

HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 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, 2010 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 ₩63,509,790 million (US\$55,764,150 thousand) and ₩48,617,024 million (US\$42,687,702 thousand) as of December 31, 2010 and 2009, respectively, and total revenues of ₩66,134,961 million (US\$58,069,155 thousand) and ₩52,837,394 million (US\$46,393,357 thousand) in 2010 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, 2010 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 30, 2011

### Notice to Readers

This report is effective as of March 30, 2011, 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, 2010 AND 2009

ASSETS	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Current assets:				
Cash and cash equivalents (Notes 3 and 10)	₩ 9,390,751	₩ 8,659,561	\$ 8,245,457	\$ 7,603,443
Short-term financial instruments (Note 3)	8,561,671	5,581,783	7,517,491	4,901,030
Short-term investment securities (Note 5)	2,880	252,602	2,529	221,795
Trade notes and accounts receivable, net allowance for doubtful accounts and present value discount account of ₩199,636 million in 2010 and ₩195,463 million in 2009 (Note 16)	7,556,045	6,530,319	6,634,511	5,733,883
Trade notes and accounts receivable-other	1,223,772	779,469	1,074,521	684,405
Derivative assets (Note 29)	75,168	89,899	66,001	78,935
Deferred tax assets (Note 19)	767,595	1,082,180	673,979	950,198
Inventories (Notes 4, 10 and 24)	11,525,262	11,695,151	10,119,644	10,268,813
Advances and other current assets	2,264,813	2,115,413	1,988,597	1,857,416
Total current assets	<u>41,367,957</u>	<u>36,786,377</u>	<u>36,322,730</u>	<u>32,299,918</u>
Non-current assets:				
Long-term financial instruments (Note 3)	1,157,028	76,238	1,015,917	66,940
Long-term investment securities (Notes 6 and 10)	1,402,489	756,238	1,231,442	664,007
Investment securities accounted for using the equity method (Note 7)	4,920,084	3,895,695	4,320,032	3,420,577
Property, plant and equipment, net of accumulated depreciation of ₩19,639,211 million in 2010 and ₩17,515,442 million in 2009 (Notes 8, 9, 10, 16 and 24)	28,878,308	28,821,237	25,356,316	25,306,205
Intangibles (Note 11)	3,948,185	3,708,187	3,466,665	3,255,937
Derivative assets (Note 29)	436,515	1,170,707	383,278	1,027,928
Deferred tax assets (Note 19)	443,574	420,641	389,476	369,340
Other assets (Note 12)	910,933	973,939	799,835	855,158
Total non-current assets	<u>42,097,116</u>	<u>39,822,882</u>	<u>36,962,961</u>	<u>34,966,092</u>
Other financial business assets (Notes 13 and 16)	<u>34,612,745</u>	<u>25,715,675</u>	<u>30,391,382</u>	<u>22,579,397</u>
Total assets	<u>₩ 118,077,818</u>	<u>₩ 102,324,934</u>	<u>\$ 103,677,073</u>	<u>\$ 89,845,407</u>

(Continued)

HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2010 AND 2009

LIABILITIES AND SHAREHOLDERS' EQUITY	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
<b>Current liabilities:</b>				
Trade notes and accounts payable	₩ 10,411,775	₩ 8,314,944	\$ 9,141,957	\$ 7,300,855
Short-term borrowings (Note 14)	12,133,856	12,949,025	10,654,014	11,369,765
Trade notes and accounts payable-other	5,862,824	4,998,611	5,147,795	4,388,981
Accrued expenses	2,840,491	2,748,647	2,494,065	2,413,423
Income tax payable (Note 19)	1,283,177	500,294	1,126,681	439,278
Current maturities of long-term debt and debentures (Note 15)	8,681,733	9,789,043	7,622,911	8,595,173
Accrued warranties (Note 17)	1,726,918	1,379,039	1,516,303	1,210,852
Derivative liabilities (Note 29)	77,628	99,347	68,161	87,231
Deferred tax liabilities (Note 19)	11,036	884	9,690	776
Withholdings and other current liabilities	2,574,815	2,474,941	2,260,791	2,173,098
Total current liabilities	45,604,253	43,254,775	40,042,368	37,979,432
<b>Long-term liabilities:</b>				
Long-term debt and debentures, net of current maturities and discount on debentures issued (Note 15)	27,729,562	23,250,429	24,347,671	20,414,812
Deposit for letter of guarantees and others	1,131,027	1,042,506	993,087	915,362
Accrued severance benefits, net of National Pension payments for employees of ₩17,841 million in 2010 and ₩21,658 million in 2009, and individual severance insurance deposits of ₩2,344,348 million in 2010 and ₩2,206,932 million in 2009 (Note 2)	650,235	950,274	570,932	834,379
Long-term accounts payable-other	158,875	22,498	139,499	19,754
Long-term unearned income	79,339	231,890	69,663	203,609
Long-term accrued warranties (Note 17)	4,191,524	3,393,089	3,680,327	2,979,269
Provision for other liabilities	273,916	259,666	240,509	227,997
Derivative liabilities (Note 29)	114,459	216,869	100,500	190,420
Deferred tax liabilities (Note 19)	1,125,947	537,149	988,627	471,638
Other long-term liabilities	4,622	4,465	4,057	3,920
Total long-term liabilities	35,459,506	29,908,835	31,134,872	26,261,160
Other financial business liabilities (Note 13)	278,458	199,664	244,498	175,313
Total liabilities	81,342,217	73,363,274	71,421,738	64,415,905

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HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2010 AND 2009

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean Won</u>		<u>Translation into</u> <u>U. S. Dollars (Note 2)</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>(In millions)</u>		<u>(In thousands)</u>	
Shareholders' equity:				
Capital stock (Note 20)	₩ 1,488,993	₩ 1,488,993	\$ 1,307,396	\$ 1,307,396
Capital surplus	5,961,210	5,793,489	5,234,182	5,086,916
Capital adjustments (Note 21)	(918,214)	(743,909)	(806,229)	(653,182)
Accumulated other comprehensive income (Notes 18 and 22)	991,206	505,970	870,319	444,262
Retained earnings	19,742,427	14,617,652	17,334,645	12,834,886
Minority interests	9,469,979	7,299,465	8,315,022	6,409,224
Total shareholders' equity	<u>36,735,601</u>	<u>28,961,660</u>	<u>32,255,335</u>	<u>25,429,502</u>
Total liabilities and shareholders' equity	<u>₩ 118,077,818</u>	<u>₩ 102,324,934</u>	<u>\$ 103,677,073</u>	<u>\$ 89,845,407</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Sales (Notes 25, 26 and 30)	₩112,589,679	₩ 91,463,064	\$ 98,858,266	\$ 80,308,248
Cost of sales (Notes 25, 26 and 30)	<u>86,059,961</u>	<u>71,055,076</u>	<u>75,564,107</u>	<u>62,389,214</u>
Gross profit	26,529,718	20,407,988	23,294,159	17,919,034
Selling and administrative expenses (Note 27)	<u>17,411,976</u>	<u>14,787,747</u>	<u>15,288,415</u>	<u>12,984,236</u>
Operating income (Note 30)	<u>9,117,742</u>	<u>5,620,241</u>	<u>8,005,744</u>	<u>4,934,798</u>
Other income (expenses), net:				
Interest expense, net	(351,138)	(871,531)	(308,313)	(765,239)
Gain(loss) on foreign exchange transactions, net	155,841	(230,336)	136,835	(202,244)
Gain on foreign exchange translation, net	174,231	498,596	152,982	437,787
Loss on disposal of trade notes and accounts receivable	(36,968)	(126,119)	(32,459)	(110,738)
Gain on disposal of short-term investment securities, net	20,633	16,997	18,117	14,924
Gain on disposal of long-term investment securities, net	105,736	59,159	92,840	51,944
Gain on valuation of investment securities accounted for using the equity method, net (Note 7)	1,095,173	914,103	961,606	802,619
Gain on disposal of investment securities accounted for using the equity method, net (Note 7)	7,267	118,751	6,381	104,268
Impairment loss on long-term investment securities	(18,720)	(12,230)	(16,437)	(10,738)
Impairment loss on investment securities accounted for using the equity method (Note 7)	(2,283)	-	(2,005)	-
Loss on disposal of property, plant and equipment, net	(127,223)	(40,943)	(111,707)	(35,950)
Impairment loss on property, plant and equipment	(27,835)	(61,376)	(24,440)	(53,891)
Impairment loss on intangibles (Note 11)	(117,038)	(150,284)	(102,764)	(131,955)
Rental and royalty income	57,626	211,617	50,598	185,808
Loss on valuation of derivatives, net (Note 29)	(84,117)	(475,251)	(73,858)	(417,289)
Gain on derivatives transaction, net	38,085	73,354	33,440	64,408
Other, net	<u>445,106</u>	<u>13,024</u>	<u>390,820</u>	<u>11,435</u>
	<u>1,334,376</u>	<u>(62,469)</u>	<u>1,171,636</u>	<u>(54,851)</u>

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HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Income before income tax	₩ 10,452,118	₩ 5,557,772	\$ 9,177,380	\$ 4,879,947
Income tax expense (Note 19)	2,469,194	1,517,276	2,168,052	1,332,229
Net gain on disposal of consolidated subsidiaries	<u>-</u>	<u>2,940</u>	<u>-</u>	<u>2,581</u>
Net income	<u>₩ 7,982,924</u>	<u>₩ 4,043,436</u>	<u>\$ 7,009,328</u>	<u>\$ 3,550,299</u>
Attributable to:				
Equity holders of the parent	₩ 5,441,279	₩ 2,973,473	\$ 4,777,662	\$ 2,610,829
Minority interests	<u>2,541,645</u>	<u>1,069,963</u>	<u>2,231,666</u>	<u>939,470</u>
	<u>₩ 7,982,924</u>	<u>₩ 4,043,436</u>	<u>\$ 7,009,328</u>	<u>\$ 3,550,299</u>
Basic earnings per common share (Note 2)	<u>₩ 20,052</u>	<u>₩ 10,947</u>	<u>\$ 17.61</u>	<u>\$ 9.61</u>
Diluted earnings per common share (Note 2)	<u>₩ 20,052</u>	<u>₩ 10,947</u>	<u>\$ 17.61</u>	<u>\$ 9.61</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, 2010 AND 2009

	Korean Won						Translation into	
	Accumulated						U.S. Dollars	
	Capital	Capital	Capital	comprehensive	Retained	Minority	Total	
	stock	surplus	adjustments	income	earnings	interests	amount	
				(In millions)			(Note 2)	
							Total	
							amount	
							(In thousands)	
Balance at								
January 1, 2009	₩ 1,488,993	₩ 5,839,874	₩ (719,235)	₩ 618,309	₩ 11,841,859	₩ 6,282,097	₩ 25,351,897	\$ 22,259,985
Payment of cash dividends (Note 23)					(235,715)	(41,181)	(276,896)	(243,126)
Purchase of treasury stock			(25,424)				(25,424)	(22,323)
Disposal of treasury Stock		881	1,200				2,081	1,827
Disposal of subsidiaries' stock		36,278				119	36,397	31,958
Increase in subsidiaries' capital-stock		(86,113)				373,633	287,520	252,454
Effect of changes in consolidation scope		(18)				(497,844)	(497,862)	(437,143)
Net income					2,973,473	1,069,963	4,043,436	3,550,299
Gain on valuation of available-for-sale securities, net				6,150			6,150	5,400
Gain on valuation of investment equity securities, net				43,251			43,251	37,976
Gain on valuation of derivatives, net				211,675			211,675	185,859
Loss on overseas operation translation				(373,415)			(373,415)	(327,873)
Others		2,587	(450)		38,035	112,678	152,850	134,209
Balance at								
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>\$ 25,429,502</u>
Balance at								
January 1, 2010	₩ 1,488,993	₩ 5,793,489	₩ (743,909)	₩ 505,970	₩ 14,617,652	₩ 7,299,465	₩ 28,961,660	\$ 25,429,502
Payment of cash dividends (Note 23)					(317,199)	(341,940)	(659,139)	(578,751)
Purchase of treasury stock			(452,515)				(452,515)	(397,326)
Disposal of treasury stock		171,109	278,210				449,319	394,520
Increase in subsidiaries' capital-stock		1,981				102,589	104,570	91,817
Effect of changes in consolidation scope		(5,847)				(4,897)	(10,744)	(9,434)
Net income					5,441,279	2,541,645	7,982,924	7,009,328
Gain on valuation of available-for-sale securities, net				520,086			520,086	456,656
Loss on valuation of investment equity securities, net				(65,524)			(65,524)	(57,533)
Gain on valuation of derivatives, net				72,843			72,843	63,959
Loss on overseas operation translation				(42,169)			(42,169)	(37,026)
Others		478			695	(126,883)	(125,710)	(110,377)
Balance at								
December 31, 2010	<u>₩ 1,488,993</u>	<u>₩ 5,961,210</u>	<u>₩ (918,214)</u>	<u>₩ 991,206</u>	<u>₩ 19,742,427</u>	<u>₩ 9,469,979</u>	<u>₩ 36,735,601</u>	<u>\$ 32,255,335</u>

See accompanying notes to consolidated financial statements.



HYUNDAI MOTOR COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Cash flows from operating activities:				
Net income	₩ 7,982,924	₩ 4,043,436	\$ 7,009,328	\$ 3,550,299
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	2,986,730	2,668,623	2,622,469	2,343,158
Bad debt expenses	331,711	337,220	291,256	296,093
Provision for severance benefits	756,413	713,547	664,161	626,523
Provision for accrued warranties	1,658,970	889,827	1,456,642	781,304
Amortization of intangibles	896,180	913,935	786,882	802,472
Amortization of discount on debentures	1,537	1,481	1,350	1,300
Gain on foreign exchange translation, net	(167,499)	(483,474)	(147,071)	(424,510)
Loss on disposal of trade notes and accounts receivable	36,968	126,119	32,459	110,738
Gain on disposal of short-term investment securities, net	(20,633)	(16,997)	(18,117)	(14,924)
Gain on disposal of long-term investment securities, net	(105,736)	(59,159)	(92,840)	(51,944)
Gain on valuation of investment securities accounted for using the equity method, net	(1,095,173)	(914,103)	(961,606)	(802,619)
Gain on disposal of investment securities accounted for using the equity method, net	(7,267)	(118,751)	(6,381)	(104,268)
Dividends of investment securities accounted for using the equity method	310,994	125,132	273,065	109,871
Impairment loss on long-term investment securities	18,720	12,230	16,437	10,738
Impairment loss on investment securities accounted for using the equity method	2,283	-	2,005	-
Loss on disposal of property, plant and equipment, net	127,223	40,943	111,707	35,950
Impairment loss on property, plant and equipment	27,835	61,376	24,440	53,891
Impairment loss on intangibles	117,038	150,284	102,764	131,955
Loss on valuation of derivatives, net	84,117	475,251	73,858	417,289
Other	(70,038)	143,543	(61,496)	126,037

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HYUNDAI MOTOR COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Cash flows from operating activities:				
Changes in operating assets and liabilities:				
Increase in trade notes and accounts receivable	₩ (1,321,966)	₩ (239,555)	\$ (1,160,739)	\$ (210,339)
Decrease (increase) in trade notes and accounts receivable-other	(361,761)	174,990	(317,641)	153,648
Increase in advances and other current assets	(190,238)	(147,432)	(167,037)	(129,451)
Decrease in inventories	158,973	5,149,189	139,585	4,521,195
Decrease in deferred tax assets	571,214	373,989	501,549	328,377
Increase in trade notes and accounts payable	2,144,228	156,201	1,882,718	137,151
Increase in accounts payable-other	1,159,312	301,479	1,017,923	264,711
Increase in accrued expenses	104,732	570,984	91,959	501,347
Increase (decrease) in income tax payable	782,883	(252,477)	687,403	(221,685)
Increase (decrease) in withholding and other current liabilities	(185,490)	309,970	(162,868)	272,166
Payment of severance benefits	(636,966)	(602,326)	(559,282)	(528,866)
Increase in individual severance insurance deposits	(137,416)	(286,644)	(120,657)	(251,685)
Decrease in long-term unearned income	(152,551)	(20,134)	(133,946)	(17,678)
Decrease in accrued warranties	(512,656)	(1,002,217)	(450,133)	(879,987)
Increase in deferred tax liabilities	929,861	114,696	816,455	100,708
Other	596,520	247,601	523,770	217,403
	<u>16,821,976</u>	<u>13,958,777</u>	<u>14,770,371</u>	<u>12,256,368</u>
Cash flows from investing activities:				
Cash inflows from investing activities:				
Proceeds from withdrawal of short-term financial instruments	8,158,554	3,781,008	7,163,539	3,319,877
Proceeds from disposal of short-term investment securities	323,878	1,310,313	284,378	1,150,508
Reduction in other current assets	16,669	100,017	14,636	87,819
Proceeds from disposal of long-term investment securities	6,209	406,056	5,452	356,533
Proceeds from disposal of investment securities accounted for using the equity method	7,349	118,677	6,453	104,203
Proceeds from disposal of property, plant and equipment	332,847	481,954	292,253	423,175
Increase in other financial business liabilities	78,794	-	69,184	-
Reduction in other assets	98,811	633,334	86,759	556,093
	<u>9,023,111</u>	<u>6,831,359</u>	<u>7,922,654</u>	<u>5,998,208</u>

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HYUNDAI MOTOR COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Cash outflows from investing activities:				
Purchase of short-term financial instruments	₩(10,248,442)	₩ (5,993,720)	\$ (8,998,544)	\$ (5,262,727)
Acquisition of short-term investment securities	(53,523)	(369,248)	(46,995)	(324,215)
Additions to other current assets	(8,053)	(39,597)	(7,071)	(34,768)
Acquisition of long-term investment securities	(39,071)	(26,080)	(34,306)	(22,899)
Acquisition of investment securities accounted for using the equity method	(84,596)	(128,138)	(74,279)	(112,510)
Acquisition of property, plant and equipment	(4,037,553)	(3,762,566)	(3,545,134)	(3,303,684)
Expenditures for development costs	(1,194,163)	(1,360,814)	(1,048,523)	(1,194,849)
Increase in other financial business assets	(8,897,070)	(1,517,296)	(7,811,985)	(1,332,247)
Decrease in other financial business liabilities	-	(564,154)	-	(495,350)
Additions to other assets	(2,124,432)	(234,958)	(1,865,337)	(206,303)
	<u>(26,686,903)</u>	<u>(13,996,571)</u>	<u>(23,432,174)</u>	<u>(12,289,552)</u>
	<u>(17,663,792)</u>	<u>(7,165,212)</u>	<u>(15,509,520)</u>	<u>(6,291,344)</u>
Cash flows from financing activities:				
Cash inflows from financing activities:				
Proceeds from short-term borrowings	9,605,833	9,796,080	8,434,308	8,601,352
Proceeds from issuance of debentures	12,344,295	9,032,989	10,838,787	7,931,328
Proceeds from long-term borrowings	2,837,206	3,701,417	2,491,181	3,249,993
Proceeds from deposit for letter of guarantees and others	271,796	200,402	238,647	175,961
Paid in capital increase of subsidiaries	17,485	89,109	15,353	78,241
Proceeds from disposal of treasury stock	-	2,363	-	2,075
Others	-	47,860	-	42,023
	<u>25,076,615</u>	<u>22,870,220</u>	<u>22,018,276</u>	<u>20,080,973</u>
Cash outflows from financing activities:				
Repayment of short-term borrowings	(10,421,002)	(18,343,165)	(9,150,059)	(16,106,037)
Repayment of current maturities of long-term debt	(9,786,281)	(6,368,386)	(8,592,748)	(5,591,699)
Repayment of debentures	(685,887)	(569,742)	(602,236)	(500,256)
Repayment of long-term debt	(1,303,606)	(1,296,188)	(1,144,618)	(1,138,105)
Repayment of deposit for letter of guarantees and others	(183,275)	(241,055)	(160,923)	(211,656)
Payment of cash dividends	(659,139)	(276,896)	(578,751)	(243,126)
Purchase of treasury stock	(452,515)	(25,424)	(397,326)	(22,323)
	<u>(23,491,705)</u>	<u>(27,120,856)</u>	<u>(20,626,661)</u>	<u>(23,813,202)</u>
	<u>1,584,910</u>	<u>(4,250,636)</u>	<u>1,391,615</u>	<u>(3,732,229)</u>
Effect of foreign exchange translation on cash and cash equivalents	<u>(37,712)</u>	<u>(172,824)</u>	<u>(33,112)</u>	<u>(151,747)</u>
Effect of change in consolidated subsidiaries	<u>25,808</u>	<u>71,238</u>	<u>22,660</u>	<u>62,550</u>
Net increase in cash and cash equivalents	731,190	2,441,343	642,014	2,143,598
Cash and cash equivalents, beginning of year	<u>8,659,561</u>	<u>6,218,218</u>	<u>7,603,443</u>	<u>5,459,845</u>
Cash and cash equivalents, end of year	<u>₩ 9,390,751</u>	<u>₩ 8,659,561</u>	<u>\$ 8,245,457</u>	<u>\$ 7,603,443</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 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 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, 2010, 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\$8,780 thousand). The consolidated subsidiaries as of December 31, 2010 are as follows:

Subsidiaries	Nature of business	Shareholders' equity as of December 31, 2010		Shares (*2)	Percentage ownership(*2)	Indirect ownership (*2)
		Korean Won (*1) (In millions)	Translation into U.S. Dollars (Note 2) (In thousands)			
<u>DOMESTIC SUBSIDIARIES:</u>						
Kia Motors Corporation	Manufacturing	₩ 8,656,386	\$ 7,600,655	134,285,491	33.75%	
Hyundai Capital Services, Inc.	Financing	2,203,514	1,934,774	56,083,743	56.47%	
Hyundai Card Co., Ltd.	Credit card					KMC 11.48% & Hyundai Commercial 5.54%
Hyundai Hysco Co., Ltd	Manufacturing	1,652,089	1,450,601	77,883,951	48.54%	KMC 13.91%
Hyundai Rotem Company	~	1,345,372	1,181,291	32,108,868	40.04%	
Hyundai WIA Corporation	~	1,042,688	915,522	36,852,432	57.64%	
Hyundai Powertech Co., Ltd.	~	790,191	693,819	17,120,611	78.79%	KMC 39.33%
Hyundai Dymos Inc.	~	613,810	538,950	68,975,782	75.16%	KMC 37.58% & KMC 45.37% & Hyundai WIA 5.12%
KEFICO Corporation	~	342,719	300,921	29,335,805	97.76%	
Hyundai Commercial Inc.	Financing	312,053	273,995	1,670,000	50.00%	
Autoever Systems Corporation	Information technology	174,779	153,463	10,000,000	50.00%	
Green Air Co., Ltd.	Manufacturing	133,146	116,908	998,000	49.90%	KMC 20% Hyundai Rotem 51%
HMC win win fund	Investment association	82,733	72,643	8,446,365	51.00%	KMC 11.11%, Hyundai WIA 7.41%, Hyundai Powertech 3.7%, Hyundai Dymos 2.78% & KEFICO 2.78%
		54,394	47,760	6,600,000	61.11%	

Subsidiaries	Nature of business	Shareholders' equity as of December 31, 2010		Shares (*2)	Percentage ownership(*2)	Indirect ownership(*2)
		Korean Won	U.S. Dollars			
		(*1) (In millions)	(Note 2) (In thousands)			
Partecs Company, Ltd. M & Soft Co., Ltd.	Manufacturing <sup>W</sup> Software consultancy and supply	51,946	\$ 45,611	6,960,000	87.00%	KMC 31%
Hyundai METIA Co., Ltd.		51,574	45,284	1,319,577	31.84%	Hyundai WIA 50.94 & Hyundai Dymos 48.53%
Hyundai Mseat Co., Ltd.	Manufacturing	47,004	41,271	2,983,880	99.47%	Hyundai Dymos 99.81%
Haevichi Hotel & Resort Co., Ltd.	Hotel operation	(4,135)	(3,631)	1,767,000	57.00%	KMC 40% & Hyundai WIA 17%
Haevichi Country Club Co., Ltd.	Golf Course operation	(42,821)	(37,599)	1,350,000	45.00%	KMC 15%
<b>FOREIGN SUBSIDIARIES:</b>						
Hyundai Motor America (HMA) Hyundai Capital America (HCA)	Sales	2,165,666	1,901,542	-	100.00%	HMA 93.4% & KMA 6.6%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	1,076,519	945,227	-	100.00%	HMA 100%
Hyundai Auto Canada Corporation (HAC)	Sales	292,295	256,647	-	100.00%	HMA 100%
Hyundai Auto Canada Captive Insurance Incorporation (HACCI)	Insurance	6,668	5,855	100	100.00%	HAC 100%
Innocean Worldwide Americas, LLC (IWA)	Marketing	15,609	13,705	-	60.00%	HMA 30% & KMA 30%
Hyundai Information Service North America (HISNA)	Information technology	8,504	7,467	-	60.00%	HMA 30% & KMA 30%
Stampted Metal America Research Technology Inc. (SMARTI)	Managing subsidiaries	9,534	8,371	18,542,284	72.45%	HMA 72.45%
Stampted Metal America Research Technology LLC	Manufacturing	9,534	8,371	-	100.00%	SMARTI 100%
Hyundai Motor India Limited (HMI)	"	992,038	871,049	8,125,411	100.00%	
Hyundai Motor India Engineering Private Ltd. (HMIE)	R&D	36,457	32,011	-	100.00%	HMI 100%
Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)	Manufacturing	688,896	604,878	-	100.00%	
Hyundai Motor Manufacturing Rus LLC (HMMR)	"	385,358	338,360	-	100.00%	KMC 30%
Beijing Mobis Transmission Co., Ltd.(BMT)	"	217,358	190,849	-	68.04%	KMC 24.08% & HMGC 19.88%
Hyundai Motor Group (China) Ltd. (HMGC)	Investment	205,561	180,491	-	80.00%	KMC 30%
Hyundai Motor Company Australia Pty Limited (HMCA)	Sales	155,413	136,459	-	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	137,389	120,633	381,550,302	85.03%	
Hyundai Translead, Inc. (HT)	Sales	91,597	80,426	1,160,000	100.00%	
Hyundai de Mexico, S.A. de C.V. (HYMEX)	Manufacturing	91,597	80,426	9,999	99.99%	HT 99.99%
Hyundai Motor Espana, S.L.U. (HMES)	"	73,633	64,653	-	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	67,638	59,389	5,897,268,721	100.00%	
China Millennium Corporations (CMEs)	Real estate development	54,411	47,775	-	89.90%	KMC 30.3%
Beijing Hines Millennium Real Estate Development	"	54,411	47,775	-	99.00%	CMEs 99.00%
Hyundai Motor Poland Sp.zo.O (HMP)	Sales	45,362	39,830	172,862	100.00%	

Subsidiaries	Nature of business	Shareholders' equity as of December 31, 2010		Shares (*2)	Percentage ownership(*2)	Indirect ownership(*2)
		Korean Won	U.S. Dollars			
		(*1)	(Note 2)			
Hyundai America Technical Center, Inc. (HATCI)	R&D	₩ 42,422	\$ 37,248	1,000	100.00%	
Hyundai Motor Europe GmbH (HME)	Sales	39,669	34,831	-	100.00%	
Hyundai Motor UK Ltd. (HMUK)	"	32,527	28,560	25,600,000	100.00%	
Hyundai Auto Czech s.r.o. (HMCZ)	"	27,716	24,336	-	100.00%	
Hyundai Motor Company Italy S.r.l. (HMCI)	"	26,089	22,907	-	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	"	12,296	10,796	-	100.00%	
Hyundai Motor Norway AS (HMN)	"	9,532	8,369	-	100.00%	
Hyundai Motor Japan Co. (HMJ)	"	(8,490)	(7,455)	224,800	100.00%	
Hyundai Motor Commonwealth of Independent States Besloten Vennootschap (HMCIS B.V)	Managing subsidiaries	(60,083)	(52,755)	-	100.00%	HMMR 1.4% HMCIS B.V
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	(60,083)	(52,755)	-	100.00%	100%
Dong Feng Yueda Kia Motor Co., Ltd. (DYK)	Manufacturing	934,734	820,734	-	50.00%	KMC 50%
Kia Motors Manufacturing Georgia, Inc. (KMMG)	"	532,422	467,488	-	80.00%	KMC 50% & HMA 30%
Kia Motors Europe GmbH (KME)	Sales	809,260	710,563	-	100.00%	KMC 100%
Kia Motors Russian (KMR)	"	57,799	50,750	-	100.00%	KME 100%
Kia Motors Sweden AB (KMSW)	"	20,263	17,792	4,400,000	100.00%	KME 100%
Kia Motors Sales Slovensko s.r.o. (KMSS)	"	18,253	16,027	-	100.00%	KME 100%
Kia Motors Czech s.r.o. (KMCZ)	"	13,926	12,228	106,870,000	100.00%	KME 100%
Kia Motors Nederland BV (KMNL)	"	6,863	6,026	-	100.00%	KME 100%
Kia Motors Austria GmbH (KMAS)	"	(22,739)	(19,966)	2,107,512	100.00%	KME 100%
Kia Motors Hungary Kft (KMH)	"	903	793	30,000,000	100.00%	KMAS 100%
Kia Motors UK Ltd. (KMUK)	"	(30,448)	(26,735)	17,000,000	100.00%	KME 100%
Kia Motors Belgium (KMB)	"	(45,911)	(40,312)	1,000,000	100.00%	KME 100%
Kia Automobiles France (KMF)	"	(91,412)	(80,263)	5,000,000	100.00%	KME 100%
Kia Motors Iberia (KMIB)	"	(177,047)	(155,454 )	31,600,000	100.00%	KME 100%
Kia Motors Slovakia s.r.o. (KMS)	Manufacturing	776,905	682,154	-	100.00%	KMC 100%
Kia Motors America Inc. (KMA)	Sales	250,829	220,238	1,000,000	100.00%	KMC 100%
Kia Motors Deutschland GmbH (KMD)	"	104,108	91,411	-	100.00%	KMC 100%
Kia Motors Polska Sp.z.o.o. (KMP)	"	(10,944)	(9,609)	15,637	99.60%	KMD 99.6%
Kia Japan Co., Ltd. (KJC)	"	31,984	28,083	267,800	100.00%	KMC 100%
Kia Motors Australia Pty Ltd (KMAU)	"	4,588	4,028	-	100.00%	KMC 100%
Kia Motors New Zealand Ltd. (KMNZ)	"	(2,116)	(1,858)	-	100.00%	KMAU 100%
Kia Canada, Inc. (KCI)	"	(49,991)	(43,894)	6,298	100.00%	KMC 82.5% & KMA 17.5%
Beijing Hyundai Hysco Steel Process Co., Ltd.	Manufacturing	72,084	63,293	-	100.00%	Hyundai Hysco 100%
Hysco Steel India, Ltd. (HSI)	"	31,604	27,750	270,271	100.00%	Hyundai Hysco 100%
Jiangsu Hyundai Hysco Steel Co., Ltd. (JHYSCO)	"	30,289	26,595	-	90.00%	Hyundai Hysco Co., Ltd 90%
Hysco Slovakia, s.r.o. (HS)	"	24,292	21,329	-	100.00%	Hyundai Hysco 100%
Hysco America Co. Inc. (HACI)	"	19,921	17,491	1,000	100.00%	Hyundai Hysco 100%
Hyundai Hysco USA, Inc. (HPA)	"	17,572	15,429	250,000	100.00%	Hyundai Hysco 100%
Hyundai Hysco Czech s.r.o.	"	16,297	14,309	-	100.00%	Hyundai Hysco 100%
Hyundai Hysco Rus LLC.	"	12,343	10,838	-	100.00%	Hyundai Hysco 100%

Subsidiaries	Nature of business	Shareholders' equity as of December 31, 2010		Shares (*2)	Percentage ownership(*2)	Indirect ownership(*2)
		Korean Won	U.S. Dollars			
		(*1)	(Note 2)			
Rotem USA Corporation	~	₩ 9,129	\$ 8,016	700,000	100.00%	Hyundai Rotem 100%
Eurotem DEMIRYOLU ARACLARI SAN. VE TIC A.S.	~	2,120	1,861	-	50.50%	Hyundai Rotem 50.50%
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	~	300,975	264,268	-	70.00%	KMC 18% & Hyundai WIA30%
Hyundai WIA Automotive Parts (WAP)	~	131,952	115,859	-	100.00%	Hyundai WIA 100%
Hyundai WIA Motor Dies (Shandong) Company	~	19,637	17,242	-	100.00%	Hyundai WIA 40% & WAP 60%
Hyundai-Kia Machine Europe GmbH (HKME)	~	12,152	10,670	-	100.00%	Hyundai WIA 100%
Hyundai-Wia Machine America Corp. (HWMA)	~	1,451	1,274	1,000	100.00%	Hyundai WIA 100%
Hyundai Powertech Manufacturing America Inc. (PTA)	~	77,588	68,125	-	80.00%	KMA 10%, HPT 40% & HMA 30%
Hyundai Powertech (Shandong) Co., Ltd (PTS)	~	36,680	32,207	-	100.00%	HPT 35%, KMC 25% & HMGC 10%
Dymos Lear Automotive India Private Limited. (DLAI)	~	27,364	24,027	5,674,032	65.00%	Hyundai Dymos 65%
Dymos Czech Republic s.r.o	~	6,272	5,507	-	100.00%	Hyundai Dymos 100%
KEFICO Automotive Systems (Beijing) Co., Ltd.	~	13,520	11,871	-	100.00%	KEFICO 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, 2010.

(\*2) Shares and ownership are calculated by combining the shares and ownership, which the Company and its subsidiaries hold as of December 31, 2010. Indirect ownership represents subsidiaries' holding ownership.

In 2010, the Company added three overseas companies: Hyundai Powertech (Shandong) Co., Ltd, Kia Motors Nederland BV and KEFICO Automotive Systems (Beijing) Co., Ltd. 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\$8,780 thousand) for consolidation with substantial control. In addition, Dymos India Automotive Private Limited. is excluded from consolidated subsidiaries as it merged with Dymos Lear Automotive India Private Limited. Autoever Systems Europe GmbH and Automobile Industrial Ace Corporation are also excluded from consolidated subsidiaries since the individual assets of Autoever Systems Europe GmbH at the end of the preceding year decreased under the required level of ₩10,000 million (US\$8,780 thousand) and the parent-subsidiary relationship between the Company and Automobile Industrial Ace Corporation is expected to be discontinued in the following year.

## 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 ₩1,138.9 to US\$1.00 at December 31, 2010, 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, 2010 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, 2010 are identical to those as of December 31, 2009.

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 the 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 5.4~8.8 percent are used in valuing the receivables and payables at present value as of December 31, 2010 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 ₩3,012,424 million (US\$2,645,029 thousand) and ₩3,178,864 million (US\$2,791,170 thousand) as of December 31, 2010 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 ₩545,097 million (US\$478,617 thousand) and ₩602,326 million (US\$528,866 thousand) for the year ended December 31, 2010 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 Instrument

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 is ₩1,138.9 and ₩1,167.6 to US\$1.00 at December 31, 2010 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 end date 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.

### 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 for the year ended December 31, 2010 and 2009 are computed as follows:

	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</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	₩ 5,441,279	₩ 2,973,473	\$ 4,777,662	\$ 2,610,829
Expected dividends on preferred stock	<u>(1,251,316)</u>	<u>(682,777)</u>	<u>(1,098,706)</u>	<u>(599,506)</u>
Net income available to common share	4,189,963	2,290,696	3,678,956	2,011,323
Weighted average number of common shares outstanding (*)	<u>208,959,792</u>	<u>209,252,481</u>	<u>208,959,792</u>	<u>209,252,481</u>
Basic earnings per common share	<u>₩ 20,052</u>	<u>₩ 10,947</u>	<u>\$ 17.61</u>	<u>\$ 9.61</u>

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

The Company does not compute diluted earnings per common share for the years ended December 31, 2010 and 2009 because there is no item related to dilution.

### 3. RESTRICTED FINANCIAL INSTRUMENTS:

Deposits with withdrawal restrictions as of December 31, 2010 and 2009 consist of the following:

	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(In millions)		(In thousands)	
Cash and cash equivalents	₩ 366,073	₩ 373,817	\$ 321,427	\$ 328,226
Short-term financial instruments	205,804	139,539	180,704	122,521
Long-term financial instruments	<u>255</u>	<u>26,520</u>	<u>224</u>	<u>23,286</u>
	<u>₩ 572,132</u>	<u>₩ 539,876</u>	<u>\$ 502,355</u>	<u>\$ 474,033</u>

### 4. INVENTORIES:

Inventories as of December 31, 2010 and 2009 consist of the following:

<u>Accounts</u>	<u>Korean Won</u>		<u>Translation into U. S. Dollars (Note 2)</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(In millions)		(In thousands)	
Finished goods and merchandise	₩ 6,429,178	₩ 6,913,946	\$ 5,645,077	\$ 6,070,723
Semi finished goods and work in process	1,435,004	1,269,412	1,259,991	1,114,595
Raw materials and supplies	2,357,218	1,866,346	2,069,732	1,638,727
Materials in transit	588,538	639,987	516,760	561,934
Other	<u>715,324</u>	<u>1,005,460</u>	<u>628,084</u>	<u>882,834</u>
	<u>₩ 11,525,262</u>	<u>₩ 11,695,151</u>	<u>\$ 10,119,644</u>	<u>\$ 10,268,813</u>

5. SHORT-TERM INVESTMENT SECURITIES:

Short-term investment securities as of December 31, 2010 and 2009 consist of the following:

Description	Korean Won			Translation into U. S. Dollars (Note 2)	
	2010	2009		2010	2009
	Acquisition cost	Book value (In millions)	Book value	Book value (In thousands)	Book value
Available-for-sale securities:					
Government bonds	₩ 6	₩ 6	₩ -	\$ 5	\$ -
Corporate bonds	2,000	2,000	4,800	1,756	4,215
Beneficiary certificates	-	-	163,526	-	143,582
Equity securities	183	130	82,577	114	72,506
Held-to-maturity securities:					
Government bonds	744	744	1,699	654	1,492
	<u>₩ 2,933</u>	<u>₩ 2,880</u>	<u>₩ 252,602</u>	<u>\$ 2,529</u>	<u>\$ 221,795</u>

6. LONG-TERM INVESTMENT SECURITIES:

(1) Long-term investment securities as of December 31, 2010 and 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Available-for-sale securities:				
Equity securities	₩ 1,370,466	₩ 729,273	\$ 1,203,324	\$ 640,331
Debt securities	11,774	7,157	10,338	6,284
	<u>1,382,240</u>	<u>736,430</u>	<u>1,213,662</u>	<u>646,615</u>
Held-to-maturity securities:				
Debt securities	20,249	19,808	17,780	17,392
	<u>₩ 1,402,489</u>	<u>₩ 756,238</u>	<u>\$ 1,231,442</u>	<u>\$ 664,007</u>

(2) Equity securities included in long-term investment securities as of December 31, 2010 and 2009 consist of the following:

Name of company	Ownership percentage (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
		December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
		Acquisition cost	Book value	Book value	Book value
		(In millions)		(In thousands)	
Hyundai Heavy Industries Co., Ltd.	2.88	₩ 56,924	₩ 970,170	₩ 379,965	\$ 851,848
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	120,211	116,013	\$ 105,550
Hyundai Merchant Marine Co., Ltd.	0.45	9,161	26,715	18,503	\$ 23,457
Hyundai Green Food Co., Ltd. (Formerly, Hyundai H&S Co., Ltd.)	2.56	15,005	25,962	18,785	\$ 22,796
Doosan Capital Co., Ltd.	10.49	10,500	24,009	26,000	\$ 21,081
Hyundai Development Company	0.60	9,025	15,300	16,988	\$ 13,434
JNK Heaters Co., Ltd.	16.67	10,127	11,518	-	\$ 10,113
KT Corporation	0.09	8,655	11,104	9,388	\$ 9,750
Ubivelo Co., Ltd.	5.69	1,710	5,444	1,710	\$ 4,780
NICE Information Service Co., Ltd.	2.25	3,312	4,221	-	\$ 3,706

Name of company	Ownership percentage (%)	Korean Won		Translation into U.S. Dollars (Note 2)		
		December 31, 2010		December 31, 2009		
		Acquisition cost	Book value (In millions)	Book value	Book value (In thousands)	
Ssangyong Motor Co., Ltd.	1.29	₩ 8,359	₩ 3,915	₩ -	\$ 3,438	\$ -
NICE Holdings Co., Ltd.	1.42	3,491	3,097	-	2,719	-
ENOVA System	0.59	2,204	271	403	238	354
Korea Environment Technology Co., Ltd.	0.20	50	194	114	170	100
Seoul Metro Line Nine Corporation(*2)	25.00	41,779	41,779	41,779	36,684	36,684
Mexico Boleo (KBC)	16.67	26,162	26,162	21,478	22,971	18,859
Hyundai Finance Corporation	9.29	9,888	9,887	8,726	8,681	7,662
West End Restructuring Association	17.24	4,655	6,140	5,000	5,391	4,390
Han All Co., Ltd.	7.87	5,507	5,507	-	4,835	-
Hyundai Venture Investment Corp.	14.97	4,490	4,490	4,490	3,942	3,942
Industry Otomotif Komersial	15.00	4,439	4,439	4,439	3,898	3,898
Hyundai Asan Corporation	2.85	22,500	4,239	4,239	3,722	3,722
Kihyup Finance	12.75	3,700	3,700	3,700	3,249	3,249
Hyundai RB Co., Ltd.	7.00	2,085	2,085	550	1,831	483
Machinery Financial Cooperative	4.28	2,040	2,040	2,040	1,791	1,791
NESSCAP Inc.	7.30	1,997	1,997	1,997	1,753	1,753
Muan Environment Co., Ltd.(*2)	29.90	1,848	1,848	1,848	1,623	1,623
Hyundai Research Institute	14.90	1,359	1,271	1,271	1,116	1,116
Korea Defense Industry Association	2.66	1,250	1,250	1,250	1,098	1,098
Heesung PM Tech Corporation	19.90	1,194	1,194	1,194	1,048	1,048
Dongbu NTS Co., Ltd.	19.90	1,134	1,134	1,134	996	996
KC, Kazahk B.V.	10.00	1,020	1,020	-	896	-
Jeonbuk Hyundai Motors FC Co., Ltd. (*1)	100.00	1,000	1,000	1,000	878	878
Micro Infinity Co., Ltd.	9.02	607	607	607	533	533
Hyundai WIA Trade Corporation (*1)	100.00	590	590	590	518	518
NGV Tech Co., Ltd. (*1)	78.05	821	821	821	721	721
Hyundai Carnes Co., Ltd. (*1)	100.00	500	500	250	439	220
Clean Air Technology Co., Ltd.	16.13	500	500	500	439	439
International Convention Center Jeju Co., Ltd.	0.30	500	500	500	439	439
Green village Co., Ltd.	5.43	4,800	284	284	249	249
Korea Smart Card Co., Ltd.	2.92	2,505	22	-	19	-
ROTIS Inc.	0.19	1,000	8	8	7	7
Kyungnam Credit Information Service Co., Ltd.	13.66	2,500	-	2,500	-	2,195
The Sign Co., Ltd.	11.28	1,200	-	1,200	-	1,054
GM Daewoo Auto and Technology Co., Ltd.	0.02	2,187	-	-	-	-
Korea Information Service, Inc.	-	-	-	3,951	-	3,469
Equity investments		15,782	15,782	15,762	13,857	13,840
Beneficiary certificates		171	171	1,229	150	1,079
Other		14,174	7,368	7,067	6,470	6,204
			<u>₩ 1,370,466</u>	<u>₩ 729,273</u>	<u>\$ 1,203,324</u>	<u>\$ 640,331</u>

(\*1) In conformity with Financial Accounting Standards in the Republic of Korea, the equity securities of these affiliates are 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\$8,780 thousand), are not material.

(\*2) This investment security is 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, 2010 and 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)		
	2010	2009	2010	2009	
	Acquisition cost		Book value	Book value	
		(In millions)		(In thousands)	
Government bonds	₩ 5,101	₩ 4,662	₩ 4,017	\$ 4,093	\$ 3,527
Corporate bonds	6,900	7,112	3,140	6,245	2,757
	<u>₩ 12,001</u>	<u>₩ 11,774</u>	<u>₩ 7,157</u>	<u>\$ 10,338</u>	<u>\$ 6,284</u>

- (4) Held-to-maturity of long-term investment securities as of December 31, 2010 and 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Government bonds	₩ 9,297	₩ 9,808	\$ 8,163	\$ 8,612
Corporate bonds	10,952	10,000	9,617	8,780
	<u>₩ 20,249</u>	<u>₩ 19,808</u>	<u>\$ 17,780</u>	<u>\$ 17,392</u>

- (5) Maturities of debt securities as of December 31, 2010 and 2009 consist of the following:

Maturity	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
1 year~5 years	₩ 28,102	₩ 20,898	\$ 24,675	\$ 18,349
6 years~10 years	3,921	6,067	3,443	5,327
	<u>₩ 32,023</u>	<u>₩ 26,965</u>	<u>\$ 28,118</u>	<u>\$ 23,676</u>

## 7. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

- (1) Investment securities accounted for using the equity method as of December 31, 2010 consist of the following:

Affiliated company	Korean Won		Translation into U.S. Dollars (Note 2)		Ownership percentage (*2) (%)
	Acquisition cost	Net equity value	Book value	Book value	
	(In millions)		(In thousands)		
Hyundai Steel Company	₩ 245,153	₩ 1,587,977	₩ 1,370,753	\$ 1,203,576	21.29
HMC Investment Securities Co., Ltd.	215,284	182,278	222,947	195,756	29.95
Hyundai MOBIS	215,012	1,312,189	1,331,547	1,169,152	16.88
Korea Aerospace Industries, Ltd	159,800	125,926	125,782	110,442	22.23
Glovis Co., Ltd. (*4)	99,259	30,292	103,721	91,071	2.70
Eukor Car Carriers Inc.	48,912	136,787	125,476	110,173	20.00
HK Mutual Savings Bank	45,719	30,601	42,142	37,002	20.00
Korea Economy Daily Automobile Industrial Ace Corporation	34,141	33,508	35,485	31,157	24.90
(*3)	26,107	26,997	14,000	12,293	100.00
Kia Tigers Co., Ltd. (*1)	20,300	(48)	-	-	100.00
Donghui Auto Co., Ltd.	10,530	11,175	11,175	9,812	35.10
Hyundai Amco Co., Ltd. (*4)	10,067	84,053	84,053	73,802	19.99
TRW Steering Co., Ltd.	8,952	6,668	6,668	5,855	29.00
WIA-MAGNA Power Train Co., Ltd.	7,500	5,384	5,454	4,789	50.00
Korea Credit Bureau Co., Ltd. (*4)	4,800	3,185	4,454	3,911	9.00
Hyundai Wisco Co., Ltd.	1,736	31,453	30,196	26,513	38.63

Affiliated company	Korean Won			Translation into U.S. Dollars (Note 2)		Ownership percentage (*2)
	Acquisition cost	Net equity value	Book value	Book value		
		(In millions)		(In thousands)	(%)	
Iljin Bearing Co., Ltd.	₩ 826	₩ 20,635	₩ 20,635	\$ 18,118	20.00	
Daesung Automotive Co., Ltd.	400	14,855	14,855	13,043	20.00	
MAINTRANCE (*1)	400	2,132	2,132	1,872	80.00	
HI Network Inc.	76	1,055	1,055	926	20.00	
Beijing-Hyundai Motor Company	417,163	1,233,430	1,224,189	1,074,887	50.00	
Hyundai Motor Brasil Montadora de Automoveis LTDA (*1)	30,003	30,003	30,003	26,344	100.00	
KEFICO Vietnam Company Limited (*1)	26,358	21,297	19,177	16,838	100.00	
Sewon America, Inc.	15,090	11,096	11,096	9,743	40.00	
Hyundai Motor Deutschland GmbH	11,528	34,755	34,404	30,208	35.29	
Hyundai Motor Hungary (*2)	5,415	-	-	-	100.00	
Autoever Systems America, Inc. (*1)	4,642	4,962	4,962	4,357	100.00	
Hyundai-Wia India PVT LTD (*1)	4,506	4,537	4,537	3,984	100.00	
Dymos Powertrain System Co., Ltd. (*1)	3,172	3,248	3,248	2,852	100.00	
Beijing Lear Dymos Automotive Systems Co., Ltd.	2,662	12,000	12,000	10,536	40.00	
Dymos Fabricacao DE AUTO PECAS BRASIL LTDA (*1)	2,099	2,006	2,006	1,761	100.00	
Yan Ji Kia Motors A/S (*1)	1,792	1,792	1,792	1,573	100.00	
Hyundai Capital Germany GmbH (*1)	1,669	1,512	1,669	1,465	50.01	
Hyundai Capital Europe GmbH (*1)	1,668	1,005	1,668	1,465	100.00	
Autoever Systems Europe GmbH (*1)	1,534	4,942	4,942	4,339	100.00	
Hyundai Motor Japan R&D Center Inc. (*1)	1,510	3,266	3,266	2,868	100.00	
Autoever Systems China Co., Ltd. (*1)	538	1,428	1,428	1,254	90.00	
Autoever Systems India Pvt. Ltd. (*1)	520	1,612	1,612	1,415	100.00	
South Link9	200	1,291	1,291	1,135	20.00	
Rotem Equipments (Beijing) Co., Ltd. (*1)	190	120	120	106	100.00	
EUKOR Shipowning Singapore Pte Ltd.	8	5,047	4,139	3,635	20.00	
EUKOR Car Carriers Singapore Pte Ltd.(*4)	5	5	5	4	8.00	
	<u>₩1,687,246</u>	<u>₩5,026,456</u>	<u>₩4,920,084</u>	<u>\$ 4,320,032</u>		

(\*1) These companies are excluded in the consolidation since individual beginning balance of total assets is less than ₩10,000 million (US\$8,780 thousand).

(\*2) As the Company is under the liquidation procedures, it is excluded from consolidated subsidiaries.

(\*3) As the parent-subsidiary relationship is expected to be discontinued in the following year, it was excluded from consolidated subsidiaries.

(\*4) As the Company is considered to be able to exercise significant influence, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.

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	\$ 993,480		21.39
HMC Investment Securities Co., Ltd.	215,284	171,223	215,294	189,037		29.95
Hyundai MOBIS (*3)	215,012	1,005,725	1,032,144	906,264		16.88
Korea Aerospace Industries, Ltd	159,800	103,310	103,150	90,570		22.23
Eukor Car Carriers Inc.	48,912	117,156	104,887	92,095		20.00
HK Mutual Savings Bank	45,719	23,551	35,799	31,433		20.00
Korea Economy Daily	34,141	31,418	33,818	29,694		24.90
Kia Tigers Co., Ltd. (*1)	20,300	(604)	-	-		100.00
Donghui Auto Co., Ltd.	10,530	10,803	10,803	9,485		35.10
Hyundai Amco Co., Ltd. (*3)	10,067	81,536	81,536	71,592		19.99
TRW Steering Co., Ltd.	8,952	6,531	6,531	5,734		29.00
WIA-MAGNA Power Train Co., Ltd.	7,500	6,649	6,649	5,838		50.00
Korea Credit Bureau Co., Ltd. (*3)	3,800	2,154	3,191	2,802		7.00
Hyundai Wisco Co., Ltd.	1,736	27,711	26,375	23,158		38.63
Iijin Bearing Co., Ltd.	826	18,201	18,201	15,981		20.00
Daesung Automotive Co., Ltd.	400	13,194	13,194	11,585		20.00
MAINTRANCE (*1)	400	770	770	676		80.00
Beijing-Hyundai Motor Company (BHMC)	417,163	1,007,878	999,693	877,771		50.00
Hyundai Motor Deutschland GmbH (HMDG)	11,528	38,279	37,900	33,278		35.29
KEFICO Vietnam Company Limited (*1)	6,245	5,841	5,841	5,129		100.00
Hyundai Motor Hungary (HMH) (*2)	5,415	-	2,283	2,005		100.00
Autoever Systems America, Inc. (*1)	4,642	4,622	4,622	4,058		100.00
KEFICO Automotive Systems (Beijing) Co., Ltd. (*1)	4,042	5,967	1,573	1,381		100.00
Beijing Lear Dymos Automotive Systems Co., Ltd.	2,662	7,665	7,665	6,730		40.00
Yan Ji Kia Motors A/S (*1)	1,792	1,792	1,792	1,573		100.00
Hyundai Capital Germany GmbH	1,065	1,065	1,065	935		30.01
Hyundai Motor Japan R&D Center Inc. (*1)	1,510	2,945	2,945	2,586		100.00
Autoever Systems China Co., Ltd. (*1)	538	1,040	1,040	913		90.00
Autoever Systems India Pvt. Ltd. (*1)	520	1,269	1,269	1,114		100.00
South Link9	200	1,181	1,181	1,037		20.00
Rotem Equipments (Beijing) Co., Ltd. (*1)	190	203	203	178		100.00
Hyundai Motor Brasil Montadora de Automoveis LTDA (*1)	137	137	137	120		100.00
EUKOR Shipowning Singapore Pte Ltd.	8	3,475	2,541	2,232		20.00
EUKOR Car Carriers Singapore Pte Ltd. (*3)	5	5	5	4		8.00
Hyundai Rotem Automotive (*1)	3	124	124	109		100.00
	<u>₩1,486,197</u>	<u>₩4,077,714</u>	<u>₩3,895,695</u>	<u>\$ 3,420,577</u>		

(\*1) These companies are excluded in the consolidation since individual beginning balance of total assets is less than ₩10,000 million (US\$8,780 thousand).

(\*2) As the Company is under the liquidation procedures, it is excluded from consolidated subsidiaries.

(\*3) As the Company is considered to be able to exercise significant influence, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.

(2) The changes in investment securities accounted for using the equity method for the year ended December 31, 2010 are as follows:

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)	
	Beginning of year	Acquisition (disposal)	Gain (loss) on valuation (In millions)	Other changes (*)	End of year	End of year (In thousands)
Hyundai Steel Company	₩ 1,131,474	₩ -	₩ 203,983	₩ 35,296	₩ 1,370,753	\$ 1,203,576
HMC Investment Securities Co., Ltd.	215,294	-	3,570	4,083	222,947	195,756
Hyundai MOBIS	1,032,144	-	313,326	(13,923)	1,331,547	1,169,152
Korea Aerospace Industries, Ltd	103,150	-	21,431	1,201	125,782	110,442
Glovis Co., Ltd.	-	22,096	2,830	78,795	103,721	91,071
Eukor Car Carriers Inc.	104,887	-	36,084	(15,495)	125,476	110,173
HK Mutual Savings Bank	35,799	-	6,230	113	42,142	37,002
Korea Economy Daily	33,818	-	1,631	36	35,485	31,157
Automobile Industrial Ace Corporation	-	-	1,889	12,111	14,000	12,293
Donghui Auto Co., Ltd.	10,803	-	318	54	11,175	9,812
Hyundai Amco Co., Ltd.	81,536	-	12,576	(10,059)	84,053	73,802
TRW Steering Co., Ltd.	6,531	-	137	-	6,668	5,855
WIA-MAGNA Power Train Co.,Ltd.	6,649	-	(1,195)	-	5,454	4,789
Korea Credit Bureau Co., Ltd.	3,191	1,000	263	-	4,454	3,911
Hyundai Wisco Co., Ltd.	26,375	-	3,933	(112)	30,196	26,513
Iljin Bearing Co., Ltd.	18,201	-	2,660	(226)	20,635	18,118
Daesung Automotive Co., Ltd.	13,194	-	1,915	(254)	14,855	13,043
MAINTRANCE	770	-	1,362	-	2,132	1,872
HI Network Inc.	-	76	2,206	(1,227)	1,055	926
Beijing-Hyundai Motor Company (BHMC)	999,693	-	468,528	(244,032)	1,224,189	1,074,887
Hyundai Motor Brasil Montadora de Automoveis LTDA	137	29,866	-	-	30,003	26,344
KEFICO Vietnam Company Limited	5,841	20,113	(6,280)	(497)	19,177	16,838
Sewon America, Inc.	-	-	-	11,096	11,096	9,743
Hyundai Motor Deutschland GmbH (HMDG)	37,900	-	5,590	(9,086)	34,404	30,208
Hyundai Motor Hungary (HMH)	2,283	-	-	(2,283)	-	-
Autoever Systems America, Inc.	4,622	-	460	(120)	4,962	4,357
Hyundai-Wia India PVT LTD	-	4,506	27	4	4,537	3,984
KEFICO Automotive Systems (Beijing) Co., Ltd.	1,573	-	-	(1,573)	-	-
Dymos Powertrain System Co.,Ltd	-	3,172	80	(4)	3,248	2,852
Beijing Lear Dymos Automotive Systems Co., Ltd.	7,665	-	8,300	(3,965)	12,000	10,536
Dymos Fabricacao DE AUTO PECAS BRASIL LTDA	-	2,099	(121)	28	2,006	1,761
Yan Ji Kia Motors A/S	1,792	-	-	-	1,792	1,573
Hyundai Capital Germany GmbH	1,065	-	-	604	1,669	1,465
Hyundai Capital Europe GmbH	-	1,668	-	-	1,668	1,465
Autoever Systems Europe GmbH	-	-	-	4,942	4,942	4,339
Hyundai Motor Japan R&D Center Inc.	2,945	-	8	313	3,266	2,868
Autoever Systems China Co., Ltd.	1,040	-	375	13	1,428	1,254
Autoever Systems India Pvt. Ltd.	1,269	-	324	19	1,612	1,415
South Link9	1,181	-	991	(881)	1,291	1,135
Rotem Equipments (Beijing) Co., Ltd.	203	-	(84)	1	120	106
EUKOR Shipowning Singapore Pte Ltd.	2,541	-	1,871	(273)	4,139	3,635
EUKOR Car Carriers Singapore Pte Ltd.	5	-	-	-	5	4
Hyundai Rotem Automotive	124	(82)	(45)	3	-	-
	<u>₩ 3,895,695</u>	<u>₩ 84,514</u>	<u>₩ 1,095,173</u>	<u>₩ (155,298)</u>	<u>₩ 4,920,084</u>	<u>\$ 4,320,032</u>

(\*) Other changes consist of the decrease by ₩310,994 million (US\$273,065 thousand) due to declaration of dividends, impairment loss on investment securities accounted for using the equity method by ₩2,283 million (US\$2,005 thousand), increase of retained earnings by ₩ 32,862 million (US\$28,854 thousand), increase of accumulated other comprehensive income by ₩ 19,777 million (US\$17,365 thousand), increase by ₩77,163 million (US\$67,752 thousand) due to the payment in substitutes and increase of ₩28,177 million (US\$24,741 thousand) due to changes of consolidated subsidiaries.

The changes in investment securities accounted for using the equity method for the year ended December 31, 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	\$ 993,480
HMC Investment Securities Co., Ltd.	-	72,448	500	142,346	215,294	189,037
Hyundai MOBIS	594,126	-	297,882	140,136	1,032,144	906,264
Korea Aerospace Industries, Ltd	93,452	-	9,698	-	103,150	90,570
Eukor Car Carriers Inc.	100,623	-	9,390	(5,126)	104,887	92,095
HK Mutual Savings Bank	26,391	8,605	(1,600)	2,403	35,799	31,433
Korea Economy Daily	32,133	-	2,011	(326)	33,818	29,694
Kia Tigers Co., Ltd.	31	-	(31)	-	-	-
Donghui Auto Co., Ltd.	9,607	-	1,196	-	10,803	9,485
Hyundai Amco Co., Ltd.	73,161	-	12,659	(4,284)	81,536	71,592
TRW Steering Co., Ltd.	6,369	-	162	-	6,531	5,734
WIA-MAGNA Power Train Co.,Ltd.	-	7,500	(851)	-	6,649	5,838
Korea Credit Bureau Co., Ltd.	3,205	-	(14)	-	3,191	2,802
Hyundai Wisco Co., Ltd.	23,360	-	3,114	(99)	26,375	23,158
Iljin Bearing Co., Ltd.	16,843	-	1,583	(225)	18,201	15,981
Daesung Automotive Co., Ltd.	11,323	-	1,680	191	13,194	11,585
MAINTRANCE	573	-	197	-	770	676
Beijing-Hyundai Motor Company (BHMC)	825,829	19,405	311,254	(156,795)	999,693	877,771
Hyundai Motor Deutschland GmbH (HMDG)	22,715	4,767	13,035	(2,617)	37,900	33,278
KEFICO Vietnam Company Limited	-	6,245	(73)	(331)	5,841	5,129
Hyundai Motor Hungary (HMH)	2,283	-	-	-	2,283	2,005
Autoever Systems America, Inc.	-	4,642	456	(476)	4,622	4,058
KEFICO Automotive Systems (Beijing) Co., Ltd.	595	3,317	(1,692)	(647)	1,573	1,381
Beijing Lear Dymos Automotive Systems Co., Ltd.	7,195	-	3,582	(3,112)	7,665	6,730
Yan Ji Kia Motors A/S	1,792	-	-	-	1,792	1,573
Hyundai Capital Germany GmbH	-	1,065	-	-	1,065	935
Hyundai Motor Japan R&D Center Inc.	3,296	-	(44)	(307)	2,945	2,586
Autoever Systems China Co., Ltd.	1,026	-	106	(92)	1,040	913
Autoever Systems India Pvt. Ltd.	1,089	-	239	(59)	1,269	1,114
South Link9	712	-	469	-	1,181	1,037
Rotem Equipments (Beijing) Co., Ltd.	338	-	(121)	(14)	203	178
Hyundai Motor Brasil Montadora de Automoveis LTDA	-	137	-	-	137	120
EUKOR Shipowning Singapore Pte Ltd.	-	8	9,895	(7,362)	2,541	2,232
EUKOR Car Carriers Singapore Pte Ltd.	5	-	-	-	5	4
Hyundai Rotem Automotive	86	-	44	(6)	124	109
Hyundai WIA Motor Dies (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)	-	-

Affiliated company	Korean Won					Translation into U.S. Dollars (Note 2)	
	Beginning of year	Acquisition (disposal)	Gain (loss) on valuation	Other changes (*)	End of year	End of year	
	(In millions)					(In thousands)	
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>\$ 3,420,577</u>	

(\*) Other changes consist of the decrease by ₩125,132 million (US\$109,871 thousand) due to declaration of dividends, increase of capital surplus by ₩516 million (US\$453 thousand), increase of retained earnings by ₩ 7,720 million (US\$6,778 thousand), increase of accumulated other comprehensive income by ₩ 118,924 million (US\$104,420 thousand), decrease by ₩2,015 million (US\$1,769 thousand) due to decrease in ownership percentage caused by uneven capital increase and increase of ₩151,104 million (US\$132,675 thousand) due to changes of consolidated subsidiaries.

(3) Condensed financial information of the affiliates as of and for the year ended December 31, 2010 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	₩ 18,195,567	₩ 10,455,809	₩ 10,198,165	₩ 1,014,142	\$ 15,976,440	\$ 9,180,621	\$ 8,954,399	\$ 890,457
HMC Investment Securities Co., Ltd.	2,611,692	2,003,263	306,434	23,781	2,293,171	1,758,945	269,061	20,881
Hyundai MOBIS	13,863,837	3,688,515	13,695,717	2,423,295	12,173,006	3,238,665	12,025,390	2,127,750
Korea Aerospace Industries, Ltd	1,473,137	906,600	1,263,400	78,900	1,293,474	796,031	1,109,316	69,277
Glovis Co., Ltd.	1,978,711	855,887	5,851,229	268,443	1,737,388	751,503	5,137,614	235,704
Eukor Car Carriers Inc.	2,398,328	1,714,392	2,190,196	176,118	2,105,828	1,505,305	1,923,080	154,639
HK Mutual Savings Bank	2,439,109	2,286,106	332,117	34,683	2,141,636	2,007,293	291,612	30,453
Korea Economy Daily	199,300	64,000	123,100	7,900	174,993	56,195	108,087	6,937
Automobile Industrial Ace Corporation	97,326	72,211	127,956	3,802	85,456	63,404	112,351	3,338
Kia Tigers Co., Ltd.	4,219	4,267	21,958	(45)	3,704	3,747	19,280	(40)
Donghui Auto Co., Ltd.	129,972	98,134	131,891	905	114,121	86,166	115,806	795
Hyundai Amco Co., Ltd.	922,697	502,213	1,241,476	62,914	810,165	440,963	1,090,066	55,241
TRW Steering Co., Ltd.	69,556	46,563	151,123	471	61,073	40,884	132,692	414
WIA-MAGNA Power Train Co.,Ltd.	22,331	9,033	-	(1,701)	19,608	7,931	-	(1,494)
Korea Credit Bureau Co., Ltd.	45,301	9,914	33,190	4,338	39,776	8,705	29,142	3,809
Hyundai Wisco Co., Ltd.	280,801	199,373	382,901	9,975	246,555	175,058	336,202	8,758
Iljin Bearing Co., Ltd.	144,176	40,999	225,721	12,952	126,592	35,999	198,192	11,372
Daesung Automotive Co., Ltd.	91,990	17,717	64,720	9,866	80,771	15,556	56,827	8,663
MAINTRANCE	1,805	843	4,269	358	1,585	740	3,748	314
HI Network Inc.	8,734	3,458	20,706	4,733	7,669	3,036	18,181	4,156
Beijing-Hyundai Motor Company (BHMC)	5,642,555	3,175,694	10,745,178	935,296	4,954,390	2,788,387	9,434,698	821,228
Hyundai Motor Brasil Montadora de Automoveis LTDA	30,003	-	-	-	26,344	-	-	-
KEFICO Vietnam Company Limited	43,420	22,123	3,759	(4,160)	38,125	19,425	3,301	(3,653)
Sewon America, Inc.	169,138	139,403	24,592	(5,349)	148,510	122,401	21,593	(4,697)
Hyundai Motor Deutschland GmbH (HMDG)	414,381	315,908	1,246,041	19,736	363,843	277,380	1,094,074	17,329
Hyundai Motor Hungary (HMH)	3,866	1,670	-	-	3,395	1,466	-	-
Autoever Systems America, Inc.	4,993	31	-	460	4,384	27	-	404

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)			
Dymos Powertrain System Co., Ltd	₩ 13,100	₩ 9,850	₩ 11,533	₩ 80	\$ 11,502	\$ 8,649	\$ 10,126	\$ 70
Beijing Lear Dymos Automotive Systems Co., Ltd.	102,005	72,006	220,344	17,339	89,564	63,224	193,471	15,224
Dymos Fabricacao DE AUTO PECAS BRASIL LTDA	2,026	20	-	(121)	1,779	18	-	(106)
Hyundai Capital Germany GmbH	3,145	117	540	43	2,761	103	474	38
Hyundai Capital Europe GmbH	1,041	36	340	(680)	914	32	299	(597)
Autoever Systems Europe GmbH	13,634	8,691	29,790	1,569	11,971	7,631	26,157	1,378
Hyundai Motor Japan R&D Center Inc.	5,682	2,416	9,483	51	4,989	2,121	8,326	45
Autoever Systems China Co., Ltd.	5,603	4,016	12,962	417	4,920	3,526	11,381	366
Autoever Systems India Pvt. Ltd.	3,486	1,875	9,332	324	3,061	1,646	8,194	284
South Link9	18,000	12,094	36,755	2,367	15,805	10,619	32,272	2,078
Rotem Equipments (Beijing) Co., Ltd.	366	163	-	(121)	321	143	-	(106)
EUKOR Shipowning Singapore Pte Ltd.	107,283	82,048	25,413	8,487	94,199	72,041	22,314	7,452
Hyundai Rotem Automotive	650	526	1,710	44	571	462	1,501	39

- (4) Significant unrealized profits (losses) that occurred in transactions with investees for the year ended December 31, 2010 and 2009 are ₩15,147 million (\$13,300 thousand) and ₩15,679 million (\$13,767 thousand), respectively.
- (5) Unamortized (or unreversed) balances of goodwill and negative goodwill as of December 31, 2010 are ₩151,704 million (US\$133,202 thousand) and ₩230,994 million (US\$202,822 thousand), respectively. In addition, unamortized (or unreversed) balances of goodwill and negative goodwill as of December 31, 2009 are ₩89,115 million (US\$78,247 thousand) and ₩258,513 million (US\$226,985 thousand), respectively.
- (6) The market price of listed equity securities as of December 31, 2010 is as follows:

Affiliated company	Korean Won			Translation into
	Price per share	Number of shares	Market value	U.S. Dollars (Note 2)
	(In millions, except price per share)			Market value
				(In thousands)
Hyundai Steel Company	₩ 124,500	18,159,517	₩ 2,260,860	\$ 1,985,126
HMC Investment Securities Co., Ltd.	21,200	8,784,816	186,238	163,524
Hyundai MOBIS	284,500	16,427,074	4,673,503	4,103,524
Glovis Co., Ltd.	149,000	1,011,698	150,743	132,358

8. LEASED ASSETS:

The Company and its subsidiaries have entered into lease agreements for certain machinery. The following summarizes the gross amount of machinery and related accumulated depreciation recorded under the finance leases as of December 31, 2010:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	(In millions)		(In thousands)	
Acquisition costs	₩	16,658	\$	14,627
Less : accumulated depreciation		<u>14,842</u>		<u>13,032</u>
	₩	<u>1,816</u>	\$	<u>1,595</u>

The following is the schedule of future minimum lease payments required under the finance and operating leases as of December 31, 2010:

	Korean Won				Translation into U.S. Dollars (Note 2)			
	Finance leases		Operating leases		Finance leases		Operating leases	
	(In millions)				(In thousands)			
1 year	₩	1,843	₩	53,007	\$	1,618	\$	46,542
1 year ~ 5 years		-		<u>214,795</u>		-		<u>188,599</u>
		<u>1,843</u>		<u>267,802</u>		<u>1,618</u>		<u>235,141</u>
Less : interest portion		<u>27</u>		-		<u>23</u>		-
	₩	<u>1,816</u>	₩	<u>267,802</u>	\$	<u>1,595</u>	\$	<u>235,141</u>

9. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipments as of December 31, 2010 and 2009 consist of the following:

Description	Korean Won				Translation into U.S. Dollars (Note 2)			
	2010		2009		2010		2009	
	(In millions)				(In thousands)			
Buildings and structures	₩	12,048,999	₩	11,455,123	\$	10,579,506	\$	10,058,059
Machinery and equipment		19,982,339		19,266,613		17,545,297		16,916,861
Vehicles		403,174		371,353		354,003		326,063
Tools, dies and molds		7,326,570		6,661,360		6,433,023		5,848,942
Other equipment		<u>2,080,713</u>		<u>2,049,919</u>		<u>1,826,950</u>		<u>1,799,911</u>
		<u>41,841,795</u>		<u>39,804,368</u>		<u>36,738,779</u>		<u>34,949,836</u>
Less: accumulated depreciation		<u>19,639,211</u>		<u>17,515,442</u>		<u>17,244,017</u>		<u>15,379,263</u>
		<u>22,202,584</u>		<u>22,288,926</u>		<u>19,494,762</u>		<u>19,570,573</u>
Land		4,758,420		4,781,602		4,178,084		4,198,439
Construction in progress		<u>1,917,304</u>		<u>1,750,709</u>		<u>1,683,470</u>		<u>1,537,193</u>
	₩	<u>28,878,308</u>	₩	<u>28,821,237</u>	\$	<u>25,356,316</u>	\$	<u>25,306,205</u>



The changes in property, plant and equipment for the year ended December 31, 2010 are as follows:

	Korean Won						End of year	Translation into
	Beginning of year	Acquisition	Transfer	Disposal	Depreciation	Other (*)		U. S. Dollars
	(In millions)							(Note 2)
							End of year	End of year
								(In thousands)
Land	₩ 4,781,602	₩ 29,953	₩ 41,019	₩ (49,695)	₩ -	₩ (44,459)	₩ 4,758,420	\$ 4,178,084
Buildings and structures	8,937,398	382,834	211,291	(15,707)	(437,654)	(145,937)	8,932,225	7,842,853
Machinery and equipment	10,348,267	547,719	1,215,904	(149,624)	(1,507,820)	(266,506)	10,187,940	8,945,421
Vehicles	238,344	30,048	60,431	(31,779)	(56,147)	9,763	250,660	220,090
Tools, dies and molds	2,022,030	248,925	568,496	(39,619)	(747,111)	36,332	2,089,053	1,834,273
Other equipment	742,887	126,368	157,823	(8,772)	(237,998)	(37,602)	742,706	652,125
Construction in progress	1,750,709	2,671,706	(2,254,964)	(164,943)	-	(85,204)	1,917,304	1,683,470
	<u>₩28,821,237</u>	<u>₩ 4,037,553</u>	<u>₩ -</u>	<u>₩(460,139)</u>	<u>₩(2,986,730)</u>	<u>₩(533,613)</u>	<u>₩ 28,878,308</u>	<u>\$ 25,356,316</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 for the year ended December 31, 2009 are as follows:

	Korean Won						End of year	Translation into
	Beginning of year	Acquisition	Transfer	Disposal	Depreciation	Other (*)		U. S. Dollars
	(In millions)							(Note 2)
							End of year	End of year
								(In thousands)
Land	₩ 4,794,955	₩ 33,454	₩ 56,855	₩ (25,021)	₩ -	₩ (78,641)	₩ 4,781,602	\$ 4,198,439
Buildings and structures	8,412,149	246,546	920,392	(29,430)	(372,661)	(239,598)	8,937,398	7,847,395
Machinery and equipment	10,340,782	321,148	1,619,484	(100,625)	(1,488,551)	(343,971)	10,348,267	9,086,195
Vehicles	145,974	41,327	135,195	(38,067)	(51,337)	5,252	238,344	209,276
Tools, dies and molds	1,718,352	125,707	678,245	(13,825)	(477,682)	(8,767)	2,022,030	1,775,424
Other equipment	804,147	141,957	205,795	(57,934)	(278,392)	(72,686)	742,887	652,283
Construction in progress	2,701,902	2,852,427	(3,615,966)	(275,401)	-	87,747	1,750,709	1,537,193
	<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>\$ 25,306,205</u>

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

As of December 31, 2010 and 2009, the value of the land, which the Company and its subsidiaries own domestically, totals ₩5,980,506 million (US\$5,251,125 thousand) and ₩5,749,735 million (US\$5,048,499 thousand), respectively, in terms of land prices officially announced by the Korean government.

#### 10. INSURANCE:

As of December 31, 2010, certain property, plant and equipment, inventories, cash and cash equivalents and securities are insured for ₩23,589,270 million (US\$20,712,328 thousand). In addition, the Company carries products and completed operations liability insurance with a maximum coverage of ₩283,754 million (US\$249,147 thousand) and general insurance for vehicles and workers' compensation and casualty insurance for employees.

11. INTANGIBLES:

Intangibles as of December 31, 2010 and 2009 consist of the following:

Description	Korean Won					Translation into U. S. Dollars (Note 2)		
	2010		2009		2010	2009		
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Government subsidy	Book value	Book value	Book value	Book value
	(In millions)					(In thousands)		
Goodwill	₩ 613,451	₩ (259,814)	₩ (467)	₩ -	₩ 353,170	₩ 404,166	\$ 310,097	\$ 354,874
Negative goodwill	(98,671)	41,867	-	-	(56,804)	(62,076)	(49,876)	(54,505)
Industrial property rights	121,909	(83,324)	(121)	-	38,464	20,036	33,773	17,592
Development costs	8,136,988	(4,341,054)	(303,058)	(53,101)	3,439,775	3,171,931	3,020,261	2,785,083
Other	433,168	(256,660)	(2,928)	-	173,580	174,130	152,410	152,893
	<u>₩ 9,206,845</u>	<u>₩ (4,898,985)</u>	<u>₩ (306,574)</u>	<u>₩ (53,101)</u>	<u>₩ 3,948,185</u>	<u>₩ 3,708,187</u>	<u>\$ 3,466,665</u>	<u>\$ 3,255,937</u>

The changes in intangibles for the year ended December 31, 2010 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	₩ 404,166	₩ (62,076)	₩ 20,036	₩ 3,171,931	₩ 174,130	₩ 3,708,187	\$ 3,255,937
Addition:							
Expenditures	-	-	29,007	1,194,163	43,163	1,266,333	1,111,891
Deduction:							
Amortization	(30,385)	5,272	(13,775)	(798,872)	(53,148)	(890,908)	(782,253)
Impairment loss	-	-	-	(116,412)	(626)	(117,038)	(102,764)
Government subsidy	-	-	-	789	-	789	693
Other (*)	(20,611)	-	3,196	(11,824)	10,061	(19,178)	(16,839)
End of the year	<u>₩ 353,170</u>	<u>₩ (56,804)</u>	<u>₩ 38,464</u>	<u>₩ 3,439,775</u>	<u>₩ 173,580</u>	<u>₩ 3,948,185</u>	<u>\$ 3,466,665</u>

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

The changes in intangibles for the year ended December 31, 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	\$ 3,028,235
Addition:							
Expenditures	-	-	6,670	1,360,814	61,794	1,429,278	1,254,964
Deduction:							
Amortization	(44,773)	6,091	(4,869)	(808,682)	(55,611)	(907,844)	(797,124)
Impairment loss	(467)	-	-	(149,817)	-	(150,284)	(131,955)
Government subsidy	-	-	-	(4,653)	-	(4,653)	(4,086)
Other (*)	(65,112)	-	(3,219)	(25,269)	(13,567)	(107,167)	(94,097)
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>\$ 3,255,937</u>

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

Research and development expenditures for the year ended December 31, 2010 and 2009 are as follows:

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Development cost	₩ 1,194,163	₩ 1,360,814	\$ 1,048,523	\$ 1,194,849
Ordinary development (manufacturing cost)	269,717	215,273	236,822	189,019
Research costs (SG&A)	<u>952,324</u>	<u>663,384</u>	<u>836,179</u>	<u>582,478</u>
	<u>₩ 2,416,204</u>	<u>₩ 2,239,471</u>	<u>\$ 2,121,524</u>	<u>\$ 1,966,346</u>

12. OTHER ASSETS:

Other assets as of December 31, 2010 and 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Long-term notes and accounts receivable, net of allowance for doubtful accounts of ₩479 million in 2010 and ₩617 million in 2009, and unamortized present value discount of ₩8,671 million in 2010 and ₩11,259 million in 2009	₩ 57,099	₩ 62,172	\$ 50,135	\$ 54,590
Long-term notes and accounts receivable - other, net of allowance for doubtful accounts of ₩319 million in 2010 and ₩936 million in 2009	94,065	170,735	82,593	149,912
Long-term loans	17,928	11,547	15,742	10,139
Long-term deposits	532,312	545,253	467,391	478,754
Other	<u>209,529</u>	<u>184,232</u>	<u>183,974</u>	<u>161,763</u>
	<u>₩ 910,933</u>	<u>₩ 973,939</u>	<u>\$ 799,835</u>	<u>\$ 855,158</u>

13. OTHER FINANCIAL BUSINESS ASSETS AND LIABILITIES:

Other financial business assets as of December 31, 2010 and 2009 consist of the following:

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Finance receivables	₩ 19,894,575	₩ 15,716,002	\$ 17,468,237	\$ 13,799,282
Lease receivables	4,332,728	2,605,930	3,804,309	2,288,111
Card receivables	8,273,990	6,074,074	7,264,896	5,333,281
Other	<u>2,111,452</u>	<u>1,319,669</u>	<u>1,853,940</u>	<u>1,158,723</u>
	<u>₩ 34,612,745</u>	<u>₩ 25,715,675</u>	<u>\$ 30,391,382</u>	<u>\$ 22,579,397</u>

Total amounts of other financial business liabilities as of December 31, 2010 and 2009 consist of other operating accounts payables.

Hyundai Capital Services Inc., Hyundai Card Co., Ltd., Hyundai Commercial Inc., HMC win win fund, Hyundai Capital America (HCA) and Hyundai Auto Canada Captive Insurance Incorporation (HACCI), are the Company's subsidiaries in financial and insurance services industry for the years ended December 31, 2010 and 2009.

14. SHORT-TERM BORROWINGS:

Short-term borrowings as of December 31, 2010 and 2009 consist of the following:

Description	Annual interest rate 2010 (%)	Korean Won		Translation into U. S. Dollars (Note 2)	
		2010	2009	2010	2009
		(In millions)		(In thousands)	
General loans	0.72 ~ 7.30	₩ 3,388,365	₩ 4,128,803	\$ 2,975,121	\$ 3,625,255
Discount of trade bills	2.72 ~ 5.57	4,618,258	2,706,585	4,055,016	2,376,490
Banker's Usance	1.10 ~ 5.74	620,720	663,066	545,017	582,199
Overdrafts	1.52 ~ 3.50	196,165	213,555	172,241	187,510
Trade financing	1.90 ~ 6.13	<u>3,310,348</u>	<u>5,237,016</u>	<u>2,906,619</u>	<u>4,598,311</u>
		<u>₩ 12,133,856</u>	<u>₩ 12,949,025</u>	<u>\$ 10,654,014</u>	<u>\$ 11,369,765</u>

15. LONG-TERM DEBT AND DEBENTURES:

Long-term debt and debentures as of December 31, 2010 and 2009 consist of the following:

Description	Annual interest rate 2010 (%)	Korean Won		Translation into U. S. Dollars (Note 2)	
		2010	2009	2010	2009
		(In millions)		(In thousands)	
Debentures		₩ 26,127,189	₩ 21,832,116	\$ 22,940,723	\$ 19,169,476
Won currency loans:					
General loans	2.25 ~ 7.74	1,618,653	1,757,944	1,421,242	1,543,546
Facility loans	0.92 ~ 5.31	498,821	1,111,763	437,985	976,173
Finance lease	4.87	6,833	94,291	6,000	82,791
Commercial paper	2.91 ~ 7.74	311,000	20,000	273,071	17,561
Other	1.00 ~ 5.70	<u>37,706</u>	<u>122,625</u>	<u>33,107</u>	<u>107,669</u>
		<u>2,473,013</u>	<u>3,106,623</u>	<u>2,171,405</u>	<u>2,727,740</u>
Foreign currency loans:					
General loans	1.14 ~ 7.73	5,387,527	6,426,389	4,730,465	5,642,628
Facility loans	0.77 ~ 5.50	2,360,784	1,574,447	2,072,863	1,382,428
Finance lease	5.36	18,076	80,734	15,871	70,888
Other	1.21 ~ 2.92	<u>44,706</u>	<u>19,163</u>	<u>39,255</u>	<u>16,825</u>
		<u>7,811,093</u>	<u>8,100,733</u>	<u>6,858,454</u>	<u>7,112,769</u>
		<u>36,411,295</u>	<u>33,039,472</u>	<u>31,970,582</u>	<u>29,009,985</u>
Less: current maturities		<u>8,681,733</u>	<u>9,789,043</u>	<u>7,622,911</u>	<u>8,595,173</u>
		<u>₩ 27,729,562</u>	<u>₩ 23,250,429</u>	<u>\$ 24,347,671</u>	<u>\$ 20,414,812</u>

Debentures as of December 31, 2010 and 2009 consist of the following:

Description	Maturity	Annual interest rate 2010 (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
			2010	2009	2010	2009
		(In millions)		(In thousands)		
Domestic debentures:						
Guaranteed debentures	Mar.5, 2011 ~Apr.15, 2015	4.78 ~ 9.66	₩ 956,600	₩ 790,280	\$ 839,933	\$ 693,898
Non-guaranteed debentures	Jan.7, 2011 ~Mar.18, 2018	2.90 ~ 8.95	23,271,783	19,972,493	20,433,561	17,536,652
Bonds with warrants	Mar.19, 2012	1.00	264,720	458,723	232,435	402,777
Other	May.18, 2012	3.50	41,912	37,885	36,801	33,265
Overseas debentures	May.7, 2013 ~Apr.6, 2016	3.75 ~ 5.68	<u>1,598,884</u>	<u>589,784</u>	<u>1,403,884</u>	<u>517,854</u>
			<u>26,133,899</u>	<u>21,849,165</u>	<u>22,946,614</u>	<u>19,184,446</u>

Description	Maturity	Annual	Korean Won		Translation into	
		interest rate	2010	2010	2009	U.S. Dollars (Note 2)
		(%)	(In millions)		(In thousands)	
Less: discount on debentures, call premium and other adjustments to debentures			6,710	17,049	5,891	14,970
			<u>₩26,127,189</u>	<u>₩21,832,116</u>	<u>\$ 22,940,723</u>	<u>\$ 19,169,476</u>

Details of bonds with warrants as of December 31, 2010 and 2009 are as follows:

Description	2010	2009	
Issuing Company	Kia Motors Corporation	Kia Motors Corporation	Hyundai Card Co., Ltd.
Type of bond	Non-guaranteed bond with stock warrant (separable)	Non-guaranteed bond with stock warrant (separable)	Non-guaranteed subordinated bond with stock warrant (separable)
Face value	₩400,000 million (\$ 351,216 thousand)	₩400,000 million (\$ 351,216 thousand)	₩200,000 million (\$ 175,608 thousand)
Coupon rate	1.00%	1.00%	7.99%
Date of issue	March 19, 2009	March 19, 2009	October 31, 2005
Maturity	March 19, 2012	March 19, 2012	October 31, 2010
Exercise price	₩6,880 per share	₩6,880 per share	₩8,831 per share
Exercise period	April 19, 2009 ~ February 19, 2012	April 19, 2009 ~ February 19, 2012	Two weeks from the date of issue ~ April 30, 2009

In 2010, 9,483,375 shares of Kia Motors Corporation were issued as a result of the exercise of warrants. The accumulated number of shares exercised and the remaining shares to be exercised are 50,623,968 shares and 7,510,498 shares, respectively, as of December 31, 2010. In addition, the amount of ₩120,377 million (US\$ 105,696 thousand) of the bond with warrants issued by Kia Motors Corporation was redeemed as of December 31, 2010.

The maturity of long-term debt and debentures as of December 31, 2010 is as follows:

Description	Debentures	Korean Won			Translation into
		Local currency loans	Foreign currency loans	Total	U.S Dollars (Note 2)
		(In millions)			Total (In thousands)
2012	₩ 8,373,371	₩ 807,371	₩ 1,573,943	₩ 10,754,685	\$ 9,443,046
2013	3,000,589	415,282	1,095,818	4,511,689	3,961,444
2014	3,148,528	79,634	450,585	3,678,747	3,230,088
Thereafter	<u>4,660,104</u>	<u>40,937</u>	<u>4,082,163</u>	<u>8,783,204</u>	<u>7,712,006</u>
	19,182,592	1,343,224	7,202,509	27,728,325	24,346,584
Discount on debentures	<u>1,237</u>	-	-	<u>1,237</u>	<u>1,087</u>
	<u>₩19,183,829</u>	<u>₩ 1,343,224</u>	<u>₩ 7,202,509</u>	<u>₩27,729,562</u>	<u>\$ 24,347,671</u>

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

As of December 31, 2010, 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 with a limit of ₩4,514,423 million (US\$3,963,845 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) 2 blank checks and 28 blank promissory notes 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 for the year ended December 31, 2010 and 2009 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Beginning of year	₩ 4,772,128	₩ 4,884,518	\$ 4,190,120	\$ 4,288,803
Accrual	1,658,970	889,827	1,456,642	781,304
Use	(512,656)	(1,002,217)	(450,132)	(879,986)
End of year	<u>₩ 5,918,442</u>	<u>₩ 4,772,128</u>	<u>\$ 5,196,630</u>	<u>\$ 4,190,121</u>

18. STATEMENTS OF COMPREHENSIVE INCOME:

Statements of comprehensive income as of December 31, 2010 and 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Net income	₩ 7,982,924	₩ 4,043,436	\$ 7,009,328	\$ 3,550,299
Other comprehensive income (loss):				
Gain on valuation of available-for-sale securities, net of deferred tax effect ₩144,671 million and ₩1,713 million in 2010 and 2009, respectively.	512,926	6,074	450,370	5,333
Gain (loss) on valuation of investment securities accounted for using the equity method, net of deferred tax effect ₩18,481 million and ₩21,976 million in 2010 and 2009, respectively.	(65,524)	90,975	(57,533)	79,880
Gain on valuation of derivatives, net of deferred tax effect ₩23,812 million and ₩81,554 million in 2010 and 2009, respectively.	83,789	281,861	73,570	247,485
Loss on overseas operation translation, net of deferred tax effect ₩8,832 million and ₩136,782 million in 2010 and 2009, respectively.	(31,309)	(466,046)	(27,490)	(409,207)
Comprehensive income	<u>₩ 8,482,806</u>	<u>₩ 3,956,300</u>	<u>\$ 7,448,245</u>	<u>\$ 3,473,790</u>
Equity holders of the parent	₩ 5,926,515	₩ 2,861,134	\$ 5,203,719	\$ 2,512,191
Minority interests	<u>2,556,291</u>	<u>1,095,166</u>	<u>2,244,526</u>	<u>961,599</u>
	<u>₩ 8,482,806</u>	<u>₩ 3,956,300</u>	<u>\$ 7,448,245</u>	<u>\$ 3,473,790</u>

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

Income tax expense for the year ended December 31, 2010 and 2009 consists of the following:

Description	Korean Won		Translation into U.S. Dollars(Note2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Income tax currently payable	₩ 1,761,734	₩ 1,053,257	\$ 1,546,873	\$ 924,802
Changes in deferred taxes due to:				
Temporary differences	791,248	433,351	694,748	380,500
Carry forward of unused tax credits	99,354	326	87,237	286
Change in consolidated subsidiaries	-	13,537	-	11,886
Deferred tax charged or credited to equity	(142,783)	27,735	(125,369)	24,352
Income tax charged or credited to equity	(40,359)	(10,930)	(35,437)	(9,597)
Income tax expense	<u>₩ 2,469,194</u>	<u>₩ 1,517,276</u>	<u>\$ 2,168,052</u>	<u>\$ 1,332,229</u>

The components of accumulated temporary differences and deferred tax assets (liabilities) as of December 31, 2010 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	₩ 5,140,100	₩ 1,227,499	\$ 4,513,215	\$ 1,077,793
Long-term investment securities	(761,769)	(245,841)	(668,864)	(215,858)
Allowance for doubtful accounts	383,942	79,741	337,117	70,016
Investments in subsidiaries and associates	(7,055,697)	(1,397,004)	(6,195,186)	(1,226,626)
Reserve for research and manpower development	(526,200)	(118,008)	(462,025)	(103,616)
Derivative assets	(275,668)	(61,237)	(242,048)	(53,769)
Development cost	31,768	7,230	27,894	6,348
Depreciation	(1,649,017)	(490,681)	(1,447,903)	(430,838)
Accrued income	145,141	62,338	127,440	54,735
Advanced depreciation provisions	(505,570)	-	(443,911)	-
Loss on foreign exchange translation	237,636	49,604	208,654	43,554
Provision for other liabilities	463,587	104,615	407,048	91,856
Other	<u>1,839,127</u>	<u>554,785</u>	<u>1,614,827</u>	<u>487,126</u>
Accumulated temporary differences	(2,532,620)	(226,959)	(2,223,742)	(199,279)
Carry over tax deduction	<u>301,145</u>	<u>301,145</u>	<u>264,417</u>	<u>264,417</u>
	<u>₩ (2,231,475)</u>	<u>₩ 74,186</u>	<u>\$ (1,959,325)</u>	<u>\$ 65,138</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	\$ 3,845,671	\$ 939,510
Long-term investment securities	(88,199)	(97,287)	(77,442)	(85,422)
Allowance for doubtful accounts	557,193	126,548	489,238	111,114
Investments in subsidiaries and associates	(3,559,783)	(905,055)	(3,125,633)	(794,675)

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)	
Reserve for research and manpower development	₩ (319,511)	₩ (74,989)	\$ (280,544)	\$ (65,843)
Derivative assets	(838,981)	(207,813)	(736,659)	(182,468)
Development cost	29,969	7,201	26,314	6,323
Depreciation	(1,422,179)	(481,589)	(1,248,730)	(422,855)
Accrued income	53,031	12,838	46,563	11,272
Advanced depreciation provisions	(509,377)	(2,291)	(447,253)	(2,012)
Loss on foreign exchange translation	1,109,559	265,203	974,237	232,859
Provision for other liabilities	414,510	94,000	363,956	82,536
Other	<u>1,954,569</u>	<u>757,515</u>	<u>1,716,191</u>	<u>665,130</u>
Accumulated temporary differences	1,760,636	564,289	1,545,909	495,469
Carry over tax deduction	<u>402,934</u>	<u>400,499</u>	<u>353,792</u>	<u>351,654</u>
	<u>₩ 2,163,570</u>	<u>₩ 964,788</u>	<u>\$ 1,899,701</u>	<u>\$ 847,123</u>

The temporary differences of ₩ 330,217 million (US\$289,944 thousand) and ₩ 174,514 million (US\$153,230 thousand) as of December 31, 2010 and 2009, respectively, are not recognized since it is not probable that the temporary difference will be reversed in the foreseeable future.

The Company recognizes deferred tax assets based on its assessment that the sum of average taxable income and taxable temporary differences in the coming years will exceed the amount of deductible temporary differences to be extinguished every year. The tax rate used by the Company and its subsidiaries in calculating deferred tax assets or liabilities arising from temporary differences is 24.2% (22% is applied to deferred tax assets or liabilities which are realized after 2012) including resident tax.

## 20. CAPITAL STOCK:

Capital stock as of December 31, 2010 and 2009 consists of the following:

	Authorized	Issued	Par value	Korean Won (In millions)	Translation into U.S. Dollars (Note 2) (In thousands)
Common stock	450,000,000 shares	220,276,479 shares	₩ 5,000	₩ 1,157,982	\$ 1,016,755
Preferred stock	150,000,000 shares	65,202,146 shares	5,000	<u>331,011</u>	<u>290,641</u>
				<u>₩ 1,488,993</u>	<u>\$ 1,307,396</u>

The Company completed stock retirement of 1,320,000 common shares of treasury stock on May 4, 2004, which had been acquired for the purpose of such retirement based on the decision of the Board of Directors on March 12, 2004. Also, the Company acquired treasury stock after the cancellation of the 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 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, 2010, 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, 2010 and 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Treasury stock	₩ 918,214	₩ 743,909	\$ 806,229	\$ 653,182

For the stabilization of stock price, the Company has treasury stock consisting of 11,005,030 common shares and 2,950,960 preferred shares with a carrying value of ₩918,214 million (US\$806,229 thousand) as of December 31, 2010 and 11,213,999 common shares and 2,950,960 preferred shares with a carrying value of ₩743,909 million (US\$653,182 thousand) as of December 31, 2009.

22. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Accumulated other comprehensive income as of December 31, 2010 and 2009 consists of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Gain on valuation of available-for-sale securities, net	₩ 881,531	₩ 361,445	\$ 774,020	\$ 317,363
Gain (loss) on valuation of investment securities accounted for using the equity method, net	(8,904)	56,620	(7,818)	49,715
Loss on valuation of derivatives, net	(12,398)	(85,241)	(10,886)	(74,845)
Gain on overseas operation translation	130,977	173,146	115,003	152,029
	<u>₩ 991,206</u>	<u>₩ 505,970</u>	<u>\$ 870,319</u>	<u>\$ 444,262</u>

23. DIVIDENDS:

The computation of the proposed dividends for the year ended December 31, 2010 is as follows:

Description	Number of shares	Dividend rate	Translation into U.S. Dollars (Note 2)	
			Korean Won (In millions)	(In thousands)
Common shares, net of treasury shares	209,271,449	30%	₩ 313,907	\$ 275,623
Preferred shares, net of treasury shares:				
First and Third preferred shares	25,637,321	31%	39,738	34,892
Second preferred shares	36,613,865	32%	58,582	51,437
			<u>₩ 412,227</u>	<u>\$ 361,952</u>

The computation of the proposed dividends for the year ended December 31, 2009 is as follows:

	Number of shares	Dividend rate	Korean Won (In millions)	Translation into U.S. Dollars (Note 2) (In thousands)
Common shares, net of treasury shares	209,275,129	23%	₩ 240,666	\$ 211,314
Preferred shares, net of treasury shares:				
First and Third preferred shares	25,637,321	24%	30,766	27,014
Second preferred shares	36,613,865	25%	45,767	40,185
			<u>₩ 317,199</u>	<u>\$ 278,513</u>

The payout ratios (dividends declared/net income) are 7.6% and 10.7% for the years ended December 31, 2010 and 2009, respectively.

24. ELIMINATION OF UNREALIZED PROFITS AND LOSSES:

Unrealized profits and losses related to sales of inventories and property, plant and equipment for the year ended December 31, 2010 are as follows:

	Korean Won			Translation into U.S. Dollars (Note 2)		
	<u>Inventories</u>	<u>Property, plant and equipment</u> (In millions)	<u>Others</u>	<u>Inventories</u>	<u>Property, plant and equipment</u> (In thousands)	<u>Others</u>
Upstream sales	₩ 5,683	₩ -	₩ -	\$ 4,990	\$ -	\$ -
Downstream sales	361,753	222,766	(125,700)	317,634	195,598	(110,370)
Sales between consolidated subsidiaries	504,153	17,242	(25,030)	442,667	15,139	(21,977)

Unrealized profits and losses related to sales of inventories and property, plant and equipment for the year ended December 31, 2009 are as follows:

	Korean Won			Translation into U.S. Dollars (Note 2)		
	<u>Inventories</u>	<u>Property, plant and equipment</u> (In millions)	<u>Others</u>	<u>Inventories</u>	<u>Property, plant and equipment</u> (In thousands)	<u>Others</u>
Upstream sales	₩ 4,149	₩ -	₩ -	\$ 3,643	\$ -	\$ -
Downstream sales	485,331	227,996	(146,878)	426,140	200,190	(128,965)
Sales between consolidated subsidiaries	429,186	8,091	(45,584)	376,843	7,104	(40,025)

25. INTER-COMPANY TRANSACTIONS:

Significant transactions for the year ended December 31, 2010 and 2009 between the Company and its consolidated subsidiaries are as follows:

	Korean Won				Translation into U.S. Dollars (Note 2)			
	2010		2009		2010		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.	₩ 841,400	₩ 27,549	₩ 845,385	₩ 44,971	\$ 738,783	\$ 24,189	\$ 742,282	\$ 39,486
Kia Motors Corporation	506,376	339,277	316,083	285,785	444,618	297,899	277,534	250,931
Hyundai WIA Corporation	416,840	431,843	207,005	292,168	366,002	379,176	181,759	256,535
Hyundai Powertech Co., Ltd.	14,491	344,178	12,759	437,019	12,724	302,202	11,203	383,720
Hyundai HYSKO Co., Ltd.	5,194	259,517	14,323	236,784	4,561	227,866	12,576	207,906
Hyundai Rotem Company	2,971	6,447	2,796	1,989	2,609	5,661	2,455	1,746
M & Soft Co., Ltd.	1,932	2,411	1,182	933	1,696	2,117	1,038	819
Hyundai METIA Co., Ltd.	1,657	59,068	974	47,094	1,455	51,864	855	41,350
Hyundai Dymos Inc.	696	520,948	751	470,683	611	457,413	659	413,279
Hyundai Card Co., Ltd.	577	87,025	1,356	110,105	507	76,411	1,191	96,677
Autoever Systems Corporation	530	205,247	532	183,187	465	180,215	467	160,846
KEFICO Corporation	427	361,025	440	300,141	375	316,994	386	263,536
Haevichi Hotel & Resort Co., Ltd.	207	10,129	9,020	10,276	182	8,894	7,920	9,023
Partecs Company, Ltd.	91	24,817	67	16,680	80	21,790	59	14,646
Haevichi Country Club., Ltd	48	1,316	126	1,077	42	1,156	111	946
Hyundai Commercial Inc.	4	3,584	-	2,973	4	3,147	-	2,610
Hyundai Autonet Co., Ltd.	-	-	138	41,795	-	-	121	36,698
Hyundai Motor America	3,718,059	402	3,339,499	159,169	3,264,605	353	2,932,214	139,757
Hyundai Motor Company Australia Pty Limited	1,267,860	-	966,846	69	1,113,232	-	848,930	61
Hyundai Auto Canada Corporation	1,105,962	-	1,206,896	-	971,079	-	1,059,703	-
Hyundai Motor Group (China) Ltd.	766,965	6,186	606,651	4,392	673,426	5,432	532,664	3,856
Hyundai Motor India Limited	754,275	1,024	688,252	973	662,284	899	604,313	854
Hyundai Motor Commonwealth of Independent States	625,803	-	212,943	12,114	549,480	-	186,973	10,637
Hyundai Motor Europe GmbH	446,417	-	269,432	-	391,972	-	236,572	-
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	340,561	-	282,026	47,907	299,026	-	247,630	42,064
Hyundai Motor Manufacturing Alabama, LLC	112,586	225	149,482	940	98,855	198	131,251	825
Hyundai Motor Manufacturing Rus LLC	74,368	-	35	-	65,298	-	31	-
Hyundai Motor Manufacturing Czech, s.r.o.	48,468	895	73,883	-	42,557	786	64,872	-
Hyundai Auto Czech s.r.o.	27,074	6,996	19,930	-	23,772	6,143	17,499	-
Hyundai Motor Japan Co.	17,789	959	14,664	-	15,619	842	12,876	-
Hyundai Motor Norway AS	9,676	2,150	8,352	21	8,496	1,888	7,333	18
Hyundai Motor Poland Sp. Zo.O	4,905	2,630	18,936	6,208	4,307	2,309	16,627	5,451
Hyundai Capital America	1,626	-	1,389	-	1,428	-	1,220	-
Hyundai Motor UK Ltd.	994	22,610	61	-	873	19,852	54	-
Hyundai Motor Company Italy S.r.l.	445	33,640	-	11,808	391	29,537	-	10,368
Hyundai Motor Espana, S.L.U	423	35,799	-	-	371	31,433	-	-
Hyundai Motor Europe Technical Center	222	49,470	134	57,348	195	43,437	118	50,354
Hyundai America Technical Center Inc.	44	76,570	79	143,305	39	67,232	69	125,828

As of December 31, 2010 and 2009, significant balances related to the transactions between the Company and its consolidated subsidiaries are as follows:

	Korean Won				Translation into U.S. Dollars (Note 2)			
	2010		2009		2010		2009	
	Company's receivable	Company's payable	Company's receivable	Company's payable	Company's receivable	Company's payable	Company's receivable	Company's payable
	(In millions)				(In thousands)			
Hyundai Capital Service Inc.	₩ 9,984	₩ 5,305	₩ 23,068	₩ 5,554	\$ 8,766	\$ 4,658	\$ 20,255	\$ 4,877
Kia Motors Corporation	311,669	123,695	211,066	182,580	273,658	108,609	185,324	160,313
Hyundai WIA Corporation	150,843	146,397	79,675	78,304	132,446	128,542	69,958	68,754
Hyundai Powertech Co., Ltd.	5,559	95,070	4,851	153,512	4,881	83,475	4,259	134,790
Hyundai HYSKO Co., Ltd.	4,409	52,754	4,025	77,052	3,871	46,320	3,534	67,655
Hyundai Rotem Company	1	22,935	410	37,563	1	20,138	360	32,982
M & Soft Co., Ltd.	615	4,044	256	467	540	3,551	225	410
Hyundai METIA Co., Ltd.	81	12,844	155	16,275	71	11,278	136	14,290
Hyundai Dymos Inc.	6,037	144,088	4,322	179,528	5,301	126,515	3,795	157,633
Hyundai Card Co., Ltd.	45,672	52,396	31,630	36,144	40,102	46,006	27,772	31,736
Autoever Systems Corp.	11	78,495	15	72,577	10	68,922	13	63,726
KEFICO Corporation	1,642	68,244	776	74,875	1,442	59,921	681	65,743
Haevichi Hotel & Resort Co., Ltd.	38,999	601	38,989	1,122	34,243	528	34,234	985
Partecs Company, Ltd.	-	9,022	10	7,801	-	7,922	9	6,850
Haevichi Country Club Co., Ltd.	-	926	-	740	-	813	-	650
Hyundai Commercial Inc.	180	282	3,186	307	158	248	2,797	270
Hyundai Motor America	639,499	17,016	931,272	12,444	561,506	14,941	817,694	10,926
Hyundai Motor Company Australia Pty Limited	335,228	397	285,799	386	294,344	349	250,943	339
Hyundai Auto Canada Corporation	193,883	2,557	243,130	3,935	170,237	2,245	213,478	3,455
Hyundai Motor Group (China) Ltd.	34,930	912	29,666	-	30,670	801	26,048	-
Hyundai Motor India Limited	103,357	34	214,973	38	90,752	30	188,755	33
Hyundai Motor Commonwealth of Independent States	375,576	-	526,957	-	329,771	-	462,689	-
Hyundai Motor Europe GmbH	98,962	-	50,776	-	86,893	-	44,583	-
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	145,910	663	177,966	10,508	128,115	582	156,261	9,226
Hyundai Motor Manufacturing Alabama, LLC	28,165	91	15,125	129	24,730	80	13,280	113
Hyundai Motor Manufacturing Rus LLC	36,385	-	51	-	31,947	-	45	-
Hyundai Motor Manufacturing Czech, s.r.o.	19,736	264	21,768	17	17,329	232	19,113	15
Hyundai Auto Czech s.r.o.	12,861	1,949	8,867	2,312	11,292	1,711	7,786	2,030
Hyundai Motor Japan Co.	1,449	840	10,212	110	1,272	738	8,967	97
Hyundai Motor Norway AS	3,782	788	8,901	1,158	3,321	692	7,815	1,017
Hyundai Motor Poland Sp. Zo.O	1,622	1,351	46,127	3,334	1,424	1,186	40,501	2,927
Hyundai Motor UK Ltd.	696	3,680	-	310	611	3,231	-	272
Hyundai Motor Company Italy S.r.l.	40	24,558	-	-	35	21,563	-	-
Hyundai Motor Espana, S.L.U.	25	23,827	-	-	22	20,921	-	-
Hyundai Motor Europe Technical Center GmbH	32	4,974	46	6,968	28	4,367	40	6,118
Hyundai America Technical Center Inc.	44	10,370	7	13,170	39	9,105	6	11,564

Significant transactions for the year ended December 31, 2010 and 2009 between the consolidated subsidiaries are as follows:

Subsidiaries	Counterpart subsidiaries	Korean Won		Translation into U.S. Dollars (Note 2)	
		2010	2009	2010	2009
		Subsidiary's income	Subsidiary's income	Subsidiary's income	Subsidiary's income
		(In millions)		(In thousands)	
Kia Motors Corporation	Kia Motors America, Inc.	₩ 3,691,479	₩ 3,472,093	\$ 3,241,267	\$ 3,048,637
	Kia Motors Europe GmbH	1,087,983	1,810,217	955,293	1,589,443
	Kia Canada Inc.	680,165	696,038	597,212	611,149
	Kia Motors Slovakia s.r.o.	607,427	465,470	533,345	408,701
	Hyundai Motor Group (China) Ltd.	423,859	238,532	372,165	209,441
	Kia Motors Australia Pty Ltd.	397,577	255,929	349,089	224,716
	Kia Motors RUS	379,558	514,241	333,267	451,524
	Dong Feng Yueda Kia Motor Co., Ltd.	344,906	233,775	302,841	205,264
	Hyundai Capital Services Inc.	301,615	135,752	264,830	119,196
	Kia Motors Manufacturing Georgia, Inc.	43,153	34,932	37,890	30,672
	Kia Motors New Zealand Limited	34,277	-	30,097	-
	Hyundai Motor Manufacturing Czech, s.r.o.	6,187	15,804	5,432	13,877
	Autoever Systems Corp.	6,067	8,311	5,327	7,297
	Hyundai WIA Corporation	5,779	373,715	5,074	328,137
	Hyundai Auto Canada	3,088	769	2,711	675
	Hyundai Powertech Co., Ltd.	1,962	11,167	1,723	9,805
	Hyundai Motor India Limited	771	8,326	677	7,311
	Hyundai Card Co., Ltd.	293	349	257	306
	Haevichi Hotel & Resort Co., Ltd.	199	379	175	333
	Hyundai Hysco Co., Ltd.	173	14,453	152	12,690
	Hyundai Dymos Inc.	111	32,215	97	28,286
	KEFICO Corporation	30	3,038	26	2,667
	Autoever Systems Corp.	Kia Motors Corporation	68,127	59,312	59,818
Hyundai Card Co., Ltd.		41,499	58,010	36,438	50,935
Hyundai Capital Services Inc.		25,380	27,275	22,285	23,949
Hyundai WIA Corporation		14,298	8,893	12,554	7,808
Hyundai Hysco Co., Ltd.		12,552	7,805	11,021	6,853
Hyundai Information Service North America, LLC		10,428	7,507	9,156	6,591
Hyundai Rotem Company		9,346	13,904	8,206	12,208
Hyundai Motor India Limited		5,380	3,651	4,724	3,206
Hyundai Powertech Co., Ltd.		4,622	2,736	4,058	2,402
Hyundai Motor Manufacturing Czech, s.r.o.		3,187	3,917	2,798	3,439
Hyundai Dymos Inc.		3,115	2,498	2,735	2,193
KEFICO Corporation		3,107	2,203	2,728	1,934
Hyundai Powertech Manufacturing America Inc.		2,304	1,718	2,023	1,508
Hyundai Commercial Inc.		1,724	3,027	1,514	2,658
Hyundai Motor Manufacturing Alabama, LLC		1,427	1,082	1,253	950
Kia Motors Manufacturing Georgia, Inc.		1,404	12,793	1,233	11,233
Hyundai Capital Service Inc.	Hyundai Card Co., Ltd.	20,656	15,596	18,137	13,694
	Kia Motors Corporation	1,547	9,528	1,358	8,366
	Hyundai Commercial Inc.	748	3,818	657	3,352
Hyundai Card Co., Ltd.	Kia Motors Corporation	47,285	40,964	41,518	35,968
	Hyundai Capital Services Inc.	18,042	18,377	15,842	16,136
	Autoever Systems Corp.	3,444	5,660	3,024	4,970

Subsidiaries	Counterpart subsidiaries	Translation into				
		Korean Won		U.S. Dollars (Note 2)		
		2010	2009	2010	2009	
		Subsidiary's	Subsidiary's	Subsidiary's	Subsidiary's	
		income	income	income	income	
		(In millions)		(In thousands)		
Hyundai Card Co., Ltd.	M & Soft Co., Ltd.	₩ 1,727	₩ 1,486	\$ 1,516	\$ 1,305	
	Hyundai Dymos Inc.	-	1,005	-	882	
KEFICO Corporation	Kia Motors Corporation	155,514	116,018	136,548	101,868	
	Hyundai Powertech Co., Ltd.	40,771	38,275	35,799	33,607	
	Hyundai WIA Corporation	14,649	7,262	12,862	6,376	
Hyundai Dymos Inc.	Kia Motors Corporation	179,095	176,382	157,253	154,870	
	Hyundai Mseat Co., Ltd.	45,849	30,542	40,257	26,817	
	Hyundai Rotem Company	34,619	59,639	30,397	52,365	
	Dymos Czech Republic s.r.o	28,120	10,507	24,690	9,226	
	Hyundai WIA Corporation	19,435	12,638	17,065	11,097	
	Hanil Lear India Private Limited	9,596	6,300	8,426	5,532	
	Hyundai Motor India Limited	2,314	52,836	2,032	46,392	
	Hyundai WIA Corporation	2,369,666	1,610,007	2,080,662	1,413,651	
Hyundai WIA Corporation	Hyundai Wia Automotive Engine (Shandong) Company	244,501	193,531	214,682	169,928	
	Hyundai Wia Automotive Parts	58,120	63,300	51,032	55,580	
	Hyundai-Wia Machine America Corp.	36,975	35,112	32,466	30,830	
	Hyundai Powertech Co., Ltd.	23,485	11,578	20,621	10,166	
	Hyundai Dymos Inc.	14,845	3,681	13,035	3,232	
	Hyundai Rotem Company	8,857	8,096	7,777	7,109	
	Hyundai-Kia Machine Europe GmbH	8,041	26,616	7,060	23,370	
	Hyundai Hysco Co., Ltd	2,850	1,770	2,502	1,554	
	Hyundai Motor India Limited	898	2,276	788	1,998	
	Hyundai Wia Motor Dies (Shandong) Company	-	33,354	-	29,286	
	Hyundai Motor Manufacturing Alabama, LLC	-	2,069	-	1,817	
	Hyundai Powertech Co., Ltd.	Hyundai Powertech Manufacturing America	371,906	43,638	326,548	38,316
		Kia Motors Corporation	287,949	220,253	252,831	193,391
		Hyundai WIA Corporation	271,920	119,666	238,757	105,072
Partecs Company, Ltd.		899	1,084	789	952	
Hyundai Rotem Company	Green Air Co., Ltd.	70,885	135,665	62,240	119,119	
	Kia Motors Corporation	7,364	2,755	6,466	2,419	
	Hyundai Motor India Limited	1,354	3,332	1,189	2,926	
	Dong Feng Yueda Kia Motor Co., Ltd.	827	3,688	726	3,238	
	Hyundai Hysco Co., Ltd	268	2,108	235	1,851	
Hyundai Hysco Co., Ltd.	Hyundai Motor Manufacturing Czech, s.r.o.	-	15,882	-	13,945	
	Beijing Hyundai Hysco Steel Process Co., Ltd.	353,139	272,485	310,070	239,253	
	Hysco Steel India, Ltd.	191,030	169,115	167,732	148,490	
	Hyundai Hysco USA Inc.	143,411	59,808	125,921	52,514	
	Hysco America Co. Inc.	189,203	81,336	166,128	71,416	
	Jiangsu Hyundai Hysco Steel Co., Ltd.	104,670	48,755	91,904	42,809	
	Kia Motors Corporation	65,751	54,936	57,732	48,236	
	Hysco Slovakia, s.r.o.	18,044	21,911	15,843	19,239	
	Hyundai Rotem Company	2,649	5,614	2,326	4,929	
	Hyundai WIA Corporation	2,584	2,885	2,269	2,533	
	Hyundai Motor India Limited	2,569	15,633	2,256	13,726	

Subsidiaries	Counterpart subsidiaries	Korean Won		Translation into U.S. Dollars (Note 2)	
		2010	2009	2010	2009
		Subsidiary's income	Subsidiary's income	Subsidiary's income	Subsidiary's income
		(In millions)		(In thousands)	
Hyundai Metia Co., Ltd.	Hyundai WIA Corporation	₩ 35,822	₩ 47,940	\$ 31,453	\$ 42,093
	Kia Motors Corporation	25,015	17,835	21,964	15,660
	Hyundai Dymos Inc.	2,671	2,244	2,345	1,970
Hyundai Mseat Co., Ltd.	Hyundai Dymos Inc.	346,980	297,548	304,662	261,259
Haevichi Hotel & Resort Co., Ltd.	Kia Motors Corporation	2,045	5,114	1,796	4,490
	Hyundai Hysco Co., Ltd	450	253	395	222
	Hyundai Card Co., Ltd.	254	453	223	398
M & Soft Co., Ltd.	Autoever Systems Corp.	658	87	578	76
	Kia Motors Corporation	158	-	139	-
Hyundai America Technical Center Inc.	Kia Motors Corporation	51,121	48,778	44,886	42,829
Hyundai Motor America	Hyundai America Technical Center Inc.	23,499	44,380	20,633	38,967
	Kia Motors Corporation	8,859	-	7,779	-
	Hyundai Capital America	5,464	4,484	4,798	3,937
	Hyundai Information Service North America	204	1,107	179	972
	Kia Motors America Inc.	16	308	14	270
	Hyundai Motor Manufacturing Alabama, LLC	-	32,160	-	28,238
	Innocean Worldwide Americas, LLC	-	3,274	-	2,875
Hyundai Motor Manufacturing Alabama, LLC	Hyundai Motor America	4,744,431	3,245,529	4,165,801	2,849,705
	Hyundai Auto Canada Corp.	851,743	745,948	747,865	654,972
	Kia Motors Manufacturing Georgia, Inc.	386,074	-	338,988	-
Innocean Worldwide Americas, LLC	Hyundai Motor America	105,684	27,311	92,795	23,980
	Kia Motors America Inc.	13,962	-	12,259	-
Hyundai Motor Europe Technical Center GmbH	Kia Motors Corporation	19,782	-	17,369	-
Hyundai-Kia Machine America Corp.	Hyundai WIA Corporation	10,641	-	9,343	-
Hyundai Motor Manufacturing Czech, s.r.o.	Hyundai Motor Europe GmbH	1,534,806	8,634	1,347,621	7,581
	KIA Motors Europe GmbH	762,271	90,570	669,305	79,524
	Hyundai Motor Czech s.r.o.	95,222	76,331	83,609	67,022
	Hyundai Motor UK Ltd.	70,060	169,812	61,515	149,102
	Kia Motors Slovakia s.r.o.	56,090	327,934	49,249	287,939
	Hyundai Motor Poland Sp.Zo.O	31,050	111,024	27,263	97,484
	Hyundai Motor Company Italy S.r.l	21,326	85,664	18,725	75,216
	Hyundai Motor Commonwealth of Independent States	12,737	97,097	11,184	85,255
	Hyundai Motor Norway AS	8,862	26,043	7,781	22,867
	Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	6,447	-	5,661	-
	Hyundai Motor Manufacturing Rus LLC	3,141	-	2,758	-
	Hyundai Hysco Czech s.r.o.	691	71,161	607	62,482
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	Hyundai Motor Europe GmbH	49,649	-	43,594	-
	Hyundai Motor UK Ltd.	2,173	788	1,908	692
Kia Motors America Inc.	Kia Motors Corporation	240,647	663,816	211,298	582,857

Subsidiaries	Counterpart subsidiaries	Translation into			
		Korean Won		U.S. Dollars (Note 2)	
		2010	2009	2010	2009
		Subsidiary's	Subsidiary's	Subsidiary's	Subsidiary's
		income	income	income	income
		(In millions)		(In thousands)	
Kia Motors America Inc.	Hyundai America Technical Center Inc.	₩ 8,200	₩ 10,757	\$ 7,200	\$ 9,445
	Hyundai Information Service North America	2,349	2,273	2,063	1,996
	Hyundai Capital America	30	384	26	337
Hyundai Motor Europe GmbH	Hyundai Motor UK Ltd.	395,916	36,068	347,630	31,669
	Hyundai Motor Commonwealth of Independent States	338,322	-	297,060	-
	Hyundai Motor Espana, S.L.U.	327,488	-	287,548	-
	Hyundai Motor Company Italy S.r.l	289,909	22,173	254,552	19,469
	Hyundai Motor Poland Sp.Zo.O	137,392	53	120,636	47
	Hyundai Motor Norway AS	90,542	98	79,500	86
	Hyundai Motor Czech s.r.o.	87,931	466	77,207	409
	Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	31,933	-	28,038	-
	Hyundai Motor Manufacturing Czech, s.r.o.	10,543	16,900	9,257	14,839
	Hyundai Motor India Limited	5,761	15,965	5,058	14,018
	Hyundai Motor Europe Technical Center GmbH	6	347	5	305
Hyundai Capital America	Kia Motors America Inc.	894	4,221	785	3,706
	Hyundai Motor America	-	2,282	-	2,004
Hyundai Translead, Inc	Hyundai Motor America	14,698	12,891	12,905	11,319
	Kia Motors America Inc.	2,878	10,003	2,527	8,783
	Hyundai Auto Canada Corp.	2,300	1,914	2,019	1,681
Kia Canada, Inc.	65	529	57	464	
Hyundai Motor India Limited	Hyundai Motor UK Ltd.	260,972	371,645	229,144	326,319
	Hyundai Motor Company Italy S.r.l	162,824	309,975	142,966	272,171
	Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	71,147	69,900	62,470	61,375
	Hyundai Motor Espana, S.L.U.	42,340	10,285	37,176	9,031
	Hyundai Motor Poland Sp.Zo.O	33,285	32,807	29,226	28,806
	Hyundai Motor Norway AS	11,570	18,321	10,159	16,087
	Hyundai Motor Czech s.r.o.	11,229	59,989	9,860	52,673
	Hyundai WIA Corporation	2,129	42,220	1,869	37,071
	Hyundai Motor Manufacturing Czech, s.r.o.	938	3,609	824	3,169
	Hyundai Motor Manufacturing Rus LLC	-	67,457	-	59,230
	Kia Motors Europe GmbH	Kia Motors UK Ltd.	701,179	608,419	615,663
Kia Motors Deutschland GmbH		373,010	807,025	327,518	708,600
Kia Automobiles France		287,498	300,409	252,435	263,771
Kia Motors Corporation		253,272	360,522	222,383	316,553
Kia Motors Polska Sp.z.o.o.		247,745	263,624	217,530	231,472
Kia Motors Sweden AB		224,957	179,992	197,521	158,040
Kia Motors Iberia		221,951	127,625	194,882	112,060
Kia Motors Belgium		105,803	202,767	92,899	178,038
Kia Motors Czech s.r.o.		73,615	121,888	64,637	107,023
Kia Motors Sales Slovensko s.r.o.		15,443	34,994	13,560	30,726
Kia Motors Hungary Kft		7,089	17,651	6,224	15,498
Kia Motors Australia Pty Ltd.		-	154,270	-	135,455
Kia Canada, Inc.		25,502	65,824	22,392	57,796
Kia Motors Slovakia S.r.o.		Hyundai Motor Europe GmbH	1,610,144	588	1,413,771



Subsidiaries	Counterpart subsidiaries	Translation into			
		Korean Won		U.S. Dollars (Note 2)	
		2010	2009	2010	2009
		Subsidiary's	Subsidiary's	Subsidiary's	Subsidiary's
		income	income	income	income
		(In millions)		(In thousands)	
Kia Motors Slovakia S.r.o.	Kia Motors Europe GmbH	₩ 1,265,877	₩ 1,863,532	\$ 1,111,491	\$ 1,636,256
	Hyundai Motor Manufacturing Czech, s.r.o.	450,255	327,901	395,342	287,910
Kia Motors Manufacturing Georgia, Inc.	Kia Motors America Inc.	2,687,892	2,743	2,360,077	2,408
	Hyundai Motor America	514,323	-	451,596	-
	KIA Canada, Inc.	272,706	-	239,447	-
	Hyundai Auto Canada Corp.	97,244	-	85,384	-
	KIA Motors Europe GmbH	4,584	8,484	4,025	7,449

As of December 31, 2010 and 2009, significant balances related to the transactions between the consolidated subsidiaries are as follows:

Subsidiaries	Counterpart subsidiaries	Translation into			
		Korean Won		U.S. Dollars (Note 2)	
		2010	2009	2010	2009
		Subsidiary's	Subsidiary's	Subsidiary's	Subsidiary's
		receivable	receivable	receivable	receivable
		(In millions)		(In thousands)	
Kia Motors Corporation	Kia Motors America, Inc.	₩ 782,555	₩ 105,383	\$ 687,115	\$ 92,531
	Kia Motors Europe GmbH	292,519	159,374	256,843	139,937
	Kia Canada Inc.	42,218	33,353	37,069	29,285
	Kia Motors Slovakia s.r.o.	241,351	233,376	211,916	204,914
	Hyundai Motor Group (China) Ltd.	22,599	-	19,843	-
	Kia Motors Australia Pty Ltd.	72,478	45,516	63,639	39,965
	Kia Motors RUS	83,097	32,350	72,963	28,405
	Dong Feng Yueda Kia Motor Co., Ltd.	70,796	58,720	62,162	51,559
	Hyundai Capital Services Inc.	10,191	12,383	8,948	10,873
	Kia Motors Manufacturing Georgia, Inc.	1,511	227	1,327	199
	Kia Motors New Zealand Limited	12,474	-	10,953	-
	Hyundai Motor Manufacturing Czech, s.r.o.	-	13,411	-	11,775
	Autoever Systems Corp.	337	324	296	284
	Hyundai WIA Corporation	4,058	4,328	3,563	3,800
	Hyundai Auto Canada Corp.	-	761	-	668
	Hyundai Powertech Co., Ltd.	180	75	158	66
	Hyundai Motor India Limited	-	-	-	-
	Hyundai Card Co., Ltd.	9,295	14,131	8,161	12,408
	Haevichi Hotel & Resort Co., Ltd.	11,277	11,297	9,902	9,919
	Hyundai Hysco Co., Ltd	1,645	1,768	1,444	1,552
	Hyundai Dymos Inc.	2,611	632	2,293	555
	KEFICO Corporation	-	404	-	355
Autoever Systems Corp.	Kia Motors Corporation	24,348	11,841	21,379	10,397
	Hyundai Card Co., Ltd.	6,965	9,883	6,116	8,678
	Hyundai Capital Services Inc.	470	89	413	78
	Hyundai WIA Corporation	2,581	2,486	2,266	2,183
	Hyundai Hysco Co., Ltd	5,552	2,298	4,875	2,018
	Hyundai Information Service North America, LLC	512	1,621	450	1,423
	Hyundai Rotem Company	2,060	4,566	1,809	4,009
	Hyundai Motor India Limited	4,765	449	4,184	394
	Hyundai Powertech Co., Ltd.	2,415	1,113	2,120	977

Subsidiaries	Counterpart subsidiaries	Translation into				
		Korean Won		U.S. Dollars (Note 2)		
		2010	2009	2010	2009	
		Subsidiary's receivable	Subsidiary's receivable	Subsidiary's receivable	Subsidiary's receivable	
		(In millions)		(In thousands)		
Autoever Systems Corp.	Hyundai Motor Manufacturing Czech, s.r.o.	₩ 238	₩ 1,299	\$ 209	\$ 1,141	
	Hyundai Dymos Inc.	1,030	819	904	719	
	KEFICO Corporation	709	265	623	233	
	Hyundai Powertech Manufacturing America Inc.	2	764	2	671	
	Hyundai Commercial Inc.	25	15	22	13	
	Hyundai Motor Manufacturing Alabama, LLC	170	125	149	110	
	Kia Motors Manufacturing Georgia, Inc.	-	1,169	-	1,026	
Hyundai Capital Services Inc.	Hyundai Card Co., Ltd.	1,681	1,794	1,476	1,575	
	Kia Motors Corporation	-	4,013	-	3,524	
Hyundai Card Co., Ltd.	Hyundai Commercial Inc.	10	151	9	133	
	Kia Motors Corporation	19,643	31,073	17,247	27,283	
KEFICO Corporation	Hyundai Capital Services Inc.	106,061	91,544	93,126	80,379	
	Autoever Systems Corp.	11,459	9,811	10,061	8,614	
	M & Soft Co., Ltd.	89	193	78	169	
	Hyundai Dymos Inc.	434	385	381	338	
	Kia Motors Corporation	28,365	30,872	24,906	27,107	
	Hyundai Powertech Co., Ltd.	8,598	9,618	7,549	8,445	
	Hyundai WIA Corporation	3,014	820	2,646	720	
Hyundai Dymos Inc.	Kia Motors Corporation	35,882	37,376	31,506	32,818	
	Hyundai Mseat Co., Ltd.	-	335	-	294	
	Hyundai Rotem Company	15,515	8,703	13,623	7,642	
	Dymos Czech Republic s.r.o	4,806	4,601	4,220	4,040	
	Hyundai WIA Corporation	1,882	2,235	1,652	1,962	
	Hanil Lear India Private Limited	1,738	2,156	1,526	1,893	
	Hyundai Motor India Limited	1,041	8,319	914	7,304	
Hyundai WIA Corporation	Kia Motors Corporation	635,482	605,548	557,979	531,695	
	Hyundai Wia Automotive Engine (Shandong) Company	20,054	7,795	17,608	6,844	
	Hyundai Wia Automotive Parts Hyundai-Wia Machine America Corp.	8,998	6,101	7,901	5,357	
	Hyundai Powertech Co., Ltd.	3,163	5,097	2,777	4,475	
	Hyundai Dymos Inc.	8,493	11,737	7,457	10,306	
	Hyundai Rotem Company	8,759	500	7,691	439	
	Hyundai-Kia Machine Europe GmbH	185	178	162	156	
	Hyundai Hysco Co., Ltd	2,544	2,268	2,234	1,991	
	Hyundai Hysco Co., Ltd	1,564	-	1,373	-	
	Hyundai Motor India Limited	236	102	207	90	
	Hyundai Wia Motor Dies (Shandong) Company	15	12	13	11	
	Hyundai Motor Manufacturing Alabama, LLC	-	31	-	27	
	Hyundai Powertech Co., Ltd.	Hyundai Powertech Manufacturing America	127,848	1	112,256	1
		Kia Motors Corporation	80,846	72,295	70,986	63,478
		Hyundai WIA Corporation	71,638	44,893	62,901	39,418
		Partecs Company, Ltd.	98	73	86	64
	Hyundai Rotem Company	Green Air Co., Ltd.	1,733	4,450	1,522	3,907
Kia Motors Corporation		535	1,340	470	1,177	
Hyundai Motor India Limited		386	30	339	26	

Subsidiaries	Counterpart subsidiaries	Translation into			
		Korean Won		U.S. Dollars (Note 2)	
		2010	2009	2010	2009
		Subsidiary's	Subsidiary's	Subsidiary's	Subsidiary's
		receivable	receivable	receivable	receivable
		(In millions)		(In thousands)	
Hyundai Rotem Company	Dong Feng Yueda Kia Motor Co., Ltd.	₩ 3,207	₩ 475	\$ 2,816	\$ 417
	Hyundai Hysco Co., Ltd	10	76,732	9	67,374
	Hyundai Motor Manufacturing Czech, s.r.o.	375	593	329	521
Hyundai Hysco Co., Ltd.	Beijing Hyundai Hysco Steel Process Co., Ltd.	51,320	646	45,061	567
	Hysco Steel India, Ltd.	5,728	8,827	5,029	7,750
	Hyundai Hysco USA Inc.	7,824	3,854	6,870	3,384
	Hysco America Co. Inc.	12,067	3,797	10,595	3,334
	Jiangsu Hyundai Hysco Steel Co., Ltd.	13,170	949	11,564	833
	Kia Motors Corporation	15,223	22,918	13,366	20,123
	Hysco Slovakia, s.r.o.	2,531	1,224	2,222	1,075
	Hyundai Rotem Company	112	1,333	98	1,170
	Hyundai WIA Corporation	704	1,347	618	1,183
	Hyundai Motor India Limited	-	483	-	424
Hyundai Metia Co., Ltd.	Hyundai WIA Corporation	9,154	27,167	8,038	23,854
	Kia Motors Corporation	6,203	6,855	5,446	6,019
	Hyundai Dymos Inc.	1,026	1,042	901	915
Hyundai Mseat Co., Ltd.	Hyundai Dymos Inc.	75,710	102,480	66,476	89,982
Haevichi Hotel & Resort Co., Ltd.	Kia Motors Corporation	4,292	554	3,769	486
	Hyundai Hysco Co., Ltd	45	44	40	39
	Hyundai Card Co., Ltd.	141	660	124	580
M & Soft Co., Ltd.	Autoever Systems Corp.	86	-	76	-
	Kia Motors Corporation	73	-	64	-
Hyundai America Technical Center Inc.	Kia Motors Corporation	5,421	6,595	4,760	5,791
Hyundai Motor America	Hyundai America Technical Center Inc.	1,492	2,212	1,310	1,942
	Kia Motors Corporation	1,069	1,160	939	1,019
	Hyundai Capital America	881,266	119,010	773,787	104,496
	Hyundai Information Service North America	-	135	-	119
	Kia Motors America Inc.	14	-	12	-
	Hyundai Motor Manufacturing Alabama, LLC	113,456	8,841	99,619	7,763
	Innocean Worldwide Americas, LLC	-	25	-	22
Hyundai Motor Manufacturing Alabama, LLC	Hyundai Motor America	376,980	298,521	331,004	262,113
	Hyundai Auto Canada Corp.	52,959	63,760	46,500	55,984
	Kia Motors Manufacturing Georgia, Inc.	74,004	16,405	64,978	14,404
Innocean Worldwide Americas, LLC	Hyundai Motor America	45,558	33,834	40,002	29,708
	Kia Motors America Inc.	46,089	-	40,468	-
Hyundai Motor Europe Technical Center GmbH	Kia Motors Corporation	2,100	-	1,844	-
Hyundai-Kia Machine America Corp.	Hyundai WIA Corporation	4,907	-	4,309	-
Hyundai Motor Manufacturing Czech, s.r.o.	Hyundai Motor Europe GmbH	278,797	-	244,795	-
	Kia Motors Europe GmbH	207,674	54,318	182,346	47,693

Subsidiaries	Counterpart subsidiaries	Translation into			
		Korean Won		U.S. Dollars (Note 2)	
		2010	2009	2010	2009
		Subsidiary's receivable	Subsidiary's receivable	Subsidiary's receivable	Subsidiary's receivable
		(In millions)		(In thousands)	
Hyundai Motor Manufacturing Czech, s.r.o.	Hyundai Auto Czech s.r.o.	₩ 29,167	₩ 12,918	\$ 25,610	\$ 11,343
	Hyundai Motor UK Ltd.	-	45,394	-	39,858
	Kia Motors Slovakia s.r.o.	-	-	-	-
	Hyundai Motor Poland Sp.Zo.O	-	26,003	-	22,832
	Hyundai Motor Company Italy S.r.l	-	41,195	-	36,171
	Hyundai Motor Commonwealth of Independent States	-	441	-	387
	Hyundai Motor Norway AS	32	6,949	28	6,102
	Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	397	-	349	-
	Hyundai Motor Manufacturing Rus LLC	2,237	5	1,964	4
	Hyundai Hysco Czech s.r.o.	1	571	1	501
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	Hyundai Motor Europe GmbH	-	-	-	-
	Hyundai Motor UK Ltd.	-	721	-	633
Kia Motors America Inc.	Kia Motors Corporation	7,698	65,664	6,759	57,656
	Hyundai America Technical Center Inc.	-	995	-	874
	Hyundai Information Service North America	-	196	-	172
	Hyundai Capital America	1,310	-	1,150	-
Hyundai Motor Europe GmbH	Hyundai Motor UK Ltd.	165,080	59,071	144,947	51,867
	Hyundai Motor Commonwealth of Independent States	123,543	-	108,476	-
	Hyundai Motor Espana, S.L.U.	92,320	-	81,061	-
	Hyundai Motor Company Italy S.r.l.	161,485	4,896	141,790	4,299
	Hyundai Motor Poland Sp.Zo.O	63,140	-	55,439	-
	Hyundai Motor Norway AS	31,017	-	27,234	-
	Hyundai Motor Czech s.r.o.	31,740	268	27,869	235
	Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	-	-	-	-
	Hyundai Motor Manufacturing Czech, s.r.o.	663	876	582	769
	Hyundai Motor India Limited	662	804	581	706
	Hyundai Motor Europe Technical Center GmbH	-	-	-	-
Hyundai Capital America	Kia Motors America Inc.	28,573	73,883	25,088	64,872
	Hyundai Motor America	220,637	35,529	193,728	31,196
Hyundai Translead, Inc	Hyundai Motor America	2,519	1,603	2,212	1,407
	Kia Motors America Inc.	1,792	1,600	1,573	1,405
	Hyundai Auto Canada Corp.	205	243	180	213
	Kia Canada, Inc.	52	42	46	37
Hyundai Motor India Limited	Hyundai Motor UK Ltd.	111,487	222,962	97,890	195,770
	Hyundai Motor Company Italy S.r.l	34,241	113,881	30,065	99,992
	Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	1,205	358	1,058	314
	Hyundai Motor Espana, S.L.U.	823	10,474	723	9,197
	Hyundai Motor Poland Sp.Zo.O	8,349	12,760	7,331	11,204
	Hyundai Motor Norway AS	1,765	11,210	1,550	9,843
	Hyundai Motor Czech s.r.o.	200	8,666	176	7,609
	Hyundai WIA Corporation	48	460	42	404
	Hyundai Motor Manufacturing Czech, s.r.o.	-	32	-	28

Subsidiaries	Counterpart subsidiaries	Korean Won		Translation into U.S. Dollars (Note 2)	
		2010	2009	2010	2009
		Subsidiary's receivable	Subsidiary's receivable	Subsidiary's receivable	Subsidiary's receivable
		(In millions)		(In thousands)	
Hyundai Motor India Limited	Hyundai Motor Manufacturing Rus LLC	₩ -	₩ 333	\$ -	\$ 292
Kia Motors Europe GmbH	Kia Motors UK Ltd.	202,530	262,562	177,829	230,540
	Kia Motors Deutschland GmbH	78,495	309,881	68,922	272,088
	Kia Automobiles France	201,403	333,743	176,840	293,040
	Kia Motors Corporation	247,314	96,784	217,152	84,980
	Kia Motors Polska Sp.z.o.o.	122,086	196,164	107,196	172,240
	Kia Motors Sweden AB	52,951	120,793	46,493	106,061
	Kia Motors Iberia	270,792	361,980	237,766	317,833
	Kia Motors Belgium	147,924	226,254	129,883	198,660
	Kia Motors Czech s.r.o.	34,522	57,214	30,312	50,236
	Kia Motors Sales Slovensko s.r.o.	7,424	19,845	6,519	17,425
	Kia Motors Hungary Kft	9,742	30,537	8,554	26,813
	Kia Motors Australia Pty Ltd.	-	108,205	-	95,008
	Kia Canada, Inc.	Kia Motors Corporation	1,847	2,188	1,622
Kia Motors Slovakia s.r.o.	Hyundai Motor Europe GmbH	278,462	536	244,501	471
	Kia Motors Europe GmbH	622,954	1,014,118	546,979	890,436
Kia Motors Manufacturing Georgia, Inc.	Hyundai Motor Manufacturing Czech, s.r.o.	25,254	25,299	22,174	22,214
	Kia Motors America Inc.	290,207	-	254,813	-
	Hyundai Motor America	175,941	-	154,483	-
	KIA Canada, Inc.	46,941	-	41,216	-
	Hyundai Auto Canada Corp.	61,808	-	54,270	-
	KIA Motors Europe GmbH	38,797	110,410	34,065	96,944

26. RELATED PARTY TRANSACTIONS:

- (1) Significant transactions with related parties other than the consolidated subsidiaries for the year ended December 31, 2010 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	Beijing Hyundai Motor Company	₩ 689,597	₩ 8,561	\$ 605,494	\$ 7,517
	Hyundai MOBIS Co., Ltd.	570,406	3,838,996	500,839	3,370,793
	Glovis Co., Ltd.	288,439	550,125	253,261	483,032
	Hyundai AMCO Co., Ltd.	6,561	214,015	5,761	187,914
	Hyundai Steel Company	7,034	68,901	6,176	60,498
	Eukor Car Carriers Inc.	293	523,574	257	459,719
	Jeonbuk Hyundai Motors FC Co., Ltd.	291	17,385	256	15,265
	BNG Steel Co., Ltd.	211	94,250	185	82,755
	IHL Corp.	164	36,074	144	31,674
	Samwoo Co., Ltd.	127	355,904	112	312,498
	Innocean Worldwide, Inc.	118	86,391	104	75,855
	Jongro Hakpyeong Co., Ltd.	30	-	26	-
	NGV Tech Co., Ltd.	20	13,848	18	12,159
	Hyundai Carnes Co., Ltd.	20	5,288	18	4,643
	Hyundai Wisco Co., Ltd.	18	126,371	16	110,959
Iljin Bearing Co., Ltd.	5	12,468	4	10,947	

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	Automobile Industrial Ace Co., Ltd.	₩ 4	₩ 7,832	\$ 4	\$ 6,877
Kia Motors Corporation	Hyundai MOBIS Co., Ltd.	67,647	2,659,840	59,397	2,335,446
	Glovis Co., Ltd.	11,169	1,002,196	9,807	879,968
	Automobile Industrial Ace Co., Ltd.	7,346	73,743	6,450	64,749
	Eukor Car Carriers Inc.	537	403,749	472	354,508
	Hyundai AMCO Co., Ltd.	452	79,383	397	69,701
	Hyundai Steel Company	168	17,244	148	15,141
	Donghui Auto Co., Ltd.	8	131,912	7	115,824
	Hyundai Wisco Co., Ltd.	1	40,984	1	35,986
	Innocean Worldwide, Inc.	-	40,658	-	35,699
	TRW Steering Co., Ltd.	-	2,875	-	2,524

Significant transactions with related parties other than the consolidated subsidiaries for the year ended December 31, 2010 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	Beijing-Hyundai Motor Company	₩ 511,660	₩ 5,968	\$ 449,258	\$ 5,240
	Hyundai MOBIS Co., Ltd.	473,848	3,467,698	416,058	3,044,778
	Glovis Co., Ltd.	27,617	316,670	24,249	278,049
	Hyundai AMCO Co., Ltd.	3,575	156,362	3,139	137,292
	Hyundai Steel Company	4,847	1,296	4,256	1,138
	Eukor Car Carriers Inc.	635	596,120	558	523,417
	BNG Steel Co., Ltd.	195	59,393	171	52,149
	IHL Corp.	286	71,540	251	62,815
	Samwoo Co., Ltd.	-	241,652	-	212,180
	Innocean Worldwide, Inc.	12	35,618	11	31,274
	NGV Tech Co., Ltd.	1	12,153	1	10,671
	Hyundai Carnes Co., Ltd.	3	7,487	3	6,574
	Hyundai Wisco Co., Ltd.	7	77,157	6	67,747
	Iljin Bearing Co., Ltd.	28	16,154	25	14,184
	Kia Motors Corporation	Automobile Industrial Ace Co., Ltd.	562	2,683	493
Hyundai MOBIS Co., Ltd.		55,751	1,676,181	48,952	1,471,754
Glovis Co., Ltd.		14,606	605,633	12,825	531,770
Automobile Industrial Ace Co., Ltd.		6,435	65,640	5,650	57,635
Eukor Car Carriers Inc.		521	452,645	457	397,441
Hyundai AMCO Co., Ltd.		277	30,712	243	26,966
Hyundai Steel Company		160	-	140	-
Donghui Auto Co., Ltd.		926	129,535	813	113,737
Hyundai Wisco Co., Ltd.		27	32,812	24	28,810
Innocean Worldwide, Inc.		-	27,132	-	23,823
TRW Steering Co., Ltd.		-	2,455	-	2,156

(2) As of December 31, 2010, 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	Beijing-Hyundai Motor Company	₩ 81,804	₩ 2,314	\$ 71,827	\$ 2,032
	Hyundai MOBIS Co., Ltd.	129,953	833,164	114,104	731,551
	Glovis Co., Ltd.	10,543	80,732	9,257	70,886
	Hyundai AMCO Co., Ltd.	141	77,495	124	68,044
	Hyundai Steel Company	917	56,129	805	49,284
	Eukor Car Carriers Inc.	2	41,543	2	36,476
	BNG Steel Co., Ltd.	-	17,219	-	15,119
	IHL Corp.	7	-	6	-
	Samwoo Co., Ltd.	1,796	89,420	1,577	78,514
	Innocean Worldwide Inc.	1,941	68,476	1,704	60,125
	NGV Tech Co., Ltd.	4,289	6,750	3,766	5,927
	Hyundai Wisco Co., Ltd.	497	31,697	436	27,831
	Automobile Industrial Ace	174	3,768	153	3,308
	Kia Motors Corporation	Hyundai MOBIS Co., Ltd.	35,480	577,384	31,153
Glovis Co., Ltd.		281	132,383	247	116,238
Automobile Industrial Ace		1,030	11,731	904	10,300
Eukor Car Carriers Inc.		-	23,748	-	20,852
Hyundai AMCO Co., Ltd.		5	33,261	4	29,204
Hyundai Steel Company		35	1,869	31	1,641
Hyundai Wisco Co., Ltd.		-	7,275	-	6,388
Innocean Worldwide Inc.		-	76,594	-	67,253
TRW Steering Co., Ltd.		-	545	-	479

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	Beijing-Hyundai Motor Company	₩ 89,385	₩ 307	\$ 78,484	\$ 270
	Hyundai MOBIS Co., Ltd.	193,958	1,072,707	170,303	941,880
	Glovis Co., Ltd.	17,205	69,622	15,107	61,131
	Hyundai AMCO Co., Ltd.	277	51,863	243	45,538
	Hyundai Steel Company	1,606	21,883	1,410	19,214
	Eukor Car Carriers Inc.	7	49,834	6	43,756
	BNG Steel Co., Ltd.	1	17,470	1	15,339
	IHL Corp.	20	15,892	18	13,954
	Samwoo Co., Ltd.	1,368	67,895	1,201	59,615
	Innocean Worldwide Inc.	1,565	39,788	1,374	34,935
	NGV Tech Co., Ltd.	5,368	6,739	4,713	5,917
	Hyundai Wisco Co., Ltd.	429	26,042	377	22,866
	Automobile Industrial Ace	56	2,006	49	1,761
	Kia Motors Corporation	Hyundai MOBIS Co., Ltd.	24,457	478,058	21,474
Glovis Co., Ltd.		1,314	72,981	1,154	64,080
Automobile Industrial Ace		1,888	21,362	1,658	18,757
Eukor Car Carriers Inc.		-	22,503	-	19,759
Hyundai AMCO Co., Ltd.		-	13,816	-	12,131
Hyundai Steel Company		48	-	42	-
Hyundai Wisco Co., Ltd.		-	6,540	-	5,742
Innocean Worldwide Inc.		392	48,251	344	42,366
TRW Steering Co., Ltd.	-	662	-	581	

27. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the year ended December 31, 2010 and 2009 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Salary-related costs	₩ 3,653,217	₩ 3,282,206	\$ 3,207,671	\$ 2,881,909
Export costs	1,733,841	1,261,844	1,522,382	1,107,950
Sales promotion and advertisements	4,690,035	3,781,283	4,118,039	3,320,119
Sales commissions	680,182	932,110	597,227	818,430
Sales warranties	2,036,673	1,239,006	1,788,281	1,087,897
Taxes and dues	119,351	274,774	104,795	241,263
Communications	57,759	57,896	50,715	50,835
Utilities	86,925	90,821	76,324	79,744
Freight and warehousing	853,732	754,111	749,611	662,140
Rent	142,925	145,437	125,494	127,700
Travel	230,941	175,967	202,775	154,506
Service charges	660,282	732,154	579,754	642,861
Maintenance	102,152	98,479	89,694	86,469
Supplies	57,350	33,418	50,356	29,342
Research	952,324	663,384	836,179	582,478
Depreciation	469,767	516,004	412,474	453,072
Amortization	88,488	110,703	77,696	97,202
Provision for other liabilities	40,984	55,510	35,986	48,740
Bad debt	326,870	320,434	287,005	281,354
Other	428,178	262,206	375,957	230,225
	<u>₩ 17,411,976</u>	<u>₩ 14,787,747</u>	<u>\$ 15,288,415</u>	<u>\$ 12,984,236</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, 2010, details are as follows:

Company providing guarantee of indebtedness	Beneficiary companies	Korean Won (In millions)	Translation into U.S. Dollars (Note 2) (In thousands)
Hyundai Motor Company	Hyundai Capital Services, Inc.	₩ 643,192	\$ 564,748
	Hyundai Rotem Company	304,225	267,122
	Hyundai Merchant Marine Co., Ltd.	181,907	159,722
	Hyundai Card Co., Ltd.	93,390	82,000
	Hyundai Motor America	250,558	220,000
	Hyundai Motor Manufacturing Alabama, LLC	427,088	375,000
	Hyundai Capital America	1,789,253	1,571,036
	Hyundai Motor India	256,253	225,000
	Hyundai Motor Europe GmbH	46,517	40,844
	Hyundai Motor Europe Technical Center GmbH	75,680	66,450
	Hyundai Motor Manufacturing Rus LLC	409,277	359,362
	Hyundai Motor Manufacturing Czech, s.r.o.	1,245,585	1,093,674
	Hyundai Motor UK Limited.	35,154	30,867
	Hyundai Motor Commonwealth of Independent States	52,976	46,515
	Hyundai Motor Japan Co.	27,942	24,534
	Hyundai Motor Espana, S.L.U.	75,680	66,450
	Hyundai Motor Company Italy S.r.l.	113,520	99,675



Company providing guarantee of indebtedness	Beneficiary companies	Korean Won (In millions)	Translation into U.S. Dollars (Note 2) (In thousands)	
Hyundai Motor Company	Hyundia Motor Japan R&D Center Inc.	₩ 7,684	\$ 6,747	
	Hyundai Motor Poland Sp.Zo.O	15,136	13,290	
	Hyundai Translead, Inc.	87,695	77,000	
	Stampeted Metal America Research Technology Inc.	136,668	120,000	
	Hyundai America Technical Center, Inc.	22,778	20,000	
	Beijing Jingxian Motor Safeguard Service Co., Ltd.	8,177	7,180	
	UTS	273,336	240,000	
	Hyundai HYSCO Co., Ltd.	Hysco America Company, Inc.	119,585	105,000
		Beijing Hyundai Hysco Steel Process Co., Ltd.	91,279	80,147
		Hyundai Hysco Czech S.R.O	68,112	59,805
Hyundai Hysco USA, Inc.		56,945	50,000	
Hyundai Hysco Slovakia S.R.O		54,868	48,176	
Hysco Steel India. Ltd		45,556	40,000	
Hyundai Hysco Rus LLC		44,688	39,238	
Jiangsu Hyundai Hysco Steel Process Co., Ltd.		30,750	27,000	
Hyundai Dymos Inc.		Dymos Czech Republic s.r.o	50,100	43,990
		Dymos Lear Automotive India	16,514	14,500
	Dymos Powertrain System (Rizhao) Co., Ltd	7,403	6,500	
Hyundai WIA Corporation	Hyundai Capital Services, Inc.	14,730	12,934	
	Hyundai Wia Automotive Engine (Shandong) Company	232,336	204,000	
	Hyundai WIA Automotive Parts	149,982	131,690	
	Hyundai-Wia Machine America Corp.	87,126	76,500	
	Hyundai-Kia Machine Europe GmbH	52,976	46,515	
	Hyundai WIA Motors Dies (Shandong) Company	20,395	17,908	
	Kia Motors Corporation	Hyundai Card Co., Ltd.	34,167	30,000
Kia Motors Manufacturing Georgia, Inc.		854,175	750,000	
Kia Motors Slovakia S.r.o.		486,118	426,831	
Dong Feng Yueda Kia Motor Co., Ltd.		118,236	103,816	
Kia Motors Russian		42,381	37,212	
Kia Motor UK Ltd.		7,263	6,377	
Kia Automobiles France		3,784	3,323	
Hyundai Powertech	Hyundai Powertech Manufacturing America Inc.	113,890	100,000	
Hyundai Mseat Co., Ltd.	Hyundai Dymos Inc.	14,707	12,913	
KEFICO Corporation.	KEFICO Automotive Systems (Beijing) Co., Ltd.	3,417	3,000	
	Hyundai Motor America	Kia Motors Manufacturing Georgia, Inc.	153,752	135,000
Hyundai Motor India	Hyundai Motor India Engineering Private Ltd.	5,268	4,626	

(\*) The guarantee amounts in foreign currency are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. at December 31, 2010.

(2) As of December 31, 2010, the outstanding balance of accounts receivable discounted with recourse amounts to ₩435,423 million (US\$382,319 thousand), including discounted overseas accounts receivable translated using the foreign exchange rate at December 31, 2010.

- (3) The Company and its subsidiaries offered financial institutions 2 blank checks and 28 blank promissory notes that were issued by the Company as collateral for payment guarantees of borrowings.
- (4) The Company and Kia Motors Corporation, a domestic subsidiary, uses a customer financing system related to a long-term instalment sales system and has provided guarantees of ₩101,262 million (US\$88,912 thousand) to the banks concerned as of December 31, 2010. These guarantees also covered by customer insurance contracts and the Company's insurance policies.
- (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, 2010, the amount of guarantee is ₩19,838 million (US\$17,419 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) As of December 31, 2010, the Company is involved in 49 domestic lawsuits as a defendant, with total claim amount of ₩107,611 million (US\$94,487 thousand) and the foreign lawsuits the Company expects that the resolution of pending domestic and foreign lawsuits against the Company will not have any material effect on its financial statements. The Company accrues estimated product liabilities expenses and carries the products and completed operations liability insurance in order to cover potential loss, which may occur due to the lawsuits related to its operation such as product liabilities.
  - 2) 42 significant lawsuits that some of domestic subsidiaries including Kia Motors Corporation are facing are in progress and the potential payment for damages according to the result of the lawsuits is up to ₩117,550 million (US\$103,214 thousand). Although the outcomes of these lawsuits are not currently predictable, management believes that the resolution of these matters will likely not have material adverse effect on the operation or financial position of the company.
  - 3) There exist other ongoing lawsuits related to subsidiaries that are not presented above; however, the Company expects there would not be significant effects on its consolidated financial statements.
- (7) As of December 31, 2010, 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)
Hyundai Dymos Inc.	Seoul Guarantee Insurance Company	KRW 9,248	\$ 8,120
KEFICO Corporation	Korea Exchange Bank and others	KRW 5,761	5,058
	Seoul Guarantee Insurance Company	KRW 14	12
Hyundai Rotem Company	Machinery Financial Cooperative	KRW 712,783	625,852
	Korea Defense Industry Association	KRW 358,631	314,892
	Seoul Guarantee Insurance Company	KRW 649,085	569,923
	Woori Bank	USD 19,069	19
	The Export-Import Bank of Korea	USD 396,219	396
		EUR 446,437	593
		CAD 8,033	8
		HKD 45,138	6
		GBP 489	1
		SGD 6,409	5
		TWD 31,870	1
		CNY 69,820	11
	OMR 9,997	25	
	EGP 15,000	3	
TND 2,000	1		
BRL 6,000	4		
KRW 1,155	1,014		
Korea Exchange Bank	KRW 3,463	3,041	
	INR 6,287	1	

<u>Consolidated Subsidiaries</u>	<u>Company providing guarantee of indebtedness</u>	<u>Amounts of guarantee</u>	<u>Translation into U.S. Dollars (Note 2)</u>
		USD 399	1
		EUR 4,064	5
		SGD 2,662	2
		VND 9,633,725	1
Hyundai Rotem Company	BNP Paribas	USD 7,620	8
	ANZ Bank	NZD 40,893	32
Hyundai Card Co., Ltd.	Seoul Guarantee Insurance Company	KRW 5,166	4,536
Hyundai WIA Corporation	The Export-Import Bank of Korea	USD 1,990,000	1,990
		JPY 135,000,000	1,656
	Shinhan Bank	EUR 10,000,000	13,290
		USD 428,500	429
	Kookmin Bank	EUR 3,728,400	4,955
		USD 4,246,540	4,247
		JPY 253,444,000	3,109
	Woori Bank	USD 4,424,831	4,425
	Machinery Financial Cooperative	KRW 75,756,640	66,517,376
	Korea Defense Industry Association	KRW 131,304,430	115,290,570
	Seoul Guarantee Insurance Company	KRW 38,755,169	34,028,597
Autoever Systems Corporation	Seoul Guarantee Insurance Company	KRW 1,241	1,090
	Korea Software Financial Cooperative	KRW 28,015	24,598
M & Soft Co., Ltd.	Seoul Guarantee Insurance Company	KRW 503	442
Hyundai Capital Services, Inc.	Seoul Guarantee Insurance Company	KRW 204,560	179,612
Haevichi Country Club Co., Ltd.	Seoul Guarantee Insurance Company	KRW 151	133
Hyundai METIA Co., Ltd.	Seoul Guarantee Insurance Company	KRW 2,661	2,336
	Kyungnam Bank	JPY 700,000,000	8,587

- (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., a domestic subsidiary 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. will 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 : 91day CD+1.5% - uncommitted : 30bp	Dec 14, 2010 ~ Dec 13, 2011
JP Morgan Seoul Branch	KRW 34,000 million	- committed : 91day CD+1.5% - uncommitted : 30bp	Sep 29, 2010~ Sep 28, 2011
Citibank, Seoul	KRW 50,000 million	- committed : 91day CD+1.5% - uncommitted : 30bp	Sep 29, 2010~ Sep 28, 2011
Standard Chartered, Seoul Branch	KRW 50,000 million	- committed : 91day CD+1.8% - uncommitted : 30bp	Dec 28, 2010~ Dec 28, 2011

- (12) Hyundai Card Co., Ltd., a domestic subsidiary 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. violates the applicable trigger clause, Hyundai Card Co., Ltd. is obliged to make early redemption for asset-backed securities.
- (13) Hyundai WIA Corporation, a of domestic subsidiary of the Company, made general instalment 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 instalment financing service is in default, Hyundai WIA Corporation has to accept responsibility for the default receivable. The amounts of principal that has not matured are ₩1,858 million (US\$1,631 thousand), ₩76,109 million (US\$66,827 thousand) and ₩14,175 million (US\$12,446 thousand) for Doosan Capital Co., Ltd., Hyundai Commercial Inc. and Hyundai Capital Service Inc., respectively. The ceiling amounts are ₩150,000 million (US\$131,706 thousand), ₩100,000 million (US\$87,804 thousand) and ₩68,157 million (US\$59,845 thousand) for Doosan Capital Co., Ltd., Hyundai Commercial Inc. and Hyundai Capital Services, Inc., respectively, as of December 31, 2010.

## 29. DERIVATIVE INSTRUMENTS:

- (1) The Company enters into derivative contracts including forwards, options and swaps to hedge the exposure to foreign exchange rate fluctuations. As of December 31, 2010 and 2009, the Company deferred the net income of ₩6,169 million (US\$5,417 thousand) and the net loss of ₩101,135 million (US\$88,801 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). As the forecasted transactions are expected to occur within one year from December 31, 2010; the total amount of the net gain on valuation recorded as accumulated other comprehensive income as of December 31, 2010, is expected to be realized and charged to current operations within one year from December 31, 2010.

For the years ended December 31, 2010 and 2009, the Company recognized net loss of ₩28,109 million (US\$24,681 thousand) and ₩42,050 million (US\$36,922 thousand), respectively, related to the ineffective portion of the cash flow hedge derivative instruments and other derivative instruments in current operations.

The Company recorded total gain on valuation of outstanding derivatives of ₩44,368 million (US\$38,957 thousand) and ₩35,836 million (US\$31,465 thousand) in current derivative assets as of December 31, 2010 and 2009, respectively. Also, the Company recorded total loss on valuation of outstanding derivatives of ₩71,715 million (US\$62,969 thousand) and ₩179,020 million (US\$157,187 thousand) in current and non-current derivative liabilities as of December 31, 2010 and 2009, respectively.

(2) The transactions of derivatives belonging to subsidiaries as of December 31, 2010 consist of the following:

Derivatives	Gain (loss)		Other comprehensive gain (loss)	
	Korean Won (In millions)	Translation into U.S. Dollars (Note 2)	Korean Won (In millions)	Translation into U.S. Dollars (Note 2)
		(In thousands)		(In thousands)
Currency option	₩ 22,115	\$ 19,418	₩ (1,777)	\$ (1,560)
Currency forward	(222)	(195)	822	722
Forward exchange	931	817	-	-
Currency swap	(85,052)	(74,679)	(41,061)	(36,053)
Interest rate swap	6,220	5,462	(863)	(758)
Others	-	-	(8,543)	(7,502)
Total	₩ (56,008)	\$ (49,177)	₩ (51,422)	\$ (45,151)

30. SEGMENT INFORMATION:

(1) Consolidated financial statements by industry

The consolidated statements of financial position as of December 31, 2010 and 2009, 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 Statements of Financial Position as of December 31, 2010

	Korean Won		Translation into U.S. Dollars (Note 2)	
	Non-financial industry	Financial industry	Non-financial industry	Financial industry
	(In millions)		(In thousands)	
<u>ASSETS</u>				
Current assets:	₩ 38,346,867	₩ 3,021,090	\$ 33,670,091	\$ 2,652,639
Non-current assets:	40,897,948	1,199,168	35,910,043	1,052,918
Investments, net of unamortized present value discount	7,406,958	90,571	6,503,607	79,525
Property, plant and equipment, net of accumulated depreciation	28,462,304	416,004	24,991,048	365,268
Intangibles, net of amortization	3,872,821	75,364	3,400,493	66,173
Other non-current assets	1,155,865	617,229	1,014,895	541,952
Other financial business assets	-	34,612,745	-	30,391,382
Total assets	₩ 79,244,815	₩ 38,833,003	\$ 69,580,134	\$ 34,096,939
<u>LIABILITIES</u>				
Current liabilities	₩ 33,088,314	₩ 12,515,939	\$ 29,052,871	\$ 10,989,498
Borrowings	9,878,611	10,936,978	8,673,818	9,603,107
Other current liabilities	23,209,703	1,578,961	20,379,053	1,386,391
Non-current liabilities	14,445,745	21,013,761	12,683,945	18,450,927
Borrowings	8,436,757	19,292,805	7,407,812	16,939,859
Other non-current liabilities	6,008,988	1,720,956	5,276,133	1,511,069
Other financial business liabilities	-	278,458	-	244,497
Total liabilities	₩ 47,534,059	₩ 33,808,158	\$ 41,736,816	\$ 29,684,922

Consolidated Statements of Financial Position as of December 31, 2009

	Korean Won		Translation into U.S. Dollars (Note 2)	
	Non-financial industry	Financial industry	Non-financial industry	Financial industry
	(In millions)		(In thousands)	
<b><u>ASSETS</u></b>				
Current assets:	₩ 33,769,845	₩ 3,016,532	\$ 29,651,282	\$ 2,648,636
Non-current assets:	37,887,197	1,935,685	33,266,483	1,699,609
Investments, net of unamortized present value discount	4,557,037	182,681	4,001,262	160,401
Property, plant and equipment, net of accumulated depreciation	28,425,050	396,187	24,958,337	347,868
Intangibles, net of amortization	3,667,316	40,871	3,220,051	35,886
Other non-current assets	1,237,794	1,315,946	1,086,833	1,155,454
Other financial business assets	-	25,715,675	-	22,579,397
Total assets	<u>₩ 71,657,042</u>	<u>₩ 30,667,892</u>	<u>\$ 62,917,765</u>	<u>\$ 26,927,642</u>
<b><u>LIABILITIES</u></b>				
Current liabilities	₩ 32,314,135	₩ 10,940,640	\$ 28,373,110	\$ 9,606,322
Borrowings	13,158,032	9,580,036	11,553,281	8,411,657
Other current liabilities	19,156,103	1,360,604	16,819,829	1,194,665
Non-current liabilities	15,168,170	14,740,665	13,318,263	12,942,897
Borrowings	9,822,869	13,427,560	8,624,874	11,789,938
Other non-current liabilities	5,345,301	1,313,105	4,693,389	1,152,959
Other financial business liabilities	-	199,664	-	175,313
Total liabilities	<u>₩ 47,482,305</u>	<u>₩ 25,880,969</u>	<u>\$ 41,691,373</u>	<u>\$ 22,724,532</u>

Consolidated Statements of Income for the year ended December 31, 2010

	Korean Won		Translation into U.S. Dollars (Note 2)	
	Non-financial industry	Financial industry	Non-financial industry	Financial industry
	(In millions)		(In thousands)	
Sales	₩ 106,791,359	₩ 5,798,320	\$ 93,767,108	\$ 5,091,158
Cost of sales	82,887,331	3,172,630	72,778,410	2,785,697
Selling and administrative expenses	<u>15,879,130</u>	<u>1,532,846</u>	<u>13,942,515</u>	<u>1,345,900</u>
Operating income	8,024,898	1,092,844	7,046,183	959,561
Other income, net	<u>1,218,312</u>	<u>116,064</u>	<u>1,069,727</u>	<u>101,909</u>
Income before income tax	9,243,210	1,208,908	8,115,910	1,061,470
Income tax expense	<u>2,214,192</u>	<u>255,002</u>	<u>1,944,150</u>	<u>223,902</u>
Net income	<u>₩ 7,029,018</u>	<u>₩ 953,906</u>	<u>\$ 6,171,760</u>	<u>\$ 837,568</u>

Consolidated Statements 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>
	<u>(In millions)</u>		<u>(In thousands)</u>	
Sales	₩ 86,421,828	₩ 5,041,236	\$ 75,881,840	\$ 4,426,408
Cost of sales	68,187,590	2,867,486	59,871,446	2,517,768
Selling and administrative expenses	<u>13,459,439</u>	<u>1,328,308</u>	<u>11,817,928</u>	<u>1,166,308</u>
Operating income	4,774,799	845,442	4,192,466	742,332
Other income (expenses), net	<u>(91,191)</u>	<u>28,722</u>	<u>(80,070)</u>	<u>25,219</u>
Income before income tax	4,683,608	874,164	4,112,396	767,551
Income tax expense	1,300,065	217,211	1,141,509	190,720
Changes in consolidation scope	<u>(2,487)</u>	<u>5,427</u>	<u>(2,184)</u>	<u>4,765</u>
Net income	<u>₩ 3,381,056</u>	<u>₩ 662,380</u>	<u>\$ 2,968,703</u>	<u>\$ 581,596</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, 2010 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>		
	<u>(In millions)</u>					
Total sales	₩ 85,364,941	₩ 35,378,735	₩ 18,340,484	₩ 26,875,151	₩ (53,369,632)	₩ 112,589,679
Inter-company sales	<u>(29,818,151)</u>	<u>(10,888,188)</u>	<u>(1,663,975)</u>	<u>(10,999,318)</u>	<u>53,369,632</u>	<u>-</u>
Net sales	<u>55,546,790</u>	<u>24,490,547</u>	<u>16,676,509</u>	<u>15,875,833</u>	<u>-</u>	<u>112,589,679</u>
Operating income	<u>6,769,687</u>	<u>919,820</u>	<u>936,185</u>	<u>147,251</u>	<u>344,799</u>	<u>9,117,742</u>
Total assets	<u>102,748,022</u>	<u>23,779,771</u>	<u>9,386,624</u>	<u>13,625,312</u>	<u>(31,461,911)</u>	<u>118,077,818</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:

	<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>		
	<u>(In millions)</u>					
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>(26,508,957)</u>	<u>102,324,934</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, 2010 and 2009 are ₩1,126,818 million (US\$989,392 thousand) and ₩1,281,232 million (US\$1,124,973 thousand), respectively. The amounts of money receivable trust purchased at the disposal of receivables to the SPCs are ₩454,789 million (US\$399,323 thousand) and ₩152,928 million (US\$134,277 thousand) in 2010 and 2009, respectively. Also, Hyundai Commercial Inc. sold its receivables of ₩460,135 million (US\$404,017 thousand) in 2010. There was no such transaction in 2009.

32. EVENTS AFTER THE REPORTING PERIOD:

(1) Acquisition of Hyundai Engineering & Construction Co., Ltd

On March 8, 2011, Hyundai Motor Company Group consortium including the Company signed a share purchase agreement with the creditors of Hyundai Engineering & Construction Co., Ltd.

(2) Listing the shares of Hyundai WIA Corporation

The shares of Hyundai Wia Corporation, a domestic subsidiary of the Company, has been listed on the Korea Exchange as of February 21, 2011.

33. ADOPTION OF THE KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS:

(1) Implementation plan for adopting the Korean International Financial Reporting Standards (“K-IFRS”)

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

(2) Significant differences between the accounting policies chosen by the Company and its subsidiaries under the K-IFRS and previous Korean GAAP identified as of December 31, 2010, which may change upon further analysis and adoption of K-IFRS, are summarized as follows.

Description		Accounting Policies Under previous Korean GAAP	Accounting Policies Under the K-IFRS
First-time Adoption of the K-IFRS	Business Combination	Not Applicable	Past business combinations that occurred before January 1, 2010 (the “date of transition”) to K-IFRS will not be retrospectively restated under the K-IFRS 1103, Business combinations.
	Cumulative translation differences		All cumulative translation gains and losses arising from foreign subsidiaries and associates as of the date of transition to the K-IFRS are reset to zero.
	Borrowing Costs		Capitalize borrowing costs relating to qualifying assets for which the commencement date for capitalization is after the date of transition.
	Fair value or revaluation as deemed cost		Measure land at fair value at the date of transition to the K-IFRS and deemed cost as fair value.



Description	Accounting Policies Under previous Korean GAAP	Accounting Policies Under the K-IFRS
Investment property	Classification of property held to earn rentals as tangible asset.	Classification of property held to earn rentals or for capital appreciation or both as investment property.
Borrowing Costs	Recognizing all of borrowing costs as an expense.	Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset.
Derecognition of financial instruments	Derecognition of when the control is transferred considering all the rights and obligations for the financial instruments.	Derecognition of the financial instruments based on the continuing involvement over the assets and whether the company retains the risks, rewards and control of ownership.
Employee benefits	Measurement of the accrued severance benefits with the assumption that all employees and directors with more than one year of service were to resign as of the end of reporting period. Recognizing other long-term employee benefits as an expense when the obligation of the payment is determined.	Measurement of the defined benefit obligation and other long-term employee benefits by using actuarial assumptions.
Deferred income tax	<p>Recognition of deferred tax assets or liabilities for investments in subsidiaries, jointly controlled entities and associates without separating the temporary difference by the origin of its occurrence.</p> <p>Presentation of deferred tax assets and liabilities in current or non-current assets or liabilities in accordance with the classification of the related assets or liabilities.</p>	<p>Recognition of deferred tax assets or liabilities for investments in subsidiaries, jointly controlled entities and associates in accordance with the way the related temporary difference reverses by the origin of its occurrence.</p> <p>Presentation of deferred tax assets and liabilities in non-current assets and liabilities.</p>

(3) Changes in scope of consolidation

Changes	Description	Name of entity
Increase	Under Korean GAAP, these companies are excluded in the consolidation since individual beginning balance of total assets is less than 10,000 million, but they are included in the scope of consolidation under K-IFRS.	NGV Tech Co., Ltd., Jeonbuk Hyundai Motors FC Co., Ltd., Hyundai Carnes Co., Ltd., Rotem Equipments (Beijing) Co., Ltd., Maintrance, Hyundai Motor Japan R&D Center Inc., Hyundai Capital Europe GmbH, Hyundai Motor Brasil Montadora de Automoveis
	Under Korean GAAP, company is excluded in the consolidation due to the plan to go into liquidation, but it is included in the scope of consolidation under K-IFRS.	Hyundai Motor Hungary
	Under Korean GAAP, these companies are excluded in the consolidation since it is deemed not to have control over the company due to the passively designated scope of operation by the related law or the article of association. However, they are included in the scope of consolidation under K-IFRS.	Autopia Thirty-Third Asset Securitization Specialty Company, etc.
Decrease	These companies are excluded in the consolidation under K-IFRS since the voting power rights is less than 50% and as the Company does not have control of these companies.	Kia Motors Corporation(*), Hyundai HYSCO Co., Ltd.(*), Hyundai Dymos Inc(*), Hyundai WIA Corporation(*), KEFICO Corporation(*), Hyundai Powertech Co., Ltd(*), Autoever Systems Corp., Hyundai Commercial Inc., M & Soft Co., Ltd., Haevichi Country Club Co., Ltd., HMC Win Win Fund, Innocean Worldwide Americas, LLC, Hyundai Information Service North America, LLC, Beijing Mobis Transmission Co., Ltd, Hyundai Motor Group China. Ltd, Hyundai-Wia Automotive Engine (Shandong) Company

(\* ) Subsidiaries owned by these companies under Korean GAAP will be also excluded in the scope of consolidation under K-IFRS.