

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED
FINANCIAL STATEMENTS
AS OF MARCH 31, 2004 AND 2003
TOGETHER WITH INDEPENDENT
ACCOUNTANTS' REVIEW REPORT

안진회계법인

Audit, Tax, Consulting, Financial Advisory.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of a Report Originally Issued in Korean

To the Shareholders and Board of Directors of
Hyundai Motor Company:

We have reviewed the accompanying non-consolidated balance sheet of Hyundai Motor Company (the "Company") as of March 31, 2004, and the related non-consolidated statements of income and cash flows for the three-month periods ended March 31, 2004 and 2003, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with standards established by the Securities & Futures Commission of the Republic of Korea. These standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with financial accounting standards in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Company as of December 31, 2003, which is presented in this report, and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the year then ended (not presented herein); and in our report dated February 6, 2004, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2003 is fairly stated, in all material respects, in relation to the non-consolidated balance sheet from which it has been derived.

The translated amounts in the accompanying financial statements have been translated into U.S. dollars, solely for the convenience of the reader, on the basis set forth in Note 2.

As explained in Note 20, on March 12, 2004, the Board of Directors of the Company decided to retire common stock of 1,320,000 shares after acquisition using the retained earnings. After such stock retirement, the outstanding shares of common stock are 218,198,502 shares.

Accounting principles and review standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting procedures and review standards and their application in practice.

A handwritten signature in black ink that reads "Anjin Deloitte LLC". The signature is written in a cursive, flowing style.

Anjin Deloitte LLC

A Member Firm of Deloitte Touche Tohmatsu

Seoul, Korea

April 30, 2004

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2004 AND DECEMBER 31, 2003

(See Independent Accountants' Review Report)

<u>ASSETS</u>	Korean won (in millions)		Translation into U. S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Current assets:				
Cash and cash equivalents (Note 13)	₩ 1,048,734	₩ 1,442,517	\$ 909,097	\$ 1,250,448
Short-term financial instruments (Note 13)	3,568,051	3,389,683	3,092,971	2,938,353
Short-term investment securities (Note 4)	210,330	212,167	182,325	183,917
Trade notes and accounts receivable, less allowance for doubtful accounts of ₩27,476 million and ₩27,628 million as of March 31, 2004 and December 31, 2003, respectively	2,063,078	1,463,770	1,788,382	1,268,871
Inventories (Note 3)	1,549,087	1,319,032	1,342,829	1,143,405
Advances and other	579,409	508,689	502,261	440,959
Total current assets	9,018,689	8,335,858	7,817,865	7,225,953
Non-current assets:				
Long-term investment securities (Notes 4 and 13)	289,845	320,046	251,253	277,432
Investment securities accounted for using the equity method (Notes 5 and 13)	4,965,440	5,047,877	4,304,300	4,375,760
Property, plant and equipment, net of accumulated depreciation of ₩4,181,079 million and ₩4,003,751 million as of March 31, 2004 and December 31, 2003, respectively (Notes 6, 7, 8 and 13)	8,460,953	8,475,827	7,334,391	7,347,284
Intangibles (Note 9)	965,739	948,472	837,152	822,184
Other assets (Notes 10 and 13)	603,087	545,736	522,786	473,072
Deferred income tax assets (Note 18)	590,908	576,329	512,230	499,592
Total non-current assets	15,875,972	15,914,287	13,762,112	13,795,324
Total assets	₩ 24,894,661	₩ 24,250,145	\$ 21,579,977	\$ 21,021,277

(continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)

AS OF MARCH 31, 2003 AND DECEMBER 31, 2002

(See Independent Accountants' Review Report)

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	Korean won (in millions)		Translation into U. S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Current liabilities:				
Short-term borrowings (Note 11)	₩ 860,569	₩ 628,726	\$ 745,986	\$ 545,012
Current maturities of long-term debt (Note 12)	924,458	945,906	801,368	819,960
Trade notes and accounts payable	3,353,127	3,318,713	2,906,663	2,876,832
Accrued warranties	630,541	602,028	546,585	521,869
Accounts payable-other	573,811	935,040	497,409	810,541
Dividends payable (Note 16)	285,723	-	247,679	-
Income tax payable	514,335	501,727	445,852	434,923
Withholdings and other	<u>693,896</u>	<u>476,974</u>	<u>601,506</u>	<u>413,465</u>
Total current liabilities	<u>7,836,460</u>	<u>7,409,114</u>	<u>6,793,048</u>	<u>6,422,602</u>
Long-term liabilities:				
Long-term debt, net of current maturities (Note 12)	997,709	1,013,680	864,866	878,710
Accrued severance benefits, net of National Pension payments for employees of ₩47,910 million and ₩54,225 million as of March 31, 2004 and December 31, 2003, respectively, and individual severance insurance deposits of ₩723,389 million and ₩791,614 million as of March 31, 2004 and December 31, 2003, respectively (Note 2)	403,265	406,638	349,571	352,495
Accrued warranties	2,925,616	2,709,331	2,536,075	2,348,588
Other	<u>145,717</u>	<u>213,457</u>	<u>126,315</u>	<u>185,036</u>
Total long-term liabilities	<u>4,472,307</u>	<u>4,343,106</u>	<u>3,876,827</u>	<u>3,764,829</u>
Total liabilities	<u>12,308,767</u>	<u>11,752,220</u>	<u>10,669,875</u>	<u>10,187,431</u>
Commitments and contingencies (Note 13)				
Shareholders' equity:				
Capital stock (Note 14)	1,478,603	1,478,603	1,281,729	1,281,729
Capital surplus (Note 15)	5,384,270	5,384,271	4,667,364	4,667,364
Retained earnings (Note 16) (Net income of ₩463,228 million and ₩1,749,371 million for the three-month period ended March 31, 2004 and for the year ended December 31, 2003, respectively)	5,334,522	5,170,067	4,624,238	4,481,681
Capital adjustments (Note 17)	<u>388,499</u>	<u>464,984</u>	<u>336,771</u>	<u>403,072</u>
Total shareholders' equity	<u>12,585,894</u>	<u>12,497,925</u>	<u>10,910,102</u>	<u>10,833,846</u>
Total liabilities and shareholders' equity	<u>₩ 24,894,661</u>	<u>₩ 24,250,145</u>	<u>\$ 21,579,977</u>	<u>\$ 21,021,277</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2004 AND 2003

(See Independent Accountants' Review Report)

	Korean won (in millions, except per share amounts)		Translation into U. S. dollars (Note 2) (in thousands, except per share amounts)	
	<u>Three Months Ended March 31,</u>		<u>Three Months Ended March 31,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Sales (Note 22)				
Domestic sales	₩ 2,472,650	₩ 3,031,400	\$ 2,143,421	\$ 2,627,774
Export sales	<u>3,734,689</u>	<u>3,053,980</u>	<u>3,237,421</u>	<u>2,647,347</u>
	<u>6,207,339</u>	<u>6,085,380</u>	<u>5,380,842</u>	<u>5,275,121</u>
Cost of sales	<u>4,554,564</u>	<u>4,343,157</u>	<u>3,948,131</u>	<u>3,764,873</u>
Gross profit	1,652,775	1,742,223	1,432,711	1,510,248
Selling and administrative expenses (Note 23)	<u>1,191,385</u>	<u>1,108,339</u>	<u>1,032,754</u>	<u>960,765</u>
Operating income	<u>461,390</u>	<u>633,884</u>	<u>399,957</u>	<u>549,483</u>
Other income (expenses), net:				
Interest income, net	14,331	4,313	12,423	3,739
Foreign exchange gain (loss), net	30,145	(26,219)	26,131	(22,728)
Gain (loss) on valuation of investments accounted for using the equity method (Note 5)	67,968	(5,549)	58,918	(4,810)
Gain (loss) on valuation of derivatives, net	70,730	(1,496)	61,312	(1,297)
Royalty income	39,541	14,346	34,276	12,437
Impairment loss on long-term investment securities	(42,175)	(11,167)	(36,559)	(9,680)
Other, net	<u>30,981</u>	<u>23,476</u>	<u>26,856</u>	<u>20,350</u>
	<u>211,521</u>	<u>(2,296)</u>	<u>183,357</u>	<u>(1,989)</u>
Ordinary income	672,911	631,588	583,314	547,494
Income tax expense (Note 18)	<u>209,683</u>	<u>213,983</u>	<u>181,764</u>	<u>185,492</u>
Net income	<u>₩ 463,228</u>	<u>₩ 417,605</u>	<u>\$ 401,550</u>	<u>\$ 362,002</u>
Earnings per common share (Note 2)	<u>₩ 2,046</u>	<u>₩ 1,849</u>	<u>\$ 1.77</u>	<u>\$ 1.60</u>
Earnings per common share – assuming dilution (Note 2)	<u>₩ 2,040</u>	<u>₩ 1,844</u>	<u>\$ 1.77</u>	<u>\$ 1.60</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-COLSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2004 AND 2003

(See Independent Accountants' Review Report)

	Korean won (in millions)		Translation into U. S. dollars (Note 2) (in thousands)	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2004	2003	2004	2003
Cash flows from operating activities:				
Net income	₩ 463,228	₩ 417,605	\$ 401,550	\$ 362,002
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation	185,437	187,986	160,746	162,956
Loss (Gain) on foreign currency translation, net	(62,496)	55,267	(54,175)	47,908
Loss (Gain) on valuation of investments accounted for using the equity method, net	(67,968)	5,549	(58,918)	4,810
Loss (Gain) on disposition of short-term investment securities, net	(148)	16	(128)	14
Gain on disposition of long-term investment securities, net	(1,860)	(6,395)	(1,612)	(5,544)
Impairment loss on intangibles	-	74	-	64
Impairment loss on long-term investment securities	42,175	11,167	36,559	9,680
Gain (loss) on valuation of derivative instruments, net	(70,730)	1,496	(61,312)	1,297
Amortization of intangibles	40,125	73,479	34,782	63,695
Amortization of discount on debentures	3,903	6,116	3,383	5,302
Provision for severance benefits	44,367	45,857	38,460	39,751
Provision for warranties	355,842	311,122	308,462	269,697
Changes in operating assets and liabilities:				
Decrease (increase) in trade notes and accounts receivable	(607,815)	41,439	(526,885)	35,921
Increase in inventories	(263,647)	(390,036)	(228,543)	(338,103)
Decrease (increase) in other current assets	(46,728)	10,050	(40,506)	8,712
Decrease in long-term notes and accounts receivables	-	8,024	-	6,956
Increase in deferred income tax assets	(14,579)	(34,168)	(12,638)	(29,619)
Increase in trade notes and accounts payable	35,757	365,002	30,996	316,403
Decrease in accounts payable-other	(374,009)	(133,175)	(324,210)	(115,443)
Increase in other current liabilities	230,509	233,740	199,817	202,618
Decrease in accrued warranties	(111,043)	(115,257)	(96,258)	(99,911)
Payment of severance benefits	(122,314)	(128,911)	(106,028)	(111,747)
Decrease in individual severance insurance deposits	68,225	41,455	59,141	35,935
Other	25,076	15,550	21,737	13,480
	<u>(248,693)</u>	<u>1,023,052</u>	<u>(215,580)</u>	<u>886,834</u>

(continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2004 AND 2003

(See Independent Accountants' Review Report)

	Korean won (in millions)		Translation into U. S. dollars (Note 2) (in thousands)	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2004	2003	2004	2003
Cash flows from investing activities:				
Cash inflows from investing activities:				
Proceeds from disposal of short-term investment securities	₩ 12,557	₩ 150	\$ 10,885	\$ 130
Reduction in other current assets	300	12,200	260	10,576
Proceeds from dividends of long-term investment securities	5,386	37,718	4,669	32,696
Proceeds from disposal of investment securities accounted for using the equity method	225	-	195	-
Reduction in other assets	22,196	13,250	19,242	11,486
Proceeds from disposal of property, plant and equipment	4,709	4,831	4,082	4,188
	<u>45,373</u>	<u>68,149</u>	<u>39,333</u>	<u>59,076</u>
Cash outflows from investing activities:				
Purchase of short-term financial instruments	(178,368)	(251,533)	(154,619)	(218,042)
Acquisition of short-term investment securities	(383)	(47,953)	(332)	(41,568)
Acquisition of long-term investment securities	(2,888)	(119,666)	(2,503)	(103,733)
Acquisition of investment securities using the equity method	(11,103)	-	(9,625)	-
Additions to other current assets	(21,499)	(12,200)	(18,636)	(10,576)
Acquisition of property, plant and equipment	(144,207)	(138,397)	(125,006)	(119,970)
Additions to other assets	(25,063)	(13,049)	(21,726)	(11,312)
Expenditures for development costs	(56,134)	(29,968)	(48,660)	(25,977)
	<u>(439,645)</u>	<u>(612,766)</u>	<u>(381,107)</u>	<u>(531,179)</u>
	<u>(394,272)</u>	<u>(544,617)</u>	<u>(341,774)</u>	<u>(472,102)</u>
Cash flows from financing activities:				
Cash inflows from financing activities:				
Proceeds from short-term borrowings	1,062,638	1,094,753	921,149	948,988
Cash outflows from financing activities:				
Repayment of short-term borrowings	(796,483)	(797,867)	(690,433)	(691,632)
Repayment of long-term debt	(16,973)	(457,600)	(14,713)	(396,671)
	<u>(813,456)</u>	<u>(1,255,467)</u>	<u>(705,146)</u>	<u>(1,088,303)</u>
	<u>249,182</u>	<u>(160,714)</u>	<u>216,003</u>	<u>(139,315)</u>
Net increase (decrease) in cash and cash equivalents	<u>(393,783)</u>	<u>317,721</u>	<u>(341,351)</u>	<u>275,417</u>
Cash and cash equivalents, beginning of period	<u>1,442,517</u>	<u>1,277,372</u>	<u>1,250,448</u>	<u>1,107,292</u>
Cash and cash equivalents, end of period	<u>₩ 1,048,734</u>	<u>₩ 1,595,093</u>	<u>\$ 909,097</u>	<u>\$ 1,382,709</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2004 AND 2003

(See Independent Accountants' Review Report)

1. THE COMPANY:

Hyundai Motor Company (the "Company") was incorporated in December 1967, under the laws of the Republic of Korea, to manufacture and distribute motor vehicles and parts. The shares of the Company have been listed on the Korea Stock Exchange since 1974. As of March 31, 2004, 47.29 percent of the Company's stock (excluding preferred stock) is owned by Korean investors, including Hyundai MOBIS (14.53 percent) and INI Steel (4.86 percent), and the remaining 52.71 percent is owned by foreign investors, including Daimler Chrysler (10.44 percent) and Mitsubishi of Japan (1.47 percent), under foreign investment agreements.

The Company has three domestic production plants as follows:

<u>Location</u>	<u>Commenced production</u>	<u>Types of major products</u>
Ulsan	December 1967	Passenger cars, Commercial vehicles (Small trucks)
Chunbuk Chunjoo	April 1995	Commercial vehicles (Bus and trucks)
Chungnam Ahsan	November 1996	Passenger cars

In connection with its foreign business, the Company operates major foreign subsidiaries and branches as follows:

<u>Subsidiaries</u>	<u>Description</u>
Production:	
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S. (HAOSVT. Turkey)	Manufacturer of passenger cars since September 1997
Hyundai Motor India (HMI)	Manufacturer of passenger cars since October 1998
Beijing Hyundai Motor Company (BHMC)	Manufacturer of passenger cars since October 2002
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Plan to manufacture passenger cars and SUV after 2005 (Construction in progress)
Distribution:	
Hyundai Motor America (HMA)	Exclusive importer and distributor of motor vehicles and parts
Hyundai Motor Japan Co. (HMJ)	"
Hyundai Motor Poland Sp. Zo.o (HMP)	"
Hyundai Motor Europe GmbH (HME)	"
Hyundai Motor Company Australia (HMCA)	"
Hyundai Machine Tool Europe GmbH (HYME)	Exclusive importer and distributor of machine tools
Hyundai Translead (HT)	Distributor of van trailers and equipment
Hyundai Machine Tools America	Branch for the distribution of machine tools
Research and Development:	
Hyundai America Technical Center Inc. (HATCI)	Involve in research and development for motor vehicles
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	"

(*) The Company determined to discontinue sales operations of Hyundai Truck America, a branch for the distribution of commercial vehicles, effective on January 1, 2004 and established a representative office to continue supporting certain branch's services.

In common with other Asian countries, the economic environment in the Republic of Korea continues to be volatile. In addition, the Korean government and the private sector continue to implement structural reforms to historical business practices including corporate governance. The Company may be either directly or indirectly affected by these economic conditions and the reform program described above. The accompanying financial statements reflect management's assessment of the impact to date of the economic environment on the financial position and results operations of the Company. Actual results may differ materially from management's current assessment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Financial Statement Presentation

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English (with certain expanded descriptions) from the Korean language financial statements. Certain information included in the Korean language 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.

The U.S. dollar amounts presented in these financial statements were computed by translating the Korean won into U.S. dollars based on the Bank of Korea basic rate of ₩1,153.60 to US\$1.00 at March 31, 2004, solely for the convenience of the reader. This convenience translation into U.S. dollars should not be construed as a representation that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

The Company prepared its financial statements as of March 31, 2004 in accordance with Financial Accounting Standards and Statements of Korea Accounting Standards ("SKAS") in the Republic of Korea.

In 2004, the Company adopted SKAS No. 10 – "Inventories" and No.13 – "Troubled Debt Restructuring", which are effective from January 1, 2004.

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements are summarized below.

Revenue Recognition

Sales of goods is recognized at the time of shipment only if it meet the conditions that significant risks and rewards of ownership of the goods have been transferred to the customer, and neither continuing managerial involvement nor effective control over the goods sold is retained.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts based on management's estimate of the collectibility of receivables.

Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined by the moving average cost method.

When applying the lower of cost or market method, the market values of finished goods, semi-finished goods and work in process are referred to the net realizable values, whereas the raw materials held for use in production of inventories are referred to the current replacement costs.

Valuation loss incurred when the market value of an inventory falls below its carrying amount is presented as a contra inventory account and added to the cost of goods sold.

Fixed production overheads are allocated based on the normal capacity of production facilities; however, the actual capacity is used if it approximates the normal capacity.

Investments in Securities Other Than Those Accounted for Using the Equity Method

Classification of Securities

At acquisition, the Company classifies securities into one of the three categories; trading, held-to-maturity or available-for-sale. Trading securities are those that were acquired principally to generate profits from short-term fluctuations in prices. Held-to-maturity securities are those with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Available-for-sale securities are those not classified as either held-to-maturity or trading securities. Trading securities are classified as short-term investment securities, whereas available-for-sale and held-to-maturity securities are classified as long-term investment securities, except for those whose maturity dates or whose likelihood of being disposed of are within one year from balance sheet date, which are classified as short-term investment securities.

Valuation of Securities

Securities are recognized initially at cost, which includes the market price of the consideration given to acquire them and incidental expenses. If the market price of the consideration is not reliably determinable, the market prices of the securities purchased are used as the basis for measurement. If neither the market prices of the consideration given nor those of the acquired securities are available, the acquisition cost is measured at the best estimates of its fair value.

After initial recognition, held-to-maturity securities are stated at amortized cost. The difference between their acquisition costs and face values of held-to-maturity securities is amortized over the remaining term of the securities by applying the effective interest method and added to or subtracted from the acquisition costs and interest income of the remaining period. Trading securities are valued at fair value, with unrealized gains or losses included in current operations. Available-for-sale securities are also valued at fair value, with unrealized gains or losses included in capital adjustments, until the securities are sold and if the securities are determined to be impaired, the lump-sum cumulative amount of capital adjustments are included in current operations. However, available-for-sale securities that are not traded in an active market and whose fair values cannot be reliably estimated are accounted for at their acquisition costs. For those securities that are traded in an active market, fair values refer to those quoted market prices, which are measured as the closing price at the balance sheet date. The fair value of non-marketable debt securities are measured at the discounted future cash flows by using the discount rate that appropriately reflects the credit rating of issuing entity assessed by a publicly reliable independent credit rating agency. If application of such measurement method is not feasible, estimates of the fair values may be made using a reasonable valuation model or quoted market prices of similar debt securities issued by entities conducting similar business in similar industries.

Securities are evaluated at each balance sheet date to determine whether there is any objective evidence of impairment loss. When any such evidence exists, unless there is a clear counter-evidence that recognition of impairment is unnecessary, the Company estimates the recoverable amount of the impaired security and recognizes any impairment loss in current operations. The amount of impairment loss of the held-to-maturity security or non-marketable equity security is measured as the difference between the recoverable amount and the carrying amount. The recoverable amount of held-to maturity security is the present value of expected future cash flows discounted at the securities' original effective interest rate. For available-for-sale debt or equity security stated at fair value, the amount of impairment loss to be recognized in the current period is determined by subtracting the amount of impairment loss of debt or equity security already recognized in prior period from the amount of amortized cost in excess of the recoverable amount for debt security or the amount of the acquisition cost in excess of the fair value for equity security. For non-marketable equity securities accounted for at acquisition costs, the impairment loss is equal to the difference between the recoverable amount and the carrying amount.

If the realizable value subsequently recovers, in case of a security stated at fair value, the increase in value is recorded in current operations, up to the amount of the previously recognized impairment loss, while for the security stated at amortized cost or acquisition cost, the increase in value is recorded in current operation, so that its recovered value does not exceed what its amortized cost would be as of the recovery date if there had been no impairment loss.

When transfers of securities between categories are needed because of changes in an entity's intention and ability to hold those securities, such transfer is accounted for as follows: trading securities cannot be reclassified into available-for-sale and held-to-maturity securities, and vice versa, except when certain trading securities lose their marketability. Available-for-sale securities and held-to-maturity securities can be reclassified into each other after fair value recognition. When held-to-maturity security is reclassified into available-for-sale security, the difference between the book value and fair value is reported in capital adjustments. Whereas, in case available-for-sale security is reclassified into held-to-maturity securities, the difference is reported in capital adjustments and amortized over the remaining term of the securities using the effective interest method.

Equity Securities Accounted for Using the Equity Method

Equity securities held for investment in companies in which the Company is able to exercise significant influence over the operating and financial policies of the investees are accounted for using the equity method. The Company's share in the net income or net loss of investees is reflected in current operations. Changes in the retained earnings, capital surplus or other capital accounts of investees are accounted for as an adjustment to retained earnings or to capital adjustments.

Property, Plant and Equipment and Related Depreciation

Property, plant and equipment are stated at cost, except for assets revalued upward in accordance with the Asset Revaluation Law of Korea. Routine maintenance and repairs are expensed as incurred. Expenditures that result in the increase of future economic benefits such as the enhancement of the value or extension of the useful lives of the facilities involved are treated as additions to property, plant and equipment.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Useful lives (years)</u>
Buildings and structures	15 – 50
Machinery and equipment	12 – 15
Vehicles	6
Dies, molds and tools	6
Other equipment	6

The Company assesses any possible recognition of impairment loss when there is an indication that expected future economic benefits of a tangible asset is considerably less than its carrying amount, as a result of technological obsolescence, rapid declines in market value or other causes of impairment. When it is determined that an asset may have been impaired and that its estimated total future cash flows from continued use or disposal is less than its carrying amount, the carrying amount of a tangible asset is reduced to its recoverable amount and the difference is recognized as an impairment loss. If the recoverable amount of the impaired asset exceeds its carrying amount in subsequent reporting period, the amount equal to the excess is treated as the reversal of the impairment loss; however, it cannot exceed the carrying amount that would have been determined had no impairment loss were recognized.

Intangibles

Intangible assets are stated at cost, net of amortization computed using the straight-line method over the estimated economic useful lives of related assets. Development costs are amortized over the estimated economic useful life (not exceeding 3 years) from the usable date of the related productions. Ordinary development and research expenses are charged to current operations. Cost in excess of net identifiable assets acquired (goodwill) is amortized over 20 years and industrial property rights and other intangibles are amortized over the period between four and forty years. If the recoverable amount of an intangible asset becomes less than its carrying amount as a result of obsolescence, sharp decline in market value or other causes of impairment, the carrying amount of an intangible asset is adjusted to its recoverable amount and the reduced amount is recognized as impairment loss. If the recoverable amount of a previously impaired intangible asset exceeds its carrying amount in subsequent periods, an amount equal to the excess shall be recorded as reversal of impairment loss; however, it cannot exceed the carrying amount that would have been determined had no impairment loss were recognized in prior years.

Financing Costs

The Company recognizes all financing costs including interest expense and similar expenses in current operations.

Valuation of Receivables and Payables at Present Value

Receivables and payables arising from long-term installment transactions are stated at present value, if the difference between nominal value and present value is material. The present value discount is amortized using the effective interest rate method.

If principal, interest rate or repayment period of receivables is changed unfavourably for the Company by the court imposition such as commencement of reorganization or by mutual agreements and that the difference between nominal value and present value is material, such difference is recorded in current operations as provision for doubtful accounts.

Accrued Severance Benefits

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the Company, based on their length of service and rate of pay at the time of termination. The accrued severance benefits that would be payable assuming all eligible employees were to resign amount to ₩1,174,564 million (US\$1,018,173 thousand) and ₩1,252,477 million (US\$1,085,712 thousand) as of March 31, 2004 and December 31, 2003, respectively.

Accrued severance benefits are funded partially as of March 31, 2004 and December 31, 2003, through an individual severance insurance plan. Individual severance insurance deposits, in which the beneficiary is a respective employee, are presented as deduction from accrued severance benefits.

Before April 1999, the Company and its employees paid 3 percent and 6 percent, respectively, of monthly pay (as defined) to the National Pension Fund in accordance with the National Pension Law of Korea. The Company paid half of the employees' 6 percent portion and is paid back at the termination of service by netting the receivable against the severance payment. Such receivables, totalling ₩47,910 million (US\$41,531 thousand) and ₩54,225 million (US\$47,005 thousand) as of March 31, 2004 and December 31, 2003, respectively, are presented as a deduction from accrued severance benefits. Since April 1999, according to a revision in the National Pension Law, the Company and its employees each pay 4.5 percent of monthly pay to the Fund.

Actual payments of severance benefits amounted to ₩122,314 million (US\$106,028 thousand) and ₩128,911 million (US\$111,747 thousand) for the three-month periods ended March 31, 2004 and 2003, respectively.

Accrued Warranties

The Company generally provides a warranty to the ultimate consumer for each product sold and accrues warranty expense at the time of sale based on actual claims history. Also, the Company accrues potential expenses, which may occur due to product liabilities suits, voluntary recall campaign and other obligations as of the balance sheet date.

Stock Options

The Company granted stock options to employees and directors and computes total compensation expense for stock options by the fair value method using the option-pricing model. The compensation expense has been accounted for as a charge to current operations and a credit to capital adjustment from the grant date using the straight-line method.

Derivative Instruments

All derivative instruments are accounted for at fair value with the valuation gain or loss recorded as an asset or liability. If the derivative instrument is not part of a transaction qualifying as a hedge, the adjustment to fair value is reflected in current operations. The accounting for derivative transactions that are part of a qualified hedge based both on the purpose of the transaction and on meeting the specified criteria for hedge accounting differs depending on whether the transaction is a fair value hedge or a cash flow hedge. Fair value hedge accounting is applied to a derivative instrument designated as hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) that is attributable to a particular risk. The gain or loss both on the hedging derivative instruments and on the hedged item attributable to the hedged risk is reflected in current operations. Cash flow hedge accounting is applied to a derivative instrument designated as hedging the exposure to variability in expected future cash flows of an asset or a liability or a forecast transaction that is attributable to a particular risk. The effective portion of gain or loss on a derivative instrument designated as a cash flow hedge is recorded as a capital adjustment and the ineffective portion is recorded in current operations. The effective portion of gain or loss recorded as a capital adjustment is reclassified to current earnings in the same period during which the hedged forecasted transaction affects earnings. If the hedged transaction results in the acquisition of an asset or the incurrence of a liability, the gain or loss in capital adjustment is added to or deducted from the asset or the liability.

The Company entered into derivative instrument contracts including forwards, options and swaps to hedge the exposure to changes in foreign exchange rate. As of March 31, 2004 and December 31, 2003 the Company deferred the loss of ₩16,691 million (US\$14,469 thousand) and ₩63,814 million (US\$55,316 thousand), respectively, on valuation of the effective portion of derivative instruments for cash flow hedging purposes from forecasted exports as capital adjustments. The longest period in which the forecasted transactions are expected to occur is within 29 months from March 31, 2004. Of the net loss on valuation recorded as capital adjustments as of March 31, 2004 amounting to ₩16,691 million (US\$14,468 thousand), the loss of ₩14,148 million (US\$12,264 thousand) is expected to be realized and charged to current operations within one year from March 31, 2004.

The Company entered into derivative instrument contracts with the settlement for the difference between the fair value and the contracted initial price of Kia Motors Corporation shares as follows:

<u>Contract Parties</u>	<u>Derivatives</u>	<u>Period</u>	<u>Number of Kia shares</u>	<u>Initial Price</u>
Credit Suisse First Boston International	Equity swap	September 17, 2003 ~ September 8, 2008	12,145,598	US\$ 8.2611
Credit Suisse First Boston International	Call option (*)	"	12,145,598	US\$ 11.5300
Credit Suisse First Boston International	Equity swap	"	21,862,076	US\$ 8.2611
JP Morgan Chase Bank, London Branch	Equity swap	"	14,574,717	US\$ 7.8811

(*) The Company has the position of seller.

The gain or loss on valuation of these derivatives related to the fair value of Kia shares is recognized in current operations. As of March 31, 2004, all premiums to be paid by the Company are recorded as long-term other accounts payable in long-term liabilities of ₩75,147 million (US\$65,141 thousand) and accounts payable – other of ₩26,710 million (US\$ 23,154 thousand), after deducting the present value discount of ₩18,271 million (US\$15,838 thousand) and as of December 31, 2003 were recorded as long-term other accounts payable of ₩89,864 million (US\$77,899 thousand) and accounts payable – other of ₩27,706 million (US\$ 24,017 thousand) after deducting the present value discount of ₩20,959 million (US\$18,168 thousand). Also, as of March 31, 2004, all premiums to be received by the Company are recorded as long-term other accounts receivable of ₩12,338 million (US\$10,695 thousand) and accounts receivable-other of ₩4,379 million (US\$3,796 thousand), after deducting the present value discount of ₩2,988 million (US\$2,590 thousand) (see Note 11), as of December 31, 2003, were recorded as long-term other accounts receivable of ₩14,745 million (US\$12,782 thousand) and accounts receivable-other of ₩4,547 million (US\$3,942 thousand), after deducting the present value discount of ₩3,441 million (US\$2,983 thousand).

For the three-month periods ended March 31, 2004 and 2003, the Company recognized the net gain of ₩70,730 million (US\$61,312 thousand) and net loss of ₩1,496 million (US\$1,297 thousand), respectively, on valuation of the ineffective portion of such instruments and the other derivative instruments in current operations.

The Company recorded total gain on valuation of outstanding derivatives and present value of premiums of ₩221,482 million (US\$191,991 thousand) and ₩162,722 million (US\$141,056 thousand) in other assets as of March 31, 2004 and December 31, 2003, respectively. Also, total loss on valuation of outstanding derivatives and present value of premiums of ₩51,022 million (US\$44,229 thousand) and ₩104,596 million (US\$90,669 thousand) is recorded in liabilities as of March 31, 2004 and December 31, 2003, respectively

Accounting for Foreign Currency Transactions and Translation

The Company maintains its accounts in Korea won. Transactions in foreign currencies are recorded in Korean won based on the prevailing rates of exchange on the transaction date. Monetary accounts with balances denominated in foreign currencies are recorded and reported in the accompanying financial statements at the exchange rates prevailing at the balance sheet dates. The balances have been translated using the Bank of Korea basic rate, which was ₩1,153.60 and ₩1,197.80 to US \$1.00 at March 31, 2004 and December 31, 2003, respectively, and translation gains or losses are reflected in current operations.

Assets and liabilities of branches outside the Republic of Korea are translated at the rate of exchange in effect at the balance sheet date; income and expenses are translated at the average rates of exchange prevailing for the three-month periods ended March 31, 2004 and 2003, which was ₩1,173.38 and ₩1,200.65 to US\$1.00, respectively.

Income Tax Expense

The Company recognizes deferred income taxes. Accordingly, income tax expense is determined by adding or deducting the total income tax and surtaxes to be paid for the current period and the changes in deferred income tax debits (credits).

Earnings Per Common Share

Primary earnings per common share is computed by dividing net income, after deduction for expected dividends for three months on preferred stock, by the weighted average number of common shares outstanding during period. The number of shares used in computing earnings per common share is 218,603,460 and 218,077,025 for the three-month periods ended March 31, 2004 and 2003, respectively. Earnings per common diluted share is computed by dividing net income, after deduction for expected dividends for three months on preferred stock and addition for the effect of expenses related to diluted securities on net income, by the weighted average number of common shares plus the diluted potential common shares. The number of shares used in computing earnings per diluted share is 219,209,557 and 218,640,187 for the three-month periods ended March 31, 2004 and 2003, respectively. Earnings per share in 2003 is ₩7,725 (US\$6.70).

3. INVENTORIES:

Inventories as of March 31, 2004 and December 31, 2003 consist of the following:

<u>Description</u>	<u>Korean won</u> <u>(in millions)</u>		<u>U.S. dollars (Note 2)</u> <u>(in thousands)</u>	
	<u>March 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>	<u>March 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
Finished goods and merchandise	₩ 752,578	₩ 468,441	\$ 652,373	\$ 406,069
Semi finished goods and work in process	418,581	419,021	362,848	363,229
Raw materials and supplies (*)	280,485	294,387	243,139	255,190
Materials in transit	97,443	137,183	84,469	118,917
	<u>₩ 1,549,087</u>	<u>₩ 1,319,032</u>	<u>\$ 1,342,829</u>	<u>\$ 1,143,405</u>

(*) Raw materials and supplies as of March 31, 2004 have been reduced by the valuation loss of ₩5,725 million (US\$4,963 thousand) in accordance with the adoption of SKAS No. 10 – “Inventories”.

4. SHORT-TERM AND LONG-TERM INVESTMENT SECURITIES:

(1) Short-term investment securities as of March 31, 2004 and December 31, 2003, all of which are classified into available-for-sale securities, consist of the following:

<u>Description</u>	<u>Korean won</u> <u>(in millions)</u>		<u>U.S. dollars (Note 2)</u> <u>(in thousands)</u>	
	<u>March 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>	<u>March 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
Foreign currency beneficiary certificates	₩ -	₩ 11,992	\$ -	\$ 10,395
Local currency beneficiary certificates	210,307	200,155	182,305	173,505
Government bonds	23	20	20	17
	<u>₩ 210,330</u>	<u>₩ 212,167</u>	<u>\$ 182,325</u>	<u>\$ 183,917</u>

Available-for-sale securities in short-term investment securities are stated at fair value with the resulting gain on valuation of available-for-sale securities amounting to ₩63,238 million (US\$54,818 thousand) and ₩53,048 million (US\$45,985 thousand) in capital adjustments as of March 31, 2004 and December 31, 2003, respectively.

(2) Long -term investment securities as of March 31, 2004 and December 31, 2003 consist of the following:

Description	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
	Available-for-sale securities	₩ 241,345	₩ 271,546	\$ 209,211
Held-to-maturity securities	48,500	48,500	42,042	42,042
	<u>₩ 289,845</u>	<u>₩ 320,046</u>	<u>\$ 251,253</u>	<u>\$ 277,432</u>

(3) Available-for-sale securities of long-term investment securities as of March 31, 2004 and December 31, 2003, consist of the following:

Description	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
	Equity securities stated at fair value	₩ 102,955	₩ 132,605	\$ 89,247
Equity securities stated at acquisition cost	133,294	133,862	115,546	116,038
Government bonds	65	65	56	56
Corporate bonds	5,031	5,014	4,361	4,346
	<u>₩ 241,345</u>	<u>₩ 271,546</u>	<u>\$ 209,210</u>	<u>\$ 235,390</u>

Equity securities stated at fair value included in long-term investment securities as of March 31, 2004 consist of the following:

Affiliated company	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	Ownership percentage (%)
	Acquisition cost	Book value	Book value	
	Jin Heung Mutual Savings Bank	₩ 2,166	₩ 1,678	
Korea Mutual Savings Bank	2,846	3,296	2,857	
Korea Industrial Development Co., Ltd.	2,861	1,373	1,190	
Hyundai Corporation	13,626	420	364	
Hyundai Heavy Industries Co., Ltd.	56,924	69,203	59,989	
Hyundai Information Technology Co., Ltd.	10,000	2,300	1,994	
LG Telecom	9,795	6,242	5,411	
Hyundai Merchant Marine Co., Ltd.	7,329	4,429	3,839	
Chohung Bank	25,000	7,447	6,455	
KTF	10,800	6,544	5,673	
Treasury Stock Fund (*)	1,609	-	-	
Stock Market Stabilization Fund	283	23	20	
Other	<u>₩ 143,239</u>	<u>₩ 102,955</u>	<u>\$ 89,247</u>	

(*) The acquisition costs of Treasury Stock Fund are presented after the deduction of the fair value of treasury stock included in those fund. The fair values of such treasury stock as of March 31, 2004 amounting to ₩47,376 million (US\$41,068 thousand) are recorded as treasury stock in capital adjustments.

The difference of ₩1,564 million (US\$1,356 thousand) as of March 31, 2004, between the book value and the acquisition cost of equity securities stated at fair value in long-term investment securities is recorded as loss on valuation of available-for-sale securities in capital adjustments. The net gain on valuation of available-for-sale securities amounting to ₩61,674 million (US\$53,462 thousand) in capital adjustments as of March 31, 2004 consists of gain on valuation of short-term investment securities amounting to ₩63,238 million (US\$54,818 thousand) and loss on valuation of long-term investment securities amounting to ₩1,564 million (US\$1,356 thousand).

Equity securities stated at acquisition cost included in long-term investment securities as of March 31, 2004 consist of the following:

Affiliated company	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	Ownership percentage (%)
	Acquisition cost	Book value	Book value	
Hyundai Jingxian Motor Safeguard Service Co., Ltd. (*) ₩	4,907	₩ 4,907	\$ 4,254	91.75
NGVTEK.com (*)	571	571	495	53.66
Jinil MVC Co., Ltd.	180	180	156	18.00
Industry Otomotif Komersial	4,439	4,439	3,848	15.00
Hyundai Technology Investment Co., Ltd.	4,490	4,490	3,892	14.97
Hyundai Research Institute	1,359	1,271	1,102	14.90
Hyundai Unicorns Co., Ltd.	5,795	137	119	14.90
Kyungnam Credit Information Service Co., Ltd.	2,500	2,500	2,167	13.66
Mobil.Com Co., Ltd.	1,200	1,200	1,040	11.59
Kihyup Finance	3,000	3,000	2,601	10.34
Hyundai Motor Deutschland GmbH	863	863	748	10.00
Yonhap Capital Co., Ltd.	10,000	10,000	8,669	9.99
KOENTECH	1,500	1,500	1,300	7.50
Hankyoreh Plus Inc.	4,800	284	246	7.41
Hyundai Oil Refinery Co., Ltd.	88,857	88,857	77,026	7.24
Hyundai Asan Corporation	22,500	5,405	4,685	5.00
U.S Electrical Inc.	2,204	2,204	1,911	3.80
ROTIS Inc.	1,000	8	7	3.76
Other	1,579	1,478	1,280	-
	<u>₩ 161,744</u>	<u>₩ 133,294</u>	<u>\$ 115,546</u>	

(*) In conformity with Financial Accounting Standards in the Republic of Korea, the equity securities of these affiliates were not accounted for using the equity method since the Company believes the changes in the investment value due to the changes in the net assets of the investees, whose individual beginning balance of total assets or paid-in capital at the date of its establishment is less than ₩7,000 million (US\$ 6,068 thousand), are not material.

In 2004, impairment loss of ₩42,175 million (US\$36,559 thousand) between the carrying amount and the estimated recoverable amount of Hyundai Corporation, Hyundai Information Technology Co., Ltd., Chohung Bank, Hyundai Asan Corporation and other are recognized in current operations.

Debt securities of ₩5,096 million (US\$4,417 thousand), classified into available-for-sale securities, included in long-term investment securities will mature within 5 years from March 31, 2004.

Equity securities stated at fair value included in long-term investment securities as of December 31, 2003 consist of the following:

Affiliated company	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	Ownership percentage (%)
	Acquisition cost	Book value	Book value	
Jin Heung Mutual Savings Bank	₩ 2,166	₩ 1,990	\$ 1,725	8.66
Korea Mutual Savings Bank	2,846	3,501	3,035	8.13
Korea Industrial Development Co., Ltd.	2,861	1,856	1,609	1.25
Hyundai Heavy Industries Co., Ltd.	56,924	82,125	71,190	2.88
Hyundai Information Technology Co., Ltd.	10,000	1,260	1,092	2.21
Hyundai Corporation	13,626	747	648	1.08
LG Telecom, Ltd.	9,795	6,834	5,924	0.68
Hyundai Merchant Marine Co., Ltd.	7,329	5,565	4,824	0.55
Chohung Bank	25,000	10,288	8,918	0.37
KT Freetel	10,800	6,376	5,527	0.17
Treasury Stock Fund (*)	4,067	1,499	1,299	-
Stock Market Stabilization Fund	3,525	10,546	9,142	-
Other	283	18	17	-
	<u>₩ 149,222</u>	<u>₩ 132,605</u>	<u>\$ 114,950</u>	

(*) The acquisition costs of Treasury Stock Fund are presented after the deduction of the fair value of treasury stock included in those fund. The fair values of such treasury stock as of December 31, 2003 amounting to ₩44,918 million (US\$38,937 thousand) are recorded as treasury stock in capital adjustments.

The difference of ₩16,617 million (US\$14,405 thousand) as of December 31, 2003, between the book value and the acquisition cost of equity securities stated at fair value in long-term investment securities is recorded as loss on valuation of available-for-sale securities in capital adjustments. The net gain on valuation of available-for-sale securities amounting to ₩36,431 million (US\$31,580 thousand) in capital adjustments as of December 31, 2003 consists of gain on valuation of short-term investment securities amounting to ₩53,048 million (US\$45,985 thousand) and loss on valuation of long-term investment securities amounting to ₩16,617 million (US\$14,405 thousand).

Equity securities stated at acquisition cost included in long-term investment securities as of December 31, 2003 consist of the following:

Affiliated company	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	Ownership percentage (%)
	Acquisition cost	Book value	Book value	
Hyundai Jingxian Motor Safeguard Service Co., Ltd. (*) ₩	2,019	₩ 2,019	\$ 1,750	84.87
NGVTEK.com (*)	571	571	495	53.66
Jinil MVC Co., Ltd.	180	180	156	18.00
Industry Otomotif Komersial	4,439	4,439	3,848	15.00
Hyundai Technology Investment Co., Ltd.	4,490	4,490	3,892	14.97
Hyundai Research Institute	1,359	1,271	1,102	14.90
Hyundai Unicorns Co., Ltd.	5,795	137	119	14.90
Kyungnam Credit Information Service Co., Ltd.	2,500	2,500	2,167	13.66
Mobil.Com Co., Ltd.	1,200	1,200	1,040	11.59
Kihyup Finance	3,000	3,000	2,601	10.34
Hyundai Motor Deutschland GmbH	863	863	748	10.00
Yonhap Capital Co., Ltd.	10,000	10,000	8,669	9.99
KOENTECH	1,500	1,500	1,300	7.50
Hankyoreh Plus Inc.	4,800	284	246	7.41
Hyundai Oil Refinery Co., Ltd.	88,857	88,857	77,026	7.24
Hyundai Asan Corporation	22,500	8,861	7,681	5.00
U.S Electrical Inc.	2,204	2,204	1,911	3.80
ROTIS Inc.	1,000	8	7	3.76
Other	1,579	1,478	1,280	-
	<u>₩ 158,856</u>	<u>₩ 133,862</u>	<u>\$ 116,038</u>	

(*) In conformity with Financial Accounting Standards in the Republic of Korea, the equity securities of these affiliates were not accounted for using the equity method since the Company believes the changes in the investment value due to the changes in the net assets of the investees, whose individual beginning balance of total assets or paid-in capital at the date of its establishment is less than ₩7,000 million (US\$ 6,068 thousand), are not material.

In 2003, impairment loss of ₩11,167 million (US\$9,680 thousand) between the carrying amount and the estimated recoverable amount of Hyundai Unicorns Co., Ltd., Hankyoreh Plus Inc., ROTIS Inc. and other is recognized in current operations.

Debt securities of ₩5,079 million (US\$ 4,402 thousand), classified into available-for-sale securities, included in long-term investment securities will mature within 5 years from December 31, 2003.

- (4) Debt securities included in held-to-maturity of long-term investment securities as of March 31, 2004 and December 31, 2003 are subordinate debt securities of ₩48,500 million (US\$42,042 thousand) with the maturity on July 19, 2008, issued by Hyundai Capital Service Inc.

5. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

(1) Investment securities accounted for using the equity method as of March 31, 2004 consist of the following:

<u>Affiliated company</u>	Korean won (in millions)			U.S. dollars (Note 2) (in thousands)			Ownership percentage (%)
	Acquisition cost	Market (net equity) value	Book value	Acquisition cost	Market (net equity) value	Book value	
Hyundai Motor India	₩ 244,017	₩ 375,939	₩ 361,795	\$ 211,527	\$ 325,883	\$ 313,623	100.00
Hyundai Motor America	484,861	648,335	588,142	420,303	562,010	509,832	100.00
Hyundai Translead	74,977	15,243	46,617	64,994	13,213	40,410	100.00
Hyundai Machine Tool Europe GmbH	25,397	11,519	15,467	22,015	9,985	13,408	100.00
Hyundai Motor Poland Sp.zo.o.	24,139	(275)	17,410	20,925	(238)	15,092	100.00
Hyundai Motor Japan Co. (*1)	32,479	-	-	28,154	-	-	100.00
Hyundai Motor Europe GmbH	17,529	13,436	13,436	15,195	11,647	11,647	100.00
Hyundai America Technical Center Inc.	9,635	15,713	15,713	8,352	13,621	13,621	100.00
HMJ R&D Center Inc.	1,510	2,337	2,337	1,309	2,026	2,026	100.00
Hyundai Motor Company Australia	12,329	14,042	14,042	10,687	12,172	12,172	100.00
Hyundai Capital Service Inc.	348,816	465,852	357,788	302,372	403,825	310,149	84.24
ROTEM	270,222	251,273	327,245	234,242	217,816	283,673	78.36
Hyundai Card Co., Ltd.	394,460	51,763	51,763	341,938	44,871	44,871	56.89
HAOSVT (Turkey)	48,013	49,015	24,955	41,620	42,489	21,632	50.00
Beijing-Hyundai Motor Company	133,691	304,719	297,690	115,890	264,146	258,053	50.00
Hyundai Powertech	120,000	129,377	129,377	104,022	112,151	112,151	50.00
Daimler Hyundai Truck Co., Ltd.	50,000	27,610	27,610	43,343	23,934	23,934	50.00
KEFICO	20,911	86,220	84,390	18,127	74,740	73,154	50.00
Dymos Inc.	68,872	85,120	83,671	59,702	73,786	72,530	47.27
WIA	347	90,776	61,836	301	78,689	53,603	45.30
e-HD.com	8,642	2,277	2,684	7,491	1,974	2,327	41.56
Kia Motors Corporation	923,957	1,584,569	2,043,263	800,934	1,373,586	1,771,203	37.33
Korea Space & Aircraft Co., Ltd.	129,800	79,669	79,416	112,517	69,061	68,842	33.33
Beijing Mobis Transmission Co., Ltd.	13,518	12,558	12,558	11,718	10,886	10,886	30.00
Korea Economy Daily	19,973	9,662	13,663	17,314	8,376	11,844	29.57
Autoever Systems Corp.	1,250	4,292	4,292	1,084	3,721	3,721	25.00
Hyundai HYSKO	200,768	104,561	233,067	174,036	90,639	202,035	26.13
Iljin Automotive Systems Co., Ltd.	826	13,193	12,968	716	11,436	11,241	20.00
Daesung Automotive Co., Ltd.	400	5,692	5,692	347	4,934	4,934	20.00
Eukor Car Carriers Inc. (*2)	29,347	47,153	36,553	25,439	40,875	31,686	12.00
	<u>₩3,710,686</u>	<u>₩ 4,501,640</u>	<u>₩ 4,965,440</u>	<u>\$ 3,216,614</u>	<u>\$ 3,902,254</u>	<u>\$ 4,304,300</u>	

(*1) Use of the equity method was discontinued since the value of investments is less than zero due to accumulated deficit.

(*2) Accounted for using the equity method because the total ownership percentage on Eukor Car Carriers Inc. is 20% (Kia Motors Corp. 8% and the Company 12%); therefore, the Company is considered to be able to exercise significant influence over the operating and financial policies.

Investment securities accounted for using the equity method as of December 31, 2003 consist of the following:

Affiliated company	Korean won (in millions)			U.S. dollars (Note 2) (in thousands)			Ownership percentage (%)
	Acquisition cost	Market (net equity) value	Book value	Book value	Market (net equity) value	Book value	
Hyundai Motor India	₩ 244,017	₩ 340,475	₩ 340,475	\$ 211,527	\$ 295,141	\$ 295,141	100.00
Hyundai Motor America	484,861	728,296	647,068	420,303	631,325	560,912	100.00
Hyundai Translead	74,977	13,363	45,220	64,994	11,584	39,199	100.00
Hyundai Machine Tool Europe GmbH	25,397	13,175	17,185	22,015	11,421	14,897	100.00
Hyundai Motor Poland Sp.zo.o.	24,139	(446)	17,505	20,925	(387)	15,174	100.00
Hyundai Motor Japan Co. (*1)	21,376	-	-	18,530	-	-	100.00
Hyundai Motor Europe GmbH Hyundai America Technical Center Inc.	17,529	21,974	21,974	15,195	19,048	19,048	100.00
HMJ R&D Center Inc.	9,635	16,101	16,101	8,352	13,957	13,957	100.00
Hyundai Motor Company Australia	1,510	2,391	2,391	1,309	2,073	2,073	100.00
Hyundai Capital Service Inc.	12,329	13,696	13,696	10,687	11,872	11,872	100.00
ROTEM	348,816	528,824	420,780	302,372	458,412	364,754	84.24
Hyundai Card Co., Ltd.	270,222	258,162	335,220	234,242	223,788	290,586	78.36
HAOSVT (Turkey)	394,460	65,564	65,564	341,938	56,834	56,834	56.89
Beijing-Hyundai Motor Company	48,013	42,483	25,859	41,620	36,826	22,416	50.00
Hyundai Powertech	133,691	281,997	281,997	115,890	244,450	244,450	50.00
Daimler Hyundai Truck Co., Ltd.	120,000	128,338	128,338	104,022	111,250	111,250	50.00
KEFICO	50,000	26,833	26,833	43,343	23,260	23,260	50.00
Dymos Inc.	20,911	80,933	79,064	18,127	70,157	68,537	50.00
WIA	68,872	83,140	81,668	59,702	72,070	70,794	47.27
e-HD.com	347	87,464	58,115	301	75,818	50,377	45.30
Kia Motors Corporation	8,642	3,961	4,374	7,491	3,434	3,792	41.56
Korea Space & Aircraft Co., Ltd.	923,957	1,463,712	2,030,655	800,934	1,268,821	1,760,277	37.33
Beijing Mobis Transmission Co., Ltd.	129,800	79,568	79,312	112,517	68,974	68,752	33.33
Korea Economy Daily	13,518	13,264	13,264	11,718	11,498	11,498	30.00
Autoever Systems Corp.	19,973	10,058	14,129	17,314	8,719	12,248	29.57
Hyundai HYSCO	1,250	4,106	4,106	1,084	3,559	3,559	25.00
Iljin Bearing Co., Ltd.	200,768	134,526	226,720	174,036	116,614	196,533	26.13
Daesung Automotive Co., Ltd.	826	12,794	12,794	716	11,090	11,090	20.00
Eukor Car Carriers Inc. (*2)	400	5,619	5,619	347	4,871	4,871	20.00
	29,347	42,593	31,851	25,438	36,923	27,609	12.00
	<u>₩3,699,583</u>	<u>₩ 4,502,964</u>	<u>₩ 5,047,877</u>	<u>\$ 3,206,989</u>	<u>\$ 3,903,402</u>	<u>\$ 4,375,760</u>	

(*1) Use of the equity method was discontinued since the value of investments is less than zero due to accumulated deficit.

(*2) Accounted for using the equity method because the total ownership percentage on Eukor Car Carriers Inc. is 20% (Kia Motors Corp. 8% and the Company 12%); therefore, the Company is considered to be able to exercise significant influence over the operating and financial policies.

(2) The changes in equity securities accounted for using the equity method for the three-month period ended March 31, 2004 are as follows:

Affiliated company	Korean won (in millions)				U.S. dollars (Note 2) (in thousands)
	Beginning of period	Gain (loss) on valuation	Other changes (*)	End of period	End of period
Hyundai Motor India	₩ 340,475	₩ 22,205	₩ (885)	₩ 361,795	\$ 313,623
Hyundai Motor America	647,068	(10,076)	(48,850)	588,142	509,832
Hyundai Translead	45,220	1,931	(534)	46,617	40,410
Hyundai Machine Tool Europe GmbH	17,185	(896)	(822)	15,467	13,408
Hyundai Motor Poland Sp.zo.o.	17,505	(117)	22	17,410	15,092
Hyundai Motor Europe GmbH	21,974	(7,412)	(1,126)	13,436	11,647
Hyundai America Technical Center Inc.	16,101	210	(598)	15,713	13,621
HMJ R&D Center Inc.	2,391	9	(63)	2,337	2,026
Hyundai Motor Company Australia	13,696	773	(427)	14,042	12,172
Hyundai Capital Service Inc.	420,780	(35,799)	(27,193)	357,788	310,149
ROTEM	335,220	(7,410)	(565)	327,245	283,673
Hyundai Card Co., Ltd.	65,564	(8,970)	(4,831)	51,763	44,871
HAOSVT (Turkey)	25,859	802	(1,706)	24,955	21,632
Beijing-Hyundai Motor Company	281,997	26,687	(10,994)	297,690	258,053
Hyundai Powertech	128,338	1,043	(4)	129,377	112,151
Daimler Hyundai Truck Co., Ltd.	26,833	777	-	27,610	23,934
KEFICO	79,064	5,229	97	84,390	73,154
Dymos Inc.	81,668	2,003	-	83,671	72,530
WIA	58,115	3,731	(10)	61,836	53,603
e-HD.com	4,374	(1,259)	(431)	2,684	2,327
Kia Motors Corporation	2,030,655	62,443	(49,835)	2,043,263	1,771,203
Korea Space & Aircraft Co., Ltd.	79,312	104	-	79,416	68,842
Beijing Mobis Transmission Co., Ltd.	13,264	(220)	(486)	12,558	10,886
Korea Economy Daily	14,129	(348)	(118)	13,663	11,844
Autoever Systems Corp.	4,106	310	(124)	4,292	3,721
Hyundai HYSCO	226,720	6,365	(18)	233,067	202,035
Iljin Bearing Co., Ltd.	12,794	368	(194)	12,968	11,241
Daesung Automotive Co., Ltd.	5,619	73	-	5,692	4,934
Eukor Car Carriers Inc.	31,851	5,412	(710)	36,553	31,686
	<u>₩ 5,047,877</u>	<u>₩ 67,968</u>	<u>₩ (150,405)</u>	<u>₩ 4,965,440</u>	<u>\$ 4,304,300</u>

(*) Other changes consist of the increase of acquisition cost by ₩11,103 million (US\$9,625 thousand) mainly due to the acquisition, decrease by ₩225 million (US\$195 thousand) due to receipt of the dividends, decrease of retained earnings by ₩13,098 million (US\$11,354 thousand) and decrease of capital adjustments by ₩148,185 million (US\$128,454 thousand).

The changes in equity securities accounted for using the equity method in 2003 are as follows:

Affiliated company	Korean won (in millions)			U.S. dollars (Note 2) (in thousands)	
	Beginning of year	Gain (loss) on valuation	Other changes (*)	End of year	End of year
Hyundai Motor India	₩ 274,182	₩ 74,316	₩ (8,023)	₩ 340,475	\$ 295,141
Hyundai Motor America	254,417	25,663	366,989	647,068	560,912
Hyundai Translead	29,517	15,753	(50)	45,220	39,199
Hyundai Machine Tool Europe GmbH	16,428	(1,833)	2,591	17,185	14,897
Hyundai Motor Poland Sp.zo.o.	19,245	(1,721)	(19)	17,505	15,174
Hyundai Motor Europe GmbH	20,308	(983)	2,649	21,974	19,048
Hyundai America Technical Center Inc.	15,278	856	(33)	16,101	13,957
HMJ R&D Center Inc.	2,121	43	228	2,391	2,073
Hyundai Motor Company Australia	-	209	13,487	13,696	11,872
Hyundai Capital Service Inc.	563,321	(268,233)	125,692	420,780	364,754
ROTEM	290,500	44,526	193	335,220	290,586
Hyundai Card Co., Ltd.	-	(328,355)	393,919	65,564	56,834
HAOSVT (Turkey)	5,725	21,379	(1,244)	25,859	22,416
Beijing-Hyundai Motor Company	129,468	152,701	(172)	281,997	244,450
Hyundai Powertech	70,263	8,339	49,736	128,338	111,250
Daimler Hyundai Truck Co., Ltd.	46,455	(19,622)	-	26,833	23,260
KEFICO	65,723	17,302	(3,961)	79,064	68,537
Dymos Inc.	45,332	15,085	21,251	81,668	70,794
WIA	30,924	27,262	(71)	58,115	50,377
e-HD.com	6,518	(2,174)	30	4,374	3,792
Kia Motors Corporation	1,568,333	215,088	247,234	2,030,655	1,760,277
Korea Space & Aircraft Co., Ltd.	78,260	3,455	(2,404)	79,312	68,752
Beijing Mobis Transmission Co., Ltd.	-	(283)	13,547	13,264	11,498
Korea Economy Daily	16,648	(2,437)	(83)	14,129	12,248
Autoever Systems Corp.	2,732	1,382	(9)	4,106	3,559
Hyundai HYSCO	196,294	11,818	18,607	226,720	196,533
Iljin Automotive Systems Co., Ltd.	11,779	1,128	(113)	12,794	11,090
Daesung Automotive Co., Ltd.	5,132	567	(80)	5,619	4,871
Eukor Car Carriers Inc.	-	(38)	31,888	31,851	27,609
First CRV	39,649	-	(39,649)	-	-
Haevichi Resort	6,887	325	(7,213)	-	-
	<u>₩ 3,811,438</u>	<u>₩ 11,518</u>	<u>₩ 1,224,921</u>	<u>₩ 5,047,877</u>	<u>\$ 4,375,760</u>

(*) Other changes consist of the increase of acquisition cost by ₩844,184 million (US\$731,782 thousand) mainly due to the acquisition and participation in investees' additional paid-in capital, decrease by ₩48,064 million (US\$41,664 thousand) mainly due to disposal of investments, decrease by ₩87,715 million (US\$76,036 thousand) due to receipt of the dividends, decrease of retained earnings by ₩1,514 million (US\$1,312 thousand) and increase of capital adjustments by ₩518,030 million (US\$449,055 thousand).

Equity securities accounted for using the equity method as of March 31, 2004 and December 31, 2003 are valued based on the financial statements of the investees as of the same balance sheet date, respectively, which were neither audited nor reviewed by an external auditor.

Significant unrealized profits (losses) that occurred in transactions with investees are eliminated. As of March 31, 2004 and December 31, 2003, unrealized profit occurred in transactions of inventories and investment securities with investees are ₩176,048 million (US\$152,607 thousand) and ₩297,928 million (US\$258,259 thousand), respectively

The difference between the acquisition cost and the Company's portion of an investee's net equity at the date the Company was considered to be able to exercise significant influence over the operating and financial policy of an investee is amortized (or reversed) over 20 years, using the straight-line method. Also, the Company assesses any possible recognition of impairment loss on unamortized balance of the difference considered as goodwill. The unamortized balance of goodwill as of March 31, 2004 and December 31, 2003 are ₩163,014 million (US\$141,309 thousand) and ₩165,660 million (US\$143,603 thousand), respectively. In 2003, the difference between the acquisition cost and the Company's portion of Hyundai Card Co., Ltd., amounting to ₩163,273 million (US\$141,533 thousand), is charged to current operation as loss on valuation of investment securities accounted for using the equity methods.

6. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipments as of March 31, 2004 and December 31, 2003 consist of the following:

Description	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Buildings and structures	₩ 2,950,799	₩ 2,920,973	\$ 2,557,905	\$ 2,532,050
Machinery and equipment	4,029,570	3,934,089	3,493,039	3,410,271
Vehicles	68,309	69,351	59,214	60,117
Dies, molds and tools	2,226,974	2,170,977	1,930,456	1,881,915
Other equipment	594,692	561,346	515,510	486,604
	9,870,344	9,656,736	8,556,124	8,370,957
Less: Accumulated depreciation	(4,181,079)	(4,003,751)	(3,624,375)	(3,470,658)
	5,689,265	5,652,985	4,931,749	4,900,299
Land	1,852,738	1,852,298	1,606,049	1,605,667
Construction in progress	918,950	970,544	796,593	841,318
	₩ 8,460,953	₩ 8,475,827	\$ 7,334,391	\$ 7,347,284

The changes in property, plant and equipment for the three-month period ended March 31, 2004 are as follows:

Description	Korean won (in millions)						U. S. dollars (Note 2)	
	Beginning of period	Acquisition	Transfer	Disposal	Depreciation	Other changes	End of period	End of period
Land	₩ 1,852,298	₩ -	₩ 457	₩ -	₩ -	₩ (17)	₩ 1,852,738	\$ 1,606,049
Buildings and structures	2,416,432	-	29,903	-	(23,374)	(65)	2,422,896	2,100,291
Machinery and equipment	2,315,451	-	96,645	(552)	(76,909)	(1)	2,334,634	2,023,781
Vehicles	41,310	-	1,192	(687)	(2,046)	-	39,769	34,474
Dies, molds and tools	631,393	-	57,697	(308)	(63,156)	-	625,626	542,326
Other equipment	248,399	-	38,117	(223)	(19,952)	(1)	266,340	230,877
Construction in progress	970,544	144,207	(224,011)	(3,983)	-	32,193	918,950	796,593
End of the period	₩ 8,475,827	₩ 144,207	₩ -	₩ (5,754)	₩ (185,437)	₩ 32,109	₩ 8,460,953	\$ 7,334,391

Other changes consist of loss of ₩84 million (US\$ 73 thousand) on foreign currency translations, decrease in transfer of ₩1,398 million (US\$ 1,212 thousand) from construction in progress to industrial property rights and increase in transfer of ₩33,591 million (US\$29,118 thousand) from inventories to construction in progress.

A substantial portion of the Company's property, plant and equipment is pledged as collateral for various loans up to a maximum of ₩958,672 million (US\$ 831,026 thousand) (see Note 13).

As of March 31, 2004, the published value of the Company-owned land (12,242 thousand square meters) totals ₩1,610,976 million (US\$ 1,396,477 thousand) in terms of land prices officially announced by the Korean government.

7. INSURANCE:

As of March 31, 2004, property, plant and equipment are insured for ₩5,113,057 million (US\$4,432,262 thousand) with Hyundai Fire & Marine Insurance Co. In addition, the Company carries products and completed operations liability insurance with a maximum coverage of ₩139,432 million (US\$120,867 thousand), general insurance for vehicles and workers' compensation and casualty insurance for employees.

8. LEASED ASSETS:

The Company has entered into financing lease agreements for certain machinery and equipment. The lease obligations are included in long-term debt in the accompanying balance sheets. Annual payments on the lease agreements as of March 31, 2004 are as follows (won in millions):

	<u>Financial Leases</u>		
	<u>Lease payments</u>	<u>Interest portion</u>	<u>Lease obligations</u>
April 1, 2004 ~ March 31, 2005	₩ 4,391	₩ 70	₩ 4,321
April 1, 2005 ~ March 31, 2006	422	5	417
April 1, 2006 ~ March 31, 2007	<u>57</u>	<u>-</u>	<u>57</u>
	<u>₩ 4,870</u>	<u>₩ 75</u>	<u>₩ 4,795</u>

9. INTANGIBLES:

Intangibles as of March 31, 2004 and December 31, 2003 consist of the following:

<u>Description</u>	<u>Korean won</u> <u>(in millions)</u>			<u>U. S. dollars (Note 2)</u> <u>(in thousands)</u>		
	<u>March 31, 2004</u>		<u>December</u>	<u>March</u>	<u>December</u>	
	<u>Acquisition cost</u>	<u>Accumulated amortization</u>	<u>31, 2003</u>	<u>31, 2004</u>	<u>31, 2003</u>	
		<u>Book value</u>	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>	
Cost in excess of fair value of net identifiable assets acquired	₩ 611,412	₩ 142,663	₩ 468,749	₩ 476,392	\$ 406,336	\$ 412,961
Industrial property rights	32,244	16,690	15,554	15,840	13,483	13,731
Development costs	1,182,682	715,085	467,597	441,881	405,337	383,045
Other	<u>36,652</u>	<u>22,813</u>	<u>13,839</u>	<u>14,359</u>	<u>11,996</u>	<u>12,447</u>
	<u>₩1,862,990</u>	<u>₩ 897,251</u>	<u>₩ 965,739</u>	<u>₩ 948,472</u>	<u>\$ 837,152</u>	<u>\$ 822,184</u>

The changes in intangibles for the three-month period ended March 31, 2004 are as follows:

Description	Korean won (in millions)					U. S. dollars (Note 2) (in thousands)
	Cost in excess of fair value of net identifiable assets acquired	Industrial property rights	Development costs	Other	Total	Total
Beginning of period	₩ 476,392	₩ 15,840	₩ 441,881	₩ 14,359	₩ 948,472	\$ 822,184
Addition:						
Expenditures	-	1,398	168,143	-	169,541	146,967
Deduction:						
Disposal	-	-	(140)	-	(140)	(121)
Amortization	(7,643)	(1,684)	(30,278)	(520)	(40,125)	(34,783)
Research	-	-	(82,514)	-	(82,514)	(71,527)
Ordinary development	-	-	(29,495)	-	(29,495)	(25,568)
End of period	₩ 468,749	₩ 15,554	₩ 467,597	₩ 13,839	₩ 965,739	\$ 837,152

For the three-month period ended March 31, 2004, amortization of ₩40,125 million (US\$ 34,782 thousand) is recorded in selling and administrative expenses of ₩9,847 million (US\$ 8,536 thousand) and manufacturing cost of ₩30,278 million (US\$ 26,246 thousand). In addition, the Company accounts for ordinary development expenses, research expenses and impairment loss as manufacturing cost, selling and administrative expenses and other expenses, respectively.

10. OTHER ASSETS:

Other assets as of March 31, 2004 and December 31, 2003 consist of the following:

Description	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Long-term notes and accounts receivable, less unamortized present value discount of ₩1,996 million and ₩2,087 million as of March 31, 2004 and December 31, 2003, respectively	₩ 15,441	₩ 18,271	\$ 13,385	\$ 15,838
Lease and rental deposits	199,915	195,372	173,297	169,359
Long-term financial instruments	43,403	43,414	37,624	37,633
Deferred gain on valuation of derivatives (see Note 2)	221,482	162,722	191,991	141,056
Long-term loans, less unamortized present value discount of nil as of March 31, 2004 and December 31, 2003	91,344	90,983	79,182	78,869
Long-term other accounts receivable, less unamortized present value discount of ₩2,988 million and ₩3,441 million as of March 31, 2004 and December 31, 2003, respectively	12,338	14,745	10,695	12,782
Other	19,164	20,229	16,612	17,536
	₩ 603,087	₩ 545,736	\$ 522,786	\$ 473,072

Long-term notes and accounts receivable included in other assets are stated net of unamortized present value discount of ₩1,996 million (US\$1,730 thousand) and ₩2,087 million (US\$1,809 thousand) as of March 31, 2004 and December 31, 2003, respectively, using an interest rate of 8.25 percent and 10.00 percent for the three-month period ended March 31, 2004 and for the year ended December 31, 2003, respectively.

11. SHORT-TERM BORROWINGS:

Short-term borrowings as of March 31, 2004 and December 31, 2003 amount to ₩860,569 million (US\$ 745,986 thousand) and ₩628,726 million (US\$ 545,012 thousand), respectively, and consist primarily of overdrafts and export financing loans with annual interest rates ranging from Libor+0.25 percent to 10.1 percent.

12. LONG-TERM DEBT:

Long-term debt as of March 31, 2004 and December 31, 2003 consists of the following:

Description	Annual interest rate (%)	Korean won (in millions)		U.S. dollars (Note2) (in thousands)	
		March 31 2004	December 31 2003	March 31 2004	December 31 2003
Debentures	5.45 ~ 7.80	₩ 1,873,983	₩ 1,893,682	\$ 1,624,465	\$ 1,641,541
Local currency loans					
General loans	3.00 ~ 5.42	28,635	30,860	24,822	26,751
		28,635	30,860	24,822	26,751
Foreign currency loans					
Capital lease	Libor + 0.98 ~ 1.55	4,795	9,033	4,157	7,830
Other	Libor + 0.80 ~ 1.19	14,754	26,011	12,790	22,548
		19,549	35,044	16,947	30,378
		1,922,167	1,959,586	1,666,234	1,698,670
Less: Current maturities		(924,458)	(945,906)	(801,368)	(819,960)
		₩ 997,709	₩ 1,013,680	\$ 864,866	\$ 878,710

Debentures as of March 31, 2004 and December 31, 2003 consist of the following:

Description	Maturity	Interest rate (%)	Korean won (in thousands)		U.S. dollars (Note2) (in thousands)	
			March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Non-guaranteed debentures	20 Apr., 2004 ~ 10 Nov., 2008	5.45 ~ 7.00	₩ 1,275,000	₩ 1,275,000	\$ 1,105,236	\$ 1,105,236
Overseas debentures	18 Oct., 2004 ~ 15 Jul., 2007	7.33 ~ 7.80	616,022	639,625	534,000	554,460
			1,891,022	1,914,625	1,639,236	1,659,696
Discount on debentures			(17,039)	(20,943)	(14,771)	(18,155)
			₩ 1,873,983	₩ 1,893,682	\$ 1,624,465	\$ 1,641,541

The maturity of long-term debt as of March 31, 2004 is as follows:

Description	Debentures	Korean won (in millions)		Total	U.S. dollars (Note 2) (in thousands)
		Local currency loans	Foreign currency loans		
April 1, 2004~March 31, 2005	₩ 898,040	₩ 7,344	₩ 19,074	₩ 924,458	\$ 801,368
April 1, 2005~March 31, 2006	173,040	4,081	418	177,539	153,900
April 1, 2006~March 31, 2007	476,896	2,425	57	479,378	415,550
April 1, 2007~March 31, 2008	143,046	1,807	-	144,853	125,566
Thereafter	200,000	12,978	-	212,978	184,621
	1,891,022	28,635	19,549	1,939,206	1,681,005
Less: Discount on debentures	(17,039)	-	-	(17,039)	(14,771)
	₩ 1,873,983	₩ 28,635	₩ 19,549	₩ 1,922,167	\$ 1,666,234

13. COMMITMENTS AND CONTINGENCIES:

- (1) The Company is contingently liable for guarantees of indebtedness, primarily for the following affiliates (including foreign subsidiaries), as of March 31, 2004.

Description	Korean won (in millions)	U.S. dollars (Note 2) (in thousands)
Hyundai Merchant Marine	₩ 103,639	\$ 89,840
Hyundai Card Co., Ltd.	577	500
HMA	130,051	112,735
Hyundai Motor Manufacturing		
Alabama LLC	461,440	400,000
Hyundai Motor Finance Company	207,648	180,000
HMI	113,240	98,162
HAOSVT	112,200	97,261
HME	77,264	66,976
Hyundai Translead	160,350	139,000
HYME	1,154	1,000
HMP	11,941	10,351
HMJ	40,330	34,960
HMJ R&D	1,090	945
HMCA	13,056	11,318
Equus Cayman Finance Ltd.	461,440	400,000
Other	844	731
	₩ 1,896,264	\$ 1,643,779

- (2) As of March 31, 2004, investment securities of ₩100,246 million (US\$ 86,898 thousand) at book value in long-term investment securities and investment securities accounted for using the equity method, 13 blank promissory notes, 1 check amounting to ₩2,624 million (US\$ 2,275 thousand) and property, plant and equipment are pledged as collateral for short-term borrowings, the local currency and foreign currency loans and other payables (see Note 6). Certain bank deposits of ₩15,483 million (US\$ 13,421 thousand) in cash equivalents and short-term and long-term financial instruments are restricted for use due to guarantees for customer financing transactions, research and development and other obligations.
- (3) The Company uses a customer financing system related to a long-term installment sales system and has provided guarantees of ₩192,093 million (US\$ 166,516 thousand) to the banks concerned as of March 31, 2004. These guarantees are all covered by insurance contracts, which regulate a customer and the Company as a contractor and a beneficiary, respectively.
- (4) As of March 31, 2004, the outstanding balance of accounts receivable discounted with recourse amounts to ₩1,133,067 million (US\$ 982,201 thousand), including discounted overseas accounts receivable translated using the foreign exchange rate at March 31, 2004.
- (5) The Company accrues estimated product liabilities expenses (see Note 2) and carries the products and completed operations liability insurance (see Note 8) in order to cover the potential loss, which may occur due to the law suits related to its operation such as product liabilities. The Company expects that the resolution of pending cases against the Company as of March 31, 2004 will not have any material effect on its financial position.

14. CAPITAL STOCK:

Capital stock as of March 31, 2004 and December 31, 2003 consists of the following:

	Authorized	Issued	Par value	Korean won (in millions)	U.S. dollars (Note 2) (in thousands)
Common stock	450,000,000 shares	219,518,502 shares	₩ 5,000	₩ 1,147,592	\$ 994,792
Preferred stock	150,000,000 shares	65,202,146 shares	5,000	331,011	286,937
				₩ 1,478,603	\$ 1,281,729

In 2003, a part of the stock options granted to the directors were exercised at an exercise price of ₩14,900 and the new common stock of 429,800 shares were issued. This issue of new common stock resulted in the increase in paid-in capital in excess of par value by ₩8,197 million (US \$7,106 thousand).

The preferred shares are non-cumulative, participating and non-voting. Of the total preferred stock issued of 65,202,146 shares as of December 31, 2003, a total of 27,588,281 preferred shares (First and Third preferred shares) are eligible to receive cash dividends, if declared, equal to that declared for common shares plus an additional 1 percent minimum increase while the dividend rate for the remaining 37,613,865 preferred shares (Second preferred shares) is 2 percent higher than that declared for common shares.

The Company acquired treasury stock after cancellation of Trust Cash Fund on March 2, 2001, and in accordance with the decision of the Board of Directors, on March 5, 2001, the Company retired 10,000,000 common shares in treasury and 1,000,000 second preferred shares in treasury, which had additional dividend rate of 2 percent to the rate of common stock, using the retained earnings.

15. CAPITAL SURPLUS:

Capital surplus as of March 31, 2004 and December 31, 2003 consists of the following:

Description	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Paid-in capital in excess of par value	₩ 3,264,433	₩ 3,264,433	\$ 2,829,779	\$ 2,829,779
Asset revaluation surplus	1,852,870	1,852,871	1,606,163	1,606,164
Other	266,967	266,967	231,424	231,421
	<u>₩ 5,384,270</u>	<u>₩ 5,384,271</u>	<u>\$ 4,667,364</u>	<u>\$ 4,667,364</u>

In 2003, paid-in capital in excess of par value were increased by ₩ 8,197 million (US\$7,106 thousand) due to the issuance of new common stock (see Note 14).

On January 1, 1981, January 1, 1993 and July 1, 1998, the Company revalued its property, plant and equipment at their respective appraised values (which were appraised by the Korea Appraisal Board and approved by the relevant tax office). The resultant cumulative appraisal gains, amounting to ₩2,547,417 million (US\$2,208,232 thousand), were included in capital surplus, after offsetting accumulated deficit of ₩16,022 million (US\$13,889 thousand), a deferred foreign currency translation loss of ₩594,275 million (US\$545,148 thousand), reduction for an asset revaluation tax payment of ₩67,547 million (US\$58,553 thousand) and adjustment of ₩16,702 million (US\$14,478 thousand) due to the disposal of revalued assets within 1 year after revaluation.

16. RETAINED EARNINGS:

Retained earnings as of March 31, 2004 and December 31, 2003 consist of the following:

Description	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Appropriated:				
Legal reserve	₩ 155,870	₩ 126,870	\$ 135,116	\$ 109,977
Reserve for business rationalization	545,800	545,800	473,128	473,128
Reserve for improvement of financial structure	98,947	98,947	85,772	85,772
Reserve for overseas market development	48,800	48,800	42,302	42,302
Reserve for technology development	4,034,100	2,601,100	3,496,967	2,254,769
	4,883,517	3,421,517	4,233,285	2,965,948
Unappropriated	451,004	1,748,550	390,953	1,515,733
	<u>₩5,334,522</u>	<u>₩ 5,170,067</u>	<u>\$ 4,624,238</u>	<u>\$ 4,481,681</u>

The Korean Commercial Code requires the Company to appropriate, as a legal reserve, a minimum of 10 percent of annual cash dividends declared, until such reserve equals 50 percent of its capital stock issued. The Regulation on Issues and Disclosures of the Securities for listed companies requires the Company to appropriate, as a reserve for improvement of financial structure, an amount equal to at least 50 percent of the net gain on disposition of property, plant and equipment and 10 percent of net income for each year until the Company's net worth equals 30 percent of total assets. These reserves are not available for the payment of cash dividends, but may be transferred to capital stock or may be used to reduce any accumulated deficit.

The reserves for business rationalization, overseas market development and technological development are voluntary reserves, which are available for the payment of dividends.

Appropriations of retained earnings for the year ended December 31, 2003 was approved at the shareholders' meeting on March 12, 2004 and the appropriations including the cash dividends of ₩285,723 million (US\$247,679 thousand) are reflected in retained earnings on that date.

17. CAPITAL ADJUSTMENTS:

Capital adjustments as of March 31, 2004 and December 31, 2003 consist of the following:

Description	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Treasury stock	₩ (92,164)	₩ (89,706)	\$ (79,893)	\$ (77,762)
Gain on valuation of available-for- sale securities (Note 4)	61,674	36,431	53,462	31,580
Gain on valuation of investments accounted for using the equity method	421,779	569,962	365,620	494,072
Stock option cost	17,534	15,404	15,199	13,353
Cumulative translation adjustments	(3,633)	(3,293)	(3,149)	(2,855)
Loss on valuation of derivatives	(16,691)	(63,814)	(14,468)	(55,316)
	<u>₩ 388,499</u>	<u>₩ 464,984</u>	<u>\$ 336,771</u>	<u>\$ 403,072</u>

(1) Treasury stock

For the stabilization of stock price, the Company has treasury stock consisting of 1,018,510 common shares and 3,138,600 preferred shares with a carrying value of ₩92,164 million (US\$79,893 thousand) as of March 31, 2004 and 889,470 common shares and 3,138,600 preferred shares with a carrying value of ₩89,706 million (US\$77,762 thousand) as of December 31, 2003, acquired directly or indirectly through the Treasury Stock Fund and Trust Cash Fund.

(2) Stock option cost

The Company granted directors stock options at an exercise price of ₩26,800 (grant date: February 14, 2003, beginning date for exercise: February 14, 2006, expiry date for exercise: February 13, 2011) and of ₩14,900 (grant date: March 10, 2000, beginning date for exercise: March 10, 2003, expiry date for exercise: March 9, 2008). These stock options all require at least two-year continued service starting from the grant date. If all of the stock options as of December 31, 2003 are exercised, 2,352,200 shares (1,492,000 shares and 860,200 shares for the options granted as of February 14, 2003 and March 10, 2000, respectively) will be issued as new shares or using treasury stock or will be compensated by cash, according to the decision of the Board of Directors. In 2003, 429,800 shares of stock options granted as of March 10, 2000 were exercised by directors (see Note 14).

The Company calculates the total compensation expense using an option-pricing model. In the model, the risk-free rate of 4.94% and 9.04%, an expected exercise period of 5.5 years and an expected variation rate of stock price of 63.29 percent and 71.1 percent are used for the options granted as of February 14, 2003 and March 10, 2000, respectively. Total compensation expenses amounting to ₩17,088 million (US\$14,266 thousand) and ₩11,832 million (US\$9,878 thousand) for the options granted as of February 14, 2003 and March 10, 2000, respectively, have been accounted for as a charge to current operations and a credit to stock option cost in capital adjustments over the required period of service (two years) from the grant date using the straight-line method.

(4) Cumulative translation adjustments

Cumulative translation debits of ₩3,633 million (US\$3,149 thousand) and ₩3,293 million (US\$2,855 thousand) as of March 31, 2004 and December 31, 2003, respectively, which result from the translation of financial statements of the overseas branch, are included in capital adjustments on the basis set forth in Note 2.

(5) Loss on valuation of derivatives

Loss of ₩16,691 million (US\$14,468 thousand) and ₩63,814 million (US\$55,316 thousand) on valuation of the effective portion of derivative instruments for cash flow hedging purposes from forecasted exports as of March 31, 2004 and December 31, 2003, respectively, is included in capital adjustments on the basis set forth in Note 2.

18. INCOME TAX EXPENSE AND DEFERRED INCOME TAX ASSETS:

Income tax expense for the three-month periods ended March 31, 2004 and 2003 consists of the following:

Description	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2004	March 31, 2003	March 31, 2004	March 31, 2003
Income tax currently payable	₩ 224,262	₩ 248,151	\$ 194,402	\$ 215,110
Changes in deferred income taxes due to:				
Temporary differences	(14,579)	(34,168)	(12,638)	(29,618)
Income tax expense	₩ 209,683	₩ 213,983	\$ 181,764	\$ 185,492

For the three-month periods ended March 31, 2004 and 2003, the differences between income before tax in financial accounting and taxable income pursuant to Corporate Income Tax Law of Korea are as follows:

Description	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2004	March 31, 2003	March 31, 2004	March 31, 2003
Income before tax	₩ 672,910	₩ 631,588	\$ 583,313	\$ 547,493
Addition	475,446	422,655	412,141	366,379
Deduction	(371,797)	(202,662)	(322,293)	(175,678)
Taxable income	₩ 776,559	₩ 851,581	\$ 673,161	\$ 738,194

The changes in accumulated temporary differences for the three-month periods ended March 31, 2004 and 2003 are as follows:

Description	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2004	March 31, 2003	March 31, 2004	March 31, 2003
Beginning of period, net	₩ 1,703,943	₩ 832,284	\$ 1,477,066	\$ 721,467
Changes for period, net	79,230	322,888	68,680	279,896
End of period, net	₩ 1,783,173	₩ 1,155,172	\$ 1,545,746	\$ 1,001,363

Deferred income taxes as of March 31, 2004 and December 31, 2003 are computed as follows:

Affiliated Company	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Accumulated temporary differences, net Adjustments (*):	₩ 1,783,173	₩ 1,703,943	\$ 1,545,746	\$ 1,477,066
Gain on revaluation of land and other	324,091	345,567	280,939	299,555
	2,107,264	2,049,510	1,826,685	1,776,621
Statutory tax rate	× (**)	× (**)	× (**)	× (**)
Deferred income tax assets	₩ 590,908	₩ 576,329	\$ 512,230	\$ 499,592

(*) The Company did not recognize deferred income tax assets related to gain of revaluation of land and others since the probability of its realization in the near future is uncertain.

(**) In calculating the deferred income tax assets, 27.5% is applied to the temporary difference to be realized after December 31, 2004, because marginal corporate tax rate is expected to be lowered from 29.7% to 27.5% after December 31, 2004.

When each temporary difference reverses in the future, it will result in a decrease (increase) of taxable income and income tax payable. Deferred income tax assets are recognized only when it is probable the tax benefits from temporary differences will be realized in the future and calculated using the expected corporate tax rate in the period when the tax benefits will be realized. As of March 31, 2004, the Company believes the deferred income tax assets of ₩590,908 million (US\$512,230 thousand) can be realized in the future. Additionally, the Company believes average ordinary income in the coming years will exceed the amount of deferred taxes to be realized every year based on its assessment. The effective tax rates are 31.2 percent and 33.9 percent for the three-month periods ended March 31, 2004 and 2003, respectively.

19. RELATED PARTY TRANSACTIONS:

Significant transactions with affiliated companies for three-month periods ended March 31, 2004 and 2003 and outstanding balances as of March 31, 2004 and December 31, 2003 are summarized below.

Affiliated Company	Sales/proceeds (Purchases/expanses)			
	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	Three month ended March 31, 2004	Three month ended March 31, 2003	Three month ended March 31, 2004	Three month ended March 31, 2003
Hyundai Motor America	₩ 1,388,116	₩ 1,541,766	\$ 1,203,291	\$ 1,336,482
Hyundai Motor India	115,859	32,331	100,433	28,026
Hyundai Motor Japan	6,799	8,246	5,894	7,148
HAOSVT	143,747	30,061	124,607	26,058
Hyundai Motor Poland Sp.zo.o.	36,740	20,236	31,848	17,542
Kia Motors Corporation	412,251	235,548	357,360	204,185
	(79,405)	(97,062)	(68,832)	(84,138)
KEFICO	66	4,638	57	4,020
	(77,229)	(79,309)	(66,946)	(68,749)
Hyundai MOBIS	43,492	80,955	37,701	70,176
	(235,727)	(246,705)	(204,340)	(213,857)
Dymos Inc.	5,133	29,114	4,450	25,238
	(47,499)	(76,524)	(41,175)	(66,335)
Hyundai HYSKO	(37,910)	(40,430)	(32,862)	(35,047)
WIA	(42,295)	(29,168)	(36,663)	(25,284)
Hyundai Powertech	(29,672)	(36,939)	(25,721)	(32,021)

Affiliated company	Receivables (Payables)			
	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	March 31, 2004	December 31, 2003	March 31, 2004	December 31, 2003
Hyundai Motor America	₩ 434,218	₩ 258,066	\$ 376,403	\$ 223,705
	(21,681)	(38,556)	(18,794)	(33,422)
HAOSVT	41,843	30,019	36,272	26,022
Hyundai Motor India	33,627	22,309	29,150	19,339
Kia Motors Corporation	299,270	109,816	259,423	95,194
	(184,588)	(96,736)	(160,010)	(83,856)
Hyundai MOBIS	121,071	56,098	104,951	48,629
	(249,354)	(178,071)	(216,153)	(154,361)
KEFICO	(53,751)	(53,590)	(46,594)	(46,455)
Dymos Inc.	(63,525)	(73,095)	(55,077)	(63,363)
Hyundai HYSCO	(218,968)	(30,100)	(189,813)	(26,092)
Hyundai Powertech	(20,991)	(30,252)	(18,196)	(26,224)
WIA	(36,869)	(34,717)	(31,960)	(30,094)
Autoever Systems Corp.	(35,274)	(51,800)	(30,577)	(44,903)

20. THE STOCK RETIREMENT:

On March 12, 2004, the Board of Directors decided to retire common stock of 1,320,000 shares after acquisition. After such retirements, the outstanding shares of common stock are 218,198,502 shares.

21. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES:

The assets and liabilities denominated in foreign currencies as of March 31, 2004 and December 31, 2003 are summarized below.

	Foreign currencies				Korean Won (in millions)	
	March 31, 2004		December 31, 2003		March 31, 2004	December 31, 2003
Assets	US\$	857,774,415	US\$	787,075,386	₩ 989,529	₩ 942,759
	JP ¥	111,990,435	JP ¥	235,516,298	1,221	2,637
	GBP	10,342,664	GBP	35,467,992	21,790	75,521
	CAD	11,670,941	CAD	10,012,579	10,304	9,272
	EUR	90,517,247	EUR	134,334,020	127,159	201,848
	AUD	24,345,373	AUD	12,960,566	21,191	11,625
					₩ 1,171,194	₩ 1,243,662
Liabilities	US\$	971,318,980	US\$	1,029,725,152	₩ 1,120,514	₩ 1,233,405
	JP ¥	30,532,481,608	JP ¥	29,214,309,605	332,804	327,083
	GBP	7,044,255	GBP	9,010,979	14,841	19,187
	CAD	3,757,367	CAD	3,332,657	3,317	3,086
	EUR	141,033,867	EUR	167,708,780	198,124	251,996
	AUD	16,096,818	AUD	27,323,421	14,011	24,508
	CHF	8,204,611	CHF	-	7,387	-
				₩ 1,690,998	₩ 1,859,265	

22. REGIONAL SALES INFORMATION:

Sales by region for the three-month periods ended March 31, 2004 and 2003 are as follows:

	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	Three months ended	Three months ended	Three months ended	Three months ended
	<u>March 31, 2004</u>	<u>March 31, 2003</u>	<u>March 31, 2004</u>	<u>March 31, 2003</u>
Domestic sales	<u>₩ 2,472,650</u>	<u>₩ 3,031,400</u>	<u>\$ 2,143,421</u>	<u>\$ 2,627,774</u>
Export sales - Vehicle products				
North America	1,388,110	1,727,443	1,203,285	1,497,436
Europe	960,271	618,718	832,412	536,337
South America	97,815	85,346	84,791	73,982
Asia & Pacific	231,434	124,889	200,620	108,260
Middle East & Africa	<u>237,740</u>	<u>125,905</u>	<u>206,085</u>	<u>109,141</u>
	2,915,370	2,682,301	2,527,193	2,325,156
Export sales – Other	<u>819,319</u>	<u>371,679</u>	<u>710,228</u>	<u>322,191</u>
Export sales	<u>3,734,689</u>	<u>3,053,980</u>	<u>3,237,421</u>	<u>2,647,347</u>
Total sales	<u>₩ 6,207,339</u>	<u>₩ 6,085,380</u>	<u>\$ 5,380,842</u>	<u>\$ 5,275,121</u>

23. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three-month periods ended March 31, 2004 and 2003 are as follows:

	Korean won (in millions)		U.S. dollars (Note 2) (in thousands)	
	Three months ended	Three months ended	Three months ended	Three months ended
	<u>March 31, 2004</u>	<u>March 31, 2003</u>	<u>March 31, 2004</u>	<u>March 31, 2003</u>
Salary related expense	<u>₩ 218,434</u>	<u>₩ 292,657</u>	<u>\$ 189,350</u>	<u>\$ 253,690</u>
Export costs	150,649	116,198	130,590	100,726
Sales promotion	181,267	110,200	157,132	95,527
Sales commissions	63,588	78,993	55,121	68,475
Sales warranties	367,469	324,050	318,541	280,903
Taxes and dues	3,186	7,525	2,762	6,523
Communications	5,511	5,954	4,777	5,161
Utilities	7,309	7,204	6,336	6,245
Freight and warehousing	17,136	19,816	14,854	17,178
Rent	4,819	5,778	4,177	5,009
Travel	15,194	14,652	13,171	12,701
Service charges	32,465	32,079	28,142	27,808
Maintenance	4,558	2,509	3,951	2,175
Supplies	5,063	4,057	4,389	3,517
Research	82,514	58,540	71,527	50,745
Depreciation	16,543	14,928	14,340	12,940
Amortization	9,847	9,567	8,536	8,293
Stock option cost	2,130	-	1,846	-
Other	<u>3,703</u>	<u>3,632</u>	<u>3,212</u>	<u>3,149</u>
	<u>₩ 1,191,385</u>	<u>₩ 1,108,339</u>	<u>\$ 1,032,754</u>	<u>\$ 960,765</u>