

HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009  
AND INDEPENDENT AUDITORS' REPORT

# Independent Auditors' Report

English Translation of a Report Originally Issued in Korean

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

We have audited the accompanying consolidated statements of financial position of Hyundai Motor Company (the "Company") and its subsidiaries as of December 31, 2007, 2008 and 2009, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, all expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain subsidiaries including Kia Motors Corporation, which statements reflect total assets of ₩40,235,279 million (US\$34,459,814 thousand), ₩51,272,235 million (US\$43,912,500 thousand) and ₩48,617,024 million (US\$41,638,424 thousand) as of December 31, 2007, 2008 and 2009, respectively, and total revenues of ₩39,742,303 million (US\$34,037,601 thousand), ₩44,079,949 million (US\$37,752,611 thousand) and ₩52,837,394 million (US\$45,252,992 thousand) in 2007, 2008 and 2009, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Hyundai Motor Company and its subsidiaries as of December 31, 2007, 2008 and 2009, and the results of their operations, changes in its shareholders' equity and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of Korea (See Note 2).

Our audits also comprehended the translation of Korean Won amounts into U.S. Dollar amounts and, in our opinion, such translation has 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 auditing 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 audit 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 auditing standards and their application in practice.

Deloitte Anjin LLC

March 29, 2010

## Notice to Readers

This report is effective as of March 29, 2010, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2007, 2008 AND 2009

ASSETS	Korean Won			Translation into
	2007	2008	2009	U. S. Dollars (Note 2)
	(In millions)			(In thousands)
<b>Current assets:</b>				
Cash and cash equivalents (Notes 3 and 10)	₩ 4,393,692	₩ 6,218,218	₩ 8,659,561	\$ 7,416,548
Short-term financial instruments (Notes 3 and 10)	3,344,206	3,369,071	5,581,783	4,780,561
Short-term investment securities (Note 5)	142,814	1,065,429	252,602	216,343
Trade notes and accounts receivable, less allowance for doubtful accounts and present value discount account of ₩202,492 million in 2007, ₩247,539 million in 2008 and ₩195,463 million in 2009 (Note 16)	6,308,361	6,687,501	6,530,319	5,592,942
Trade notes and accounts receivable - other (Notes 16)	177,587	975,218	779,469	667,582
Derivative assets (Note 29)	18,760	67,494	89,899	76,995
Deferred tax assets (Note 19)	797,520	1,163,042	1,082,180	926,841
Inventories (Notes 4, 10 and 24)	11,318,214	16,940,493	11,695,151	10,016,402
Advances and other current assets	1,688,134	2,287,922	2,115,413	1,811,762
<b>Total current assets</b>	<b>28,189,288</b>	<b>38,774,388</b>	<b>36,786,377</b>	<b>31,505,976</b>
<b>Non-current assets:</b>				
Long-term financial instruments (Note 3)	5,539	12,571	76,238	65,295
Long-term investment securities (Notes 6 and 10)	1,492,399	1,075,254	756,238	647,686
Investment securities accounted for using the equity method (Notes 7 and 16)	2,035,078	2,702,336	3,895,695	3,336,498
Property, plant and equipment, net of accumulated depreciation of ₩13,277,036 million in 2007, ₩15,541,430 million in 2008 and ₩17,515,442 million in 2009 (Notes 8, 9, 10, 16 and 24)	25,629,530	28,918,261	28,821,237	24,684,170
Intangibles (Note 11)	2,997,884	3,448,857	3,708,187	3,175,905
Derivative assets (Note 29)	259,656	1,928,165	1,170,707	1,002,661
Deferred tax assets (Note 19)	610,799	689,650	420,641	360,261
Other assets (Note 12)	1,093,401	1,457,922	973,939	834,138
<b>Total non-current assets</b>	<b>34,124,286</b>	<b>40,233,016</b>	<b>39,822,882</b>	<b>34,106,614</b>
Other financial business assets (Notes 13 and 16)	21,533,952	24,198,379	25,715,675	22,024,387
<b>Total assets</b>	<b>₩ 83,847,526</b>	<b>₩ 103,205,783</b>	<b>₩ 102,324,934</b>	<b>\$ 87,636,977</b>

(Continued)

HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2007, 2008 AND 2009

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean Won</u>			<u>Translation into</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>U. S. Dollars</u>
	<u>(In millions)</u>			<u>(Note 2)</u>
				<u>2009</u>
				<u>(In thousands)</u>
<b>Current liabilities:</b>				
Trade notes and accounts payable	₩ 6,263,049	₩ 8,247,726	₩ 8,314,944	\$ 7,121,398
Short-term borrowings (Note 14)	16,427,071	21,628,102	12,949,025	11,090,292
Trade notes and accounts payable-other	3,897,252	4,732,974	4,998,611	4,281,099
Accrued expenses	1,756,883	2,205,681	2,748,647	2,354,100
Income tax payable (Note 19)	807,668	752,771	500,294	428,481
Current maturities of long-term debt and debentures (Notes 8 and 15)	4,428,143	6,418,366	9,789,043	8,383,901
Accrued warranties (Note 17)	1,340,268	1,419,427	1,379,039	1,181,089
Derivative liabilities (Note 29)	389,209	343,517	99,347	85,087
Deferred tax liabilities (Note 19)	18,395	15,955	884	757
Withholdings and other current liabilities	<u>1,675,358</u>	<u>2,181,551</u>	<u>2,474,941</u>	<u>2,119,681</u>
Total current liabilities	<u>37,003,296</u>	<u>47,946,070</u>	<u>43,254,775</u>	<u>37,045,885</u>
<b>Long-term liabilities:</b>				
Long-term debt and debentures, net of current maturities and discount on debentures issued (Notes 8 and 15)	16,862,777	22,237,911	23,250,429	19,913,009
Deposit for letter of guarantees and others	955,174	1,083,159	1,042,506	892,862
Accrued severance benefits, net of National Pension payments for employees of ₩36,613 million in 2007, ₩27,788 million in 2008 and ₩21,658 million in 2009, and individual severance insurance deposits of ₩1,851,881 million in 2007, ₩1,920,288 million in 2008 and ₩2,206,932 million in 2009 (Note 2)	1,000,186	1,119,567	950,274	813,869
Long-term accounts payable	228,559	37,608	22,498	19,269
Long-term unearned income	67,521	252,024	231,890	198,604
Long-term accrued warranties (Note 17)	3,040,225	3,465,091	3,393,089	2,906,037
Provision for other liabilities	183,166	222,095	259,666	222,393
Derivative liabilities (Note 29)	83,597	288,033	216,869	185,739
Deferred tax liabilities (Note 19)	564,016	438,272	537,149	460,045
Other long-term liabilities	<u>13,694</u>	<u>238</u>	<u>4,465</u>	<u>3,824</u>
Total long-term liabilities	<u>22,998,915</u>	<u>29,143,998</u>	<u>29,908,835</u>	<u>25,615,651</u>
Other financial business liabilities (Note 13)	<u>131,679</u>	<u>763,818</u>	<u>199,664</u>	<u>171,005</u>
Total liabilities	<u>60,133,890</u>	<u>77,853,886</u>	<u>73,363,274</u>	<u>62,832,541</u>

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HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2007, 2008 AND 2009

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean Won</u>			<u>Translation into</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>U. S. Dollars</u>
		(In millions)		(Note 2)
				2009
				(In thousands)
Shareholders' equity:				
Capital stock (Note 20)	₩ 1,486,980	₩ 1,488,993	₩ 1,488,993	\$ 1,275,260
Capital surplus	5,753,003	5,839,874	5,793,489	4,961,878
Capital adjustments (Note 21)	(718,405)	(719,235)	(743,909)	(637,127)
Accumulated other comprehensive income (Notes 18 and 22)	326,725	618,309	505,970	433,342
Retained earnings	11,240,361	11,841,859	14,617,652	12,519,400
Minority interests	<u>5,624,972</u>	<u>6,282,097</u>	<u>7,299,465</u>	<u>6,251,683</u>
Total shareholders' equity	<u>23,713,636</u>	<u>25,351,897</u>	<u>28,961,660</u>	<u>24,804,436</u>
Total liabilities and shareholders' equity	<u>₩ 83,847,526</u>	<u>₩ 103,205,783</u>	<u>₩ 102,324,934</u>	<u>\$ 87,636,977</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

	Korean Won			Translation into U. S. Dollars (Note 2)
	2007	2008	2009	2009
	(In millions, except per share amounts)			(In thousands, except per share amounts)
Sales (Notes 25, 26 and 30)	₩ 69,601,516	₩ 79,736,351	₩ 91,463,064	\$ 78,334,245
Cost of sales (Notes 25, 26 and 30)	<u>55,467,476</u>	<u>61,829,549</u>	<u>71,055,076</u>	<u>60,855,667</u>
Gross profit	14,134,040	17,906,802	20,407,988	17,478,578
Selling and administrative expenses (Note 27)	<u>11,286,018</u>	<u>14,834,759</u>	<u>14,787,747</u>	<u>12,665,079</u>
Operating income (Note 30)	<u>2,848,022</u>	<u>3,072,043</u>	<u>5,620,241</u>	<u>4,813,499</u>
Other income (expenses), net:				
Interest expense, net	(494,529)	(670,493)	(871,531)	(746,429)
Gain (loss) on foreign exchange transaction, net	42	(744,407)	(230,336)	(197,273)
Gain (loss) on foreign exchange translation, net	(169,640)	(2,354,804)	498,596	427,026
Loss on disposal of trade notes and accounts receivable	(181,266)	(165,566)	(126,119)	(108,016)
Gain on disposal of short-term investment securities, net	30,621	1,215	16,997	14,557
Gain on disposal of long-term investment securities, net	35,959	46,064	59,159	50,667
Gain on valuation of investment securities accounted for using the equity method, net (Note 7)	281,603	356,972	914,103	782,891
Gain on disposal of investment securities accounted for using the equity method, net (Note 7)	4,484	2,025	118,751	101,705
Loss on impairment of investment securities	(1,964)	(5,481)	(12,230)	(10,474)
Loss on disposal of property, plant and equipment, net	(11,706)	(61,389)	(40,943)	(35,066)
Impairment loss on property, plant and equipment	(79)	(33,966)	(61,376)	(52,566)
Impairment loss on intangibles (Note 11)	(1,114)	(2,747)	(150,284)	(128,712)
Rental and royalty income	47,670	113,682	211,617	181,241
Gain (loss) on valuation of derivatives, net (Note 29)	(25,295)	1,790,314	(475,251)	(407,032)
Gain on derivatives transaction, net	-	106,863	73,354	62,825
Other, net	<u>246,012</u>	<u>46,659</u>	<u>13,024</u>	<u>11,154</u>
	<u>(239,202)</u>	<u>(1,575,059)</u>	<u>(62,469)</u>	<u>(53,502)</u>

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HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

	Korean Won			Translation into U. S. Dollars (Note 2)
	2007	2008	2009	2009
	(In millions, except per share amounts)			(In thousands, except per share amounts)
Income before income tax	₩ 2,608,820	₩ 1,496,984	₩ 5,557,772	\$ 4,759,997
Income tax expense (Note 19)	652,733	409,919	1,517,276	1,299,483
Net loss of newly consolidated subsidiaries before acquisition	-	5,487	-	-
Net gain on disposal of consolidated subsidiaries	-	-	2,940	2,518
Net income	<u>₩ 1,956,087</u>	<u>₩ 1,092,552</u>	<u>₩ 4,043,436</u>	<u>\$ 3,463,032</u>
Attributable to:				
Equity holders of the parent	₩ 1,600,480	₩ 857,751	₩ 2,973,473	\$ 2,546,654
Minority interests	<u>355,607</u>	<u>234,801</u>	<u>1,069,963</u>	<u>916,378</u>
	<u>₩ 1,956,087</u>	<u>₩ 1,092,552</u>	<u>₩ 4,043,436</u>	<u>\$ 3,463,032</u>
Basic earnings per common share (Note 2)	<u>₩ 5,813</u>	<u>₩ 2,499</u>	<u>₩ 10,947</u>	<u>\$ 9.38</u>
Diluted earnings per common share (Note 2)	<u>₩ 5,800</u>	<u>₩ 2,497</u>	<u>₩ 10,947</u>	<u>\$ 9.38</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

	Korean Won						Total amount
	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Minority interests	
	(In millions)						
January 1, 2007	₩ 1,484,942	₩ 5,679,998	₩ (707,045)	₩ (297,541)	₩ 9,809,765	₩ 4,995,854	₩ 20,965,973
Stock option exercised	2,038	13,552	(4,152)	-	-	-	11,438
Disposal of treasury stock	-	17,358	-	-	-	-	17,358
Disposal of subsidiaries' stock	-	(8,095)	-	-	53,422	88,136	133,463
Increase in subsidiaries' capital-stock	-	10,871	-	-	-	156,543	167,414
Subsidiaries' sale of assets	-	21,573	-	-	(24,449)	2,876	-
Effect of changes in consolidation scope	-	-	-	-	-	57,400	57,400
Net income	-	-	-	-	1,600,480	355,607	1,956,087
Payment of cash dividends	-	-	-	-	(275,373)	(74,409)	(349,782)
Treasury stock	-	-	(7,208)	-	-	-	(7,208)
Gain on valuation of available-for-sale securities	-	-	-	571,817	-	-	571,817
Loss on valuation of investment equity securities	-	-	-	(63,121)	-	-	(63,121)
Loss on valuation of derivatives	-	-	-	(53,521)	-	-	(53,521)
Gain on overseas operation translation	-	-	-	169,091	-	-	169,091
Others	-	17,746	-	-	76,516	42,965	137,227
December 31, 2007	<u>₩ 1,486,980</u>	<u>₩ 5,753,003</u>	<u>₩ (718,405)</u>	<u>₩ 326,725</u>	<u>₩ 11,240,361</u>	<u>₩ 5,624,972</u>	<u>₩ 23,713,636</u>

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HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

	Korean Won						
	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (In millions)	Retained earnings	Minority interests	Total amount
January 1, 2008	₩ 1,486,980	₩ 5,753,003	₩ (718,405)	₩ 326,725	₩ 11,240,361	₩ 5,624,972	₩ 23,713,636
Stock option exercised	2,013	13,391	(4,612)	-	-	-	10,792
Cancellation of stock options	-	57	(57)	-	-	-	-
Disposal of treasury stock	-	(3,420)	-	-	-	-	(3,420)
Disposal of subsidiaries' stock	-	76,305	-	-	-	25,760	102,065
Increase in subsidiaries' capital-stock	-	459	-	-	-	41,682	42,141
Effect of changes in consolidation scope	-	-	-	-	-	328,888	328,888
Net income	-	-	-	-	857,751	234,801	1,092,552
Payment of cash dividends (Note 23)	-	-	-	-	(275,997)	(127,646)	(403,643)
Treasury stock	-	-	3,839	-	-	-	3,839
Loss on valuation of available-for-sale securities	-	-	-	(416,299)	-	-	(416,299)
Gain on valuation of investment equity securities	-	-	-	115,760	-	-	115,760
Loss on valuation of derivatives	-	-	-	(240,090)	-	-	(240,090)
Gain on overseas operation translation	-	-	-	832,213	-	-	832,213
Others	-	79	-	-	19,744	153,640	173,463
December 31, 2008	<u>₩ 1,488,993</u>	<u>₩ 5,839,874</u>	<u>₩ (719,235)</u>	<u>₩ 618,309</u>	<u>₩ 11,841,859</u>	<u>₩ 6,282,097</u>	<u>₩ 25,351,897</u>

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HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

	Korean Won						Translation into	
	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (In millions)	Retained earnings	Minority interests	U.S. Dollars (Note 2)	
						Total amount	Total amount (In thousands)	
January 1, 2009	₩ 1,488,993	₩ 5,839,874	₩ (719,235)	₩ 618,309	₩ 11,841,859	₩ 6,282,097	₩ 25,351,897	\$ 21,712,827
Disposal of treasury stock	-	881	1,200	-	-	-	2,081	1,782
Disposal of subsidiaries' stock	-	36,278	-	-	-	119	36,397	31,172
Increase in subsidiaries' capital-stock	-	(86,113)	-	-	-	373,633	287,520	246,249
Effect of changes in consolidation scope	-	(18)	-	-	-	(497,844)	(497,862)	(426,398)
Net income	-	-	-	-	2,973,473	1,069,963	4,043,436	3,463,032
Payment of cash dividends (Note 23)	-	-	-	-	(235,715)	(41,181)	(276,896)	(237,150)
Treasury stock	-	-	(25,424)	-	-	-	(25,424)	(21,775)
Gain on valuation of available-for-sale securities	-	-	-	6,150	-	-	6,150	5,267
Gain on valuation of investment equity securities	-	-	-	43,251	-	-	43,251	37,043
Gain on transaction of derivatives	-	-	-	211,675	-	-	211,675	181,291
Loss on overseas operation translation	-	-	-	(373,415)	-	-	(373,415)	(319,814)
Others	-	2,587	(450)	-	38,035	112,678	152,850	130,910
December 31, 2009	<u>₩ 1,488,993</u>	<u>₩ 5,793,489</u>	<u>₩ (743,909)</u>	<u>₩ 505,970</u>	<u>₩ 14,617,652</u>	<u>₩ 7,299,465</u>	<u>₩ 28,961,660</u>	<u>\$ 24,804,436</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

	Korean Won			Translation into U. S. Dollars (Note 2)
	2007	2008	2009	2009
	(In millions)			(In thousands)
Cash flows from operating activities:				
Net income	₩ 1,956,087	₩ 1,092,552	₩ 4,043,436	\$ 3,463,032
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation	2,088,960	2,587,849	2,668,623	2,285,563
Bad debt expenses	127,020	269,684	337,220	288,815
Provision for severance benefits	674,011	966,356	713,547	611,123
Provision for accrued warranties	666,553	1,372,677	889,827	762,099
Amortization of intangibles	697,473	855,081	913,935	782,747
Amortization of discount on debentures	2,841	820	1,481	1,268
Loss on foreign exchange translation, net	147,037	2,287,087	(483,474)	(414,075)
Loss on disposal of trade notes and accounts receivable	181,266	165,566	126,119	108,016
Gain on disposal of short-term investment securities, net	(30,621)	(1,215)	(16,997)	(14,557)
Gain on valuation of investment securities accounted for using the equity method, net	(281,603)	(356,972)	(914,103)	(782,891)
Dividends of investment securities accounted for using the equity method	78,067	63,242	125,132	107,170
Gain on disposal of investment securities accounted for using the equity method, net	(4,484)	(2,025)	(118,751)	(101,705)
Gain on disposal of long-term investment securities, net	(35,959)	(46,064)	(59,159)	(50,667)
Loss on impairment of investment securities	1,964	5,481	12,230	10,474
Loss on disposal of property, plant and equipment, net	11,706	61,389	40,943	35,066
Impairment loss on property, plant and equipment	79	33,966	61,376	52,566
Impairment loss on intangibles	1,114	2,747	150,284	128,712
Loss (gain) on valuation of derivatives, net	25,295	(1,790,314)	475,251	407,032
Other	177,517	70,963	143,543	122,937

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HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

	Korean Won			Translation into U. S. Dollars (Note 2)
	2007	2008	2009	2009
	(In millions)			(In thousands)
Cash flows from operating activities:				
Changes in operating assets and liabilities:				
Increase in trade notes and accounts receivable	₩ (1,581,898)	₩ (1,039,466)	₩ (239,555)	\$ (205,169)
Decrease (increase) in trade notes and accounts receivable-other	218,426	(871,880)	174,990	149,872
Increase in advances and other current assets	(504,302)	(532,282)	(147,432)	(126,269)
Decrease (increase) in inventories	(1,572,884)	(5,665,316)	5,149,189	4,410,063
Decrease (increase) in deferred tax assets	64,716	(444,373)	373,989	320,306
Increase (decrease) in trade notes and accounts payable	(1,857,415)	1,174,661	156,201	133,780
Increase in accounts payable-other	1,442,919	266,907	301,479	258,204
Increase in accrued expenses	76,557	273,380	570,984	489,024
Increase (decrease) in income tax payable	416,104	(54,897)	(252,477)	(216,236)
Increase in withholding and other current liabilities	345,176	532,571	309,970	265,476
Payment of severance benefits	(805,708)	(787,393)	(602,326)	(515,867)
Increase in individual severance insurance deposits	(403)	(68,407)	(286,644)	(245,498)
Increase (decrease) in long-term unearned income	1,177	32,191	(20,134)	(17,244)
Decrease in accrued warranties	(597,473)	(868,652)	(1,002,217)	(858,356)
Increase (decrease) in deferred tax liabilities	322,842	(406,605)	114,696	98,232
Other	31,115	(6,617)	247,601	212,059
	2,483,272	(827,308)	13,958,777	11,955,102
Cash flows from investing activities:				
Cash inflows from investing activities:				
Proceeds from withdrawal of short-term financial instruments	5,162,383	3,725,846	3,781,008	3,238,273
Proceeds from disposal of short-term investment securities	438,027	120,774	1,310,313	1,122,228
Reduction in other current assets	30,182	47,377	100,017	85,660
Proceeds from disposal of long-term investment securities	135,580	325,851	406,056	347,770
Proceeds from disposal of investment securities accounted for using the equity method	70,080	7,707	118,677	101,642
Proceeds from disposal of property, plant and equipment	406,783	214,493	481,954	412,773
Increase in other financial business liabilities	37,217	632,139	-	-
Reduction in other assets	368,154	65,565	633,334	542,424
	6,648,406	5,139,752	6,831,359	5,850,770

(Continued)

HYUNDAI MOTOR COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

	Korean Won			Translation into U. S. Dollars (Note 2)
	2007	2008	2009	2009
	(In millions)			(In thousands)
Cash flows from investing activities:				
Cash outflows from investing activities:				
Purchase of short-term financial instruments	₩ (5,361,824)	₩ (3,750,711)	₩ (5,993,720)	\$ (5,133,368)
Acquisition of short-term investment securities	(74,791)	(1,041,087)	(369,248)	(316,245)
Additions to other current assets	(44,091)	(69,291)	(39,597)	(33,913)
Acquisition of long-term investment securities	(240,367)	(288,353)	(26,080)	(22,336)
Acquisition of investment securities accounted for using the equity method	(200,311)	(91,027)	(128,138)	(109,745)
Acquisition of property, plant and equipment	(4,381,097)	(4,966,879)	(3,762,566)	(3,222,479)
Expenditures for development costs	(983,694)	(1,170,791)	(1,360,814)	(1,165,480)
Increase in other financial business assets	(5,475,113)	(2,664,427)	(1,517,296)	(1,299,500)
Decrease in other financial business liabilities	-	-	(564,154)	(483,174)
Additions to other assets	(564,146)	(525,502)	(234,958)	(201,231)
	<u>(17,325,436)</u>	<u>(14,568,068)</u>	<u>(13,996,571)</u>	<u>(11,987,471)</u>
	<u>(10,677,030)</u>	<u>(9,428,316)</u>	<u>(7,165,212)</u>	<u>(6,136,701)</u>
Cash flows from financing activities:				
Cash inflows from financing activities:				
Proceeds from short-term borrowings	24,645,526	20,987,053	9,796,080	8,389,928
Proceeds from issuance of debentures	7,913,917	10,726,065	9,032,989	7,736,373
Proceeds from long-term borrowings	3,820,629	4,694,960	3,701,417	3,170,107
Proceeds from deposit for letter of guarantees and others	305,960	287,915	200,402	171,636
Paid in capital increase	137,152	35,598	89,109	76,318
Proceeds from disposal of treasury stock	4,843	-	2,363	2,024
Others	57,388	128,184	47,860	40,990
	<u>36,885,415</u>	<u>36,859,775</u>	<u>22,870,220</u>	<u>19,587,376</u>
Cash outflows from financing activities:				
Repayment of short-term borrowings	(19,857,777)	(16,504,347)	(18,343,165)	(15,710,145)
Repayment of current maturities of long-term debt	(4,595,588)	(4,325,302)	(6,368,386)	(5,454,253)
Repayment of debentures	(2,859,202)	(3,396,641)	(569,742)	(487,960)
Repayment of long-term debt	(370,239)	(351,513)	(1,296,188)	(1,110,130)
Repayment of deposit for letter of guarantees and others	(108,796)	(159,930)	(241,055)	(206,453)
Payment of cash dividends	(349,782)	(403,643)	(276,896)	(237,150)
Acquisition of treasury stock	(11,683)	-	(25,424)	(21,775)
	<u>(28,153,067)</u>	<u>(25,141,376)</u>	<u>(27,120,856)</u>	<u>(23,227,866)</u>
	<u>8,732,348</u>	<u>11,718,399</u>	<u>(4,250,636)</u>	<u>(3,640,490)</u>
Effect of exchange rate on cash and cash equivalents	<u>88,385</u>	<u>350,938</u>	<u>(172,824)</u>	<u>(148,016)</u>
Effect of change in consolidated subsidiaries	<u>36,710</u>	<u>10,813</u>	<u>71,238</u>	<u>61,012</u>
Net increase in cash and cash equivalents	663,685	1,824,526	2,441,343	2,090,907
Cash and cash equivalents, beginning of year	<u>3,730,007</u>	<u>4,393,692</u>	<u>6,218,218</u>	<u>5,325,641</u>
Cash and cash equivalents, end of year	<u>₩ 4,393,692</u>	<u>₩ 6,218,218</u>	<u>₩ 8,659,561</u>	<u>\$ 7,416,548</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007, 2008 AND 2009

1. GENERAL INFORMATION:

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 seven overseas manufacturing plants including Hyundai Motor Manufacturing Alabama, LLC (HMMA) as well as seventeen overseas sales and R&D subsidiaries including Hyundai Motor America (HMA).

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

As of December 31, 2009, the major shareholders of the Company are Hyundai MOBIS (20.78%) and Chung, Mong Koo (5.17%).

Consolidated Subsidiaries

The consolidated financial statements include the accounts of the Company and its consolidated domestic and foreign subsidiaries over which the Company has substantial control and whose individual beginning balance of total assets or paid-in capital at the date of its establishment is more than ₩10,000 million (US\$8,565 thousand). The consolidated subsidiaries as of December 31, 2009 are as follows:

Subsidiaries	Nature of business	Shareholders' equity as of December 31, 2009		Shares (*2)	Percentage ownership (*2)	Indirect ownership (*2)
		Korean Won (*1) (In millions)	U.S. Dollars (Note 2) (In thousands)			
<b>DOMESTIC SUBSIDIARIES:</b>						
Kia Motors Corporation	Manufacturing	₩ 6,371,572	\$ 5,456,982	134,285,491	34.58%	
Hyundai Capital Services, Inc.	Financing	2,155,730	1,846,292	56,083,743	56.47%	
Hyundai Card Co., Ltd.	Credit card	1,483,249	1,270,340	77,724,079	48.44%	KIA 11.48% & Hyundai Commercial 5.44%
Hyundai HYSCO	Manufacturing	1,075,155	920,825	32,108,868	40.04%	KIA 13.91%
Hyundai WIA Corporation	"	665,348	569,842	17,120,611	78.79%	KIA 39.33%
Hyundai Rotem Company	"	615,192	526,886	36,852,432	57.64%	
Hyundai Powertech Co., Ltd.	"	463,780	397,208	53,945,300	75.16%	KIA 37.58%
Dymos Inc.	"	298,787	255,898	29,335,805	97.76%	KIA 45.37% & Hyundai WIA 5.12%
KEFICO Corporation	"	272,115	233,055	1,670,000	50.00%	
Hyundai Commercial Inc.	Financing	108,847	93,223	10,000,000	50.00%	
Autoever Systems Corporation	Information technology	106,956	91,603	499,000	49.90%	KIA 20%
Green Air Co., Ltd.	Manufacturing	82,593	70,737	8,446,365	51.00%	Hyundai Rotem 51%
Partecs Company, Ltd.	"	45,364	38,852	6,960,000	87.00%	KIA 31%
M & Soft Co., Ltd.	Software consultancy and supply	41,766	35,771	1,319,577	31.84%	

Subsidiaries	Nature of business	Shareholders' equity as of December 31, 2009		Shares (*2)	Percentage ownership (*2)	Indirect ownership (*2)
		Korean Won	U.S. Dollars			
		(*1) (In millions)	(Note 2) (In thousands)			
<u>DOMESTIC SUBSIDIARIES:</u>						
METIA Co., Ltd.	Manufacturing	₩ 39,068	\$ 33,460	2,983,880	99.47%	Hyundai WIA 50.94 & Dymos 48.53%
Mseat Co., Ltd.	"	33,031	28,290	998,140	99.81%	Dymos 99.81%
HMC win win fund	Investment association	31,011	26,560	4,800,000	80.00%	KIA 20%
Automobile Industrial Ace Corporation	Manufacturing	4,003	3,428	3,116,662	100.00%	Hyundai WIA 100%
Haevichi Hotel & Resort Co., Ltd.	Hotel operation	(15,810)	(13,541)	2,015,000	65.00%	KIA 40% & Hyundai WIA 25%
Haevichi Country Club Co., Ltd.	Golf Course operation	(37,857)	(32,423)	1,350,000	45.00%	KIA 15%
<u>FOREIGN SUBSIDIARIES:</u>						
Hyundai Motor America (HMA)	Sales	1,994,155	1,707,909	-	100.00%	
Hyundai Capital America (HCA) (Formerly, HMFC)	Financing	1,010,002	865,024	750	100.00%	HMA 93.4% & KMA 6.6%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	868,036	743,436	-	100.00%	HMA 100%
Hyundai Auto Canada Corp. (HAC)	Sales	243,402	208,464	-	100.00%	HMA 100%
Hyundai Auto Canada Captive Insurance Incorporation (HACCI)	Insurance	6,031	5,165	100	100.00%	HAC 100%
Innocean Worldwide Americas, LLC (IWA) (Formerly, WMG)	Marketing	8,221	7,041	-	60.00%	HMA 30% & KMA 30%
Hyundai Information Service North America (HISNA)	Information technology	7,711	6,604	-	60.00%	HMA 30% & KMA 30%
Stampsted Metal America Research Technology Inc. (SMARTI)	Managing subsidiaries	(9,258)	(7,929)	18,542,284	72.45%	HMA 72.45%
Stampsted Metal America Research Technology LLC	Manufacturing	(9,258)	(7,929)	-	100.00%	SMARTI 100%
Hyundai Motor India (HMI)	"	826,269	707,664	8,125,411	100.00%	
Hyundai Motor India Engineering Private Ltd. (HMIE)	R&D	30,011	25,703	-	100.00%	HMI 100%
Hyundai Motor Manufacturing Czech,s.r.o. (HMMC)	Manufacturing	596,724	511,069	-	100.00%	
Hyundai Motor Manufacturing Rus LLC (HMMR)	"	203,414	174,215	-	100.00%	
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S. (HAOSVT)	"	127,213	108,953	381,550,302	85.03%	
Hyundai Translead, Inc. (HT)	Sales	111,759	95,717	1,160,000	100.00%	
Hyundai de Mexico, S.A. de C.V. (HYMEX)	Manufacturing	111,759	95,717	9,999	99.99%	HT 99.99%
Hyundai Motor Company Australia (HMCA)	Sales	90,889	77,843	-	100.00%	
Hyundai Motor Espana.S.L (HMES)	"	81,419	69,732	-	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	72,447	62,048	5,897,268,721	100.00%	
Hyundai Motor Europe GmbH (HME)	Sales	41,689	35,705	-	100.00%	
Hyundai Motor Poland Sp.zo.O (HMP)	"	40,776	34,923	172,862	100.00%	
Hyundai America Technical Center Inc. (HATCI)	R&D	37,782	32,359	1,000	100.00%	
Hyundai Motor Company Italy (HMCI)	Sales	30,633	26,236	-	100.00%	
Hyundai Auto Czech s.r.o. (HMCZ)	"	29,007	24,843	-	100.00%	
Hyundai Motor (UK) Ltd. (HMUK)	"	14,444	12,371	25,600,000	100.00%	
Hyundai Motor Japan Co. (HMJ)	"	(20,697)	(17,726)	204,800	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	"	8,150	6,980	-	100.00%	
Hyundai Motor Norway AS (HMN)	"	6,482	5,552	-	100.00%	

Subsidiaries	Nature of business	Shareholders' equity as of December 31, 2009		Shares (*2)	Percentage ownership (*2)	Indirect ownership (*2)
		Korean Won	U.S. Dollars			
		(*) (In millions)	(Note 2) (In thousands)			
Hyundai Motor Commonwealth of Independent States Besloten Vennootschap (HMCIS B.V)	Managing subsidiaries	₩ (149,309)	\$ (127,877)	-	80.00%	
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	(149,309)	(127,877)	-	100.00%	HMCIS B.V 100%
Beijing Mobis Transmission Co., Ltd. (BMT)	Manufacturing	205,639	176,121	-	68.04%	KIA 24.08% & HMGC 19.88%
Hyundai Motor Group (China) Ltd. (HMGC)	Investment	136,335	116,765	-	80.00%	KIA 30%
China Millenium Corporations (CMEs)	Real estate development	53,107	45,484	-	89.90%	KIA 30.3%
Beijing Hines Millennium Real Estate Development	"	53,107	45,484	-	99.00%	CMEs 99.00%
Kia Motors Europe GmbH (KME)	Sales	848,756	726,924	-	100.00%	KIA 100%
Kia Motors Sales Slovensko s.r.o. (KMSS)	"	18,107	15,508	-	100.00%	KME 100%
Kia Motors Czech s.r.o. (KMCZ)	"	12,937	11,080	106,870,000	100.00%	KME 100%
Kia Motors Austria GmbH (KMAS)	"	(32,128)	(27,516)	2,107,512	100.00%	KME 100%
Kia Motors Hungary Kft (KMH)	"	(8,077)	(6,918)	30,000,000	100.00%	KMAS 100%
Kia Motors Sweden AB (KMSW)	"	(35,097)	(30,059)	4,400,000	100.00%	KME 100%
Kia Motors (UK) Ltd. (KMUK)	"	(38,863)	(33,285)	17,000,000	100.00%	KME 100%
Kia Motors Russian (KMR)	"	(50,643)	(43,374)	-	100.00%	KME 100%
Kia Motors Belgium (KMB)	"	(91,817)	(78,637)	1,000,000	100.00%	KME 100%
Kia Automobiles France (KMF)	"	(188,982)	(161,855)	5,000,000	100.00%	KME 100%
Kia Motors Iberia (KMIB)	"	(250,171)	(214,261)	31,600,000	100.00%	KME 100%
Kia Motors Slovakia s.r.o. (KMS)	Manufacturing	787,518	674,476	-	100.00%	KIA 100%
Dong Feng Yueda Kia Motor Co., Ltd. (DYK)	"	613,757	525,657	-	50.00%	KIA 50%
Kia Motors America Inc. (KMA)	Sales	233,414	199,909	1,000,000	100.00%	KIA 100%
Kia Motors Manufacturing Georgia, Inc. (KMMG)	Manufacturing	521,032	446,242	-	80.00%	KIA 50% & HMA 30%
Kia Motors Deutschland GmbH (KMD)	Sales	115,725	99,114	-	100.00%	KIA 100%
Kia Canada, Inc.(KCI)	"	(69,139)	(59,215)	6,298	100.00%	KIA 82.5% & KMA 17.5%
Kia Motors Polska Sp.z.o.o. (KMP)	"	(27,204)	(23,299)	15,637	99.60%	KMD 99.6%
Kia Japan Co., Ltd. (KJC)	"	29,105	24,927	267,800	100.00%	KIA 100%
Kia Motors Australia Pty. Ltd (KMAU)	"	(24,996)	(21,408)	-	100.00%	KIA 100%
Kia Motors New Zealand Ltd. (KMNZ)	"	(12,305)	(10,539)	-	100.00%	KMAU 100%
Hyundia WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	248,859	213,137	-	70.00%	KIA 18% & Hyundai WIA30%
Hyundai WIA Automotive Parts (WAP)	"	80,372	68,835	-	100.00%	Hyundai WIA 100%
Hyundai WIA Motor Dies (Shandong) Company	"	18,845	16,140	-	100.00%	Hyundai WIA 40% & WAP 60%
Hyundai-Kia Machine Europe GmbH (HKME)	"	14,717	12,604	-	100.00%	Hyundai WIA 100%
Hyundai-Kia Machine America Corp. (HKMA)	"	8,380	7,177	1,000	100.00%	Hyundai WIA 100%
Beijing Hyundai Hysco Steel Process Co., Ltd. (BHYSKO)	"	53,701	45,993	-	100.00%	Hyundai Hysco 100%
Jiangsu Hyundai Hysco Steel Co., Ltd. (JHYSKO)	"	21,383	18,314	-	90.00%	Hyundai Hysco 90%
Hysco Slovakia, s.r.o. (HS)	"	19,386	16,603	-	100.00%	Hyundai Hysco 100%
Hysco Steel India, Ltd. (HSI)	"	16,514	14,144	270,271	100.00%	Hyundai Hysco 100%
Hysco Czech S.R.O	"	12,841	10,998	-	100.00%	Hyundai Hysco 100%
Hyundai Hysco Rus LLC.	"	10,989	9,412	-	100.00%	Hyundai Hysco 100%
Hysco America Co. Inc. (HPA)	"	10,520	9,010	1,000	100.00%	Hyundai Hysco 100%

Subsidiaries	Nature of business	Shareholders' equity as of December 31, 2009		Shares (*2)	Percentage ownership (*2)	Indirect ownership (*2)
		Korean Won	U.S. Dollars			
		(*) (In millions)	(Note 2) (In thousands)			
Hyundai Hysco USA, Inc. (HACI)	Manufacturing	₩ 8,513	\$ 7,291	250,000	100.00%	Hyundai Hysco 100%
Dymos Lear Automotive India (DLAI)	"	29,601	25,352	5,674,032	65.00%	Dymos 65%
Dymos India Automotive Private Limited	"	3,605	3,088	-	100.00%	DLAI 100%
Dymos Czech Republic s.r.o	"	(1,591)	(1,363)	-	100.00%	Dymos 100%
Rotem USA Corporation	"	8,619	7,382	700,000	100.00%	Hyundai Rotem 100%
Eurotem DEMIRYOLU ARACLARI SAN. VE TIC A.S.	"	3,794	3,249	-	50.50%	Hyundai Rotem 50.50%
Hyundai Powertech Manufacturing America (PTA)	"	77,788	66,622	-	80.00%	KIA 10%, HPT 40% & HMA 30%
Autoever Systems Europe GmbH (ASE)	Information technology	3,676	3,148	-	100.00%	Autoever 100%

(\*1) Local currency in foreign subsidiaries is translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. at December 31, 2009.

(\*2) Shares and ownership are calculated by combining the shares and ownership, which the Company and its subsidiaries hold as of December 31, 2009. Indirect ownership represents subsidiaries' holding ownership.

In 2009, the Company added seven overseas companies: Hyundai Motor Espana S.L. (HMES), Hysco Czech S.R.O, Dymos Czech Republic s.r.o, Hyundai WIA Motor Dies(Shandong) Company, Kia Motors Russian (KMR), Hyundai Hysco Rus LLC and Dymos India Automotive Private Limited to its consolidated subsidiaries due to acquisition of ownership enabling the Company and its subsidiaries to exercise substantial control or the increase in individual assets at the end of the preceding year exceeding the required level of ₩10,000 million (US\$8,565 thousand) for consolidation with substantial control. In addition, Hyundai Autonet Co., Ltd. and its subsidiary, Hyundai Hitech Electronics, were excluded from consolidated subsidiaries as Hyundai Autonet Co., Ltd. was merged with Hyundai MOBIS. In addition, HMC Investment Securities Co., Ltd. excluded from consolidated subsidiaries due to the decrease of the ownership percentage of the Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### Basis of Consolidated Financial Statement Presentation

The Company maintains its official accounting records in Korean Won and prepares statutory consolidated financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English 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 and its subsidiaries' 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 ₩1,167.60 to US\$1.00 at December 31, 2009, 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 consolidated financial statements as of December 31, 2009 in accordance with accounting principles generally accepted in the Republic of Korea. The significant accounting policies followed by the Company in the preparation of its consolidated financial statements as of December 31, 2009 are identical to those as of December 31, 2008.

According to the amendment of Article 1-2 of the Act on External Audit for Stock Companies, the Company renamed the balance sheets to statements of financial position.

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

#### Principles of Consolidation

The accompanying financial statements include the accounts of the Company and its subsidiaries. Under financial accounting standards for consolidated financial statements in the Republic of Korea, a company is regarded as a subsidiary of another company if more than 50% of its issued share capital is held by the other company, or more than 30% of its issued share capital is held by the other company and that company is the largest shareholder, or substantially controlled by the other company. Investments of 20% to 50% in affiliated companies or investments in affiliated companies over which the Company exerts a significant influence are accounted for using the equity method. Under the equity method, the original investment is recorded at cost and adjusted by the Company's share on the undistributed earnings or losses of these companies.

The fiscal year of the consolidated subsidiaries is the same as that of the Company. Differences in accounting policy between the Company and consolidated subsidiaries are adjusted in the consolidation.

Investments and equity accounts of subsidiaries were eliminated at the dates the Company obtained control of the subsidiaries. The difference between the cost of acquisition and the book value of the subsidiary is amortized using the straight-line method within twenty years from the year the acquisition occurred or reversed over the remaining weighted average useful life of the identifiable acquired depreciable assets for negative goodwill using the straight-line method.

When the Company acquires additional interests in a subsidiary after obtaining control over the subsidiary, the difference between incremental price paid by the Company and the amount of incremental interest in the shareholders' equity of the subsidiary is reflected in the consolidated capital surplus. In case a subsidiary still belongs to a consolidated economic entity after the Company disposes a portion of the stocks of subsidiaries to non-subsidiary parties, gain or loss on disposal of the subsidiary's stock is accounted for as consolidated capital surplus or capital adjustments.

Intragroup balances and transactions, including income, expenses and dividends are eliminated in full. Profits or losses resulting from intragroup transactions that are recognised in assets are eliminated in full. Unrealized gains and losses arising from sales by a controlling company to its subsidiary (downstream sales) are eliminated entirely and charged (credited) to controlling interest, and unrealized gains and losses arising from sales by a subsidiary to its controlling company or from transactions among subsidiaries (upstream sales) are eliminated entirely and allocated to controlling interest and minority interest.

Minority interest is the part of net operation results and net assets of a subsidiary other than controlling interest. When net loss attributable to minority shareholders exceeds the minority interest, the excess and any further losses attributable to the minority interest is allocated to the minority interest and presented as negative in equity. Where, under an arrangement, the allocation of interest to the parent and the minority resulting from the losses is not based on their ownership interest, losses attributable to minority interest are determined according to such arrangement.

When the Company acquires new subsidiaries during the year, the results of operations are reflected in the statement of income on an annual basis. However, total net income (loss) of the consolidated subsidiaries until the acquisition date is deducted from net income after income tax and accounted for as net income (loss) of newly consolidated subsidiaries before acquisition. In addition, when the Company disposes shares of subsidiaries during the year and the subsidiaries do not belong to the consolidation entity, the Company applies SKAS No. 11 – “Discontinuing Operation” which requires the Company not to present the income (loss) of the subsidiaries until the disposal date item-by-item but to present the total net income (loss) of the subsidiaries as a line item in the consolidated statement of income.

When translating the financial statements of the affiliates operating overseas, the Company applies the foreign exchange rate at the end date of the investor's reporting period to the associate's assets and liabilities, the foreign exchange rate at the date on which the investor acquired its equity interest in the associate to the investor's share of the associate's equity interest, the foreign exchange rate at each transaction date to the remaining equity interest in the associate after excluding any increase in retained earnings after the investor's acquisition of its equity interest in the associate, and the foreign exchange rate at the average rate for the pertinent period to the items in the associate's statement of income. In addition, when translating the statements of cash flows of the affiliates operating overseas, the Company applies the foreign exchange rate at the beginning date of the investor's reporting period to the beginning balance of cash and cash equivalents, the foreign exchange rate at the end date of the investor's reporting period to the ending balance of cash and cash equivalents and the foreign exchange rate at the average rate for the pertinent period to the items which explain the changes of cash and cash equivalents for the period. Differences derived from applying different foreign exchange rates are presented as effect of exchange rate on cash and cash equivalents in the consolidated statements of cash flows.

#### Revenue Recognition

Sales of goods is recognized at the time of shipment only if it meets the conditions that significant risks and rewards of ownership of the goods have been transferred to the customer, and neither continuing managerial involvement nor effective control over the goods sold is retained. Revenue arising from rendering of services is generally recognized by the percentage-of-completion method at the date of the end of the reporting period. In addition, revenue arising from interest, dividends or royalties is recognized when it is probable that future economic benefits will flow into the Company and those benefits can be measured reliably.

In the case of subsidiaries in financial business, interest revenues earned on financial assets are recognized as time passes using the level yield method, and fees and commissions in return for services rendered are recognized as services are provided.

#### Allowance for Doubtful Accounts

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

#### Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined by the moving average method, except for materials in transit for which cost is determined using the specific identification method. Valuation loss incurred when the market value of an inventory falls below its carrying amount is added to the cost of goods sold.

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

##### *Classification of Securities*

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

### *Valuation of Securities*

Investments in securities are initially measured at cost, which consists of the market price of the consideration given to acquire them and incidental expenses. If the market price of the consideration given is not available, the market prices of the securities purchased are used as the basis for measurement. If neither the market price of the consideration given nor those of the acquired securities are available, the acquisition cost is measured at the best estimates of its fair value. After initial recognition, held-to-maturity securities are valued at amortized cost. The difference between their acquisition costs and face values is amortized over the remaining term of the securities by applying the effective interest method and added to or subtracted from the acquisition costs and interest income of the remaining period. Trading securities are valued at fair value, with unrealized gains or losses included in current operations. Available-for-sales securities are also valued at fair value, with unrealized holding gains or losses recognized in accumulated other comprehensive income (loss), until the securities are sold or if the securities are determined to be impaired and the lump-sum accumulated amount of accumulated other comprehensive income (loss) is reflected in current operations. However, available-for-sales securities that are not traded in an active market and whose fair value cannot be reliably measured are valued at cost.

If the estimated recoverable amount of securities is less than the acquisition cost of equity securities or amortized cost of debt securities and any objective evidence for such impairment loss exists, impairment loss is recognized in current operations in the period when it arises.

The lower of the fair value of treasury stock included in treasury stock fund and the fair value of investments in treasury stock funds is accounted for as treasury stock in capital adjustment.

### Investment Securities Accounted for Using the Equity Method

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

The difference between the cost of the investment and the investor's share of the net fair value of the investee's identifiable assets and liabilities at the date of acquisition is amortized over 20 years for goodwill or reversed over the remaining weighted average useful life of the identifiable acquired depreciable assets for negative goodwill, which does not exceed the fair value of non-monetary assets acquired, using the straight-line method. Negative goodwill that exceeds the fair value of non-monetary assets acquired is credited to operations in the year of purchase.

The Company's portion of profits and losses resulting from inter-company transactions that are recognized in assets, such as inventories and fixed assets, are eliminated and charged to equity securities accounted for using the equity method.

If an investor's share of losses of an investee equals or exceeds its interest in the investee, the investor discontinues recognizing its share of further losses. If the investee subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized. Also, if the recoverable amount of investments in investee becomes less than its carrying amount, the Company recognizes impairment loss.

### Property, Plant and Equipment and Related Depreciation

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

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

	<u>Useful lives (years)</u>
Buildings and structures	2 – 60
Machinery and equipment	2 – 21
Vehicles	3 – 15
Dies, molds and tools	2 – 14
Other equipment	2 – 14

The Company charges all financing cost to current operations in accordance with SKAS No. 7 – “Capitalization of Financing Costs.” In addition, the Company assesses any possible recognition of impairment loss when there is an indication that expected future economic benefits of a tangible asset is considerably less than its carrying amount, as a result of technological obsolescence, rapid declines in market value or other causes of impairment. When it is determined that an asset may have been impaired and that its estimated total future cash flows from continued use or disposal is less than its carrying amount, the carrying amount of a tangible asset is reduced to its recoverable amount and the difference is recognized as an impairment loss. If the recoverable amount of the impaired asset exceeds its carrying amount in subsequent reporting period, the amount equal to the excess is treated as the reversal of the impairment loss; however, it cannot exceed the carrying amount that would have been determined had no impairment loss been recognized.

#### Intangibles

Intangible assets are stated at cost, net of accumulated amortization. Subsequent expenditures on intangible assets after their purchases or completions, which will probably enable the assets to generate future economic benefits and can be measured and attributed to the assets reliably, are treated as additions to intangible assets.

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

	<u>Useful lives (years)</u>
Goodwill (negative goodwill)	5 – 20
Industrial property rights	2 – 40
Development costs	3 – 10
Other	2 – 50

If the recoverable amount of an intangible asset becomes less than its carrying amount as a result of obsolescence, sharp decline in market value or other causes of impairment, the carrying amount of an intangible asset is adjusted to its recoverable amount and the reduced amount is recognized as impairment loss. If the recoverable amount of a previously impaired intangible asset exceeds its carrying amount in subsequent periods, an amount equal to the excess is recorded as reversal of impairment loss; however, it cannot exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

#### Valuation of Receivables and Payables at Present Value

Receivables and payables arising from long-term installment transactions are stated at present value, if the difference between nominal value and present value is material. The present value discount is amortized using the effective interest rate method, and the amortization is included in interest expense or interest income. Interest rates of 5.4~11.0 percent are used in valuing the receivables and payables at present value as of December 31, 2007, 2008 and 2009, respectively.

### Accounting for Lease Contracts

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. The situations that individually or in combination normally lead to a lease being classified as a finance lease are: (1) the lease transfers ownership of the asset to the lessee by the end of the lease term; (2) the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised; (3) the lease term is for the major part of the economic life of the asset even if title is not transferred; (4) at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and (5) the leased assets are of such a specialized nature that only the lessee can use them without major modifications; otherwise, it is classified as an operating lease.

At the commencement of the lease term, finance leases are recognized as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### Accrued Severance Benefits

Employees and directors of the Company and its domestic subsidiaries with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with each company, based on their length of service and rate of pay at the time of termination. The accrued severance benefits that would be payable assuming all eligible employees were to resign amount to ₩2,888,680 million (US\$2,474,032 thousand), ₩3,067,643 million (US\$2,627,306 thousand) and ₩3,178,864 million (US\$2,722,563 thousand) as of December 31, 2007, 2008 and 2009, respectively.

In accordance with the National Pension Act, certain portions of accrued severance benefits are deposited with the National Pension Fund and deducted from accrued severance benefits.

Actual payments of severance benefits by the Company and its domestic subsidiaries amounted to ₩805,708 million (US\$690,055 thousand), ₩787,393 million (US\$674,369 thousand) and ₩602,326 million (US\$515,867 thousand) in 2007, 2008 and 2009, respectively.

Also, overseas subsidiaries' accrued severance benefits are in accordance with each subsidiary' policies and their countries' regulations.

### Accrued Warranties and Product Liabilities

The Company generally provides a warranty to the ultimate consumer for each product sold and accrues warranty expense at the time of sale based on actual claims history. Also, the Company accrues potential expenses, which may occur due to product liability suit, voluntary recall campaign and other obligations as of the date of the end of the reporting period. In addition, certain subsidiaries recognize other provision for the loss from the unused agreed credit limits, construction contracts, pre-contract sale or service contract.

If the difference between nominal value and present value is material, the provision is valued at present value of the expenditures estimated to settle the obligation.

### Share-based Payment

Equity-settled share-based payments to employees are measured at fair value of the equity instrument or the goods and services received and the fair value is expensed on a straight-line basis over the vesting period. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognized at the current fair value determined at each end date of the reporting period.

### Derivative Instruments

All derivative instruments are accounted for at fair value with the valuation gain or loss recorded as an asset or liability. If the derivative instrument is not part of a transaction qualifying as a hedge, the adjustment to fair value is reflected in current operations.

The accounting for derivative transactions that are part of a qualified hedge based both on the purpose of the transaction and on meeting the specified criteria for hedge accounting differs depending on whether the transaction is a fair value hedge or a cash flow hedge. Fair value hedge accounting is applied to a derivative instrument designated as hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment (hedged item) that is attributable to a particular risk. The gain or loss both on the hedging derivative instruments and on the hedged item attributable to the hedged risk is reflected in current operations. Cash flow hedge accounting is applied to a derivative instrument designated as hedging the exposure to variability in expected future cash flows of an asset or a liability or a forecast transaction that is attributable to a particular risk. The effective portion of gain or loss on a derivative instrument designated as a cash flow hedge is recorded as accumulated other comprehensive income (loss) and the ineffective portion is recorded in current operations. The effective portion of gain or loss recorded as accumulated other comprehensive income (loss) is reclassified to current earnings in the same period during which the hedged forecasted transaction affects earnings. If the hedged transaction results in the acquisition of an asset or the incurrence of a liability, the gain or loss in accumulated other comprehensive income (loss) is added to or deducted from the asset or the liability.

### Accounting for Foreign Currency Transactions and Translation

The Company and its domestic subsidiaries maintain their accounts in Korean Won. Transactions in foreign currencies are recorded in Korean Won based on the prevailing rates of exchange on the transaction dates. Monetary accounts with balances denominated in foreign currencies are recorded and reported in the accompanying financial statements at the exchange rates prevailing at the end dates of the reporting periods. The balances have been translated using the Base Rate announced by Seoul Money Brokerage Services, Ltd., which was ₩938.20, ₩1,257.50 and ₩1,167.60 to US\$1.00 at December 31, 2007, 2008 and 2009, respectively, and translation gains or losses are reflected in current operations.

### Income Tax Expense

Income tax expense is determined by adding or deducting the total income tax and surtaxes to be paid for the current period and the changes in deferred income tax assets or liabilities. In addition, current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity in the same or different period.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences with some exceptions and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The carrying amount of deferred tax assets is reviewed at each date of the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are classified as current or non-current based on the classification of the related assets or liabilities for financial reporting and according to the expected reversal date of the specific temporary difference if they are not related to an asset or liability for financial reporting, including deferred tax assets related to carry forwards. Deferred tax assets and liabilities in the same current or non-current classification are offset if these relate to income tax levied by the same tax jurisdictions.

#### Reclassification of the Subsidiaries' Financial Statements

The Company reclassified some accounts in the subsidiaries' financial statements according to the Company's financial statements. This reclassification does not affect the amount of net income or net assets in the subsidiaries' financial statements. The assets and liabilities of the subsidiaries in financial industry are classified into specific current or non-current assets and liabilities; however, if it is not possible, it is classified into other financial assets and liabilities.

#### Reclassification of Accounts in Prior Financial Statements

The Company reclassified some accounts in the prior financial statements according to the Company's current financial statements for comparability purposes. This reclassification does not affect the reported net income or net assets in the prior financial statements.

#### Earnings per Common Share

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

Basic earnings per common share in 2007, 2008 and 2009 is computed as follows:

	<u>Korean Won</u>			Translation into U.S. Dollars (Note 2)
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>
	(In millions, except per share amounts)			(In thousands, except per share amounts)
Net income attributable to equity holders of the parent	₩ 1,600,480	₩ 857,751	₩ 2,973,473	\$ 2,546,654
Expected dividends on preferred stock	<u>(390,199)</u>	<u>(335,799)</u>	<u>(682,777)</u>	<u>(584,770)</u>
Net income available to common share	1,210,281	521,952	2,290,696	1,961,884
Weighted average number of common shares outstanding (*)	<u>208,194,947</u>	<u>208,838,563</u>	<u>209,252,481</u>	<u>209,252,481</u>
Basic earnings per common share	<u>₩ 5.813</u>	<u>₩ 2.499</u>	<u>₩ 10.947</u>	<u>\$ 9.38</u>

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

Diluted earnings per common share in 2007, 2008 and 2009 is computed as follows:

	Korean Won			Translation into U.S. Dollars (Note 2)
	2007	2008	2009	2009
	(In millions, except per share amounts)			(In thousands, except per share amounts)
Net income available to common share	₩ 1,210,281	₩ 521,952	₩ 2,290,696	\$ 1,961,884
Expenses related to diluted securities	-	-	-	-
Net income available to diluted common share	1,210,281	521,952	2,290,696	1,961,884
Weighted average number of common shares and diluted securities outstanding	<u>208,675,471</u>	<u>209,068,481</u>	<u>209,252,481</u>	<u>209,252,481</u>
Diluted earnings per common share	<u>₩ 5.800</u>	<u>₩ 2.497</u>	<u>₩ 10.947</u>	<u>\$ 9.38</u>

### 3. RESTRICTED FINANCIAL INSTRUMENTS:

Deposits with withdrawal restrictions as of December 31, 2007, 2008 and 2009 consist of the following:

	Korean Won			Translation into U.S. Dollars (Note 2)
	2007	2008	2009	2009
	(In millions)			(In thousands)
Cash and cash equivalents	₩ 110,146	₩ 232,829	₩ 373,817	\$ 320,158
Short-term financial instruments	80,238	178,917	139,539	119,509
Long-term financial instruments	<u>2,152</u>	<u>5,430</u>	<u>26,520</u>	<u>22,714</u>
	<u>₩ 192,536</u>	<u>₩ 417,176</u>	<u>₩ 539,876</u>	<u>\$ 462,381</u>

### 4. INVENTORIES:

Inventories as of December 31, 2007, 2008 and 2009 consist of the following:

Accounts	Korean Won			Translation into U.S. Dollars (Note 2)
	2007	2008	2009	2009
	(In millions)			(In thousands)
Finished goods and merchandise	₩ 6,955,839	₩ 10,714,429	₩ 6,913,946	\$ 5,921,502
Semi finished goods and work in process	1,243,396	1,531,094	1,269,412	1,087,198
Raw materials and supplies	1,600,896	2,443,046	1,866,346	1,598,446
Materials in transit	708,698	682,798	639,987	548,122
Other	<u>809,385</u>	<u>1,569,126</u>	<u>1,005,460</u>	<u>861,134</u>
	<u>₩ 11,318,214</u>	<u>₩ 16,940,493</u>	<u>₩ 11,695,151</u>	<u>\$ 10,016,402</u>

5. SHORT-TERM INVESTMENT SECURITIES:

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

<u>Description</u>	<u>Korean Won</u>	
	<u>Acquisition cost</u>	<u>Book value</u>
	(In millions)	
Trading securities:		
Beneficiary certificates	₩ 75,000	₩ 75,007
Available-for-sale securities:		
Government bonds	103	115
Beneficiary certificates	60,624	62,223
Equity securities	1,525	209
Held-to-maturity securities:		
Government bonds	<u>5,260</u>	<u>5,260</u>
	<u>₩ 142,512</u>	<u>₩ 142,814</u>

(2) Short-term investment securities as of December 31, 2008 consist of the following:

<u>Description</u>	<u>Korean Won</u>	
	<u>Acquisition cost</u>	<u>Book value</u>
	(In millions)	
Trading securities:		
Government bonds	₩ 554,159	₩ 558,089
Beneficiary certificates	127,195	124,807
Corporate bonds	139,681	139,705
Equity securities	5,460	5,330
Stock warrants	280	280
Available-for-sale securities:		
Government bonds	215	215
Corporate bond	13,861	13,863
Beneficiary certificates	220,200	220,363
Equity securities	1,524	119
Held-to-maturity securities:		
Government bonds	<u>2,658</u>	<u>2,658</u>
	<u>₩ 1,065,233</u>	<u>₩ 1,065,429</u>

(3) Short-term investment securities as of December 31, 2009 consist of the following:

Description	Korean Won		Translation into
	Acquisition		U.S. Dollars
	cost	Book value	(Note 2)
	(In millions)		(In thousands)
Available-for-sale securities:			
Corporate bond	₩ 4,800	₩ 4,800	\$ 4,111
Beneficiary certificates	150,000	163,526	140,053
Equity securities	19,568	82,577	70,724
Held-to-maturity securities:			
Government bonds	1,699	1,699	1,455
	<u>₩ 176,067</u>	<u>₩ 252,602</u>	<u>\$ 216,343</u>

6. LONG-TERM INVESTMENT SECURITIES:

(1) Long-term investment securities as of December 31, 2007, 2008 and 2009 consist of the following:

Description	Korean Won			Translation into
	2007	2008	2009	U.S. Dollars
	(In millions)			(Note 2)
				2009
				(In thousands)
Available-for-sale securities:				
Equity securities	₩ 1,448,366	₩ 888,846	₩ 729,273	\$ 624,591
Debt securities	26,770	171,176	7,157	6,130
	<u>1,475,136</u>	<u>1,060,022</u>	<u>736,430</u>	<u>630,721</u>
Held-to-maturity securities:				
Debt securities	17,263	15,232	19,808	16,965
	<u>₩ 1,492,399</u>	<u>₩ 1,075,254</u>	<u>₩ 756,238</u>	<u>\$ 647,686</u>

(2) Equity securities included in long-term investment securities as of December 31, 2007 consist of the following:

Companies	Korean Won		Ownership percentage (*2)
	Acquisition		
	cost	Book value	
	(In millions)		(%)
Hyundai Heavy Industries Co., Ltd.	₩ 56,924	₩ 969,075	2.88
Hyundai Oil Refinery Co., Ltd.	53,314	123,907	4.35
Doosan Capital Co., Ltd.	10,500	27,453	10.49
Hyundai H&S	15,005	21,462	4.08
Hyundai Merchant Marine Co., Ltd.	9,731	32,449	0.49
Hyundai Development Company	9,025	41,175	0.60
Hyundai Finance Corporation	9,888	11,454	9.29
Hyundai Technology Investment Co., Ltd.	4,490	4,490	14.97
Industry Otomotif Komersial	4,439	4,439	15.00
Hyundai Asan Corporation	22,500	7,053	4.61
Korea Information Service, Inc.	5,252	3,741	4.41
Kihyup Finance	3,700	3,700	12.75
Kyungnam Credit Information Service Co., Ltd.	2,500	2,500	13.66
Machinery Financial Cooperative (*3)	11,201	11,201	22.20
NESSCAP Inc.	1,997	1,997	12.05
Muan Environment System Corporation (*3)	1,746	1,746	29.90
Ubivelo Co., Ltd. (Formerly, Veloxsoft Inc.)	1,000	1,000	7.69
Hyundai Research Institute	1,359	1,271	14.90

Companies	Korean Won		Ownership percentage (*2)
	Acquisition cost	Book value	
	(In millions)		(%)
The Sign Corporation	₩ 1,800	₩ 1,800	17.39
Heesung PM Tech Corporation	1,194	1,194	19.90
Dongbu NTS Co., Ltd.	1,134	1,134	19.90
NGVTEK.com (*2)	821	821	78.05
Micro Infinity	607	607	9.76
Hyundai WIA Trade Corporation (*2)	590	590	100.00
Hyundai RB Co., Ltd.	550	550	18.64
Clean Air Technology Inc.	500	500	16.13
International Convention Center Jeju Co., Ltd.	500	500	0.30
ENOVA System	4,074	1,201	1.80
Chorokmaeul Co., Ltd. (Formerly, Hankyoreh Plus Inc.)	4,800	284	5.43
Carnes Co., Ltd. (*2)	250	250	49.99
KOENTEC	50	125	0.20
SeAh Besteel Corporation	102	137	0.02
ROTIS Inc.	1,000	8	0.22
GM Daewoo Auto and Technology Co., Ltd.	2,187	-	0.02
Daewoo International Corporation	9,822	93,852	2.50
KT Freetel	10,800	10,131	0.17
Treasury Stock Fund (*1)		11,840	
Korea Investment Mutual Savings & Finance Co., Ltd.	3,000	3,000	0.41
Korea Credit Card Electronic Settlement Service Co., Ltd.	484	484	11.25
SG Asset Co., Ltd.	6,625	728	1.02
Korea Smart Card Co., Ltd.	1,628	22	5.31
Hyundai Unicorns Co., Ltd.	5,795	137	14.90
Korea Credit Bureau Co., Ltd.	4,800	4,800	9.00
Visa Inc.	29,495	29,495	-
SK Networks Co., Ltd.	363	1,147	-
Daejoo Heavy Industry Co. Ltd.	650	650	9.29
Equity investments	7,828	7,828	-
Other	4,856	4,438	-
		<u>₩ 1,448,366</u>	

(\*1) The acquisition cost of Treasury Stock Fund is ₩12,213 million (US\$10,460 thousand) and the lower of the fair value of treasury stock and investments in those fund amounting to ₩5,040 million (US\$4,317 thousand) is 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\$5,995 thousand), are not material.

(\*3) This investment security was excluded from using the equity method despite its ownership percentage exceeding twenty percentages, since there is no significant influence on the investee.

Equity securities included in long-term investment securities as of December 31, 2008 consist of the following:

Companies	Korean Won		Ownership percentage (*2)
	Acquisition cost	Book value	
	(In millions)		(%)
Hyundai Heavy Industries Co., Ltd.	₩ 56,924	₩ 436,905	2.88
Hyundai Oil Refinery Co., Ltd.	53,314	106,383	4.35
Seoul Metro 9th line (*3)	41,779	41,779	25.00
Doosan Capital Co., Ltd.	10,500	25,685	10.49
Hyundai H&S Co., Ltd.	15,005	12,692	4.07
Hyundai Merchant Marine Co., Ltd.	9,731	27,997	0.49
Hyundai Development Company	9,025	14,602	0.60
Hyundai Finance Corporation	9,888	9,409	9.29
West End Restructuring Association	5,000	5,000	17.24
Hyundai Technology Investment Co., Ltd.	4,490	4,490	14.97
Industry Otomotif Komersial	4,439	4,439	15.00
Hyundai Asan Corporation	22,500	7,053	4.61
Korea Information Service, Inc.	5,252	2,974	4.41
Kihyup Finance	3,700	3,700	12.75
Kyungnam Credit Information Service Co., Ltd.	2,500	2,500	13.66
Machinery Financial Cooperative (*3)	11,201	11,201	22.20
NESSCAP Inc.	1,997	1,997	12.05
Muan Environment System Corporation (*3)	1,848	1,848	29.90
Ubivelox Co., Ltd. (Formerly, Veloxsoft Inc.)	1,000	1,000	7.14
Hyundai Research Institute	1,359	1,271	14.90
Korea Defense Industry Association	1,250	1,250	2.66
The Sign Corporation	1,200	1,200	11.28
Heesung PM Tech Corporation	1,194	1,194	19.90
Dongbu NTS Co., Ltd.	1,134	1,134	19.90
NGVTEK.com (*2)	821	821	78.05
Micro Infinity	607	607	9.02
Hyundai WIA Trade Corporation (*2)	590	590	100.00
Hyundai RB Co., Ltd.	550	550	18.64
Clean Air Technology Inc.	500	500	16.13
International Convention Center Jeju Co., Ltd.	500	500	0.30
ENOVA System	4,074	134	1.29
Chorokmaeul Co., Ltd. (Formerly, Hankyoreh Plus Inc.)	4,800	284	5.43
Carnes Co., Ltd. (*2)	250	250	49.99
KOENTEC	50	108	0.20
SeAh Besteel Corporation	102	146	0.02
ROTIS Inc.	1,000	8	0.19
GM Daewoo Auto and Technology Co., Ltd.	2,187	-	0.02
Korea Exchange	2,597	55,378	2.87
Daewoo International Corporation	9,822	53,799	2.50
KT Freetel	10,800	10,482	0.18
Treasury Stock Fund (*1)		5,443	
Hanil Dream MOA	5,375	5,436	17.92
Korea Investment Mutual Savings & Finance Co., Ltd.	3,000	3,000	0.41
Bond Market Income Fund	2,000	2,003	-
Korea Securities Finance Corporation	1,096	1,679	0.32
Korea Credit Card Electronic Settlement Service Co., Ltd.	484	484	7.50
SG Asset Co., Ltd.	6,625	261	1.02
Korea Smart Card Co., Ltd.	1,628	22	3.77
Hyundai Unicorns Co., Ltd.	5,795	-	14.90
Korea Credit Bureau Co., Ltd.	1,000	1,000	2.00
Equity investments	6,571	6,571	-

Companies	Korean Won		Ownership percentage (*2) (%)
	Acquisition	Book value	
	cost	(In millions)	
Other	₩ 11,612	₩ 11,087	
		₩ 888,846	

(\*1) The acquisition cost of Treasury Stock Fund is ₩7,213 million (US\$6,178 thousand) and the lower of the fair value of treasury stock and investments in those fund amounting to ₩1,200 million (US\$1,028 thousand) is 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\$5,995 thousand), are not material.

(\*3) This investment security was excluded from using the equity method despite its ownership percentage exceeding twenty percentages, since there is no significant influence on the investee.

Equity securities included in long-term investment securities as of December 31, 2009 consist of the following:

Companies	Korean Won		Translation into	Ownership percentage (*2) (%)
	Acquisition	Book value	U.S. Dollars	
	cost	(In millions)	(Note 2) Book value (In thousands)	
Hyundai Heavy Industries Co., Ltd.	₩ 56,924	₩ 379,965	\$ 325,424	2.88
Hyundai Oil Refinery Co., Ltd.	53,314	116,013	99,360	4.35
Seoul Metro 9th line (*3)	41,779	41,779	35,782	25.00
Doosan Capital Co., Ltd.	10,500	26,000	22,268	10.49
Mexico Boleo (KBC)	21,478	21,478	18,395	16.67
Hyundai H&S	15,005	18,785	16,089	4.07
Hyundai Merchant Marine Co., Ltd.	9,161	18,503	15,847	0.45
Hyundai Development Company	9,025	16,988	14,550	0.60
KT Corporation (*1)	8,655	9,388	8,040	0.09
Hyundai Finance Corporation	9,888	8,726	7,473	9.29
West End Restructuring Association	5,000	5,000	4,282	17.24
Hyundai Technology Investment Co., Ltd.	4,490	4,490	3,845	14.97
Industry Otomotif Komersial	4,439	4,439	3,802	15.00
Hyundai Asan Corporation	22,500	4,239	3,631	3.27
Korea Information Service, Inc.	5,252	3,951	3,384	4.41
Kihyup Finance	3,700	3,700	3,169	12.75
Kyungnam Credit Information Service Co., Ltd.	2,500	2,500	2,141	13.66
Machinery Financial Cooperative	2,040	2,040	1,747	3.53
NESSCAP Inc.	1,997	1,997	1,710	7.30
Muan Environment System Corporation (*3)	1,848	1,848	1,583	29.90
Ubivelox Co., Ltd. (Formerly, Veloxsoft Inc.)	1,710	1,710	1,465	7.08
Hyundai Research Institute	1,359	1,271	1,089	14.90
Korea Defense Industry Association	1,250	1,250	1,071	2.66
The Sign Corporation	1,200	1,200	1,028	11.28
Heesung PM Tech Corporation	1,194	1,194	1,023	19.90
Dongbu NTS Co., Ltd.	1,134	1,134	971	19.90
Jeonbuk Hyundai Motors FC Co., Ltd. (*2)	1,000	1,000	856	100.00
NGVTEK.com (*2)	821	821	703	78.05
Micro Infinity	607	607	520	9.02
Hyundai WIA Trade Corporation (*2)	590	590	505	100.00
Hyundai RB Co., Ltd.	550	550	471	4.54
Clean Air Technology Inc.	500	500	428	16.13
International Convention Center Jeju Co., Ltd.	500	500	428	0.30
ENOVA System	2,204	403	345	0.90

Companies	Korean Won		Translation into U.S. Dollars (Note 2)		Ownership percentage (*2) (%)	
	Acquisition		Book value			
	cost	Book value	Book value			
	(In millions)		(In thousands)			
Chorokmaeul Co., Ltd. (Formerly, Hankyoreh Plus Inc.)	₩	4,800	₩	284	\$ 243	5.43
Carnes Co., Ltd. (*2)		250		250	214	49.99
KOENTEC		50		114	98	0.20
SeAh Besteel Corporation		102		29	25	0.02
ROTIS Inc.		1,000		8	7	0.19
GM Daewoo Auto and Technology Co., Ltd.		2,187		-	-	0.02
Equity investments		15,762		15,762	13,499	-
Beneficiary certificates		1,392		1,229	1,053	-
Other		8,018		7,038	6,028	-
				<u>₩ 729,273</u>	<u>\$ 624,591</u>	

(\*1) Due to the merger of KT Corporation and KT Freetel, the shares of KT Freetel are exchanged with the shares of KT Corporation.

(\*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 ₩10,000 million (US\$8,565 thousand), are not material.

(\*3) This investment security was excluded from using the equity method despite its ownership percentage exceeding twenty percentages, since there is no significant influence on the investee.

(3) Debt securities, classified into available-for-sale securities, included in long-term investment securities as of December 31, 2007 consist of the following:

Description	Korean Won	
	Acquisition	
	cost	Book value
	(In millions)	
Government bonds	₩ 4,132	₩ 4,144
Corporate bonds	19,694	19,678
Other	3,089	2,948
	<u>₩ 26,915</u>	<u>₩ 26,770</u>

Debt securities, classified into available-for-sale securities, included in long-term investment securities as of December 31, 2008 consist of the following:

Description	Korean Won	
	Acquisition	
	cost	Book value
	(In millions)	
Government bonds	₩ 9,718	₩ 9,055
Corporate bonds	6,500	6,500
Other	151,328	155,621
	<u>₩ 167,546</u>	<u>₩ 171,176</u>

Debt securities, classified into available-for-sale securities, included in long-term investment securities as of December 31, 2009 consist of the following:

Description	Korean Won		Translation into
	Acquisition		U.S. Dollars
	cost	Book value	(Note 2)
	(In millions)		(In thousands)
Government bonds	₩ 3,903	₩ 4,017	\$ 3,440
Corporate bonds	<u>2,600</u>	<u>3,140</u>	<u>2,690</u>
	<u>₩ 6,503</u>	<u>₩ 7,157</u>	<u>\$ 6,130</u>

(4) Held-to-maturity of long-term investment securities as of December 31, 2007 consist of the following:

Description	Korean Won	
	Acquisition	
	cost	Book value
	(In millions)	
Government bonds	₩ 11,770	₩ 11,770
Corporate bonds	4,943	4,943
Other	<u>550</u>	<u>550</u>
	<u>₩ 17,263</u>	<u>₩ 17,263</u>

Held-to-maturity of long-term investment securities as of December 31, 2008 consist of the following:

Description	Korean Won	
	Acquisition	
	cost	Book value
	(In millions)	
Government bonds	₩ 14,232	₩ 14,232
Corporate bonds	<u>1,000</u>	<u>1,000</u>
	<u>₩ 15,232</u>	<u>₩ 15,232</u>

Held-to-maturity of long-term investment securities as of December 31, 2009 consist of the following:

Description	Korean Won		Translation into
	Acquisition		U.S. Dollars
	cost	Book value	(Note 2)
	(In millions)		(In thousands)
Government bonds	₩ 9,808	₩ 9,808	\$ 8,400
Corporate bonds	<u>10,000</u>	<u>10,000</u>	<u>8,565</u>
	<u>₩ 19,808</u>	<u>₩ 19,808</u>	<u>\$ 16,965</u>

(5) Maturities of debt securities as of December 31, 2007, 2008 and 2009 consist of the following:

Maturity	Korean Won			Translation into
	2007	2008	2009	U.S. Dollars
	Book value	Book value	Book value	(Note 2)
	(In millions)			2009
				Book value
				(In thousands)
1 year~5 years	₩ 40,330	₩ 174,070	₩ 20,898	\$ 17,898
6 years~10 years	3,195	12,338	6,067	5,197
Over 10 years	508	-	-	-
	<u>₩ 44,033</u>	<u>₩ 186,408</u>	<u>₩ 26,965</u>	<u>\$ 23,095</u>

7. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

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

Affiliated company	Korean Won			Ownership percentage (*2)
	Acquisition cost	Net equity value	Book value	
	(In millions)			
				(%)
Hyundai Steel Company	₩ 245,153	₩ 873,814	₩ 577,540	21.39
Hyundai MOBIS	118,993	450,956	450,841	17.79
Korea Space & Aircraft Co., Ltd.	159,800	89,514	89,321	20.54
Eukor Car Carriers, Inc.	48,912	118,315	104,164	20.00
HK Mutual Savings Bank	45,717	37,605	29,504	18.64
Korea Economy Daily	34,141	28,867	31,854	24.90
Kia Tigers Co., Ltd. (*1)	20,300	(437)	-	100.00
Donghui Auto Co., Ltd.	10,530	8,572	9,303	35.10
Hyundai Amco Co., Ltd.	10,067	59,262	57,111	19.99
TRW Steering Co., Ltd.	8,952	4,797	4,797	29.00
Wisco Co., Ltd.	1,736	8,285	6,782	38.63
Iljin Bearing Co., Ltd	826	16,109	16,109	20.00
Daesung Automotive Co., Ltd.	400	10,714	10,714	20.00
Beijing-Hyundai Motor Company	339,395	522,667	516,196	50.00
Hyundai Motor Deutschland GmbH	6,761	18,402	17,908	30.00
Hyundai Motor Hungary (*2)	5,415	2,192	2,283	100.00
Beijing Lear Dymos Automotive Systems Co., Ltd.	2,662	3,694	3,809	40.00
Yan Ji Kia Motors A/S (*1)	1,792	1,792	1,792	100.00
Hyundai Motor Japan R&D Center Inc. (*1)	1,510	1,939	1,939	100.00
Autoever Systems China Co., Ltd. (*1)	538	614	614	90.00
Autoever Systems India Pvt. Ltd. (*1)	520	1,086	1,086	100.00
Eukor Car Carriers Singapore Pte.	5	5	5	8.00
Kia Motors Manufacturing Georgia Inc. (*1)	75,056	73,964	74,425	80.00
Hyundai Motor Commonwealth of Independent States (*1)	3,959	18,989	18,333	80.00
Dymos India Automotive Private Limited (*1)	3,722	3,722	3,722	100.00
Dymos Czech Republic s.r.o (*1)	2,553	898	898	100.00
Eurotem DEMIRYOLU ARACLARI SAN. VE TIC A.S. (*1)	1,892	1,538	1,538	50.50
Autoever Systems Europe GmbH (*1)	1,534	1,745	1,745	100.00
Hysco Czech S.R.O (*1)	745	745	745	100.00
	<u>₩1,153,586</u>	<u>₩ 2,360,365</u>	<u>₩2,035,078</u>	

(\*1) These companies are excluded in the consolidation since individual beginning balance of total assets is less than ₩7,000 million (US\$5,995 thousand).

(\*2) As the company was under the liquidation procedure, it was excluded from consolidated subsidiaries.

Investment securities accounted for using the equity method as of December 31, 2008 consist of the following:

Affiliated company	Korean Won			Ownership percentage (*2) (%)
	Acquisition cost	Net equity value (In millions)	Book value	
Hyundai Steel Company	₩ 245,153	₩ 1,061,240	₩ 791,420	21.39
Hyundai MOBIS	118,993	597,065	594,126	17.79
Korea Space & Aircraft Co., Ltd.	159,800	93,646	93,452	20.54
Eukor Car Carriers, Inc.	48,912	113,839	100,623	20.00
HK Mutual Savings Bank	37,114	17,071	26,391	15.49
Korea Economy Daily	34,141	29,428	32,133	24.90
Kia Tigers Co., Ltd. (*1)	20,300	31	31	100.00
Donghui Auto Co., Ltd.	10,530	9,607	9,607	35.10
Hyundai Amco Co., Ltd.	10,067	74,236	73,161	19.99
TRW Steering Co., Ltd.	8,952	6,369	6,369	29.00
Korea Credit Bureau Co., Ltd.	3,800	2,108	3,205	7.00
Wisco Co., Ltd.	1,736	24,781	23,360	38.63
Iijin Bearing Co., Ltd	826	16,843	16,843	20.00
Daesung Automotive Co., Ltd.	400	11,323	11,323	20.00
Seoul Sung Bo Chiup LLC	4,236	4,475	4,237	23.30
Morningstar Korea Co., Ltd.	5,006	1,541	2,673	39.90
Beijing-Hyundai Motor Company	397,758	840,705	825,829	50.00
Hyundai Motor Deutschland GmbH	6,761	23,178	22,715	30.00
Hyundai Motor Hungary (*2)	5,415	2,192	2,283	100.00
KEFICO Automotive Systems(Beijing) Co. Ltd. (*1)	725	595	595	100.00
Yan Ji Kia Motors A/S (*1)	1,792	1,792	1,792	100.00
Hyundai Motor Japan R&D Center Inc. (*1)	1,510	3,296	3,296	100.00
Autoever Systems China Co., Ltd. (*1)	538	1,026	1,026	90.00
Autoever Systems India Pvt. Ltd. (*1)	520	1,089	1,089	100.00
MAINTRANCE (*1)	400	573	573	80.00
South Link9	200	712	712	20.00
Rotem Equipments (Beijing) Co., Ltd. (*1)	190	338	338	100.00
Eukor Car Carriers Singapore Pte.	5	5	5	8.00
Hyundai Rotem Automotive (*1)	3	86	86	100.00
Hyundai WIA Motor Dies Company (*1)	14,681	14,681	14,681	100.00
Hysco Czech S.R.O (*1)	13,162	14,227	14,329	100.00
Hyundai Autonet India Private Ltd. (HAIL) (*1)	4,308	4,802	4,308	100.00
HECT (*1)	3,972	5,277	5,277	100.00
Dymos India Automotive Private Limited (*1)	3,722	4,873	4,873	100.00
Beijing Lear Dymos Automotive Systems Co., Ltd.	2,662	7,138	7,195	40.00
Dymos Czech Republic s.r.o (*1)	2,553	(1,760)	-	100.00
Hyundai Autonet Europe (HAE) (*1)	1,005	1,237	1,005	100.00
Hyundai Autonet India Engineering (HAIE)(*1)	925	1,132	925	100.00
Hyundai Autonet America (HAA) (*1)	450	374	450	100.00
	<u>₩1,173,223</u>	<u>₩ 2,991,171</u>	<u>₩2,702,336</u>	

(\*1) These companies are excluded in the consolidation since individual beginning balance of total assets is less than ₩7,000 million (US\$5,995 thousand).

(\*2) As the company was under the liquidation procedure, it was excluded from consolidated subsidiaries.

Investment securities accounted for using the equity method as of December 31, 2009 consist of the following:

Affiliated company	Korean Won			Translation into U.S. Dollars (Note 2)		Ownership percentage (*2) (%)
	Acquisition cost	Net equity value (In millions)	Book value	Book value (In thousands)		
Hyundai Steel Company	₩ 245,153	₩1,374,898	₩1,131,474	\$ 969,060	21.39	
HMC Investment Securities Co., Ltd.	215,284	171,223	215,294	184,390	29.95	
Hyundai MOBIS	215,012	1,005,725	1,032,144	883,988	16.88	
Korea Aerospace Industries, Ltd	159,800	103,310	103,150	88,344	22.23	
Eukor Car Carriers, Inc.	48,912	117,156	104,887	89,831	20.00	
HK Mutual Savings Bank	45,719	23,551	35,799	30,660	20.00	
Korea Economy Daily	34,141	31,418	33,818	28,964	24.90	
Kia Tigers Co., Ltd. (*1)	20,300	(604)	-	-	100.00	
Donghui Auto Co., Ltd.	10,530	10,803	10,803	9,252	35.10	
Hyundai Amco Co., Ltd.	10,067	81,536	81,536	69,832	19.99	
TRW Steering Co., Ltd.	8,952	6,531	6,531	5,594	29.00	
Korea Credit Bureau Co., Ltd.	3,800	2,154	3,191	2,733	7.00	
Wisco Co., Ltd.	1,736	27,711	26,375	22,589	38.63	
Iijin Bearing Co., Ltd	826	18,201	18,201	15,588	20.00	
Daesung Automotive Co., Ltd.	400	13,194	13,194	11,300	20.00	
Beijing-Hyundai Motor Company	417,163	1,007,878	999,693	856,195	50.00	
Hyundai Motor Deutschland GmbH	11,528	38,279	37,900	32,460	35.29	
Hyundai WIA Magna Power Train Co.,Ltd.	7,500	6,649	6,649	5,695	50.00	
KEFICO Vietnam Company Limited (*1)	6,245	5,841	5,841	5,003	100.00	
Hyundai Motor Hungary (*2)	5,415	-	2,283	1,955	100.00	
Autoever Systems America, Inc. (*1)	4,642	4,622	4,622	3,959	100.00	
KEFICO Automotive Systems (Beijing) Co., Ltd. (*1)	4,042	5,967	1,573	1,347	100.00	
Beijing Lear Dymos Automotive Systems Co., Ltd.	2,662	7,665	7,665	6,565	40.00	
Yan Ji Kia Motors A/S (*1)	1,792	1,792	1,792	1,535	100.00	
Hyundai Motor Japan R&D Center Inc. (*1)	1,510	2,945	2,945	2,522	100.00	
Hyundai Capital Germany GmbH	1,065	1,065	1,065	912	30.01	
Autoever Systems China Co., Ltd. (*1)	538	1,040	1,040	891	90.00	
Autoever Systems India Pvt. Ltd. (*1)	520	1,269	1,269	1,087	100.00	
MAINTRANCE (*1)	400	770	770	659	80.00	
South Link9	200	1,181	1,181	1,011	20.00	
Rotem Equipments (Beijing) Co., Ltd. (*1)	190	203	203	174	100.00	
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMMB) (*1)	137	137	137	117	100.00	
EUKOR Shipowning Singapore Pte Ltd.	8	3,475	2,541	2,176	20.00	
Eukor Car Carriers Singapore Pte. Ltd	5	5	5	4	8.00	
Hyundai Rotem Automotive (*1)	3	124	124	106	100.00	
	<u>₩1,486,197</u>	<u>₩ 4,077,714</u>	<u>₩ 3,895,695</u>	<u>\$ 3,336,498</u>		

(\*1) These companies are excluded in the consolidation since individual beginning balance of total assets is less than ₩10,000 million (US\$8,565 thousand).

(\*2) As the company was under the liquidation procedure, it was excluded from consolidated subsidiaries.

(2) The changes in investment securities accounted for using the equity method in 2007 are as follows:

Affiliated company	Korean Won					End of year
	Beginning of year	Acquisition (disposal)	Gain (loss) on valuation	Other changes (*)		
	(In millions)					
Hyundai Steel Company	₩ 429,513	₩ -	₩ 141,357	₩ 6,670	₩ 577,540	
Hyundai MOBIS	408,764	(65,596)	70,546	37,127	450,841	
Korea Space & Aircraft Co., Ltd.	79,503	956	-	8,862	89,321	
Eukor Car Carriers, Inc.	111,692	-	(6,535)	(993)	104,164	
HK Mutual Savings Bank	29,549	6,889	(5,832)	(1,102)	29,504	
Korea Economy Daily	26,052	-	2,422	3,380	31,854	
Donghui Auto Co., Ltd.	8,592	-	711	-	9,303	
Hyundai Amco Co., Ltd.	41,194	-	15,439	478	57,111	
TRW Steering Co., Ltd.	6,327	-	(186)	(1,344)	4,797	
Wisco Co., Ltd.	4,986	-	1,796	-	6,782	
Iljin Bearing Co., Ltd.	14,853	-	1,511	(255)	16,109	
Daesung Automotive Co., Ltd.	10,295	-	692	(273)	10,714	
Beijing-Hyundai Motor Company	371,464	106,985	50,916	(13,169)	516,196	
Hyundai Motor Deutschland GmbH	18,589	-	(3,571)	2,890	17,908	
Hyundai Motor Hungary	-	-	-	2,283	2,283	
Beijing Lear Dymos Automotive Systems Co., Ltd.	3,891	-	621	(703)	3,809	
Yan Ji Kia Motors A/S	1,792	-	-	-	1,792	
Hyundai Motor Japan R&D Center Inc.	1,749	-	22	168	1,939	
Autoever Systems China Co., Ltd.	42	458	85	29	614	
Autoever Systems India Pvt. Ltd.	572	-	414	100	1,086	
Rotem Equipments (Beijing) Co., Ltd.	153	-	-	(153)	-	
Eukor Car Carriers Singapore Pte.	5	-	-	-	5	
Dymos India Automotive Private Limited	-	3,722	-	-	3,722	
Kia Motors Manufacturing Georgia Inc.	-	75,056	(631)	-	74,425	
Hyundai Motor Commonwealth of Independent States	-	-	14,374	3,959	18,333	
Dymos Czech Republic s.r.o	-	2,553	(1,749)	94	898	
Eurotem DEMIRYOLU ARACLARI SAN. VE TIC A.S.	355	1,413	(816)	586	1,538	
Autoever Systems Europe GmbH	-	1,534	17	194	1,745	
Hysco Czech S.R.O	-	745	-	-	745	
Hyundai Electronics (Tianjin) Co., Ltd.	3,452	-	-	(3,452)	-	
Hysco Steel India, Ltd.	2,517	-	-	(2,517)	-	
Rotem USA Corporation	2,500	-	-	(2,500)	-	
	<u>₩ 1,578,401</u>	<u>₩ 134,715</u>	<u>₩ 281,603</u>	<u>₩ 40,359</u>	<u>₩ 2,035,078</u>	

(\*) Other changes consist of the decrease by ₩78,067 million (US\$66,861 thousand) due to receipt of dividends, increase of retained earnings by ₩58,190 million (US\$49,837 thousand), increase of accumulated other comprehensive income by ₩63,123 million (US\$54,062 thousand) and decrease by ₩2,887 million (US\$2,473 thousand) due to changes of consolidated subsidiaries.

The changes in investment securities accounted for using the equity method in 2008 are as follows:

Affiliated company	Korean Won				
	Beginning of year	Acquisition (disposal)	Gain (loss) on valuation	Other changes (*)	End of year
	(In millions)				
Hyundai Steel Company	₩ 577,540	₩ -	₩ 189,754	₩ 24,126	₩ 791,420
Hyundai MOBIS	450,841	-	67,991	75,294	594,126
Korea Space & Aircraft Co., Ltd.	89,321	-	4,131	-	93,452
Eukor Car Carriers, Inc.	104,164	-	7,243	(10,784)	100,623
HK Mutual Savings Bank	29,504	(5,552)	3,159	(720)	26,391
Korea Economy Daily	31,854	-	279	-	32,133
Kia Tigers Co., Ltd.	-	-	-	31	31
Donghui Auto Co., Ltd.	9,303	-	304	-	9,607
Hyundai Amco Co., Ltd.	57,111	-	14,061	1,989	73,161
TRW Steering Co., Ltd.	4,797	-	(200)	1,772	6,369
Korea Credit Bureau Co., Ltd.	-	-	(161)	3,366	3,205
Wisco Co., Ltd.	6,782	-	1,634	14,944	23,360
Iljin Bearing Co., Ltd.	16,109	-	960	(226)	16,843
Daesung Automotive Co., Ltd.	10,714	-	757	(148)	11,323
Beijing-Hyundai Motor Company	516,196	58,363	63,355	187,915	825,829
Hyundai Motor Deutschland GmbH	17,908	-	(408)	5,215	22,715
Hyundai Motor Hungary	2,283	-	-	-	2,283
KEFICO Automotive Systems(Beijing) Co. Ltd. (*1)	-	725	(37)	(93)	595
Beijing Lear Dymos Automotive Systems Co., Ltd.	3,809	-	3,888	(502)	7,195
Yan Ji Kia Motors A/S	1,792	-	-	-	1,792
Hyundai Motor Japan R&D Center Inc.	1,939	-	40	1,317	3,296
Autoever Systems China Co., Ltd.	614	-	126	286	1,026
Autoever Systems India Pvt. Ltd.	1,086	-	(100)	103	1,089
MAINTRANCE	-	400	173	-	573
South Link9	-	200	512	-	712
Rotem Equipments (Beijing) Co., Ltd.	-	-	(123)	461	338
Eukor Car Carriers Singapore Pte.	5	-	-	-	5
Hyundai Rotem Automotive	-	3	80	3	86
Hyundai WIA Motor Dies Company	-	14,681	-	-	14,681
Hyundai Hysco Czech S.R.O	745	12,418	(108)	1,274	14,329
HECT	-	-	(41)	5,318	5,277
Dymos India Automotive Private Limited	3,722	-	721	430	4,873
Hyundai Autonet India Private Ltd.	-	-	-	4,308	4,308
Seoul Sung Bo Chiup LLC	-	4,237	-	-	4,237
Morningstar Korea Co., Ltd.	-	(130)	-	2,803	2,673
HAE	-	-	-	1,005	1,005
HAIE	-	-	-	925	925
HAA	-	-	-	450	450
Kia Motors Manufacturing Georgia Inc.	74,425	-	-	(74,425)	-
Hyundai Motor Commonwealth of Independent States	18,333	-	-	(18,333)	-
Dymos Czech Republic s.r.o	898	-	(1,018)	120	-
Eurotem DEMIRYOLU ARACLARI SAN. VE TIC A.S.	1,538	-	-	(1,538)	-
Autoever Systems Europe GmbH	1,745	-	-	(1,745)	-
	<u>₩ 2,035,078</u>	<u>₩ 85,345</u>	<u>₩ 356,972</u>	<u>₩ 224,941</u>	<u>₩ 2,702,336</u>

(\*) Other changes consist of the decrease by ₩63,242 million (US\$54,164 thousand) due to receipt of dividends, decrease of retained earnings by ₩417 million (US\$357 thousand), increase of accumulated other comprehensive income by ₩367,732 million (US\$314,947 thousand) and decrease of ₩79,132 million (US\$67,773 thousand) due to changes of consolidated subsidiaries.

The changes in investment securities accounted for using the equity method in 2009 are as follows:

Affiliated company	Korean Won					Translation into
	Beginning	Acquisition	Gain (loss)	Other	End of year	U.S. Dollars
	of year	(disposal)	on valuation	changes (*)	End of year	(Note 2)
			(In millions)			(In thousands)
Hyundai Steel Company	₩ 791,420	₩ -	₩ 239,377	₩ 100,677	₩ 1,131,474	\$ 969,060
HMC Investment Securities Co., Ltd.	-	72,448	500	142,346	215,294	184,390
Hyundai MOBIS	594,126	-	297,882	140,136	1,032,144	883,988
Korea Aerospace Industries, Ltd	93,452	-	9,698	-	103,150	88,344
Eukor Car Carriers, Inc.	100,623	-	9,390	(5,126)	104,887	89,831
HK Mutual Savings Bank	26,391	8,605	(1,600)	2,403	35,799	30,660
Korea Economy Daily	32,133	-	2,011	(326)	33,818	28,964
Kia Tigers Co., Ltd.	31	-	(31)	-	-	-
Donghui Auto Co., Ltd.	9,607	-	1,196	-	10,803	9,252
Hyundai Amco Co., Ltd.	73,161	-	12,659	(4,284)	81,536	69,832
TRW Steering Co., Ltd.	6,369	-	162	-	6,531	5,594
Korea Credit Bureau Co., Ltd.	3,205	-	(14)	-	3,191	2,733
Wisco Co., Ltd.	23,360	-	3,114	(99)	26,375	22,589
Iljin Bearing Co., Ltd.	16,843	-	1,583	(225)	18,201	15,588
Daesung Automotive Co., Ltd.	11,323	-	1,680	191	13,194	11,300
Beijing-Hyundai Motor Company	825,829	19,405	311,254	(156,795)	999,693	856,195
Hyundai Motor Deutschland GmbH	22,715	4,767	13,035	(2,617)	37,900	32,460
Hyundai WIA Magna Power Train Co., Ltd.	-	7,500	(851)	-	6,649	5,695
KEFICO Vietnam Company Limited	-	6,245	(73)	(331)	5,841	5,003
Hyundai Motor Hungary	2,283	-	-	-	2,283	1,955
Autoever Systems America, Inc.	-	4,642	456	(476)	4,622	3,959
KEFICO Automotive Systems (Beijing) Co., Ltd.	595	3,317	(1,692)	(647)	1,573	1,347
Beijing Lear Dymos Automotive Systems Co., Ltd.	7,195	-	3,582	(3,112)	7,665	6,565
Yan Ji Kia Motors A/S	1,792	-	-	-	1,792	1,535
Hyundai Motor Japan R&D Center Inc.	3,296	-	(44)	(307)	2,945	2,522
Hyundai Capital Germany GmbH	-	1,065	-	-	1,065	912
Autoever Systems China Co., Ltd.	1,026	-	106	(92)	1,040	891
Autoever Systems India Pvt. Ltd.	1,089	-	239	(59)	1,269	1,087
MAINTRANCE	573	-	197	-	770	659
South Link9	712	-	469	-	1,181	1,011
Rotem Equipments (Beijing) Co., Ltd.	338	-	(121)	(14)	203	174
HMMB	-	137	-	-	137	117
Eukor Shipowning Singapore Pte Ltd	-	8	9,895	(7,362)	2,541	2,176
Eukor Car Carriers Singapore Pte.	5	-	-	-	5	4
Hyundai Rotem Automotive	86	-	44	(6)	124	106
Hyundai WIA Automotive Engine (Shandong) Company	14,681	-	-	(14,681)	-	-
Hyundai Hysco Czech S.R.O	14,329	-	-	(14,329)	-	-
HECT	5,277	-	-	(5,277)	-	-
Dymos India Automotive Private Limited	4,873	-	-	(4,873)	-	-
HAIL	4,308	-	-	(4,308)	-	-
Seoul Sung Bo Chiup LLC	4,237	-	-	(4,237)	-	-
Morningstar Korea Co., Ltd.	2,673	-	-	(2,673)	-	-
HAE	1,005	-	-	(1,005)	-	-
HAIE	925	-	-	(925)	-	-
HAA	450	-	-	(450)	-	-
	<u>₩ 2,702,336</u>	<u>₩ 128,139</u>	<u>₩ 914,103</u>	<u>₩ 151,117</u>	<u>₩ 3,895,695</u>	<u>\$ 3,336,498</u>

(\*) Other changes consist of the decrease by ₩125,132 million (US\$107,170 thousand) due to receipt of dividends, increase of capital surplus by ₩516 million (US\$442 thousand), increase of retained earnings by ₩ 7,720 million (US\$6,612 thousand), increase of accumulated other comprehensive income by ₩ 118,924 million (US\$101,853 thousand),

decrease by ₩2,015 million (US\$1,726 thousand) due to decrease in ownership percentage caused by uneven capital increase and increase of ₩151,104 million (US\$129,414 thousand) due to changes of consolidated subsidiaries.

(3) Condensed financial information of the affiliates as of and for the year ended December 31, 2009 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 Steel Company	₩ 15,580,398	₩ 8,973,935	₩ 7,966,444	₩ 1,151,997	\$13,343,952	\$ 7,685,796	\$ 6,822,922	\$ 986,637
HMC Investment Securities Co., Ltd.	1,920,950	1,349,438	271,440	28,368	1,645,212	1,155,737	232,477	24,296
Hyundai MOBIS	11,106,365	3,339,531	10,633,020	1,615,220	9,512,132	2,860,167	9,106,732	1,383,368
Korea Aerospace Industries, Ltd.	1,274,400	775,900	1,131,100	43,000	1,091,470	664,526	968,739	36,828
Eukor Car Carriers, Inc.	2,307,092	1,722,877	2,077,425	67,669	1,975,927	1,475,571	1,779,227	57,956
HK Mutual Savings Bank	2,228,843	2,111,088	303,250	(4,467)	1,908,910	1,808,058	259,721	(3,826)
Korea Economy Daily	192,300	65,400	118,700	8,400	164,697	56,012	101,662	7,194
Kia Tigers Co., Ltd.	3,956	4,560	25,492	(33)	3,388	3,905	21,833	(28)
Donghui Auto Co., Ltd.	126,521	95,742	129,513	3,581	108,360	81,999	110,922	3,067
Hyundai Amco Co., Ltd.	813,195	405,258	1,081,273	45,428	696,467	347,086	926,065	38,907
TRW Steering Co., Ltd.	91,050	68,529	155,218	(279)	77,980	58,692	132,938	(239)
Korea Credit Bureau Co., Ltd.	36,807	6,040	27,353	648	31,524	5,173	23,427	555
Wisco Co., Ltd.	252,749	181,008	303,414	7,842	216,469	155,026	259,861	6,716
Iljin Bearing Co., Ltd	127,973	36,969	178,164	7,483	109,603	31,662	152,590	6,409
Daesung Automotive Co., Ltd.	81,875	15,908	57,715	9,805	70,122	13,625	49,430	8,398
Beijing-Hyundai Motor Company	4,352,779	2,337,023	8,897,818	607,836	3,727,971	2,001,561	7,620,605	520,586
Hyundai Motor Deutschland GmbH	263,637	155,180	1,423,486	25,775	225,794	132,905	1,219,156	22,075
Hyundai WIA Magna Power Train Co., Ltd.	22,331	9,033	-	(1,701)	19,126	7,736	-	(1,457)
KEFICO Vietnam Company Limited	7,818	1,977	-	(73)	6,696	1,693	-	(63)
Hyundai Motor Hungary	3,866	1,670	-	-	3,311	1,430	-	-
Autoever Systems America, Inc.	4,638	16	761	456	3,972	14	652	391
KEFICO Automotive Systems (Beijing) Co., Ltd.	45,750	39,783	97,396	2,702	39,183	34,072	83,416	2,314
Beijing Lear Dymos Automotive Systems Co., Ltd.	74,067	54,903	172,542	8,524	63,435	47,022	147,775	7,300
Hyundai Motor Japan R&D Center Inc.	8,191	5,246	16,470	56	7,015	4,493	14,106	48
Hyundai Capital Germany GmbH	3,383	54	48	21	2,897	46	41	18
Autoever Systems China Co., Ltd.	2,191	1,036	6,367	119	1,876	887	5,453	102
Autoever Systems India Pvt. Ltd.	3,003	1,735	7,946	239	2,572	1,486	6,805	205
MAINTRANCE	1,805	843	4,269	358	1,546	722	3,656	307
South Link9	18,000	12,094	36,755	2,367	15,416	10,358	31,479	2,027
Rotem Equipments (Beijing) Co., Ltd.	366	163	-	(121)	313	140	-	(104)
HMMB	137	-	-	-	117	-	-	-
EUKOR Shipowning Singapore Pte Ltd.	112,063	94,763	33,234	33,177	95,977	81,161	28,464	28,415
Hyundai Rotem Automotive	650	526	1,710	44	557	450	1,465	38

- (4) Significant unrealized profits (losses) that occurred in transactions with investees in 2007, 2008 and 2009 are ₩18,565 million (\$15,900 thousand), ₩21,634 million (\$18,529 thousand) and ₩15,679 million (\$13,428 thousand), respectively.
- (5) Unamortized balances of goodwill is ₩18,558 million (US\$15,894 thousand), ₩14,358 million (US\$12,297 thousand) and ₩89,115 million (US\$76,323 thousand) as of December 31, 2007, 2008 and 2009, respectively. In addition, unreversed balances of negative goodwill is ₩313,207 million (US\$268,249 thousand), ₩286,159 million (US\$245,083 thousand) and ₩258,513 million (US\$221,405 thousand) as of December 31, 2007, 2008 and 2009, respectively.
- (6) The market price of listed equity securities as of December 31, 2009 is as follows:

Affiliated company	Korean Won			Translation into U.S. Dollars (Note 2)	
	Price per share	Number of shares (In millions)	Market value	Market value (In thousands)	
Hyundai MOBIS	₩ 171,000	16,427,074	₩ 2,809,030	\$ 2,405,815	
Hyundai Steel Company	86,500	18,159,517	1,570,798	1,345,322	
HMC Investment Securities Co., Ltd.	21,700	8,784,816	190,631	163,267	

#### 8. LEASED ASSETS:

The Company and its subsidiaries have entered into lease agreements for certain machinery. The capital lease obligations are included in long-term debt in the accompanying statements of financial position. The following summarizes the gross amount of machinery and related accumulated depreciation recorded under the capital leases as of December 31, 2009:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	(In millions)		(In thousands)	
Acquisition costs	₩	351,353	\$	300,919
Less : accumulated depreciation		<u>72,157</u>		<u>61,799</u>
	₩	<u>279,196</u>	\$	<u>239,120</u>

The following is the schedule of future minimum lease payments required under the capital and operating leases as of December 31, 2009:

	Korean Won				Translation into U.S. Dollars (Note 2)			
	Capital leases		Operating leases		Finance leases		Operating leases	
	(In millions)				(In thousands)			
1 year	₩	105,588	₩	42,044	\$	90,432	\$	36,009
1 year ~ 5 years		<u>61,484</u>		<u>236,923</u>		<u>52,658</u>		<u>202,914</u>
		167,072		278,967		143,090		238,923
Less : interest portion		<u>(9,528)</u>		-		<u>(8,160)</u>		-
	₩	<u>157,544</u>	₩	<u>278,967</u>	\$	<u>134,930</u>	\$	<u>238,923</u>

9. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipments as of December 31, 2007, 2008 and 2009 consist of the following:

Description	Korean Won			Translation into U.S. Dollars (Note 2)
	2007	2008	2009	2009
		(In millions)		(In thousands)
Buildings and structures	₩ 8,869,028	₩ 10,574,880	₩ 11,455,123	\$ 9,810,828
Machinery and equipment	15,482,215	18,035,439	19,266,613	16,501,039
Vehicles	237,741	274,745	371,353	318,048
Tools, dies and molds	5,260,327	6,014,935	6,661,360	5,705,173
Other equipment	<u>1,766,788</u>	<u>2,062,835</u>	<u>2,049,919</u>	<u>1,755,669</u>
	31,616,099	36,962,834	39,804,368	34,090,757
Less: accumulated depreciation	<u>13,277,036</u>	<u>15,541,430</u>	<u>17,515,442</u>	<u>15,001,235</u>
	18,339,063	21,421,404	22,288,926	19,089,522
Land	4,343,188	4,794,955	4,781,602	4,095,240
Construction in progress	<u>2,947,279</u>	<u>2,701,902</u>	<u>1,750,709</u>	<u>1,499,408</u>
	<u>₩ 25,629,530</u>	<u>₩ 28,918,261</u>	<u>₩ 28,821,237</u>	<u>\$ 24,684,170</u>

The changes in property, plant and equipment in 2007 are as follows:

	Korean Won						End of year
	Beginning of year	Acquisition	Transfer	Disposal	Depreciation	Other (*)	
	(In millions)						
Land	₩ 4,262,913	₩ 7,782	₩ 83,895	₩ (20,507)	₩ -	₩ 9,105	₩ 4,343,188
Buildings and structures	6,380,955	302,385	638,398	(42,896)	(266,486)	59,038	7,071,394
Machinery and equipment	8,196,382	811,701	1,407,914	(302,625)	(1,155,019)	136,218	9,094,571
Vehicles	122,038	30,823	33,487	(27,072)	(36,108)	2,972	126,140
Tools, dies and molds	1,369,674	49,276	539,150	(7,072)	(432,435)	(3,993)	1,514,600
Other equipment	653,234	120,437	106,689	(6,769)	(198,912)	(142,321)	532,358
Construction in progress	<u>2,506,397</u>	<u>3,058,693</u>	<u>(2,809,533)</u>	<u>(11,548)</u>	<u>-</u>	<u>203,270</u>	<u>2,947,279</u>
	<u>₩23,491,593</u>	<u>₩ 4,381,097</u>	<u>₩ -</u>	<u>₩(418,489)</u>	<u>₩(2,088,960)</u>	<u>₩ 264,289</u>	<u>₩ 25,629,530</u>

(\*) Other includes foreign currency adjustment, changes in the scope of consolidation, impairment loss and transfer to other assets.

The changes in property, plant and equipment in 2008 are as follows:

	Korean Won						End of year
	Beginning of year	Acquisition	Transfer	Disposal	Depreciation	Other (*)	
	(In millions)						
Land	₩ 4,343,188	₩ 203,072	₩ 174,957	₩ (6,349)	₩ -	₩ 80,087	₩ 4,794,955
Buildings and structures	7,071,394	716,036	691,818	(9,305)	(326,665)	268,871	8,412,149
Machinery and equipment	9,094,571	822,958	1,608,518	(118,418)	(1,447,744)	380,897	10,340,782
Vehicles	126,140	20,189	48,232	(20,793)	(40,402)	12,608	145,974
Tools, dies and molds	1,514,600	225,896	510,873	(8,996)	(565,827)	41,806	1,718,352
Other equipment	532,358	134,456	126,634	(19,094)	(207,211)	237,004	804,147
Construction in progress	<u>2,947,279</u>	<u>2,844,272</u>	<u>(3,161,032)</u>	<u>(92,927)</u>	<u>-</u>	<u>164,310</u>	<u>2,701,902</u>
	<u>₩25,629,530</u>	<u>₩ 4,966,879</u>	<u>₩ -</u>	<u>₩(275,882)</u>	<u>₩(2,587,849)</u>	<u>₩ 1,185,583</u>	<u>₩ 28,918,261</u>

(\*) Other includes foreign currency adjustment, changes in the scope of consolidation, impairment loss and transfer to other assets.

The changes in property, plant and equipment in 2009 are as follows:

	Korean Won							Translation into
	Beginning of year	Acquisition	Transfer	Disposal	Depreciation	Other (*)	End of year	U. S. Dollars (Note 2) End of year
	(In millions)							(In thousands)
Land	₩ 4,794,955	₩ 33,454	₩ 56,855	₩ (25,021)	₩ -	₩ (78,641)	₩ 4,781,602	\$ 4,095,240
Buildings and structures	8,412,149	246,546	920,392	(29,430)	(372,661)	(239,598)	8,937,398	7,654,503
Machinery and equipment	10,340,782	321,148	1,619,484	(100,625)	(1,488,551)	(343,971)	10,348,267	8,862,853
Vehicles	145,974	41,327	135,195	(38,067)	(51,337)	5,252	238,344	204,132
Tools, dies and molds	1,718,352	125,707	678,245	(13,825)	(477,682)	(8,767)	2,022,030	1,731,783
Other equipment	804,147	141,957	205,795	(57,934)	(278,392)	(72,686)	742,887	636,251
Construction in progress	2,701,902	2,852,427	(3,615,966)	(275,401)	-	87,747	1,750,709	1,499,408
	<u>₩28,918,261</u>	<u>₩ 3,762,566</u>	<u>₩ -</u>	<u>₩(540,303)</u>	<u>₩(2,668,623)</u>	<u>₩(650,664)</u>	<u>₩ 28,821,237</u>	<u>\$ 24,684,170</u>

(\*) Other includes foreign currency adjustment, changes in the scope of consolidation, impairment loss and transfer to other assets.

As of December 31, 2007, 2008 and 2009, the value of the land, which the Company and its subsidiaries own domestically, totals ₩5,395,360 million (US\$4,620,898 thousand), ₩5,727,078 million (US\$4,905,000 thousand) and ₩5,749,735million (US\$4,924,405 thousand), respectively, in terms of land prices officially announced by the Korean government.

#### 10. INSURANCE:

As of December 31, 2009, certain property, plant and equipment, inventories, cash and cash equivalents and securities are insured for ₩21,720,882million (US\$18,603,016 thousand). In addition, the Company carries products and completed operations liability insurance with a maximum coverage of ₩297,116 million (US\$254,467 thousand) and general insurance for vehicles and workers' compensation and casualty insurance for employees.

#### 11. INTANGIBLES:

Intangibles as of December 31, 2007, 2008 and 2009 consist of the following:

Description	Korean Won							Translation into
	2007	2008	2009				2009	U. S. Dollars (Note 2)
	Book value	Book value	Acquisition cost	Accumulated amortization (In millions)	Accumulated impairment loss	Government subsidy	Book value	Book value (In thousands)
Goodwill	₩ 510,731	₩ 514,518	₩ 634,062	₩ (229,429)	₩ (467)	₩ -	₩ 404,166	\$ 346,151
Negative goodwill	(73,472)	(68,167)	(98,671)	36,595	-	-	(62,076)	(53,165)
Industrial property rights	27,599	21,454	89,706	(69,549)	(121)	-	20,036	17,160
Development costs	2,414,822	2,799,538	7,284,029	(3,871,562)	(186,646)	(53,890)	3,171,931	2,716,625
Other	118,204	181,514	379,943	(203,512)	(2,301)	-	174,130	149,134
	<u>₩ 2,997,884</u>	<u>₩ 3,448,857</u>	<u>₩ 8,289,069</u>	<u>₩(4,337,457)</u>	<u>₩ (189,535)</u>	<u>₩ (53,890)</u>	<u>₩ 3,708,187</u>	<u>\$ 3,175,905</u>

The changes in intangibles in 2007 are as follows:

Description	Korean Won					
	Goodwill	Negative goodwill	Industrial property rights	Development costs	Other	Total
	(In millions)					
Beginning of the year	₩ 519,894	₩ (87,981)	₩ 29,380	₩ 2,046,446	₩ 104,611	₩ 2,612,350
Addition:						
Expenditures	39,448	-	9,908	983,694	39,061	1,072,111
Deduction:						
Amortization	(48,547)	5,268	(10,531)	(608,565)	(29,830)	(692,205)
Impairment loss	-	-	(121)	(993)	-	(1,114)
Government subsidy	-	-	-	(10,538)	-	(10,538)
Other (*)	(64)	9,241	(1,037)	4,778	4,362	17,280
End of the year	<u>₩ 510,731</u>	<u>₩ (73,472)</u>	<u>₩ 27,599</u>	<u>₩ 2,414,822</u>	<u>₩ 118,204</u>	<u>₩ 2,997,884</u>

(\*) Other includes foreign currency adjustment and changes in the scope of consolidation.

The changes in intangibles in 2008 are as follows:

Description	Korean Won					
	Goodwill	Negative goodwill	Industrial property rights	Development costs	Other	Total
	(In millions)					
Beginning of the year	₩ 510,731	₩ (73,472)	₩ 27,599	₩ 2,414,822	₩ 118,204	₩ 2,997,884
Addition:						
Expenditures	34,763	-	11,217	1,170,791	64,184	1,280,955
Deduction:						
Amortization	(30,870)	5,270	(9,682)	(776,680)	(37,849)	(849,811)
Impairment loss	-	-	-	(2,747)	-	(2,747)
Government subsidy	-	-	-	(26,633)	-	(26,633)
Other (*)	(106)	35	(7,680)	19,985	36,975	49,209
End of the year	<u>₩ 514,518</u>	<u>₩ (68,167)</u>	<u>₩ 21,454</u>	<u>₩ 2,799,538</u>	<u>₩ 181,514</u>	<u>₩ 3,448,857</u>

(\*) Other includes foreign currency adjustment and changes in the scope of consolidation.

The changes in intangibles in 2009 are as follows:

Description	Korean Won						Translation into U. S. Dollars (Note 2)
	Goodwill	Negative goodwill	Industrial property rights	Development costs	Other	Total	Total
	(In millions)						(In thousands)
Beginning of the year	₩ 514,518	₩ (68,167)	₩ 21,454	₩ 2,799,538	₩ 181,514	₩ 3,448,857	\$ 2,953,800
Addition:							
Expenditures	-	-	6,670	1,360,814	61,794	1,429,278	1,224,116
Deduction:							
Amortization	(44,773)	6,091	(4,869)	(808,682)	(55,611)	(907,844)	(777,530)
Impairment loss	(467)	-	-	(149,817)	-	(150,284)	(128,712)
Government subsidy	-	-	-	(4,653)	-	(4,653)	(3,985)
Other (*)	(65,112)	-	(3,219)	(25,269)	(13,567)	(107,167)	(91,784)
End of the year	<u>₩ 404,166</u>	<u>₩ (62,076)</u>	<u>₩ 20,036</u>	<u>₩ 3,171,931</u>	<u>₩ 174,130</u>	<u>₩ 3,708,187</u>	<u>\$ 3,175,905</u>

(\*) Other includes foreign currency adjustment and changes in the scope of consolidation.

Research and development expenditures in 2007, 2008 and 2009 are as follows:

	Korean Won			Translation into
	2007	2008	2009	U. S. Dollars (Note 2)
	(In millions)			(In thousands)
Development cost (capitalized)	₩ 983,694	₩ 1,170,791	₩ 1,360,814	\$ 1,165,480
Ordinary development (manufacturing cost)	286,835	323,330	215,273	184,372
Research costs (SG&A)	<u>608,631</u>	<u>696,355</u>	<u>663,384</u>	<u>568,160</u>
	<u>₩ 1,879,160</u>	<u>₩ 2,190,476</u>	<u>₩ 2,239,471</u>	<u>\$ 1,918,012</u>

## 12. OTHER ASSETS:

Other assets as of December 31, 2007, 2008 and 2009 consist of the following:

Description	Korean Won			Translation into
	2007	2008	2009	U. S. Dollars (Note 2)
	(In millions)			(In thousands)
Long-term notes and accounts receivable, net of allowance for doubtful accounts of ₩7 million, ₩121 million and ₩617 million in 2007, 2008 and 2009, respectively, and unamortized present value discount of ₩3,379 million, ₩9,753 million and ₩11,259 million in 2007, 2008 and 2009, respectively	₩ 13,415	₩ 31,620	₩ 62,172	\$ 53,248
Long-term notes and accounts receivable - other, net of allowance for doubtful accounts of ₩23,668 million, ₩23,275 million and ₩936 million in 2007, 2008 and 2009, respectively, and unamortized present value discount of ₩15 million in 2007 and nil in 2008 and 2009, respectively	148,314	158,379	170,735	146,227
Long-term loans	180,152	300,737	11,547	9,890
Long-term deposits	656,893	776,249	545,253	466,986
Other	<u>94,627</u>	<u>190,937</u>	<u>184,232</u>	<u>157,787</u>
	<u>₩ 1,093,401</u>	<u>₩ 1,457,922</u>	<u>₩ 973,939</u>	<u>\$ 834,138</u>

## 13. OTHER FINANCIAL BUSINESS ASSETS AND LIABILITIES:

Other financial business assets as of December 31, 2007, 2008 and 2009 consist of the following:

	Korean Won			Translation into
	2007	2008	2009	U. S. Dollars (Note 2)
	(In millions)			(In thousands)
Finance receivables	₩ 13,986,892	₩ 16,804,583	₩ 15,716,002	\$ 13,460,091
Lease receivables	2,671,802	2,803,304	2,605,930	2,231,869
Card receivables	3,868,853	3,278,478	6,074,074	5,202,187
Other	<u>1,006,405</u>	<u>1,312,014</u>	<u>1,319,669</u>	<u>1,130,240</u>
	<u>₩ 21,533,952</u>	<u>₩ 24,198,379</u>	<u>₩ 25,715,675</u>	<u>\$ 22,024,387</u>

Other financial business liabilities as of December 31, 2007, 2008 and 2009 consist of the following:

	Korean Won			Translation into U. S. Dollars (Note 2)
	2007	2008	2009	2009
	(In millions)			(In thousands)
Call money	₩ -	₩ 100,000	₩ -	\$ -
Other operating accounts payable	131,679	79,233	199,664	171,005
Bonds sold under repurchase agreements	-	584,585	-	-
	<u>₩ 131,679</u>	<u>₩ 763,818</u>	<u>₩ 199,664</u>	<u>\$ 171,005</u>

The financial subsidiaries, which are included in the consolidated financial statements, are Hyundai Capital Services, Inc., Hyundai Card Co., Ltd., Hyundai Commercial Inc., Hyundai Capital America (HCA) and Hyundai Auto Canada Captive Insurance Incorporation (HACCI) in 2007, 2008 and 2009. HMC Investment Securities Co., Ltd. is included in the consolidated financial statements only in 2008 and it is excluded in 2009 as the ownership percentage of the Company decreased.

#### 14. SHORT-TERM BORROWINGS:

Short-term borrowings as of December 31, 2007, 2008 and 2009 consist of the following:

Description	Annual interest rate 2009 (%)	Korean Won			Translation into U. S. Dollars (Note 2)
		2007	2008	2009	2009
		(In millions)			(In thousands)
Trade financing	2.50 ~ 6.13	₩ 5,266,742	₩ 7,074,891	₩ 5,237,016	\$ 4,485,282
General loans	1.65 ~ 9.38	6,210,577	8,441,611	4,128,803	3,536,145
Discount of trade bills	2.84 ~ 8.70	4,155,580	5,159,608	2,706,585	2,318,076
Banker's Usance	1.77 ~ 5.74	736,732	880,751	663,066	567,888
Overdrafts	2.60 ~ 9.29	57,440	25,355	213,555	182,901
Privately placed bonds	-	₩ -	₩ 45,886	₩ -	\$ -
		<u>₩ 16,427,071</u>	<u>₩ 21,628,102</u>	<u>₩ 12,949,025</u>	<u>\$ 11,090,292</u>

15. LONG-TERM DEBT AND DEBENTURES:

Long-term debt and debentures as of December 31, 2007, 2008 and 2009 consist of the following:

Description	Annual interest rate 2009 (%)	Korean Won			Translation into U. S. Dollars (Note 2)
		2007	2008	2009	2009
		(In millions)			(In thousands)
Debentures		<u>₩ 15,605,994</u>	<u>₩ 19,022,847</u>	<u>₩ 21,832,116</u>	<u>\$ 18,698,284</u>
Won currency loans:					
General loans	3.00 ~ 7.86	266,810	938,454	1,757,944	1,505,605
Facility loans	2.00 ~ 7.80	446,438	988,234	1,111,763	952,178
Reorganization claims	-	23,112	-	-	-
Capital lease	4.87	248,059	185,093	94,291	80,756
Commercial paper	4.88	-	20,000	20,000	17,129
Other	1.00 ~ 6.24	<u>20,804</u>	<u>10,455</u>	<u>122,625</u>	<u>105,023</u>
		<u>1,005,223</u>	<u>2,142,236</u>	<u>3,106,623</u>	<u>2,660,691</u>
Foreign currency loans:					
General loans	1.32 ~ 7.73	4,192,379	6,508,285	6,426,389	5,503,930
Facility loans	1.05 ~ 6.10	422,249	843,026	1,574,447	1,348,447
Capital lease	5.36	-	107,072	80,734	69,145
Reorganization claims	-	11,270	-	-	-
Other	0.92 ~ 3.42	<u>53,805</u>	<u>32,811</u>	<u>19,163</u>	<u>16,413</u>
		<u>4,679,703</u>	<u>7,491,194</u>	<u>8,100,733</u>	<u>6,937,935</u>
		<u>21,290,920</u>	<u>28,656,277</u>	<u>33,039,472</u>	<u>28,296,910</u>
Less: current maturities		<u>4,428,143</u>	<u>6,418,366</u>	<u>9,789,043</u>	<u>8,383,901</u>
		<u>₩ 16,862,777</u>	<u>₩ 22,237,911</u>	<u>₩ 23,250,429</u>	<u>\$ 19,913,009</u>

Debentures as of December 31, 2007, 2008 and 2009 consist of the following:

Description	Maturity	Annual Interest rate 2009 (%)	Korean Won			Translation into U. S. Dollars (Note2)
			2007	2008	2009	2009
		(In millions)			(In thousands)	
Domestic debentures:						
Guaranteed debentures	Oct.10, 2010 ~Dec.14, 2012	5.33 ~ 9.90	₩ 373,000	₩ 330,000	₩ 790,280	\$ 676,841
Non-guaranteed debentures	Jan.17, 2010 ~Mar.18, 2018	3.22 ~ 8.98	14,446,512	17,738,818	19,972,493	17,105,595
Convertible bonds	-	-	94,153	92,369	-	-
Bonds with warrants	Oct.31, 2010 ~Mar.19, 2012	1.00 ~ 8.98	200,000	200,000	458,723	392,877
Other	May.18, 2012	3.5	-	-	37,885	32,447
Overseas debentures	Jun.24, 2010 ~Apr.25, 2015	5.5	<u>499,100</u>	<u>658,617</u>	<u>589,784</u>	<u>505,125</u>
			<u>15,612,765</u>	<u>19,019,804</u>	<u>21,849,165</u>	<u>18,712,885</u>
Less: discount on debentures, call premium and other adjustments to debentures			<u>6,771</u>	<u>(3,043)</u>	<u>17,049</u>	<u>14,601</u>
			<u>₩ 15,605,994</u>	<u>₩ 19,022,847</u>	<u>₩ 21,832,116</u>	<u>\$ 18,698,284</u>

Details of bonds with warrants as of December 31, 2007, 2008 and 2009 are as follows:

Issuing Company	Hyundai Card Co., Ltd.	Kia Motors Corporation
Type of bond	Non-guaranteed subordinated bond with stock warrant (separable)	Non-guaranteed bond with stock warrant (separable)
Face value	₩200,000 million (\$ 171,292 thousand)	₩400,000 million (\$ 342,583 thousand)
Coupon rate	7.99%	1.00%
Date of issue	October 31, 2005	March 19, 2009
Maturity	October 31, 2010	March 19, 2012
Exercise price	₩8,831 per share	₩6,880 per share
Exercise period	Two weeks from the date of issue ~ April 30, 2009	April 19, 2009 ~ February 19, 2012

In 2009, 82,353 shares of Hyundai Card Co., Ltd. and 41,140,593 shares of Kia Motors Corporation were issued as a result of the exercise of warrants. In addition, the amount of ₩141,277 million (US\$ 120,998 thousand) of the bond with warrants issued by Kia Motors Corporation is redeemed in 2009.

The maturity of long-term debt and debentures as of December 31, 2009 is as follows:

Description	Korean Won			Translation into U.S Dollars (Note 2)	
	Debentures	Local currency loans	Foreign currency loans	Total	Total
	(In millions)			(In thousands)	
2011	₩ 5,172,996	₩ 1,144,539	₩ 1,559,403	₩ 7,876,938	\$ 6,746,264
2012	7,466,132	282,354	2,575,974	10,324,460	8,842,463
2013	678,852	433,198	1,074,996	2,187,046	1,873,112
Thereafter	<u>1,165,140</u>	<u>303,114</u>	<u>1,409,607</u>	<u>2,877,861</u>	<u>2,464,767</u>
	14,483,120	2,163,205	6,619,980	23,266,305	19,926,606
Less : discount on debentures	15,876	-	-	15,876	13,597
	<u>₩ 14,467,244</u>	<u>₩ 2,163,205</u>	<u>₩ 6,619,980</u>	<u>₩ 23,250,429</u>	<u>\$ 19,913,009</u>

#### 16. PLEDGED ASSETS, CHECKS AND NOTES:

As of December 31, 2009, the following assets, checks and notes are pledged as collateral:

- (1) The Company's and its subsidiaries' property, plant and equipment are pledged as collateral for various loans to a maximum of ₩5,019,019 million (US\$4,298,577 thousand).
- (2) The Company's and its subsidiaries' certain bank deposits and investment securities, including 213,466 shares of Kia Motors Corporation, and some government bonds are pledged as collateral to financial institutions and others.
- (3) Certain overseas subsidiaries' receivables and other financial business assets are pledged as collateral for their borrowings.
- (4) 40 blank checks, 1 check amounting to ₩2,624 million (US\$ 2,247 thousand), 116 blank promissory notes and 3 promissory notes amounting to ₩24,144 million (US\$ 20,678 thousand) are pledged as collateral for short-term borrowings, long-term debt and other payables.

17. ACCRUED WARRANTIES:

The changes in accrued warranties in current and long-term liabilities in 2007, 2008 and 2009 are as follows:

Description	Korean Won			Translation into
	2007	2008	2009	U. S. Dollars (Note 2)
		(In millions)		2009 (In thousands)
Beginning of year	₩ 4,311,413	₩ 4,380,493	₩ 4,884,518	\$ 4,183,383
Accrual	666,553	1,372,677	889,827	762,099
Use	(597,473)	(868,652)	(1,002,217)	(858,356)
End of year	<u>₩ 4,380,493</u>	<u>₩ 4,884,518</u>	<u>₩ 4,772,128</u>	<u>\$ 4,087,126</u>

18. STATEMENTS OF COMPREHENSIVE INCOME:

Statements of comprehensive income in 2007, 2008 and 2009 consist of the following:

Description	Korean Won			Translation into
	2007	2008	2009	U. S. Dollars (Note 2)
		(In millions)		2009 (In thousands)
Net income	₩ 1,956,087	₩ 1,092,552	₩ 4,043,436	\$ 3,463,032
Other comprehensive income (loss):				
Gain (loss) on valuation of available-for-sale securities, net of deferred tax effect ₩(216,273) million, ₩168,818 million and ₩(1,713) million in 2007, 2008 and 2009, respectively.	570,174	(411,676)	6,074	5,202
Gain (loss) on valuation of investment securities accounted for using the equity method, net of deferred tax effect ₩19,757 million, ₩(73,090) million and ₩(21,976) million in 2007, 2008 and 2009, respectively.	(77,594)	150,993	90,975	77,916
Gain (loss) on valuation of derivatives, net of deferred tax effect ₩26,461 million, ₩103,244 million and ₩(81,554) million in 2007, 2008 and 2009, respectively.	(69,760)	(340,463)	281,861	241,403
Gain (loss) on overseas operation translation, net of deferred tax effect ₩(104,857) million, ₩(385,206) million and ₩136,782 million in 2007, 2008 and 2009, respectively.	<u>276,442</u>	<u>1,214,633</u>	<u>(466,046)</u>	<u>(399,149)</u>
Comprehensive income	<u>₩ 2,655,349</u>	<u>₩ 1,706,039</u>	<u>₩ 3,956,300</u>	<u>\$ 3,388,404</u>
Equity holders of the parent	₩ 2,224,746	₩ 1,149,335	₩ 2,861,134	\$ 2,450,440
Minority interests	<u>430,603</u>	<u>556,704</u>	<u>1,095,166</u>	<u>937,964</u>
	<u>₩ 2,655,349</u>	<u>₩ 1,706,039</u>	<u>₩ 3,956,300</u>	<u>\$ 3,388,404</u>

19. INCOME TAX EXPENSE AND DEFERRED INCOME TAX ASSETS (LIABILITIES):

Income tax expense in 2007, 2008 and 2009 consists of the following:

Description	Korean Won			Translation into U. S. Dollars (Note 2)
	2007	2008	2009	2009
	(In millions)			(In thousands)
Income tax currently payable	₩ 848,494	₩ 707,153	₩ 1,053,257	\$ 902,071
Changes in deferred taxes due to:				
Temporary differences	98,953	(615,668)	433,351	371,146
Carry forward of unused tax credits	(27,206)	43,111	326	279
Change in consolidated subsidiaries	-	(14,539)	13,537	11,594
Deferred tax charged or credited to equity	(262,400)	315,390	27,735	23,754
Income tax charged or credited to equity	(5,108)	(25,528)	(10,930)	(9,361)
Income tax expense	<u>₩ 652,733</u>	<u>₩ 409,919</u>	<u>₩ 1,517,276</u>	<u>\$ 1,299,483</u>

The components of accumulated temporary differences and deferred tax assets (liabilities) as of December 31, 2007 are as follows:

Description	Korean Won	
	Accumulated temporary differences	Deferred tax assets (liabilities)
	(In millions)	
Accrued warranties	₩ 4,063,389	₩ 1,138,700
Long-term investment securities	(825,616)	(323,560)
Allowance for doubtful accounts	503,244	139,618
Investments in subsidiaries and associates	(2,932,463)	(1,017,114)
Reserve for research and manpower development	(376,993)	(96,250)
Derivative assets	443,868	123,142
Development cost	38	9
Depreciation	(368,282)	(103,848)
Accrued income	(85,128)	(23,394)
Dividends	7,745	2,130
Advanced depreciation provisions	(509,692)	(2,972)
Other	<u>1,847,688</u>	<u>545,511</u>
Accumulated temporary differences	1,767,798	381,972
Carry over tax deduction	<u>439,542</u>	<u>443,936</u>
	<u>₩ 2,207,340</u>	<u>₩ 825,908</u>

The components of accumulated temporary differences and deferred tax assets (liabilities) as of December 31, 2008 are as follows:

Description	Korean Won	
	Accumulated temporary differences	Deferred tax assets (liabilities)
	(In millions)	
Accrued warranties	₩ 4,470,609	₩ 1,161,845
Long-term investment securities	(56,647)	(92,111)
Allowance for doubtful accounts	660,558	168,274
Investments in subsidiaries and associates	(2,362,253)	(498,287)
Reserve for research and manpower development	(383,122)	(82,890)
Derivative liabilities	(1,297,230)	(275,969)
Development cost	(17,542)	(6,178)
Depreciation	(1,440,540)	(446,552)
Accrued income	(136,897)	(33,105)
Advanced depreciation provisions	(509,768)	(2,377)
Loss on foreign exchange translation	2,019,944	482,396
Provision for other liabilities	397,532	88,572
Other	1,678,008	534,022
Accumulated temporary differences	3,022,652	997,640
Carry over tax deduction	403,260	400,825
	<u>₩ 3,425,912</u>	<u>₩ 1,398,465</u>

The components of accumulated temporary differences and deferred tax assets (liabilities) as of December 31, 2009 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Accumulated temporary differences	Deferred tax assets (liabilities)	Accumulated temporary differences	Deferred tax assets (liabilities)
	(In millions)		(In thousands)	
Accrued warranties	₩ 4,379,835	₩ 1,070,008	\$ 3,751,143	\$ 916,417
Long-term investment securities	(88,199)	(97,287)	(75,539)	(83,322)
Allowance for doubtful accounts	557,193	126,548	477,212	108,383
Investments in subsidiaries and associates	(3,559,783)	(905,055)	(3,048,804)	(775,141)
Reserve for research and manpower development	(319,511)	(74,989)	(273,648)	(64,225)
Derivative assets	(838,981)	(207,813)	(718,552)	(177,983)
Development cost	29,969	7,201	25,667	6,167
Depreciation	(1,422,179)	(481,589)	(1,218,036)	(412,461)
Accrued income	53,031	12,838	45,419	10,995
Advanced depreciation provisions	(509,377)	(2,291)	(436,260)	(1,962)
Loss on foreign exchange translation	1,109,559	265,203	950,290	227,135
Provision for other liabilities	414,510	94,000	355,010	80,507
Other	1,954,569	757,515	1,674,008	648,780
Accumulated temporary differences	1,760,636	564,289	1,507,910	483,290
Carry over tax deduction	402,934	400,499	345,096	343,010
	<u>₩ 2,163,570</u>	<u>₩ 964,788</u>	<u>\$ 1,853,006</u>	<u>\$ 826,300</u>

The temporary differences of ₩218,889 million (US\$187,469 thousand), ₩263,723 million (US\$225,868 thousand) and ₩ 174,514 million (US\$149,464 thousand) as of December 31, 2007, 2008 and 2009, respectively, were not recognized since it is not probable that the temporary difference will be reversed 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 24.2% (tax rate used in calculating deferred tax assets or liabilities which are realized after 2012 is 22%) including resident tax.

20. CAPITAL STOCK:

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

	<u>Authorized</u>	<u>Issued</u>	<u>Par value</u>	<u>Korean Won</u> (In millions)
Common stock	450,000,000 shares	219,873,808 shares	₩ 5,000	₩ 1,155,969
Preferred stock	150,000,000 shares	65,202,146 shares	5,000	<u>331,011</u>
				<u>₩ 1,486,980</u>

Capital stock as of December 31, 2008 and 2009 consists of the following:

	<u>Authorized</u>	<u>Issued</u>	<u>Par value</u>	<u>Korean Won</u> (In millions)	<u>Translation into</u> <u>U.S. Dollars (Note 2)</u> (In thousands)
Common stock	450,000,000 shares	220,276,479 shares	₩ 5,000	₩ 1,157,982	\$ 991,763
Preferred stock	150,000,000 shares	65,202,146 shares	5,000	<u>331,011</u>	<u>283,497</u>
				<u>₩ 1,488,993</u>	<u>\$ 1,275,260</u>

In 2008, part of the stock options granted to the directors were exercised at an exercise price of ₩26,800 (US\$22.95) and new common stock of 402,671 shares were issued. This issue of new common stock resulted in the increase in paid-in capital in excess of par value by ₩13,391 million (US\$11,469 thousand).

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 December 31, 2009, 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.

21. CAPITAL ADJUSTMENTS:

Capital adjustments as of December 31, 2007, 2008 and 2009 consist of the following:

Description	Korean Won			Translation into
	2007	2008	2009	U. S. Dollars (Note 2)
		(In millions)		2009 (In thousands)
Treasury stock	₩ (723,524)	₩ (719,685)	₩ (743,909)	\$ (637,127)
Stock option cost	5,119	450	-	-
	<u>₩ (718,405)</u>	<u>₩ (719,235)</u>	<u>₩ (743,909)</u>	<u>\$ (637,127)</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 ₩723,524 million (US\$619,668 thousand), 11,031,741 common shares and 2,950,960 preferred shares with a carrying value of ₩719,685 million (US\$616,380 thousand) and 11,213,999 common shares and 2,950,960 preferred shares with a carrying value of ₩743,909 million (US\$637,127 thousand) as of December 31, 2007, 2008 and 2009, respectively, 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. There is no valid stock option as of December 31, 2009, as 5,000 stock options were cancelled on January 24, 2008, and 402,671 stock options were exercised on December 2, 2008.

22. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Accumulated other comprehensive income as of December 31, 2007, 2008 and 2009 consists of the following:

Description	Korean Won			Translation into
	2007	2008	2009	U. S. Dollars (Note 2)
		(In millions)		2009 (In thousands)
Gain on valuation of available-for-sale securities, net	₩ 771,594	₩ 355,295	₩ 361,445	\$ 309,562
Gain (loss) on valuation of investment securities accounted for using the equity method, net	(102,391)	13,369	56,620	48,493
Loss on valuation of derivatives, net	(56,826)	(296,916)	(85,241)	(73,005)
Gain (loss) on overseas operation translation	(285,652)	546,561	173,146	148,292
	<u>₩ 326,725</u>	<u>₩ 618,309</u>	<u>₩ 505,970</u>	<u>\$ 433,342</u>

23. DIVIDENDS:

The computation of the proposed dividends for 2007 is as follows:

	<u>Number of shares</u>	<u>Dividend rate</u>	<u>Korean Won</u> (In millions)
Common shares, net of treasury shares	208,802,067	20%	₩ 208,803
Preferred shares, net of treasury shares:			
First and Third preferred shares	25,637,321	21%	26,919
Second preferred shares	36,613,865	22%	<u>40,275</u>
			<u>₩ 275,997</u>

The computation of the proposed dividends for 2008 is as follows:

	<u>Number of shares</u>	<u>Dividend rate</u>	<u>Korean Won</u> (In millions)
Common shares, net of treasury shares	209,244,738	17%	₩ 177,859
Preferred shares, net of treasury shares:			
First and Third preferred shares	25,637,321	18%	23,073
Second preferred shares	36,613,865	19%	<u>34,783</u>
			<u>₩ 235,715</u>

The computation of the proposed dividends for 2009 is as follows:

	<u>Number of shares</u>	<u>Dividend rate</u>	<u>Korean Won</u> (In millions)	<u>Translation into U.S. Dollars (Note 2)</u> (In thousands)
Common shares, net of treasury shares	209,275,129	23%	₩ 240,666	\$ 206,120
Preferred shares, net of treasury shares:				
First and Third preferred shares	25,637,321	24%	30,766	26,350
Second preferred shares	36,613,865	25%	<u>45,767</u>	<u>39,198</u>
			<u>₩ 317,199</u>	<u>\$ 271,668</u>

The payout ratios (dividends declared/net income) are 17.2%, 27.5% and 10.7% for the years ended December 31, 2007, 2008 and 2009, respectively.

24. ELIMINATION OF UNREALIZED PROFITS AND LOSSES:

Unrealized profits and losses resulting from sales among consolidated subsidiaries are calculated based on the average gross margin rate of selling companies and are eliminated in the consolidated financial statements.

Unrealized profits and losses related to sales of inventories and property, plant and equipment in 2007 are as follows:

	<u>Korean Won</u>		
	<u>Inventories</u>	<u>Property, plant and equipment</u>	<u>Others</u>
	(In millions)		
Upstream sales	₩ 3,999	₩ -	₩ -
Downstream sales	145,202	129,366	(41,074)
Sales between consolidated subsidiaries	198,826	7,678	(38,044)

Unrealized profits and losses related to sales of inventories and property, plant and equipment in 2008 are as follows:

	<u>Korean Won</u>		
	<u>Inventories</u>	<u>Property, plant and equipment</u>	<u>Others</u>
	(In millions)		
Upstream sales	₩ 5,641	₩ -	₩ -
Downstream sales	760,538	177,669	(231,248)
Sales between consolidated subsidiaries	350,594	10,100	(71,909)

Unrealized profits and losses related to sales of inventories and property, plant and equipment in 2009 are as follows:

	<u>Korean Won</u>			<u>Translation into U.S. Dollars (Note 2)</u>		
	<u>Inventories</u>	<u>Property, plant and equipment</u>	<u>Others</u>	<u>Inventories</u>	<u>Property, plant and equipment</u>	<u>Others</u>
	(In millions)			(In thousands)		
Upstream sales	₩ 4,149	₩ -	₩ -	\$ 3,553	\$ -	\$ -
Downstream sales	485,331	227,996	(146,878)	415,665	195,269	(125,795)
Sales between consolidated subsidiaries	429,186	8,091	(45,584)	367,580	6,930	(39,041)

25. INTER-COMPANY TRANSACTIONS:

Significant transactions in 2007, 2008 and 2009 between the Company and consolidated subsidiaries are as follows:

	Korean Won						Translation into U.S. Dollars (Note 2)	
	2007		2008		2009		2009	
	Company's income	Company's expenses	Company's income	Company's expenses	Company's income	Company's expenses	Company's income	Company's expenses
	(In millions)						(In thousands)	
Hyundai Capital Service Inc.	₩ 518,536	₩ 41,708	₩ 687,693	₩ 40,285	₩ 845,385	₩ 44,971	\$ 724,036	\$ 38,516
Kia Motors Corporation	470,458	423,335	528,339	200,651	316,083	285,785	270,712	244,763
Hyundai WIA Corporation	207,880	264,036	154,000	334,713	207,005	292,168	177,291	250,230
Dymos Inc.	1,020	512,921	620	444,376	751	470,683	643	403,120
Hyundai PowerTech Co., Ltd.	26,841	207,611	28,154	231,322	12,759	437,019	10,928	374,288
KEFICO Corporation	921	323,267	379	363,791	440	300,141	377	257,058
Hyundai HYSICO	4,020	240,511	2,277	228,899	14,323	236,784	12,267	202,795
Hyundai Commercial Inc.	-	-	-	-	191,005	2,973	163,588	2,546
Autoever Systems Corp.	502	165,231	524	175,608	532	183,187	456	156,892
Hyundai Card Co., Ltd.	1,847	71,401	2,112	74,546	1,356	110,105	1,161	94,300
METIA Corporation	2,045	48,448	2,162	47,788	974	47,094	834	40,334
Hyundai Autonet Co., Ltd.	839	101,251	1,452	112,340	138	41,795	118	35,796
Haevichi Hotel & Resort Co., Ltd.	373	6,007	109	8,510	9,020	10,276	7,725	8,801
Partecs Company, Ltd.	-	11,001	61	16,339	67	16,680	57	14,286
Hyundai Rotem Company Automobile Industrial Ace Corporation	4,890	63,280	4,070	8,306	2,796	1,989	2,395	1,703
M & Soft Co., Ltd.	660	2,144	829	1,905	911	3,035	780	2,599
Haevichi Country Club Co., Ltd.	842	1,738	94	741	1,182	933	1,012	799
Mseat Co., Ltd.	-	-	51	627	126	1,077	108	922
Hyundai Motor America	58	-	67	-	22	-	19	-
Hyundai Auto Canada Corp.	2,723,242	164	3,146,443	196	3,339,499	159,169	2,860,140	136,322
Hyundai Motor Company Australia	579,281	-	735,327	-	1,206,896	-	1,033,655	-
Hyundai Motor India	486,677	-	559,571	-	966,846	69	828,063	59
Hyundai Motor Group (China) Ltd.	616,646	284	915,551	325	688,252	973	589,459	833
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	426,258	2,159	592,586	761	606,651	4,392	519,571	3,762
Hyundai Motor Europe GmbH	613,033	-	488,919	-	282,026	47,907	241,543	41,030
Hyundai Motor Commonwealth of Independent States	2,629,892	-	1,234,800	-	269,432	-	230,757	-
Hyundai Motor Manufacturing Alabama, LLC	-	-	733,097	-	212,943	12,114	182,377	10,375
Hyundai America Technical Center Inc.	306,621	708	254,872	479	149,482	940	128,025	805
Hyundai Motor Manufacturing Czech,s.r.o.	732	47,057	2,482	73,192	79	143,305	68	122,735
Hyundai Motor Europe Technical Center GmbH	32,345	11	57,420	409	73,883	-	63,278	-
Hyundai Motor Poland Sp. Zo.O	172	12,580	163	53,222	134	57,348	115	49,116
Hyundai Auto Czech s.r.o.	795,821	-	1,115,737	733	18,936	6,208	16,218	5,317
Hyundai Motor Japan Co.	-	-	36,911	-	19,930	-	17,069	-
Hyundai Motor Company Italy	6,330	-	6,762	-	14,664	-	12,559	-
Hyundai Motor Norway AS	-	-	29,487	-	-	11,808	-	10,113
Kia Motors Australia Pty. Ltd.	63,516	-	44,499	-	8,352	21	7,153	18
Hyundai Capital America	-	-	-	-	-	2,138	-	1,831
Stampeted Metal America Research Technology Inc.	1,709	-	1,086	-	1,389	-	1,190	-
Hyundai Translead, Inc	-	-	-	-	230	-	197	-
Hyundai Motor (UK) Ltd.	-	-	-	-	153	-	131	-
Hyundai Motor Manufacturing Rus LLC	-	-	-	-	61	-	52	-
Beijing Jingxian Motor Safeguard Service Co., Ltd.	-	-	-	-	35	-	30	-
	-	-	-	-	4	-	3	-

As of December 31, 2007, 2008 and 2009, significant balances related to the transactions between the Company and consolidated subsidiaries are as follows:

	Korean Won						Translation into U.S. Dollars (Note 2)	
	2007		2008		2009		2009	
	Company's receivables	Company's payables	Company's receivables	Company's payables	Company's receivables	Company's payables	Company's receivables	Company's payables
	(In millions)						(In thousands)	
Hyundai Capital Service Inc.	₩ 27,697	₩ 8,065	₩ 71,283	₩ 3,471	₩ 23,068	₩ 5,554	\$ 19,757	\$ 4,757
Kia Motors Corporation	182,715	149,666	307,047	108,885	211,066	182,580	180,769	156,372
Hyundai WIA Corporation	33,588	58,873	35,592	56,139	79,675	78,304	68,238	67,064
Dymos Inc.	5,869	123,931	3,252	112,956	4,322	179,528	3,702	153,758
Hyundai PowerTech Co., Ltd.	19,579	66,668	12,893	86,364	4,851	153,512	4,155	131,477
KEFICO Corporation	849	62,653	775	55,010	776	74,875	665	64,127
Hyundai HYSCO	3,549	41,576	3,196	38,933	4,025	77,052	3,447	65,992
Hyundai Commercial Inc.	-	-	-	-	3,186	307	2,729	263
Autoever Systems Corp.	8	72,639	19	69,277	15	72,577	13	62,159
Hyundai Card Co., Ltd.	32,487	34,602	26,916	35,138	31,630	36,144	27,090	30,956
METIA Corporation	113	11,488	356	12,034	155	16,275	133	13,939
Haevichi Hotel & Resort Co., Ltd.	14,453	1,475	30,063	1,109	38,989	1,122	33,392	961
Partecs Company, Ltd.	-	-	-	3,874	10	7,801	9	6,681
Hyundai Rotem Company	237	74,043	155	23,898	410	37,563	351	32,171
M & Soft Co., Ltd.	-	-	-	288	256	467	219	400
Haevichi Country Club Co., Ltd.	-	-	-	-	-	740	-	634
Hyundai Motor America	600,619	22,711	1,323,393	17,741	931,272	12,444	797,595	10,658
Hyundai Auto Canada Corp.	-	-	122,352	2,189	243,130	3,935	208,231	3,370
Hyundai Motor Company Australia	125,383	255	172,797	3,275	285,799	386	244,775	331
Hyundai Motor India	9,127	470	229,426	13	214,973	38	184,115	33
Hyundai Motor Group (China) Ltd.	40,692	116	154,950	-	29,666	-	25,408	-
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	192,433	1,130	265,479	356	177,966	10,508	152,420	9,000
Hyundai Motor Europe GmbH	252,921	2,497	200,508	-	50,776	-	43,487	-
Hyundai Motor Commonwealth of Independent States	-	-	660,310	-	526,957	-	451,316	-
Hyundai Motor Manufacturing Alabama, LLC	15,395	5,080	34,752	2,643	15,125	129	12,954	110
Hyundai America Technical Center Inc.	39	2,929	16	8,352	7	13,170	6	11,280
Hyundai Motor Manufacturing Czech,s.r.o.	32,111	-	61,729	70	21,768	17	18,643	15
Hyundai Motor Europe Technical Center GmbH	186	6,326	20	6,742	46	6,968	39	5,968
Hyundai Motor Poland Sp. Zo.O	327,607	137	168,845	499	46,127	3,334	39,506	2,855
Hyundai Auto Czech s.r.o.	-	-	-	-	8,867	2,312	7,594	1,980
Hyundai Motor Japan Co.	18,388	5,626	11,713	105	10,212	110	8,746	94
Hyundai Motor Company Italy	-	-	13,086	-	-	-	-	-
Hyundai Motor Norway AS	24,587	116	21,190	382	8,901	1,158	7,623	992
Kia Motors Australia Pty. Ltd.	-	-	-	252	6,430	763	5,507	653
Hyundai Capital America Stampeted Metal America Research Technology Inc.	-	-	-	-	88	-	75	-
Hyundai Translead, Inc	-	-	-	-	24	-	21	-
Hyundai Motor (UK) Ltd.	-	-	2,245	6,580	-	310	-	266
Hyundai Motor Manufacturing Rus LLC	-	-	-	-	51	-	44	-

Significant transactions in 2007, 2008 and 2009 between the consolidated subsidiaries are as follows:

Subsidiaries	Counterpart subsidiaries	Korean Won			Translation into
		2007	2008	2009	U.S. Dollars
		Subsidiary's income	Subsidiary's income	Subsidiary's income	(Note 2) 2009
		(In millions)			(In thousands)
Kia Motors Corporation	Kia Motors America Inc.	₩ 4,165,067	₩ 4,427,801	₩ 3,472,093	\$ 2,973,701
	Kia Motors Europe GmbH	418,475	1,101,707	1,810,217	1,550,374
	Kia Canada, Inc.	508,307	601,520	696,038	596,127
	Kia Motors Slovakia S.r.o.	-	465,614	465,470	398,655
	Hyundai WIA Corporation	300,093	292,905	373,715	320,071
	Hyundai Motor Group (China) Ltd.	157,826	267,322	238,532	204,293
	Kia Motors Australia Pty. Ltd.	334,622	229,483	255,929	219,192
	Dong Feng Yueda Kia Motor Co., Ltd.	256,047	192,427	233,775	200,218
	Hyundai Capital Service Inc.	90,639	156,818	135,752	116,266
	Hyundai Motor America	193,388	68,122	126	108
	Dymos Inc.	33,340	29,683	32,215	27,591
	Kia Motors Manufacturing Georgia, Inc.	-	15,987	34,932	29,918
	Hyundai Motor India Automobile Industrial Ace Corporation	-	20,753	8,326	7,131
	Hyundai HYSKO	-	12,636	15,275	13,082
	Hyundai HYSKO	8,281	12,637	14,453	12,378
	Hyundai Auto Canada Corp.	33,593	24,906	769	659
	Hyundai PowerTech Co., Ltd.	22,689	13,899	11,167	9,564
	Autoever Systems Corp.	7,805	10,085	8,311	7,118
	Hyundai Motor Manufacturing Czech,s.r.o.	-	1,816	15,804	13,535
	METIA Corporation	7,514	8,161	-	-
	KEFICO Corporation	2,939	2,425	3,038	2,602
	Hyundai Card Co., Ltd.	309	304	349	299
	Haevichi Hotel & Resort Co., Ltd.	-	207	379	325
	Kia Motors Polska Sp.z.o.o.	89,492	44,585	-	-
	Kia Motors Sales Slovensko s.r.o.	189,510	30,677	-	-
	Autoever Systems Corp.	Kia Motors Corporation	57,742	57,095	59,312
Hyundai Card Co., Ltd.		33,335	47,127	58,010	49,683
Hyundai Capital Service Inc.		24,633	23,247	27,275	23,360
Hyundai Rotem Company		10,245	13,551	13,904	11,908
Kia Motors Manufacturing Georgia, Inc.		-	-	12,793	10,957
Hyundai WIA Corporation		6,643	6,465	8,893	7,616
Hyundai HYSKO		9,615	7,628	7,805	6,685
Hyundai Information Service North America		3,081	2,112	7,507	6,429
Hyundai Motor Manufacturing Czech,s.r.o.		-	122	3,917	3,355
Hyundai Motor India		1,382	476	3,651	3,127
Hyundai Commercial Inc.		4,882	2,660	3,027	2,592
Hyundai PowerTech Co., Ltd.		4,157	4,553	2,736	2,343
Dymos Inc.		2,877	3,375	2,498	2,139
KEFICO Corporation		2,410	2,670	2,203	1,887
Hyundai Powertech Manufacturing America		-	-	1,718	1,471
Autoever Systems Europe GmbH		-	3,930	1,284	1,100
Hyundai Motor Manufacturing Alabama, LLC		-	1,788	1,082	927
Hyundai Autonet Co., Ltd.		11,733	12,444	-	-

Subsidiaries	Counterpart subsidiaries	Korean Won			Translation into
		2007	2008	2009	U.S. Dollars
		Subsidiary's income	Subsidiary's income	Subsidiary's income	(Note 2) 2009
		(In millions)		(In thousands)	
Autoever Systems Corp.	Kia Motors Slovakia S.r.o.	₩ 2,731	₩ 1,827	₩ 504	\$ 432
	Dong Feng Yueda Kia Motor Co., Ltd.	3,503	653	14	12
Hyundai Capital Service Inc.	Hyundai Card Co., Ltd.	20,373	36,964	15,596	13,357
	Kia Motors Corporation	20,834	26,674	9,528	8,160
	Hyundai Commercial Inc.	548	8,229	3,818	3,270
	Autoever Systems Corp.	43	96	143	122
Hyundai Card Co., Ltd.	Kia Motors Corporation	23,818	40,855	40,964	35,084
	Hyundai Capital Service Inc.	8,581	13,942	18,377	15,739
	Autoever Systems Corp.	3,990	5,447	5,660	4,848
	M & Soft Co., Ltd.	-	1,721	1,486	1,273
	Dymos Inc.	-	1,313	1,005	861
	Hyundai HYSCO	-	96	89	76
	Hyundai WIA Corporation	-	11	1	1
KEFICO Corporation	Kia Motors Corporation	91,950	80,723	116,018	99,365
	Hyundai PowerTech Co., Ltd.	40,825	44,269	38,275	32,781
	Hyundai WIA Corporation	-	8,352	7,262	6,220
Dymos Inc.	Kia Motors Corporation	144,992	143,179	176,382	151,064
	Hyundai Rotem Company	56,706	44,769	59,639	51,078
	Hyundai Motor India	-	-	52,836	45,252
	Mseat Co., Ltd.	14,043	35,369	30,542	26,158
	Hyundai WIA Corporation	27,963	24,057	12,638	10,824
	Dymos Czech Republic s.r.o	-	-	10,507	8,999
	Dymos Lear Automotive India	-	4,315	6,300	5,396
	Hyundai PowerTech Co., Ltd.	30,127	31,922	472	404
Hyundai WIA Corporation	Kia Motors Corporation	2,076,133	1,683,242	1,610,007	1,378,903
	Hyundai Wia Automotive Engine (Shandong) Company	22,549	112,158	193,531	165,751
	Hyundai Wia Automotive Parts	28,939	24,652	63,300	54,214
	Hyundai-Kia Machine America Corp.	89,763	80,856	35,112	30,072
	Hyundai Wia Motor Dies (Shandong) Company	-	-	33,354	28,566
	Hyundai-Kia Machine Europe GmbH	70,683	49,411	26,616	22,795
	Hyundai PowerTech Co., Ltd.	4,172	885	11,578	9,916
	Hyundai Rotem Company	3,000	3,221	8,096	6,934
	Dymos Inc.	19,968	16,660	3,681	3,153
	Hyundai Motor India	63	16	2,276	1,949
	Hyundai Motor Manufacturing Alabama, LLC	-	-	2,069	1,772
	Hyundai HYSCO	7,308	1,725	1,770	1,516
	METIA Corporation	6,573	2,982	732	627
	Partecs Company, Ltd.	1,475	-	52	45
Hyundai PowerTech Co., Ltd.	Kia Motors Corporation	327,743	252,733	220,253	188,637
	Hyundai WIA Corporation	78,768	127,943	119,666	102,489
	Hyundai Powertech Manufacturing America	-	-	43,638	37,374
	Partecs Company, Ltd.	-	486	1,084	928
Hyundai Rotem Company	Green Air Co., Ltd.	-	-	135,665	116,191
	Hyundai Motor Manufacturing Czech,s.r.o.	-	-	15,882	13,602
	Dong Feng Yueda Kia Motor Co., Ltd.	-	-	3,688	3,159

Subsidiaries	Counterpart subsidiaries	Korean Won			Translation into	
		2007	2008	2009	U.S. Dollars	
		Subsidiary's income	Subsidiary's income	Subsidiary's income	(Note 2) 2009 Subsidiary's income	
		(In millions)			(In thousands)	
Hyundai Rotem Company	Hyundai Motor India	₩ -	₩ -	₩ 3,332	\$ 2,854	
	Kia Motors Corporation	26,310	1,280	2,755	2,360	
	Hyundai HYSCO	-	1,865	2,108	1,805	
	Partecs Company, Ltd.	32,814	580	-	-	
	Autoever Systems Corp.	253	7	4	3	
Hyundai HYSCO	Beijing Hyundai Hysco Steel Process Co., Ltd.	79,703	207,444	272,485	233,372	
	Hysco Steel India, Ltd.	27,801	186,067	169,115	144,840	
	Hyundai Hysco USA, Inc.	153,462	323,051	81,336	69,661	
	Hysco America Co. Inc.	53,317	65,525	59,808	51,223	
	Kia Motors Corporation	41,443	67,821	54,936	47,050	
	Jiangsu Hyundai Hysco Steel Co., Ltd.	16,030	30,137	48,755	41,757	
	Hysco Slovakia, s.r.o.	28,878	33,778	21,911	18,766	
	Hyundai Motor India	2,530	3,704	15,633	13,389	
	Hyundai Rotem Company	-	5,704	5,614	4,808	
	Hyundai WIA Corporation	5,571	4,303	2,885	2,471	
	Dong Feng Yueda Kia Motor Co., Ltd.	3,403	-	-	-	
	METIA Corporation	Hyundai WIA Corporation	54,329	39,453	47,940	41,059
		Kia Motors Corporation	15,929	16,880	17,835	15,275
Dymos Inc.		2,792	3,442	2,244	1,922	
Automobile Industrial Ace Corporation	Kia Motors Corporation	109,961	78,580	74,480	63,789	
	Hyundai WIA Corporation	8,795	6,932	7,285	6,239	
	Dymos Inc.	128	96	21	18	
Mseat Co., Ltd.	Dymos Inc.	195,944	262,515	297,548	254,837	
	Kia Motors Corporation	109,961	-	-	-	
Hyundai Autonet Co., Ltd.	Hyundai Hi-Tech Electronics (Tianjin) Co. Ltd.	73,492	282,786	-	-	
	Kia Motors Corporation	26,057	31,599	-	-	
Haevichi Resort Co., Ltd.	Kia Motors Corporation	2,670	3,302	5,114	4,380	
	Hyundai Card Co., Ltd.	453	371	453	388	
	Hyundai HYSCO	212	190	253	217	
M & Soft Co., Ltd.	Kia Motors Corporation	44	40	-	-	
	Autoever Systems Corp.	2	-	87	75	
Hyundai America Technical Center Inc.	Kia Motors Corporation	26,466	39,466	48,778	41,776	
Hyundai Motor America	Hyundai America Technical Center Inc.	28,346	34,536	44,380	38,010	
	Hyundai Motor Manufacturing Alabama, LLC	9,191	59,931	32,160	27,544	
	Hyundai Capital America	1,930	3,220	4,484	3,840	
	Innocean Worldwide Americas, LLC (Formerly, World Marketing Group LLC)	3,527	2,942	3,274	2,804	
	Hyundai Information Service North America	-	1,131	1,107	948	
	Kia Motors America Inc.	2,442	6,567	308	264	
	Kia Motors Corporation	4,370	6,913	-	-	

Subsidiaries	Counterpart subsidiaries	Korean Won			Translation into
		2007	2008	2009	U.S. Dollars
		Subsidiary's income	Subsidiary's income	Subsidiary's income	(Note 2) 2009
		(In millions)			(In thousands)
Innocean Worldwide Americas, LLC (Formerly, World Marketing Group LLC)	Hyundai Motor America Kia Motors America Inc.	₩ 9,723 9,191	₩ 54,965 17,911	₩ 27,311 -	\$ 23,391 -
Hyundai Motor Europe Technical Center GmbH	Kia Motors Corporation	11,841	45,579	-	-
Hyundai-Kia Machine America Corp.	Hyundai WIA Corporation	636	1,347	-	-
Kia Motors America Inc.	Kia Motors Corporation	327,223	427,355	663,816	568,530
	Hyundai America Technical Center Inc.	452	2,771	10,757	9,213
	Hyundai Information Service North America	-	537	2,273	1,947
	Hyundai Motor America	3,086	3,788	-	-
	Hyundai Capital America	-	-	384	329
Hyundai Motor Europe GmbH	Hyundai Motor (UK) Ltd.	308,735	404,259	36,068	30,891
	Hyundai Motor Company Italy	-	-	22,173	18,990
	Hyundai Motor Manufacturing Czech,s.r.o.	-	-	16,900	14,474
	Hyundai Motor India	-	-	15,965	13,673
	Hyundai Motor Europe Technical Center GmbH	616	1,406	347	297
	Kia Motors Europe GmbH	846	-	-	-
Hyundai Capital America	Kia Motors America Inc.	-	-	4,221	3,615
	Hyundai Motor America	-	6,614	2,282	1,954
Hyundai Translead, Inc	Hyundai Motor America	9,661	9,347	12,891	11,041
	Kia Motors America Inc.	6,319	4,829	10,003	8,567
	Hyundai Auto Canada Corp.	-	1,756	1,914	1,639
	Kia Canada, Inc.	-	318	529	453
	Hyundai Capital America	180	371	78	67
Hyundai Motor India	Hyundai Motor (UK) Ltd.	29,244	288,339	371,645	318,298
	Hyundai Motor Company Italy	-	-	309,975	265,480
	Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	14,783	29,480	69,900	59,866
	Hyundai Motor Manufacturing Rus LLC	-	-	67,457	57,774
	Hyundai Auto Czech s.r.o.	-	-	59,989	51,378
	Hyundai WIA Corporation	16,072	-	42,220	36,160
	Hyundai Motor Poland Sp. Zo.O	8,828	36,897	32,807	28,098
	Hyundai Motor Norway	3,664	3,908	18,321	15,691
	Hyundai Motor Espana.S.L	-	-	10,285	8,809
	Hyundai Motor Manufacturing Czech,s.r.o.	-	-	3,609	3,091
Kia Motors Europe GmbH	Kia Motors (UK) Ltd.	448,649	553,734	608,419	521,085
	Kia Motors Deutschland GmbH	602,986	450,772	807,025	691,183
	Kia Motors Corporation	30,333	439,040	360,522	308,772
	Kia Automobiles France	214,374	291,596	300,409	257,288
	Kia Motors Polska Sp.z.o.o.	112,300	234,165	263,624	225,783
	Kia Motors Belgium	167,360	182,380	202,767	173,661
	Kia Motors Iberia	694,412	256,347	127,625	109,305
	Kia Motors Sweden AB	113,334	138,268	179,992	154,156
	Kia Motors Austria GmbH	85,414	137,266	154,270	132,126
	Kia Motors Czech s.r.o.	100,976	136,578	121,888	104,392

Subsidiaries	Counterpart subsidiaries	Korean Won			Translation into
		2007	2008	2009	U.S. Dollars
		Subsidiary's income	Subsidiary's income	Subsidiary's income	(Note 2) 2009
		(In millions)			(In thousands)
Kia Motors Europe GmbH	Kia Motors Hungary Kft	₩ 50,039	₩ 61,868	₩ 17,651	\$ 15,117
	Kia Motors Sales Slovensko s.r.o.	27,080	34,727	34,994	29,971
	Kia Motors Czech s.r.o.	100,976	136,578	121,888	104,392
Kia Canada, Inc.	Kia Motors Corporation	19,339	22,343	65,824	56,375
Kia Motors Slovakia S.r.o.	Kia Motors Europe GmbH	1,716,085	2,211,472	1,863,532	1,596,036
	Kia Motors Sales Slovensko s.r.o.	42,866	75,277	62,910	53,880
Hyundai Motor Manufacturing Alabama, LLC	Hyundai Motor America	3,392,893	3,743,930	3,245,529	2,779,658
	Hyundai Auto Canada Corp.	459,250	543,522	745,948	638,873
	Hyundai Capital America	9,303	6,985	785	672

As of December 31, 2007, 2008 and 2009, significant balances related to the transactions between the consolidated subsidiaries are as follows:

Subsidiaries	Counterpart subsidiaries	Korean Won			Translation into
		2007	2008	2009	U.S. Dollars
		Subsidiary's receivables	Subsidiary's receivables	Subsidiary's receivables	(Note 2) 2009
		(In millions)			(In thousands)
Kia Motors Corporation	Kia Motors America Inc.	₩ 125,806	₩ 97,234	₩ 105,383	\$ 90,248
	Kia Motors Europe GmbH	191,516	267,919	159,374	136,485
	Kia Canada, Inc.	15,382	9,189	33,353	28,563
	Kia Motors Slovakia S.r.o.	105,277	184,501	233,376	199,860
	Hyundai WIA Corporation	29,756	19,024	4,328	3,706
	Hyundai Motor Group (China) Ltd.	3,543	6,190	-	-
	Kia Motors Australia Pty. Ltd.	29,615	43,208	45,516	38,979
	Dong Feng Yueda Kia Motor Co., Ltd.	61,950	81,582	58,720	50,287
	Hyundai Capital Service Inc.	11,902	6,376	12,383	10,605
	Hyundai Motor America	27,233	-	-	-
	Dymos Inc.	264	1,516	632	541
	Kia Motors Manufacturing Georgia, Inc.	-	13,710	227	194
	Hyundai Motor India Automobile Industrial Ace Corporation	-	12,176	-	-
	Hyundai HYSKO	-	-	2,307	1,976
	Hyundai HYSCO	1,924	1,107	1,768	1,514
	Hyundai Auto Canada Corp.	2,043	-	761	652
	Hyundai PowerTech Co., Ltd.	15,100	-	75	64
	Autoever Systems Corp.	355	375	324	277
	Hyundai Motor Manufacturing Czech,s.r.o.	-	1,816	13,411	11,485
	METIA Corporation	1,873	7,349	59	51
	KEFICO Corporation	-	-	404	346
	Hyundai Card Co., Ltd.	6,846	7,159	14,131	12,102
	Haevichi Hotel & Resort Co., Ltd.	-	10,561	11,297	9,675
	Hyundai Rotem Company	21	14	31	27

Subsidiaries	Counterpart subsidiaries	Korean Won			Translation into
		2007	2008	2009	U.S. Dollars
		Subsidiary's receivables	Subsidiary's receivables (In millions)	Subsidiary's receivables	(Note 2) 2009 Subsidiary's receivables (In thousands)
Autoever Systems Corp.	Kia Motors Corporation	₩ 11,312	₩ 8,821	₩ 11,841	\$ 10,140
	Hyundai Card Co., Ltd.	6,187	8,960	9,883	8,464
	Hyundai Capital Service Inc.	524	2,353	89	76
	Hyundai Rotem Company	4,855	7,398	4,566	3,910
	Kia Motors Manufacturing Georgia, Inc.	281	-	1,169	1,001
	Hyundai WIA Corporation	891	1,469	2,486	2,129
	Hyundai HYSKO	3,581	1,892	2,298	1,968
	Hyundai Information Service North America	365	537	1,621	1,388
	Hyundai Motor Manufacturing Czech,s.r.o.	225	2,966	1,299	1,112
	Hyundai Motor India	339	17	449	385
	Hyundai Commercial Inc.	22	38	15	13
	Hyundai PowerTech Co., Ltd.	1,866	3,286	1,113	953
	Dymos Inc.	1,388	1,358	819	701
	KEFICO Corporation	565	433	265	227
	Hyundai Powertech Manufacturing America	-	-	764	654
	Autoever Systems Europe GmbH	273	2,217	749	641
	Hyundai Motor Manufacturing Alabama, LLC	452	217	125	107
	Kia Motors Slovakia S.r.o.	194	993	52	45
	Dong Feng Yueda Kia Motor Co., Ltd.	1,746	663	55	47
	Hyundai Capital Service Inc.	Hyundai Card Co., Ltd.	1,120	1,638	1,794
Kia Motors Corporation		2,951	2,814	4,013	3,437
Hyundai Commercial Inc.		-	384	151	129
Autoever Systems Corp.		-	9	34	29
Hyundai Card Co., Ltd.	Kia Motors Corporation	28,926	20,179	31,073	26,610
	Hyundai Capital Service Inc.	65,413	63,085	91,544	78,397
	Autoever Systems Corp.	7,173	14,451	9,811	8,402
	M & Soft Co., Ltd.	113	117	193	165
	Dymos Inc.	362	324	385	330
	Hyundai HYSKO	260	224	816	699
	Hyundai WIA Corporation	2,341	5	832	713
KEFICO Corporation	Kia Motors Corporation	15,679	15,902	30,872	26,438
	Hyundai PowerTech Co., Ltd.	5,816	6,620	9,618	8,237
	Hyundai WIA Corporation	803	1,182	820	702
Dymos Inc.	Kia Motors Corporation	19,512	20,009	37,376	32,008
	Hyundai Rotem Company	22,475	11,230	8,703	7,453
	Hyundai Motor India	-	497	8,319	7,124
	Mseat Co., Ltd.	-	1,323	335	287
	Hyundai WIA Corporation	627	7,673	2,235	1,914
	Dymos Czech Republic s.r.o	-	-	4,601	3,940
	Dymos Lear Automotive India	306	-	2,156	1,846
	Hyundai PowerTech Co., Ltd.	6,633	6,771	46	39
	Hyundai WIA Corporation	Kia Motors Corporation	283,889	296,333	605,548
Hyundai Wia Automotive Engine (Shandong) Company		7,145	17,116	7,795	6,676
Hyundai Wia Automotive Parts		12,949	7,280	6,101	5,225
Hyundai-Kia Machine America Corp.		46,633	6,701	5,097	4,365

Subsidiaries	Counterpart subsidiaries	Korean Won			Translation into
		2007	2008	2009	U.S. Dollars
		Subsidiary's receivables	Subsidiary's receivables (In millions)	Subsidiary's receivables	(Note 2) 2009 Subsidiary's receivables (In thousands)
Hyundai WIA Corporation	Hyundai Wia Motor Dies (Shandong) Company	₩ -	₩ -	₩ 12	\$ 10
	Hyundai-Kia Machine Europe GmbH	6,080	5,216	2,268	1,942
	Hyundai PowerTech Co., Ltd.	2,196	906	11,737	10,051
	Hyundai Rotem Company	527	5,848	178	152
	Dymos Inc.	871	5,680	500	428
	Hyundai Motor India	858	1,187	102	87
	Hyundai Motor Manufacturing Alabama, LLC	-	-	31	27
	Hyundai HYSCO	5,113	1,168	-	-
	METIA Corporation	6,453	13,384	103	88
	Partecs Company, Ltd.	134	-	28	24
Hyundai PowerTech Co., Ltd.	Kia Motors Corporation	58,890	33,096	72,295	61,912
	Hyundai WIA Corporation	13,088	32,557	44,893	38,446
	Hyundai Powertech Manufacturing America	-	-	1	1
	Partecs Company, Ltd.	6,825	43	73	63
Hyundai Rotem Company	Green Air Co., Ltd.	-	-	4,450	3,811
	Hyundai Motor Manufacturing Czech,s.r.o.	-	-	593	508
	Dong Feng Yueda Kia Motor Co., Ltd.	-	-	475	407
	Hyundai Motor India	9,323	170	30	26
	Kia Motors Corporation	2,580	121	1,340	1,148
	Hyundai HYSCO	66,789	75,413	76,732	65,712
	Partecs Company, Ltd.	47,867	3,834	3,834	3,283
	Dymos Inc.	25,375	23,058	11,808	10,112
	Autoever Systems Corp.	1	-	1	1
Hyundai HYSCO	Beijing Hyundai Hysco Steel Process Co., Ltd.	80	25,008	646	553
	Hysco Steel India, Ltd.	6,257	38,925	8,827	7,559
	Hyundai Hysco USA, Inc.	5,281	90,608	3,797	3,252
	Hysco America Co. Inc.	15,510	25,338	3,854	3,301
	Kia Motors Corporation	3,374	8,486	22,918	19,627
	Jiangsu Hyundai Hysco Steel Co., Ltd.	-	4,384	949	813
	Hyundai Motor India	-	369	483	414
	Hyundai Rotem Company	67	-	1,333	1,142
	Hyundai WIA Corporation	2,551	1,491	1,347	1,154
	Hyundai Card Co., Ltd.	3,604	2,525	3,422	2,931
	Hysco Slovakia, S.r.o.	41	10,353	1,224	1,048
METIA Corporation	Hyundai WIA Corporation	19,680	17,272	27,167	23,265
	Kia Motors Corporation	3,630	7,594	6,855	5,871
	Dymos Inc.	1,037	1,432	1,042	892
Automobile Industrial Ace Corporation	Kia Motors Corporation	16,057	11,305	22,004	18,844
	Hyundai WIA Corporation	1,707	1,257	2,657	2,275
	Dymos Inc.	18	25	-	-
Mseat Co., Ltd.	Dymos Inc.	59,732	43,766	102,480	87,762
	Kia Motors Corporation	16,057	2	-	-

Subsidiaries	Counterpart subsidiaries	Korean Won			Translation into	
		2007	2008	2009	U.S. Dollars	
		Subsidiary's receivables	Subsidiary's receivables (In millions)	Subsidiary's receivables	(Note 2) 2009 Subsidiary's receivables (In thousands)	
Haevichi Hotel & Resort Co., Ltd.	Kia Motors Corporation	₩ 3,178	₩ 418	₩ 554	\$ 474	
	Hyundai Card Co., Ltd.	116	430	660	565	
	Hyundai HYSCO	55	44	44	38	
M & Soft Co., Ltd.	Kia Motors Corporation	23	2	-	-	
Hyundai America Technical Center Inc.	Kia Motors Corporation	2,844	3,917	6,595	5,648	
	Hyundai Motor America					
Hyundai Motor America	Hyundai America Technical Center Inc.	1,653	2,145	2,212	1,894	
	Hyundai Motor Manufacturing Alabama, LLC	5,598	10,243	8,841	7,571	
	Hyundai Capital America	856	546	119,010	101,918	
	Innocean Worldwide Americas, LLC (Formerly, World Marketing Group LLC)	3	5	25	21	
	Hyundai Information Service North America	225	541	135	116	
	Kia Motors America Inc.	265	301	-	-	
	Kia Motors Corporation	618	2,900	1,160	993	
	Innocean Worldwide Americas, LLC (Formerly, World Marketing Group LLC)					
	Hyundai Motor Europe Technical Center GmbH	Hyundai Motor America	39,851	89,622	33,834	28,975
		Kia Motors America Inc.	-	90,432	-	-
Hyundai-Kia Machine America Corp.	Kia Motors Corporation	6,061	6,480	-	-	
	Hyundai WIA Corporation	527	595	-	-	
Kia Motors America Inc.	Kia Motors Corporation	8,930	15,715	65,664	56,234	
	Hyundai America Technical Center Inc.	4	4	995	852	
	Hyundai Information Service North America	341	1,806	196	168	
	Hyundai Motor America	479	1,107	-	-	
	Hyundai Motor Europe GmbH	292,016	221,903	59,071	50,587	
	Hyundai Motor Company Italy	-	-	4,896	4,193	
	Hyundai Motor Manufacturing Czech,s.r.o.	-	-	876	750	
Hyundai Capital America	Hyundai Motor India	-	-	804	689	
	Kia Motors Europe GmbH	37	-	-	-	
Hyundai Translead, Inc	Kia Motors America Inc.	-	11,216	73,883	63,272	
	Hyundai Motor America	343,284	416,209	35,529	30,426	
Hyundai Motor India	Hyundai Motor America	1,260	2,170	1,603	1,373	
	Kia Motors America Inc.	969	-	1,600	1,370	
	Hyundai Auto Canada Corp.	38	190	243	208	
	Kia Canada, Inc.	38	13	42	36	
	Hyundai Capital America	74	-	-	-	
	Hyundai Motor (UK) Ltd.	16,152	98,822	222,962	190,941	
Hyundai Motor India	Hyundai Motor Company Italy	-	-	113,881	97,526	
	Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	694	-	358	307	
	Hyundai Motor Manufacturing Rus LLC	-	-	333	285	
	Hyundai Auto Czech S.r.o.	-	-	8,666	7,421	

Subsidiaries	Counterpart subsidiaries	Korean Won			Translation into
		2007	2008	2009	U.S. Dollars (Note 2)
		Subsidiary's receivables	Subsidiary's receivables	Subsidiary's receivables	Subsidiary's receivables
		(In millions)			(In thousands)
Hyundai Motor India	Hyundai WIA Corporation	₩ 166	₩ 16,929	₩ 460	\$ 394
	Hyundai Motor Poland Sp. Zo.O	3,604	17,778	12,760	10,927
	Hyundai Motor Norway AS	2,750	11,996	11,210	9,600
	Hyundai Motor Espana.S.L	-	-	10,474	8,970
	Hyundai Motor Manufacturing Czech,s.r.o.	-	135	32	27
Kia Motors Europe GmbH	Kia Motors (UK) Ltd.	439,917	240,578	262,562	224,854
	Kia Motors Deutschland GmbH	436,321	398,275	309,881	265,377
	Kia Motors Corporation	9,801	8,934	96,784	82,884
	Kia Automobiles France	274,516	349,937	333,743	285,812
	Kia Motors Polska Sp.z.o.o.	57,932	94,391	196,164	167,992
	Kia Motors Belgium	148,108	141,183	226,254	193,760
	Kia Motors Iberia	572,381	579,169	361,980	309,994
	Kia Motors Sweden AB	58,749	78,775	120,793	103,445
	Kia Motors Australia Pty. Ltd.	-	128,953	108,205	92,665
	Kia Motors Czech s.r.o.	29,056	38,150	57,214	48,997
	Kia Motors Hungary Kft	29,499	39,721	30,537	26,151
	Kia Motors Sales Slovensko s.r.o.	14,608	23,878	19,845	16,995
	Kia Motors Austria GmbH	83,071	103,871	108,205	92,673
	Kia Canada, Inc.	Kia Motors Corporation	2,482	3,725	2,188
Kia Motors Slovakia S.r.o.	Kia Motors Europe GmbH	219,511	332,677	1,014,518	868,817
	Kia Motors Sales Slovensko s.r.o.	36,671	26,955	-	-
Hyundai Motor Manufacturing Alabama, LLC	Hyundai Motor America	244,056	208,910	298,521	255,649
	Hyundai Auto Canada Corp.	45,078	59,733	63,760	54,603
	Hyundai Capital America	1,495	-	-	-

26. RELATED PARTY TRANSACTIONS:

(1) In 2007, significant transactions with related parties other than the consolidated subsidiaries are as follows:

Companies	Related party	Korean Won	
		Sales/ revenues	Purchases/ expenses
(In millions)			
Hyundai Motor Company	Hyundai Mobis	₩ 389,543	₩ 3,144,665
	Asset Management Co., Ltd.	2,005	229,432
	Glovis Co., Ltd.	89,077	429,515
	Beijing Hyundai Motor Company	418,959	41,806
	Hyundai Steel Company	3,268	1,822
	Iljin Bearing Co., Ltd.	1	33,597
	Eukor Car Carriers Inc.	879	534,026
	IHL Corporation	70	87,214
	BNG Steel Co., Ltd.	14	70,106
	Innocean Worldwide Inc.	26	28,309
	Wisco Co., Ltd.	12	64,931
Kia Motors Corporation	Hyundai Mobis	50,271	1,516,019
	Asset Management Co., Ltd.	788	76,821
	Glovis Co., Ltd.	84,073	221,446
	Donghui Auto Co., Ltd.	-	88,695
	Eukor Car Carriers Inc.	250	370,521

In 2008, significant transactions with related parties other than the consolidated subsidiaries are as follows:

Companies	Related party	Korean Won	
		Sales/ revenues	Purchases/ expenses
(In millions)			
Hyundai Motor Company	Hyundai Mobis	₩ 373,301	₩ 3,262,899
	Asset Management Co., Ltd.	2,007	161,145
	Glovis Co., Ltd.	32,290	445,772
	Beijing Hyundai Motor Company	325,178	13,343
	Hyundai Steel Company	3,034	1,945
	Iljin Bearing Co., Ltd.	-	28,101
	Eukor Car Carriers Inc.	556	765,147
	IHL Corporation	41	83,547
	BNG Steel Co., Ltd.	14	79,416
	Innocean Worldwide Inc.	24	28,191
	Wisco Co., Ltd.	2	85,035
	Samwoo Co., Ltd.	1	103,568
	Kia Motors Corporation	Hyundai Mobis	66,487
Asset Management Co., Ltd.		723	34,176
Glovis Co., Ltd.		15,671	488,620
Donghui Auto Co., Ltd.		-	91,188
Eukor Car Carriers Inc.		499	474,385

In 2009, significant transactions with related parties other than the consolidated subsidiaries are as follows:

Companies	Related party	Korean Won		Translation into U.S. Dollars (Note 2)	
		Sales/ revenues	Purchases/ expenses	Sales/ revenues	Purchases/ expenses
		(In millions)		(In thousands)	
Hyundai Motor Company	Hyundai Mobis	₩ 473,848	₩ 3,467,698	\$ 405,831	\$ 2,969,937
	Asset Management Co., Ltd.	3,575	156,362	3,062	133,917
	Glovis Co., Ltd.	27,617	316,670	23,653	271,214
	Beijing Hyundai Motor Company	511,660	5,968	438,215	5,111
	Hyundai Steel Company	4,847	1,296	4,151	1,110
	Iljin Bearing Co., Ltd.	28	16,154	24	13,835
	Eukor Car Carriers Inc.	635	596,120	544	510,552
	IHL Corporation	286	71,540	245	61,271
	BNG Steel Co., Ltd.	195	59,393	167	50,868
	Innocean Worldwide Inc.	12	35,618	10	30,505
	Wisco Co., Ltd.	7	77,157	6	66,082
	Samwoo Co., Ltd.	-	241,652	-	206,965
	Kia Motors Corporation	Hyundai Mobis	55,751	1,676,181	47,748
Asset Management Co., Ltd.		277	30,712	237	26,304
Glovis Co., Ltd.		14,606	605,633	12,509	518,699
Donghui Auto Co., Ltd.		926	129,535	793	110,941
Eukor Car Carriers Inc.		521	452,645	446	387,671

(2) As of December 31, 2007, significant balances related to the transactions other than the consolidated subsidiaries are as follows:

Companies	Related party	Korean Won		
		Receivables	Payables	
		(In millions)		
Hyundai Motor Company	Hyundai Mobis	₩ 126,432	₩ 548,361	
	Asset Management Co., Ltd.	320	66,040	
	Glovis Co., Ltd.	2,494	51,675	
	Hyundai Steel Company	482	22,399	
	Beijing Hyundai Motor Company	17,070	274	
	Eukor Car Carriers Inc.	9	40,482	
	IHL Corporation	61	15,269	
	BNG Steel Co., Ltd.	9	7,669	
	Innocean Worldwide Inc.	37	44,572	
	Wisco Co., Ltd.	591	11,109	
	Kia Motors Corporation	Hyundai Mobis	16,528	313,125
		Asset Management Co., Ltd.	-	36,586
Glovis Co., Ltd.		1,420	36,640	
Eukor Car Carriers Inc.		-	29,943	

As of December 31, 2008, significant balances related to the transactions other than the consolidated subsidiaries are as follows:

Companies	Related party	Korean Won		
		Receivables	Payables	
(In millions)				
Hyundai Motor Company	Hyundai Mobis	₩ 75,275	₩ 650,614	
	Asset Management Co., Ltd.	329	61,267	
	Glovis Co., Ltd.	502	43,426	
	Beijing Hyundai Motor Company	41,733	887	
	Hyundai Steel Company	857	21,887	
	Eukor Car Carriers Inc.	25	103,329	
	HMC Investment Securities Co., Ltd.	36	-	
	IHL Corporation	36	19,551	
	BNG Steel Co., Ltd.	4	10,748	
	Innocean Worldwide Inc.	9	56,757	
	Wisco Co., Ltd.	470	26,177	
	Samwoo Co., Ltd.	1	11,160	
	Kia Motors Corporation	Hyundai Mobis	21,368	461,246
		Asset Management Co., Ltd.	3	10,285
Glovis Co., Ltd.		725	61,805	
Eukor Car Carriers Inc.		-	116,666	

As of December 31, 2009, significant balances related to the transactions other than the consolidated subsidiaries are as follows:

Companies	Related party	Korean Won		Translation into U.S. Dollars (Note 2)		
		Receivables	Payables	Receivables	Payables	
		(In millions)		(In thousands)		
Hyundai Motor Company	Hyundai Mobis	₩ 193,958	₩ 1,072,707	\$ 166,117	\$ 918,728	
	Asset Management Co., Ltd.	277	51,863	237	44,418	
	Glovis Co., Ltd.	17,205	69,622	14,735	59,628	
	Beijing Hyundai Motor Company	89,385	307	76,554	263	
	Hyundai Steel Company	1,606	21,883	1,375	18,742	
	Eukor Car Carriers Inc.	7	49,834	6	42,681	
	HMC Investment Securities Co., Ltd.	-	28,526	-	24,431	
	IHL Corporation	20	15,892	17	13,611	
	BNG Steel Co., Ltd.	1	17,470	1	14,962	
	Innocean Worldwide Inc.	1,565	39,788	1,340	34,077	
	Wisco Co., Ltd.	429	26,042	367	22,304	
	Samwoo Co., Ltd.	1,368	67,895	1,172	58,149	
	Kia Motors Corporation	Hyundai Mobis	24,457	478,058	20,946	409,436
		Asset Management Co., Ltd.	-	13,816	-	11,833
Glovis Co., Ltd.		1,314	72,981	1,125	62,505	
Eukor Car Carriers Inc.		-	22,503	-	19,273	

27. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses in 2007, 2008 and 2009 are as follows:

	Korean Won			Translation into
	2007	2008	2009	U.S. Dollars (Note 2)
	(In millions)			(In thousands)
Salary-related costs	₩ 2,545,845	₩ 2,899,468	₩ 3,282,206	\$ 2,811,071
Export costs	1,284,054	1,767,268	1,261,844	1,080,716
Sales promotion and advertisements	2,392,644	4,084,588	3,781,283	3,238,509
Sales commissions	787,898	686,285	932,110	798,313
Sales warranties	994,908	1,684,549	1,239,006	1,061,156
Taxes and dues	139,313	174,854	274,774	235,332
Communications	66,567	67,998	57,896	49,585
Utilities	51,541	66,840	90,821	77,784
Freight and warehousing	424,278	465,550	754,111	645,864
Rent	115,233	128,327	145,437	124,561
Travel	152,031	178,324	175,967	150,708
Service charges	595,842	611,581	732,154	627,059
Maintenance	57,261	68,184	98,479	84,343
Supplies	37,690	33,233	33,418	28,621
Research	608,631	696,355	663,384	568,160
Depreciation	420,053	556,193	516,004	441,936
Amortization	86,993	112,629	110,703	94,812
Provision for other liabilities	180,958	46,096	55,510	47,542
Bad debt	115,778	238,293	320,434	274,438
Other	228,500	268,144	262,206	224,569
	<u>₩ 11,286,018</u>	<u>₩ 14,834,759</u>	<u>₩ 14,787,747</u>	<u>\$ 12,665,079</u>

28. COMMITMENTS AND CONTINGENCIES:

- (1) The Company and its consolidated subsidiaries are contingently liable for guarantees of indebtedness of related parties including subsidiaries as of December 31, 2009 as follows:

<u>Company providing guarantee of indebtedness</u>	<u>Beneficiary companies</u>	<u>Korean Won</u> (In millions)	<u>U.S. Dollars (Note 2)</u> (In thousands)	
Hyundai Motor Company	Hyundai Capital Services, Inc.	₩ 659,401	\$ 564,749	
	Hyundai Merchant Marine Co., Ltd.	199,895	171,202	
	Hyundai Rotem Company	298,772	255,886	
	Hyundai Motor America	251,034	215,000	
	Hyundai Motor Manufacturing Alabama, LLC	651,691	558,146	
	Hyundai Capital America	876,910	751,036	
	Hyundai Motor India	291,900	250,000	
	Hyundai Motor Europe GmbH	89,519	76,669	
	Hyundai Motor Europe Technical Center GmbH	83,714	71,697	
	Hyundai Motor Manufacturing Rus LLC	330,503	283,062	
	Hyundai Motor Manufacturing Czech, s.r.o.	1,024,659	877,577	
	Hyundai Motor (UK) Ltd.	37,555	32,164	
	Hyundai Motor Commonwealth of Independent States	128,656	110,188	
	Hyundai Motor Japan Co.	25,256	21,631	
	Hyundai Motor Espana S.L.	133,942	114,716	
	Hyundai Motor Company Italy	50,228	43,018	
	Hyundia Motor Japan R&D Center Inc.	6,946	5,949	
	Hyundai Motor Poland Sp.Zo.O	16,743	14,340	
	Hyundai Translead, Inc.	89,905	77,000	
	Stampeted Metal America Research Technology Inc.	140,112	120,000	
	Hyundai America Technical Center Inc.	23,352	20,000	
	Beijing Jingxian Motor Safeguard Service Co., Ltd.	4,670	4,000	
	Beijing Mobis Transmission Co., Ltd.	17,704	15,162	
	UTS	280,224	240,000	
	Dymos Inc.	Dymos Czech Republic s.r.o	38,676	33,124
		Dymos Lear Automotive India	22,768	19,500
	Hyundai WIA Corp.	Hyundai Capital Services, Inc.	43,906	37,604
Hyundai WIA Automotive Parts		74,726	64,000	
Hyundai-Kia Machine America Corp.		95,159	81,500	
Hyundai-Kia Machine Europe GmbH		50,228	43,018	
Hyundai Wia Automotive Engine (Shandong) Company		68,888	59,000	
Hyundai WIA Motors Dies (Shandong) Company		14,011	12,000	
Kia Motors Corporation	Kia Motors Slovakia S.r.o.	1,019,861	873,468	
	Kia Motors (UK) Ltd.	19,554	16,747	
	Kia Motors Europe GmbH	33,486	28,679	
	Kia Motors Manufacturing Georgia, Inc.	868,385	743,735	
	Kia Motors America Inc.	29,190	25,000	
	Dong Feng Yueda Kia Motor Co., Ltd.	150,382	128,796	
	Kia Motors Russian	58,600	50,188	
	Kia Automobiles France	4,186	3,585	
Hyundai Powertech	Hyundai Powertech Manufacturing America Inc.	81,732	70,000	
Hyundai Motor America	Kia Motors Manufacturing Georgia, Inc.	1,554,216	1,331,120	
Hyundai Motor India	Hyundai Motor India Engineering Private Ltd.	4,985	4,269	

<u>Company providing guarantee of indebtedness</u>	<u>Beneficiary companies</u>	<u>Korean Won</u> (In millions)	<u>Translation into U.S. Dollars (Note 2)</u> (In thousands)
Mseat Co., Ltd. KEFICO Corporation.	Dymos Inc. KEFICO Automotive Systems (Beijing) Co., Ltd.	₩ 16,500	\$ 14,132
		<u>5,838</u>	<u>5,000</u>
Total		<u>₩ 9,968,568</u>	<u>\$ 8,537,657</u>

- (2) As of December 31, 2009, the outstanding balance of accounts receivable discounted with recourse amounts to ₩227,138 million (US\$194,534 thousand), including discounted overseas accounts receivable translated using the foreign exchange rate at December 31, 2009.
- (3) The Company and its subsidiaries offered financial institutions 40 checks including 1 check amounting to ₩2,624 million (US\$2,247 thousand) and 116 promissory notes including 3 checks amounting to ₩24,144 million (US\$20,678 thousand) that were issued by the Company as collateral to guarantee the payment of borrowings.
- (4) The Company and Kia Motors Corporation, one of domestic subsidiaries, use a customer financing system related to a long-term instalment sales system and has provided guarantees of ₩117,645 million (US\$100,758 thousand) to the banks concerned as of December 31, 2009. These guarantees are all covered by insurance contracts, which regulate a customer and the Company and Kia Motors Corporation as a contractor and a beneficiary, respectively.
- (5) The Company signed lease financial agreements with Hyundai Commercial Inc. and Hyundai Capital Services, 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 December 31, 2009, the amount of guarantee is ₩37,076 million (US\$31,754 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.
- (6) Ongoing lawsuits
- 1) The Company accrues estimated product liabilities expenses and carries the products and completed operations liability insurance (see Note 10) 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 December 31, 2009 will not have any material effect on its financial position.
  - 2) Twenty four significant lawsuits that Kia Motors Corporation, one of domestic subsidiaries, is facing are in progress and the potential payment for damages according to the result of the lawsuits is up to ₩15,275 million (US\$13,082 thousand). Although the outcomes of these lawsuits are not currently predictable, management believes that the resolution of these matters will not have material adverse effect on the operation or financial position of the company.
  - 3) There exist other ongoing lawsuits related to subsidiaries that were not presented above; however, the Company expects there would not be significant effects on its consolidated financial statements.

- (7) As of December 31, 2009, the Company's consolidated subsidiaries have been provided for payment guarantee by other companies as follows:

<u>Consolidated Subsidiaries</u>	<u>Company providing guarantee of indebtedness</u>	<u>Amounts of guarantee</u> (KRW in millions)	<u>Translation into U.S. Dollars (Note 2)</u> (In thousands)
Dymos Inc.	Seoul Guarantee Insurance Company	KRW 16,545	\$ 14,170
KEFICO Corporation	Korea Exchange Bank and others	KRW 18,497	15,842
	Seoul Guarantee Insurance Company	KRW 107	92
Hyundai Rotem Company	Machinery Financial Cooperative and others	KRW 1,561,815	1,337,628
		USD 328,650	329
		EUR 348,606	500
		CAD 8,033	8
		HKD 45,138	6
		GBP 1,468	2
		SGD 6,409	5
		TWD 6,870	1
		CNY 38,819	6
		OMR 9,997	26
		EGP 15,000	3
	NZD 20,405	15	
Hyundai Card Co., Ltd.	Seoul Guarantee Insurance Company	KRW 5,534	4,740
Hyundai WIA Corporation	The Export-Import Bank of Korea	USD 16,237,916	16,238
		JPY 888,732,000	9,612
	Shinhan Bank	USD 10,248,255	10,248
		KRW 266	228
		EUR 110,000	158
		CAD 270,000	256
	Hana Bank	USD 180,820	181
		Kookmin Bank	USD 6,888,345
	EUR 987,100		1,415
	JPY 253,444,000		2,741
	Woori Bank	USD 6,864,000	6,864
		Machinery Financial Cooperative and others	KRW 217,046
	Autoever Systems Corp.	Shinhan Bank	USD 1,998,000
USD 300,000			300
Seoul Guarantee Insurance Company		KRW 601	515
M & Soft Co., Ltd.	Seoul Guarantee Insurance Company	KRW 179	153

- (8) 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).
- (9) In 2006, the Company sold 10,658,367 shares of Hyundai Rotem Company 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.

(10) Hyundai Capital Services, Inc., one of domestic subsidiaries of the Company, made a credit facility agreement on a US\$ 1,000 million renewable one-year revolving credit facility up to 3 years to be provided by General Electric Capital Corporation (the “GECC”) to Hyundai Capital Services, Inc. on January 13, 2009. Under the terms of such agreement, Hyundai Capital Services, Inc. shall pay commitment fee of 3M Euribor+631bp for the usage of facility and 28bp for the remaining. Also, the maturity of individual draw-down is within 1 year from the time of withdrawal and in case of termination, the maturity for previous withdrawals can be extended to 1 year from the time of termination. In addition, Hyundai Capital Services, Inc., GECC and the Company made a support agreement on credit facility agreement on the same date of the credit facility agreement. According to the support agreement, when Hyundai Capital Services, Inc. cannot redeem in a year after the withdrawal, GECC has the right of debt-to-equity swap for the relevant draw-down and has the put option that GECC can sell converted stocks to the Company within the ownership of the Company. In this case, the amount which the Company pays to GECC is the amount of withdrawal for debt-to-equity swap multiplied by the ownership of the Company. Also, the Company has the call option that it can buy converted stocks from GECC on the same condition of put option when the GECC does not exercise the put option. According to the support agreement, Hyundai Capital Services, Inc. is supposed to pay 15bp commission to the Company based on the amount on which the credit facility agreement was established multiplied by the ownership percentage of the company.

(11) Hyundai Capital Services, Inc. made a Revolving Credit Facility Agreement with the following financial institutions for credit line:

<u>Financial institution</u>	<u>Credit line</u>	<u>Commission</u>	<u>Contract term</u>
Mizuho Corporate Bank, Seoul Branch	KRW 65,000 million	- committed : 91dayCD+1.5% - uncommitted : 30bp	Dec 15, 2009 ~ Dec 14, 2010
JP Morgan Seoul Branch	KRW 34,000 million	- committed : 91dayCD+1.5% - uncommitted : 30bp	Sep 29, 2009~ Sep 28, 2010
Citibank, Seoul	KRW 50,000 million	- committed : 91dayCD+1.5% - uncommitted : 30bp	Sep 29, 2009~ Sep 28, 2010
Standard Chartered, Seoul Branch	KRW 50,000 million	- committed : 91dayCD+1.8% - uncommitted : 30bp	Dec 28, 2009~ Dec 28, 2010

(12) Hyundai Card Co., Ltd., one of domestic subsidiaries of the Company, made an agreement regarding asset backed securitization. According to the agreement, in order for the credibility of the asset-backed securities, several required provisions are made as a trigger clauses to be used for early redemption calls, thereby limiting the risk that investors will have resulting from a change in quality of the assets in the future. In the event the asset-backed securitization of the Hyundai Card Co., Ltd. is in violation of the applicable trigger clause, Hyundai Card Co., Ltd. is obliged to make early redemption for asset-backed securities.

(13) Hyundai WIA Corp., one of domestic subsidiaries of the Company, made a general installment financing contracts with Doosan Capital Co., Ltd., Hyundai Commercial Inc. and Hyundai Capital Services, Inc. in order to promote the sales of its machine tools. According to the contracts, if a user of the installment financing service is in default, Hyundai WIA Corp. has to accept responsibility for the default receivable. The amounts of principal that have not matured are ₩8,582 million (US\$7,350 thousand), ₩6,639 million (US\$5,686 thousand) and ₩43,402 million (US\$37,172 thousand) for Doosan Capital Co., Ltd., Hyundai Commercial Inc. and Hyundai Capital Service Inc. respectively. The ceiling amounts are ₩150,000 million (US\$128,469 thousand), ₩54,000 million (US\$46,249 thousand) and ₩68,157 million (US\$58,374 thousand) for Doosan Capital Co., Ltd., Hyundai Commercial Inc. and Hyundai Capital Services, Inc., respectively, as of December 31, 2009.

29. DERIVATIVE INSTRUMENTS:

- (1) The Company entered into derivative instrument contracts including forwards, options and swaps to hedge the exposure to changes in foreign exchange rate. As of December 31, 2007, 2008 and 2009, the Company deferred the net loss of ₩28,527 million (US\$24,432 thousand), ₩226,514 million (US\$194,000 thousand) and ₩101,135 million (US\$86,618 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 23 months from December 31, 2009. Of the net loss on valuation recorded as accumulated other comprehensive income (loss) as of December 31, 2009, net gain of ₩10,625 million (US\$9,100 thousand) is expected to be realized and charged to current operations within one year from December 31, 2009.

For the years ended December 31, 2007, 2008 and 2009, the Company recognized the net loss of ₩197,265 million (US\$168,949 thousand), ₩130,929 million (US\$112,135 thousand) and ₩42,050 million (US\$36,014 thousand), respectively, on valuation of the ineffective portion of such instruments and the other derivative instruments in current operations.

The Company recorded total gain on valuation of outstanding derivatives and present value of premiums to be paid of ₩114,249 million (US\$97,849 thousand), ₩22,536 million (US\$19,301 thousand) and ₩35,836 million (US\$30,692 thousand) in current and non-current derivative assets as of December 31, 2007, 2008 and 2009, respectively. Also, total loss on valuation of outstanding derivatives and present value of premiums to be received of ₩161,850 million (US\$138,618 thousand), ₩393,804 million (US\$337,276 thousand) and ₩179,020 million (US\$153,323 thousand) is recorded in current and non-current derivative liabilities as of December 31, 2007, 2008 and 2009, respectively.

- (2) The transactions of derivatives belonging to subsidiaries as of December 31, 2009 consist of the following:

Derivatives	Gain (loss)		Other comprehensive gain (loss)	
	Korean Won (In millions)	Translation into U.S. Dollars	Korean Won (In millions)	Translation into U.S. Dollars
		(Note 2)		(Note 2)
		(In thousands)		(In thousands)
Currency option	₩ (18,870)	\$ (16,161)	₩ -	\$ -
Currency forward	13,580	11,631	3,113	2,666
Forward exchange	1,959	1,678	-	-
Currency swap	(382,947)	(327,978)	42,298	36,226
Interest rate swap	(46,923)	(40,188)	(14,875)	(12,740)
Others	-	-	(59,129)	(50,641)
Total	₩ (433,201)	\$ (371,018)	₩ (28,593)	\$ (24,489)

30. SEGMENT INFORMATION:

(1) Consolidated financial statements by industry

The consolidated statements of financial position as of December 31, 2007, 2008 and 2009, and consolidated statements of income for the years then ended, by industry under which the Company and its subsidiaries' business are classified, are as follows:

Consolidated Statement of Financial Position as of December 31, 2007

	<u>Korean Won</u>	
	<u>Non-financial industry</u>	<u>Financial industry</u>
<u>ASSETS</u>	(In millions)	
Current assets:	₩ 27,268,663	₩ 920,625
Non-current assets:	33,145,313	978,973
Investments, net of unamortized present value discount	3,531,754	181,414
Property, plant and equipment, net of accumulated depreciation	25,426,586	202,944
Intangibles, net of amortization	2,919,955	77,929
Other non-current assets	1,267,018	516,686
Other financial business assets	-	<u>21,533,952</u>
Total assets	<u>₩ 60,413,976</u>	<u>₩ 23,433,550</u>
<u>LIABILITIES</u>		
Current liabilities	₩ 26,978,840	₩ 10,024,456
Borrowings	11,930,330	8,924,884
Other current liabilities	15,048,510	1,099,572
Non-current liabilities	12,284,100	10,714,815
Borrowings	7,071,059	9,791,718
Other non-current liabilities	5,213,041	923,097
Other financial business liabilities	-	<u>131,679</u>
Total liabilities	<u>₩ 39,262,940</u>	<u>₩ 20,870,950</u>

Consolidated Statement of Financial Position as of December 31, 2008

	<u>Korean Won</u>	
	<u>Non-financial industry</u>	<u>Financial industry</u>
<u>ASSETS</u>	(In millions)	
Current assets:	₩ 36,149,951	₩ 2,624,437
Non-current assets:	37,478,317	2,754,699
Investments, net of unamortized present value discount	3,908,195	182,703
Property, plant and equipment, net of accumulated depreciation	28,537,629	380,632
Intangibles, net of amortization	3,391,825	57,032
Other non-current assets	1,640,668	2,134,332
Other financial business assets	-	<u>24,198,379</u>
Total assets	<u>₩ 73,628,268</u>	<u>₩ 29,577,515</u>

	<u>Korean Won</u>	
	<u>Non-financial</u>	<u>Financial</u>
	<u>industry</u>	<u>industry</u>
	(In millions)	
<u>LIABILITIES</u>		
Current liabilities	₩ 36,592,696	₩ 11,353,374
Borrowings	18,213,857	9,832,611
Other current liabilities	18,378,839	1,520,763
Non-current liabilities	14,843,325	14,300,673
Borrowings	9,006,897	13,231,014
Other non-current liabilities	5,836,428	1,069,659
Other financial business liabilities	-	763,818
Total liabilities	<u>₩ 51,436,021</u>	<u>₩ 26,417,865</u>

Consolidated Statement of Financial Position as of December 31, 2009

	<u>Korean Won</u>		<u>Translation into</u>	
	<u>Non-financial</u>	<u>Financial</u>	<u>U.S. Dollars (Note 2)</u>	
	<u>industry</u>	<u>industry</u>	<u>Non-financial</u>	<u>Financial</u>
	(In millions)		(In thousands)	
<u>ASSETS</u>				
Current assets:	₩ 33,769,845	₩ 3,016,532	\$ 28,922,444	\$ 2,583,532
Non-current assets:	37,887,197	1,935,685	32,448,781	1,657,833
Investments, net of unamortized present value discount	4,557,037	182,681	3,902,909	156,459
Property, plant and equipment, net of accumulated depreciation	28,425,050	396,187	24,344,853	339,317
Intangibles, net of amortization	3,667,316	40,871	3,140,901	35,004
Other non-current assets	1,237,794	1,315,946	1,060,118	1,127,053
Other financial business assets	-	25,715,675	-	22,024,387
Total assets	<u>₩ 71,657,042</u>	<u>₩ 30,667,892</u>	<u>\$ 61,371,225</u>	<u>\$ 26,265,752</u>

	<u>Korean Won</u>		<u>Translation into</u>	
	<u>Non-financial</u>	<u>Financial</u>	<u>U.S. Dollars (Note 2)</u>	
	<u>industry</u>	<u>industry</u>	<u>Non-financial</u>	<u>Financial</u>
<u>LIABILITIES</u>				
Current liabilities	₩ 32,314,135	₩ 10,940,640	\$ 27,675,689	\$ 9,370,196
Borrowings	13,158,032	9,580,036	11,269,298	8,204,896
Other current liabilities	19,156,103	1,360,604	16,406,391	1,165,300
Non-current liabilities	15,168,170	14,740,665	12,990,896	12,624,755
Borrowings	9,822,869	13,427,560	8,412,872	11,500,137
Other non-current liabilities	5,345,301	1,313,105	4,578,024	1,124,618
Other financial business liabilities	-	199,664	-	171,005
Total liabilities	<u>₩ 47,482,305</u>	<u>₩ 25,880,969</u>	<u>\$ 40,666,585</u>	<u>\$ 22,165,956</u>

Consolidated Statement of Income for the year ended December 31, 2007

	<u>Korean Won</u>	
	<u>Non-financial</u>	<u>Financial</u>
	<u>industry</u>	<u>industry</u>
	(In millions)	
Sales	₩ 65,758,363	₩ 3,843,153
Cost of sales	53,253,803	2,213,673
Selling and administrative expenses	10,200,203	1,085,815
Operating income	2,304,357	543,665
Other income (expenses), net	(316,029)	76,827
Income before income tax	1,988,328	620,492
Income tax expense	652,526	207
Net income	<u>₩ 1,335,802</u>	<u>₩ 620,285</u>

Consolidated Statement of Income for the year ended December 31, 2008

	<u>Korean Won</u>	
	<u>Non-financial industry</u>	<u>Financial industry</u>
	(In millions)	
Sales	₩ 75,229,225	₩ 4,507,126
Cost of sales	59,216,976	2,612,573
Selling and administrative expenses	<u>13,543,222</u>	<u>1,291,537</u>
Operating income	2,469,027	603,016
Other income (expenses), net	<u>(1,709,077)</u>	<u>134,018</u>
Income before income tax	759,950	737,034
Income tax expense	222,441	187,478
Changes in consolidation scope	<u>-</u>	<u>5,487</u>
Net income	<u>₩ 537,509</u>	<u>₩ 555,043</u>

Consolidated Statement of Income for the year ended December 31, 2009

	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>Non-financial industry</u>	<u>Financial industry</u>	<u>Non-financial industry</u>	<u>Financial industry</u>
	(In millions)		(In thousands)	
Sales	₩ 86,421,828	₩ 5,041,236	\$ 74,016,640	\$ 4,317,605
Cost of sales	68,187,590	2,867,486	58,399,787	2,455,880
Selling and administrative expenses	<u>13,459,439</u>	<u>1,328,308</u>	<u>11,527,440</u>	<u>1,137,639</u>
Operating income	4,774,799	845,442	4,089,414	724,086
Other income (expenses), net	<u>(91,191)</u>	<u>28,722</u>	<u>(78,101)</u>	<u>24,599</u>
Income before income tax	4,683,608	874,164	4,011,313	748,685
Income tax expense	1,300,065	217,211	1,113,450	186,033
Changes in consolidation scope	<u>(2,487)</u>	<u>5,427</u>	<u>(2,130)</u>	<u>4,648</u>
Net income	<u>₩ 3,381,056</u>	<u>₩ 662,380</u>	<u>\$ 2,895,732</u>	<u>\$ 567,300</u>

(2) Regional Results of Operations and Total Assets

Results of operations and total assets, by region where the Company and its subsidiaries for the year ended and as of December 31, 2007 are located, are as follows:

	<u>Korean Won</u>				<u>Consolidation adjustments</u>	<u>Consolidated amounts</u>
	<u>Domestic</u>	<u>North America</u>	<u>Asia</u>	<u>Europe</u>		
	(In millions)					
Total sales	₩ 63,772,038	₩ 19,575,201	₩ 6,264,741	₩ 15,414,457	₩ (35,424,921)	₩ 69,601,516
Inter-company sales	<u>(25,709,493)</u>	<u>(4,600,949)</u>	<u>(143,529)</u>	<u>(4,970,950)</u>	<u>35,424,921</u>	-
Net sales	<u>38,062,545</u>	<u>14,974,252</u>	<u>6,121,212</u>	<u>10,443,507</u>	-	<u>69,601,516</u>
Operating income	<u>2,531,080</u>	<u>143,893</u>	<u>57,482</u>	<u>(219,059)</u>	<u>334,626</u>	<u>2,848,022</u>
Total assets	<u>72,455,687</u>	<u>15,008,890</u>	<u>4,234,227</u>	<u>10,293,461</u>	<u>(18,144,739)</u>	<u>83,847,526</u>

Results of operations and total assets, by region where the Company and its subsidiaries for the year ended and as of December 31, 2008 are located, are as follows:

	Korean Won					Consolidation adjustments	Consolidated amounts
	Domestic	North America	Asia	Europe			
	(In millions)						
Total sales	₩ 67,925,912	₩ 20,736,976	₩ 11,109,982	₩ 17,288,701	₩ (37,325,220)	₩ 79,736,351	
Inter-company sales	<u>(25,432,889)</u>	<u>(4,651,446)</u>	<u>(824,792)</u>	<u>(6,416,093)</u>	<u>37,325,220</u>	<u>-</u>	
Net sales	<u>42,493,023</u>	<u>16,085,530</u>	<u>10,285,190</u>	<u>10,872,608</u>	<u>-</u>	<u>79,736,351</u>	
Operating income	<u>3,474,314</u>	<u>(138,195)</u>	<u>278,054</u>	<u>(270,633)</u>	<u>(271,497)</u>	<u>3,072,043</u>	
Total assets	<u>82,782,195</u>	<u>22,765,447</u>	<u>7,858,805</u>	<u>13,083,435</u>	<u>(23,284,099)</u>	<u>103,205,783</u>	

Results of operations and total assets, by region where the Company and its subsidiaries for the year ended and as of December 31, 2009 are located, are as follows:

	Korean Won					Consolidation adjustments	Consolidated amounts
	Domestic	North America	Asia	Europe			
	(In millions)						
Total sales	₩ 69,233,672	₩ 24,976,955	₩ 15,389,963	₩ 17,897,319	₩ (36,034,845)	₩ 91,463,064	
Inter-company sales	<u>(25,646,181)</u>	<u>(4,528,234)</u>	<u>(1,439,188)</u>	<u>(4,421,242)</u>	<u>36,034,845</u>	<u>-</u>	
Net sales	<u>43,587,491</u>	<u>20,448,721</u>	<u>13,950,775</u>	<u>13,476,077</u>	<u>-</u>	<u>91,463,064</u>	
Operating income	<u>4,923,882</u>	<u>216,618</u>	<u>531,745</u>	<u>(886,613)</u>	<u>834,609</u>	<u>5,620,241</u>	
Total assets	<u>88,219,897</u>	<u>19,311,188</u>	<u>8,230,392</u>	<u>13,072,414</u>	<u>(26,508,958)</u>	<u>102,324,934</u>	

	Translation into U.S. Dollars(Note 2)					Consolidation adjustments	Consolidated amounts
	Domestic	North America	Asia	Europe			
	(In thousands)						
Total sales	\$ 59,295,711	\$ 21,391,705	\$ 13,180,852	\$ 15,328,297	\$ (30,862,320)	\$ 78,334,245	
Inter-company sales	<u>(21,964,869)</u>	<u>(3,878,241)</u>	<u>(1,232,604)</u>	<u>(3,786,607)</u>	<u>30,862,320</u>	<u>-</u>	
Net sales	<u>37,330,842</u>	<u>17,513,464</u>	<u>11,948,248</u>	<u>11,541,690</u>	<u>-</u>	<u>78,334,245</u>	
Operating income	<u>4,217,097</u>	<u>185,524</u>	<u>455,417</u>	<u>(759,347)</u>	<u>714,807</u>	<u>4,813,498</u>	
Total assets	<u>75,556,609</u>	<u>16,539,215</u>	<u>7,048,983</u>	<u>11,195,970</u>	<u>(22,703,801)</u>	<u>87,636,976</u>	

### 31. DISPOSAL OF RECEIVABLES IN FINANCIAL SUBSIDIARIES:

Hyundai Capital Service Inc. sold receivables to the SPCs for the purpose of raising its operating capital in accordance with the Act on Asset Backed Securities. The amounts of disposal for the years ended December 31, 2007, 2008 and 2009 are ₩619,474 million (US\$530,553 thousand), ₩1,881,851 million (US\$1,611,726 thousand) and ₩1,281,232 million (US\$1,097,321 thousand), respectively. The amounts of money receivable trust purchased at the disposal of receivables to the SPCs are ₩248,754 million (US\$213,047 thousand), ₩614,331 million (US\$526,149 thousand) and ₩152,928 million (US\$130,976 thousand) in 2007, 2008 and 2009, respectively. Also, Hyundai Card Co., Ltd. sold its card assets of ₩728,060 million (US\$623,553 thousand) for ₩724,868 million (US\$620,819 thousand) and ₩806,608 million (US\$690,826 thousand) for ₩806,608 million (US\$690,826 thousand) in 2007 and 2008, respectively. There was no such transaction in 2009.

32. ADOPTION OF THE KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS:

The Company has the plan to adopt the Korean International Financial Reporting Standards (the “K-IFRS”) for preparing its financial statements from January 1, 2011. The Company formed a task force team and has been analyzing the impacts of adoption of the K-IFRS. In addition, the Company holds internal or external training sessions for related employees, and the implementation plan and progress status are reported to the management on a regular basis.

The items expected to significantly influence on the Company among GAAP differences between K-IFRS and K-GAAP are changes in the scope of consolidation, employee benefits, borrowing costs, investment property, income tax, disclosures of financial instruments and others, and these items may be changed depending on the additional analysis in the future.