

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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, 2008, and the related non-consolidated statements of income, changes in shareholders' equity and cash flows for the three months ended March 31, 2008 and 2007, 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 the standards for review of interim financial statements in the Republic of Korea. Those 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, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with accounting principles generally accepted 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, 2007, and the related non-consolidated statements of income, appropriations of retained earnings, changes in shareholders' equity and cash flows for the year then ended (not presented herein) and in our report dated January 25, 2008, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying balance sheet as of December 31, 2007, which is comparatively presented, does not differ in material respects from such audited non-consolidated balance sheet.

Our reviews also comprehended the translation of Korean Won amounts into U.S. dollar amounts and nothing has come to our attention that causes us to believe that such translation has not been made in conformity with the basis in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside of Korea.

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, changes in shareholders' equity 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.



April 25, 2008

Notice to Readers

This report is effective as of April 25, 2008, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2008 AND DECEMBER 31, 2007

<u>ASSETS</u>	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>March 31, 2008</u>	<u>December 31, 2007</u>	<u>March 31, 2008</u>	<u>December 31, 2007</u>
	<u>(In millions)</u>		<u>(In thousands)</u>	
Current assets:				
Cash and cash equivalents	₩ 1,615,695	₩ 1,446,065	\$ 1,629,218	\$ 1,458,168
Short-term financial instruments (Note 3)	3,526,825	2,939,227	3,556,343	2,963,827
Short-term investment securities (Note 5)	110,303	110,932	111,226	111,860
Trade notes and accounts receivable, less allowance for doubtful accounts of ₩6,984 million as of March 31, 2008 and December 31, 2007 (Note 14)	1,932,322	2,196,795	1,948,495	2,215,181
Trade notes and accounts receivable - other	526,763	443,751	531,172	447,465
Inventories (Note 4)	1,613,657	1,448,974	1,627,162	1,461,101
Deferred tax assets (Note 23)	216,250	185,103	218,060	186,652
Derivative assets (Note 26)	132,437	13,508	133,545	13,621
Advances and other current assets	248,436	136,813	250,515	137,959
Total current assets	<u>9,922,688</u>	<u>8,921,168</u>	<u>10,005,736</u>	<u>8,995,834</u>
Non-current assets:				
Long-term investment securities (Notes 6 and 14)	1,150,781	1,267,717	1,160,412	1,278,327
Investments securities accounted for using the equity method (Notes 7 and 14)	8,273,548	7,805,738	8,342,793	7,871,068
Property, plant and equipment, net of accumulated depreciation of ₩6,525,616 million as of March 31, 2008 and ₩6,338,929 million as of December 31, 2007 (Notes 8, 9 and 14)	9,616,963	9,721,065	9,697,452	9,802,425
Intangibles (Note 10)	1,383,392	1,381,124	1,394,970	1,392,683
Derivative assets (Note 26)	3,544	100,741	3,574	101,584
Other assets (Notes 3 and 11)	404,512	389,376	407,898	392,635
Total non-current assets	<u>20,832,740</u>	<u>20,665,761</u>	<u>21,007,099</u>	<u>20,838,722</u>
Total assets	<u>₩ 30,755,428</u>	<u>₩ 29,586,929</u>	<u>\$ 31,012,835</u>	<u>\$ 29,834,556</u>

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)

AS OF MARCH 31, 2008 AND DECEMBER 31, 2007

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>March 31, 2008</u>	<u>December 31, 2007</u>	<u>March 31, 2008</u>	<u>December 31, 2007</u>
	<u>(In millions)</u>		<u>(In thousands)</u>	
Current liabilities:				
Short-term borrowings (Notes 12 and 14)	₩ 696,615	₩ 431,209	\$ 702,445	\$ 434,818
Current maturities of long-term debt and debentures (Notes 13 and 14)	201,219	201,461	202,903	203,147
Trade notes and accounts payable	3,107,883	2,938,628	3,133,894	2,963,223
Accounts payable-other	1,393,909	1,306,774	1,405,575	1,317,711
Accrued warranties (Note 15)	905,735	870,749	913,316	878,037
Income tax payable	378,772	499,379	381,942	503,559
Accrued expenses	218,999	30,170	220,833	30,422
Derivative liabilities (Note 26)	333,366	86,935	336,156	87,662
Withholdings and other current liabilities	591,818	690,687	596,771	696,468
Total current liabilities	<u>7,828,316</u>	<u>7,055,992</u>	<u>7,893,835</u>	<u>7,115,047</u>
Non-current liabilities:				
Long-term debt and debentures, net of current maturities and discount on debentures issued of ₩2,250 million as of March 31, 2008 and ₩2,455 million as of March 31, 2007 (Notes 13 and 14)	1,212,910	1,212,886	1,223,061	1,223,037
Accrued severance benefits, net of National Pension payments for employees of ₩16,855 million as of March 31, 2008 and ₩18,666 million as of December 31, 2007, and individual severance insurance deposits of ₩885,615 million as of March 31, 2008 and ₩935,914 million as of December 31, 2007	508,441	445,306	512,696	449,033
Long-term accrued warranties (Note 15)	2,285,269	2,184,670	2,304,395	2,202,955
Deferred tax liabilities (Note 23)	269,690	385,369	271,947	388,594
Derivative liabilities (Note 26)	120,273	74,915	121,280	75,542
Other non-current liabilities	28,910	25,160	29,153	25,371
Total non-current liabilities	<u>4,425,493</u>	<u>4,328,306</u>	<u>4,462,532</u>	<u>4,364,532</u>
Total liabilities	<u>12,253,809</u>	<u>11,384,298</u>	<u>12,356,367</u>	<u>11,479,579</u>
Commitments and contingencies (Note 14)				
Shareholders' equity:				
Capital stock (Note 16)	1,486,980	1,486,980	1,499,425	1,499,425
Capital surplus (Note 17)	5,820,933	5,752,060	5,869,651	5,800,201
Capital adjustments (Note 18)	(719,069)	(718,855)	(725,087)	(724,871)
Accumulated other comprehensive income (Notes 19 and 20)	297,845	198,012	300,338	199,669
Retained earnings (Note 21)	<u>11,614,930</u>	<u>11,484,434</u>	<u>11,712,141</u>	<u>11,580,553</u>
Total shareholders' equity	<u>18,501,619</u>	<u>18,202,631</u>	<u>18,656,468</u>	<u>18,354,977</u>
Total liabilities and shareholders' equity	<u>₩ 30,755,428</u>	<u>₩ 29,586,929</u>	<u>\$ 31,012,835</u>	<u>\$ 29,834,556</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Sales (Notes 24 and 27):				
Domestic sales	₩ 3,458,086	₩ 2,968,734	\$ 3,487,028	\$ 2,993,581
Export sales	<u>4,739,725</u>	<u>3,752,608</u>	<u>4,779,394</u>	<u>3,784,015</u>
	<u>8,197,811</u>	<u>6,721,342</u>	<u>8,266,422</u>	<u>6,777,596</u>
Cost of sales	<u>6,449,535</u>	<u>5,485,667</u>	<u>6,503,513</u>	<u>5,531,579</u>
Gross profit	1,748,276	1,235,675	1,762,909	1,246,017
Selling and administrative expenses (Notes 24 and 28)	<u>1,219,137</u>	<u>906,967</u>	<u>1,229,341</u>	<u>914,558</u>
Operating income	<u>529,139</u>	<u>328,708</u>	<u>533,568</u>	<u>331,459</u>
Other income (expenses), net:				
Interest income, net	47,930	21,119	48,331	21,296
Loss on foreign currency translation, net	(42,214)	(4,949)	(42,567)	(4,990)
Gain (loss) on foreign exchange transactions, net	22,809	(4,122)	23,000	(4,156)
Gain on valuation of investment securities accounted for using the equity method, net (Note 7)	60,401	29,997	60,907	30,248
Loss on valuation of derivatives, net (Note 26)	(137,719)	(21,805)	(138,872)	(21,987)
Rental and royalty income	33,137	19,996	33,414	20,163
Loss on disposal of trade notes and accounts receivable	(21,328)	(19,890)	(21,507)	(20,056)
Loss on disposal of property, plant and equipment, net	(4,962)	(12,490)	(5,004)	(12,595)
Gain (loss) on disposal of short-term investment securities, net	(5)	2,314	(5)	2,333
Gain on disposal of long-term investment securities, net	-	298	-	300
Other, net	<u>26,868</u>	<u>25,220</u>	<u>27,093</u>	<u>25,431</u>
	<u>(15,083)</u>	<u>35,688</u>	<u>(15,210)</u>	<u>35,987</u>
Income before income tax	514,056	364,396	518,358	367,446
Income tax expense (Note 23)	<u>121,404</u>	<u>57,010</u>	<u>122,420</u>	<u>57,487</u>
Net income	<u>₩ 392,652</u>	<u>₩ 307,386</u>	<u>\$ 395,938</u>	<u>\$ 309,959</u>
Basic earnings per common share (Note 22)	<u>₩ 1,443</u>	<u>₩ 1,396</u>	<u>\$ 1.46</u>	<u>\$ 1.41</u>
Diluted earnings per common share (Note 22)	<u>₩ 1,442</u>	<u>₩ 1,393</u>	<u>\$ 1.45</u>	<u>\$ 1.40</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

	Korean Won						Translation into
							U.S. Dollars
	Capital stock	Capital Surplus	Capital adjustments	Accumulative other comprehensive income	Retained earnings	Total amount	Total amount (Note 2)
(In millions)						(In thousands)	
January 1, 2007	₩ 1,484,942	₩ 5,409,005	₩ (706,979)	₩ (226,605)	₩ 10,090,465	₩ 16,050,828	\$ 16,185,165
Cumulative effect of changes in accounting policy (Note 2)	-	317,615	-	(350,082)	32,467	-	-
Beginning balance after correction	1,484,942	5,726,620	(706,979)	(576,687)	10,122,932	16,050,828	16,185,165
Payment of cash dividend	-	-	-	-	(275,373)	(275,373)	(277,678)
Gain on valuation of treasury stock fund	-	-	346	-	-	346	349
Gain on valuation of available-for-sale securities, net	-	-	-	96,921	-	96,921	97,732
Loss on valuation of derivatives, net	-	-	-	(1,783)	-	(1,783)	(1,798)
Net income	-	-	-	-	307,386	307,386	309,959
Changes in retained earnings using the equity method	-	(5,470)	-	70,832	(13,630)	51,732	52,165
March 31, 2007	<u>₩ 1,484,942</u>	<u>₩ 5,721,150</u>	<u>₩ (706,633)</u>	<u>₩ (410,717)</u>	<u>₩ 10,141,315</u>	<u>₩ 16,230,057</u>	<u>\$ 16,365,894</u>
January 1, 2008	₩ 1,486,980	₩ 5,439,915	₩ (718,855)	₩ 548,094	₩ 11,446,497	₩ 18,202,631	\$ 18,354,977
Cumulative effect of changes in accounting policy (Note 2)	-	312,145	-	(350,082)	37,937	-	-
Beginning balance after correction	1,486,980	5,752,060	(718,855)	198,012	11,484,434	18,202,631	18,354,977
Adjustments resulting from revision of the written opinion for applying Accounting Standards No. 06-2 (Note 2)	-	-	-	-	12,078	12,078	12,179
Payment of cash dividend	-	-	-	-	(275,996)	(275,996)	(278,306)
Loss on valuation of treasury stock fund	-	-	(157)	-	-	(157)	(158)
Cancellation of stock options	-	57	(57)	-	-	-	-
Loss on valuation of available-for-sale securities, net	-	-	-	(173,171)	-	(173,171)	(174,620)
Loss on valuation of derivatives, net	-	-	-	(106,300)	-	(106,300)	(107,190)
Net income	-	-	-	-	392,652	392,652	395,938
Changes in retained earnings using the equity method	-	68,816	-	379,304	1,762	449,882	453,648
March 31, 2008	<u>₩ 1,486,980</u>	<u>₩ 5,820,933</u>	<u>₩ (719,069)</u>	<u>₩ 297,845</u>	<u>₩ 11,614,930</u>	<u>₩ 18,501,619</u>	<u>\$ 18,656,468</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-COLSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
Cash flows from operating activities:				
Net income	₩ 392,652	₩ 307,386	\$ 395,938	\$ 309,959
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	219,500	199,108	221,337	200,774
Amortization of intangibles	118,653	88,085	119,646	88,822
Loss on foreign currency translation, net	42,214	4,949	42,567	4,990
Gain on valuation of investment securities accounted for using the equity method, net	(60,401)	(29,997)	(60,907)	(30,248)
Loss on valuation of derivatives, net	137,719	21,805	138,872	21,987
Loss on disposal of trade notes and accounts receivable	21,328	19,890	21,507	20,056
Loss on disposal of property, plant and equipment, net	4,962	12,490	5,004	12,595
Loss (gain) on disposal of short-term investment securities, net	5	(2,314)	5	(2,333)
Gain on disposal of long-term investment securities, net	-	(298)	-	(300)
Dividends of investment securities accounted for using the equity method	357	-	360	-
Provision for severance benefits	122,424	54,045	123,449	54,497
Provision for warranties	222,262	96,981	224,122	97,793
Amortization of discount on debentures	204	164	206	165
Other	3,645	3,466	3,675	3,495
Changes in operating assets and liabilities:				
Decrease (increase) in trade notes and accounts receivable	257,378	(121,350)	259,532	(122,366)
Decrease in trade notes and accounts receivable-other	32,398	74,815	32,669	75,441
Increase in inventories	(198,075)	(162,608)	(199,733)	(163,969)
Increase in advances and other current assets	(115,755)	(135,399)	(116,725)	(136,532)
Decrease (increase) in deferred tax assets	69,010	(43,701)	69,588	(44,067)
Decrease in derivative assets	10,459	14,876	10,547	15,001
Increase in trade notes and accounts payable	164,882	452,537	166,262	456,324
Decrease in accounts payable-other	(193,726)	(728,736)	(195,347)	(734,835)
Decrease in income tax payable	(120,607)	(149,292)	(121,616)	(150,541)
Increase in accrued expenses	187,518	112,532	189,087	113,474
Increase (decrease) in deferred tax liabilities	(139,688)	24,893	(140,857)	25,101
Decrease in derivative liabilities	(24,759)	(148)	(24,966)	(149)
Decrease in withholding and other current liabilities	(101,777)	(41,248)	(102,629)	(41,593)
Decrease in accrued warranties	(86,677)	(73,885)	(87,402)	(74,503)
Payment of severance benefits	(112,062)	(59,123)	(113,000)	(59,618)
Decrease in individual severance insurance deposits	50,298	7,397	50,719	7,459
Other	2,941	(306)	2,965	(308)
	<u>907,282</u>	<u>(52,986)</u>	<u>914,875</u>	<u>(53,429)</u>

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
Cash flows from investing activities:				
Cash inflows from investing activities:				
Proceeds from withdrawal of short-term financial instruments	₩ 1,109,110	₩ 500,308	\$ 1,118,393	\$ 504,495
Proceeds from disposal of short-term investment securities	32	72,544	32	73,151
Proceeds from disposal of property, plant and equipment	4,777	1,154	4,817	1,164
Proceeds from disposal of investment securities accounted for using the equity method	93,367	-	94,148	-
Reduction in other current assets	1,440	1,740	1,452	1,755
Reduction in other assets	129	82,088	130	82,775
	<u>1,208,855</u>	<u>657,834</u>	<u>1,218,972</u>	<u>663,340</u>
Cash outflows from investing activities:				
Purchase of short-term financial instruments	(1,696,708)	(281,781)	(1,710,909)	(284,139)
Acquisition of short-term investment securities	(37)	(230)	(37)	(232)
Acquisition of long-term investment securities	(104,484)	(15,005)	(105,358)	(15,131)
Acquisition of investment securities accounted for using the equity method	(140,908)	(230,440)	(142,087)	(232,369)
Acquisition of property, plant and equipment	(93,914)	(169,505)	(94,700)	(170,924)
Expenditures for development costs	(118,753)	(99,019)	(119,747)	(99,848)
Additions to other assets	(13,108)	(78,885)	(13,217)	(79,544)
	<u>(2,167,912)</u>	<u>(874,865)</u>	<u>(2,186,055)</u>	<u>(882,187)</u>
	<u>(959,057)</u>	<u>(217,031)</u>	<u>(967,083)</u>	<u>(218,847)</u>
Cash flows from financing activities:				
Cash inflows from financing activities:				
Proceeds from short-term borrowings	<u>435,381</u>	<u>1,620,847</u>	<u>439,025</u>	<u>1,634,413</u>
Cash outflows from financing activities:				
Repayment of short-term borrowings	(213,552)	(1,684,963)	(215,339)	(1,699,065)
Repayment of current maturities of long-term debt	(424)	(503)	(428)	(508)
	<u>(213,976)</u>	<u>(1,685,466)</u>	<u>(215,767)</u>	<u>(1,699,573)</u>
	<u>221,405</u>	<u>(64,619)</u>	<u>223,258</u>	<u>(65,160)</u>
Net increase (decrease) in cash and cash equivalents	169,630	(334,636)	171,050	(337,436)
Cash and cash equivalents, beginning of period	<u>1,446,065</u>	<u>1,382,678</u>	<u>1,458,168</u>	<u>1,394,250</u>
Cash and cash equivalents, end of period	<u>₩ 1,615,695</u>	<u>₩ 1,048,042</u>	<u>\$ 1,629,218</u>	<u>\$ 1,056,814</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

1. THE COMPANY:

Hyundai Motor Company (the “Company”) was incorporated in 1967, under the laws of the Republic of Korea, to manufacture and distribute motor vehicles and parts.

The Company owns and operates three principal automobile production bases in Korea: the Ulsan factory, the Asan factory and the Jeonju factory. In addition, the Company has invested in five overseas manufacturing plants including Hyundai Motor Manufacturing Alabama, LLC (HMMA) as well as fourteen overseas sales and R&D subsidiaries including Hyundai Motor America (HMA).

The shares of the Company have been listed on the Korea Stock Exchange since 1974 and the Global Depository Receipts issued by the Company have been listed on the London Stock Exchange and Luxemburg Stock Exchange.

As of March 31, 2008, the major shareholders of the Company are Hyundai MOBIS (14.98%), Hyundai Steel (5.85%) and Chung, Mong Koo (5.18%).

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 accounting principles generally accepted 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, changes in shareholders' equity or cash flows, is not presented in the accompanying financial statements.

The accompanying financial statements are stated in Korean Won, the currency of the country in which the Company is incorporated and operates. The translation of Korean Won amounts into U.S. dollar amounts is included solely for the convenience of readers outside of the Republic of Korea and has been made at the rate of ₩991.70 to US\$1.00 at March 31, 2008, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean Won amounts could be converted into U.S. dollars at that or any other rate.

The Company prepared its non-consolidated financial statements as of March 31, 2008 in accordance with the Korea Financial Accounting Standards and the Statements of Korea Accounting Standards (“SKAS”) No. 1 through No.23, except for No.14.

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements as of March 31, 2008 are identical to those as of December 31, 2007, except for the revision of SKAS No.15 - “Investments in Associates” and the written opinion for applying Accounting Standards No 06-2 - “Recognition of deferred tax related to investments in subsidiaries, associates and interests in joint ventures”, which were effective from January 1, 2008.

Revision of SKAS No.15 - "Investments in Associates"

In accordance with the revised SKAS No. 15 - "Investments in Associates," the parent company share of net income and net assets of investments in associates in the non-consolidated financial statements have to be identical with the parent's proportional share in the consolidated financial statements when applying equity method to subsidiaries, except if the carrying amount of an investment in an associate falls below zero as a result of reflecting the associate's losses when the equity method is applied and the investor discontinues recognizing further changes in its share of equity interest in the associate and the investment is accounted for at nil value. The accompanying 2007 financial statements, which are prepared for comparative purposes, were restated to conform to the revised SKAS No.15 - "Investments in Associates" for its first year of application.

Effects on accounts due to revised standards mentioned above are as follows:

Accounts	Korean Won		Translation into U.S. Dollars (Note 2)	
	March, 31 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Capital surplus	₩ 380,961	₩ 312,145	\$ 384,149	\$ 314,757
Accumulated other comprehensive income	(418,898)	(350,082)	(422,404)	(353,012)
Retained earnings	37,937	37,937	38,255	38,255

Revision of the Written Opinion for Applying Accounting Standards No. 06-2 - "Recognition of Deferred Tax related to Investments in Subsidiaries, Associates and Joint Ventures"

According to the revised written opinion, the investor must recognize the tax effects of differences between the carrying amount of investments which is separated from unrealized profits eliminated from the investments and its tax base in the investor's financial statements, and the deferred tax for the difference arising from unrealized profits must be recognized. For the first year of application, the accompanying financial statements presented for comparative purposes do not have to be restated and the effect of the retroactive application is accounted in the current period's beginning balance. As a result, the Company did not restate accompanying 2007 financial statements for comparative purposes, and the effect of retroactive application of ₩12,078 million (US\$ 12,179 thousand) was accounted for in the beginning balance of retained earnings.

Reclassifications of Accounts

The royalty income, which had been classified as non-operating income until prior year, is reclassified as sales in current year. For comparative purposes, the Company restated prior period's income statement and such reclassification has no effect on the net assets and net income in 2008 and 2007 respectively.

3. RESTRICTED FINANCIAL INSTRUMENTS:

Deposits with withdrawal restrictions as of March 31, 2008 and December 31, 2007 consist of the following:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Short-term financial instruments:				
Ordinary deposit	₩ 29	₩ 142	\$ 29	\$ 143
Term deposit	30,196	32,485	30,449	32,757
	<u>30,225</u>	<u>32,627</u>	<u>30,478</u>	<u>32,900</u>
Long-term financial instruments (Note 11):				
Guarantee deposits for checking accounts	37	37	37	37
	<u>₩ 30,262</u>	<u>₩ 32,664</u>	<u>\$ 30,515</u>	<u>\$ 32,937</u>

4. INVENTORIES:

Inventories as of March 31, 2008 and December 31, 2007 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Finished goods and merchandise	₩ 607,339	₩ 409,342	\$ 612,422	\$ 412,768
Semi finished goods and work in process	472,875	547,010	476,833	551,588
Raw materials and supplies	421,322	406,568	424,848	409,971
Materials in transit	112,121	86,054	113,059	86,774
	<u>₩ 1,613,657</u>	<u>₩ 1,448,974</u>	<u>\$ 1,627,162</u>	<u>\$ 1,461,101</u>

5. SHORT-TERM INVESTMENT SECURITIES:

(1) Short-term investment securities as of March 31, 2008 and December 31, 2007 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Available-for-sale securities	₩ 61,803	₩ 62,432	\$ 62,320	\$ 62,954
Held-to-maturity securities	48,500	48,500	48,906	48,906
	<u>₩ 110,303</u>	<u>₩ 110,932</u>	<u>\$ 111,226</u>	<u>\$ 111,860</u>

(2) Available-for-sale securities of short-term investment securities as of March 31, 2008 and December 31, 2007 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Beneficiary certificates	₩ 60,973	₩ 61,599	\$ 61,483	\$ 62,115
Equity securities	206	209	208	211
Government bonds	624	624	629	628
	<u>₩ 61,803</u>	<u>₩ 62,432</u>	<u>\$ 62,320</u>	<u>\$ 62,954</u>

(3) Debt securities included in held-to-maturity of short-term investment securities as of March 31, 2008 are subordinate debt securities, which were transferred from long-term investment securities in 2007, with maturity on July 19, 2008, issued by Hyundai Capital Service Inc.

6. LONG-TERM INVESTMENT SECURITIES:

Long -term investment securities as of March 31, 2008 and December 31, 2007, all of which are classified into available-for-sale securities, consist of the following:

Name of company	Ownership percentage (%)	Korean Won		Translation into U.S. Dollars (Note 2)			
		Acquisition		June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
		cost	Book value (In millions)	Book value	Book value	Book value (In thousands)	Book value
Hyundai Heavy Industries Co., Ltd.	2.88	₩ 56,924	₩ 811,395	₩ 969,075	\$ 818,186	\$ 977,186	
Hyundai Oil Refinery Co., Ltd.	4.35	53,314	123,907	123,907	124,944	124,944	
HMC Investment Securities Co., Ltd.	14.88	104,484	57,873	-	58,357	-	
Hyundai Merchant Marine Co., Ltd.	0.45	9,161	31,185	29,799	31,446	30,048	
Hyundai Development Co.-Engineering & Construction	0.60	9,025	30,420	41,175	30,675	41,520	
Doosan Capital Co., Ltd.	9.99	10,000	26,146	26,146	26,365	26,365	
Hyundai H&S Co., Ltd.	4.08	15,005	16,961	21,462	17,103	21,642	
KT Freetel Co., Ltd.	0.17	10,800	9,664	10,131	9,745	10,216	
ENOVA System	1.09	2,204	824	841	831	848	
Treasury Stock Fund (*1)			9,363	11,840	9,441	11,939	
Hyundai Asan Corporation	4.61	22,500	7,053	7,053	7,112	7,112	
Hyundai Venture Investment Corp.	14.97	4,490	4,490	4,490	4,528	4,528	
Industry Otomotif Komersial	15.00	4,439	4,439	4,439	4,476	4,476	
Kihyup Technology Banking Corp.	10.34	3,000	3,000	3,000	3,025	3,025	
Kyungnam Credit Information Service Co., Ltd.	13.66	2,500	2,500	2,500	2,521	2,521	
NESSCAP Co., Ltd.	12.05	1,997	1,997	1,997	2,014	2,014	
Hyundai Research Institute	14.90	1,359	1,271	1,271	1,282	1,282	
THESIGN Co., Ltd.	11.59	1,200	1,200	1,200	1,210	1,210	
Heesung PM Tech Corporation	19.90	1,194	1,194	1,194	1,204	1,204	
Veloxsoft Inc.	7.14	1,000	1,000	1,000	1,008	1,008	
Backsan Its Co., Ltd.	19.90	814	814	814	821	821	
Micro Infinity	9.38	607	607	607	612	612	
N.G.V (*2)	53.66	571	571	571	576	576	
Clean Air Technology Co., Ltd.	16.13	500	500	500	504	504	
Bs Humantech	13.90	320	320	320	323	323	
The Hankyoreh Plus Inc.	5.43	4,800	284	284	286	286	
Carnes Company, Ltd. (*2)	49.99	250	250	250	252	252	
Jinil MVC Co., Ltd.	18.00	180	180	180	182	182	
ROTIS Inc.	0.19	1,000	8	8	8	8	
Hyundai Unicorns Co.	14.90	5,795	-	137	-	137	
Other	-	1,526	1,365	1,526	1,375	1,538	
			<u>₩1,150,781</u>	<u>₩ 1,267,717</u>	<u>\$ 1,160,412</u>	<u>\$ 1,278,327</u>	

(*1) The acquisition cost of Treasury Stock Fund is ₩12,213 million (US\$12,315 thousand) as of March 31, 2008 and December 31, 2007 and the lower of the fair value of treasury stock and investments in those fund amounting to ₩5,196 million (US\$5,239 thousand) and ₩5,040 million (US\$5,082 thousand) as of March 31, 2008 and December 31, 2007, respectively, are recorded as treasury stock in capital adjustments.

(*2) 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 investee, whose individual beginning balance of total assets or paid-in capital at the date of its establishment is less than ₩7,000 million (US\$7,059 thousand), are not material.

As of March 31, 2008 and December 31, 2007, the difference between the book value and the acquisition cost of equity securities consists of impairment loss on long-term investment securities of ₩26,999 million (US\$27,225 thousand) and ₩26,701 million (US\$26,924 thousand), respectively, reflected before 2007.

7. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

(1) Investment securities accounted for using the equity method as of March 31, 2008 and December 31, 2007 consist of the following:

Affiliated company	Ownership percentage (%)	Korean Won				Translation into U.S. Dollars (Note 2)	
		Acquisition cost	Net equity value		December 31, 2007	June 30, 2008	December 31, 2007
			Book value	Book value	Book value	Book value	Book value
			(In millions)			(In thousands)	
Hyundai Motor America	100.00	₩1,255,201	₩1,390,022	₩1,317,716	₩ 1,194,353	\$ 1,328,745	\$ 1,204,349
Hyundai Motor Manufacturing Czech, Ltd.	100.00	579,412	718,495	717,343	529,844	723,347	534,279
Beijing-Hyundai Motor Company	50.00	397,758	661,028	654,680	516,196	660,159	520,516
Hyundai Motor India	100.00	244,017	758,443	735,304	695,313	741,458	701,132
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S. (*1)	70.00	91,315	(35,203)	-	-	-	-
Hyundai Translead	100.00	80,623	108,923	132,868	128,489	133,980	129,564
Hyundai Motor Europe Technical Center GmbH	100.00	53,496	66,882	66,882	58,389	67,442	58,878
China Millennium Corporations	59.60	53,466	21,214	58,089	55,572	58,575	56,037
Hyundai Motor Japan Co. (*1)	100.00	42,292	(64,184)	-	-	-	-
Hyundai Motor (UK) Ltd. (*1)	100.00	36,681	(14,833)	-	-	-	-
Hyundai Motor Poland Sp.zo.o.	100.00	24,139	36,101	44,587	40,153	44,960	40,489
Beijing Mobis Transmission Co., Ltd.	24.08	22,790	33,132	33,132	28,917	33,409	29,159
Hyundai Motor Europe GmbH	100.00	17,529	32,176	32,464	28,945	32,736	29,187
Hyundai Motor Group China Ltd.	50.00	15,371	33,316	26,929	24,512	27,154	24,717
Hyundai Motor Company Australia	100.00	12,382	56,711	38,575	35,301	38,898	35,596
WIA Automotive Engine (ShanDong) Company	22.00	10,298	15,073	15,073	10,849	15,199	10,940
Hyundai America Technical Center Inc.	100.00	9,635	24,712	24,712	20,258	24,919	20,428
Hyundai Motor Deutschland GmbH	30.00	6,761	19,958	19,471	17,908	19,634	18,058
Hyundai Motor Norway AS	100.00	5,636	8,476	5,667	6,872	5,714	6,930
Hyundai Motor Hungary	100.00	5,415	2,192	2,283	2,283	2,302	2,302
Beijing Jinxian Motor Safeguard Service Co., Ltd.	91.75	4,907	5,083	5,083	4,380	5,126	4,417
Hyundai Motor Commonwealth of Independent States	80.00	3,959	21,574	9,894	18,333	9,977	18,486
HMJ R&D Center Inc.	100.00	1,510	2,318	2,318	1,939	2,337	1,955
Kia Motors Corporation	38.67	923,957	1,887,376	1,948,576	1,939,961	1,964,885	1,956,197
Hyundai Capital Service Inc.	56.47	500,325	749,603	466,288	519,357	470,191	523,704
Hyundai Card Co., Ltd.	31.59	435,571	355,536	363,812	359,507	366,857	362,516
Hyundai-Rotem Company	57.64	254,308	295,069	340,537	341,327	343,387	344,184
Hyundai HYSKO	26.13	200,768	264,725	255,223	252,919	257,359	255,036
Korea Aerospace Industries, Ltd.	20.54	159,800	89,869	89,683	89,321	90,434	90,069
Hyundai Powertech Co., Ltd.	37.58	135,000	155,932	148,665	150,792	149,909	152,054
Hyundai Autonet Co., Ltd. (*2)	16.77	118,554	78,142	121,368	124,250	122,384	125,290
Dymos Inc.	47.27	68,872	125,547	121,955	122,136	122,976	123,158
Hyundai Commercial Inc.	50.00	50,000	35,333	35,333	35,109	35,629	35,403
World Industries Ace Corporation	39.46	34,357	193,450	172,968	171,714	174,416	173,151
The Korea Economic Daily	20.55	29,973	23,818	26,735	26,811	26,959	27,035
Eukor Car Carriers Inc. (*2)	12.00	29,347	58,229	49,920	62,518	50,338	63,041
Partecs Company, Ltd.	56.00	22,400	21,969	21,969	21,779	22,153	21,961
KEFICO	50.00	20,911	116,309	114,169	118,014	115,125	119,002
Autoever Systems Corporation	29.90	5,947	18,011	18,011	17,237	18,162	17,381
Chasan Co., Ltd. (*1)	30.00	4,500	(8,208)	-	-	-	-
M & Soft	31.84	3,925	8,039	8,127	7,357	8,194	7,419
Iljin Bearing Co., Ltd.	20.00	826	16,417	16,417	16,109	16,553	16,244
Daesung Automotive Co., Ltd.	20.00	400	10,722	10,722	10,714	10,811	10,804
		<u>₩5,974,334</u>	<u>₩8,397,497</u>	<u>₩8,273,548</u>	<u>₩ 7,805,738</u>	<u>\$ 8,342,793</u>	<u>\$ 7,871,068</u>

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

(*2) The total ownership percentage combining the ownership which Kia Motors Corp. holds is more than 20% and the Company is considered to be able to exercise significant influence over the operating and financial policies.

(2) The changes in investment securities accounted for using the equity method for the three months ended March 31, 2008 are as follows:

Affiliated company	Korean Won					Translation into
	Beginning of period	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*)	End of period	U.S. Dollars
						(Note 2)
			(In millions)			End of period (In thousands)
Hyundai Motor America	₩ 1,194,353	₩ -	₩ (14,778)	₩ 138,141	₩ 1,317,716	\$ 1,328,745
Hyundai Motor Manufacturing Czech, Ltd.	529,844	82,545	(11,506)	116,460	717,343	723,347
Beijing-Hyundai Motor Company	516,196	58,363	20,626	59,495	654,680	660,159
Hyundai Motor India	695,313	-	6,646	33,345	735,304	741,458
Hyundai Translead	128,489	-	(4,246)	8,625	132,868	133,980
Hyundai Motor Europe Technical Center GmbH	58,389	-	665	7,828	66,882	67,442
China Millennium Corporations	55,572	-	612	1,905	58,089	58,575
Hyundai Motor Poland Sp.zo.o.	40,153	-	(521)	4,955	44,587	44,960
Beijing Mobis Transmission Co., Ltd.	28,917	-	1,219	2,996	33,132	33,409
Hyundai Motor Europe GmbH	28,945	-	(304)	3,823	32,464	32,736
Hyundai Motor Group China Ltd.	24,512	-	(346)	2,763	26,929	27,154
Hyundai Motor Company Australia	35,301	-	(1,949)	5,223	38,575	38,898
WIA Automotive Engine (ShanDong) Company	10,849	-	2,949	1,275	15,073	15,199
Hyundai America Technical Center Inc.	20,258	-	3,177	1,277	24,712	24,919
Hyundai Motor Deutschland GmbH	17,908	-	(810)	2,373	19,471	19,634
Hyundai Motor Norway AS	6,872	-	(2,137)	932	5,667	5,714
Hyundai Motor Hungary	2,283	-	-	-	2,283	2,302
Beijing Jinxian Motor Safeguard Service Co., Ltd.	4,380	-	246	457	5,083	5,126
Hyundai Motor Commonwealth of Independent States	18,333	-	(10,541)	2,102	9,894	9,977
HMJ R&D Center Inc.	1,939	-	(9)	388	2,318	2,337
Kia Motors Corporation	1,939,961	-	8,615	-	1,948,576	1,964,885
Hyundai Capital Service Inc.	519,357	-	39,197	(92,266)	466,288	470,191
Hyundai Card Co., Ltd.	359,507	-	25,178	(20,873)	363,812	366,857
Hyundai-Rotem Company	341,327	-	613	(1,403)	340,537	343,387
Hyundai HYSCO	252,919	-	3,640	(1,336)	255,223	257,359
Korea Aerospace Industries, Ltd.	89,321	-	362	-	89,683	90,434
Hyundai Powertech Co., Ltd.	150,792	-	(808)	(1,319)	148,665	149,909
Hyundai Autonet Co., Ltd.	124,250	-	(1,289)	(1,593)	121,368	122,384
Dymos Inc.	122,136	-	201	(382)	121,955	122,976
Hyundai Commercial Inc.	35,109	-	1,243	(1,019)	35,333	35,629
World Industries Ace Corporation	171,714	-	(2,249)	3,503	172,968	174,416
The Korea Economic Daily	26,811	-	(5)	(71)	26,735	26,959
Eukor Car Carriers Inc.	62,518	-	(10,238)	(2,360)	49,920	50,338
Partecs Company Ltd.	21,779	-	190	-	21,969	22,153
KEFICO	118,014	-	4,456	(8,301)	114,169	115,125
Autoever Systems Corporation	17,237	-	698	76	18,011	18,162
M & Soft	7,357	-	903	(133)	8,127	8,194
Iljin Bearing Co., Ltd.	16,109	-	533	(225)	16,417	16,553
Daesung Automotive Co., Ltd.	10,714	-	168	(160)	10,722	10,811
	<u>₩ 7,805,738</u>	<u>₩ 140,908</u>	<u>₩ 60,401</u>	<u>₩ 266,501</u>	<u>₩ 8,273,548</u>	<u>\$ 8,342,793</u>

(*) Other changes consist of the decrease by ₩114,690 million (US\$115,650 thousand) due to receipt of the dividends, increase of capital surplus by ₩1,125 million (US\$1,134 thousand), increase of retained earnings by ₩2,428 million (US\$2,448 thousand) and increase of accumulated other comprehensive income by ₩377,638 million (US\$380,799 thousand).

Investment securities accounted for using the equity method as of March 31, 2008 and December 31, 2007 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.

(3) Condensed financial information of the affiliates as of and for the three months ended March 31, 2008 is as follows:

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)			
	Assets	Liabilities	Sales	Net income (loss)	Assets	Liabilities	Sales	Net income (loss)
	(In millions)				(In thousands)			
Hyundai Motor America	₩10,071,520	₩8,681,498	₩1,838,315	₩ (4,655)	\$10,155,813	\$ 8,754,158	\$ 1,853,701	\$ (4,694)
Hyundai Motor Manufacturing Czech, Ltd.	782,012	63,517	-	(11,619)	788,557	64,049	-	(11,716)
Beijing-Hyundai Motor Company	2,138,622	816,566	902,309	42,738	2,156,521	823,400	909,861	43,096
Hyundai Motor India	2,273,386	1,514,942	804,248	1,393	2,292,413	1,527,621	810,979	1,405
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	504,917	555,206	255,783	(38,533)	509,143	559,853	257,924	(38,856)
Hyundai Translead	246,376	137,454	47,007	(2,333)	248,438	138,604	47,400	(2,353)
Hyundai Motor Europe Technical Center GmbH	148,734	81,851	18,256	665	149,979	82,536	18,409	671
China Millennium Corporations	97,094	61,500	4,878	1,950	97,907	62,015	4,919	1,966
Hyundai Motor Japan Co.	12,157	76,341	2,468	(1,608)	12,259	76,980	2,489	(1,621)
Hyundai Motor (UK) Ltd.	272,510	287,343	165,243	(4,172)	274,791	289,748	166,626	(4,207)
Hyundai Motor Poland Sp.zo.o.	338,807	302,706	269,309	4,897	341,643	305,239	271,563	4,938
Beijing Mobis Transmission Co., Ltd.	199,885	62,288	45,451	5,061	201,558	62,809	45,831	5,103
Hyundai Motor Europe GmbH	672,930	640,754	381,187	117	678,562	646,117	384,377	118
Hyundai Motor Group China Ltd.	212,577	145,946	245,518	13,928	214,356	147,167	247,573	14,045
Hyundai Motor Company Australia	282,768	226,058	208,575	1,206	285,135	227,950	210,321	1,216
WIA Automotive Engine (ShanDong) Company	120,639	52,124	29,987	10,404	121,649	52,560	30,238	10,491
Hyundai America Technical Center Inc.	41,402	16,690	20,184	485	41,749	16,830	20,353	489
Hyundai Motor Deutschland GmbH	201,098	134,572	170,323	(2,724)	202,781	135,698	171,749	(2,747)
Hyundai Motor Norway AS	37,643	29,166	23,278	(477)	37,958	29,410	23,473	(481)
Hyundai Motor Hungary	3,866	1,674	13,863	(288)	3,898	1,688	13,979	(290)
Beijing Jinxian Motor Safeguard Service Co., Ltd.	12,266	6,727	16,567	165	12,369	6,783	16,706	166
Hyundai Motor Commonwealth of Independent States	307,471	280,504	348,672	403	310,044	282,852	351,590	406
HMJ R&D Center Inc.	6,311	3,993	2,892	47	6,364	4,026	2,916	47
Kia Motors Corporation	13,189,192	8,257,934	3,718,864	(24,835)	13,299,579	8,327,049	3,749,989	(25,043)
Hyundai Capital Service Inc.	14,281,187	12,953,866	1,143,328	105,073	14,400,713	13,062,283	1,152,897	105,952
Hyundai Card Co., Ltd.	5,210,055	4,084,432	364,162	58,506	5,253,660	4,118,617	367,210	58,996
Hyundai-Rotem Company	1,795,763	1,283,809	460,500	8,100	1,810,793	1,294,554	464,354	8,168
Hyundai HYSCO	2,737,740	1,724,531	925,192	15,274	2,760,653	1,738,964	932,935	15,402
Korea Aerospace Industries, Ltd.	1,011,920	607,600	168,800	1,600	1,020,389	612,685	170,213	1,613
Hyundai Powertech Co., Ltd.	1,230,784	815,808	236,239	(3,106)	1,241,085	822,636	238,216	(3,132)
Hyundai Autonet Co., Ltd.	719,134	253,152	247,086	(2,443)	725,153	255,271	249,154	(2,463)
Dymos Inc.	784,963	519,361	249,236	1,550	791,533	523,708	251,322	1,563
Hyundai Commercial Inc.	953,112	882,447	25,209	2,486	961,089	889,833	25,420	2,507
World Industries Ace Corporation	1,941,149	1,450,936	725,200	4,785	1,957,395	1,463,080	731,270	4,825
The Korea Economic Daily	191,843	75,958	27,934	(498)	193,449	76,594	28,168	(502)
Eukor Car Carriers Inc.	1,766,684	1,281,439	456,302	(70,581)	1,781,470	1,292,164	460,121	(71,172)
Partecs Company, Ltd.	92,603	53,373	6,324	210	93,378	53,820	6,377	212
KEFICO	407,024	174,405	151,877	5,485	410,431	175,865	153,148	5,531
Autoever Systems Corporation	157,836	97,600	87,747	2,144	159,157	98,417	88,481	2,162
Chasan Co., Ltd.	56,206	83,564	-	(2,887)	56,676	84,263	-	(2,911)
M & Soft	32,630	7,379	11,400	2,828	32,903	7,441	11,495	2,852
Iljin Bearing Co., Ltd.	132,636	50,550	45,760	1,816	133,746	50,973	46,143	1,831
Daesung Automotive Co., Ltd.	67,685	14,076	18,364	835	68,251	14,194	18,518	842

- (4) Significant unrealized profits (losses) that occurred in transactions with investees as of March 31, 2008 are as follows:

Transaction type	Korean Won				Translation into
	Beginning of period	Increase	Decrease	End of period	U.S. Dollars (Note 2)
	(In millions)				End of period
					(In thousands)
Inventories	₩ 138,361	₩ 209,305	₩ (138,361)	₩ 209,305	\$ 211,057
Property	286,135	36,148	(23,040)	299,243	301,747
Accrued warranties	(51,463)	(61,063)	51,463	(61,063)	(61,574)
	<u>₩ 373,033</u>	<u>₩ 184,390</u>	<u>₩ (109,938)</u>	<u>₩ 447,485</u>	<u>\$ 451,230</u>

- (5) The significant differences of accounting treatments between the Company and investees for similar transactions and accounting events are adjusted. Such adjustments of the difference of accounting treatments increased the gain on equity method valuation included in current operations by ₩2,853 million (US\$2,877 thousand) and ₩3,193 million (US\$3,220 thousand) for the three months ended March 31, 2008 and 2007, respectively.
- (6) The unamortized (or unreversed) balance of goodwill and negative goodwill as of March 31, 2008 is ₩249,356 million (US\$251,443 thousand) and ₩46,768 million (US\$47,159 thousand), respectively. In addition, the unamortized (or unreversed) balance of goodwill and negative goodwill as of December 31, 2007 is ₩254,633 million (US\$256,764 thousand) and ₩46,768 million (US\$47,159 thousand), respectively.
- (7) The market price of listed equity securities as of March 31, 2008 is as follows:

Affiliated company	Korean Won			Translation into
	Price per share	Number of shares	Market value	U.S. Dollars (Note 2)
	(In millions, except price per share)			Market value
				(In thousands)
Kia Motors Corporation	₩ 11,400	134,285,491	₩ 1,530,855	\$ 1,543,667
Hyundai HYSCO	8,660	20,954,188	181,463	182,982
Hyundai Autonet Co., Ltd.	5,660	38,870,000	220,004	221,845

- (8) The cumulative losses not recognized by the Company due to the suspension of the valuation of equity securities using the equity method as of March 31, 2008 and December 31, 2007 are ₩147,547 million (US\$148,782 thousand) and ₩107,119 million (US\$108,016 thousand), respectively.

8. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipments as of March 31, 2008 and December 31, 2007 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Buildings and structures	₩ 3,908,080	₩ 3,867,824	\$ 3,940,789	\$ 3,900,196
Machinery and equipment	6,140,502	5,997,620	6,191,895	6,047,817
Vehicles	81,212	82,109	81,892	82,796
Dies, molds and tools	2,976,214	2,853,670	3,001,123	2,877,554
Other equipment	739,298	713,637	745,485	719,609
	13,845,306	13,514,860	13,961,184	13,627,972
Less: accumulated depreciation	6,525,616	6,338,929	6,580,232	6,391,983
	7,319,690	7,175,931	7,380,952	7,235,989
Land	1,959,877	1,960,537	1,976,280	1,976,946
Construction in progress	337,396	584,597	340,220	589,490
	<u>₩ 9,616,963</u>	<u>₩ 9,721,065</u>	<u>\$ 9,697,452</u>	<u>\$ 9,802,425</u>

The changes in property, plant and equipment for the three months ended March 31, 2008 are as follows:

Description	Korean Won						Translation into U. S. Dollars (Note 2)	
	Beginning of period	Acquisition	Transfer	Disposal	Depreciation	Other changes(*)	End of period	End of period
	(In millions)						(In thousands)	
Land	₩ 1,960,537	₩ -	₩ 11	₩ (671)	₩ -	₩ -	₩ 1,959,877	\$ 1,976,280
Buildings and structures	2,953,834	-	40,664	(329)	(30,142)	-	2,964,027	2,988,834
Machinery and equipment	3,244,015	-	164,460	(6,480)	(110,903)	-	3,291,092	3,318,637
Vehicles	34,866	-	2,935	(1,297)	(2,324)	-	34,180	34,466
Dies, molds and tools	708,094	-	129,090	(327)	(56,595)	-	780,262	786,792
Other equipment	235,122	-	35,134	(591)	(19,536)	-	250,129	252,223
Construction in progress	584,597	93,914	(372,294)	(46)	-	31,225	337,396	340,220
Total	<u>₩ 9,721,065</u>	<u>₩ 93,914</u>	<u>₩ -</u>	<u>₩ (9,741)</u>	<u>₩ (219,500)</u>	<u>₩ 31,225</u>	<u>₩ 9,616,963</u>	<u>\$ 9,697,452</u>

(*) Other changes consist of decrease in transfer of ₩2,167 million (US\$2,185 thousand) from construction in progress to industrial property rights and increase in transfer of ₩33,392 million (US\$33,671 thousand) from inventories to construction in progress.

As of March 31, 2008, a substantial portion of the Company's property, plant and equipment is pledged as collateral for various loans up to a maximum of ₩906,797 million (US\$914,386 thousand) (see Note 13).

As of March 31, 2008, the published value of the Company-owned land (12,938 thousand square meters) totals ₩2,451,774 million (US\$2,472,294 thousand) in terms of land prices officially announced by the Korean government.

The Company has entered into financing lease agreements for certain machinery and equipment with the book value of ₩3,553 million (US\$3,583 thousand) as of March 31, 2008. No annual payment on the lease agreements remains as of March 31, 2008.

9. INSURANCE:

As of March 31, 2008, property, plant and equipment are insured for ₩6,637,208 million (US\$6,692,758 thousand). In addition, the Company carries products and completed operations liability insurance with a maximum coverage of US\$155,000 thousand and ₩1,000 million (US\$1,008 thousand) with Hyundai Fire & Marine Insurance Co., general insurance for vehicles and workers' compensation and casualty insurance for employees.

10. INTANGIBLES:

Intangibles as of March 31, 2008 and December 31, 2007 consist of the following:

Description	Korean Won				Translation into U.S. Dollars (Note 2)	
	March 31, 2008		December 31, 2007		March 31, 2008	December 31, 2007
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Book value	Book value
	(In millions)				(In thousands)	
Industrial property rights	₩ 57,215	₩ 40,280	₩ -	₩ 16,935	₩ 16,639	\$ 17,077
Development costs	2,961,108	1,582,134	20,793	1,358,181	1,355,962	1,369,548
Other	37,704	29,428	-	8,276	8,523	8,345
	<u>₩3,056,027</u>	<u>₩ 1,651,842</u>	<u>₩ 20,793</u>	<u>₩1,383,392</u>	<u>₩ 1,381,124</u>	<u>\$ 1,394,970</u>

The changes in intangibles for the three months ended March 31, 2008 are as follows:

Description	Korean Won				Translation into U.S. Dollars (Note 2)
	Industrial property rights	Development costs	Other	Total	Total
	(In millions)				(In thousands)
Beginning of period	₩ 16,639	₩ 1,355,962	₩ 8,523	₩ 1,381,124	\$ 1,392,683
Addition: Expenditures	2,168	118,753	-	120,921	121,933
Deduction: Amortization	(1,872)	(116,534)	(247)	(118,653)	(119,646)
End of period	<u>₩ 16,935</u>	<u>₩ 1,358,181</u>	<u>₩ 8,276</u>	<u>₩ 1,383,392</u>	<u>\$ 1,394,970</u>

Research and development expenditures for the three months ended March 31, 2008 and 2007 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
Development costs	₩ 118,753	₩ 99,019	\$ 119,747	\$ 99,848
Ordinary development (manufacturing cost)	19,775	27,394	19,940	27,623
Research costs (SG&A)	<u>89,336</u>	<u>83,153</u>	<u>90,084</u>	<u>83,849</u>
	<u>₩ 227,864</u>	<u>₩ 209,566</u>	<u>\$ 229,771</u>	<u>\$ 211,320</u>

11. OTHER ASSETS:

Other assets as of March 31, 2008 and December 31, 2007 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Long-term financial instruments (Note 3)	₩ 37	₩ 37	\$ 37	\$ 37
Long-term notes and accounts receivable, less unamortized present value discount of ₩2,746 million as of March 31, 2008 and ₩2,686 million as of December 31, 2007	12,142	8,559	12,244	8,631
Long-term other accounts receivable, less unamortized present value discount of ₩15 million as of December 31, 2007	79,724	79,709	80,391	80,376
Long-term loans	4,342	5,881	4,378	5,930
Lease and rental deposits	196,847	190,277	198,495	191,870
Long-term deposits	111,420	104,913	112,353	105,791
	<u>₩ 404,512</u>	<u>₩ 389,376</u>	<u>\$ 407,898</u>	<u>\$ 392,635</u>

12. SHORT-TERM BORROWINGS:

Short-term borrowings as of March 31, 2008 and December 31, 2007 amount to ₩696,615 million (US\$702,445 thousand) and ₩431,209 million (US\$434,818 thousand), respectively, and consist primarily of overdrafts and banker's usance with annual interest rates ranging from Libor + 0.30 percent to 8.50 percent.

13. LONG-TERM DEBT AND DEBENTURES:

Long-term debt as of March 31, 2008 and December 31, 2007 consist of the following:

Description	Annual interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
		March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
		(In millions)		(In thousands)	
Debentures	3.75 ~ 5.52	₩ 1,397,750	₩ 1,397,545	\$ 1,409,448	\$ 1,409,242
Local currency loans:					
General loans	3.00 ~ 6.00	16,379	16,802	16,516	16,942
		1,414,129	1,414,347	1,425,964	1,426,184
Less: current maturities		201,219	201,461	202,903	203,147
		<u>₩ 1,212,910</u>	<u>₩ 1,212,886</u>	<u>\$ 1,223,061</u>	<u>\$ 1,223,037</u>

Debentures as of March 31, 2008 and December 31, 2007 consist of the following:

Description	Maturity	Interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
			March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
			(In thousands)		(In thousands)	
Non-guaranteed debentures	Nov 10, 2008 ~ Apr 12, 2012	3.75 ~ 5.52	₩ 1,400,000	₩ 1,400,000	\$ 1,411,717	\$ 1,411,717
Less: discount on debentures			2,250	2,455	2,269	2,475
			<u>₩ 1,397,750</u>	<u>₩ 1,397,545</u>	<u>\$ 1,409,448</u>	<u>\$ 1,409,242</u>

The maturity of long-term debt and debentures as of March 31, 2008 is as follows:

Description	Korean Won			Translation into
	Debtentures	Local currency loans (In millions)	Total	U.S Dollars (Note 2) Total (In thousands)
April 1, 2009 ~ March 31, 2010	₩ 300,000	₩ 744	₩ 300,744	\$ 303,261
April 1, 2010 ~ March 31, 2011	300,000	1,131	301,131	303,651
April 1, 2011 ~ March 31, 2012	300,000	1,357	301,357	303,879
Thereafter	<u>300,000</u>	<u>11,928</u>	<u>311,928</u>	<u>314,539</u>
	1,200,000	15,160	1,215,160	1,225,330
Less: discount on debentures	<u>2,250</u>	-	<u>2,250</u>	<u>2,269</u>
	<u>₩ 1,197,750</u>	<u>₩ 15,160</u>	<u>₩ 1,212,910</u>	<u>\$ 1,223,061</u>

14. 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, 2008.

Description	Korean Won		Translation into
	(In millions)		U.S. Dollars (Note 2) (In thousands)
Hyundai Capital Service, Inc.	₩ 336,037		\$ 338,849
Hyundai Merchant Marine Co., Ltd.	185,445		186,997
Hyundai-Rotem Company	275,634		277,941
Hyundai Motor America	297,510		300,000
Hyundai Motor Manufacturing Alabama LLC	669,398		675,001
Hyundai Auto Canada	16,275		16,411
Hyundai Motor Finance Company	818,153		825,001
Hyundai Motor India	247,925		250,000
Hyundai Motor Europe GmbH	37,560		37,874
Hyundai Motor Europe Technical Center GmbH	82,945		83,639
Hyundai Motor UK Limited.	39,546		39,877
Hyundai Motor Japan Co.	50,010		50,429
HMJ R&D Center Inc.	5,501		5,547
Hyundai Motor Poland Sp.zo.o.	7,825		7,890
Hyundai Translead	68,427		69,000
Smart Alabama LLC	119,004		120,000
Hyundai America Technical Center Inc.	19,834		20,000
Beijing Jingxian Motor Safeguard Service Co., Ltd.	2,975		3,000
Beijing Hines Millennium Real Estate Development Co., Ltd.	14,875		14,999
Equus Cayman Finance Ltd.	396,680		400,000
UTS	<u>238,008</u>		<u>240,000</u>
	<u>₩ 3,929,567</u>		<u>\$ 3,962,455</u>

- (2) As of March 31, 2008, 213,466 shares of Kia Motors Corporation, 2,640,000 shares of Eukor Car Carriers Inc., 12,000 shares of Eukor Car Carriers Singapore Pte Ltd. and 150 investment certificates of Machinery Financial Cooperative in long-term investment securities and investment securities accounted for using the equity method, 2 blank promissory notes, 1 check amounting to ₩2,624 million (US\$2,646 thousand) and property, plant and equipment (see Note 8) are pledged as collateral for short-term borrowings, long-term debt and other payables.

- (3) The Company uses a customer financing system related to a long-term installment sales system and has provided guarantees of ₩31,141 million (US\$31,402 thousand) to the banks concerned as of March 31, 2008. These guarantees are all covered by insurance contracts, which regulate a customer and the Company as a contractor and a beneficiary, respectively.

- (4) The Company signed lease financial agreements with Commercial Inc. and Hyundai Capital Service Inc. to promote sales of buses. According to the agreements, the Company has a joint responsibility to the guarantee limit of the lease user's liability stipulated in the agreement. As of March 31, 2008, the amount of guarantee is ₩84,070 million (US\$ 84,774 thousand). In addition, the Company is obliged to pay the lease fee and dispose of leased assets within certain period in case the lease users are bankrupt or long overdue.
- (5) As of March 31, 2008, the outstanding balance of accounts receivable discounted with recourse amounts to ₩1,532,755 million (US\$1,545,583 thousand), including accounts receivable from export sales.
- (6) The Company accrues estimated product liabilities expenses and carries the products and completed operations liability insurance (see Note 9) in order to cover the potential loss, which may occur due to the lawsuits related to its operation such as product liabilities. The Company expects that the resolution of pending cases against the Company as of March 31, 2008 will not have any material effect on its financial position.
- (7) The Company made an agreement with its European sales subsidiaries and agents for them to be responsible for projected costs for dismantling and recycling vehicles sold in corresponding countries to comply with European Parliament directive regarding End-of-Life vehicles (ELV).
- (8) In 2006, the Company sold 10,658,367 shares of Hyundai Rotem to MSPE Metro Investment AB and entered into a shareholders' agreement. MSPE Metro Investment AB is entitled to put option to sell those shares back to the Company in certain events (as defined) in accordance with the agreement.

15. ACCRUED WARRANTIES:

The changes in accrued warranties in current and long-term liabilities for the three months ended March 31, 2008 and 2007 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
Beginning of period	₩ 3,055,419	₩ 3,084,907	\$ 3,080,991	\$ 3,110,726
Accrual	222,262	96,981	224,122	97,793
Use	(86,677)	(73,885)	(87,402)	(74,504)
End of period	<u>₩ 3,191,004</u>	<u>₩ 3,108,003</u>	<u>\$ 3,217,711</u>	<u>\$ 3,134,015</u>

16. CAPITAL STOCK:

Capital stock as of March 31, 2008 and December 31, 2007 consists of the following:

	Authorized	Issued	Par value	Korean Won (In millions)	Translation into
					U.S. Dollars (Note 2) (In thousands)
Common stock	450,000,000 shares	219,873,808 shares	₩ 5,000	₩ 1,155,969	\$ 1,165,644
Preferred stock	150,000,000 shares	65,202,146 shares	5,000	331,011	333,781
				<u>₩ 1,486,980</u>	<u>\$ 1,499,425</u>

The Company completed stock retirement of 1,320,000 common shares of treasury stock on May 4, 2004, which had been acquired for the purpose of such retirement based on the decision of the Board of Directors on March 12, 2004. Also, 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. Due to these stock retirements, the total face value of outstanding stock differs from the capital stock amount.

The preferred shares are non-cumulative, participating and non-voting. Of the total preferred stock issued of 65,202,146 shares as of March 31, 2008, 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.

17. CAPITAL SURPLUS:

Capital surplus as of March 31, 2008 and December 31, 2007 consists of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Paid-in capital in excess of par value	₩ 3,307,943	₩ 3,307,943	\$ 3,335,629	\$ 3,335,629
Asset revaluation surplus	1,852,871	1,852,871	1,868,379	1,868,379
Other	<u>660,119</u>	<u>591,246</u>	<u>665,643</u>	<u>596,193</u>
	<u>₩ 5,820,933</u>	<u>₩ 5,752,060</u>	<u>\$ 5,869,651</u>	<u>\$ 5,800,201</u>

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\$2,568,738 thousand), were included in capital surplus, after offsetting accumulated deficit of ₩16,022 million (US\$16,156 thousand), a deferred foreign currency translation loss of ₩594,275 million (US\$599,249 thousand), reduction for an asset revaluation tax payment of ₩67,547 million (US\$68,112 thousand) and adjustment of ₩16,702 million (US\$16,842 thousand) due to the disposal of revalued assets within 1 year after revaluation.

18. CAPITAL ADJUSTMENTS:

Capital adjustments as of March 31, 2008 and December 31, 2007 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Treasury stock	₩ (723,681)	₩ (723,524)	\$ (729,738)	\$ (729,580)
Stock option cost	<u>4,612</u>	<u>4,669</u>	<u>4,651</u>	<u>4,709</u>
	<u>₩ (719,069)</u>	<u>₩ (718,855)</u>	<u>\$ (725,087)</u>	<u>\$ (724,871)</u>

(1) Treasury stock

For the stabilization of stock price, the Company has treasury stock consisting of 11,071,741 common shares and 2,950,960 preferred shares with a carrying value of ₩723,681 million (US\$ 729,738 thousand) as of March 31, 2008, 11,071,741 common shares and 2,950,960 preferred shares with a carrying value of ₩723,524 million (US\$ 729,580 thousand) as of December 31, 2007, which were 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). These stock options all require at least two-year continued service starting from the grant date. If all stock options as of March 31, 2008 are exercised, 402,671 shares will be issued as new shares or treasury stock or will be compensated by cash, according to the decision of the Board of Directors.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Accumulated other comprehensive income as of March 31, 2008 and December 31, 2007 consists of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Gain on valuation of available-for-sale securities, net	₩ 596,943	₩ 770,114	\$ 601,939	\$ 776,559
Loss on valuation of investment securities accounted for using the equity method, net	(172,116)	(551,420)	(173,557)	(556,035)
Loss on valuation of derivatives, net	(126,982)	(20,682)	(128,044)	(20,855)
	<u>₩ 297,845</u>	<u>₩ 198,012</u>	<u>\$ 300,338</u>	<u>\$ 199,669</u>

20. STATEMENTS OF COMPREHENSIVE INCOME (LOSS):

Statements of comprehensive income for the three months ended March 31, 2008 and 2007 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
Net income	₩ 392,652	₩ 307,386	\$ 395,938	\$ 309,959
Cumulative effect of implementing a new accounting policy	12,078	-	12,179	-
Other comprehensive income (loss):				
Gain (loss) on valuation of available-for-sale securities, net of deferred tax effect of ₩65,686 million and ₩36,763 million as of March 31, 2008 and 2007, respectively	(173,171)	96,921	(174,620)	97,732
Gain on valuation of investment securities accounted for using the equity method, net of deferred tax effect of ₩24,009 million and ₩2,544 million as of March 31, 2008 and 2007, respectively.	379,304	70,832	382,479	71,425
Loss on valuation of derivatives, net of deferred tax effect of ₩40,321 million and ₩5,518 million as of March 31, 2008 and 2007, respectively.	(106,300)	(1,783)	(107,190)	(1,798)
Comprehensive income	<u>₩ 504,563</u>	<u>₩ 473,356</u>	<u>\$ 508,786</u>	<u>\$ 477,318</u>

21. RETAINED EARNINGS:

Retained earnings as of March 31, 2008 and December 31, 2007 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
	(In millions)		(In thousands)	
Appropriated:				
Legal reserve	₩ 278,570	₩ 250,970	\$ 280,901	\$ 253,070
Reserve for business rationalization	545,800	545,800	550,368	550,368
Reserve for improvement of financial structure	98,947	98,947	99,775	99,775
Reserve for overseas market development	48,800	48,800	49,208	49,208
Reserve for technology development	6,113,100	8,868,100	6,164,264	8,942,322
Reserve for research and manpower development	4,080,000	-	4,114,148	-
	11,165,217	9,812,617	11,258,664	9,894,743
Before appropriations	449,713	1,671,817	453,477	1,685,810
	<u>₩ 11,614,930</u>	<u>₩ 11,484,434</u>	<u>\$ 11,712,141</u>	<u>\$ 11,580,553</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 disposal 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, technological development and research and manpower development are voluntary reserves, which are available for the payment of dividends.

Appropriations of retained earnings for the year ended December 31, 2007 were approved at the shareholders' meeting on March 14, 2008 and the appropriations including the cash dividends of ₩275,996 million (US\$278,306 thousand) are reflected in retained earnings on that date.

22. EARNINGS PER COMMON SHARE:

Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is computed by dividing diluted net income, which is adjusted by adding back the after-tax amount of expenses related to diluted securities, by the weighted average number of common shares and diluted securities outstanding during the period.

Basic earnings per common share for the three months ended March 31, 2008 and 2007 is computed as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Net income	₩ 392,652	₩ 307,386	\$ 395,938	\$ 309,959
Expected dividends on preferred stock	(91,130)	(16,799)	(91,892)	(16,940)
Net income available to common share	301,522	290,587	304,046	293,019
Weighted average number of common shares outstanding (*)	208,923,735	208,178,785	208,923,735	208,178,785
Basic earnings per common share	<u>₩ 1,443</u>	<u>₩ 1,396</u>	<u>\$ 1.46</u>	<u>\$ 1.41</u>

(*) Weighted average number of common shares outstanding includes transactions pertaining to disposal of treasury shares and exercise of stock option.

Diluted earnings per common share for the three months ended March 31, 2008 and 2007 is computed as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Net income available to common share	₩ 301,522	₩ 290,587	\$ 304,046	\$ 293,019
Expenses related to diluted securities	-	-	-	-
Net income available to diluted common share	301,522	290,587	304,046	293,019
Weighted average number of common shares and diluted securities outstanding	<u>209,170,388</u>	<u>208,670,767</u>	<u>209,170,388</u>	<u>208,670,767</u>
Diluted earnings per common share	<u>₩ 1,442</u>	<u>₩ 1,393</u>	<u>\$ 1.45</u>	<u>\$ 1.40</u>

23. INCOME TAX EXPENSE AND DEFERRED INCOME TAX ASSETS:

Income tax expense for the three months ended March 31, 2008 and 2007 consists of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
Income tax currently payable	₩ 192,082	₩ 75,819	\$ 193,690	\$ 76,454
Changes in deferred taxes due to:				
Temporary differences	(134,748)	3,136	(135,876)	3,162
Carry forward of unused tax credits	-	11,845	-	11,944
Items directly charged to equity	<u>64,070</u>	<u>(33,790)</u>	<u>64,606</u>	<u>(34,073)</u>
Income tax expense	<u>₩ 121,404</u>	<u>₩ 57,010</u>	<u>\$ 122,420</u>	<u>\$ 57,487</u>

For the three months ended March 31, 2008 and 2007, the differences between income before tax in financial accounting and income tax expense pursuant to Corporate Income Tax Law of Korea are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
Income before income tax	₩ 514,056	₩ 364,396	\$ 518,358	\$ 367,446
Income tax expenses calculated at current applicable tax rates of 27.5%	141,352	100,196	142,535	101,034
Adjustments:				
Non-taxable income	(15,160)	(2,076)	(15,287)	(2,093)
Disallowed expenses	2,332	1,531	2,352	1,544
Tax credits	(52,931)	(47,731)	(53,374)	(48,130)
Tax effects of temporary differences	52,680	4,728	53,121	4,768
Other	<u>(6,869)</u>	<u>362</u>	<u>(6,927)</u>	<u>364</u>
Income tax expense	<u>₩ 121,404</u>	<u>₩ 57,010</u>	<u>\$ 122,420</u>	<u>\$ 57,487</u>

The components of deferred tax assets (liabilities) as of March 31, 2008 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Current	Non current	Current	Non current
	(In millions)		(In thousands)	
Investment securities accounted for using the equity method	₩ -	₩ (627,443)	\$ -	\$ (632,694)
Accrued warranties	271,849	605,677	274,124	610,746
Long-term investment securities	-	(235,982)	-	(237,957)
Reserve for research and manpower development	(17,188)	(75,625)	(17,332)	(76,258)
Depreciation	(22,976)	(79,545)	(23,168)	(80,211)
Development cost	(16)	73	(16)	74
Derivative assets (liabilities)	(7,031)	115,765	(7,090)	116,734
Accrued income	(20,017)	-	(20,185)	-
Loss on foreign exchange translation	11,609	-	11,706	-
Other	20	27,390	21	27,619
	<u>₩ 216,250</u>	<u>₩ (269,690)</u>	<u>\$ 218,060</u>	<u>\$ (271,947)</u>

The components of items charged to equity for the three months ended March 31, 2008 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	(In millions)		(In thousands)	
Income tax charged or credited to:				
Accumulated comprehensive income	₩ (93,367)	₩ (25,676)	\$ (94,148)	\$ (25,891)
Deferred tax charged or credited to:				
Retained earnings	₩ (2,421)	₩ (666)	\$ (2,441)	\$ (672)
Accumulated comprehensive income	328,771	90,412	331,522	91,169
	<u>₩ 326,350</u>	<u>₩ 89,746</u>	<u>\$ 329,081</u>	<u>\$ 90,497</u>

The components of items charged to equity for the three months ended March 31, 2007 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	(In millions)		(In thousands)	
Deferred tax charged or credited to:				
Accumulated comprehensive income	₩ (122,871)	₩ (33,790)	\$ (123,899)	\$ (34,073)

The deferred tax assets related to the deductible temporary differences arising from investments in subsidiaries and associates of ₩60,370 million (US\$60,875 thousand) for the three months ended March 31, 2008 were not recognized since it is not probable that the temporary difference will be reversed in the foreseeable future. Also, the deferred tax liabilities related to the gain on revaluation of land of ₩449,798 million (US\$453,563 thousand) for the three months ended March 31, 2008 were not recognized since the land may not be disposed of in the foreseeable future.

The Company believes average taxable income in the coming years will exceed the amount of deferred taxes to be realized every year based on its assessment. The tax rate used in calculating deferred tax assets or liabilities arising from temporary differences is 27.5% including resident tax.

24. RELATED PARTY TRANSACTIONS:

(1) The consolidated subsidiaries as of March 31, 2008 are as follows:

<u>Description</u>	<u>Subsidiaries</u>
Domestic subsidiaries	Kia Motors Corporation, Hyundai HYSCO, Hyundai Capital Service Inc., Hyundai Card Co., Ltd., KEFICO, Hyundai Powertech Co., Ltd., World Industries Ace Corporation, Dymos Inc., Automobile Industrial Ace Corporation, Hyundai-Rotem Company, Haevichi Resort Co., Ltd., METIA Co., Ltd., M.Seat, Autoever Systems Corporation, Hyundai Autonet Co., Ltd. Partecs Company, Ltd., M & Soft, KIA Tigers Co., Ltd., N.G.V, Chasan Co., Ltd, Haevichi Country Club, Ltd. and Hyundai Commercial Inc.
Foreign subsidiaries	Hyundai Motor India (HMI), Hyundai Motor America (HMA), Hyundai Motor Japan Co. (HMJ), Hyundai Motor Poland Sp.Zo.O (HMP), Hyundai Motor Europe GmbH (HME), Hyundai Motor Company Australia (HMCA), Hyundai Motor (UK) Ltd. (HMUK), Hyundai Motor Norway AS (HMN), Hyundai Motor Hungary (HMH), Hyundai Translead, Inc. (HT), Hyundai America Technical Center Inc.(HATCI), Hyundai Motor Europe Technical Center GmbH (HMETC), Beijing Mobis Transmission Co., Ltd.(BMT), Hyundai Assan Otomotive Sannayi Ve Ticaret A.S. (HAOSVT), Hyundai Motor Group (China) LTD. (HMGC), Beijing Jingxian Motor Safeguard Service Co., LTD. (BJMSS), Hyundai Motor Manufacturing Alabama, LLC, (HMMA), Hyundai Motor Finance Company (HMFC), Hyundai Auto Canada(HAC), Hyundai Auto Canada Captive Insurance Incorporation, (HACCII), Hyundai Motor Japan R&D Center Inc. (HMJ R&D), HACC Inc., World Marketing Group LLC (WMG), Hyundai de Mexico, S.A. de C.V. (HYMEX), Stampsted Metal America Research Technology Inc., (SMARTI), Stampsted Metal America Research Technology LLC, China Millenium Corporations (CMEs), Beijing Hines, Millennium Real Estate Development, Hyundai Motor Manufacturing Czech, Ltd. (HMMC), Hyundai Information System North America LLC (HISNA), Hyundai Motor Commonwealth of Independent States(HMCIS), KIA Motors America Inc. (KMA), KIA Japan Co., Ltd. (KJC), KIA Motors Deutschland GmbH (KMD), KIA Canada, Inc.(KCI), KIA Motors Polska Sp.z.o.o. (KMP), KIA Motors Europe GmbH (KME), Kia Motors Slovakia S.r.o. (KMS), Kia Motors Slovensko S.r.o. (KMSS), KIA Motors Belgium N.V. (KMBI), KIA Motors Czech s.r.o. (KMCZ), KIA Motors (UK) Ltd. (KMUK), KIA Motors Austria GmbH (KMAS), KIA Motors Hungary Kft (KMH), Kia Motors Iberia (KMIB), Kia Motors Sweden AB (KMSW), Kia Automobiles France (KMF), Kia Motors Australia Pty Ltd (KMAU), Dong Feng Yueda Kia Motors, Yanji Kia Motors A/S and Repair, Hyundai Pipe of America, Inc., Hysco America Co. Inc., Hysco Slovakia S.r.o., Beijing Hyundai Hysco Steel Process Co, Ltd., Jiangsu Hyundai Hysco Steel Process Co., Ltd., Hysco Steel India, Ltd., Hyundai-Kia Machine America Corp. (HKMA), Hyundai-Kia Machine Europe GmbH (HKME), Wia Automotive Parts, WIA Automotive Engine (ShanDong) Company, Dymos Czech Republic S.r.o., Rotem Equipments (Beijing) Co., Ltd., EUROTREM, Autoever Systems India Private Limited, Autoever Systems China Co., Ltd., Hyundai Autonet Pontus America, Hyundai Electronics (Tianjin) Co., Ltd., Rio Vista, Rotem USA Corporation, Kia Motors New Zealand Ltd. (KMNZ), Wia Trade Corporation, Kia Motors Manufacturing Georgia, Inc. (KMMG), Hyundai Motor India Engineering (HMIE), Autoever Systems Europe GmbH and HYSCO CZECH s.r.o.

(2) Significant transactions with subsidiaries and affiliates for the three months ended March 31, 2008 are as follows:

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 191,408	₩ 41,135	\$ 193,010	\$ 41,479
Hyundai Capital Service Inc.	213,233	8,857	215,018	8,931
World Industries Ace Corporation	43,232	66,179	43,594	66,733
Hyundai Powertech Co., Ltd.	6,086	49,561	6,137	49,976
Hyundai HYSCO	634	52,765	639	53,207
METIA Co., Ltd.	460	9,545	464	9,625
Hyundai Autonet Co., Ltd.	444	16,849	448	16,990
Hyundai-Rotem Company	381	1,812	384	1,827
KEFICO	261	103,908	263	104,778
Dymos Inc.	161	120,071	162	121,076
Hyundai Card Co., Ltd.	139	23,087	140	23,280
Autoever Systems Corporation	41	26,887	41	27,112
Haevichi Resort Co., Ltd.	27	1,764	27	1,779
N.G.V	3	2,197	3	2,215
Partecs Company, Ltd.	-	3,099	-	3,125
Hyundai Motor America	671,231	-	676,849	-
Hyundai Motor Europe GmbH	440,290	-	443,975	-
Hyundai Motor Poland Sp. Zo.O	336,263	-	339,077	-
Hyundai Motor India	201,860	-	203,549	-
Hyundai Auto Canada	200,547	-	202,225	-
Hyundai Motor Company Australia	154,516	-	155,809	-
HAOSVT	136,459	-	137,601	-
Hyundai Motor Group (China) Ltd.	121,544	-	122,561	-
Hyundai Motor Manufacturing Alabama, LLC	91,825	-	92,594	-
Hyundai Motor Manufacturing Czech, Ltd.	14,428	-	14,549	-
Hyundai Motor Norway AS	9,722	-	9,803	-
Hyundai Motor Commonwealth of Independent States	1,801	-	1,816	-
Hyundai America Technical Center Inc.	-	12,976	-	13,085
Hyundai Motor Europe Technical Center GmbH	-	9,880	-	9,963
Others	766	867	773	874
Affiliates:				
Hyundai MOBIS Co., Ltd.	99,648	871,179	100,482	878,470
Hyundai Steel Company	836	365	843	368
Beijing-Hyundai Motor Company	80,467	-	81,140	-
EUKOR Car Carriers, Inc.	150	150,650	151	151,911
Iljin Bearing Co., Ltd.	-	7,645	-	7,709
HMJ R&D Center Inc.	-	1,980	-	1,997
Others	1	168	1	169
Others (*):				
Glovis Co., Ltd.	11,226	107,557	11,321	108,457
Asset Management Co., Ltd.	495	31,320	500	31,582
Innocean Worldwide, Inc.	6	5,882	6	5,931
IHL Corp.	4	20,144	4	20,313
BNG Steel Co., Ltd.	1	18,845	1	19,003
Wistco Co., Ltd.	1	20,179	1	20,348
Others	1	1,996	1	2,012
	<u>₩ 3,030,598</u>	<u>₩ 1,789,349</u>	<u>\$ 3,055,962</u>	<u>\$ 1,804,325</u>

(3) Significant outstanding balances as of March 31, 2008 are as follows:

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 18,956	₩ 45,191	\$ 19,115	\$ 45,569
Hyundai Capital Service Inc.	93,981	-	94,768	-
World Industries Ace Corporation	3,641	62,731	3,671	63,256
Hyundai Powertech Co., Ltd.	878	83,625	885	84,325
Hyundai HYSKO	1,207	34,944	1,217	35,236
METIA Co., Ltd.	150	9,524	151	9,604
Hyundai Autonet Co., Ltd.	87	24,314	88	24,517
Hyundai-Rotem Company	-	4,780	-	4,820
KEFICO	993	72,878	1,001	73,488
Dymos Inc.	5,787	128,474	5,835	129,549
Hyundai Card Co., Ltd.	35,332	173,726	35,628	175,180
Autoever Systems Corporation	9	60,283	9	60,788
N.G.V	-	4,991	-	5,033
Partecs Company, Ltd.	-	6,736	-	6,792
Hyundai Motor America	70,635	10,726	71,226	10,816
Hyundai Motor Europe GmbH	54,593	937	55,050	945
Hyundai Motor Poland Sp. Zo.O	11,875	75	11,974	76
Hyundai Motor India	97,704	128	98,522	129
Hyundai Auto Canada	15,599	1,582	15,730	1,595
Hyundai Motor Company Australia	31,932	669	32,199	675
HAOSVT	31,503	183	31,767	185
Hyundai Motor Group (China) Ltd.	2,219	-	2,238	-
Hyundai Motor Manufacturing Alabama, LLC	68,205	502	68,776	506
Hyundai Motor Manufacturing Czech, Ltd.	53,395	-	53,842	-
Hyundai Motor Commonwealth of Independent States	41,767	11	42,117	11
Hyundai America Technical Center Inc.	-	4,546	-	4,584
Hyundai Motor Europe Technical Center GmbH	-	4,201	-	4,236
Others	941	2,086	949	2,103
Affiliates:				
Hyundai MOBIS Co., Ltd.	15,681	831,047	15,812	838,002
Hyundai Steel Company	33	535	33	539
Beijing-Hyundai Motor Company	25,471	1,693	25,684	1,707
EUKOR Car Carriers, Inc.	-	48,328	-	48,732
Iljin Bearing Co., Ltd.	4	3,417	4	3,446
HMJ R&D Center Inc.	-	690	-	696
Others	-	55	-	56
Others(*):				
Asset Management Co., Ltd.	40	41,857	40	42,207
Glovis Co., Ltd.	-	66,844	-	67,403
Innocean Worldwide, Inc.	-	36,411	-	36,716
IHL Corp.	99	17,700	100	17,848
BNG Steel Co., Ltd.	-	13,010	-	13,119
Wistco Co., Ltd.	839	21,305	846	21,483
Others	-	1,887	-	1,904
	<u>₩ 683,556</u>	<u>₩ 1,822,622</u>	<u>\$ 689,277</u>	<u>\$ 1,837,876</u>

(*) One of the affiliated companies of the Company according to the Monopoly Regulation and Fair Trade Act

(4) Compensations for registered directors and unregistered directors of the Company for the three months ended March 31, 2008 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	(In millions)		(In thousands)	
Short-term salaries	₩	13,270	\$	13,381
Severance benefits		<u>5,806</u>		<u>5,855</u>
	₩	<u>19,076</u>	\$	<u>19,236</u>

Accrued severance benefits and stock option costs for the directors as of March 31, 2008 amount to ₩89,818 million (US\$90,570 thousand) and ₩2,115 million (US\$2,133 thousand), respectively.

25. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES:

The assets and liabilities denominated in foreign currencies as of March 31, 2008 and December 31, 2007 are summarized below.

	Foreign currencies				Korean Won			
	March 31, 2008		December 31, 2007		March 31, 2008		December 31, 2007	
	(In thousands)				(In millions)			
Assets	US\$	970,021	US\$	773,350	₩	961,970	₩	725,557
	JP ¥	71,043	JP ¥	9,225		711		77
	GBP	3,690	GBP	6,425		7,296		12,042
	CAD	16,083	CAD	18,363		15,599		17,572
	EUR	407,052	EUR	457,264		637,036		631,600
	AUD	35,178	AUD	24,201		31,932		19,914
	AED	267,863	AED	301,745		69,810		77,072
					₩	<u>1,724,354</u>	₩	<u>1,483,834</u>
Liabilities	US\$	245,775	US\$	270,057	₩	243,735	₩	253,368
	JP ¥	21,991,207	JP ¥	21,525,333		219,956		179,377
	GBP	10,935	GBP	12,661		21,622		23,729
	CAD	2,822	CAD	2,588		2,737		2,476
	AUD	3,893	AUD	3,818		3,534		3,142
	EUR	188,508	EUR	180,238		295,014		248,955
	SGD	-	SGD	57		-		37
	CHF	410	CHF	595		408		495
	DKK	1	DKK	9		-		2
	SEK	5	SEK	55		1		8
	AED	1,094	AED	235		284		60
	HKD	-	HKD	7		-		1
	NOK	-	NOK	9		-		2
					₩	<u>787,291</u>	₩	<u>711,652</u>

26. DERIVATIVE INSTRUMENTS:

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, 2008 and December 31, 2007, the Company deferred the net loss of ₩175,148 million (US\$176,614 thousand) and ₩28,527 million (US\$28,766 thousand), respectively, on valuation of the effective portion of derivative instruments for cash flow hedging purposes from forecasted exports as accumulated other comprehensive income (loss). The longest period in which the forecasted transactions are expected to occur is within 44 months from March 31, 2008. Of the net loss on valuation recorded as accumulated other comprehensive income (loss) as of March 31, 2008 amounting to ₩78,125 million (US\$78,779 thousand) is expected to be realized and charged to current operations within one year from March 31, 2008.

For the years ended March 31, 2008 and 2007, the Company recognized the net loss of ₩137,719 million (US\$138,872 thousand) and ₩21,805 million (US\$21,987 thousand), respectively, on valuation of the ineffective portion of such instruments and the other derivative instruments in current operations.

The Company entered into derivative instrument contracts with the settlement for the difference between the fair value and the contracted initial price of the shares of Kia Motors Corporation 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
"	Call option (*)	"	12,145,598	US\$ 11.5300
"	Equity swap	"	21,862,076	US\$ 8.2611
JP Morgan Chase Bank, London Branch	"	"	1,839,367	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, 2008 and December 31, 2007, all premiums to be paid by the Company are recorded as accounts payable - other of ₩11,424 million (US\$11,520 thousand) and ₩21,615 million (US\$ 21,796 thousand), respectively. Also, as of March 31, 2008 and December 31, 2007, all premiums to be received by the Company are recorded as other current assets of ₩1,882 million (US\$1,898 thousand) and ₩3,561 million (US\$3,591 thousand), respectively.

The Company recorded total gain on valuation of outstanding derivatives and present value of premiums to be paid of ₩135,981 million (US\$137,119 thousand) and ₩114,249 million (US\$115,205 thousand) in current and non-current derivative assets as of March 31, 2008 and December 31, 2007, respectively. Also, total loss on valuation of outstanding derivatives and present value of premiums to be received of ₩453,639 million (US\$457,436 thousand) and ₩161,850 million (US\$163,205 thousand) is recorded in current and non-current derivative liabilities as of March 31, 2008 and December 31, 2007, respectively.

27. REGIONAL SALES INFORMATION:

Sales by region for the three months ended March 31, 2008 and 2007 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
Domestic sales	₩ 3,458,086	₩ 2,968,734	\$ 3,487,028	\$ 2,993,581
Export sales - Vehicle products				
North America	871,779	954,102	879,075	962,087
Europe	1,158,625	909,000	1,168,322	916,608
South America	555,266	308,224	559,913	310,804
Asia & Pacific	406,735	233,877	410,140	235,834
Middle Asia & Africa	745,673	553,816	751,914	558,451
	3,738,078	2,959,019	3,769,364	2,983,784
Export sales - Other	1,001,647	793,589	1,010,030	800,231
Export sales	4,739,725	3,752,608	4,779,394	3,784,015
Total sales	₩ 8,197,811	₩ 6,721,342	\$ 8,266,422	\$ 6,777,596

28. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months ended March 31, 2008 and 2007 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2008	2007	2008	2007
	(In millions)		(In thousands)	
Salary-related costs	₩ 304,273	₩ 258,711	\$ 306,820	\$ 260,876
Export-related costs	206,865	158,768	208,596	160,097
Sales promotion and advertisements	113,002	70,078	113,948	70,665
Sales commissions	122,043	103,079	123,064	103,942
Sales warranties	241,356	106,649	243,376	107,542
Taxes and dues	9,244	2,321	9,321	2,340
Communications	4,766	4,784	4,806	4,824
Utilities	7,169	6,292	7,229	6,345
Freight and warehousing	21,486	18,766	21,666	18,923
Rent	3,790	3,706	3,822	3,737
Travel	19,071	16,104	19,231	16,239
Service charges	43,806	42,310	44,173	42,664
Maintenance	3,167	2,637	3,194	2,659
Supplies	3,569	3,427	3,599	3,456
Research	89,336	83,153	90,084	83,849
Depreciation	17,971	18,362	18,121	18,516
Amortization	2,119	2,315	2,137	2,334
Provision for other liabilities	3,622	2,721	3,652	2,744
Other	2,482	2,784	2,502	2,806
	₩ 1,219,137	₩ 906,967	\$ 1,229,341	\$ 914,558

29. STANDARD ON NATURAL ENVIRONMENT AND POLICY:

The Ministry of Environment appointed the Company as Green Company (May 25, 1996 ~ December 13, 1997) and the Company acquired ISO14001 authentication of environment system (December 1995 ~ December 1998). Disposal of industrial wastes is mostly deputed, and the Ulsan factory has constructed combined waste water facilities in 1997. For the three months ended March 31, 2008 and 2007, expenditures of power and water supply in manufacturing cost are ₩78,500 million (US\$79,157 thousand) and ₩59,600 million (US\$60,099 thousand), respectively.