Company has brokered W5,030 billion in transactions for foreign investors during the fiscal year. Daewoo Securities will continue to do its utmost in marketing and serving the needs of its customers.

International Research

In order to provide its clients with timely high quality research on an array of issues and strategies, Daewoo Securities fosters a research team that is the expert knowledge base of the Company. The research team consists of distinguished research analysts, strategists, and economists who work collectively together to provide the information that is essential for clients to make strategic choices.

Research analysts meticulously assess the investment outlook for clients' respective industries and companies, and publish research reports on a company's financial

results and equity valuation. In turn, strategists work with research analysts in identifying notable market trends, highlighting areas of investment opportunity, and providing the direction of the broad index. Daewoo Securities also provides in-depth knowledge of Korea's complicated financial system. Economists cooperate with all members involved to establish the broad macroeconomic picture from which the team forms their investment ideas.

Overseas Networks

In an aggressive drive to become a world-renowned investment bank, Daewoo Securities is exerting a large part of its energy into reaching overseas markets that display a high potential for growth. As of March 2000, the Company's overseas network consists of 11 subsidiary, 1 branch, and 2 representative offices.

Daewoo Securities has subsidiary and representative offices in such international financial centers as London, New York, Hong Kong, Tokyo, and Zurich. In addition, Daewoo Securities' bank network, located in Hungary, Romania, Uzbekistan, and the Czech Republic, has played a significant role in enhancing the profitability of its international operations. Started last year, the Company has

restructured its overseas network in order to boost the effectiveness and competitiveness of its international operations as part of its overall reorganization plan.

In 2000, Daewoo Securities intends to continue its reorganizing efforts while also focusing on strengthening its overseas networks so as to better serve its diverse overseas clients.



Cyber-World Operations

According to a recent Information Week survey, the most favorable investment is in e-business, while the most important factor in determining investment value is customer satisfaction. Keeping IT investment in line with corporate strategy, Daewoo Securities will take extensive measures to gain and maintain competitiveness in the cyber trading industry.

Daewoo Securities is working to establish a cyber Daewoo Securities through an advanced system that meets all customers' needs and aggressive marketing that will put the Company in the lead in the cyber world. The Company will concentrate on two vital assignments to achieve this goal. The first is to minimize system errors by establishing a no-error operation system, and the other is

to set up an e-business infrastructure to enable web-based transactions. Under these challenging new goals, all of Daewoo Securities' employees will work arduously towards achieving success and excellence.

BESTez.COM

In order to allow its customers easier access to cyber trading and information, Daewoo Securities' homepage has been recreated as BESTez.COM. The Company's new Internet portal now provides extensive information as well as a convenient trading system. In July 2000, the average number of visitors per day to this site exceeded one million. It was included in the ranks of the world's 510 top sites by Alexa, a leading Internet site rating company, and

was the only Korean securities firm to be included.

Through BESTez.COM, Daewoo Securities' exclusive knowledge gained from 30 years experience in this business arena will be available to its visitors. With the Company's extensive information database, visitors will be able to assess the economic situation at a glance and reap vital information with its one-step-ahead system. In addition, with its advanced interactive communication system, customers will be able to fully participate in the information exchange community. Daewoo Securities will fully invest in the necessary system, contents, services, and support organizations, and will strengthen the manpower and organizational base necessary in order to make BESTez.COM the leading global securities site.



According to a recent survey of the top 500 global enterprises by Information Week, cyber trading is becoming an indispensable component of business in the 21st century.

Management Discussion & Analysis

Selected Financial Data

In Million Won (except per share data)

Fiscal Years Ended March 31,	1999	1998*
Operating Results		
Revenues	1,630,839	1,054,300
Expenses	2,901,496	849,717
Operating income	(1,270,657)	204,583
Non-operating income	54,466	42,547
Non-operating expenses	20,814	51,562
Ordinary income	(1,237,005)	195,568
Extraordinary items, net	(768)	(691)
Income before income taxes	(1,237,773)	194,877
Income taxes	(5,489)	60,640
Net income	(1,232,284)	134,237
Financial Position		
Current assets	3,420,575	2,978,291
Non-current assets	1,439,888	1,132,887
Total assets	4,860,463	4,111,178
Current liabilities	4,072,488	2,426,962
Long-term liabilities	56,245	464,595
Total liabilities	4,128,733	2,891,557
Stockholders' equity	731,730	1,219,621
Per Share Data		
Ordinary income (loss)	(13,826)	2,879
Net income (loss)	(13,835)	2,509
Book value at fiscal year end	6,024	18,250
Stock price at fiscal year end	5,980	16,850
Other Financial Data		
Return on common equity	(126.3)%	12.5%
Profit margin	(75.6)%	12.7%
Current ratio	84.0%	122.7%
Debt-equity ratio	564.2%	237.1%
Number of common stocks outstanding	89,070,906	50,267,551

* Adjusted according to the revised financial accounting standards for comparison purposes only.

Overview

Daewoo Securities Co, Ltd. (or "the Company") recorded net losses of W1,232.3 billion in fiscal year 1999 ended March 31, 2000, despite the record high revenues of W1,630.8 billion, primarily due to the Daewoo Groups financial problems and its reduced market share. The losses related to the Daewoo Group totaled W1,800.0 billion and as a result, stockholders' equity decreased to W731.7 billion as of March 31, 2000 from W1,219.6 billion as of March 31, 1999. With the two capital increases worth a total of W235.0 billion during fiscal year 1999, capital stock increased by 81.8% or W273.2 billion to W607.3 billion as of the end of fiscal year 1999.

Even though the Company had net losses in fiscal year 1999 due to the Daewoo Group, it was reborn as the most financially sound company in the Korean securities industry by fully reflecting any insolvency possibilities in its fiscal year 1999 operational results. The financial structure of Daewoo Securities has already been examined by Arthur Anderson several times and proved to be sound.

Of total operating revenues, commissions received accounted for 66.2%, the highest portion, and gains on trading securities for 14.7%, and interest income for 12.2% in fiscal year 1999.

The Company's funding structure is heavily dependent on its liabilities as shown in the debt to equity ratio which was 564.2% at the end of fiscal year 1999 compared to 237.1% at the end of the previous fiscal year. This high debt to equity ratio is primarily due to increased borrowings in the aftermath of large losses from the Daewoo Group problems.

Results of Operations

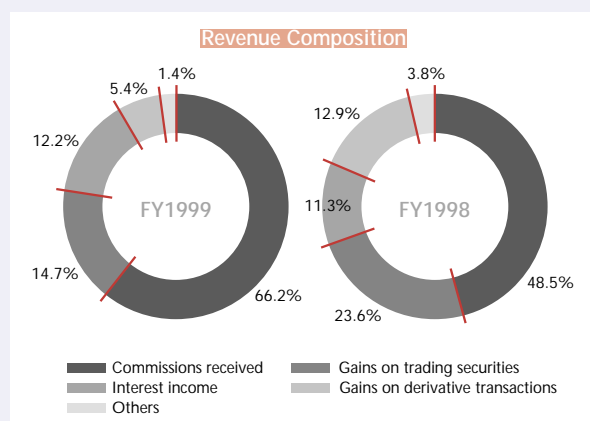
Before the Daewoo Group financial problems broke out, the Company had been a leading securities company in Korea. However, with the Daewoo Group's collapse, the Company incurred financial losses with the market share in stock trading dropping to 5th place as of February 2000 from 1st place as of July 1999, primarily reflecting the decreased brokerage volume as some customers left the Company and many of the employees became discouraged.

Net Losses

Net losses were W1,232.3 billion in fiscal year 1999, compared to the net income of W134.2 billion in fiscal year 1998. The loss reflected the Daewoo crisis-related losses amounting to W1,800.0 billion in fiscal year 1999. Meanwhile, operating revenues grew by 54.7% to W1,630.8 billion in fiscal year 1999 from W1,054.3 billion in fiscal year 1998, mainly due to an 111.1% increase in commissions received. In fiscal year 1999, ordinary loss and net loss per share were W13,826 and W13,835, respectively.

Operating Revenues

The Korean economy's recovery from the IMF crisis greatly affected the operating revenues of the Company in fiscal year 1999. The Korean economy showed clear signs of improvement in 1999 thanks to the restructuring efforts of corporations and financial institutions. In particular, the operating performance of Korean securities houses was enhanced by the stock market rally and the sky-rocketing KOSDAQ index, which was driven



by growing interest in the technology and Internet stocks.

The Company showed the record-high operating revenues of W1,630.8 billion in fiscal year 1999, compared to W1,054.3 billion in fiscal year 1998, primarily reflecting the increased commissions received. The domestic stock market rally and stable interest rates during fiscal year 1999 contributed to increased investor activities in fiscal year 1999 with the Korean Stock Price Index and the over-the-counter KOSDAQ index reaching record levels. This favorable business environment in turn led the Company to post a 54.7% growth in operating revenues.

Commissions received in fiscal year 1999 increased 111.1% to W1,079.3 billion from W511.2 billion in fiscal year 1998. Commission received from institutional investors and private clients increased, reflecting higher levels of investment activity throughout fiscal year 1999. Accordingly, the share of commissions received increased from 48.5% in fiscal year 1998 to 66.2% of the total operating revenue in fiscal year 1999.

Gains on sales of trading securities increased by 39.0% to W227.4 billion in fiscal year 1999 from W163.6 billion in fiscal year 1998. Interest income also jumped to W199.0 billion in fiscal year 1999, up 67.6% over its previous fiscal-year level, W118.7 billion.

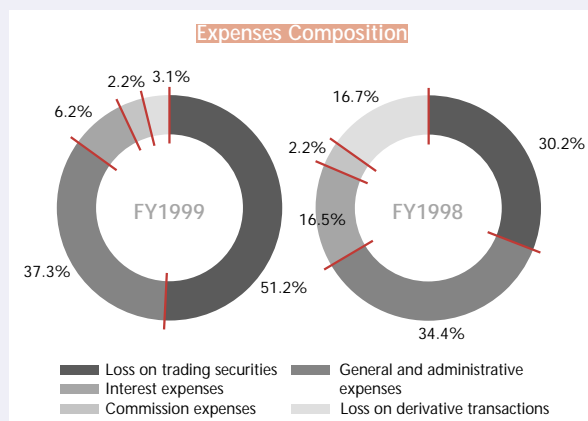
Operating Revenues

In Million Won	FY1999	FY1998	Change	%Change
Commissions received	1,079,334	511,178	568,156	111.1%
Interest income	199,005	118,707	80,298	67.6%
Dividends income	2,727	10,717	(7,990)	(74.6)%
Distribution income	20,443	28,957	(8,514)	(29.4)%
Gain on sales of trading securities	227,370	163,568	63,802	39.0%
Gain on valuation of trading securities	13,161	85,548	(72,387)	(84.6)%
Gain on derivatives transactions	88,799	135,625	(46,826)	(34.5)%
Total	1,630,839	1,054,300	576,539	54.7%

During fiscal year 1999, the Company's revenue composition changed with portions of commissions received and interest income both increasing, and gains on securities decreasing. Of total revenues in fiscal year 1999, commissions received accounted for 66.2%, gains on trading securities 14.7%, and interest income 12.2%. These figures compare with 48.5%, 23.6%, and 11.3%, respectively, in fiscal year 1998.

Operating Expenses

Operating expenses amounted to W2,902.5 billion for fiscal year 1999, an increase of W2,051.8 billion, or 241.5%, from W849.7 billion in fiscal year 1998. This increase was largely attributable to losses on sales and valuation of trading securities along with general and administrative expenses. Losses on sales of trading securities in fiscal year 1999 were W774.3 billion, up W528.9 billion, or 215.5%, over 1998. Losses on valuation of trading securities for fiscal year 1999 increased by W701.3 billion, or 6,187.8%, over fiscal year 1998 as well. These increases in losses related to trading securities in fiscal year 1999 were largely attributable to repurchases of beneficiary certificates. In addition, general and administrative expenses were W1,081.3 billion, an increase of W789.4 billion, or



270.4%, from W291.9 billion in fiscal year 1998, primarily due to allowance for bad debts.

Of operating expenses for fiscal year 1999, losses on trading securities amounted to 51.2%, general and administrative expenses 37.3%, and interest expenses 6.2%. Comparable figures for fiscal year 1998 were 30.2%, 34.4%, and 16.5%, respectively.

Operating Expenses

In Million Won	FY1999	FY1998	Change	%Change
Commission expenses	64,864	18,484	46,380	250.9%
Interest expenses	179,836	140,415	39,421	28.1%
Loss on sales of trading securities	774,292	245,439	528,853	215.5%
Loss on valuation of trading securities	712,654	11,334	701,320	6187.8%
Loss on derivatives transactions	88,541	142,102	(53,561)	(37.7)%
General and administrative expenses	1,081,309	291,943	789,366	270.4%
Total	2,901,496	849,717	2,051,779	241.5%

Financial Position

Current Assets

Daewoo Securities maintains a highly liquid balance sheet with the majority of its assets consisting of current assets. The Company's total assets at the end of fiscal year 1999 came to W4,860.5 billion, an 18.2% increase over fiscal year 1998. Current assets increased by W442.3 billion, or 14.9%, and non-current assets increased by W307.0 billion, or 27.1%, over the previous fiscal year.

Current assets as of March 31, 2000 were W3,420.6 billion, up W442.3 billion, or 14.9%, compared to W2,978.3 billion as of March 31, 1999, primarily due to increased deposits and loans. Total deposits increased W1,218.5 billion, or 594.7%, from the end of fiscal year 1998. The sharp increase was mainly due to the reserve for claims of customer deposits, which jumped W829.8 billion, or 420.4%, from the end of fiscal year 1998 to

W1,027.2 billion at the end of fiscal year 1999. Loans also increased by W969.4 billion, or 599.4%, to W1,131.1 billion at the end of fiscal year 1999 from the end of the previous fiscal year, primarily due to increases in other loans. Other loans reached W974.4 billion at the end of fiscal year 1999. Of the W974.4 billion in other loans, the Company plans to liquidate other loans worth W774.4 billion, which are related to call loans lent to Daewoo Capital by providing a loan loss reserve of W464.6 billion and collecting the remaining W309.8 billion.

Meanwhile, trading securities decreased W956.8 billion, or 50.8%, to W928.5 billion as of March 31, 2000 from W1,885.3

billion as of March 31, 1999, primarily reflecting decreased beneficiary certificates and government and public bonds. The Company's principal objectives in making trading securities investments are to maintain the stability and diversification of its assets and match the maturity of its funding and investments. As of the end of fiscal year 1999, beneficiary certificates accounted for 81.7%, stocks 9.1%, corporate bonds 3.8%, and government and public bonds 3.2% of the total trading securities. Comparable figures as of the end of fiscal year 1998 were 55.2%, 8.1%, 3.0%, and 10.3%, respectively.

Current Assets

In Million Won	FY1999	FY1998	Change	%Change
Cash and bank deposits	200,525	602,937	(402,412)	(66.7)%
Deposits	1,423,436	204,894	1,218,542	594.7%
Trading securities	928,460	1,885,268	(956,808)	(50.8)%
Loans	1,131,126	161,728	969,398	599.4%
Other current assets	253,186	138,447	114,739	82.9%
Allowance for credit losses	(516,158)	(14,983)	(501,175)	3345.0%
Total	3,420,575	2,978,291	442,284	14.9%

Non-Current Assets

Non-current assets amounted to W1,439.9 billion, representing a 27.1% increase over the previous fiscal year-end. This increase was primarily attributable to increased investment securities. Investment securities increased by W289.7 billion, or 68.4%, to W713.0 billion as of the end of fiscal year 1999 compared to W423.3 billion as of the end of fiscal year 1998,

primarily due to increased stocks. Of non-current assets, investment securities accounted for 49.5%, tangible fixed assets 26.8%, and investment assets 11.0% as of March 31, 2000. These figures compare with 37.4%, 31.7%, and 8.9%, respectively, at the end of fiscal year 1998.

Non-Current Assets

In Million Won	FY1999	FY1998	Change	%Change
Investment securities	713,035	423,319	289,716	68.4%
Investment assets	158,875	100,760	58,115	57.7%
Tangible fixed assets	385,355	359,447	25,908	7.2%
Other fixed assets	182,623	249,361	(66,738)	(26.8)%
Total	1,439,888	1,132,887	307,001	27.1%

Current Liabilities

Total liabilities increased to W4,128.7 billion as of March 31, 2000 from W2,891.6 billion as of March 31, 1999, primarily reflecting a 67.8% increase in current liabilities. Current liabilities increased W1,645.5 billion, or 67.8%, to W4,072.5 billion as of the end of fiscal year 1999 from W2,427.0 billion

as of the end of fiscal year 1998. This increase in current liabilities fully offset the W408.4 billion or 87.9% decrease in non-current liabilities. One major reason for the current liability increase was short-term borrowings. The increase was mostly driven by the

borrowings from KSFC (Korea Securities Finance Corporation), worth W785.7 billion compared with W110.0 billion at the end of the previous fiscal year. Customers' deposits also increased to W1,657.1 billion at the end of fiscal year 1999 from W922.7 billion at the end of fiscal year 1998, primarily due to increased customers' deposits for brokerage and customers' deposits for

subscription. Customers' deposits for brokerage increased W403.5 billion and customers' deposits for subscription increased W339.6 billion over the previous fiscal year-end. These increases primarily resulted from increased investment activities due to the 1999 stock market rally.

Current Liabilities

In Million Won	FY1999	FY1998	Change	%Change
Call money	142,300	429,500	(287,200)	(66.9)%
Short-term borrowings	1,597,429	323,469	1,273,960	393.8%
Bonds sold under repurchase agreement	16,868	12,927	3,941	30.5%
Customers' deposits	1,657,109	922,663	734,446	79.6%
Securities sold	251	-	251	-
Others	658,531	738,403	(79,872)	(10.8)%
Total	4,072,488	2,426,962	1,645,526	67.8%

Non-Current Liabilities

As of March 31, 2000, non-current liabilities came to W56.2 billion, down W408.4 billion, or 87.9%, from W464.6 billion as of March 31, 1999. The 87.9% decrease was primarily due to

obligations to pay under guarantee of bonds and subordinated debenture, which recorded W129.1 billion and W220.0 billion, respectively, as of the end of fiscal year 1998.

Non-Current Liabilities

In Million Won	FY1999	FY1998	Change	%Change
Debenture	8,380	90,178	(81,798)	(90.7)%
Long-term borrowings	284	284	-	0.0%
Allowance for guarantees	34,287	-	34,287	-
Reserve for severance and retirement benefits	13,291	7,265	6,026	82.9%
Obligations to pay under guarantee of bonds	-	129,102	(129,102)	(100.0)%
Subordinated debenture	-	220,000	(220,000)	(100.0)%
Others	3	17,766	(17,763)	(100.0)%
Total	56,245	464,595	(408,350)	(87.9)%

Stockholders' Equity

Total stockholders' equity amounted to W731.7 billion as of the end of fiscal year 1999, down W487.9 billion, or 40.0%, from W1,219.6 billion as of the end of fiscal year 1998. The decrease in stockholders' equity reflected decreased capital surplus and retained earnings. Accordingly, the debt to equity ratio recorded 564.2% as of March 31, 2000 compared with 237.1% at the end of fiscal year 1998.

Capital surplus decreased W415.2 billion compared to fiscal 1998, primarily due to disposition of deficit. Retained earnings

reached W11.5 billion, down W260.6 billion from W272.1 billion as of March 31, 1999, primarily reflecting the Company's net losses worth W1,232.3 billion. Capital stock increased by 81.8% or W273.2 billion to W607.3 billion as of the end of fiscal 1999 from W334.2 billion as of the end of fiscal year 1998. The 81.8% increase in capital stock primarily reflected capital increases with consideration worth W227.2 billion during fiscal 1999.

Stockholders' Equity

In Million Won	FY1999	FY1998	Change	%Change
Capital Stock	607,339	334,150	273,189	81.8%
Common Stock	536,960	263,771	273,189	103.6%
Preferred Stock	70,379	70,379	-	0.0%
Capital Surplus	174,637	589,842	(415,205)	(70.4)%
Retained Earnings	11,523	272,123	(260,600)	(95.8)%
Capital Adjustment	(61,769)	23,506	(85,275)	(362.8)%
Total	731,730	1,219,621	(487,891)	(40.0)%

The Korea Development Bank

As of May 2000, the Korea Development Bank (KDB) became the largest stockholder of Daewoo Securities through the acquisition of unclaimed stocks, holding 25% of the Company's stocks. As a result of KDB's acquisition of the Company, the Company's credibility improved as its future uncertainty was resolved. In addition, the Company expects a synergy effect between the banking and securities businesses.

KDB is well known for its high credibility and stability and leads in the corporate finance and international finance market with its notable fund-raising ability. Furthermore, KDB has a distinguished research capability in the areas of economics and

industry analysis. On the other hand, Daewoo Securities is notable for its retail network and sales forces with the best sales ability in corporate finance, international finance, and institutional business in Korea. It also has an industry-leading research ability in the area of market and stock analysis, and is equipped with IT and on-line finance capability.

The core competencies of the two companies could bring about great synergy effects, thereby enabling the Company to lead the Korean financial market and secure global competitiveness.

Financial Statements

Balance sheet (as of March 31, 2000)

	Thousands of Korean Won	U. S. Dollars (Note 3)
ASSETS		
Current assets:		
Cash and bank deposits (Note 4)	W 200,525,226	\$ 180,930,457
Deposits with KSFC (Note 5)	1,423,436,768	1,284,342,478
Trading securities (Notes 6 and 7)	928,459,967	837,733,436
Call loans (Note 8)	103,342,000	93,243,707
Loans to customers, less allowance for doubtful accounts of W504,913,412 thousand (Note 8)	522,870,526	471,777,069
Accounts receivable from customers, less allowance for doubtful accounts of W5,398,897 thousand	80,464,960	72,602,147
Accrued income	40,467,556	36,513,179
Advance payments	6,106,622	5,509,900
Prepaid income tax	75,867,555	68,453,988
Prepaid expenses	1,603,575	1,446,878
Other	37,430,909	33,773,265
Total current assets	3,420,575,664	3,086,326,504
Investment securities (Notes 7 and 9)	694,804,223	626,909,883
Long-term financial instrument (Note 4)	6,142,752	5,542,499
Long-term loans, less allowance for doubtful accounts of W399,100 thousand	75,712,770	68,314,328
Guarantee deposits	76,620,106	69,133,002
Troubled loans, less allowance for doubtful accounts of W112,596,793 thousand (Notes 11, 12 and 13)	166,423,685	150,161,224
Collective fund for default loss	8,765,069	7,908,571
Property and equipment, net of accumulated depreciation (Note 10)	385,354,770	347,698,971
Other	26,064,292	23,517,362
Total assets	W4,860,463,331	\$4,385,512,344

The accompanying notes are an integral part of these financial statements.

	Thousands of Korean Won	U. S. Dollars (Note 3)
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Call money (Note 14)	W 142,300,000	\$ 128,394,839
Short-term borrowings (Note 14)	1,597,429,249	1,441,332,896
Securities sold under repurchase agreements	16,868,408	15,220,074
Deposits from customers (Note 15)	1,657,108,813	1,495,180,739
Securities sold	250,606	226,117
Accrued expenses	66,511,442	60,012,128
Guarantee deposits received	10,365,021	9,352,180
Current portion of long term subordinated debts (Note 16)	220,000,000	198,502,211
Other	361,654,869	326,314,960
Total current liabilities	4,072,488,408	3,674,536,144
Debenture (Note 16)	8,380,177	7,561,289
Long-term borrowing (Note 16)	284,000	256,248
Allowance for guarantees (Note 18)	34,286,350	30,935,983
Reserve for severance and retirement benefits (Note 17)	13,290,929	11,992,176
Other	3,310	2,987
Total liabilities	4,128,733,174	3,725,284,827
Commitments and contingencies (Note 18)		
Shareholders' equity:		
Capital stock, par value: W 5,000, Authorized: 240,000,000 shares, Issued and outstanding (Note 19):		
Common stock: 107,392,070 shares	536,960,350	484,490,075
Preferred stock: 14,075,750 shares	70,378,750	63,501,534
Capital surplus	174,637,675	157,572,566
Retained earnings (Note 20):		
Reserve for accidental loss	11,522,856	10,396,874
Capital adjustments (Note 21)	(61,769,474)	(55,733,532)
Total shareholders' equity	731,730,157	660,227,517
Total liabilities and shareholders' equity	W 4,860,463,331	\$ 4,385,512,344

The accompanying notes are an integral part of these financial statements.

Balance sheet, continued (as of March 31, 2000)

	Thousands of Korean Won	U. S. Dollars (Note 3)
FOOTNOTES		
Securities in custody:		
Trustee securities in custody	W 11,473,500,892	\$ 10,352,342,229
Saver securities in custody	473,877,166	427,571,205
Beneficiary securities in custody	6,150,108,132	5,549,136,634
Other	316,755,579	285,803,103
	18,414,241,769	16,614,853,171
Negotiable certificate of deposits in custody	5,112,600	4,613,011
Guarantees on bonds	404,825,430	365,267,013
Deposits on exchange:		
Deposits in foreign currency on exchange	825,337	744,687
Derivatives contracts	22,448,056	20,254,494
Stock index futures:		
Long position	6,215,000	5,607,687
Short position	15,755,200	14,215,646
	21,970,200	19,823,333
Stock index options:		
Long position	227,250	205,044
Short position	250,606	226,117
	W 477,856	\$ 431,161

The accompanying notes are an integral part of these financial statements.

Income statement (For the year ended March 31, 2000)

	Thousands of Korean Won	U. S. Dollars (Note 3)
Operating revenue (Note 24):		
Commissions received	W 1,079,333,800	\$ 973,864,297
Interest and dividends	201,731,320	182,018,695
Gain on sales of trading securities	227,370,473	205,152,461
Gain on derivatives transactions	88,799,526	80,122,283
Gain on valuation of trading securities	13,161,293	11,875,208
Other	20,443,263	18,445,604
	1,630,839,675	1,471,478,548
Operating expenses (Note 24):		
Commission expense	64,864,501	58,526,122
Interest expense	179,836,323	162,263,217
Loss on sales of trading securities	774,291,992	698,630,328
Loss on derivatives transactions	88,540,843	79,888,878
Loss on valuation of trading securities	712,653,859	643,015,302
Selling and administrative expenses	1,081,308,800	975,646,304
	2,901,496,318	2,617,970,151
Operating loss	1,270,656,643	1,146,491,602
Other income (expenses):		
Office rental income	7,830,247	7,065,097
Gain on equity method valuation (Note 9)	18,458,912	16,655,158
Gain on foreign currency transactions, net	(127,533)	(115,071)
Gain on foreign currency translation, net	(7,808,731)	(7,045,683)
Gain on valuation of investment in stock market stabilization fund	20,798,730	18,766,336
Investment securities valuation loss	(6,717,525)	(6,061,107)
Loss on disposition of tangible assets, net	(822,678)	(742,288)
Gain on disposition of investment securities, net	3,880,757	3,501,540
Other, net	(1,840,314)	(1,660,484)
	33,651,865	30,363,498
Ordinary loss	1,237,004,778	1,116,128,104
Extraordinary gain	1,034,054	933,009
Extraordinary loss	1,802,089	1,625,994
Loss before income taxes	1,237,772,813	1,116,821,089
Income tax benefit (Note 22)	5,489,118	4,952,737
Net loss for the year	W 1,232,283,695	\$ 1,111,868,352
Loss per share and diluted loss per share (in Korean Won and U.S. Dollar) (Note 25)	W 13,835	\$ 12.48
Ordinary loss per share and diluted ordinary loss per share (in Korean Won and U.S. Dollar) (Note 25)	W 13,826	\$ 12.47

The accompanying notes are an integral part of these financial statements.

Statement of disposition of accumulated deficit (For the year ended March 31, 2000)

	Thousands of Korean Won	U. S. Dollars (Note 3)
Accumulated deficit before disposition:		
Unappropriated retained earnings carried-forward from prior year	W 34,565,676	\$ 31,188,014
Cumulative effect of retroactive applications of changes in accounting standards	9,400,883	8,482,254
Loss on prior period error correction (Note 28)	29,064,628	26,224,514
Net loss	1,232,283,695	1,111,868,352
	1,236,183,530	1,115,387,106
Disposition of accumulated deficits:		
Transfer from voluntary reserve	123,000,000	110,980,781
Transfer from reserve for business rationalization	10,241,171	9,240,432
Transfer from reserve for overseas investment loss	10,485,666	9,461,036
Transfer from reserve for losses on securities transactions	3,063,064	2,763,750
Transfer from legal reserve	93,830,000	84,661,193
Transfer from capital surplus	995,563,629	898,279,914
	1,236,183,530	1,115,387,106
Undisposed accumulated deficit to be carried over to subsequent year	W 0	\$ 0

The accompanying notes are an integral part of these financial statements.

Statement of cash flows (For the year ended March 31, 2000)

	Thousands of Korean Won	U. S. Dollars (Note 3)
Cash flows from operating activities:		
Net loss	W (1,232,283,695)	\$ (1,111,868,352)
Transactions not involving operating cash flows:		
Provision for severance and retirement benefits	10,788,700	9,734,458
Depreciation	20,060,491	18,100,235
Provision for doubtful accounts	629,649,123	568,121,558
Provision for guarantees	8,466,001	7,638,727
Loss from trading securities valuation	712,653,859	643,015,302
Investment securities valuation loss	6,717,525	6,061,107
Loss on foreign currency translation	6,921,749	6,245,375
Gain on trading securities valuation	(13,161,293)	(11,875,208)
Gain on disposition of investments	(5,694,110)	(5,137,697)
Gain on equity method valuation	(18,458,912)	(16,655,158)
Gain on valuation of investment in stock market stabilization fund	(20,798,730)	(18,766,336)
Income tax benefit	(5,489,118)	(4,952,737)
Amortization of present value discounts	(17,027,545)	(15,363,661)
Other	9,417,249	8,497,022
	1,324,044,989	1,194,662,987
Changes in operating assets and liabilities:		
Increase in deposits with KSFC	(1,218,542,768)	(1,099,470,151)
Increase in trading securities	(57,012,011)	(51,440,956)
Increase in other receivables	(63,123,421)	(56,955,175)
Decrease in accrued income	29,697,696	26,795,720
Increase in prepaid income tax	(61,055,043)	(55,088,914)
Increase in advances for customers	(145,460,932)	(131,246,893)
Increase in customers' deposits	741,144,869	668,722,249
Decrease in accounts payable	(20,571,846)	(18,561,622)
Increase in accrued expenses	33,605,066	30,321,272
Decrease in withholding income taxes	(27,814,853)	(25,096,863)
Decrease in deposits for rent	(4,048,776)	(3,653,141)
Payments of severance and retirement benefits	(3,440,656)	(3,104,445)
Loss on prior period error correction	(29,064,628)	(26,224,512)
Other	(28,343,471)	(25,573,826)
	(854,030,774)	(770,577,257)
	W (762,269,480)	\$ (687,782,622)

The accompanying notes are an integral part of these financial statements.

Statement of cash flows, continued (For the year ended March 31, 2000)

	Thousands of Korean Won	U. S. Dollars (Note 3)
Cash flows from investing activities:		
Decrease in call loans	W 89,597,958,000	\$ 80,842,694,216
Decrease in broker's loans	1,193,813,349	1,077,157,222
Decrease in bonds purchased under resale agreements	144,564,405	130,437,973
Disposal of investment securities	90,445,438	81,607,361
Decrease in long-term bank deposits	66,727,790	60,207,336
Decrease in long-term loans	28,638,518	25,840,042
Increase in call loans	(90,576,500,000)	(81,725,615,808)
Increase in broker's loans	(1,184,720,064)	(1,068,952,507)
Increase in bonds purchased under resale agreements	(154,400,000)	(139,312,461)
Acquisition of investment securities	(95,770,915)	(86,412,447)
Increase in long-term loans	(74,551,293)	(67,266,348)
Increase in guarantee deposits	(26,918,807)	(24,288,376)
Acquisition of property and equipment	(44,545,007)	(40,192,193)
Other	(13,977,108)	(12,611,304)
	(1,049,235,694)	(946,707,294)
Cash flows from financing activities:		
Increase in call money	99,249,700,000	89,551,294,776
Increase in short-term borrowings	64,050,100,522	57,791,302,465
Increase in bonds sold under resale agreements	1,145,581,753	1,033,638,684
Issuance of common stocks	748,606,652	675,454,888
Decrease in call money	(99,506,900,000)	(89,783,361,906)
Decrease in short-term borrowings	(62,776,139,931)	(56,641,829,767)
Decrease in bonds sold under resale agreements	(1,271,077,145)	(1,146,871,014)
Repayment of current portion of long-term debts	(24,000,000)	(21,654,787)
Repayment of subordinated current portion of long-term debts	(177,000,000)	(159,704,051)
Other	(29,777,814)	(26,868,009)
	1,409,094,037	1,271,401,279
Decrease in cash and cash equivalents	(402,411,137)	(363,088,637)
Cash and cash equivalents at beginning of the year	602,936,363	544,019,094
Cash and cash equivalents at end of the year	W 200,525,226	\$ 180,930,457

The accompanying notes are an integral part of these financial statements.

Notes

1. The Company:

Daewoo Securities Co., Ltd. (hereinafter "the Company") was originally incorporated in September 1970 under the name of Orient Securities Co., Ltd. The Company was organized pursuant to the laws of the Republic of Korea to engage in the securities trading business. In September 1975, the Company's shares were listed on the Korea Stock Exchange and its outstanding capital stock as of March 31, 2000 is W607,339 million. The Company changed its name to Daewoo Securities Co., Ltd. and merged with Sambo Securities Co., Ltd. in December 19, 1983 and has 131 branches as of March 31, 2000.

As of March 31, 2000, the Company's major shareholders are as follows:

	Number of Shares	Percentage of Ownership(%)
Korea First Bank, including other 8 banks	9,844,653	9.17%
Korea Deposit Insurance Corporation	3,130,000	2.91%
Bank of Seoul	3,130,000	2.91%
Korea Exchange Bank	3,130,000	2.91%
Korea Development Bank	3,130,000	2.91%
Chohung Bank	3,130,000	2.91%
Hanvit Bank	3,130,000	2.91%
Koram Bank	3,130,000	2.91%
Kookmin Bank	3,130,000	2.91%
Employees	4,188,152	3.90%
POSTEL (UK)	5,911,768	5.51%
BBHK-A.P (Malaysia)	3,000,000	2.80%
CMB-ADIA (USA)	2,293,000	2.14%
Other	57,114,497	53.20%
	107,392,070	100.00%

According to the Regulation on the Financial Soundness of Securities Companies prescribed by the Korean Securities and Exchange Law, the Company is restricted in the ownership of securities issued by related parties as well as in providing surety obligations or loans to related parties. However, the Company had punitive measures taken against it by the Korean Financial Supervisory Service upon persons in charge and received a serious warning based on the investigation of the matters mentioned above in October.

The Company was excluded from the Daewoo Group of companies defined by the Korean Monopoly Regulation and Fair Trade Act on October 1, 1999.

Due to the financial troubles of the Daewoo Group of companies, to which the Company had belonged, the Company

Under the Articles of Incorporation, the Company is authorized to issue convertible debenture and debenture with stock purchase options up to W750,000 million. Through March 31, 2000, W150,000 million of convertible debentures have been issued, out of which W141,460 million of convertible debentures have been converted into common stock. Consequently, as of March 31, 2000, the balance of convertible debentures is W8,540 million.

Under the Articles of Incorporation, the Company is also authorized to grant stock options to the Company's employees and directors up to 15% of the issued common stock. As of March 31, 2000, no stock options have been granted.

has been suffering from significant decreases in net income compared to the previous year.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed by the Company in the preparation of its financial statements in accordance with the financial accounting standards of the Republic of Korea, the accounting rules for securities companies provided by the Korean Financial Supervisory Commission, and the Regulation on the Financial Soundness of Securities Companies prescribed by the Korean Securities and Exchange Law are summarized below. Pursuant to the financial accounting standards in the Republic of Korea, revised on December 11, 1998, the financial statements for the year ended March 31, 2000 are presented only.

Basis of Financial Statement Presentation -

The official accounting records of the Company, on which the Korean language financial statements are based, are maintained in Korean Won in accordance with the laws and regulations of the Republic of Korea.

The accompanying financial statements have been extracted from the Company's Korean language financial statements that were prepared using accounting principles, procedures and reporting practices generally accepted in the Republic of Korea. These standards may vary from accounting principles generally accepted in the country of the reader. The financial statements have been translated from Korean into English, and have been formatted in a manner different from the presentation under Korean financial statement practices.

Certain supplementary information included in the Korean language statutory financial statements but not required for a fair presentation of the Company's financial position, results of operations, or cash flows is not presented in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea.

The preparation of financial statements requires management to make estimates and assumptions that effect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

Trading Securities -

Trading securities are stated at fair value, in accordance with the revised accounting rules provided by the Korean Financial Supervisory Commission. Trading securities other than bonds are recorded at the closing price of relevant markets on the balance sheet date. If no closing price exists at the balance sheet date, the closing price immediate before a business date is applied. Bonds are stated at fair value determined using the basic earning rate published by the Korea Securities Dealers Association.

As of March 31, 2000, the aggregate market value of trading equity securities is lower than the book value by W100,225 million, and the Company recognized valuation gains and losses thereon by W2,844 million and W103,069 million, respectively. All losses and gains were directly added to and deducted from trading equity securities.

As of March 31, 2000, the aggregate market value of bonds is higher than the book value by W527 million, and the Company recognized valuation gain and losses thereon by W1,003 million and W476 million, respectively. All losses and gains were directly added to and deducted from bonds.

As of March 31, 2000, the aggregate market value of beneficiary certificates is lower than the book value by W313,495 million, and the Company recognized valuation gains and losses thereon by W9,314 million and W322,809 million, respectively. All losses and gains were directly added to and deducted from beneficiary certificates.

In addition, the Company recognized W286,301 million of estimated losses on the repurchase of beneficiary certificates from its customers in the subsequent fiscal year. These losses are carried in the balance sheet as other current liabilities and charged to operation as valuation loss on the valuation of trading securities.

As of March 31, 2000, the aggregate market value of long and short position trading securities option is higher than the book value by W40 million, and the Company recognized valuation losses on those by W89 million and valuation gains on those by W129 million, respectively. All losses and gains are directly added to and deducted from long and short trading securities options.

Accounting for Derivatives -

The company recorded assets and liabilities related to derivatives in the accompanying balance sheet and stated them at market value. Resulting net valuation gains or losses are included in the operating revenue or expenses.

Stock index futures are recorded in the footnote in the balance sheet. Losses or gains on sales or settlement of stock index futures are recorded as operating expenses or revenue.

As of the beginning of contract, stock index options are stated at value of long or short position. Losses or gains on sales of stock index options or valuation of stock index options are recorded as operating expenses or revenue, respectively.

Allowance for Valuation and Bad debts -

Pursuant to the accounting rules provided by the Korean Financial Supervisory Commission, the Company has classified accounts receivable, including margin, to customers into the following five categories and provided an allowance for bad debts.

For this purpose, the Company classified all the accounts receivable as of March 31, 2000 into the following (Millions of Won):

Accounts	Current	Special Mention	Substandard	Doubtful	Loss(*)	Totals
Fiduciary loans	W 53,376	W -	W -	W -	W -	W 53,376
Loans	75,714	-	-	-	406	76,120
Other receivables	78,596	2,045	-	-	5,223	85,864
Accrued income	40,670	-	-	-	5,643	46,313
Corporate bonds	17,136	34,850	2,472	-	17,039	71,497
Advances for customers	4,115	99,559	32,396	72,965	67,347	276,382
Dishonored bills	-	-	122	4,000	-	4,122
Dishonored bonds	-	15,302	-	19,070	35,826	70,198
Other receivables (Call loans)	309,760	-	200,000	-	464,640	974,400
Other non-current assets	19,996	-	246	170	28,006	48,418
Totals	W 599,363	W151,756	W 235,236	W 96,205	W 624,130	W 1,706,690

(*) The amount includes W71,708 million of present value discount account.

In accordance with the accounting rules for securities companies provided by the Korean Financial Supervisory Commission, troubled loans restructured unfavorably under workout plans or other similar restructuring agreements are stated at present value. The difference between the nominal amount and present value was recorded in the balance sheet

as present value discount account. Amortization of present value discount account is included in other interest income. As of March 31, 2000, troubled debts, which are restructured by a reorganization plan, approved by the court or agreed to by creditors comprise the following:

Accounts	Description	Data of Approval	Date of Maturity	Discount Rate(%)	Millions of Won		
					Nominal Value	Present Value	Difference
(1) Advances to customers							
Han Shin Construction Co., Ltd.	Court Receivership	1998. 6.30	2008.12.31	10.0~11.0	W 23,238	W 14,398	W 8,840
Shin Poong Pharmaceutical Co., Ltd.	Composition Proceedings						
Hanbo Iron & Steel	Court Receivership	1998. 8. 7	2004.12.31	8.0~11.0	14,485	14,369	116
Koryo Cement Manufacturing Co., Ltd.	Court Receivership	1999. 7.27	2018.12.31	11.0	10,252	1,826	8,426
Hanbo Energy Co., Ltd.	Court Receivership	1999.10.17	2011. 6.30	11.0	11,375	7,938	3,437
Sammi Steel Co., Ltd.	Court Receivership	1998.10.14	2014.12.31	11.0	11,100	5,787	5,313
Shin Won Development	Court Receivership	1998.12.17	2008.12.31	11.0	8,348	4,785	3,563
Nasan Co., Ltd.	Court Receivership	1999. 7.21	2009.12.30	10.0	7,088	3,619	3,469
Hanil Pharm Ind. Co., Ltd.	Court Receivership	1999. 1.27	2008.12.30	10.0	6,672	3,866	2,806
Other		1999. 11. 5	2008.12.31	10.0~11.0	6,265	4,352	1,913
					52,850	38,329	14,521
					151,673	99,269	52,404
(2) Dishonored bonds							
Woo Sung Construction Co., Ltd.	Court Receivership	1998. 2.25	2015.11.31	11.0	5,000	2,181	2,819
Han Shin Construction Co., Ltd.	Court Receivership	1998. 6.30	2008.12.31	11.0	1,850	837	1,013
Hanbo Iron & Steel	Court Receivership	1999. 7.27	2018.12.31	11.0~13.5	13,266	2,288	10,978
Hai Tai Confectionery Co., Ltd.	Court Receivership	1999. 9.15	2010. 1. 3	12.5	14,206	9,996	4,210
					34,322	15,302	19,020
(3) Corporate bonds							
Sepoong Private Placement bonds	Work out	1999. 5.26	2000. 7.31	15.0~16.0	2,821	2,794	27
(4) Receivables							
Pusan Lease Co., Ltd.	Composition Proceedings	1999. 2.18	2003.12.15	12.35	2,302	2,045	257
					W191,118	W119,410	W71,708

Among the classification of "Probably Loss" the accounts receivable with recourse comprise the following (Millions of Won):

Accounts	Companies	Balance	Claim rights	Extinctive Prescription
Short-term loans	–	W 7	W 7	2003. 3.31
Long-term loans	Kohap Engineering Plastics Ltd.	399	399	2004. 3.31
Other receivables	(*)	4,966	4,966	2003.12.15
Accrued income	Daewoo Finance (India)	46	46	2003. 3.31
	Kisan Co., Ltd.	3,550	3,550	2004. 3.31
	(*)	2,047	2,047	2003. 3.31
		11,015	11,015	
Other loans	Daewoo Capital	464,640	464,640	2004.12.31
	(*)	28,006	28,006	2004. 3.31
		492,646	492,646	
Advance for customers	Youngtae Electronics Co., Ltd.	1,819	1,819	2001.11.18
	Youngwoo Chemical Co., Ltd.	1,101	1,101	2002. 1. 8
	The spa of Moodungsan	2,054	2,054	2004. 8.23
	Dong-A Environmental	5,014	5,014	2008. 3.31
	(*)	4,955	4,955	–
		14,943	14,943	
Dishonored bonds	Kisan Co., Ltd.	14,000	14,000	2007. 9.22
	Nasan Construction Co., Ltd.	2,703	2,703	–
	Woosung Construction Co., Ltd.	103	103	2015.11.30
		16,806	16,806	
Corporate bonds	Kohap private placement CB	7,186	7,186	2008. 7. 6
	Shinwon private placement CB	5,739	5,739	2008. 7.18
	Kohap CB	4,014	4,014	2008. 7. 6
	Other	73	73	2008. 7.18
		17,012	17,012	
		W 552,422	W 552,422	

(*) These consist of a number of individual clients.

The Company provides an allowance for doubtful accounts based on the aggregate estimated collectibility of amount receivable. In the last three years, the allowance for doubtful accounts and the percentage to total receivables are as follows (Millions of Won):

Balance sheet Data	Receivables Balances	Allowance for Doubtful Accounts	Rates
1998.3.31	W 482,802	W 87,150	18.05%
1999.3.31	689,486	227,115	32.94%
2000.3.31	1,706,690	747,625 (*)	43.81%

(*) The amount includes W71,708 million of the present value discount account.

Investment Securities -

All investments in equity and debt securities are initially carried at cost, including incidental expenses. In the case of debt securities, cost includes the premium paid or discount received at the time of purchase. The following paragraphs describe the subsequent accounting for securities by the type of security.

Investments in marketable equity securities of non-controlled investees are carried at fair value. Temporary changes in fair value are accounted for in the capital adjustment account, a component of the stockholders' equity. Declines in fair value, which are anticipated to be permanent, are recorded in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded in the capital adjustment account.

Investments in non-marketable equity securities of non-controlled investees are carried at cost, except for declines in the Company's proportionate ownership of the underlying book value of the investee which are anticipated to be permanent, which are recorded in current operations. Subsequent recoveries are also recorded in current operations up to the original cost of the investment.

Investments in equity securities of companies over which the Company exerts significant control or influence (controlled investees) are recorded using the equity method of accounting. Under the equity method, the Company records changes in its proportionate ownership of the book value of the investee as current operations, capital adjustments or adjustments to retained earnings, depending on the nature of the underlying change in book value of the investee.

Premiums and discounts on debt securities are amortized over the life of the debt using the effective interest method. Investments in debt securities, which the Company has the intent and ability to hold to maturity, are generally carried at cost, adjusted for the amortization of discounts or premiums. Declines in the fair value of debt securities which are anticipated to be permanent are recorded in current operations. Subsequent recoveries are also recorded in current operations up to the amortized cost of the investment.

Property and Equipment -

Property and equipment are recorded at cost except for upward revaluation in accordance with the Korean Asset Revaluation Law. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as described below.

	Estimated Useful Lives
Buildings	40 years
Vehicles	4 years
Furniture and equipment	4 years

With the important changes in the environment of the Company, during the fiscal year, the Company changed the useful life of property and equipment. As a result, depreciation expenses decreased by W1,028 million.

Foreign Currency Translation -

Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the exchange rates prevailing at the balance sheet date. Resulting exchange losses and gains are currently recognized.

Accounting for Bonds sold under Repurchase Agreements -

Under the repurchase agreements, the Company recorded bonds sold under the agreements at the amount of bonds sold, and such bonds are included in current liability. Also, the Company recorded the difference between the repurchase price and the bonds sold price as interest from bonds sold under the repurchase agreements.

Under the resale agreements, the bonds purchased under resale agreements are stated at acquisition cost and are included in current assets. The Company recorded the difference between the bonds resale price and acquisition cost as interest from bonds purchased under the resale agreements.

Reserve for Severance and Retirement Benefits -

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Company, based on their length of service and rate of pay at the time of termination. The accrued severance benefit liability represents the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the balance sheet date.

The Company has entered into contracts for group severance insurance with eight insurance companies, including Samsung Life Insurance Co., Ltd. Related deposit payments made under these agreements are recorded as noncurrent bank deposits.

Actual payments of severance benefits during the current year were W3,441 million.

Translation of Foreign Currency Statements -

Financial accounts of overseas business locations are maintained in the currencies of the countries in which they operate. In translating the foreign currency financial statements of these overseas business locations into Korean Won, income and expenses are translated at the average rate for the year and assets and liabilities are translated at the rate prevailing at the balance sheet date. Resulting translation gains and losses are offset and the net amount is recorded as overseas business translation gain or loss, which is presented as an addition to or deduction from capital. Overseas business translation gains or losses are offset against those incurred in future periods.

As of March 31, 2000, the condensed financial information at the Tokyo branch is as follows:

	Millions of Won
Current assets	W 8,701
Non-current assets	650
Current liabilities	21
Non-current liabilities	15
Operating revenue	1,966
Operating expense	1,836

Significant Changes in Financial Accounting Standards in Korea -

In December 1998, there were significant changes to the financial accounting standards and accounting rules for securities companies in Korea that modified the accounting principles generally accepted in Korea. The cumulative effect on prior years of these changes in accounting policies is charged or credited to retained earnings. As a result of this change, retained earnings decreased by W9,401 million.

Prior Period Adjustment -

Pursuant to the revised generally accepted financial accounting standards, prior period adjustments that were previously charged to current operations are charged or credited to retained earnings.

Deferred Income Taxes -

In accordance with the revised generally accepted accounting principles in the Republic of Korea, during the current fiscal year the Company has adopted the deferred method of accounting for income taxes. Under this method, the future tax effects on temporary differences between the financial and tax bases of assets and liabilities are reflected in the balance sheet as of March 31, 2000. As the realizability of future tax effects on temporary differences and undisposed accumulated deficits cannot be assured, the Company recognized the deferred income taxes assets within the limit of deferred income taxes liabilities. Therefore, as of March 31, 2000, the Company has not recognized deferred tax assets (liabilities) (see note 22).

3. United States Dollar Amounts:

The Company operates primarily in Korean Won and its official accounting records are maintained in Korean Won. The U.S. Dollar amounts are provided herein as supplementary information solely for the convenience of the reader. Won

amounts are expressed in U.S. Dollars at the rate of W1,108.30:US\$1, the rate in effect on March 31, 2000. This presentation is not in accordance with accounting principles generally accepted in either the Republic of Korea or the United States and should not be construed as a representation that the Won amounts shown could be converted, realized or settled in U.S. Dollars at this rate.

4. Cash and Bank Deposits:

Cash and bank deposits as of March 31, 2000 comprise the following:

	Annual Interest Rate (%)	Millions of Won
Cash on hand and checking accounts	-	W 191
Passbook accounts	1.0	777
Time deposits	7.2 - 8.2	748
Group severance insurance deposits	7.5	6,081
Other deposits	-	198,871
		206,668
Noncurrent portion		(6,143)
		W 200,525

Noncurrent cash and bank deposits include W6,081 million of group severance insurance deposits and W62 million of passbook accounts, which represent deposits required to maintain checking accounts. Withdrawal of these amounts is restricted.

5. Deposits with KSFC:

Deposits with Korea Securities Finance Corporation (KSFC) as of March 31, 2000 comprise the following:

	Annual Interest Rate (%)	Millions of Won
Subscription deposits	3.0	W 340,300
Reserve for claims of customers' deposits	4.82 - 5.40	1,073,500
Other deposits	-	9,637
		W 1,423,437

6. Trading Securities:

Trading securities as of March 31, 2000 comprise the following:

	Millions of Won
Stocks	W 89,280
Government & Public bonds	30,083
Corporate bonds	49,916
Beneficiary certificates	758,954
Long position stock index options	227
	W 928,460

7. Assets Denominated in Foreign Currency:

Assets denominated in foreign currency as of March 31, 2000 comprise the following:

	Thousands of U. S. Dollars	Millions of Korean Won
Deposits	\$ 7,476	W 8,286
Stocks (Trading securities)	4,562	5,056
Bonds (Trading securities)	13,008	14,416
Bonds (Investment securities)	66,212	73,383
	\$ 91,258	W101,141

Above assets are composed of multiple currencies and converted into U.S. Dollars using basic rate of exchange on March 31, 2000.

8. Loans:

Loans as of March 31, 2000 comprise the following:

	Millions of Won
Call loans:	W 103,342
Loans to customer:	
Broker's loans	53,376
Short-term loans	8
Other loans	974,400
	1,131,126
Allowance for doubtful accounts	(504,913)
	W 626,213

As of March 31, 2000, the Company provides W464,000 million as an allowance for doubtful accounts against W774,000 million included in other loans offered to Daewoo Capital Co., Ltd. The Company is planning to cash the loan by disposing of it to Korea Asset Management Corporation or by issuing asset-backed-securities (ABS). In this regard, on May 6, 2000, the Company has agreed with Daewoo Capital Co., Ltd. that the Company underwrites unwarranted private placement bonds amounting to W774,000 million issued by Daewoo Capital Co., Ltd. for offsetting the loan. The Company has classified this loan as a current asset based on management's expectation that it could be liquidated within a year after the balance sheet date. This classification significantly affects the computation of net operating capital ratio. If the ratio drops below certain levels, the Company can be penalized by the Korean Financial Supervisory Service and is subject to discussion of the financial arrangement terms with the Korea Securities Finance Corporation regarding existing all borrowings.

As of March 29, 2000, the Company has filed lawsuits of provisional disposition to prohibit the exercising of rights in connection with the W200,000 million note held by Daehan Investment trust Management & Securities Co., Ltd. The Company provided such note as collateral in relation to the Daewoo Group's bridge call loan. Additionally, the Company has alleged to be without obligation in relation to this note in court. The Company has estimated and provided W40,000 million of allowance for this call loan. However, the ultimate losses on such note and call loan will be determined by the results of the executed workout plans of the Daewoo Group of companies and the related court's decision.

9. Investment Securities:

Investment Securities as of March 31, 2000 comprise the following:

Investments	Number of Shares	Ownership Percentage(%)	Millions of Won		
			Acquisition Cost	Fair Value	Book Value
(1) Non-marketable equity securities					
Korea securities Computer Corp.	217,563	4.07	W 1,097	W 2,542	W 1,097
Korea Securities Finance Corp.	1,999,578	6.25	10,017	14,941	10,017
Korea Investment Trust Co., Ltd.	135,000	0.06	13,928	–	13,928
Daehan Investment Trust Co., Ltd.	198,000	0.10	21,659	–	21,659
Hyundai Investment Trust & Securities Co., Ltd.	240,000	0.57	2,598	–	2,598
Tongyang Orion Investment Trust Corp.	100,000	0.83	500	–	500
Hankyung.com	3,191	0.03	20	21	20
Korea Investors Service	93,426	2.79	467	501	467
Korea Securities Depository	83,214	2.31	1,217	4,015	1,217
C.E.I.M.	1,379,552	10.00	202	1,071	202
Korea Management Consulting & Credit Rating Corporation	105,028	3.50	1,260	1,188	1,260
Dongwon Economic Research Institute	176,470	29.41	706	866	706
Korea Real Estate Investment	1,081,230	6.01	10,812	9,520	10,812
Solvit Media Inc.	12,000	2.93	120	120	120
Other	–	–	5,779	1,806	1,779
			70,382	36,591	66,382

Investments	Number of Shares	Ownership Percentage(%)	Millions of Won		
			Acquisition Cost	Fair Value	Book Value
(2) Marketable equity securities					
Hanaro Telecom Inc.	12,000,000	-	W243,352	W208,800	W208,800
Haitai Confectionery Co., Ltd.	5,366,800	-	26,834	38,695	38,695
Other	640,032	-	3,200	3,565	3,565
			273,386	251,060	251,060
(3) Beneficiary certificates					
C.E.D.F	1,120,448	-	1,471	1,350	1,471
(4) Investment in partnerships					
Korea Stock Exchange	96,434,679	3.31	1,845	13,228	1,845
Stock Market Stabilization Fund	123,276,849,438	13.95	123,277	110,976	110,976
Firstvina Bank	2,000,000	10.00	1,542	2,405	1,542
			126,664	126,609	114,363
(5) Securities in affiliated company					
Daewoo Economic Research Institute (*1)	125,000	7.66	625	722	678
Daewoo Capital Management Co., Ltd.	999,964	100.00	5,000	8,449	8,449
Seoul Investment Trust Co., Ltd.	1,470,000	24.50	7,350	1,372	1,372
Daewoo Bank (Hungary)	468,680	100.00	39,768	31,017	31,017
Daewoo Sec. (Europe)	18,364,700	100.00	18,628	26,479	26,479
Daewoo Sec. (America)	12,000	100.00	9,621	11,623	11,623
Daewoo Sec. (HongKong)	10,000,000	100.00	7,775	19,192	19,192
Daewoo Finance(India)	3,000,000	50.00	2,717	-	-
Daewoo Invest.Kft (*2)	1	100.00	32	69	32
UzDaewoo Bank	5,500	55.00	4,747	6,822	6,822
Daewoo Bank (Romania)	749,960	99.99	20,459	28,715	28,715
			116,722	134,460	134,379
(6) Corporate bonds	-	-	71,497	53,266	53,266
(7) Bonds in foreign currency	-	-	80,533	74,450	73,383
(8) Other Investments	500	8.33	500	532	500
			W741,155	W678,316	W694,804

(*1) The Company sold shares during the current fiscal year and ceased to apply the equity method of accounting.

(*2) Due to the small size of the investee, the Company did not apply the equity method of accounting.

Investments in marketable equity securities are valued by fair value, and the resulting unrealized valuation losses of W22,327 million are recorded as a separate component of the shareholders' equity (capital adjustment).

Investments in equity securities of companies over which the Company exerts significant control or influence (controlled investees) are recorded using the equity method of accounting. Differences between acquisition cost and the Company's proportionate net asset value of the investee are amortized as incurred.

As of March 31, 2000, the investment securities in affiliated companies valued using the equity method are as follows (Millions of Won):

	Acquisition Cost	Adjustments				Book Value
		Retained Earnings	Capital Adjustment	Valuation Gain (Loss)	Dividends	
Daewoo Capital Management Co., Ltd.	W 5,000	W 1,261	W -	W 2,688	W 500	W 8,449
Seoul Investment Trust Co., Ltd.	7,350	2,257	-	(7,132)	1,103	1,372
Daewoo Bank (Hungary)	39,768	8,392	(24,345)	7,202		31,017
Daewoo Securities (Europe)	18,628	1,230	1,711	4,910		26,479
Daewoo Securities (America)	9,621	(3,747)	3,243	2,506		11,623
Daewoo Securities (Hong Kong)	7,775	4,009	3,164	4,244		19,192
Uz Daewoo Bank	4,747	2,116	(256)	703	488	6,822
Daewoo Bank (Romania)	20,459	423	7,040	3,338	2,546	28,714
	W113,348	W 15,941	W (9,443)	W 18,459	W 4,637	W133,668

As of March 31, 2000, non-marketable equity securities of Daehan Investment Trust Co., Ltd. (DIT), Korean Investment Trust Co., Ltd. (KIT) and Hyundai Investment Trust & Securities Co., Ltd. (HITS) are stated at cost regardless of capital erosion. In this regards, the Korean government announced to invest

W5 trillion in DIT and KIT and Hyundai Group of companies provided certain unlisted securities as collateral for HITS. Accordingly, the accompanying financial statements do not include any loss on these investment securities, however, the ultimate loss cannot be presently estimated.

As of March 31, 2000, the corporate bonds among the investment securities comprise the following (Millions of Won):

	Book Value	Present Value Discount Account	Allowance for Bad Debts	Net Book Value
Private placement bonds	W 17,293	W 27	W 790	W 16,476
Private placement convertible bonds	24,971	-	12,925	12,046
Warranted bonds	20,056	-	402	19,654
Convertible bonds	9,177	-	4,087	5,090
	W 71,497	W 27	W 18,204	W 53,266

As of March 31, 2000, the bonds denominated in foreign currency comprise the following (Millions of Won):

	Par Value	Acquisition Cost	Fair Value	Book Value
Emerging port investment	W 5,542	W 6,124	W 5,458	W 5,542
Optimal access investment	55,415	60,935	49,874	55,415
Pacific portfolio investment	19,118	13,474	19,118	12,426
	W 80,075	W 80,533	W 74,450	W 73,383

10. Property and Equipment:

Property and equipment as of March 31, 2000 comprise the following:

	Millions of Won
Buildings	W 171,413
Vehicles	136
Furniture and equipment	117,409
	288,958
Less: Accumulated depreciation	(73,086)
	215,872
Land	162,568
Construction-in-progress	6,914
	W 385,354

As of March 31, 2000, the Company's land and buildings are pledged up to a maximum value of W273,280 million as collateral for short-term borrowings to financial institutions, including Korea Development Bank. As of March 31, 2000, buildings are insured against fire and other casualty losses up to approximately W143,224 million.

11. Troubled Loans:

Troubled Loans as of March 31, 2000 comprise the following:

	Millions of Won
Advances for customers:	
Advances for payment on bonds guarantee	W 255,377
Advances for payment on loss compensation	2,686
Advances for payment for others	18,318
Dishonored bonds:	70,198
Dishonored bills receivable:	4,122
	350,701
Less: Present value discount account	(71,681)
Allowance for doubtful accounts	(112,596)
	W 166,424

12. Advances for Customers:

Pursuant to the Regulation on the Financial Soundness of Securities Companies provided by the Korean Financial Supervisory Service, the Company has classified accounts receivable relating to advances for customers into five categories--current, special mention, substandard, doubtful, and loss--and provided an allowance for bad debts.

13. Present Value Discount Account:

When the interest rate and repayment period are changed unfavorably for the creditor by a court imposition, such as commencement of reorganization or by mutual agreements, and the difference between nominal and present value is material, the book value is decreased to the present value and the difference is recorded as bad debt expenses or offset against allowance accounts.

14. Short-Term Borrowings:

Short-term borrowings as of March 31, 2000 comprise the following:

	Present annual Interest Rate (%)	Millions of Won
Bank overdraft	variable interest rate	W 3,352
Bank borrowings	6.35~9.30	550,000
Other short-term borrowings (*2)	8.00~19.00	258,401
Borrowing from KSFC (*1)	5.00~7.00	785,676
		1,597,429
Call money	3.80~5.20	142,300
		W1,739,729

(*1) Certain securities pledged as collateral for borrowings from KSFC as of March 31, 2000 are as follows:

	Millions of Won	
	Book value	Proxy value
Trading securities		
Stock	W 352,606	W 246,824
Beneficiary certificates	272,200	190,540
	W 624,806	W 437,364

(*2) Some of property and equipment are pledged as collateral for other short-term borrowings (see Note 10).

15. Deposits from Customers:

As of March 31, 2000, deposits from customers comprise the following:

	Millions of Won
Customers' deposits for brokerage	W 1,202,675
Customers' deposits for futures and options trading	59,926
Customers' deposits for subscriptions	340,135
Customers' deposits for savings	39,053
Customers' deposits for beneficiary	3,648
Other	11,671
	W 1,657,108

16. Debentures and Long-Term Borrowings:

Debentures and long-term borrowings as of March 31, 2000 comprise the following:

	Annual Interest Rate (%)	The terms of Redemption	Millions of Won
Convertible debentures (*1)	5.00	2001. 3.31	W 8,540
Long-term borrowings	7.00	2006. 6.15~2006. 9.15	284
Subordinate debentures (*2)	13.25~15.66	2000. 9. 1~2000.10.13	220,000
			228,824
Adjustment for Conversion rights			(160)
Current portion of long-term subordinated debts			(220,000)
			W 8,664

17. Reserve for Severance and Retirement Benefits:

Reserve for severance and retirement benefits at March 31, 2000 are as follows:

	Millions of Won
Beginning balance	W 8,971
Provisions	10,789
Transfer-out to accounts payable	(1,445)
Severance payments	(3,441)
Other	3
	14,877
National pension fund for severance and retirement benefits	(1,586)
	W 13,291

(*1) The Company issued the 15th convertible debenture of W150,000 million at 100% with an interest rate of 5% per annum on December 21, 1998. These debentures are convertible into common stock of the Company at the conversion price of W14,164 per share during the period from March 22, 1999 to March 30, 2001. As of March 31, 2000, the portion converted into common stock is W14,164 million.

(*2) The redemption of subordinate debentures will be performed only after all other forms of indebtedness are cleared up in case the Company goes into bankruptcy.

The annual maturities of long-term borrowings and debentures outstanding as of March 31, 2000 are as follows:

Year	Convertible Debentures	Long-term Borrowings
2002. 3. 31	W 8,540	W -
After 2005. 3. 31	-	284
	W 8,540	W 284

18. Commitments and Contingencies:

At March 31, 2000, the Company has entered into bank overdraft agreements for borrowings up to W91,000 million with 6 banks including Korea First Bank.

As of March 31, 2000, the Company's total contract amounts for derivatives are W22,448 million. During the year ended March 31, 2000, realized gain under future and option contracts was W82,936 million and W5,864 million, respectively, and realized loss under future and option contracts was W82,049 million and W5,871 million, respectively. The Company also recorded loss of W620 million from other derivatives transaction.

The Company has pledged some stocks and debentures as collateral for futures and options proprietary trading.

As of March 31, 2000, the Company has pledged some blank checks and promissory notes as collateral for borrowings and repayment of loans.

As of March 31, 2000, the Company has provided guarantees of indebtedness amounting to US\$92,000,000 for offshore fund.

In recognition of the estimated loss on beneficiary certificates, the Company has not made any allowances for the guarantees, which are provided by the Seoul Guarantee Insurance company currently suffering from financial difficulties. However, the Korean Financial Supervisory Commission and Korean Deposit Insurance Corporation announced to invest W5,300 billion of governmental funds into this company and for this reason, the accompanying financial statements do not include any possible loss on this beneficiary certificates.

As of March 31, 2000, the Company has been sued for compensation for loss in 33 cases. The ultimate outcome of the cases cannot presently be determined.

At March 31, 2000, the Company provides guarantees on bond for approximately W404,825 million in the ordinary course of business. Estimated loss of guarantees on bond is charged to provision for guarantees and are included in the accompanying balance sheet as allowance for guarantees.

In connection with the Asian financial crisis which began in 1997, the Korean economy as well as other economies in the Asia Pacific region experienced economic contractions, a reduction in the availability of credit, increased interest rates, increased inflation, negative fluctuations in currency exchange rates, increased number of bankruptcies, increased unemployment and labor unrest. Such conditions had a significantly adverse effect on the operations of the Company and other companies in Korea and the Asia Pacific region. Recently, economic conditions in the Republic of Korea have improved as evidenced by an increased trade surplus, increases in foreign exchange reserves, record levels of foreign investment and economic growth, lower inflation and interest rates and stabilized foreign exchange rates. Notwithstanding the current recovery, significant uncertainties still exist related to the economy in Korea and the Asia Pacific region. The accompanying financial statements reflect the management's current assessment of the impact to date of the economic situation on the financial position of the Company. Actual results may differ materially from management's current assessment.

19. Capital Stock:

The changes in capital stock during this year are as follows:

Year	Millions of Won	
	Common Stock	Preferred Stock
Beginning of the year	W263,771	W 70,379
Conversion of convertible debentures (1999. 4. 9 - 9. 17)	26,442	-
Stock dividends (1999. 5. 29)	19,506	-
Issuance of common stocks (1999. 9. 8 and 9. 22)	227,241	-
Ending of the year	W536,960	W 70,379

Preferred stock is non-participating, non-cumulative and non-voting. The Company can issue preferred stock that can be converted to common stock with time limit.

20. Retained Earnings:

Legal Reserve -

The Korean Commercial Code requires the Company to appropriate an amount equal to or greater than 10% of cash dividends as a legal reserve until such reserve equals 50% of its capital stock. The reserve is not available for dividends but may be transferred to common stock or used to offset accumulated deficit, if any, through suitable shareholders' approval. With the approval of the general shareholder's meeting, the Company used W93,830 millions of legal reserve to offset accumulated deficits.

Reserve for Losses on Securities Transactions -

In accordance with the Korean Securities and Exchange Law, the Company provides a reserve for losses on securities transactions in an amount equal to 60% of the net gain on securities traded during the year and a reserve for accidental losses on the trading of securities in an amount equal to 0.03% (except for bonds which require a 0.001% reserve and stock index futures and stock index options which require a 0.003% reserve) of the total trading value during the year. These reserves may only be utilized for trading losses and accidental losses incurred in the trading of securities, if any.

During the fiscal year, the Company reported an operating deficit. As a result, no reserve for losses on securities transactions is appropriated during the fiscal year.

As of March 31, 2000, W11,523 million of reserve for accidental losses is recorded as reserve for losses on securities transactions.

Other Reserves -

The Tax Exemption and Reduction Control Law requires the Company to appropriate, as a reserve for business rationalization, an amount equal to the tax reduction arising in connection with the deduction from taxable income claimed with respect to capital increases. This reserve is not available for the payment of cash dividends; however, it may be transferred to common stock in connection with stock dividends or may be used to reduce the accumulated deficit.

With the approval of the general shareholder's meeting, the Company is to use W10,241 millions of reserve for business rationalization to offset accumulated deficits.

Pursuant to Korean tax laws, the Company is allowed to claim the amounts of retained earnings appropriated for a reserve for overseas investment loss as deductions in determining taxable income. This reserve is not available for dividends until it has been used for the specific purpose.

With the approval of the general shareholder's meeting, the Company is to use W10,486 millions of reserve for overseas investment loss to offset accumulated deficits.

According to the revised financial accounting standards generally accepted in the Republic of Korea, the Company recognized certain transactions as adjustments to the beginning balance of retained earnings. The cumulative effects of these changes in the year ended March 31, 2000, decreasing the beginning balance of retained earning, as follows:

	Millions of Won	
Reversal of valuation allowance for investment securities	W	1,589
Loss on valuation of investment in stock market stabilization fund		(22,905)
Application of equity method		11,661
Other		254
	W	(9,401)

21. Capital Adjustments:

As of March 31, 2000, capital adjustments are as follows:

	Thousands of Korean Won	U.S. Dollars (Note 3)
Discount on stock issuance	W (109,349)	\$ (98,664)
Treasury stock	(32,969,980)	(29,748,245)
Consideration for conversion rights	345,136	311,410
Overseas operation translation credit	2,733,501	2,466,391
Loss on valuation of investment securities (Note 9)	(31,768,782)	(28,664,424)
	W(61,769,474)	\$(55,733,532)

The Company did not purchase additionally its common stock during the year ended March 31, 2000. However, it owned 1,796,320 preferred stock as treasury stocks as of March 31, 2000.

The Company disposed of 12,926 common stock during the current year in accordance with the Securities and Exchange Law.

22. Income Taxes:

The Company adopted the deferred accounting method for its income tax expense by recognizing deferred tax assets or liabilities arising from temporary differences between financial accounting and tax reporting purposes. The change was made in order to be in compliance with the revised generally accepted financial accounting standards in the Republic of Korea.

Income taxes for the year ending March 31, 2000 comprise the following:

	Millions of Won	
Current income taxes	W	-
Deferred income taxes		(5,489)
Income Tax benefits	W	(5,489)

The following table reconciles the Company's pretax income to the taxable income:

	Millions of Won	
Income before taxes	W	(1,232,284)
Permanent differences		9,080
Temporary differences		783,598
Operating loss carry forwards		439,606
Taxable income	W	-

The details of deferred taxes as of March 31, 2000 are as follows (Unit: Millions of Won):

Account	Beginning Balance	Increases	Decreases	Ending Balance	Deferred Income Tax assets (liabilities)
Accrued interest receivables	W (11,555)	W (7,118)	W (11,555)	W (7,118)	W (2,192)
Gain on valuation of trading securities	(21,317)	(13,161)	(22,263)	(12,215)	(3,762)
Loss on valuation of trading securities	-	712,654	-	712,654	219,497
Investment securities valuation loss	-	6,718	-	6,718	2,069
Gain on valuation of investment securities (stock market stabilization fund)	33,100	-	20,799	12,301	3,789
Gain on valuation of investment securities (equity method)	(16,878)	(18,459)	(2,701)	(32,636)	(10,052)
Allowance	58	51,956	58	51,956	16,002
Present value discount account	-	31,040	-	31,040	9,560
Reserve for loss on securities transaction	14,586	-	3,063	11,523	3,549
Collective fund for default loss	(1,000)	-	-	(1,000)	(308)
Reserve for oversea investment loss	(10,486)	-	(7,319)	(3,167)	(975)
Land revaluation surplus	(61,823)	-	-	(61,823)	(19,041)
Operating loss carry forwards	38,949	439,606	4,201	474,354	146,101
Other	18,543	50	9,796	8,797	2,709
	W (17,823)	W 1,203,286	W (5,921)	W 1,191,384	W 366,94

As the realizability of future tax effects on temporary differences and undisposed accumulated deficits cannot be assured, the Company recognized the deferred income taxes assets within the limit of balance of deferred income taxes liabilities. As a result, the Company has not recognized deferred tax assets (liabilities) as of March 31, 2000.

The maturities of the future tax effects of temporary differences and undisposed accumulated deficit that were not recognized as deferred tax assets are as follow:

	Millions of Won		Maturity
	Temporary Difference, etc	Deferred Tax Assets	
Deferred tax assets from temporary difference	W 717,030	W 220,845	
Deferred tax assets from undisposed accumulated Deficit			
- 1998	34,748	10,702	2003
- 2000	439,606	135,399	2005
	W 1,191,384	W 366,946	

Deferred tax assets (liabilities) adjusted from stockholders equity are as follows:

	Millions of Won	
	Temporary Differences	Tax Effects
Investment in stock market stabilization fund	W 33,100	W 10,195
Investment securities (equity method)	(16,860)	(5,199)
Other	(2,371)	(528)
	W 13,869	W 4,468

The company's effective tax rate is calculated as follows:

	Millions of Won
Income tax expense (a)	W (5,489)
Net loss before income tax expense (b)	1,237,773
Effective tax rate (a/b)	(0.44%)

24. Related Party Transactions:

Significant transactions with related parties for the year ended March 31, 2000 are summarized as follows:

	Dividends Income	Commissions Received	Rental Income	Survey & Research cost	Other Commissions
Daewoo Capital Management	W 499,982	W -	W 124,568	W 191,469	W -
Seoul Investment Trust Co., Ltd.	1,102,500	76,157,396	-	-	-
Daewoo Futures Corporation	-	-	21,423	-	-
Daewoo Bank (Hungary)	-	565,008	-	-	-
Daewoo Sec.(Europe)	-	-	-	-	810,599
Daewoo Sec.(America)	-	-	-	-	993,846
Daewoo Sec.(Hong Kong)	-	-	-	-	1,169,733
Uz Daewoo Bank	486,784	262,547	-	-	-
Daewoo Bank(Romania)	2,545,641	416,538	-	-	-
Daewoo Sec.(Singapore)	-	-	-	-	341,654

The Company also issued a letter of guarantee to the Government of Singapore for the guarantee of indebtedness of Daewoo Securities (Singapore). However, Daewoo Securities Ltd.(Singapore) made an application for liquidation on March 15, 2000 and has been in receivership.

23. Asset Revaluation Surplus:

In accordance with the Korean Asset Revaluation Law, effective April 1, 1987 and July 1, 1998 the Company revalued certain assets as follows:

	In Thousands of	
	Korean Won	U.S. Dollars
Asset revaluation surplus		(Note 3)
- 1987	W 13,302,302	\$ 12,002
- 1998	101,591,299	91,664
	114,893,601	103,666
Less: Asset revaluation tax	(1,072,426)	(968)
Long-term deferred income tax credit	(19,041,343)	(17,180)
Asset revaluation surplus	W 94,779,832	\$ 85,518

With the approval of general shareholders' meeting, the asset revaluation surplus will be used to offset accumulated deficit.

25. Loss Per Share:

Loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the year ended March 31, 2000. Ordinary loss per share is computed by dividing ordinary loss, after adjustment of extraordinary gains or losses and related income taxes, by the weighted average number of common shares outstanding for the year ended March 31, 2000.

Ordinary loss per share and loss per share for the year ended March 31, 2000 are calculated as follows:

Korean Won	
Ordinary loss as reported on the statement of income	W1,237,004,778,238
Less: income taxes effects	5,489,118,279
	1,231,515,659,959
Weighted average number of outstanding common shares	89,070,906
Ordinary loss per share	W 13,826

Korean Won	
Net loss	W 1,232,283,694,592
Weighted average number of outstanding common shares	89,070,906
Loss per share	W 13,835

Convertible bonds and debentures with stock purchase options, which may be converted into the Company's common stock, have no dilution effect. Accordingly, diluted loss per share is not presented.

26. Guarantees of Indebtedness:

As of March 31, 2000, guarantees of indebtedness of offshore fund provided by the Company are as follows:

	Maturity	Guarantee Limit	Guarantee Amount
Pacific Growth Inv.	2001.10.10	US\$ 52,000,000	US\$ 52,000,000
Emerging Portfolio Inv.	2001.09.04	40,000,000	40,000,000
		US\$ 92,000,000	US\$ 92,000,000

27. Offshore Funds:

As of March 31, 2000, offshore funds of the Company are as follows:

Fund Name	Location	Net Asset Value	Total Borrowings	Money Invested by the Company	Net Asset Value (the Company's proportion)
Optimal Access Inv.	Malaysia	US\$3,610,955	US\$56,300,000	US\$ 3,305,755	US\$ 2,526,946

The Optimal Access Inv. has nine subsidiary funds including Capital Balanced Fund.

28. Prior Period Adjustment:

Classification	Corresponding Year	Description	Millions of Won
Loss on prior period error correction	1998.4.1~ 1999.3.31	Period cut-off error of bonus	W 29,065

29. Subsequent Events:

On March 3, 2000, pursuant to a resolution of the board of directors, the Company offered to issue 42,513,737 shares of common stock for cash at W5,000 per share to enhance the Company's financial capabilities. As a majority of existing shareholders did not fully participate in the stock subscription and the board of director decided to assign unsubscribed 30,985,853 shares to the Korea Development Bank, the Korea Development Bank became the major shareholder of the Company thereafter.

Report of Independent Accountants

To the Board of Directors and Shareholders
Daewoo Securities Co., Ltd.

We have audited the accompanying balance sheet of Daewoo Securities Co., Ltd. as of March 31, 2000 and the related statement of income, disposition of accumulated deficit and cash flows for the year then ended, expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to the above present fairly, in all material respects, the financial position of Daewoo Securities Co., Ltd. as of March 31, 2000 and the result of its operations and the changes in its accumulated deficit and its cash flows for the year then ended in accordance with financial accounting standards generally accepted in the Republic of Korea.

As described in Note 29 to the accompanying financial statements, on March 3, 2000, pursuant to a resolution of the boards of directors, the Company offered to issue 42,513,737 shares of common stock for cash at W5,000 per share to the existing shareholders. Since a majority of the existing shareholders have not subscribed their shares, the board of directors decided to assign unsubscribed 30,985,853 shares to Korea Development Bank who became the major shareholder of the Company thereafter.

As described in Note 1 to the accompanying financial statements, the Company was excluded from the Daewoo Group of companies defined by the Korean Monopoly Regulation and Fair Trade Act on October 1, 1999.

As described in Note 8 to the accompanying financial statements, on March 29, 2000, the Company has filed lawsuits of provisional disposition to prohibit exercising rights in connection with the note of W200,000 million held by Daehan Investment Trust Management & Securities Co., Ltd.

The Company provided such note as collateral in relation to the Daewoo Group's bridge call loan. In addition, the Company has alleged to be without obligation which is related to this note in the court. The Company recognized estimated losses of W40,000 million on this call loan to the Daewoo Group of companies. However, the ultimate amount of the losses on such note and call loan to the Daewoo Group of companies will depend on the results of the executed workout plans of the Daewoo Group of companies and the court's decision, and we could not reasonably estimate the ultimate outcome.

Without qualifying our opinion, we draw attention to Note 18 of the financial statements. The operations of the Company have been significantly affected, and may continue to be affected in the foreseeable future, by the general adverse economic conditions in the Republic of Korea and the Asia Pacific region. The ultimate effect of these significant uncertainties on the financial position of the Company as of the balance sheet date cannot presently be determined and accordingly, no adjustments have been made in the accompanying financial statements related to such uncertainties.

The amounts expressed in U.S. Dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying financial statements.

The accompanying financial statements are not intended to present the financial position or result of operations and cash flows in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. The standards, procedures and practices utilized to audit such financial statements are those generally accepted and applied in the Republic of Korea.



Seoul, Korea
March 3, 2000

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Tel: 813-3242-2451
Fax: 813-3243-0887

ZURICH REP. OFFICE

Gessnerallee 28,
CH-8001
Zurich, Switzerland
Tel: 411-212-2500
Fax: 411-212-2744

SHANGHAI REP. OFFICE

Room 10-C2, Jiushi Fuxin Mansion
No. 918 Huai Hai Zhong Road
Shanghai, P.R.C 200020
Tel: 8621-6415-5861~3
Fax: 8621-6415-7928

BANKS

DAEWOO BANK (HUNGARY) LTD.

Bajcsy-Zsilinszky ut 42-46
Budapest, Hungary 1054
Tel: 361-3749-900/700
Fax: 361-3749-999

DAEWOO BANK (ROMANIA) S.A.

International Business Center, 1st Floor
34-36, Carol 1st, Blvd. Sector 2
Bucharest, Romania
Tel: 401-250-5711
Fax: 401-250-5831~2

UzDAEWOO BANK

1 Pushkin Street
Tashkent, Uzbekistan 700000
Tel: 99-871-1208000
Fax: 99-871-1206970

FIRSTVINA BANK

3-5, Ho Tung Mau St., District 1
Ho Chi Minh City, Vietnam
Tel: 848-8291597
Fax: 848-8291583

LEASES

DAEWOO LEASING (HUNGARY) LTD.

Bajcsy-Zsilinszky ut 42-46
Budapest, Hungary 1054
Tel: 361-3749-9750
Fax: 361-3749-9757

DAEWOO LEASING (CZECH) S.R.O

Vaclavske Namesti 47
Praha 1, Czech Republic 11000
Tel: 4202-2162-5550
Fax: 4202-2162-5556

OTHERS

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Budapest, Hungary 1054
Tel: 361-3749-900/700
Fax: 361-3749-999

Corporate Data

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Tel 822-768-3355
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Date of Establishment September 23, 1970
Domestic Network 138
Overseas Network 1 Branch
11 Subsidiaries
2 Representative Offices

Capital Stock KRW 607,339,100,000
Total Stockholder's Equity KRW 734,792,199,385

Shares of Stock Issued & Outstanding 168,462,356
Common 154,386,606
Preferred 14,075,750

Overseas Subsidiaries

Daewoo Securities (Europe) Ltd.
Daewoo Securities (America) Inc.
Daewoo Securities (Hong Kong) Ltd.
Daewoo Bank (Hungary) Ltd.
Daewoo Bank (Romania) S.A.
UzDaewoo Bank
Daewoo Leasing (Hungary) Ltd.
Daewoo Leasing (Cezch) S.R.O.
Daewoo Service (Hungary) Ltd.

Major Shareholders

As of May. 2000

Major Shareholders	Number of owned stocks (Common)	Ratio (%)
Korea Development Bank	38,596,652	25.00
Consortium of Korea Banks	31,832,971	20.64
Employee Stock Ownership	12,599,052	8.16
Securities Market Stabilization Fund*	1,651,896	1.07
Hermes Investment Management Ltd. (UK)*	5,911,768	3.83
BBHK-A.P (Malaysia)*	3,000,000	1.94
CMB-ADIA (U.S)*	2,293,000	1.49
Others*	58,501,267	37.89
Total	154,386,606	100

*As of March 31. 2000

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