Economic Relationships

The Power to Surprise

Management Results

We differentiate corporate values and assets in order to maintain sustainability. Sustainability allows more efficient use of economic resources, whilst benefiting the corporate image and brand value. Economic success is one of the core goals of Kia Motors as well as a means to fulfill our role as an economic participant for our customers, employees, investors and other parties of interest. Such continuing economic success can only be expanded with sustainability.

Kia Motors made significant achievements from an economic perspective for 2004, in comparison with the previous year: it recorded 17.8% and 18.8% increases in units sold and sales, respectively, to account for 1,100,429 units a worth US\$ 15.3 billion (KRW 15.3 trillion), respectively; KMC also posted operating income of US\$ 502.4 million (KRW 502.4 billion), and ordinary income of US\$ 720.3 million (KRW 720.3 billion). The plan for 2005 is to sell 1,210,000 units, up 19.6% year-on-year. Kia Motors began exporting for the first time finished car products to Qatar in 1975, and it achieved the US\$ 1 billion landmark in exports in 1994.

Kia Motors has since won the Export Tower Awards to mark US\$ 1.5 billion in exports in 1997, and US\$ 5 billion in 2003. By winning the Export Tower Award to mark US\$ 7 billion in exports, Kia Motors consolidated its stance as a global enterprise verifying itself as a leading contributor to the national economy. Despite the worldwide economic downturn and intensifying competition in the global automobile market, Kia Motors grew its exports by a remarkable 41.2% in 2004. During the same period, domestic sales stood at 250,643 units due to declining industrial demand following the nation's severe economic recession and rising tax load. On the overseas front, Kia Motors' sales have steadily increased: since surpassing 400,000 units in 2000, it recorded 500,000 in 2003, and 700,000 in 2004. The impressive progress is attributable to Kia Motors' consistent endeavors in introducing highly competitive new model cars in overseas markets, including the compact the Morning, the Cerato, Bongo III buses and Ttucks, and the Sportage, while encouraging overseas dealers to strengthen their marketing and PR activities to meet local customer demands. Increasing popularity in the market and rising prices, overall, brought Kia Motors enhanced profitability.

Average product price per unit in overseas markets went up from 8,700 USD in 2000 to 12,000 USD in 2004. Kia Motors is showing high and steady growth rates in the European market as well. Since marking an outstanding 58.8% growth in exports in 2003, Kia Motors recorded 68.8% in year-on-year growth rate in 2004 exporting 264,412 units. Local sales also posted at 218,906 units, up by 48.7%. In Western Europe, in particular, Kia Motors is emerging as the fastest growing automaker with the best ranking in sales growth rate over two consecutive years.

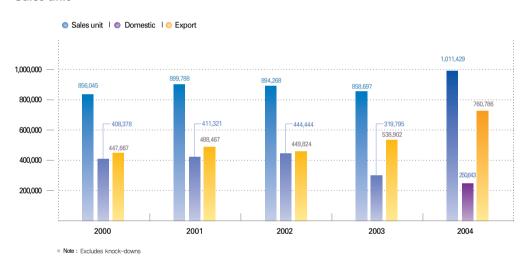
Under the goal of establishing a stronghold in the European market, Kia Motors started construction on a 200,000 unit-capacity facility in Slovakia's Zilina region. In the meantime, four local entities were newly built on the European continent, demonstrating Kia Motors proactive export drive.

In the U.S. market, Kia Motors has seen new sales records for each of the ten years since it first entered the market in 1994. Performance in exports to the U.S. market showed 301,573 units in 2004, 31.5% growth from the previous year while local sales grew 13.7% to mark 270,056 units during the same period. Kia Motors scored more great success in China. It sold a total of 62,506 vehicles in 2004, up by 22.5% from 2003. The TianLima sedan, in particular, ranked at the top in sales volume among 23 same-level compact car models in China for the first half of 2004. In two years of marketing this product, over 100,000 units have been sold. A second assembly and manufacturing operation will be built in China to produce 300,000 vehicles annually. Combined, Kia's local plants in China are expected to produce 430,000 vehicles per annum.

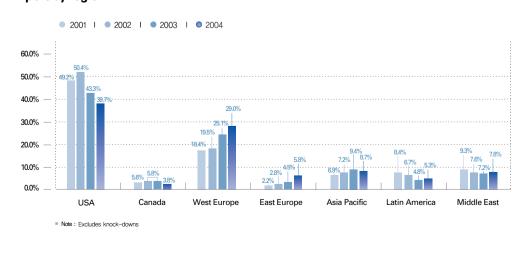




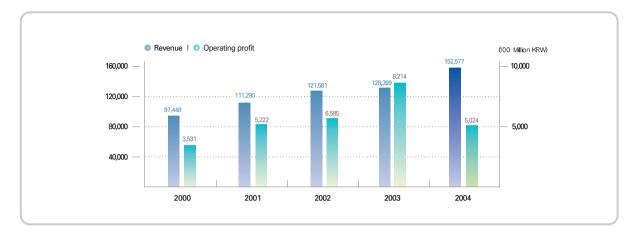
Sales unit



Export by region



Revenue and operating profit



Summary income statement

(100 Million KRW)

	2002	2003	2004
Sales volume	894,268	858,697	1,011,429
Domestic	444,444	319,795	250,643
Export	449,824	538,902	760,786
Revenue	121,581	128,399	152,577
Domestic	63,044	51,264	42,412
Export	58,537	77,135	110,165
Operating income	6,585	8,124	5,024
Ordinary income	8,576	9,444	8,295
Income tax expense	1,772	1,750	1,389
Net income	6,804	7,694	6,906

Major creditors

(Million KRW)

Creditor	Amount	Shares	Shareholding	
Societe Generale	157,120	-	-	
Korea Development Bank	100.974	7,000,00	2.01 %	
ABN-AMRO	73,883	0	0.00 %	
Woori Bank	43,723	520	-	
The Export-Import Bank of Korea	41,365	-	-	

Employee salary

(Thousand KRW)

			Numbe	er of employ	rees		Yrs of		Ave. salary per
	· · · · · · · · · · · · · · · · · · ·	Office	Sales	Production	Technical	Others	employment	Total salary expenses	person
Male	31,405	5,752	3,518	20,292	1,675	168	11.70	₩ 1,607,205,607	₩ 51.177
Female	847	585	32	7	0	223	8.60	₩ 29,395,913	₩ 34.706
Total	32,252	6,337	3,550	20,299	1,675	391	11.60	₩ 1,636,601,519	₩ 50,744

Employee welfare expenses

(100 Million KRW)

	2000	2001	2002	2003	2004
Employee welfare expenses	953	1,168	1,384	1,683	2,034

Raw materials and outsourcing

(100 Million KRW)

	2000	2001	2002	2003	2004
Raw materials	54,373	62,013	73,358	80,189	101,085
Outsourcing	381	528	587	767	1,032

Social contributions

(Million KRW)

	2000	2001	2002	2003	2004
Contribution	2,253	1,943	4,635	6,030	7,796

Environmental investment plan

(100 Million KRW)

Investment	2003	2004	2005	2006	2007	2008	Total
R&D	746	1,097	1,236	1,266	1,216	1,161	6,722
Production	619	1,057	1,068	728	238	300	4,010
Total	1,365	2,154	2,304	1,994	1,454	1,461	10,732

* Note Investment plan in 2003