

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
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 non-consolidated statements of financial position of Hyundai Motor Company (the "company") as of December 31, 2009 and 2008, and the related non-consolidated statements of income, appropriations of retained earnings, 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 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 principles 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, the financial statements referred to above present fairly, in all material respects, the financial position of Hyundai Motor Company as of December 31, 2009 and 2008, and the results of its operations, changes in its retained earnings and its shareholders' equity, and its 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 retained earnings and 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.



February 26, 2010

Notice to Readers

This report is effective as of February 26, 2010, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2009 AND 2008

ASSETS	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Current assets:				
Cash and cash equivalents	₩ 2,259,781	₩ 1,756,546	\$ 1,935,407	\$ 1,504,407
Short-term financial instruments (Note 3)	4,938,092	3,036,232	4,229,267	2,600,404
Short-term investment securities (Note 5)	163,526	220,498	140,053	188,847
Trade notes and accounts receivable, less allowance for doubtful accounts of ₩9,561 million in 2009 and ₩6,865 million in 2008 (Note 14)	2,155,594	2,513,461	1,846,175	2,152,673
Trade notes and accounts receivable - other	454,653	383,636	389,391	328,568
Inventories (Note 4)	1,384,498	1,809,030	1,185,764	1,549,358
Deferred tax assets (Note 23)	185,956	265,109	159,263	227,055
Derivative assets (Note 2)	35,836	22,536	30,692	19,301
Advances and other current assets	214,520	293,986	183,728	251,787
Total current assets	<u>11,792,456</u>	<u>10,301,034</u>	<u>10,099,740</u>	<u>8,822,400</u>
Non-current assets:				
Long-term investment securities (Notes 6 and 14)	676,328	824,115	579,246	705,820
Investments securities accounted for using the equity method (Notes 7 and 14)	10,884,663	9,249,146	9,322,253	7,921,502
Property, plant and equipment, net of accumulated depreciation of ₩7,814,143 million in 2009 and ₩7,032,969 million in 2008 (Notes 8, 9 and 14)	9,726,299	9,753,801	8,330,164	8,353,718
Intangibles (Note 10)	1,840,055	1,605,862	1,575,929	1,375,353
Other assets (Notes 3 and 11)	526,334	433,771	450,783	371,506
Total non-current assets	<u>23,653,679</u>	<u>21,866,695</u>	<u>20,258,375</u>	<u>18,727,899</u>
Total assets	<u>₩ 35,446,135</u>	<u>₩ 32,167,729</u>	<u>\$ 30,358,115</u>	<u>\$ 27,550,299</u>

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2009 AND 2008

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>(In millions)</u>		<u>(In thousands)</u>	
Current liabilities:				
Short-term borrowings (Notes 12 and 14)	₩ 453,037	₩ 1,386,893	\$ 388,007	\$ 1,187,815
Current maturities of long-term debt and debentures (Notes 13 and 14)	300,992	300,742	257,787	257,573
Trade notes and accounts payable	3,846,823	2,443,809	3,294,641	2,093,019
Accounts payable-other	1,685,899	1,496,372	1,443,901	1,281,579
Accrued warranties (Note 15)	906,456	943,270	776,341	807,871
Income tax payable	248,007	527,310	212,408	451,619
Accrued expenses	603,580	31,701	516,941	27,151
Derivative liabilities (Note 2)	61,852	225,671	52,974	193,278
Withholdings and other current liabilities	817,028	559,321	699,749	479,034
Total current liabilities	<u>8,923,674</u>	<u>7,915,089</u>	<u>7,642,749</u>	<u>6,778,939</u>
Non-current liabilities:				
Long-term debt and debentures, net of current maturities and discount on debentures issued of ₩3,393 million in 2009 and ₩3,117 million in 2008 (Notes 13 and 14)	1,363,910	1,263,188	1,168,131	1,081,867
Accrued severance benefits, net of National Pension payments for employees of ₩12,378 million in 2009 and ₩14,644 million in 2008, and individual severance insurance deposits of ₩1,185,638 million in 2009 and ₩1,009,175 million in 2008 (Note 2)	460,359	481,241	394,278	412,163
Long-term accrued warranties (Note 15)	2,347,557	2,532,877	2,010,584	2,169,301
Deferred tax liabilities (Note 23)	204,444	154,910	175,098	132,674
Derivative liabilities (Note 2)	117,168	168,133	100,349	143,999
Total non-current liabilities	<u>4,493,438</u>	<u>4,600,349</u>	<u>3,848,440</u>	<u>3,940,004</u>
Total liabilities	<u>13,417,112</u>	<u>12,515,438</u>	<u>11,491,189</u>	<u>10,718,943</u>
Commitments and contingencies (Note 14)	117,168	154,910	100,349	143,999
Shareholders' equity:				
Capital stock (Note 16)	1,488,993	1,488,993	1,275,260	1,275,260
Capital surplus (Note 17)	5,806,189	5,851,776	4,972,755	5,011,799
Capital adjustments (Note 18)	(743,909)	(719,685)	(637,127)	(616,380)
Accumulated other comprehensive income (Notes 19 and 20)	486,638	612,153	416,785	524,283
Retained earnings (Note 21) (Net income of ₩2,961,509 million in 2009 and ₩1,447,904 million in 2008)	14,991,112	12,419,054	12,839,253	10,636,394
Total shareholders' equity	<u>22,029,023</u>	<u>19,652,291</u>	<u>18,866,926</u>	<u>16,831,356</u>
Total liabilities and shareholders' equity	<u>₩ 35,446,135</u>	<u>₩ 32,167,729</u>	<u>\$ 30,358,115</u>	<u>\$ 27,550,299</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Sales (Notes 24 and 26):				
Domestic sales	₩ 16,067,005	₩ 12,292,161	\$ 13,760,710	\$ 10,527,716
Export sales	<u>15,792,322</u>	<u>19,897,625</u>	<u>13,525,456</u>	<u>17,041,474</u>
	<u>31,859,327</u>	<u>32,189,786</u>	<u>27,286,166</u>	<u>27,569,190</u>
Cost of sales (Note 24)	<u>24,884,768</u>	<u>25,058,647</u>	<u>21,312,751</u>	<u>21,461,671</u>
Gross profit	6,974,559	7,131,139	5,973,415	6,107,519
Selling and administrative expenses (Notes 24 and 27)	<u>4,739,597</u>	<u>5,253,921</u>	<u>4,059,264</u>	<u>4,499,761</u>
Operating income	<u>2,234,962</u>	<u>1,877,218</u>	<u>1,914,151</u>	<u>1,607,758</u>
Other income (expenses), net:				
Interest income, net	83,957	202,690	71,906	173,595
Loss on foreign exchange transaction, net	(46,560)	(192,050)	(39,877)	(164,483)
Loss on foreign currency translation, net	(8,644)	(57,025)	(7,403)	(48,839)
Gain on valuation of investment securities accounted for using the equity method, net (Note 7)	1,337,086	21,217	1,145,158	18,171
Gain on disposal of investment securities accounted for using the equity method, net (Note 7)	70,252	-	60,168	-
Loss on valuation of derivatives, net (Note 2)	(42,050)	(130,929)	(36,014)	(112,135)
Rental and royalty income	265,364	173,349	227,273	148,466
Loss on disposal of trade notes and accounts receivable	(75,974)	(108,485)	(65,069)	(92,913)
Gain (loss) on disposal of property, plant and equipment, net	2,128	(36,030)	1,823	(30,858)
Impairment loss on intangibles	(139,621)	-	(119,579)	-
Gain on disposal of short-term investment securities, net	65,513	1,314	56,109	1,125
Gain (loss) on disposal of long-term investment securities, net	264	(46,636)	226	(39,942)
Other, net.	<u>34,635</u>	<u>90,379</u>	<u>29,662</u>	<u>77,407</u>
	<u>1,546,350</u>	<u>(82,206)</u>	<u>1,324,383</u>	<u>(70,406)</u>
Income before income tax	3,781,312	1,795,012	3,238,534	1,537,352
Income tax expense (Note 23)	<u>819,803</u>	<u>347,108</u>	<u>702,127</u>	<u>297,283</u>
Net income	<u>₩ 2,961,509</u>	<u>₩ 1,447,904</u>	<u>\$ 2,536,407</u>	<u>\$ 1,240,069</u>
Basic earnings per common share (Note 2)	<u>₩ 10,890</u>	<u>₩ 5,325</u>	<u>\$ 9.33</u>	<u>\$ 4.56</u>
Diluted earnings per common share (Note 2)	<u>₩ 10,890</u>	<u>₩ 5,319</u>	<u>\$ 9.33</u>	<u>\$ 4.56</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Unappropriated retained earnings (Note 21):				
Beginning of year	₩ 4,522	₩ 43,220	\$ 3,873	\$ 37,016
Change in retained earnings using the equity method	(153,736)	(249,365)	(131,668)	(213,571)
Cumulative effect of changes in accounting policy	-	12,078	-	10,344
Net income	<u>2,961,509</u>	<u>1,447,904</u>	<u>2,536,407</u>	<u>1,240,069</u>
	<u>2,812,295</u>	<u>1,253,837</u>	<u>2,408,612</u>	<u>1,073,858</u>
Appropriations:				
Legal reserve	31,720	23,600	27,167	20,212
Reserve for technology development	2,460,000	990,000	2,106,886	847,893
Cash dividends (Note 22)	<u>317,199</u>	<u>235,715</u>	<u>271,668</u>	<u>201,880</u>
	<u>2,808,919</u>	<u>1,249,315</u>	<u>2,405,721</u>	<u>1,069,985</u>
Unappropriated retained earnings, end of year	<u>₩ 3,376</u>	<u>₩ 4,522</u>	<u>\$ 2,891</u>	<u>\$ 3,873</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Korean Won						Translation into
							U.S. Dollars
	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Total amount	Total amount
	(In millions)						(Note 2)
	(In thousands)						
January 1, 2008	₩ 1,486,980	₩ 5,439,915	₩ (718,855)	₩ 548,094	₩ 11,446,497	₩ 18,202,631	\$ 15,589,783
Cumulative effect of changes in accounting policy	-	312,145	-	(350,082)	37,937	-	-
Beginning balance after correction	1,486,980	5,752,060	(718,855)	198,012	11,484,434	18,202,631	15,589,783
Adjustments resulting from revision of the written opinion for applying Accounting Standards No. 06-2	-	-	-	-	12,078	12,078	10,344
Payment of cash dividend	-	-	-	-	(275,997)	(275,997)	(236,380)
Loss on disposal of treasury stock	-	(3,420)	-	-	-	(3,420)	(2,929)
Cancellation of stock options	-	57	(57)	-	-	-	-
Gain on valuation of treasury stock fund	-	-	3,839	-	-	3,839	3,289
Exercise of stock options	2,013	13,391	(4,612)	-	-	10,792	9,243
Loss on valuation of available-for-sale securities, net	-	-	-	(404,545)	-	(404,545)	(346,476)
Loss on valuation of derivatives, net	-	-	-	(154,715)	-	(154,715)	(132,507)
Net income	-	-	-	-	1,447,904	1,447,904	1,240,069
Changes accounted for using the equity method	-	89,688	-	973,401	(249,365)	813,724	696,920
December 31, 2008	<u>₩ 1,488,993</u>	<u>₩ 5,851,776</u>	<u>₩ (719,685)</u>	<u>₩ 612,153</u>	<u>₩ 12,419,054</u>	<u>₩ 19,652,291</u>	<u>\$ 16,831,356</u>
January 1, 2009	₩ 1,488,993	₩ 5,851,776	₩ (719,685)	₩ 612,153	₩ 12,419,054	₩ 19,652,291	\$ 16,831,356
Payment of cash dividend	-	-	-	-	(235,715)	(235,715)	(201,880)
Gain on disposal of treasury stock fund	-	881	1,200	-	-	2,081	1,783
Acquisition of treasury stock	-	-	(25,424)	-	-	(25,424)	(21,775)
Gain on valuation of available-for-sale securities, net	-	-	-	3,176	-	3,176	2,720
Gain on valuation of derivatives, net	-	-	-	98,736	-	98,736	84,563
Net income	-	-	-	-	2,961,509	2,961,509	2,536,407
Changes accounted for using the equity method	-	(46,468)	-	(227,427)	(153,736)	(427,631)	(366,248)
December 31, 2009	<u>₩ 1,488,993</u>	<u>₩ 5,806,189</u>	<u>₩ (743,909)</u>	<u>₩ 486,638</u>	<u>₩ 14,991,112</u>	<u>₩ 22,029,023</u>	<u>\$ 18,866,926</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Cash flows from operating activities:				
Net income	₩ 2,961,509	₩ 1,447,904	\$ 2,536,407	\$ 1,240,069
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	900,064	880,258	770,867	753,904
Bad debt expense	3,023	-	2,589	-
Amortization of intangibles	514,360	463,973	440,528	397,373
Loss on foreign currency translation, net	8,644	57,025	7,403	48,839
Gain on valuation of investment securities accounted for using the equity method, net	(1,337,086)	(21,217)	(1,145,158)	(18,171)
Gain on disposal of investment securities accounted for using the equity method, net	(70,252)	-	(60,168)	-
Loss on valuation of derivatives, net	42,050	130,929	36,014	112,135
Loss on disposal of trade notes and accounts receivable	75,974	108,485	65,069	92,913
Loss (gain) on disposal of property, plant and equipment, net	(2,128)	36,030	(1,823)	30,858
Gain on disposal of short-term investment securities, net	(65,513)	(1,314)	(56,109)	(1,125)
Loss (gain) on disposal of long-term investment securities, net	(264)	46,636	(226)	39,942
Dividends of investment securities accounted for using the equity method	150,956	175,167	129,287	150,023
Provision for severance benefits	357,526	374,925	306,206	321,107
Provision for warranties	244,603	806,527	209,492	690,756
Impairment loss on intangibles	139,621	-	119,579	-
Amortization of discount on debentures	1,481	815	1,268	698
Other	9,178	(2,447)	7,861	(2,096)
Changes in operating assets and liabilities:				
Decrease (increase) in trade notes and accounts receivable	228,457	(463,478)	195,664	(396,949)
Decrease (increase) in trade notes and accounts receivable-other	(79,506)	61,176	(68,094)	52,395
Decrease (increase) in inventories	279,057	(511,832)	239,001	(438,362)
Decrease (increase) in advances and other current assets	74,285	(162,524)	63,622	(139,196)
Decrease in deferred tax assets	129,663	150,409	111,051	128,819
Decrease in derivative assets	12,186	4,460	10,437	3,820
Increase (decrease) in trade notes and accounts payable	1,410,878	(493,597)	1,208,357	(422,745)
Increase in accounts payable-other	191,764	185,882	164,238	159,199
Increase (decrease) in income tax payable	(279,303)	27,931	(239,211)	23,922
Increase (decrease) in accrued expenses	571,918	(382)	489,824	(327)
Increase (decrease) in deferred tax liabilities	100,855	(374,300)	86,378	(320,572)
Decrease in derivative liabilities	(156,940)	(116,709)	(134,412)	(99,956)
Increase (decrease) in withholdings and other current liabilities	260,162	(132,321)	222,818	(113,327)
Decrease in accrued warranties	(466,737)	(407,594)	(399,740)	(349,087)
Payment of severance benefits	(205,954)	(271,969)	(176,391)	(232,930)
Increase in individual severance insurance deposits	(176,463)	(73,261)	(151,133)	(62,745)
Other	16,482	14,215	14,115	12,174
	<u>5,844,550</u>	<u>1,939,802</u>	<u>5,005,610</u>	<u>1,661,358</u>

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HYUNDAI MOTOR COMPANY

NON-COLSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Cash flows from investing activities:				
Cash inflows from investing activities:				
Proceeds from withdrawal of short-term financial instruments	₩ 7,056,720	₩ 3,272,960	\$ 6,043,782	\$ 2,803,152
Proceeds from disposal of short-term investment securities	470,966	110,224	403,362	94,402
Proceeds from disposal of long-term investment securities	8,909	1,712	7,630	1,466
Proceeds from disposal of property, plant and equipment	59,207	9,274	50,708	7,943
Proceeds from disposal of intangibles	30	-	26	-
Proceeds from disposal of investment securities accounted for using the equity method	47,860	96,248	40,990	82,432
Reduction in other current assets	2,879	5,760	2,466	4,933
Reduction in other assets	3,169	234,064	2,715	200,466
	<u>7,649,740</u>	<u>3,730,242</u>	<u>6,551,679</u>	<u>3,194,794</u>
Cash outflows from investing activities:				
Purchase of short-term financial instruments	(8,608,578)	(3,369,965)	(7,372,883)	(2,886,232)
Acquisition of short-term investment securities	(4,236)	(220,000)	(3,628)	(188,421)
Acquisition of long-term financial instruments	(410,000)	-	(351,148)	-
Acquisition of long-term investment securities	(24,061)	(254,520)	(20,607)	(217,986)
Acquisition of investment securities accounted for using the equity method	(1,164,519)	(664,216)	(997,361)	(568,873)
Acquisition of property, plant and equipment	(807,688)	(813,529)	(691,751)	(696,753)
Expenditures for development costs	(882,022)	(681,708)	(755,415)	(583,854)
Additions to other assets	(11,165)	(156,672)	(9,561)	(134,182)
	<u>(11,912,269)</u>	<u>(6,160,610)</u>	<u>(10,202,354)</u>	<u>(5,276,301)</u>
	<u>(4,262,529)</u>	<u>(2,430,368)</u>	<u>(3,650,675)</u>	<u>(2,081,507)</u>
Cash flows from financing activities:				
Cash inflows from financing activities:				
Proceeds from short-term borrowings	1,711,264	1,946,311	1,465,625	1,666,933
Proceeds from long-term borrowings	1,990	1,705	1,704	1,460
Proceeds from issuance of debentures	398,243	348,522	341,078	298,494
Proceeds from disposal of treasury stock	2,363	-	2,024	-
Proceeds from exercise of stock options	-	10,792	-	9,243
	<u>2,113,860</u>	<u>2,307,330</u>	<u>1,810,431</u>	<u>1,976,130</u>
Cash outflows from financing activities:				
Repayment of short-term borrowings	(2,630,753)	(1,028,817)	(2,253,129)	(881,138)
Repayment of current maturities of long-term debt	(300,742)	(201,461)	(257,572)	(172,542)
Payment of cash dividends	(235,727)	(276,005)	(201,890)	(236,387)
Acquisition of treasury stock	(25,424)	-	(21,775)	-
	<u>(3,192,646)</u>	<u>(1,506,283)</u>	<u>(2,734,366)</u>	<u>(1,290,067)</u>
	<u>(1,078,786)</u>	<u>801,047</u>	<u>(923,935)</u>	<u>686,063</u>

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HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Korean Won		Translation into U.S. Dollars (Note 2)	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(In millions)		(In thousands)	
Net increase in cash and cash equivalents	₩ 503,235	₩ 310,481	\$ 431,000	\$ 265,914
Cash and cash equivalents, beginning of year	<u>1,756,546</u>	<u>1,446,065</u>	<u>1,504,407</u>	<u>1,238,493</u>
Cash and cash equivalents, end of year	<u>₩ 2,259,781</u>	<u>₩ 1,756,546</u>	<u>\$ 1,935,407</u>	<u>\$ 1,504,407</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. THE COMPANY:

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Financial Statement Presentation

The Company maintains its official accounting records in Korean Won and prepares statutory non-consolidated financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with accounting principles generally accepted in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, changes in shareholders' equity or cash flows, is not presented in the accompanying financial statements.

The accompanying financial statements are stated in Korean Won, the currency of the country in which the Company is incorporated and operates. The translation of Korean Won amounts into U.S. Dollar amounts is included solely for the convenience of readers outside of the Republic of Korea and has been made at the rate of ₩1,167.60 to US\$1.00 at December 31, 2009, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean Won amounts could be converted into U.S. Dollars at that or any other rate.

The Company prepared its non-consolidated financial statements as of December 31, 2009 in accordance with the Korea Financial Accounting Standards and the Statements of Korea Accounting Standards (“SKAS”).

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

The 2009 financial statements of the Company to be submitted to the shareholders' meeting were approved by the Board of Directors on January 28, 2010.

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

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.

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.

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 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 investment securities accounted for using the equity method. However, if the investee is a consolidated subsidiary, unrealized profits and losses resulting from sales of assets from the Company to investee are eliminated in full. Also, if the investee is a consolidated subsidiary, the differences between the cost of the investment and the investor's share of the net fair value of the investee's identifiable assets and liabilities, which occurred from additional purchases of investee's shares or changes in ratio of shareholding due to capital increase in investee, are reflected in capital surplus or capital adjustments. The differences between the sale amount and book value of the investment securities where the investee remains as a consolidated subsidiary after sales of some portion of investment securities in the consolidation subsidiary are reflected in capital surplus or capital adjustments.

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	15 – 50
Machinery and equipment	12 – 15
Vehicles	6, 15
Dies, molds and tools	6
Other equipment	6

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

Intangibles are stated at cost, net of amortization computed using the straight-line method over the estimated economic useful lives of related assets. Development costs are amortized over 3 years from the usable date of the related productions. Ordinary development and research expenses are charged to current operations. Industrial property rights and other intangibles are amortized over the period between 2 and 40 years.

If the recoverable amount of 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 rate of 8.75 percent is used in valuing the receivables and payables at present value as of December 31, 2009 and 2008.

Accrued Severance Benefits

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the 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 ₩1,658,375 million (US\$1,420,328 thousand) and ₩1,505,060 million (US\$1,289,020 thousand) as of December 31, 2009 and 2008, respectively.

Individual severance insurance deposits, in which the beneficiaries are respective employees, are presented as deduction from accrued severance benefits.

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 amounted to ₩205,954 million (US\$176,391 thousand) and ₩271,969 million (US\$232,930 thousand) in 2009 and 2008, respectively.

Accrued Warranties

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.

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.

Derivative Instruments

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

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

The effective portion of gain or loss recorded as accumulated other comprehensive income (loss) is reclassified to current earnings in the same period during which the hedged forecasted transaction affects earnings. If the hedged transaction results in the acquisition of an asset or the incurrence of a liability, the gain or loss in accumulated other comprehensive income (loss) is added to or deducted from the asset or the liability.

The Company entered into derivative instrument contracts including forwards, options and swaps to hedge the exposure to changes in foreign exchange rate. As of December 31, 2009 and 2008, the Company deferred the net loss of ₩101,135 million (US\$86,618 thousand) and ₩226,514 million (US\$194,000 thousand), respectively, on valuation of the effective portion of derivative instruments for cash flow hedging purposes from forecasted exports as accumulated other comprehensive loss. The longest period in which the forecasted transactions are expected to occur is within 23 months from December 31, 2009. Of the net loss on valuation recorded as accumulated other comprehensive loss as of December 31, 2009 amounting to ₩10,625 million (US\$ 9,100 thousand) is expected to be realized and charged to current operations within one year from December 31, 2009.

For the years ended December 31, 2009 and 2008, the Company recognized the net loss of ₩42,050 million (US\$36,014 thousand) and ₩130,929 million (US\$112,135 thousand), respectively, on valuation of the ineffective portion of such instruments including the amount which no longer hedges the exposure to the variability of cash flows and the other derivative instruments in current operations.

The Company recorded total gain on valuation of outstanding derivatives and to be paid of ₩35,836 million (US\$30,692 thousand) and ₩22,536 million (US\$19,301 thousand) in current derivative assets as of December 31, 2009 and 2008, respectively. Also, total loss on valuation of outstanding derivatives and present value of premiums to be received of ₩179,020 million (US\$153,323 thousand) and ₩393,804 million (US\$337,277 thousand) is recorded in current and non-current derivative liabilities as of December 31, 2009 and 2008, respectively.

Accounting for Foreign Currency Transactions and Translation

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

Income Tax Expense

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

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

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

Earnings per Common Share

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

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

	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Net income	₩ 2,961,509	₩ 1,447,904	\$ 2,536,407	\$ 1,240,069
Expected dividends on preferred stock	(682,777)	(335,799)	(584,769)	(287,598)
Net income available to common share	2,278,732	1,112,105	1,951,638	952,471
Weighted average number of common shares outstanding (*)	<u>209,252,481</u>	<u>208,838,563</u>	<u>209,252,481</u>	<u>208,838,563</u>
Basic earnings per common share	<u>₩ 10,890</u>	<u>₩ 5,325</u>	<u>\$ 9.33</u>	<u>\$ 4.56</u>

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

The Company does not compute diluted earnings per common share in 2009 because there is no item related to dilution. Diluted earnings per common share in 2008 is computed as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2008		2008	
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Net income available to common share	₩	1,112,105	\$	952,471
Expenses related to diluted securities		-		-
Net income available to diluted common share		1,112,105		952,471
Weighted average number of common shares and diluted securities outstanding		209,068,481		209,068,481
Diluted earnings per common share	₩	5,319	\$	4.56

3. RESTRICTED FINANCIAL INSTRUMENTS:

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

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Short-term financial instruments:				
Ordinary deposit	₩ 59	₩ 160	\$ 51	\$ 137
Term deposit	63,032	61,073	53,983	52,306
	63,091	61,233	54,034	52,443
Long-term financial instruments (Note 11):				
Guarantee deposits for checking accounts	37	37	32	32
	₩ 63,128	₩ 61,270	\$ 54,066	\$ 52,475

4. INVENTORIES:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Finished goods and merchandise	₩ 455,391	₩ 572,287	\$ 390,023	\$ 490,140
Semi finished goods and work in process	414,530	541,471	355,028	463,747
Raw materials and supplies	437,278	566,429	374,510	485,122
Materials in transit	77,299	128,843	66,203	110,349
	₩ 1,384,498	₩ 1,809,030	\$ 1,185,764	\$ 1,549,358

5. SHORT-TERM INVESTMENT SECURITIES:

Short -term investment securities as of December 31, 2009 and 2008 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Beneficiary certificates	₩ 163,526	₩ 220,164	\$ 140,053	\$ 188,561
Equity securities	-	119	-	102
Government bonds	-	215	-	184
	<u>₩ 163,526</u>	<u>₩ 220,498</u>	<u>\$ 140,053</u>	<u>\$ 188,847</u>

6. LONG-TERM INVESTMENT SECURITIES:

Long -term investment securities as of December 31, 2009, all of which are classified into available-for-sale securities, consist of the following:

Name of company	Korean Won		Translation into U.S. Dollars (Note 2)		Ownership percentage (%)
	Acquisition cost	Book value	Book value		
	(In millions)		(In thousands)		
Hyundai Heavy Industries Co., Ltd.	₩ 56,924	₩ 379,965	\$ 325,424		2.88
Hyundai Oil Refinery Co., Ltd.	53,314	116,013	99,360		4.35
Doosan Capital Co., Ltd.	10,000	24,762	21,208		9.99
Hyundai Merchant Marine Co., Ltd.	9,161	18,503	15,847		0.45
Hyundai Development Company	9,025	16,988	14,550		0.60
Hyundai H&S Co., Ltd.	15,005	18,785	16,089		4.07
KT Corporation	8,655	9,388	8,040		0.09
ENOVA System	2,204	403	345		0.90
Hyundai Asan Corporation	22,500	4,239	3,631		3.27
Hyundai Venture Investment Corp.	4,490	4,490	3,845		14.97
Industry Otomotif Komersial	4,439	4,439	3,802		15.00
Kihyup Finance	3,000	3,000	2,569		10.34
Kyungnam Credit Information Service Co., Ltd.	2,500	2,500	2,141		13.66
NESSCAP Inc.	1,997	1,997	1,710		7.30
Ubivelox Co, Ltd. (Formerly, Veloxsoft Inc.)	1,710	1,710	1,465		7.08
Hyundai Research Institute	1,359	1,271	1,089		14.90
The Sign Co., Ltd.	1,200	1,200	1,028		11.28
Heesung PM Tech Corporation	1,194	1,194	1,023		19.90
Dongbu NTS Co., Ltd.	1,134	1,134	971		19.90
Jeonbuk Hyundai Motors FC Co., Ltd.	1,000	1,000	856		100.00
Micro Infinity	607	607	520		9.02
NGVTEK.com	571	571	489		53.66
Clean Air Technology Inc.	500	500	428		16.13
Green village Co., Ltd. (Formerly, Hankyoreh Plus Inc.)	4,800	284	243		5.43
Carnes Co., Ltd.	250	250	214		49.99
Jinil MVC Co., Ltd.	180	180	154		18.00
ROTIS Inc.	1,000	8	7		0.19
Stock Warrants	7,620	40,639	34,806		-
Debt Securities	15,316	19,242	16,480		-
Other	1,565	1,066	912		-
		<u>₩ 676,328</u>	<u>\$ 579,246</u>		

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

Name of company	Korean Won		Translation into U.S. Dollars (Note 2)		Ownership percentage (%)
	Acquisition		Book value		
	cost	Book value	Book value		
	(In millions)	(In thousands)			
Hyundai Heavy Industries Co., Ltd.	₩ 56,924	₩ 436,905	\$ 374,191		2.88
Hyundai Oil Refinery Co., Ltd.	53,314	106,383	91,113		4.35
Doosan Capital Co., Ltd.	10,000	24,378	20,879		9.99
Hyundai Merchant Marine Co., Ltd.	9,161	25,710	22,020		0.45
Hyundai Development Company	9,025	14,602	12,506		0.60
Hyundai H&S Co., Ltd.	15,005	12,692	10,870		4.07
ENOVA System	2,204	94	81		0.90
KT Freetel	10,800	10,482	8,977		0.18
Treasury Stock Fund	-	5,443	4,662		-
Hyundai Asan Corporation	22,500	7,053	6,041		4.61
Hyundai Venture Investment Corp.	4,490	4,490	3,845		14.97
Industry Otomotif Komersial	4,439	4,439	3,802		15.00
Kihyup Finance	3,000	3,000	2,569		10.34
Kyungnam Credit Information Service Co., Ltd.	2,500	2,500	2,141		13.66
NESSCAP Inc.	1,997	1,997	1,710		12.05
Ubivelox Co, Ltd. (Formerly, Veloxsoft Inc.)	1,000	1,000	856		7.14
Hyundai Research Institute	1,359	1,271	1,089		14.90
The Sign Co., Ltd.	1,200	1,200	1,028		11.28
Heesung PM Tech Corporation	1,194	1,194	1,023		19.90
Dongbu NTS Co., Ltd.	1,134	1,134	971		19.90
Micro Infinity	607	607	520		9.02
NGVTEK.com (*)	571	571	489		53.66
Clean Air Technology Inc.	500	500	428		16.13
Green village Co., Ltd. (Formerly, Hankyoreh Plus Inc.)	4,800	284	243		5.43
Carnes Co., Ltd. (*)	250	250	214		49.99
Jinil MVC Co., Ltd.	180	180	154		18.00
ROTIS Inc.	1,000	8	7		0.19
Beneficiary certificates	150,000	154,504	132,326		-
Other	7,200	1,244	1,065		-
		<u>₩ 824,115</u>	<u>\$ 705,820</u>		

(*) In conformity with Financial Accounting Standards in the Republic of Korea, the equity securities of these affiliates were not accounted for using the equity method since the Company believes the changes in the investment value due to the changes in the net assets of the investee, whose individual beginning balance of total assets or paid-in capital at the date of its establishment is less than ₩10,000 million (US\$8,565 thousand), are not material.

As of December 31, 2009 and 2008, the difference between the book value and the acquisition cost of equity securities consists of impairment loss on long-term investment securities of ₩24,356 million (US\$20,860 thousand) and ₩26,999 million (US\$23,124 thousand), respectively.

7. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

(1) 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 (%)
	Acquisition cost	Net equity value (In millions)	Book value	Acquisition cost	Net equity value (In thousands)	Book value	
Hyundai Motor America	₩1,937,933	₩2,350,920	₩ 2,141,916	\$ 1,659,758	\$ 2,013,464	\$ 1,834,460	100.00
Hyundai Motor Manufacturing Czech, Ltd.	685,390	591,440	573,875	587,008	506,543	491,500	100.00
Beijing-Hyundai Motor Company	417,163	1,007,878	999,693	357,282	863,205	856,195	50.00
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	279,988	107,631	91,743	239,798	92,181	78,574	85.03
Hyundai Motor India	244,017	822,259	754,436	208,990	704,230	646,143	100.00
Hyundai Motor Manufacturing Rus LLC	225,151	207,064	205,970	192,832	177,342	176,405	100.00
Hyundai Motor Japan Co.	103,658	(20,891)	-	88,779	(17,892)	-	100.00
Hyundai Motor Espana, S.L.	86,589	86,589	86,589	74,160	74,160	74,160	100.00
Hyundai Translead	80,623	111,373	119,098	69,050	95,386	102,002	100.00
Hyundai Motor Company Italy S.r.l	73,191	37,252	73,890	62,685	31,905	63,284	100.00
Hyundai Motor Europe Technical Center GmbH	53,496	72,447	72,447	45,817	62,048	62,048	100.00
China Millennium Corporations	53,466	32,045	65,067	45,791	27,445	55,727	59.60
Hyundai Motor (UK) Ltd.	48,084	14,443	13,462	41,182	12,370	11,530	100.00
Hyundai Auto Czech s.r.o	46,174	29,674	27,051	39,546	25,415	23,168	100.00
Hyundai WIA Automotive Engine (ShanDong) Company	43,233	54,749	54,749	37,027	46,890	46,890	22.00
Hyundai Motor Poland Sp.zo.o.	24,139	42,518	53,052	20,674	36,415	45,437	100.00
Beijing Mobis Transmission Co., Ltd.	22,790	47,800	47,800	19,519	40,939	40,939	24.08
Hyundai Motor Europe GmbH	17,529	41,631	41,631	15,013	35,655	35,655	100.00
Hyundai Motor Group (China) Ltd.	15,371	68,167	47,072	13,165	58,382	40,315	50.00
Hyundai Motor Company Australia	12,382	90,798	59,552	10,605	77,765	51,004	100.00
Hyundai Motor Deutschland GmbH	11,528	38,279	37,900	9,873	32,784	32,460	35.29
Hyundai America Technical Center Inc.	9,635	37,782	37,782	8,252	32,359	32,359	100.00
Hyundai Motor Norway AS	5,636	6,682	6,224	4,827	5,723	5,331	100.00
Beijing Jinxian Motor Safeguard Service Co., Ltd.	5,438	8,150	8,150	4,657	6,980	6,980	100.00
Hyundai Motor Hungary	5,415	-	2,283	4,638	-	1,955	100.00
Hyundai Motor Commonwealth of Independent States	3,959	(124,535)	-	3,391	(106,659)	-	80.00
HMJ R&D Center Inc.	1,510	2,945	2,945	1,293	2,522	2,522	100.00
Hyundai Motor Brasil Montadora de Automoveis LTDA	137	137	137	117	117	117	100.00
EUKOR Shipowning Singapore Pte Ltd.	5	2,076	2,099	4	1,778	1,798	12.00
Kia Motors Corporation	923,957	2,050,627	2,098,900	791,330	1,756,275	1,797,619	34.58
Hyundai Capital Service Inc.	500,325	1,216,245	766,282	428,507	1,041,662	656,288	56.47
Hyundai Card Co., Ltd.	435,571	471,088	471,095	373,048	403,467	403,473	31.52
Hyundai Rotem Company	254,308	352,328	391,906	217,804	301,754	335,651	57.64
Hyundai HYSCO	200,768	280,910	296,320	171,949	240,588	253,786	26.13
HMC Investment Securities Co., Ltd.	188,665	150,119	190,171	161,584	128,571	162,873	26.27
Korea Aerospace Industries, Ltd.	159,800	103,310	103,150	136,862	88,481	88,344	22.23
Hyundai Powertech	135,000	173,933	158,096	115,622	148,966	135,403	37.58
Dymos Inc.	68,872	141,586	139,415	58,986	121,262	119,403	47.27
Hyundai Commercial Inc.	₩ 50,000	₩ 55,007	₩ 54,258	\$ 42,823	\$ 47,111	\$ 46,470	50.00
Hyundai WIA Corporation	34,357	261,430	241,164	29,425	223,904	206,547	39.46
Korea Economy Daily	29,973	26,082	28,482	25,671	22,338	24,393	20.55
Eukor Car Carriers Inc.	29,347	70,106	62,758	25,134	60,043	53,749	12.00
Partecs Co., Ltd.	22,400	25,845	25,845	19,185	22,135	22,135	56.00
KEFICO Corporation	20,911	136,051	135,078	17,909	116,522	115,688	50.00
HMC Win-Win Fund	18,000	18,607	18,607	15,416	15,936	15,936	60.00
Autoever Systems Corp.	5,947	32,030	32,030	5,093	27,432	27,432	29.90
Haevichi Country Club Co., Ltd.	4,500	(11,357)	-	3,854	(9,727)	-	30.00

Affiliated company	Korean Won			Translation into U.S. Dollars (Note 2)			Ownership percentage (%)
	Acquisition cost	Net equity value	Book value	Acquisition cost	Net equity value	Book value	
	(In millions)			(In thousands)			
M & Soft Co., Ltd	3,925	13,020	13,098	3,362	11,151	11,217	31.84
Iljin Bearing Co., Ltd.	826	18,201	18,201	707	15,588	15,588	20.00
Daesung Automotive Co., Ltd.	400	13,194	13,194	344	11,300	11,300	20.00
	<u>₩7,601,482</u>	<u>₩11,365,665</u>	<u>₩10,884,663</u>	<u>\$ 6,510,348</u>	<u>\$ 9,734,211</u>	<u>\$ 9,322,253</u>	

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

Affiliated company	Korean Won			Translation into U.S. Dollars (Note 2)			Ownership percentage (%)
	Acquisition cost	Net equity value	Book value	Acquisition cost	Net equity value	Book value	
	(In millions)			(In thousands)			
Hyundai Motor America	₩1,327,312	₩1,860,084	₩ 1,711,125	\$ 1,136,787	\$ 1,593,083	\$ 1,465,506	100.00
Hyundai Motor Manufacturing Czech, Ltd.	579,412	649,897	645,066	496,242	556,609	552,472	100.00
Beijing-Hyundai Motor Company	397,758	840,705	825,829	340,663	720,028	707,288	50.00
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S. (*1)	91,315	(34,307)	-	78,207	(29,382)	-	70.00
Hyundai Motor India	244,017	801,917	752,356	208,990	686,808	644,361	100.00
Hyundai Motor Manufacturing Rus LLC	155,101	153,714	153,714	132,837	131,650	131,650	100.00
Hyundai Motor Japan Co. (*1)	103,658	(11,142)	-	88,779	(9,543)	-	100.00
Hyundai Translead	80,623	141,297	149,801	69,050	121,015	128,298	100.00
Hyundai Motor Company Italy S.r.l	73,191	26,741	79,930	62,685	22,903	68,457	100.00
Hyundai Motor Europe Technical Center GmbH	53,496	75,393	75,393	45,817	64,571	64,571	100.00
China Millennium Corporations	53,466	31,314	66,538	45,791	26,819	56,987	59.60
Hyundai Motor (UK) Ltd. (*1)	48,084	622	-	41,182	533	-	100.00
Hyundai Auto Czech s.r.o	46,174	42,104	39,624	39,546	36,060	33,936	100.00
Hyundai WIA Automotive Engine (ShanDong) Company	28,489	42,725	42,725	24,400	36,592	36,592	22.00
Hyundai Motor Poland Sp.zo.o.	24,139	36,894	43,607	20,674	31,598	37,348	100.00
Beijing Mobis Transmission Co., Ltd.	22,790	44,556	44,556	19,519	38,160	38,160	24.08
Hyundai Motor Europe GmbH	17,529	39,315	39,315	15,013	33,672	33,672	100.00
Hyundai Motor Group (China) Ltd.	15,371	56,820	5,682	13,165	48,664	4,866	50.00
Hyundai Motor Company Australia	12,382	50,450	43,083	10,605	43,208	36,899	100.00
Hyundai Motor Deutschland GmbH	6,761	23,178	22,715	5,791	19,851	19,454	30.00
Hyundai America Technical Center Inc.	9,635	34,624	34,624	8,252	29,654	29,654	100.00
Hyundai Motor Norway AS	5,636	5,854	1,718	4,827	5,014	1,471	100.00
Beijing Jinxian Motor Safeguard Service Co., Ltd.	5,438	8,040	8,040	4,657	6,886	6,886	91.75
Hyundai Motor Hungary	5,415	2,192	2,283	4,638	1,877	1,955	100.00
Hyundai Motor Commonwealth of Independent States (*1)	3,959	(42,206)	-	3,391	(36,148)	-	80.00
HMJ R&D Center Inc.	1,510	3,296	3,296	1,293	2,823	2,823	100.00
Kia Motors Corporation	923,957	1,691,367	1,739,079	791,330	1,448,584	1,489,448	38.67
Hyundai Capital Service Inc.	500,325	932,787	577,581	428,507	798,893	494,674	56.47
Hyundai Card Co., Ltd.	₩ 435,571	₩ 389,629	₩ 389,636	\$ 373,048	\$ 333,701	\$ 333,707	31.53
Hyundai Rotem Company	254,308	274,084	317,051	217,804	234,741	271,541	57.64
Hyundai HYSKO	200,768	271,554	288,484	171,949	232,575	247,074	26.13
HMC Investment Securities Co., Ltd.	125,115	74,840	118,919	107,156	64,097	101,849	27.43
Korea Aerospace Industries, Ltd.	159,800	93,646	93,452	136,862	80,204	80,038	20.54
Hyundai Powertech	135,000	156,823	144,248	115,622	134,312	123,542	37.58
Dymos Inc.	68,872	133,623	130,405	58,986	114,442	111,686	47.27
Hyundai Commercial Inc.	50,000	37,440	36,468	42,823	32,066	31,233	50.00
Hyundai WIA Corporation	34,357	221,227	198,997	29,425	189,472	170,433	39.46
Korea Economy Daily	29,973	24,440	27,145	25,671	20,932	23,249	20.55
Eukor Car Carriers Inc. (*2)	29,347	68,304	60,388	25,134	58,499	51,720	12.00
Partecs Co., Ltd.	22,400	22,829	22,829	19,185	19,552	19,552	56.00
KEFICO Corporation	20,911	122,940	121,240	17,909	105,293	103,837	50.00

Affiliated company	Korean Won			Translation into U.S. Dollars (Note 2)			Ownership percentage (%)
	Acquisition cost	Net equity value	Book value	Acquisition cost	Net equity value	Book value	
	(In millions)			(In thousands)			
HMC Win-Win Fund	18,000	18,039	18,000	15,416	15,450	15,416	60.00
Autoever Systems Corp.	5,947	24,004	24,004	5,093	20,558	20,558	29.90
Haevichi Country Club Co., Ltd. (*1)	4,500	(9,876)	-	3,854	(8,458)	-	30.00
M & Soft Co., Ltd	3,925	10,128	10,211	3,362	8,674	8,745	31.84
Iljin Bearing Co., Ltd.	826	16,843	16,843	707	14,425	14,425	20.00
Daesung Automotive Co., Ltd.	400	11,323	11,323	343	9,698	9,698	20.00
Hyundai Autonet Co., Ltd. (*2)	118,554	70,449	111,823	101,536	60,337	95,771	16.77
	<u>₩6,555,517</u>	<u>₩9,540,520</u>	<u>₩9,249,146</u>	<u>\$ 5,614,523</u>	<u>\$ 8,171,052</u>	<u>\$ 7,921,502</u>	

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

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

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

Affiliated company	Korean Won					Translation into U.S. Dollars (Note 2)
	Beginning of year	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*)	End of year	End of year
	(In millions)					(In thousands)
Hyundai Motor America	₩ 1,711,125	₩ 610,622	₩ 41,944	₩ (221,775)	₩ 2,141,916	\$ 1,834,460
Hyundai Motor Manufacturing Czech, Ltd.	645,066	105,978	(143,153)	(34,016)	573,875	491,500
Beijing-Hyundai Motor Company	825,829	19,405	311,254	(156,795)	999,693	856,195
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	-	188,673	50,055	(146,985)	91,743	78,574
Hyundai Motor India	752,356	-	85,968	(83,888)	754,436	646,143
Hyundai Motor Manufacturing Rus LLC	153,714	70,050	1,481	(19,275)	205,970	176,405
Hyundai Motor Espana, S.L.	-	86,589	-	-	86,589	74,160
Hyundai Translead	149,801	-	(22,449)	(8,254)	119,098	102,002
Hyundai Motor Company Italy S.r.l	79,930	-	2,333	(8,373)	73,890	63,284
Hyundai Motor Europe Technical Center GmbH	75,393	-	1,463	(4,409)	72,447	62,048
China Millennium Corporations	66,538	-	270	(1,741)	65,067	55,727
Hyundai Motor (UK) Ltd.	-	-	15,377	(1,915)	13,462	11,530
Hyundai Auto Czech s.r.o	39,624	-	(10,747)	(1,826)	27,051	23,168
Hyundai WIA Automotive Engine (ShanDong) Company	42,725	14,743	2,320	(5,039)	54,749	46,890
Hyundai Motor Poland Sp.zo.o.	43,607	-	11,742	(2,297)	53,052	45,437
Beijing Mobis Transmission Co., Ltd.	44,556	-	7,059	(3,815)	47,800	40,939
Hyundai Motor Europe GmbH	39,315	-	410	1,906	41,631	35,655
Hyundai Motor Group (China) Ltd.	5,682	-	64,726	(23,336)	47,072	40,315
Hyundai Motor Company Australia	43,083	-	4,912	11,557	59,552	51,004
Hyundai Motor Deutschland GmbH	22,715	4,766	13,035	(2,616)	37,900	32,460
Hyundai America Technical Center Inc.	₩ 34,624	₩ -	₩ 5,690	₩ (2,532)	₩ 37,782	\$ 32,359
Hyundai Motor Norway AS	1,718	-	3,815	691	6,224	5,331
Beijing Jinxian Motor Safeguard Service Co., Ltd.	8,040	-	811	(701)	8,150	6,980
Hyundai Motor Hungary	2,283	-	-	-	2,283	1,955
HMJ R&D Center Inc.	3,296	-	(44)	(307)	2,945	2,522
Hyundai Motor Brasil Montadora de Automoveis LTDA	-	137	-	-	137	117
EUKOR Shipowning Singapore Pte Ltd.	-	5	6,569	(4,475)	2,099	1,798
Kia Motors Corporation	1,739,079	-	512,544	(152,723)	2,098,900	1,797,619
Hyundai Capital Service Inc.	577,581	-	140,409	48,292	766,282	656,288
Hyundai Card Co., Ltd.	389,636	-	72,146	9,313	471,095	403,473
Hyundai Rotem Company	317,051	-	15,760	59,095	391,906	335,651
Hyundai HYSCO	288,484	-	12,711	(4,875)	296,320	253,786

Affiliated company	Korean Won					Translation into
	Beginning of year	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*)	End of year	U.S. Dollars
						(Note 2)
						End of year
			(In millions)			(In thousands)
HMC Investment Securities Co., Ltd.	118,919	63,551	5,396	2,305	190,171	162,873
Korea Aerospace Industries, Ltd.	93,452	-	9,698	-	103,150	88,344
Hyundai Powertech	144,248	-	15,001	(1,153)	158,096	135,403
Dymos Inc.	130,405	-	7,708	1,302	139,415	119,403
Hyundai Commercial Inc.	36,468	-	14,606	3,184	54,258	46,470
Hyundai WIA Corporation	198,997	-	31,317	10,850	241,164	206,547
Korea Economy Daily	27,145	-	1,604	(267)	28,482	24,394
Eukor Car Carriers Inc.	60,388	-	5,587	(3,217)	62,758	53,750
Partecs Co., Ltd.	22,829	-	3,016	-	25,845	22,135
KEFICO Corporation	121,240	-	22,724	(8,886)	135,078	115,689
HMC Win-Win Fund	18,000	-	607	-	18,607	15,936
Autoever Systems Corp.	24,004	-	8,214	(188)	32,030	27,431
M & Soft Co., Ltd.	10,211	-	2,951	(64)	13,098	11,217
Iljin Bearing Co., Ltd.	16,843	-	1,583	(225)	18,201	15,587
Daesung Automotive Co., Ltd.	11,323	-	1,680	191	13,194	11,299
Hyundai Autonet Co., Ltd.	111,823	-	(3,017)	(108,806)	-	-
	<u>₩ 9,249,146</u>	<u>₩ 1,164,519</u>	<u>₩ 1,337,086</u>	<u>₩ (866,088)</u>	<u>₩ 10,884,663</u>	<u>\$ 9,322,253</u>

(*) Other changes consist of the decrease by ₩150,956 million (US\$129,287 thousand) due to receipt of the dividends, decrease of capital surplus by ₩93,464 million (US\$80,048 thousand), decrease of retained earnings by ₩171,414 million (US\$146,809 thousand), decrease of accumulated other comprehensive income by ₩339,786 million (US\$291,012 thousand), decrease by ₩2,014 million (US\$1,725 thousand) due to decrease in ownership percentage caused by uneven capital increase and decrease by ₩108,454 million (US\$92,886 thousand) due to transfer from investment securities accounted for using the equity method to short-term investment securities.

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

Affiliated company	Korean Won					Translation into
	Beginning of year	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*)	End of year	U.S. Dollars
						(Note 2)
						End of year
			(In millions)			(In thousands)
Hyundai Motor America	₩ 1,194,353	₩ 72,109	₩ (127,344)	₩ 572,007	₩ 1,711,125	\$ 1,465,506
Hyundai Motor Manufacturing Czech, Ltd.	529,844	82,545	(141,487)	174,164	645,066	552,472
Beijing-Hyundai Motor Company	516,196	58,363	63,355	187,915	825,829	707,288
Hyundai Motor India	695,313	-	(14,132)	71,175	752,356	644,361
Hyundai Motor Manufacturing Rus LLC	-	155,101	4,260	(5,647)	153,714	131,650
Hyundai Motor Japan Co.	-	61,366	-	(61,366)	-	-
Hyundai Translead	128,489	-	(2,557)	23,869	149,801	128,298
Hyundai Motor Company Italy S.r.l	-	73,191	-	6,739	79,930	68,457
Hyundai Motor Europe Technical Center GmbH	₩ 58,389	₩ -	₩ 279	₩ 16,725	₩ 75,393	\$ 64,571
China Millennium Corporations	55,572	-	2,369	8,597	66,538	56,987
Hyundai Motor (UK) Ltd.	-	11,403	-	(11,403)	-	-
Hyundai Auto Czech s.r.o	-	46,174	(4,697)	(1,853)	39,624	33,936
Hyundai WIA Automotive Engine (ShanDong) Company	10,849	18,191	4,254	9,431	42,725	36,592
Hyundai Motor Poland Sp.zo.o.	40,153	-	632	2,822	43,607	37,348
Beijing Mobis Transmission Co., Ltd.	28,917	-	2,708	12,931	44,556	38,160
Hyundai Motor Europe GmbH	28,945	-	1,890	8,480	39,315	33,672
Hyundai Motor Group (China) Ltd.	24,512	-	(31,455)	12,625	5,682	4,866
Hyundai Motor Company Australia	35,301	-	5,006	2,776	43,083	36,899
Hyundai Motor Deutschland GmbH	17,908	-	(408)	5,215	22,715	19,454
Hyundai America Technical Center Inc.	20,258	-	6,533	7,833	34,624	29,654
Hyundai Motor Norway AS	6,872	-	(5,710)	556	1,718	1,471

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)	
	Beginning of year	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*)	End of year	End of year
	(In millions)				(In thousands)	
Beijing Jinxian Motor Safeguard Service Co., Ltd.	4,380	531	882	2,247	8,040	6,886
Hyundai Motor Hungary	2,283	-	-	-	2,283	1,955
Hyundai Motor Commonwealth of Independent States	18,333	-	(23,636)	5,303	-	-
HMJ R&D Center Inc.	1,939	-	40	1,317	3,296	2,823
Kia Motors Corporation	1,939,961	-	12,498	(213,380)	1,739,079	1,489,448
Hyundai Capital Service Inc.	519,357	-	124,035	(65,811)	577,581	494,674
Hyundai Card Co., Ltd.	359,507	-	68,653	(38,524)	389,636	333,707
Hyundai Rotem Company	341,327	-	35,436	(59,712)	317,051	271,541
Hyundai HYSKO	252,919	-	4,270	31,295	288,484	247,074
HMC Investment Securities Co., Ltd.	-	67,242	(2,971)	54,648	118,919	101,849
Korea Aerospace Industries, Ltd.	89,321	-	4,131	-	93,452	80,038
Hyundai Powertech	150,792	-	(6,901)	357	144,248	123,542
Hyundai Autonet Co., Ltd.	124,250	-	(11,650)	(777)	111,823	95,772
Dymos Inc.	122,136	-	7,692	577	130,405	111,686
Hyundai Commercial Inc.	35,109	-	5,847	(4,488)	36,468	31,233
Hyundai WIA Corporation	171,714	-	11,634	15,649	198,997	170,433
Korea Economy Daily	26,811	-	334	-	27,145	23,249
Eukor Car Carriers Inc.	62,518	-	4,340	(6,470)	60,388	51,720
Partecs Co., Ltd.	21,779	-	1,050	-	22,829	19,552
KEFICO Corporation	118,014	-	10,804	(7,578)	121,240	103,837
HMC Win-Win Fund	-	18,000	-	-	18,000	15,416
Autoever Systems Corp.	17,237	-	6,464	303	24,004	20,558
M & Soft Co., Ltd.	7,357	-	3,052	(198)	10,211	8,745
Iljin Bearing Co., Ltd.	16,109	-	960	(226)	16,843	14,425
Daesung Automotive Co., Ltd.	10,714	-	757	(148)	11,323	9,697
	<u>₩ 7,805,738</u>	<u>₩ 664,216</u>	<u>₩ 21,217</u>	<u>₩ 757,975</u>	<u>₩ 9,249,146</u>	<u>\$ 7,921,502</u>

(*) Other changes consist of the decrease by ₩175,167 million (US\$150,023 thousand) due to receipt of the dividends, increase of additional paid-in and other capital by ₩1,936 million (US\$1,658 thousand), decrease of retained earnings by ₩300,648 million (US\$257,492 thousand), increase of accumulated other comprehensive income by ₩1,173,981 million (US\$1,005,465 thousand) and increase by ₩57,873 million (US\$49,566 thousand) due to transfer from long-term investment securities to investment securities accounted for using the equity method.

Investment securities accounted for using the equity method as of December 31, 2009 and 2008 are valued based on the financial statements of the investees as of the same date of the end of the reporting period, respectively, which were neither audited nor reviewed by an external auditor.

(3) Condensed financial information of the affiliates as of and for the year ended December 31, 2009 is as follows:

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)			
	Assets	Liabilities	Sales	Net income (loss)	Assets	Liabilities	Sales	Net income (loss)
	(In millions)				(In thousands)			
Hyundai Motor America	₩13,132,090	₩10,781,170	₩11,502,679	₩ 49,167	\$11,247,079	\$ 9,233,616	\$ 9,851,558	\$ 42,109
Hyundai Motor Manufacturing Czech, Ltd.	1,769,586	1,178,146	2,010,023	(105,876)	1,515,576	1,009,032	1,721,500	(90,678)
Beijing-Hyundai Motor Company	4,352,779	2,337,023	8,897,818	607,836	3,727,971	2,001,561	7,620,605	520,586
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	537,551	410,971	1,022,538	(3,338)	460,390	351,979	875,761	(2,859)
Hyundai Motor India	2,715,264	1,893,005	5,017,650	98,616	2,325,509	1,621,279	4,297,405	84,460
Hyundai Motor Manufacturing Rus LLC	394,034	186,970	1,235	1,884	337,473	160,132	1,058	1,614
Hyundai Motor Japan Co.	11,267	32,158	34,388	(11,637)	9,650	27,542	29,452	(9,967)
Hyundai Motor Espana, S.L.	279,371	195,651	46,441	(2,432)	239,269	167,567	39,775	(2,083)
Hyundai Translead	280,971	169,598	224,014	(21,799)	240,640	145,254	191,859	(18,670)
Hyundai Motor Company Italy S.r.l	504,801	467,548	757,944	9,680	432,341	400,435	649,147	8,291
Hyundai Motor Europe Technical Center GmbH	146,375	73,928	93,032	1,463	125,364	63,316	79,678	1,253
China Millennium Corporations	117,079	63,311	24,008	4,092	100,273	54,223	20,562	3,505
Hyundai Motor (UK) Ltd.	426,079	411,636	915,008	14,766	364,919	352,549	783,666	12,646
Hyundai Auto Czech s.r.o	100,261	70,587	259,628	(4,188)	85,869	60,455	222,360	(3,587)
Hyundai WIA Automotive Engine (ShanDong)Company	480,636	231,777	231,359	10,547	411,644	198,507	198,149	9,033
Hyundai Motor Poland Sp.zo.o.	143,344	100,826	204,900	6,331	122,768	86,353	175,488	5,422
Beijing Mobis Transmission Co., Ltd.	303,376	104,864	375,135	29,318	259,829	89,812	321,287	25,110
Hyundai Motor Europe GmbH	130,283	88,653	320,015	2,565	111,582	75,928	274,079	2,197
Hyundai Motor Group China Ltd.	401,462	265,128	1,550,027	69,368	343,835	227,071	1,327,533	59,411
Hyundai Motor Company Australia	458,698	367,900	1,439,475	28,474	392,855	315,091	1,232,849	24,387
Hyundai Motor Deutschland GmbH	263,637	155,180	1,423,486	25,775	225,794	132,905	1,219,156	22,075
Hyundai America Technical Center Inc.	55,793	18,011	128,235	7,427	47,784	15,426	109,828	6,361
Hyundai Motor Norway AS	30,986	24,303	111,463	2,559	26,538	20,814	95,463	2,192
Beijing Jinxian Motor Safeguard Service Co., Ltd.	53,915	45,765	120,003	795	46,176	39,196	102,777	681
Hyundai Motor Hungary	3,866	1,670	-	-	3,311	1,430	-	-
Hyundai Motor Commonwealth of Independent States	520,355	676,024	1,149,446	(126,879)	445,662	578,986	984,452	(108,666)
HMJ R&D Center Inc.	8,191	5,246	16,470	56	7,015	4,493	14,106	48
Hyundai Motor Brasil Montadora de Automoveis LTDA	137	-	-	-	117	-	-	-
EUKOR Shipowning Singapore Pte Ltd.	112,063	94,763	33,234	33,177	95,977	81,161	28,464	28,415
Kia Motors Corporation	16,941,596	9,565,201	18,415,739	1,450,260	14,509,760	8,192,190	15,772,301	1,242,086
Hyundai Capital Service Inc.	15,907,179	13,753,575	2,961,087	415,192	13,623,826	11,779,355	2,536,046	355,594
Hyundai Card Co., Ltd.	7,309,659	5,814,898	1,840,843	222,970	6,260,414	4,980,214	1,576,604	190,964
Hyundai Rotem Company	3,005,859	2,394,559	2,726,657	57,012	2,574,391	2,050,838	2,335,266	48,828
Hyundai HYSCO	2,824,563	1,749,408	4,423,311	54,395	2,419,119	1,498,294	3,788,379	46,587
HMC Investment Securities Co., Ltd.	1,920,950	1,349,438	271,440	28,368	1,645,212	1,155,737	232,477	24,296
Korea Aerospace Industries, Ltd.	1,274,400	775,900	1,131,100	43,000	1,091,470	664,526	968,739	36,828
Hyundai Powertech	1,381,122	918,240	1,304,903	39,649	1,182,873	786,434	1,117,594	33,958
Dymos Inc.	861,107	561,574	905,926	15,387	737,502	480,964	775,887	13,178
Hyundai Commercial Inc.	1,630,017	1,520,003	162,972	28,766	1,396,041	1,301,818	139,579	24,637
Hyundai WIA Corporation	2,119,988	1,457,510	3,118,249	72,218	1,815,680	1,248,296	2,670,648	61,852
Korea Economy Daily	192,300	65,400	118,700	8,400	164,697	56,012	101,662	7,194
Eukor Car Carriers Inc.	2,307,092	1,722,877	2,077,425	67,669	1,975,927	1,475,571	1,779,227	57,956
Partecs Co., Ltd.	102,427	56,275	33,569	5,497	87,724	48,197	28,750	4,708
KEFICO Corporation	500,175	228,074	708,553	39,285	428,379	195,336	606,846	33,646
HMC Win-Win Fund	31,011	-	1,335	947	26,560	-	1,143	811

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)			
Autoever Systems Corp.	₩ 253,602	₩ 146,480	₩ 537,040	₩ 27,217	\$ 217,199	\$ 125,454	\$ 459,952	\$ 23,310
Haevichi Country Club Co., Ltd.	224,459	262,317	11,307	(4,960)	192,240	224,663	9,684	(4,248)
M & Soft Co., Ltd.	46,188	5,291	43,964	9,239	39,558	4,532	37,653	7,913
Iljin Bearing Co., Ltd.	127,973	36,969	178,164	7,483	109,603	31,662	152,590	6,409
Daesung Automotive Co., Ltd.	81,875	15,908	57,715	9,805	70,122	13,625	49,430	8,398

- (4) Significant unrealized profits (losses) that occurred in transactions with investees in 2009 are as follows:

Transaction type	Korean Won			Translation into U.S. Dollars (Note 2)	
	Beginning of year	Increase	Decrease	End of year	End of year
	(In millions)			(In thousands)	
Inventories	₩ 348,628	₩ 376,071	₩ (348,628)	₩ 376,071	\$ 322,089
Property	372,894	236,087	(145,949)	463,032	396,567
Accrued warranties	(100,919)	(55,351)	100,919	(55,351)	(47,406)
	<u>₩ 620,603</u>	<u>₩ 556,807</u>	<u>₩ (393,658)</u>	<u>₩ 783,752</u>	<u>\$ 671,250</u>

- Significant unrealized profits (losses) that occurred in transactions with investees in 2008 are as follows:

Transaction type	Korean Won			Translation into U.S. Dollars (Note 2)	
	Beginning of year	Increase	Decrease	End of year	End of year
	(In millions)			(In thousands)	
Inventories	₩ 138,361	₩ 348,628	₩ (138,361)	₩ 348,628	\$ 298,585
Property	286,135	187,768	(101,009)	372,894	319,368
Accrued warranties	(51,463)	(100,919)	51,463	(100,919)	(86,433)
	<u>₩ 373,033</u>	<u>₩ 435,477</u>	<u>₩ (187,907)</u>	<u>₩ 620,603</u>	<u>\$ 531,520</u>

- (5) The significant differences of accounting treatments between the Company and investees for similar transactions and accounting events are adjusted. Such adjustments of the difference of accounting treatments decreased the gain on equity method valuation included in current operations by ₩1,839 million (US\$1,575 thousand) in 2009 and decreased the gain on equity method valuation included in current operations by ₩6,218 million (US\$5,325 thousand) and accumulated other comprehensive income by ₩428,886 million (US\$367,323 thousand) in 2008.
- (6) The unamortized (or unreversed) balance of goodwill and negative goodwill as of December 31, 2009 is ₩264,069 million (US\$226,164 thousand) and ₩39,544 million (US\$33,868 thousand), respectively. In addition, the unamortized (or unreversed) balance of goodwill and negative goodwill as of December 31, 2008 is ₩327,808 million (US\$280,754 thousand) and ₩42,993 million (US\$36,822 thousand), respectively.
- (7) The market price of listed equity securities as of December 31, 2009 is as follows:

Affiliated company	Korean Won			Translation into U.S. Dollars (Note 2)	
	Price per share	Number of shares	Market value	Market value	
	(In millions, except price per share)			(In thousands)	
Kia Motors Corporation	₩ 20,050	134,285,491	₩ 2,692,424	\$ 2,305,947	
Hyundai HYSCO	16,900	20,954,188	354,126	303,294	
HMC Investment Securities Co., Ltd.	21,700	7,705,980	167,220	143,217	

- (8) The cumulative losses not recognized by the Company due to the suspension of the valuation of equity securities using the equity method as of December 31, 2009 and 2008 are ₩182,009 million (US\$155,883 thousand) and ₩462,311 million (US\$395,950 thousand), respectively.

8. PROPERTY, PLANT AND EQUIPMENT:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Buildings and structures	₩ 4,077,301	₩ 3,946,264	\$ 3,492,036	\$ 3,379,808
Machinery and equipment	6,604,903	6,224,713	5,656,820	5,331,203
Vehicles	172,488	87,279	147,729	74,751
Dies, molds and tools	3,406,595	3,113,471	2,917,604	2,666,556
Other equipment	849,706	776,445	727,737	664,992
	15,110,993	14,148,172	12,941,926	12,117,310
Less: accumulated depreciation	7,814,143	7,032,969	6,692,483	6,023,440
	7,296,850	7,115,203	6,249,443	6,093,870
Land	1,997,612	1,960,740	1,710,870	1,679,291
Construction in progress	431,837	677,858	369,851	580,557
	<u>₩ 9,726,299</u>	<u>₩ 9,753,801</u>	<u>\$ 8,330,164</u>	<u>\$ 8,353,718</u>

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

	Korean Won						Translation into U. S. Dollars (Note 2)	
	Beginning of year	Acquisition	Transfer	Disposal	Depreciation	Other changes (*)	End of year	End of year
	(In millions)						(In thousands)	
Land	₩ 1,960,740	₩ -	₩ 49,197	₩ (12,325)	₩ -	₩ -	₩ 1,997,612	\$ 1,710,870
Buildings and structures	2,910,670	-	155,802	(23,070)	(123,080)	-	2,920,322	2,501,132
Machinery and equipment	3,168,975	-	463,278	(25,226)	(440,459)	-	3,166,568	2,712,032
Vehicles	36,807	-	98,436	(3,744)	(13,255)	-	118,244	101,271
Dies, molds and tools	757,961	-	326,532	(5,751)	(241,502)	-	837,240	717,061
Other equipment	240,790	-	96,644	(1,190)	(81,768)	-	254,476	217,948
Construction in progress	677,858	807,688	(1,189,889)	(3,177)	-	139,357	431,837	369,850
Total	<u>₩ 9,753,801</u>	<u>₩ 807,688</u>	<u>₩ -</u>	<u>₩ (74,483)</u>	<u>₩ (900,064)</u>	<u>₩ 139,357</u>	<u>₩ 9,726,299</u>	<u>\$ 8,330,164</u>

- (*) Other changes consist of decrease in transfer of ₩6,119 million (US\$5,241 thousand) from construction in progress to industrial property rights and increase in transfer of ₩145,476 million (US\$124,594 thousand) from inventories to construction in progress.

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

	Korean Won						Translation into U. S. Dollars (Note 2)	
	Beginning of year	Acquisition	Transfer	Disposal	Depreciation	Other changes (*)	End of year	End of year
	(In millions)						(In thousands)	
Land	₩ 1,960,537	₩ -	₩ 875	₩ (672)	₩ -	₩ -	₩ 1,960,740	\$ 1,679,291
Buildings and structures	2,953,834	-	78,895	(354)	(121,705)	-	2,910,670	2,492,866
Machinery and equipment	3,244,015	-	409,353	(39,625)	(444,768)	-	3,168,975	2,714,093
Vehicles	34,866	-	13,501	(1,968)	(9,592)	-	36,807	31,524
Dies, molds and tools	708,094	-	276,173	(638)	(225,668)	-	757,961	649,162
Other equipment	235,122	-	86,226	(2,033)	(78,525)	-	240,790	206,226
Construction in progress	584,597	813,529	(865,023)	(105)	-	144,860	677,858	580,556
Total	<u>₩ 9,721,065</u>	<u>₩ 813,529</u>	<u>₩ -</u>	<u>₩ (45,395)</u>	<u>₩ (880,258)</u>	<u>₩ 144,860</u>	<u>₩ 9,753,801</u>	<u>\$ 8,353,718</u>

Research and development expenditure in 2009 and 2008 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Development costs	₩ 882,022	₩ 681,708	\$ 755,415	\$ 583,854
Ordinary development (manufacturing cost)	45,955	98,991	39,359	84,781
Research costs (SG&A)	<u>346,572</u>	<u>395,935</u>	<u>296,823</u>	<u>339,102</u>
	<u>₩ 1,274,549</u>	<u>₩ 1,176,634</u>	<u>\$ 1,091,597</u>	<u>\$ 1,007,737</u>

11. OTHER ASSETS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Long-term financial instruments (Note 3)	₩ 60,037	₩ 37	\$ 51,419	\$ 32
Long-term notes and accounts receivable, less unamortized present value discount of ₩8,802 million in 2009 and ₩6,535 million in 2008	43,492	26,329	37,249	22,550
Long-term other accounts receivable	87,603	79,724	75,028	68,280
Long-term loans	3,276	3,539	2,806	3,031
Lease and rental deposits	200,360	202,043	171,600	173,041
Long-term deposits	<u>131,566</u>	<u>122,099</u>	<u>112,681</u>	<u>104,572</u>
	<u>₩ 526,334</u>	<u>₩ 433,771</u>	<u>\$ 450,783</u>	<u>\$ 371,506</u>

12. SHORT-TERM BORROWINGS:

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

Description	Annual interest rate (%)	Korean Won		Translation into U. S. Dollars (Note 2)	
		2009	2008	2009	2008
		(In millions)		(In thousands)	
Overdrafts	6.19	₩ 80,000	₩ 159	\$ 68,517	\$ 136
General loans	7.60	-	150,000	-	128,469
Trust loans	7.60	-	200,000	-	171,292
Discount of bills	7.20 ~ 7.94	-	481,500	-	412,384
Banker's Usance	Libor + 1 ~ 2.5	<u>373,037</u>	<u>555,234</u>	<u>319,490</u>	<u>475,534</u>
		<u>₩ 453,037</u>	<u>₩ 1,386,893</u>	<u>\$ 388,007</u>	<u>\$ 1,187,815</u>

13. LONG-TERM DEBT AND DEBENTURES:

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

Description	Annual interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
		2009	2008	2009	2008
Debentures	4.97 ~ 7.56	₩ 1,646,607	₩ 1,546,883	\$ 1,410,249	\$ 1,324,840
Local currency loans:					
General loans	3.00 ~ 5.00	18,295	17,047	15,669	14,600
		1,664,902	1,563,930	1,425,918	1,339,440
Less: current maturities		300,992	300,742	257,787	257,573
		<u>₩ 1,363,910</u>	<u>₩ 1,263,188</u>	<u>\$ 1,168,131</u>	<u>\$ 1,081,867</u>

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

Description	Maturity	Interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
			2009	2008	2009	2008
Non-guaranteed debentures	Aug 11, 2010 ~ June 17, 2014	4.97 ~ 7.56	₩ 1,650,000	₩ 1,550,000	\$ 1,413,155	\$ 1,327,509
Less: discount on debentures			3,393	3,117	2,906	2,669
			<u>₩ 1,646,607</u>	<u>₩ 1,546,883</u>	<u>\$ 1,410,249</u>	<u>\$ 1,324,840</u>

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

Description	Debentures	Korean Won		Translation into U.S. Dollars (Note 2)	
		Local currency loans	Total	Total	Total
		(In millions)		(In thousands)	
2011	650,000	1,439	651,439	557,930	
2012	400,000	1,960	401,960	344,262	
2013	200,000	2,343	202,343	173,298	
2014 Thereafter	100,000	11,561	111,561	95,547	
	1,350,000	17,303	1,367,303	1,171,037	
Less: discount on debentures	3,393	-	3,393	2,906	
	<u>₩ 1,346,607</u>	<u>₩ 17,303</u>	<u>₩ 1,363,910</u>	<u>\$ 1,168,131</u>	

14. COMMITMENTS AND CONTINGENCIES:

- (1) The Company is contingently liable for guarantees of indebtedness, primarily for the following affiliates (including foreign subsidiaries), as of December 31, 2009:

Description	Korean Won	Translation into U.S. Dollars (Note 2)
	(In millions)	(In thousands)
Hyundai Capital Service, Inc.	₩ 659,401	\$ 564,749
Hyundai Merchant Marine Co., Ltd.	199,895	171,202
Hyundai Rotem Company	298,772	255,886
Hyundai Motor America	251,034	215,000
Hyundai Motor Manufacturing Alabama LLC	651,691	558,146
Hyundai Capital America (Formerly, HMFC)	876,910	751,036

Description	Korean Won (In millions)	Translation into U.S. Dollars (Note 2) (In thousands)
Hyundai Motor India	₩ 291,900	\$ 250,000
Hyundai Motor Europe GmbH	89,519	76,669
Hyundai Motor Europe Technical Center GmbH	83,714	71,697
Hyundai Motor Manufacturing Rus LLC	330,503	283,062
Hyundai Motor Manufacturing Czech, Ltd	1,024,659	877,577
Hyundai Motor UK Limited.	37,555	32,164
Hyundai Motor Commonwealth of Independent States	128,656	110,188
Hyundai Motor Japan Co.	25,256	21,631
Hyundai Motor Espana, S.L.	133,942	114,716
Hyundai Motor Company Italy S.r.l	50,228	43,018
HMJ R&D Center Inc.	6,946	5,949
Hyundai Motor Poland Sp.zo.o.	16,743	14,340
Hyundai Translead	89,905	77,000
Smart Alabama LLC	140,112	120,000
Hyundai America Technical Center Inc.	23,352	20,000
Beijing Jingxian Motor Safeguard Service Co., Ltd.	4,670	4,000
Beijing Hines Millennium Real Estate Development Co., Ltd.	17,704	15,162
UTS	280,224	240,000
	<u>₩ 5,713,291</u>	<u>\$ 4,893,192</u>

- (2) As of December 31, 2009, 213,466 shares of Kia Motors Corporation, 150 investment certificates of Machinery Financial Cooperative in long-term investment securities and investment securities accounted for using the equity method, 1 blank promissory notes, 1 check amounting to ₩2,624 million (US\$2,247 thousand) and property, plant and equipment (See Note 8) are pledged as collateral for short-term borrowings, long-term debt and other payables.
- (3) The Company uses a customer financing system related to a long-term installment sales system and has provided guarantees of ₩99,897 million (US\$85,558 thousand) to the banks concerned as of December 31, 2009. These guarantees are all covered by insurance contracts, which regulate a customer and the Company as a contractor and a beneficiary, respectively.
- (4) The Company signed lease financial agreements with Hyundai Commercial Inc. and Hyundai Capital Service Inc. to promote sales of buses. According to the agreements, the Company has a joint responsibility to the guarantee limit of the lease user's liability stipulated in the agreement. As of December 31, 2009, the amount of guarantee is ₩37,076 million (US\$31,754 thousand). In addition, the Company is obliged to pay the lease fee and dispose of leased assets within certain period in case the lease users are bankrupt or long overdue.
- (5) As of December 31, 2009, the outstanding balance of accounts receivable discounted with recourse amounts to ₩2,180,344 million (US\$1,867,372 thousand), including accounts receivable from export sales.
- (6) The Company accrues estimated product liabilities expenses and carries the products and completed operations liability insurance in order to cover the potential loss, which may occur due to the lawsuits related to its operation such as product liabilities. The Company expects that the resolution of pending cases against the Company as of December 31, 2009 will not have any material effect on its financial position.
- (7) The Company made an agreement with its European sales subsidiaries and agents for them to be responsible for projected costs for dismantling and recycling vehicles sold in corresponding countries to comply with European Parliament directive regarding End-of-Life vehicles (ELV).
- (8) In 2006, the Company sold 10,658,367 shares of Hyundai Rotem 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.

15. ACCRUED WARRANTIES:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Beginning of year	₩ 3,476,147	₩ 3,077,214	\$ 2,977,172	\$ 2,635,503
Accrual	244,603	806,527	209,492	690,756
Use	(466,737)	(405,594)	(399,739)	(349,087)
End of year	<u>₩ 3,254,013</u>	<u>₩ 3,476,147</u>	<u>\$ 2,786,925</u>	<u>\$ 2,977,172</u>

16. CAPITAL STOCK:

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

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

The Company completed stock retirement of 1,320,000 common shares of treasury stock on May 4, 2004, which had been acquired for the purpose of such retirement based on the decision of the Board of Directors on March 12, 2004. Also, the Company acquired treasury stock after cancellation of Trust Cash Fund on March 2, 2001, and in accordance with the decision of the Board of Directors, on March 5, 2001, the Company retired 10,000,000 common shares in treasury and 1,000,000 second preferred shares in treasury, which had additional dividend rate of 2 percent to the rate of common stock, using the retained earnings. Due to these stock retirements, the total face value of outstanding stock differs from the capital stock amount.

The preferred shares are non-cumulative, participating and non-voting. Of the total preferred stock issued of 65,202,146 shares as of December 31, 2009, a total of 27,588,281 preferred shares (First and Third preferred shares) are eligible to receive cash dividends, if declared, equal to that declared for common shares plus an additional 1 percent minimum increase while the dividend rate for the remaining 37,613,865 preferred shares (Second preferred shares) is 2 percent higher than that declared for common shares.

17. CAPITAL SURPLUS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334	\$ 2,844,582	\$ 2,844,582
Asset revaluation surplus	1,852,871	1,852,871	1,586,906	1,586,906
Other	631,984	677,571	541,267	580,311
	<u>₩ 5,806,189</u>	<u>₩ 5,851,776</u>	<u>\$ 4,972,755</u>	<u>\$ 5,011,799</u>

On January 1, 1981, January 1, 1993 and July 1, 1998, the Company revalued its property, plant and equipment at their respective appraised values (which were appraised by the Korea Appraisal Board and approved by the relevant tax office). The resultant cumulative appraisal gains, amounting to ₩2,547,417 million (US\$2,181,755 thousand), were included in capital surplus, after offsetting accumulated deficit of ₩16,022 million (US\$13,722 thousand), a deferred foreign currency translation loss of ₩594,275 million (US\$508,971 thousand), reduction for an asset revaluation tax payment of ₩67,547 million (US\$57,851 thousand) and adjustment of ₩16,702 million (US\$14,305 thousand) due to the disposal of revalued assets within 1 year after revaluation.

18. CAPITAL ADJUSTMENTS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Treasury stock	₩ (743,909)	₩ (719,685)	\$ (637,127)	\$ (616,380)

For the stabilization of stock price, the Company has treasury stock consisting of 11,213,999 common shares and 2,950,960 preferred shares with a carrying value of ₩743,909 million (US\$637,127 thousand) as of December 31, 2009, 11,031,741 common shares and 2,950,960 preferred shares with a carrying value of ₩719,685 million (US\$ 616,380 thousand) as of December 31, 2008.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Gain on valuation of available- for-sale securities, net	₩ 368,745	₩ 365,569	\$ 315,814	\$ 313,094
Gain on valuation of investment securities accounted for using the equity method, net	194,553	421,980	166,627	361,408
Loss on valuation of derivatives, net	(76,660)	(175,396)	(65,656)	(150,219)
	<u>₩ 486,638</u>	<u>₩ 612,153</u>	<u>\$ 416,785</u>	<u>\$ 524,283</u>

20. STATEMENTS OF COMPREHENSIVE INCOME:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Net income	₩ 2,961,509	₩ 1,447,904	\$ 2,536,407	\$ 1,240,069
Other comprehensive income (loss):				
Gain (loss) on valuation of available-for-sale securities, net of deferred tax effect ₩ 896 million and ₩189,003 million in 2009 and 2008, respectively.	3,176	(404,545)	2,720	(346,476)
Gain (loss) on valuation of investment securities accounted for using the equity method, net of deferred tax effect ₩112,359 million and ₩200,580 million in 2009 and 2008, respectively.	(227,427)	973,401	(194,781)	833,677
Gain (loss) on valuation of derivatives, net of deferred tax effect ₩26,642 million and ₩43,273 million in 2009 and 2008, respectively.	98,736	(154,715)	84,563	(132,507)
Comprehensive income	<u>₩ 2,835,994</u>	<u>₩ 1,862,045</u>	<u>\$ 2,428,909</u>	<u>\$ 1,594,763</u>

21. RETAINED EARNINGS:

Retained earnings as of December 31, 2009 and 2008 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Appropriated:				
Legal reserve	₩ 302,170	₩ 278,570	\$ 258,795	\$ 238,583
Reserve for business rationalization	545,800	545,800	467,455	467,455
Reserve for improvement of financial structure	98,947	98,947	84,744	84,744
Reserve for overseas market development	48,800	48,800	41,795	41,795
Reserve for technology development	<u>11,183,100</u>	<u>10,193,100</u>	<u>9,577,852</u>	<u>8,729,959</u>
	12,178,817	11,165,217	10,430,641	9,562,536
Before appropriations	<u>2,812,295</u>	<u>1,253,837</u>	<u>2,408,612</u>	<u>1,073,858</u>
	<u>₩ 14,991,112</u>	<u>₩ 12,419,054</u>	<u>\$ 12,839,253</u>	<u>\$ 10,636,394</u>

The Korean Commercial Code requires the Company to appropriate, as a legal reserve, a minimum of 10 percent of annual cash dividends declared, until such reserve equals 50 percent of its capital stock issued.

The reserves for business rationalization, improvement of financial structure, overseas market development and technological development are voluntary reserves, which are available for the payment of dividends.

Appropriations of retained earnings for the year ended December 31, 2009 were approved at the shareholders' meeting on March 12, 2010 and the appropriations including the cash dividends of ₩317,199 million (US\$271,668 thousand) are reflected in retained earnings on that date.

22. DIVIDENDS:

The computation of the proposed dividends for 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	\$ 206,120
Preferred shares, net of treasury shares:				
First and Third preferred shares	25,637,321	24%	30,766	26,350
Second preferred shares	36,613,865	25%	<u>45,767</u>	<u>39,198</u>
			<u>₩ 317,199</u>	<u>\$ 271,668</u>

The computation of the proposed dividends for 2008 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	209,244,738	17%	₩ 177,859	\$ 152,329
Preferred shares, net of treasury shares:				
First and Third preferred shares	25,637,321	18%	23,073	19,761
Second preferred shares	36,613,865	19%	<u>34,783</u>	<u>29,790</u>
			<u>₩ 235,715</u>	<u>\$ 201,880</u>

The payout ratios (dividends declared/net income) are 10.7% and 16.3% for the years ended December 31, 2009 and 2008, respectively.

23. INCOME TAX EXPENSE AND DEFERRED INCOME TAX ASSETS:

(1) Income tax expense in 2009 and 2008 consists of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Income tax currently payable	₩ 589,764	₩ 571,015	\$ 505,108	\$ 489,050
Changes in deferred taxes due to:				
Temporary differences	128,687	(298,387)	110,215	(255,556)
Income tax charged or credited to equity	(11,863)	(25,528)	(10,160)	(21,864)
Deferred tax charged or credited to equity	<u>113,215</u>	<u>100,008</u>	<u>96,964</u>	<u>85,653</u>
Income tax expense	<u>₩ 819,803</u>	<u>₩ 347,108</u>	<u>\$ 702,127</u>	<u>\$ 297,283</u>

- (2) The differences between income before tax in financial accounting and income tax expense pursuant to Corporate Income Tax Law of Korea in 2009 and 2008 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Income before income tax	₩ 3,781,312	₩ 1,795,012	\$ 3,238,534	\$ 1,537,352
Income tax expenses calculated at current applicable tax rates of 24.2% in 2009 and 27.5% in 2008	915,051	493,598	783,702	422,746
Adjustments:				
Non-taxable income	(1,699)	(24,379)	(1,455)	(20,880)
Disallowed expenses	9,102	3,364	7,795	2,881
Tax credits	(204,740)	(131,613)	(175,351)	(112,721)
Tax effects of temporary differences	(78,755)	13,655	(67,450)	11,695
Other	180,844	(7,517)	154,886	(6,438)
Income tax expense	₩ 819,803	₩ 347,108	\$ 702,127	\$ 297,283

- (3) The components of deferred tax assets (liabilities) as of December 31, 2009 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Current	Non current	Current	Non current
	(In millions)		(In thousands)	
Investment securities accounted for using the equity method	₩ -	₩ (578,150)	\$ -	\$ (495,161)
Accrued warranties	219,362	511,824	187,874	438,356
Long-term investment securities	-	(98,631)	-	(84,473)
Reserve for research and manpower development	(24,200)	(46,200)	(20,726)	(39,568)
Depreciation	(11,679)	(64,396)	(10,003)	(55,153)
Development cost	5,018	88	4,298	75
Derivative assets	6,296	28,355	5,392	24,285
Accrued income	(15,498)	-	(13,273)	-
Gain on foreign exchange translation	188	-	161	-
Other	6,469	42,666	5,540	36,541
	₩ 185,956	₩ (204,444)	\$ 159,263	\$ (175,098)

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Current	Non current	Current	Non current
	(In millions)		(In thousands)	
Investment securities accounted for using the equity method	₩ -	₩ (511,568)	\$ -	\$ (438,136)
Accrued warranties	222,393	552,958	190,470	473,585
Long-term investment securities	-	(96,944)	-	(83,028)
Reserve for research and manpower development	24,200	(88,000)	20,726	(75,368)
Depreciation	(12,143)	(76,076)	(10,400)	(65,156)
Development cost	(14)	68	(12)	58
Derivative assets	49,159	36,989	42,103	31,679
Accrued income	(32,300)	-	(27,663)	-
Gain on foreign exchange translation	13,800	-	11,819	-
Other	14	27,663	12	23,692
	₩ 265,109	₩ (154,910)	\$ 227,055	\$ (132,674)

(4) The components of items charged to equity as of December 31, 2009 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	(In millions)		(In thousands)	
Income tax charged or credited to:				
Losses on sale of treasury stock	₩ (1,162)	₩ (281)	\$ (995)	\$ (241)
Capital surplus	<u>(47,860)</u>	<u>(11,582)</u>	<u>(40,990)</u>	<u>(9,919)</u>
	<u>₩ (49,022)</u>	<u>₩ (11,863)</u>	<u>\$ (41,985)</u>	<u>\$ (10,160)</u>
Deferred tax charged or credited to:				
Capital surplus	₩ 48,720	₩ 10,718	\$ 41,727	\$ 9,180
Retained earnings	80,348	17,676	68,815	15,139
Accumulated comprehensive income	<u>381,267</u>	<u>84,821</u>	<u>326,538</u>	<u>72,645</u>
	<u>₩ 510,335</u>	<u>₩ 113,215</u>	<u>\$ 437,080</u>	<u>\$ 96,964</u>

The components of items charged to equity as of December 31, 2008 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	(In millions)		(In thousands)	
Income tax charged or credited to:				
Gains on sale of treasury stock	₩ 3,420	₩ 940	\$ 2,929	\$ 805
Capital surplus	<u>(96,248)</u>	<u>(26,468)</u>	<u>(82,432)</u>	<u>(22,669)</u>
	<u>₩ (92,828)</u>	<u>₩ (25,528)</u>	<u>\$ (79,503)</u>	<u>\$ (21,864)</u>
Deferred tax charged or credited to:				
Capital surplus	₩ (12,418)	₩ 17,030	\$ (10,635)	\$ 14,585
Retained earnings	233,103	51,282	199,643	43,921
Accumulated comprehensive income	<u>(18,718)</u>	<u>31,696</u>	<u>(16,032)</u>	<u>27,147</u>
	<u>₩ 201,967</u>	<u>₩ 100,008</u>	<u>\$ 172,976</u>	<u>\$ 85,653</u>

The deferred tax assets related to the deductible temporary differences arising from other of ₩5,617 million (US\$4,811 thousand) as of December 31, 2009 were not recognized since it is not probable that the temporary difference will be reversed in the foreseeable future. Also, the deferred tax liabilities related to the taxable temporary differences arising from investments in subsidiaries and associates of ₩124,958 million (US\$107,021 thousand) and the gain on revaluation of land of ₩98,879 million (US\$84,686 thousand) as of December 31, 2009 were not recognized since the land may not be disposed of 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 in calculating deferred tax assets or liabilities arising from temporary differences is 24.2% (in 2009, 22% was applied to deferred tax assets or liabilities which are realized after 2012 and in 2008, 22% was applied to deferred tax assets or liabilities which are realized after 2010) including resident tax.

24. RELATED PARTY TRANSACTIONS:

(1) The consolidated subsidiaries as of December 31, 2009 are as follows:

<u>Description</u>	<u>Subsidiaries</u>
Domestic subsidiaries	Kia Motors Corporation, Hyundai HYSCO, Hyundai Capital Service Inc., Hyundai Card Co., Ltd., KEFICO Corporation, Hyundai Powertech, Hyundai WIA Corp., Dymos Inc., Automobile Industrial Ace Corporation, Hyundai Rotem Company, Haevichi Resort Co., Ltd., METIA Co., Ltd., Mseat Co., Ltd., Autoever Systems Corp., Partecs Co., Ltd., M & Soft Co., Ltd., KIA Tigers Co., Ltd., NGVTEK.Com, Haevichi Country Club Co., Ltd., Carnes Co., Ltd., Hyundai Commercial Inc., Green Air Co., Ltd, and HMC Win-Win Fund
Foreign subsidiaries	Hyundai Motor India (HMI), Hyundai Motor America (HMA), Hyundai Motor Japan Co. (HMJ), Hyundai Motor Poland Sp.Zo.O (HMP), Hyundai Motor Europe GmbH (HME), Hyundai Motor Company Australia (HMCA), Hyundai Motor (UK) Ltd. (HMUK), Hyundai Motor Norway AS (HMN), Hyundai Motor Hungary (HMH), Hyundai Translead, Inc. (HT), Hyundai America Technical Center Inc. (HATCI), Hyundai Motor Europe Technical Center GmbH (HMETC), Beijing Mobis Transmission Co., Ltd. (BMT), Hyundai Assan Otomotive Sannayi Ve Ticaret A.S. (HAOSVT), Hyundai Motor Group (China) Ltd. (HMGC), Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS), Hyundai Motor Manufacturing Alabama, LLC (HMMA), HCA [Hyundai Capital America (Formerly, HMFC)], Hyundai Auto Canada Captive Insurance Incorporation (HACCII), Hyundai Motor Japan R&D Center Inc. (HMJ R&D), World Marketing Group LLC (WMG), Hyundai de Mexico, S.A. de C.V. (HYMEX), Stamped Metal America Research Technology Inc. (SMARTI), Stamped Metal America Research Technology LLC, China Millenium Corporations (CMEs), Beijing Hines Millennium Real Estate Development Co., Ltd., Hyundai Motor Manufacturing Czech, Ltd. (HMMC), Hyundai Information System North America LLC, Hyundai Motor Commonwealth of Independent States (HMCIS), KIA Motors America Inc. (KMA), KIA Japan Co., Ltd. (KJC), KIA Motors Deutschland GmbH (KMD), KIA Canada, Inc. (KCI), KIA Motors Polska Sp.z.o.o. (KMP), KIA Motors Europe GmbH (KME), Kia Motors Slovakia S.r.o. (KMS), Kia Motors Slovensko S.r.o. (KMSS), KIA Motors Belgium N.V. (KMBI), KIA Motors Czech s.r.o. (KMCZ), KIA Motors (UK) Ltd. (KMUK), KIA Motors Austria GmbH (KMAS), KIA Motors Hungary Kft (KMH), Kia Motors Iberia (KMIB), Kia Motors Sweden AB (KMSW), Kia Automobiles France (KMF), Kia Motors Australia Pty Ltd. (KMAU), Kia Motors Russian (KMR), Hyundai Powertech Manufacturing America Inc. (PTA), Dong Feng Yueda Kia Motors, Yanji Kia Motors A/S and Repair, Hysco America Co. Inc., Hyundai Hysco USA Inc., Hysco Slovakia S.r.o., Beijing Hyundai Hysco Steel Process Co, Ltd., Jiangsu Hyundai Hysco Steel Process Co., Ltd., Hysco Steel India, Ltd., Hyundai-Kia Machine America Corp. (HKMA), Hyundai-Kia Machine Europe GmbH (HKME), Jiangsu Hyundai Wia Co., Ltd. (Formerly, Wia Automotive Parts), Hyundai WIA Automotive Engine (ShanDong) Company, Hyundai WIA Motor Dies (Shandong) Company, Hyundai Wia Trading (Zhang Jia Gang Free Trade Zone) Co., Ltd. (Formerly, Wia Trade Corporation), Dymos Czech Republic S.r.o., Rotem Equipments (Beijing) Co., Ltd., EUROTREM, AutoeverSystems China Co., Ltd., Autoever Systems Europe GmbH(ASE), Rotem USA Corporation, Kia Motors New Zealand Ltd. (KMNZ), Hyundai Auto Canada Corp. (HACC), Kia Motors Manufacturing Georgia, Inc. (KMMG), Hyundai Motor India Engineering (HMIE), Hysco Czech s.r.o., Hyundai Motor Manufacturing Rus LLC (HMMR), Hyundai Auto Czech s.r.o. (HMCZ), Hyundai Motor Company Italy S.r.l (HMCI), Hyundai Motor Espana, S.L.U (HMES), Hyundai Motor Brasil Montadora De Automoveis LTDA (HMMB), Dymos Lear India Private Limit., Autoever Systems India Pvt. Ltd., MAINTRANCE and Hyundai Rotem Automotive.

(2) Significant transactions with subsidiaries and affiliates in 2009 are as follows:

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 316,083	₩ 278,787	\$ 270,712	\$ 238,769
Hyundai Capital Service Inc.	842,516	44,971	721,579	38,516
Hyundai WIA Corp	207,005	292,168	177,291	250,230
Hyundai Commercial Inc	191,005	2,973	163,588	2,546
Hyundai HYSOCO	14,323	236,784	12,267	202,795
Hyundai Powertech	12,759	437,019	10,928	374,288
Haevichi Resort	9,020	10,276	7,725	8,801
Hyundai Rotem Company	2,796	1,989	2,395	1,703
M & Soft Co., Ltd.	1,182	926	1,012	793
METIA Co., Ltd.	953	47,093	816	40,333
Dymos Inc.	751	470,683	643	403,120
Automobile Industrial Ace Corp.	562	2,683	481	2,298
Hyundai Card Co., Ltd.	514	110,496	440	94,635
KEFICO Corporation	440	300,141	377	257,058
Autoever Systems Corp.	285	183,186	244	156,891
Hyundai Autonet Co., Ltd. (*1)	138	41,795	118	35,796
Carnes Company Ltd.	3	7,487	3	6,412
Partecs Co., Ltd.	2	16,680	2	14,286
NGVTEK.Com	1	12,153	1	10,409
Hyundai Motor America	3,339,500	159,169	2,860,140	136,322
Hyundai Auto Canada Corp.	1,206,896	-	1,033,655	-
Hyundai Motor Company Australia	966,569	69	827,825	59
Hyundai Motor India	688,252	979	589,459	838
Hyundai Motor Group (China)	606,651	4,392	519,571	3,762
HAOSVT	288,151	43,802	246,789	37,515
Hyundai Motor Europe GmbH	265,681	-	227,545	-
Hyundai Motor Commonwealth of Independent States	212,943	12,114	182,377	10,375
Hyundai Motor Manufacturing Alabama, LLC	147,782	477	126,569	409
Hyundai Motor Manufacturing Czech, Ltd	73,883	-	63,278	-
Hyundai Auto Czech s.r.o.	19,930	140	17,069	120
Hyundai Motor Poland Sp.Zo.O	18,936	6,208	16,218	5,317
Hyundai Motor Japan Co.	14,702	-	12,592	-
Hyundai Motor Norway AS	8,352	21	7,153	18
Hyundai Capital America (Formerly, HMFC)	1,389	-	1,190	-
Hyundai Motor Europe Technical Center GmbH	134	57,348	115	49,116
Hyundai America Technical Center Inc.	41	143,305	35	122,735
HMJ R&D Center Inc.	11	11,814	9	10,118
Hyundai Motor Company Italy S.r.l	-	11,808	-	10,113
Others	944	3,802	808	3,256
Affiliates:				
Hyundai MOBIS	473,848	3,467,698	405,831	2,969,937
Hyundai Steel Company	4,847	1,296	4,151	1,110
Beijing-Hyundai Motor Company	511,660	5,968	438,215	5,111
EUKOR Car Carriers, Inc.	635	596,120	544	510,552
Iljin Bearing Co., Ltd.	28	16,154	24	13,835
Others	102	1,074	87	919

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)		(In thousands)	
Others (*2):				
Glovis Co., Ltd.	₩ 27,617	₩ 316,670	\$ 23,653	\$ 271,214
Hyundai Amco Co., Ltd.	3,575	156,362	3,062	133,917
IHL Corp.	286	71,540	245	61,271
BNG Steel Co., Ltd.	195	59,393	167	50,868
Innocean Worldwide, Inc.	12	35,618	10	30,505
Wisco Co., Ltd.	7	77,157	6	66,082
Samwoo Co., Ltd.		241,652		206,965
	₩ 10,483,897	₩ 8,000,440	\$ 8,979,014	\$ 6,852,038

(*1) Due to the merger with Hyundai MOBIS Co., the company become disaffiliated. The transaction amounts shown above only cover the term while being affiliated in accordance with SKAS No.20.

(*2) Affiliated companies of the Company according to the Monopoly Regulation and Fair Trade Act

Significant transactions with subsidiaries and affiliates in 2008 are as follows:

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 528,339	₩ 200,334	\$ 452,500	\$ 171,578
Hyundai Capital Service Inc.	685,071	40,285	586,734	34,502
Hyundai WIA Corp	154,000	334,713	131,894	286,668
Hyundai HYSKO	2,277	228,899	1,950	196,042
Hyundai Powertech	28,154	231,322	24,113	198,118
Haevichi Resort	109	8,510	93	7,288
Hyundai Rotem Company	2,381	8,306	2,039	7,114
METIA Co., Ltd.	2,072	47,708	1,775	40,860
Dymos Inc.	620	444,376	531	380,589
Automobile Industrial Ace Corp.	-	1,101	-	943
Hyundai Card Co., Ltd.	452	75,617	387	64,763
KEFICO Corporation	379	363,791	325	311,572
Autoever Systems Corp.	189	175,592	162	150,387
Hyundai Autonet Co., Ltd.	678	112,036	581	95,954
Carnes Company Ltd.	1	6,583	1	5,638
Partecs Co., Ltd.	51	16,339	44	13,994
NGVTEK.Com	49	13,556	42	11,610
Hyundai Motor America	3,146,443	-	2,694,795	-
Hyundai Auto Canada Corp.	733,558	-	628,261	-
Hyundai Motor Company Australia	556,663	-	476,758	-
Hyundai Motor India	910,366	325	779,690	278
Hyundai Motor Group (China)	592,586	-	507,525	-
HAOSVT	488,919	-	418,738	-
Hyundai Motor Europe GmbH	1,234,800	-	1,057,554	-
Hyundai Motor Commonwealth of Independent States	733,097	-	627,867	-
Hyundai Motor Manufacturing Alabama, LLC	248,067	479	212,459	410
Hyundai Motor Manufacturing Czech, Ltd.	55,285	-	47,349	-
Hyundai Auto Czech s.r.o.	36,911	-	31,613	-
Hyundai Motor Poland Sp. Zo.O	1,115,737	-	955,582	-
Hyundai Motor Japan Co.	5,432	-	4,652	-
Hyundai Motor Norway AS	43,797	-	37,510	-

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)		(In thousands)	
Hyundai Motor Europe Technical Center GmbH	₩ 110	₩ 53,222	\$ 94	\$ 45,582
Hyundai America Technical Center Inc.	2,396	73,192	2,052	62,686
HMJ R&D Center Inc.	10	9,902	9	8,481
Hyundai Motor Company Italy S.r.l	29,487	-	25,254	-
Others	1,576	2,433	1,350	2,084
Affiliates:				
Hyundai MOBIS	373,301	3,262,899	319,717	2,794,535
Hyundai Steel Company	3,034	1,945	2,598	1,666
Beijing-Hyundai Motor Company	325,178	13,343	278,501	11,428
EUKOR Car Carriers, Inc.	556	765,147	476	655,316
Iljin Bearing Co., Ltd.	-	28,101	-	24,067
Others	1	1,488	1	1,274
Others (*):				
Glovis Co., Ltd.	32,290	445,772	27,655	381,785
Hyundai Amco Co., Ltd.	2,007	161,145	1,719	138,014
IHL Corp.	41	83,547	35	71,554
BNG Steel Co., Ltd.	14	79,416	12	68,016
Innocean Worldwide, Inc.	24	28,191	21	24,144
Wisco Co., Ltd.	2	85,035	2	72,829
Samwoo Co., Ltd.	1	103,568	1	88,702
Others	1	8,116	1	6,951
	<u>₩ 12,076,512</u>	<u>₩ 7,516,334</u>	<u>\$ 10,343,022</u>	<u>\$ 6,437,422</u>

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

(3) Significant outstanding balances as of December 31, 2009 are as follows:

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 211,066	₩ 182,580	\$ 180,769	\$ 156,372
Hyundai Capital Service Inc.	23,067	6,195	19,756	5,306
Hyundai WIA Corp	79,675	78,304	68,238	67,064
Hyundai Commercial Inc	3,187	302	2,730	259
Hyundai HYSCO	4,025	77,052	3,447	65,992
Hyundai Powertech	4,829	153,513	4,136	131,477
Haevichi Resort	38,985	1,122	33,389	961
Hyundai Rotem Company	425	37,563	364	32,171
M & Soft Co., Ltd.	256	467	219	400
METIA Co., Ltd.	68	16,275	58	13,939
Dymos Inc.	4,256	178,920	3,645	153,237
Automobile Industrial Ace Corp.	56	2,006	48	1,718
Hyundai Card Co., Ltd.	30,308	35,896	25,958	30,743
KEFICO Corporation	776	74,876	665	64,128
Autoever Systems Corp.	15	72,572	13	62,155
Partecs Co., Ltd.	30	7,790	26	6,672
NGVTEK.Com	5,368	6,739	4,597	5,772
HMC Investment Securities Co., Ltd.	-	28,526	-	24,431
Haevichi Country Club Co., Ltd.	-	740	-	634
Hyundai Motor America	52,872	12,444	45,283	10,658
Hyundai Auto Canada Corp.	7,108	3,935	6,088	3,370

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Hyundai Motor Company Australia	₩ 45,198	₩ 347	\$ 38,710	\$ 297
Hyundai Motor India	40,888	13	35,019	11
Hyundai Motor Group (China)	29,666	13	25,408	11
HAOSVT	89,001	10,508	76,226	9,000
Hyundai Motor Europe GmbH	18,971	2,192	16,248	1,877
Hyundai Motor Commonwealth of Independent States	18,593	-	15,924	-
Hyundai Motor Manufacturing Alabama, LLC	15,125	201	12,954	172
Hyundai Motor Manufacturing Czech, Ltd	21,768	17	18,643	15
Hyundai Auto Czech s.r.o.	1,573	2,291	1,347	1,962
Hyundai Motor Poland Sp.Zo.O	41,943	3,334	35,922	2,855
Hyundai Motor (UK) Ltd.	1,610	1	1,379	1
Hyundai Motor Japan Co.	388	103	332	88
Hyundai Motor Norway AS	-	1,140	-	976
Hyundai Capital America (Formerly, HMFC)	75	-	64	-
Hyundai Motor Europe Technical Center GmbH	46	6,968	39	5,968
Hyundai America Technical Center Inc.	7	13,170	6	11,280
HMJ R&D Center Inc.	1	-	1	-
Hyundai Motor Company Italy S.r.l	87	-	75	-
Hyundai Motor Hungary	-	1,399	-	1,198
Beijing Mobis Transmission Co., Ltd.	-	1,059	-	907
Kia Motor Company Australia	6,430	764	5,507	654
Others	167	-	144	-
Affiliates:				
Hyundai MOBIS	193,958	1,072,707	166,117	918,728
Hyundai Steel Company	1,606	21,883	1,375	18,742
Beijing-Hyundai Motor Company	89,385	307	76,554	263
EUKOR Car Carriers, Inc.	7	49,834	6	42,681
Iljin Bearing Co., Ltd.	4	2,437	3	2,088
Others (*):				
Glovis Co., Ltd.	17,205	69,622	14,735	59,628
Hyundai Amco Co., Ltd.	277	51,863	237	44,418
IHL Corp.	20	15,892	17	13,611
BNG Steel Co., Ltd.	1	17,470	1	14,962
Innocean Worldwide, Inc.	1,565	39,788	1,340	34,077
Wisco Co., Ltd.	429	26,042	367	22,304
Samwoo Co., Ltd.	1,368	67,895	1,172	58,149
	<u>₩ 1,103,734</u>	<u>₩ 2,457,077</u>	<u>\$ 945,301</u>	<u>\$ 2,104,382</u>

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

Significant outstanding balances as of December 31, 2008 are as follows:

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 236,786	₩ 110,425	\$ 202,797	\$ 94,574
Hyundai Capital Service Inc.	71,283	3,289	61,051	2,817

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Hyundai WIA Corp	₩ 31,796	₩ 56,139	\$ 27,232	\$ 48,081
Hyundai HYSCO	1,760	38,933	1,507	33,344
Hyundai Powertech	12,737	86,363	10,909	73,966
Haevichi Resort	30,063	818	25,748	701
Hyundai Rotem Company	564	23,898	483	20,468
METIA Co., Ltd.	80	12,033	69	10,306
Dymos Inc.	3,164	112,500	2,710	96,351
Hyundai Card Co., Ltd.	29,921	35,139	25,626	30,095
KEFICO Corporation	770	55,010	659	47,114
Autoever Systems Corp.	19	68,637	16	58,785
Partecs Co., Ltd.	1	3,873	1	3,317
NGVTEK.Com	15	6,502	13	5,569
Hyundai Autonet Co., Ltd.	195	30,447	167	26,077
Hyundai Motor America	148,531	16,444	127,211	14,084
Hyundai Auto Canada Corp.	24,338	2,189	20,844	1,875
Hyundai Motor Company Australia	41,627	3,263	35,652	2,795
Hyundai Motor India	174,748	10	149,664	9
Hyundai Motor Group (China) Ltd.	66,151	-	56,656	-
HAOSVT	13,891	356	11,897	305
Hyundai Motor Europe GmbH	96,001	-	82,221	-
Hyundai Motor Commonwealth of Independent States	52,066	7,670	44,592	6,569
Hyundai Motor Manufacturing Alabama, LLC	27,853	-	23,855	-
Hyundai Motor Manufacturing Czech, Ltd.	61,701	70	52,844	60
Hyundai Auto Czech s.r.o.	5,431	1,954	4,651	1,674
Hyundai Motor Poland Sp. Zo.O	5,945	499	5,092	427
Hyundai Motor Europe Technical Center GmbH	-	6,742	-	5,774
Hyundai America Technical Center Inc.	6	8,352	5	7,153
HMJ R&D Center Inc.	-	1,294	-	1,108
Hyundai Motor Company Italy S.r.l	7,630	-	6,535	-
Others	5,181	8,599	4,437	7,364
Affiliates:				
Hyundai MOBIS	75,275	650,614	64,470	557,223
Hyundai Steel Company	857	21,887	734	18,745
Beijing-Hyundai Motor Company	41,733	887	35,743	760
EUKOR Car Carriers, Inc.	25	103,329	21	88,497
Others	31	2,015	26	1,725
Others (*):				
Glovis Co., Ltd.	502	43,426	430	37,193
Hyundai Amco Co., Ltd.	329	61,267	282	52,473
IHL Corp.	36	19,551	31	16,745
BNGSteel Co., Ltd.	4	10,748	3	9,205
Innocean Worldwide, Inc.	9	56,757	8	48,610
Wisco Co., Ltd.	470	26,177	403	22,419
Samwoo Co., Ltd.	1	11,160	1	9,558
Others:	13	1,344	10	1,150
	<u>₩ 1,269,539</u>	<u>₩ 1,710,610</u>	<u>\$ 1,087,306</u>	<u>\$ 1,465,065</u>

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

- (4) Compensations for registered directors and unregistered directors of the Company for the year ended December 31, 2009 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	(In millions)		(In thousands)	
Short-term salaries	₩	59,223	\$	50,722
Severance benefits		18,528		15,868
	₩	77,751	\$	66,590

25. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES:

The assets and liabilities denominated in foreign currencies as of December 31, 2009 and 2008 are summarized below.

	Foreign currencies				Korean Won			
	2009		2008		2009		2008	
	(In thousands)				(In millions)			
Assets	US\$	842,568	US\$	984,640	₩	983,782	₩	1,238,184
	JP ¥	32,732	JP ¥	360,566		413		5,026
	GBP	856	GBP	2,179		1,607		3,960
	CAD	6,421	CAD	23,240		7,108		24,131
	EUR	131,085	EUR	294,476		219,472		523,053
	AUD	42,744	AUD	22,261		44,670		19,367
	AED	300,524	AED	174,194		95,528		59,635
					₩	1,352,580	₩	1,873,356
Liabilities	US\$	249,156	US\$	262,397	₩	290,915	₩	329,964
	JP ¥	20,307,033	JP ¥	18,626,978		256,441		259,640
	GBP	6,176	GBP	11,584		11,596		21,055
	CAD	6,262	CAD	5,252		6,932		5,453
	AUD	4,598	AUD	13,812		4,805		12,017
	EUR	201,699	EUR	253,847		337,700		450,889
	SGD	1	SGD	1		1		1
	CHF	880	CHF	326		992		388
	DKK	845	DKK	6		190		2
	SEK	2,628	SEK	1		429		1
	AED	876	AED	70		278		24
	HKD	1	HKD	-		-		-
	NOK	2,125	NOK	-		428		-
				₩	910,707	₩	1,079,434	

26. REGIONAL SALES INFORMATION:

Sales by region in 2009 and 2008 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Domestic sales	₩ 16,067,005	₩ 12,292,161	\$ 13,760,710	\$ 10,527,716
Export sales - Vehicle products:				
North America	4,546,319	3,879,616	3,893,730	3,322,727
Europe	759,392	4,913,134	650,387	4,207,891
South America	2,238,307	2,062,358	1,917,015	1,766,322
Asia & Pacific	2,290,802	1,663,366	1,961,975	1,424,604
Middle Asia & Africa	3,645,783	3,834,672	3,122,459	3,284,234
	13,480,603	16,353,146	11,545,566	14,005,778
Export sales - Other	2,311,719	3,544,479	1,979,890	3,035,696
Export sales	15,792,322	19,897,625	13,525,456	17,041,474
Total sales	₩ 31,859,327	₩ 32,189,786	\$ 27,286,166	\$ 27,569,190

27. SELLING AND ADMINISTRATIVE EXPENSES:

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

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
Salary-related costs	₩ 1,349,786	₩ 1,201,278	\$ 1,156,035	\$ 1,028,844
Export costs	661,548	1,013,189	566,588	867,754
Sales promotion and advertisements	852,824	737,338	730,408	631,499
Sales commissions	599,357	444,134	513,324	380,382
Sales warranties	347,891	903,116	297,954	773,481
Taxes and dues	20,945	25,517	17,939	21,854
Communications	19,499	19,337	16,700	16,561
Utilities	21,989	20,911	18,833	17,909
Freight and warehousing	104,666	83,398	89,642	71,427
Rent	16,448	15,412	14,087	13,200
Travel	85,434	73,977	73,171	63,358
Service charges	187,000	198,654	160,158	170,139
Maintenance	13,918	18,308	11,919	15,680
Supplies	11,247	11,215	9,633	9,605
Research	346,572	395,935	296,823	339,102
Depreciation	80,939	72,254	69,321	61,882
Amortization	4,904	8,389	4,200	7,185
Bad debt	3,023	-	2,589	-
Other	11,607	11,559	9,940	9,899
	₩ 4,739,597	₩ 5,253,921	\$ 4,059,264	\$ 4,499,761

28. SUMMARY OF RESULTS OF OPERATIONS FOR THE LAST QUARTER (UNAUDITED):

Results of operations for the last quarters of 2009 and 2008 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2009	2008	2009	2008
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Sales	₩ 9,649,040	₩ 8,830,646	\$ 8,263,995	\$ 7,563,075
Gross profit	2,134,009	2,170,436	1,827,688	1,858,887
Operating income	837,163	581,047	716,995	497,642
Income before income tax	1,217,626	316,092	1,042,845	270,719
Net income	945,527	243,549	809,804	208,589
Earnings per common share	3,478	894	2.98	0.77

29. STANDARD ON NATURAL ENVIRONMENT AND POLICY:

The Ministry of Environment appointed the Company as Green Company (May 25, 1996 ~ December 13, 1997) and the Company acquired ISO14001 authentication of environment system (December 1995 ~ December 1998). Disposal of industrial wastes is mostly deputed, and the Ulsan factory has constructed combined waste water facilities in 1997. For the years ended December 31, 2009 and 2008, expenditures of power and water supply in manufacturing cost are ₩239,200 million (US\$204,865 thousand) and ₩234,700 million (US\$201,011 thousand), respectively

30. ADOPTION OF THE KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS:

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

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

Independent Accountant's Review Report on Internal Accounting Control System ("IACS"):

English Translation of a Report Originally Issued in Korean

To the Representative Director of
Hyundai Motor Company:

We have reviewed the accompanying Report on the Management's Assessment of IACS (the "Management's Report") of Hyundai Motor Company (the "Company") as of December 31, 2009. The Management's Report, and the design and operation of IACS are the responsibility of the Company's management. Our responsibility is to review the Management's Report and issue a review report based on our procedures. The Company's management stated in the accompanying Management's Report that "based on the assessment of the IACS as of December 31, 2009, the Company's IACS has been appropriately designed and is operating effectively as of December 31, 2009, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association."

We conducted our review in accordance with the IACS Review Standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform a review, objective of which is to obtain a lower level of assurance than an audit, of the Management's Report in all material respects. A review includes obtaining an understanding of a company's IACS and making inquiries regarding the Management's Report and, when deemed necessary, performing a limited inspection of underlying documents and other limited procedures.

A company's IACS represents internal accounting policies and a system to manage and operate such policies to provide reasonable assurance regarding the reliability of financial statements prepared, in accordance with accounting principles generally accepted in the Republic of Korea, for the purpose of preparing and disclosing reliable accounting information. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness of IACS to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that the Management's Report referred to above is not fairly stated, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association.

Our review is based on the Company's IACS as of December 31, 2009, and we did not review its IACS subsequent to December 31, 2009. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in the Republic of Korea and may not be appropriate for other purposes or for other users.



February 26, 2010

Report on the Assessment of Internal Accounting Control System (“IACS”)

To the Board of Directors and Audit Committee of
Hyundai Motor Company:

I, as the Internal Accounting Control Officer (“IACO”) of Hyundai Motor Company (“the Company”), assessed the status of the design and operation of the Company’s IACS for the year ended December 31, 2009.

The Company’s management including IACO is responsible for designing and operating IACS. I, as the IACO, assessed whether the IACS has been appropriately designed and is effectively operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of preparing and disclosing reliable financial statements. I, as the IACO, applied the IACS Framework established by the Korea Listed Companies Association for the assessment of design and operation of the IACS.

Based on the assessment of the IACS, the Company’s IACS has been appropriately designed and is operating effectively as of December 31, 2009, in all material respects, in accordance with the IACS Framework.

February 26, 2010

Lee, Won Hee, Internal Accounting Control Officer