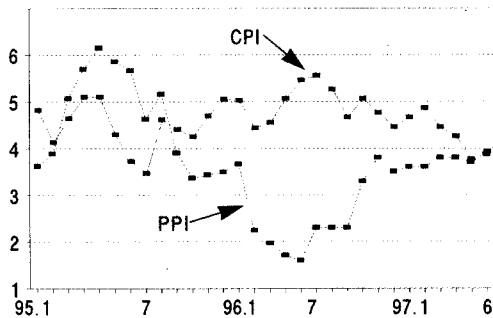


The Economy

Industrial production in June rose a strong 12.4% on a year-on-year basis, up from 6.1% in May. The inventory growth rate slowed to 10.7%, a low since 6.4% in June last year. The unemployment rate went down to 2.5% by 0.1% from a month ago. The government announced that the current business downturn is expected to bottom out in September or October, admitting as a matter of course that the aftermath of the virtual bankruptcy of Kia will be a crucial factor affecting the economy more than mere statistical figures and trends.

	1992	1993	1994	1995	1996	1997(E)
GDP Growth Rate(%)	5.1	5.8	8.6	8.9	7.1	5.9
Nominal GNP(US \$ bil)	305.7	330.8	378.0	452.6	480.4	-
GNP per capita(US \$)	7,007	7,484	8,467	10,037	10,548	-

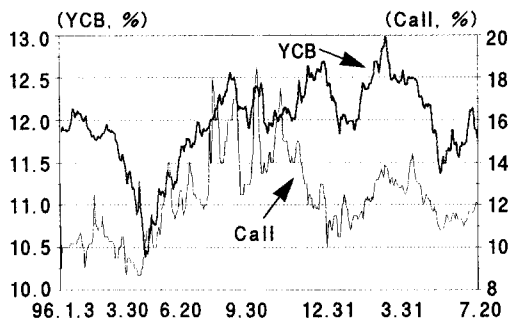
Prices and Interest Rates



Consumer prices in June rose 4.0% from a year ago, thereby recording a 2.4% increase from the end of last year, the lowest first-half increase since 1986's 1.9%. Since domestic consumption showed a growth rate of only 5% during the same period, and the series of bankruptcies is suppressing the recovery of consumer demand, this low inflation rate is expected to continue through the year.

Prices*	96 Q1	96 Q2	96 Q3	96 Q4	96	97(E)	97.5	97.6
Producer Prices(%)	2.2	1.6	2.3	3.5	3.2	3.8	3.8	3.9
Consumer Prices(%)	4.5	5.5	4.7	4.5	4.5	4.6~4.7	4.3	4.0

* Percentage change over a year ago



* YCB: Yields on Corporate Bond.

Yields on corporate bonds stabilized downwards at around 11.7% from early July on due to the improving trade balance and stable prices. That changed in mid-July when the Kia bankruptcy caused the market rates to soar. Rumors of the further bankruptcies of other business groups and the depreciation of the won along with other Asian currencies helped reinforce the rise up over 12.0%. In August bond issuance will be low with banks reluctant to guarantee and the rate most likely will not

* Note: all figures are for the end of the period unless noted otherwise.

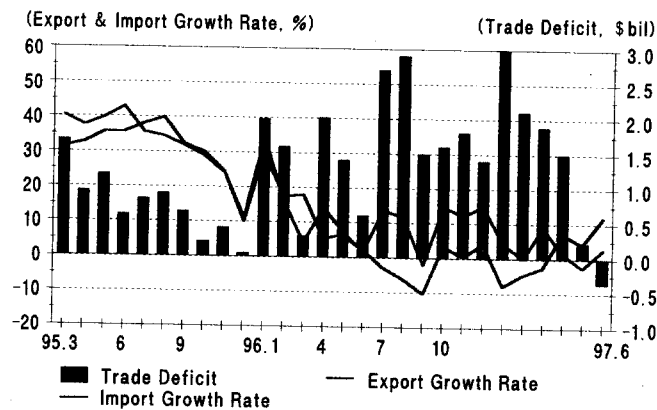
HRI Economic Statistics

rise significantly over 12.0% due to seasonally low fund demand, unless the rumors of further bankruptcies materialize.

Domestic Interest Rates	95 Q4	96 Q1	96 Q2	96 Q3	96 Q4	97. Q1	97. Q2	97. 7.29	97(E)
Call Rate(% p.a.)	15.0	9.0	14.0	16.5	12.3	13.0	11.5	12.00	-
Yield on CD(“)	12.2	11.4	12.7	14.4	13.4	13.5	12.0	11.96	-
Yield on Corporate Bonds(“)	11.9	11.4	11.7	12.4	12.6	12.5	11.8	11.87	10.7~11.2

International Interest Rates	96 Q2	96 Q3	96 Q4	97.2	97.3	97.4	97.5	97.6
EURO \$ (LIBOR, 3 months)	5.582	5.625	5.562	5.539	5.773	5.859	5.812	5.781
EURO ¥ (3 months)	0.602	0.519	0.492	0.508	0.578	0.582	0.598	0.656
EURO DM (3 months)	3.375	3.125	3.125	3.250	3.250	3.215	3.188	3.125

Trade and Exchange Rates



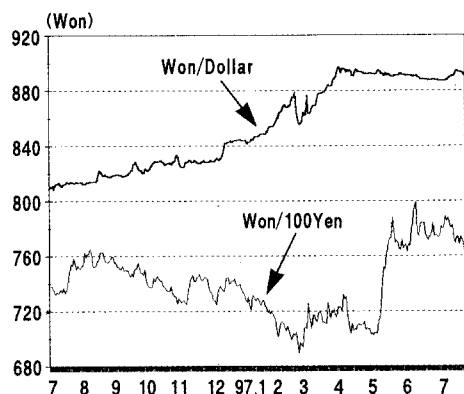
Exports in June grew 8.8% from a year ago to reach \$12.3 billion, thus giving Korea a trade surplus of \$260 million for the month, the first monthly trade surplus since December of 1995. For the year, Korea recorded a trade deficit of \$6.06 billion after the first six months, while the current account deficit stood at \$10.28 billion, up 4.7% from last year's \$9.82 billion. The terms of trade have

been improving recently, but this may be negatively affected by the Kia crisis fallout. In the second half of 1997, exports are expected to pick up in the construction, steel, petrochemical and automobile sectors.

International Trade (US \$ bil)	95	96 Q1	96 Q2	96 Q3	96 Q4	96	97.2	97.3	97.4	97.5	97.6	97(E)
Current Account	-8.8	-4.1	-4.7	-7.2	-6.4	-23.7	-2.5	-2.3	-1.7	-0.9	-0.4	-19~20.0
Balance of Trade*	-4.7	-2.2	-2.8	-5.3	-4.0	-15.3	-1.8	-1.4	-0.8	-0.2	0.3	-13.2~14.2
Exports(FOB)	125.2	31.6	32.9	30.1	35.5	129.7	9.4	11.4	11.4	11.7	12.0	139.5~140.8
Imports(CIF)	135.0	35.7	36.8	27.0	40.5	150.3	11.5	13.2	12.9	12.4	11.8	157.7~160.0

* balance of payment basis

HRI Economic Statistics

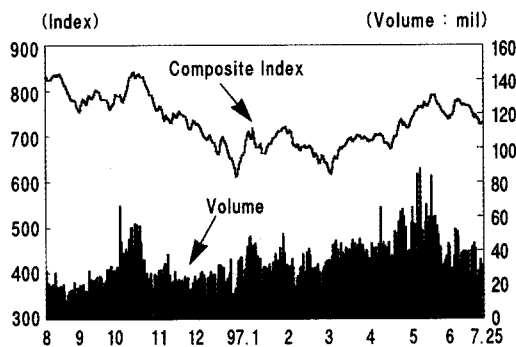


The won/dollar exchange rate remained stable around the 890 won/dollar level in early July and was not much disturbed by the fast depreciating Asian currencies. However, it went up to 895-897 won/dollar after the Kia bankruptcy only to return to the 890-893 level due possibly to the news of the trade surplus in July. The yen hovered around 112-118 yen/dollar throughout July. The strong dollar by the month end at 118.90 yen/dollar was due to the slower than expected growth of the Japanese trade surplus against the U.S. and expectations that it will further slow down. The strong U.S. stock market

will help the dollar value to appreciate in August but the rate will still stay within the range of 110-120 yen/dollar, seen as the ideal range by both governments.

Exchange Rates	95 Q4	96 Q1	96 Q2	96 Q3	96 Q4	97 Q1	97 Q2	97.7.29	97(E)
₩ / \$	774.7	780.6	809.0	821.2	844.2	897.1	888.1	891.9	880~900
¥ / \$	102.7	102.7	109.8	110.9	116.0	123.8	114.3	117.83	114~118

Stock Markets



The KOSPI index plunged in the middle of July upon news of the near bankruptcy of the Kia Group and rumors of possible bankruptcies among other conglomerates, falling from 764.45 on July 14 to 725.98 on July 22. Financial shares and small caps were hit hard in particular, as investors remained concerned about the tight liquidity situation and further loan defaults. The KOSPI is not expected to fall much further, since many feel that economy downturn will soon bottom out (the Government predicts by September or October).

Stock Market.	96.11	96.12	97.1	97.2	97.3	97.4	97.5	97.6	97.7
Composite Stock Price Index	726.5	651.2	685.8	673.5	677.3	703.2	756.8	745.4	733.9
Customer Deposits (Wbil)	2,479	2,376	2,866	2,879	2,942	3,043	3,345	3,337	3,116
Traded Volume (ten thousands)	1,414	3,510	3,199	3,780	4,396	4,365	3,889	2,925	2,829

Note : i) Figures for 1996(E) signify HRI forecasts.

ii) Figures are for the end of the period unless noted otherwise.