

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS ENDED
JUNE 30, 2010 AND 2009
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

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

We have reviewed the accompanying non-consolidated statement of financial position of Hyundai Motor Company (the "Company") as of June 30, 2010, the related non-consolidated statements of income for the three months and six months ended June 30, 2010 and 2009, and the related non-consolidated statements of changes in shareholders' equity and cash flows for the six months ended June 30, 2010 and 2009, all expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with the standards for review of interim financial statements in the Republic of Korea. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with accounting principles generally accepted in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated statement of financial position of the Company as of December 31, 2009, and the related non-consolidated statements of income, appropriations of retained earnings, changes in shareholders' equity and cash flows for the year then ended (not presented herein) and in our report dated February 26, 2010, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying statement of financial position as of December 31, 2009, which is comparatively presented, does not differ in material respects from such audited non-consolidated statement of financial position.

Our reviews also comprehended the translation of Korean Won amounts into U.S. Dollar amounts and nothing has come to our attention that cause us to believe that such translation has not 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 review standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations, changes in shareholders' equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review 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 review standards and their application in practice.



August 11, 2010

Notice to Readers

This report is effective as of August 11, 2010, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2010 AND DECEMBER 31, 2009

ASSETS	Korean Won		Translation into U.S. Dollars (Note 2)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Current assets:				
Cash and cash equivalents	₩ 1,317,047	₩ 2,259,781	\$ 1,088,199	\$ 1,867,125
Short-term financial instruments (Note 3)	5,957,681	4,938,092	4,922,483	4,080,056
Short-term investment securities (Note 5)	217,846	163,526	179,993	135,112
Trade notes and accounts receivable, less allowance for doubtful accounts of ₩12,935 million as of June 30, 2010 and ₩9,561 million as of December 31, 2009 (Note 13)	2,836,009	2,155,594	2,343,228	1,781,041
Trade notes and accounts receivable - other	252,632	454,653	208,735	375,653
Derivative assets (Note 22)	11,761	35,836	9,717	29,609
Deferred tax assets	163,278	185,956	134,907	153,645
Inventories (Note 4)	1,607,137	1,384,498	1,327,883	1,143,930
Advances and other current assets	225,210	214,520	186,079	177,245
Total current assets	<u>12,588,601</u>	<u>11,792,456</u>	<u>10,401,224</u>	<u>9,743,416</u>
Non-current assets:				
Long-term investment securities (Notes 6 and 13)	857,756	676,328	708,714	558,810
Investment securities accounted for using the equity method (Notes 7 and 13)	12,161,171	10,884,663	10,048,063	8,993,359
Property, plant and equipment, net of accumulated depreciation of ₩8,120,187 million as of June 30, 2010 and ₩7,814,143 million as of December 31, 2009 (Notes 8 and 13)	9,469,890	9,726,299	7,824,415	8,036,271
Intangibles (Note 9)	1,832,020	1,840,055	1,513,691	1,520,330
Other assets (Notes 3 and 10)	848,946	526,334	701,434	434,879
Total non-current assets	<u>25,169,783</u>	<u>23,653,679</u>	<u>20,796,317</u>	<u>19,543,649</u>
Total assets	<u>₩ 37,758,384</u>	<u>₩ 35,446,135</u>	<u>\$ 31,197,541</u>	<u>\$ 29,287,065</u>

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF JUNE 30, 2010 AND DECEMBER 31, 2009

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>June 30, 2010</u>	<u>December 31, 2009</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
	<u>(In millions)</u>		<u>(In thousands)</u>	
Current liabilities:				
Trade notes and accounts payable	₩ 3,650,080	₩ 3,846,823	\$ 3,015,847	\$ 3,178,405
Short-term borrowings (Notes 11 and 13)	421,483	453,037	348,247	374,318
Accounts payable-other	1,051,514	1,685,899	868,804	1,392,960
Accrued expenses	640,938	603,580	529,570	498,703
Current maturities of long-term debt and debentures (Notes 12 and 13)	301,322	300,992	248,965	248,692
Accrued warranties (Note 14)	841,798	906,456	695,528	748,951
Income tax payable	434,722	248,007	359,185	204,914
Derivative liabilities (Note 22)	81,252	61,852	67,134	51,105
Withholdings and other current liabilities	904,883	817,028	747,652	675,061
Total current liabilities	<u>8,327,992</u>	<u>8,923,674</u>	<u>6,880,932</u>	<u>7,373,109</u>
Non-current liabilities:				
Long-term debt and debentures, net of current maturities and discount on debentures issued of ₩2,626 million as of June 30, 2010 and ₩3,393 million as of December 31, 2009 (Notes 12 and 13)	1,363,968	1,363,910	1,126,967	1,126,919
Accrued severance benefits, net of National Pension payments for employees of ₩11,305 million as of June 30, 2010 and ₩12,378 million as of December 31, 2009, and individual severance insurance deposits of ₩1,160,787 million as of June 30, 2010 and ₩1,185,638 million as of December 31, 2009	597,434	460,359	493,625	380,368
Derivative liabilities (Note 22)	39,613	117,168	32,729	96,809
Long-term accrued warranties (Note 14)	2,702,085	2,347,557	2,232,575	1,939,649
Deferred tax liabilities	375,379	204,444	310,154	168,920
Total non-current liabilities	<u>5,078,479</u>	<u>4,493,438</u>	<u>4,196,050</u>	<u>3,712,665</u>
Total liabilities	<u>13,406,471</u>	<u>13,417,112</u>	<u>11,076,982</u>	<u>11,085,774</u>
Shareholders' equity:				
Capital stock	1,488,993	1,488,993	1,230,268	1,230,268
Capital surplus	5,869,919	5,806,189	4,849,970	4,797,314
Capital adjustments (Note 15)	(813,545)	(743,909)	(672,185)	(614,648)
Accumulated other comprehensive income (Notes 16 and 17)	713,744	486,638	589,725	402,080
Retained earnings (Note 18)	<u>17,092,802</u>	<u>14,991,112</u>	<u>14,122,781</u>	<u>12,386,277</u>
Total shareholders' equity	<u>24,351,913</u>	<u>22,029,023</u>	<u>20,120,559</u>	<u>18,201,291</u>
Total liabilities and shareholders' equity	<u>₩ 37,758,384</u>	<u>₩ 35,446,135</u>	<u>\$ 31,197,541</u>	<u>\$ 29,287,065</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009

	Korean Won				Translation into U. S. Dollars (Note 2)	
	Three months		Six months		Six months	
	2010	2009	2010	2009	2010	2009
	(In millions, except per share amounts)				(In thousands, except per share amounts)	
Sales (Notes 21 and 23):						
Domestic sales	₩ 3,804,453	₩ 4,338,958	₩ 7,837,181	₩ 7,059,806	\$ 6,475,404	\$ 5,833,104
Export sales	<u>5,755,584</u>	<u>3,740,982</u>	<u>10,141,098</u>	<u>7,052,087</u>	<u>8,378,995</u>	<u>5,826,727</u>
	<u>9,560,037</u>	<u>8,079,940</u>	<u>17,978,279</u>	<u>14,111,893</u>	<u>14,854,399</u>	<u>11,659,831</u>
Cost of sales	<u>7,133,006</u>	<u>6,322,232</u>	<u>13,577,660</u>	<u>11,008,938</u>	<u>11,218,425</u>	<u>9,096,041</u>
Gross profit	2,427,031	1,757,708	4,400,619	3,102,955	3,635,974	2,563,790
Selling and administrative expenses (Notes 21 and 24)	<u>1,563,728</u>	<u>1,100,458</u>	<u>2,834,606</u>	<u>2,291,944</u>	<u>2,342,069</u>	<u>1,893,699</u>
Operating income	<u>863,303</u>	<u>657,250</u>	<u>1,566,013</u>	<u>811,011</u>	<u>1,293,905</u>	<u>670,091</u>
Other income (expenses), net:						
Interest income, net	46,764	5,776	80,841	20,971	66,794	17,327
Gain (loss) on foreign exchange transactions, net	(1,248)	(68,112)	2,668	(1,766)	2,204	(1,459)
Gain (loss) on foreign currency translation, net	(25,345)	14,517	(32,598)	6,801	(26,934)	5,619
Loss on disposal of trade notes and accounts receivables	(13,891)	(20,753)	(23,220)	(47,207)	(19,185)	(39,004)
Gain (loss) on disposal of short-term investment securities, net	16	(139)	13	(182)	11	(150)
Gain on disposal of investment securities accounted for using the equity method, net (Note 7)	-	70,252	-	70,252	-	58,045
Gain on valuation of investment securities accounted for using the equity method, net (Note 7)	788,023	285,963	1,302,137	270,939	1,075,880	223,861
Impairment loss on investment securities accounted for using the equity method (Note 7)	(2,283)	-	(2,283)	-	(1,886)	-
Impairment loss on long-term investment securities	-	-	(1,200)	-	(991)	-
Loss on disposal of property, plant and equipment, net	(3,797)	(11,924)	(19,040)	(17,244)	(15,732)	(14,248)
Impairment loss on intangibles	-	-	(101,306)	-	(83,703)	-
Gain (loss) on valuation of derivatives, net (Note 22)	(7,468)	5,089	21,718	(201)	17,944	(166)
Rental and royalty income	57,526	61,092	115,643	138,722	95,549	114,618
Other, net	<u>10,654</u>	<u>14,637</u>	<u>142,606</u>	<u>37,636</u>	<u>117,826</u>	<u>31,096</u>
	<u>848,951</u>	<u>356,398</u>	<u>1,485,979</u>	<u>478,721</u>	<u>1,227,777</u>	<u>395,539</u>
Income before income tax	1,712,254	1,013,648	3,051,992	1,289,732	2,521,682	1,065,630
Income tax expense (Note 20)	<u>322,424</u>	<u>201,797</u>	<u>534,960</u>	<u>252,901</u>	<u>442,006</u>	<u>208,957</u>
Net income	<u>₩ 1,389,830</u>	<u>₩ 811,851</u>	<u>₩ 2,517,032</u>	<u>₩ 1,036,831</u>	<u>\$ 2,079,676</u>	<u>\$ 856,673</u>
Basic earnings per common share (Note 19)	<u>₩ 5,114</u>	<u>₩ 2,986</u>	<u>₩ 9,271</u>	<u>₩ 3,810</u>	<u>\$ 7.66</u>	<u>\$ 3.15</u>
Diluted earnings per common share (Note 19)	<u>₩ 5,114</u>	<u>₩ 2,986</u>	<u>₩ 9,271</u>	<u>₩ 3,810</u>	<u>\$ 7.66</u>	<u>\$ 3.15</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009

	Korean Won						Translation into
							U.S. Dollars
							(Note 2)
	Capital stock	Capital surplus	Capital adjustments	Accumulative other comprehensive income	Retained earnings	Total amount	Total amount
	(In millions)						(In thousands)
January 1, 2009	₩ 1,488,993	₩ 5,851,776	₩ (719,685)	₩ 612,153	₩ 12,419,054	₩ 19,652,291	\$ 16,237,537
Payment of cash dividend	-	-	-	-	(235,715)	(235,715)	(194,758)
Loss on valuation of treasury stock fund	-	-	(1,052)	-	-	(1,052)	(870)
Gain on valuation of available-for-sale securities, net	-	-	-	13,892	-	13,892	11,478
Loss on valuation of derivatives, net	-	-	-	(2,288)	-	(2,288)	(1,890)
Net income	-	-	-	-	1,036,831	1,036,831	856,673
Changes in retained earnings using the equity method	-	(9,935)	-	122,216	(57,795)	54,486	45,019
June 30, 2009	<u>₩ 1,488,993</u>	<u>₩ 5,841,841</u>	<u>₩ (720,737)</u>	<u>₩ 745,973</u>	<u>₩ 13,162,375</u>	<u>₩ 20,518,445</u>	<u>\$ 16,953,189</u>
January 1, 2010	₩ 1,488,993	₩ 5,806,189	₩ (743,909)	₩ 486,638	₩ 14,991,112	₩ 22,029,023	\$ 18,201,291
Payment of cash dividend	-	-	-	-	(317,199)	(317,199)	(262,083)
Purchase of treasury stock	-	-	(218,619)	-	-	(218,619)	(180,632)
Disposal of treasury stock	-	75,962	148,983	-	-	224,945	185,859
Gain on valuation of available-for-sale securities, net	-	-	-	142,897	-	142,897	118,067
Gain on valuation of derivatives, net	-	-	-	17,964	-	17,964	14,843
Net income	-	-	-	-	2,517,032	2,517,032	2,079,676
Changes accounted for using the equity method	-	(12,232)	-	66,245	(98,143)	(44,130)	(36,462)
June 30, 2010	<u>₩ 1,488,993</u>	<u>₩ 5,869,919</u>	<u>₩ (813,545)</u>	<u>₩ 713,744</u>	<u>₩ 17,092,802</u>	<u>₩ 24,351,913</u>	<u>\$ 20,120,559</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-COLSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Cash flows from operating activities:				
Net income	₩ 2,517,032	₩ 1,036,831	\$ 2,079,676	\$ 856,673
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for severance benefits	226,577	142,979	187,207	118,135
Depreciation	445,155	440,283	367,806	363,780
Bad debt expense	3,375	2,804	2,789	2,317
Provision for warranties	522,617	73,666	431,808	60,866
Amortization of intangibles	262,195	242,634	216,636	200,474
Amortization of discount on debentures	767	689	634	569
Loss (gain) on foreign currency translation, net	32,598	(9,135)	26,934	(7,548)
Loss on disposal of trade notes and accounts receivable	23,220	47,207	19,185	39,004
Loss (gain) on disposal of short-term investment securities, net	(13)	182	(11)	150
Gain on disposal of investment securities accounted for using the equity method, net	-	(70,252)	-	(58,045)
Gain on valuation of investment securities accounted for using the equity method, net	(1,302,137)	(270,939)	(1,075,880)	(223,861)
Dividends of investment securities accounted for using the equity method	226,590	115,600	187,218	95,514
Impairment loss on investment securities accounted for using the equity method	2,283	-	1,886	-
Impairment loss on long-term investment securities	1,200	-	991	-
Loss on disposal of property, plant and equipment, net	19,040	17,244	15,732	14,248
Impairment loss on intangibles	101,306	-	83,703	-
Loss (gain) on valuation of derivatives, net	(21,718)	201	(17,944)	166
Other	(84,174)	(3,383)	(69,548)	(2,795)
Changes in operating assets and liabilities:				
Decrease (increase) in trade notes and accounts Receivable	(718,400)	429,361	(593,572)	354,756
Decrease (increase) in trade notes and accounts receivable - other	182,251	(79,032)	150,583	(65,300)
Decrease (increase) in inventories	(296,807)	276,105	(245,234)	228,129
Decrease (increase) in derivative assets	11,336	(106,967)	9,366	(88,381)
Decrease (increase) in deferred tax assets	(11,552)	178,395	(9,545)	147,397
Increase in advances and other current assets	(11,006)	(35,942)	(9,094)	(29,697)
Increase (decrease) in trade notes and accounts payable	(213,965)	590,342	(176,787)	487,765
Decrease in accounts payable-other	(385,503)	(532,463)	(318,519)	(439,943)
Increase in accrued expenses	37,283	737,343	30,805	609,223
Increase (decrease) in income tax payable	186,714	(430,675)	154,271	(355,842)
Increase in withholding and other current liabilities	88,050	165,814	72,751	137,002
Payment of severance benefits	(119,107)	(140,557)	(98,411)	(116,134)
Decrease (increase) in individual severance insurance deposits	24,851	(35,922)	20,533	(29,680)
Increase (decrease) in deferred tax liabilities	104,403	(107,363)	86,262	(88,708)
Decrease in accrued warranties	(232,747)	(219,401)	(192,305)	(181,278)
Decrease in derivative liabilities	-	(132,739)	-	(109,674)
Other	12,117	9,060	10,013	7,488
	<u>1,633,831</u>	<u>2,331,970</u>	<u>1,349,939</u>	<u>1,926,770</u>

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Cash flows from investing activities:				
Cash inflows from investing activities:				
Proceeds from withdrawal of short-term financial instruments	₩ 3,346,019	₩ 3,104,977	\$ 2,764,620	\$ 2,565,461
Proceeds from disposal of short-term investment securities	1,153	837	953	692
Proceeds from disposal of investment securities accounted for using the equity method	-	47,242	-	39,033
Reduction in other current assets	-	2,880	-	2,380
Proceeds from disposal of property, plant and equipment	35,484	3,541	29,318	2,926
Reduction in other assets	24,856	110,423	20,537	91,235
	<u>3,407,512</u>	<u>3,269,900</u>	<u>2,815,428</u>	<u>2,701,727</u>
Cash outflows from investing activities:				
Purchase of short-term financial instruments	(4,255,608)	(4,091,586)	(3,516,160)	(3,380,638)
Acquisition of short-term investment securities	(51,139)	(464)	(42,253)	(383)
Purchase of long-term financial instruments	(410,000)	(360,000)	(338,759)	(297,447)
Acquisition of long-term investment securities	(2,227)	(22,865)	(1,840)	(18,892)
Acquisition of investment securities accounted for using the equity method	(140,178)	(629,500)	(115,821)	(520,119)
Acquisition of property, plant and equipment	(171,703)	(245,938)	(141,868)	(203,204)
Expenditures for development costs	(352,921)	(380,646)	(291,598)	(314,505)
Additions to other assets	(24,874)	(3,159)	(20,552)	(2,611)
	<u>(5,408,650)</u>	<u>(5,734,158)</u>	<u>(4,468,851)</u>	<u>(4,737,799)</u>
	<u>(2,001,138)</u>	<u>(2,464,258)</u>	<u>(1,653,423)</u>	<u>(2,036,072)</u>
Cash flows from financing activities:				
Cash inflows from financing activities:				
Proceeds from short-term borrowings	603,899	1,153,969	498,966	953,457
Proceeds from issuance of debentures	-	400,000	-	330,497
	<u>603,899</u>	<u>1,553,969</u>	<u>498,966</u>	<u>1,283,954</u>
Cash outflows from financing activities:				
Repayment of short-term borrowings	(643,129)	(1,649,804)	(531,380)	(1,363,136)
Repayment of current maturities of long-term debt	(379)	(368)	(313)	(304)
Payment of cash dividends	(317,199)	(235,726)	(262,083)	(194,767)
Purchase of treasury stock	(218,619)	-	(180,632)	-
	<u>(1,179,326)</u>	<u>(1,885,898)</u>	<u>(974,408)</u>	<u>(1,558,207)</u>
	<u>(575,427)</u>	<u>(331,929)</u>	<u>(475,442)</u>	<u>(274,253)</u>
Net decrease in cash and cash equivalents	942,734	464,217	778,926	383,555
Cash and cash equivalents, beginning of period	<u>2,259,781</u>	<u>1,756,546</u>	<u>1,867,125</u>	<u>1,451,331</u>
Cash and cash equivalents, end of period	<u>₩ 1,317,047</u>	<u>₩ 1,292,329</u>	<u>\$ 1,088,199</u>	<u>\$ 1,067,776</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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 Stock 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 June 30, 2010, the major shareholders of the Company are Hyundai MOBIS Co., Ltd. (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 ₩1,210.30 to US\$1.00 at June 30, 2010, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean Won amounts could be converted into U.S. Dollars at that or any other rate.

The Company prepared its non-consolidated financial statements as of June 30, 2010 in accordance with the Korea Financial Accounting Standards and the Statements of Korea Accounting Standards (“SKAS”)

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements as of June 30, 2010 are identical to those as of December 31, 2009.

3. RESTRICTED FINANCIAL INSTRUMENTS:

Deposits with withdrawal restrictions as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Short-term financial instruments:				
Ordinary deposit	₩ 186	₩ 59	\$ 154	\$ 49
Term deposit	<u>77,495</u>	<u>63,032</u>	<u>64,029</u>	<u>52,079</u>
	<u>77,681</u>	<u>63,091</u>	<u>64,183</u>	<u>52,128</u>
Long-term financial instruments (Note 10):				
Guarantee deposits for checking accounts	<u>37</u>	<u>37</u>	<u>31</u>	<u>31</u>
	<u>₩ 77,718</u>	<u>₩ 63,128</u>	<u>\$ 64,214</u>	<u>\$ 52,159</u>

4. INVENTORIES:

Inventories as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Finished goods and merchandise	₩ 718,063	₩ 455,391	\$ 593,293	\$ 376,263
Semi finished goods and work in process	380,731	414,530	314,576	342,502
Raw materials and supplies	414,733	437,278	342,670	361,297
Materials in transit	<u>93,610</u>	<u>77,299</u>	<u>77,344</u>	<u>63,868</u>
	<u>₩ 1,607,137</u>	<u>₩ 1,384,498</u>	<u>\$ 1,327,883</u>	<u>\$ 1,143,930</u>

5. SHORT-TERM INVESTMENT SECURITIES:

Short-term investment securities as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Beneficiary certificates	₩ 217,846	₩ 163,526	\$ 179,993	\$ 135,112

6. LONG-TERM INVESTMENT SECURITIES:

Long -term investment securities as of June 30, 2010 and December 31, 2009, all of which are classified into available-for-sale securities, consist of the following:

Name of company	Ownership percentage (%)	Korean Won		Translation into U.S. Dollars (Note 2)		
		June 30, 2010		December 31, 2009		
		Acquisition cost	Book value	Book value	Book value	
			(In millions)		(In thousands)	
Hyundai Heavy Industries Co., Ltd.	2.88	₩ 56,924	₩ 514,650	₩ 379,965	\$ 425,225	\$ 313,943
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	116,013	116,013	95,855	95,855
Hyundai Merchant Marine Co., Ltd.	0.45	9,161	24,810	18,503	20,499	15,288
Doosan Capital Co., Ltd.	9.99	10,000	24,762	24,762	20,459	20,459
Hyundai Green Food Co., Ltd.	4.07	15,005	21,877	18,785	18,076	15,521
Hyundai Development Company	0.60	9,025	12,375	16,988	10,225	14,036
KT Corporation	0.09	8,655	10,840	9,388	8,956	7,757
UbiVelox Inc.	5.71	1,710	3,337	1,710	2,757	1,413
ENOVA System	0.59	2,204	208	403	172	333
Hyundai Technology Investment Co., Ltd.	14.97	4,490	4,490	4,490	3,710	3,710
Industry Otomotif Komersial	15.00	4,439	4,439	4,439	3,668	3,668
Hyundai Asan Corporation	3.27	22,500	4,239	4,239	3,502	3,502
Kihyup Finance	10.34	3,000	3,000	3,000	2,479	2,479
Kyungnam Credit Information Service Co., Ltd.	13.66	2,500	2,500	2,500	2,066	2,066
NESSCAP Inc.	7.30	1,997	1,997	1,997	1,650	1,650
Hyundai Research Institute	14.90	1,359	1,271	1,271	1,050	1,050
Heesung PM Tech Corporation	19.90	1,194	1,194	1,194	987	987
Dongbu NTS Co., Ltd.	19.90	1,134	1,134	1,134	937	937
Jeonbuk Hyundai Motors FC Co., Ltd. (*)	100.00	1,000	1,000	1,000	826	826
Micro Infinity Co., Ltd.	9.02	607	607	607	502	502
NGVTEK.com (*)	53.66	571	571	571	472	472
Clean Air Technology Inc.	16.13	500	500	500	413	413
Chorokmaeul Co., Ltd.	5.43	4,800	284	284	235	235
Carnes Co., Ltd. (*)	49.99	250	250	250	206	206
Jinil MVC Co., Ltd.	18.00	180	180	180	148	148
ROTIS Inc.	0.19	1,000	8	8	7	7
The Sign Co., Ltd.	11.28	1,200	-	1,200	-	990
Stock warrants		7,620	77,942	40,639	64,399	33,578
Debt securities		16,473	20,059	19,242	16,574	15,899
Other		3,719	3,219	1,066	2,659	880
			<u>₩ 857,756</u>	<u>₩ 676,328</u>	<u>\$ 708,714</u>	<u>\$ 558,810</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\$8,262 thousand), are not material.

As of June 30, 2010 and December 31, 2009, the difference between the book value and the acquisition cost of equity securities includes the impairment loss on long-term investment securities of ₩25,556 million (US\$21,115 thousand) and ₩24,356 million (US\$20,124 thousand), respectively.

7. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

(1) Investment securities accounted for using the equity method as of June 30, 2010 and December 31, 2009 consist of the following:

Affiliated company	Ownership percentage (%)	Korean Won				Translation into U.S. Dollars (Note 2)	
		Acquisition cost	June 30, 2010		December 31, 2009	June 30, 2010	December 31, 2009
			Net equity value	Book value	Book value	Book value	Book value
		(In millions)	(In millions)	(In millions)	(In thousands)	(In thousands)	(In thousands)
Hyundai Motor America	100.00	₩ 1,937,933	₩ 2,664,400	₩ 2,462,094	₩ 2,141,916	\$ 2,034,284	\$ 1,769,740
Hyundai Motor Manufacturing Czech, s.r.o.	100.00	685,390	566,175	551,726	573,875	455,859	474,159
Beijing-Hyundai Motor Company	50.00	417,163	1,266,899	1,258,173	999,693	1,039,555	825,988
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	85.03	279,988	138,150	111,014	91,743	91,724	75,802
Hyundai Motor India	100.00	244,017	934,170	899,285	754,436	743,027	623,346
Hyundai Motor Manufacturing Rus LLC	100.00	225,151	218,716	217,658	205,970	179,838	170,181
Hyundai Motor Japan Co. (*1)	100.00	116,122	(9,028)	-	-	-	-
Hyundai Motor Espana, S.L.	100.00	86,589	60,745	62,931	86,589	51,996	71,543
Hyundai Translead	100.00	80,623	112,998	120,333	119,098	99,424	98,404
Hyundai Motor Company Italy S.r.l	100.00	73,191	27,268	65,105	73,890	53,792	61,051
Hyundai Motor Commonwealth of Independent States (*1)	98.35	72,001	(39,648)	-	-	-	-
Hyundai Motor Europe Technical Center GmbH	100.00	53,496	64,481	64,482	72,447	53,278	59,859
China Millennium Corporations	59.60	53,466	32,854	64,775	65,067	53,520	53,761
Hyundai Motor (UK) Ltd.	100.00	48,084	28,320	26,598	13,462	21,976	11,123
Hyundai Motor Czech s.r.o.	100.00	46,174	29,657	28,312	27,051	23,393	22,351
Hyundai WIA Automotive Engine (ShanDong) Company	22.00	43,233	62,756	62,756	54,749	51,852	45,236
Hyundai Motor Poland Sp. Zo.O	100.00	24,139	42,991	53,543	53,052	44,239	43,834
Beijing Mobis Transmission Co., Ltd.	24.08	22,790	51,214	51,214	47,800	42,315	39,494
Hyundai Motor Europe GmbH	100.00	17,529	36,992	36,992	41,631	30,564	34,397
Hyundai Motor Group China. Ltd.	50.00	15,371	78,487	60,996	47,072	50,397	38,893
Hyundai Motor Company Australia	100.00	12,382	117,805	73,193	59,552	60,475	49,204
Hyundai Motor Deutschland GmbH	35.29	11,528	29,206	28,841	37,900	23,830	31,315
Hyundai America Technical Center Inc.	100.00	9,635	40,793	40,793	37,782	33,705	31,217
Hyundai Motor Norway AS	100.00	5,636	6,983	6,115	6,224	5,052	5,143
Beijing Jinxian Motor Safeguard Service Co., Ltd.	100.00	5,438	10,505	10,505	8,150	8,680	6,734
Hyundai Motor Hungary	100.00	5,415	-	-	2,283	-	1,886
Hyundai Motor Japan R&D Center Inc.	100.00	1,510	3,126	3,126	2,945	2,583	2,433
Hyundai Motor Brasil Montadora de Automoveis LTDA	100.00	137	137	137	137	113	113
EUKOR Shipowning Singapore Pte Ltd. (*2)	12.00	5	2,592	2,592	2,099	2,142	1,734
Kia Motors Corporation	34.15	923,957	2,292,791	2,345,300	2,098,900	1,937,784	1,734,198
Hyundai Capital Service Inc.	56.47	500,325	1,245,231	746,566	766,282	616,844	633,134
Hyundai Card Co., Ltd.	31.52	435,571	477,430	477,437	471,095	394,478	389,238
Hyundai Rotem Company	57.64	254,308	373,025	410,920	391,906	339,519	323,809
Hyundai HYSCO	26.13	200,768	326,922	341,645	296,320	282,281	244,832
HMC Investment Securities Co., Ltd.	26.27	188,665	155,065	194,035	190,171	160,320	157,127
Hyundai Powertech Co., Ltd.	37.58	172,576	223,991	209,124	158,096	172,787	130,625
Korea Aerospace Industries, Ltd.	22.23	159,800	125,985	125,832	103,150	103,968	85,227
Glovis Co., Ltd. (*3)	2.70	99,259	25,240	100,556	-	83,084	-
Dymos Inc.	47.27	68,872	147,980	145,853	139,415	120,510	115,190
Hyundai Commercial Inc.	50.00	50,000	71,199	70,562	54,258	58,301	44,830

Affiliated company	Ownership percentage (%)	Korean Won				Translation into U.S. Dollars (Note 2)	
		Acquisition cost	Net equity value		December 31, 2009	June 30, 2010	December 31, 2009
			Book value	Book value			
		(In millions)		(In thousands)			
Hyundai WIA Corp.	39.46	₩ 34,357	₩ 285,828	₩ 266,381	₩ 241,164	\$ 220,095	\$ 199,260
The Korea Economic Daily	20.55	29,973	26,658	28,775	28,482	23,775	23,533
Eukor Car Carriers Inc. (*2)	12.00	29,347	74,920	67,867	62,758	56,075	51,853
Partecs Company, Ltd.	56.00	22,400	28,928	28,928	25,845	23,902	21,354
KEFICO Corporation	50.00	20,911	138,807	137,897	135,078	113,936	111,607
HMC Win Win Fund	60.00	18,000	18,838	18,838	18,607	15,565	15,374
Autoever Systems Corp.	29.90	5,947	34,164	34,164	32,030	28,228	26,465
Haevichi Country Club Co., Ltd. (*1)	30.00	4,500	(12,680)	-	-	-	-
M & Soft Co., Ltd.	31.84	3,925	14,186	14,262	13,098	11,784	10,822
Iljin Bearing Co., Ltd.	20.00	826	18,829	18,829	18,201	15,556	15,038
Daesung Automotive Co., Ltd.	20.00	400	14,110	14,111	13,194	11,658	10,902
		<u>₩ 7,818,823</u>	<u>₩12,687,191</u>	<u>₩12,161,171</u>	<u>₩10,884,663</u>	<u>\$ 10,048,063</u>	<u>\$ 8,993,359</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.
(*3) The investment is accounted for using the equity method since the Company is considered to be able to exercise significant influence, although the total ownership percentage is less than 20%.

- (2) The changes in investment securities accounted for using the equity method for the six months ended June 30, 2010 are as follows:

Affiliated company	Korean Won					Translation into U.S. Dollars (Note 2)	
	Beginning of period	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*1)	End of period	End of period	
						(In thousands)	
Hyundai Motor America	₩ 2,141,916	₩ -	₩ 225,237	₩ 94,941	₩ 2,462,094	\$ 2,034,284	
Hyundai Motor Manufacturing Czech, s.r.o.	573,875	-	36,646	(58,795)	551,726	455,859	
Beijing-Hyundai Motor Company	999,693	-	207,085	51,395	1,258,173	1,039,555	
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	91,743	-	14,187	5,084	111,014	91,724	
Hyundai Motor India	754,436	-	109,693	35,156	899,285	743,027	
Hyundai Motor Manufacturing Rus LLC	205,970	-	11,035	653	217,658	179,838	
Hyundai Motor Japan Co.	-	12,465	-	(12,465)	-	-	
Hyundai Motor Espana, S.L.	86,589	-	(14,393)	(9,265)	62,931	51,996	
Hyundai Translead	119,098	-	(2,661)	3,896	120,333	99,424	
Hyundai Motor Company Italy S.r.l	73,890	-	(4,565)	(4,220)	65,105	53,792	
Hyundai Motor Commonwealth of Independent States	-	68,041	-	(68,041)	-	-	
Hyundai Motor Europe Technical Center GmbH	72,447	-	663	(8,628)	64,482	53,278	
China Millennium Corporations	65,067	-	(1,374)	1,082	64,775	53,520	
Hyundai Motor (UK) Ltd.	13,462	-	13,084	52	26,598	21,976	
Hyundai Motor Czech s.r.o.	27,051	-	4,260	(2,999)	28,312	23,393	
Hyundai WIA Automotive Engine (ShanDong) Company	54,749	-	5,501	2,506	62,756	51,852	
Hyundai Motor Poland Sp. Zo.O	53,052	-	6,203	(5,712)	53,543	44,239	
Beijing Mobis Transmission Co., Ltd.	47,800	-	1,393	2,021	51,214	42,315	
Hyundai Motor Europe GmbH	41,631	-	317	(4,956)	36,992	30,564	
Hyundai Motor Group China. Ltd.	47,072	-	32,651	(18,727)	60,996	50,397	
Hyundai Motor Company Australia	59,552	-	15,030	(1,389)	73,193	60,475	
Hyundai Motor Deutschland GmbH	37,900	-	720	(9,779)	28,841	23,830	
Hyundai America Technical Center Inc.	37,782	-	1,559	1,452	40,793	33,705	
Hyundai Motor Norway AS	6,224	-	429	(538)	6,115	5,052	

Affiliated company	Korean Won					Translation into U.S. Dollars (Note 2)	
	Beginning of period	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*)	End of period	End of period	End of period
	(In millions)					(In thousands)	
Beijing Jinxian Motor Safeguard Service Co., Ltd.	₩ 8,150	₩ -	₩ 1,927	₩ 428	₩ 10,505	\$ 8,680	
Hyundai Motor Hungary	2,283	-	-	(2,283)	-	-	
Hyundai Motor Japan R&D Center Inc.	2,945	-	(52)	233	3,126	2,583	
Hyundai Motor Brasil Montadora de Automoveis LTDA	137	-	-	-	137	113	
EUKOR Shipowning Singapore Pte Ltd.	2,099	-	421	72	2,592	2,142	
Kia Motors Corporation	2,098,900	-	325,187	(78,787)	2,345,300	1,937,784	
Hyundai Capital Service Inc.	766,282	-	112,755	(132,471)	746,566	616,844	
Hyundai Card Co., Ltd.	471,095	-	40,097	(33,755)	477,437	394,478	
Hyundai Rotem Company	391,906	-	18,951	63	410,920	339,519	
Hyundai HYSKO	296,320	-	25,981	19,344	341,645	282,281	
HMC Investment Securities Co., Ltd.	190,171	-	1,885	1,979	194,035	160,320	
Hyundai Powertech Co., Ltd.	158,096	37,576	14,240	(788)	209,124	172,787	
Korea Aerospace Industries, Ltd.	103,150	-	21,947	735	125,832	103,968	
Glovis Co., Ltd.	-	22,096	325	78,135	100,556	83,084	
Dymos Inc.	139,415	-	7,356	(918)	145,853	120,510	
Hyundai Commercial Inc.	54,258	-	16,521	(217)	70,562	58,301	
Hyundai WIA Corp.	241,164	-	23,096	2,121	266,381	220,095	
The Korea Economic Daily	28,482	-	293	-	28,775	23,775	
Eukor Car Carriers Inc.	62,758	-	7,524	(2,415)	67,867	56,075	
Partecs Company, Ltd.	25,845	-	3,083	-	28,928	23,902	
KEFICO Corporation	135,078	-	10,714	(7,895)	137,897	113,936	
HMC Win Win Fund	18,607	-	231	-	18,838	15,565	
Autoever Systems Corp.	32,030	-	3,621	(1,487)	34,164	28,228	
M & Soft Co., Ltd.	13,098	-	1,296	(132)	14,262	11,784	
Iljin Bearing Co., Ltd.	18,201	-	853	(225)	18,829	15,556	
Daesung Automotive Co., Ltd.	13,194	-	1,185	(268)	14,111	11,658	
	<u>₩10,884,663</u>	<u>₩ 140,178</u>	<u>₩ 1,302,137</u>	<u>₩ (165,807)</u>	<u>₩12,161,171</u>	<u>\$ 10,048,063</u>	

(*) Other changes consist of the decrease by ₩226,590 million (US\$187,218 thousand) due to receipt of the dividends, decrease by ₩2,283 million (US\$1,886 thousand) due to the recognition of impairment loss, decrease of capital surplus by ₩15,682 million (US\$12,957 thousand), decrease of retained earnings by ₩103,199 million (US\$85,267 thousand), increase of accumulated other comprehensive income by ₩104,784 million (US\$86,577 thousand) and increase by ₩77,163 million (US\$63,755 thousand) due to the payment in substitutes.

Investment securities accounted for using the equity method as of June 30, 2010 and December 31, 2009 are valued based on the financial statements of the investees as of the same period end date, respectively, which were neither audited nor reviewed by an external auditor.

(3) Condensed financial information of the affiliates as of and for the six months ended June 30, 2010 is as follows:

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)			
	Assets	Liabilities	Sales	Net income (loss)	Assets	Liabilities	Sales	Net income (loss)
	(In millions)				(In thousands)			
Hyundai Motor America	₩11,957,952	₩9,293,552	₩5,738,295	₩ 230,137	\$ 9,880,155	\$ 7,678,718	\$ 4,741,217	\$ 190,149
Hyundai Motor Manufacturing Czech, s.r.o.	1,928,257	1,362,082	1,318,232	28,571	1,593,206	1,125,409	1,089,178	23,607
Beijing-Hyundai Motor Company	4,838,869	2,305,071	4,816,014	415,253	3,998,074	1,904,545	3,979,190	343,099
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	711,262	548,786	480,224	29,291	587,674	453,430	396,781	24,201
Hyundai Motor India	2,635,196	1,701,026	2,572,792	72,711	2,177,308	1,405,458	2,125,747	60,077
Hyundai Motor Manufacturing Rus LLC	665,265	446,549	221	14,639	549,670	368,957	183	12,095

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)											
	Assets		Liabilities		Sales		Net income									
	(In millions)		(In thousands)		(loss)			(loss)								
Hyundai Motor Japan Co.	₩	10,075	₩	19,103	₩	10,129	₩	(286)	\$	8,324	\$	15,784	\$	8,369	\$	(236)
Hyundai Motor Espana, S.L.		286,148		225,403		356,942		(11,415)		236,427		186,237		294,920		(9,432)
Hyundai Translead		317,925		204,927		111,232		(2,725)		262,683		169,319		91,904		(2,252)
Hyundai Motor Company Italy S.r.l		383,602		356,334		354,611		1,229		316,948		294,418		292,994		1,015
Hyundai Motor Commonwealth of Independent States		482,728		523,042		702,920		42,564		398,850		432,159		580,782		35,168
Hyundai Motor Europe Technical Center GmbH		122,843		58,362		30,551		663		101,498		48,221		25,243		548
China Millennium Corporations		110,891		55,767		7,503		(144)		91,623		46,077		6,199		(119)
Hyundai Motor (UK) Ltd.		391,795		363,475		594,364		13,825		323,717		300,318		491,088		11,423
Hyundai Motor Czech s.r.o.		103,800		74,143		128,350		3,608		85,764		61,260		106,048		2,981
Hyundai WIA Automotive Engine (ShanDong) Company		537,567		252,312		207,902		25,005		444,160		208,471		171,777		20,660
Hyundai Motor Poland Sp. Zo.O		161,470		118,479		103,547		7,788		133,413		97,892		85,555		6,435
Beijing Mobis Transmission Co., Ltd.		324,410		111,720		189,633		5,790		268,041		92,308		156,683		4,784
Hyundai Motor Europe GmbH		963,386		926,394		1,525,772		264		795,989		765,425		1,260,656		218
Hyundai Motor Group China. Ltd.		393,889		236,915		1,039,662		58,093		325,447		195,749		859,012		47,999
Hyundai Motor Company Australia		611,136		493,331		904,739		28,305		504,946		407,611		747,533		23,387
Hyundai Motor Deutschland GmbH		246,273		163,522		465,258		5,970		203,481		135,109		384,415		4,933
Hyundai America Technical Center Inc.		46,028		5,235		57,385		1,559		38,030		4,325		47,414		1,288
Hyundai Motor Norway AS		45,711		38,728		65,348		587		37,768		31,999		53,993		485
Beijing Jinxian Motor Safeguard Service Co., Ltd.		57,676		47,171		68,714		1,924		47,654		38,975		56,774		1,590
Hyundai Motor Hungary		3,866		1,670		-		-		3,194		1,380		-		-
Hyundai Motor Japan R&D Center Inc.		6,550		3,424		4,095		(10)		5,412		2,829		3,383		(8)
Hyundai Motor Brasil Montadora de Automoveis LTDA		137		-		-		-		113		-		-		-
EUKOR Shipowning Singapore Pte Ltd.		115,342		93,745		12,280		3,506		95,300		77,456		10,146		2,897
Kia Motors Corporation		17,204,683		9,009,322		10,628,570		956,330		14,215,222		7,443,875		8,781,765		790,159
Hyundai Capital Service Inc.		16,377,736		14,172,806		1,593,896		289,844		13,531,964		11,710,159		1,316,943		239,481
Hyundai Card Co., Ltd.		7,575,792		6,060,908		1,034,926		137,378		6,259,433		5,007,773		855,099		113,507
Hyundai Rotem Company		3,014,367		2,367,158		1,534,339		31,920		2,490,595		1,955,844		1,267,734		26,374
Hyundai HYSCO		3,106,963		1,855,702		2,714,559		102,069		2,567,102		1,533,258		2,242,881		84,334
HMC Investment Securities Co., Ltd.		2,942,237		2,351,894		145,302		11,328		2,430,998		1,943,232		120,055		9,360
Hyundai Powertech Co., Ltd.		1,649,592		1,053,493		871,073		46,050		1,362,961		870,440		719,717		38,048
Korea Aerospace Industries, Ltd.		1,403,301		836,500		593,052		51,500		1,159,465		691,151		490,004		42,551
Glovis Co., Ltd.		1,818,637		883,807		2,759,900		105,534		1,502,633		730,238		2,280,344		87,197
Dymos Inc.		858,297		545,237		570,823		13,374		709,161		450,497		471,638		11,050
Hyundai Commercial Inc.		1,925,152		1,782,754		104,204		33,574		1,590,640		1,472,985		86,098		27,740
Hyundai WIA Corp.		2,346,723		1,622,420		1,889,867		56,825		1,938,960		1,340,511		1,561,486		46,951
The Korea Economic Daily		194,300		64,600		59,600		2,300		160,539		53,375		49,244		1,900
Eukor Car Carriers Inc.		2,388,759		1,764,429		1,032,074		60,337		1,973,692		1,457,844		852,742		49,853
Partecs Company, Ltd.		101,583		49,926		23,039		6,293		83,932		41,251		19,036		5,200
KEFICO Corporation		534,072		256,458		438,990		21,287		441,272		211,896		362,712		17,588

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)			
HMC Win Win Fund	₩ 31,396	-	₩ 698	₩ 385	₩ 25,941	-	₩ 577	₩ 318
Autoever Systems Corp.	241,849	127,589	241,072	12,287	199,826	105,419	199,184	10,152
Haevichi Country Club Co., Ltd.	221,185	263,453	4,319	(4,410)	182,752	217,676	3,569	(3,644)
M & Soft Co., Ltd.	53,045	8,484	23,438	3,210	43,828	7,010	19,365	2,652
Iljin Bearing Co., Ltd.	133,799	39,656	106,108	3,917	110,550	32,765	87,671	3,236
Daesung Automotive Co., Ltd.	87,869	17,317	36,244	6,214	72,601	14,308	29,946	5,134

- (4) Significant unrealized profits (losses) that occurred in transactions with investees as of June 30, 2010 are as follows:

Transaction type	Korean Won			Translation into U.S. Dollars (Note 2)	
	Beginning of period	Increase	Decrease	End of period	End of period
	(In millions)			(In thousands)	
Inventories	₩ 376,071	₩ 359,688	₩ (376,071)	₩ 359,688	\$ 297,189
Property	463,032	131,767	(91,759)	503,040	415,632
Accrued warranties	(55,351)	(55,899)	55,351	(55,899)	(46,185)
	<u>₩ 783,752</u>	<u>₩ 435,556</u>	<u>₩ (412,479)</u>	<u>₩ 806,829</u>	<u>\$ 666,636</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 increased the gain on valuation of investment securities accounted for using the equity method included in current operations by ₩3,569 million (US\$2,949 thousand) and ₩3,168 million (US\$2,618 thousand) for the six months ended June 30, 2010 and 2009, respectively.
- (6) The unamortized (or unreversed) balance of goodwill and negative goodwill as of June 30, 2010 is ₩329,926 million (US\$272,599 thousand) and ₩37,848 million (US\$31,272 thousand), respectively. In addition, the unamortized (or unreversed) balance of goodwill and negative goodwill as of December 31, 2009 is ₩264,069 million (US\$218,185 thousand) and ₩39,544 million (US\$32,673 thousand), respectively.
- (7) The market price of listed equity securities as of June 30, 2010 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	₩ 32,700	134,285,491	₩ 4,391,136	\$ 3,628,138	
Hyundai HYSCO	17,850	20,954,188	374,032	309,041	
HMC Investment Securities Co., Ltd.	17,450	7,705,980	134,469	111,104	
Glovis Co., Ltd.	134,500	1,011,698	136,073	112,429	

- (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 June 30, 2010 and December 31, 2009 are ₩84,089 million (US\$69,478 thousand) and ₩182,009 million (US\$150,383 thousand), respectively.

8. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipments as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Buildings and structures	₩ 4,102,912	₩ 4,077,301	\$ 3,389,996	\$ 3,368,835
Machinery and equipment	6,528,511	6,604,903	5,394,126	5,457,244
Vehicles	160,012	172,488	132,209	142,517
Dies, molds and tools	3,440,862	3,406,595	2,842,983	2,814,670
Other equipment	878,936	849,706	726,213	702,062
	15,111,233	15,110,993	12,485,527	12,485,328
Less: accumulated depreciation	8,120,187	7,814,143	6,709,235	6,456,368
	6,991,046	7,296,850	5,776,292	6,028,960
Land	2,033,521	1,997,612	1,680,179	1,650,510
Construction in progress	445,323	431,837	367,944	356,801
	<u>₩ 9,469,890</u>	<u>₩ 9,726,299</u>	<u>\$ 7,824,415</u>	<u>\$ 8,036,271</u>

The changes in property, plant and equipment for the six months ended June 30, 2010 are as follows:

Description	Korean Won						Translation into U. S. Dollars (Note 2)	
	Beginning of period	Acquisition	Transfer	Disposal	Depreciation	Other changes(*)	End of period	End of period
	(In millions)						(In thousands)	
Land	₩ 1,997,612	₩ 125	₩ 40,756	₩ 4,972	₩ -	₩ -	₩ 2,033,521	\$ 1,680,179
Buildings and structures	2,920,322	-	40,365	10,293	62,444	-	2,887,950	2,386,144
Machinery and equipment	3,166,568	-	56,858	27,475	209,143	(126)	2,986,682	2,467,720
Vehicles	118,244	-	5,267	11,308	7,273	-	104,930	86,698
Dies, molds and tools	837,240	-	44,332	177	125,267	-	756,128	624,744
Other equipment	254,476	-	42,261	353	41,028	-	255,356	210,986
Construction in progress	431,837	171,578	(229,839)	-	-	71,747	445,323	367,944
Total	<u>₩ 9,726,299</u>	<u>₩ 171,703</u>	<u>₩ -</u>	<u>₩ 54,578</u>	<u>₩ 445,155</u>	<u>₩ 71,621</u>	<u>₩ 9,469,890</u>	<u>\$ 7,824,415</u>

(*) Other changes consist of decrease in transfer of ₩2,545 million (US\$2,103 thousand) from construction in progress to industrial property rights, increase in transfer of ₩74,292 million (US\$61,383 thousand) from inventories to construction in progress and decrease in transfer of ₩126 million (US\$104 thousand) from machinery to inventories.

As of June 30, 2010, a substantial portion of the Company's property, plant and equipment is pledged as collateral for various loans up to a maximum of ₩1,003,169 million (US\$828,860 thousand) (see Note 13).

9. INTANGIBLES:

Intangibles as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Korean Won			Translation into U.S. Dollars (Note 2)			
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009	
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Book value	Book value	Book value
	(In millions)			(In thousands)			
Industrial property rights	₩ 69,757	₩ 51,641	₩ -	₩ 18,116	₩ 17,617	\$ 14,968	\$ 14,556
Development costs	4,197,748	2,128,976	261,720	1,807,052	1,815,031	1,493,061	1,499,654
Other	38,695	31,843	-	6,852	7,407	5,662	6,120
	<u>₩4,306,200</u>	<u>₩ 2,212,460</u>	<u>₩ 261,720</u>	<u>₩1,832,020</u>	<u>₩1,840,055</u>	<u>\$ 1,513,691</u>	<u>\$ 1,520,330</u>

The changes in intangibles for the six months ended June 30, 2010 are as follows:

Description	Korean Won				Translation into U.S. Dollars (Note 2)	
	Industrial property rights	Development costs	Other	Total	Total	
	(In millions)				(In thousands)	
Beginning of period	₩ 17,617	₩ 1,815,031	₩ 7,407	₩ 1,840,055	\$ 1,520,330	
Addition: Expenditures	2,545	352,921	-	355,466	293,700	
Deduction: Amortization	2,046	259,594	555	262,195	216,636	
Deduction: Impairment	-	101,306	-	101,306	83,703	
End of period	<u>₩ 18,116</u>	<u>₩ 1,807,052</u>	<u>₩ 6,852</u>	<u>₩ 1,832,020</u>	<u>\$ 1,513,691</u>	

Research and development expenditures for the three months and six months ended June 30, 2010 and 2009 are as follows:

Description	Korean Won				Translation into U. S. Dollars (Note 2)	
	Three months		Six months		Six months	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Development costs	₩ 194,544	₩ 209,419	₩ 352,921	₩ 380,646	\$ 291,598	\$ 314,505
Ordinary development	19,087	9,751	30,804	19,277	25,451	15,928
Research costs	119,467	65,582	213,509	125,008	176,410	103,287
	<u>₩ 333,098</u>	<u>₩ 284,752</u>	<u>₩ 597,234</u>	<u>₩ 524,931</u>	<u>\$ 493,459</u>	<u>\$ 433,720</u>

Ordinary development and research costs are recorded in manufacturing cost and selling and administrative expense, respectively.

10. OTHER ASSETS:

Other assets as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Long-term financial instruments (Note 3)	₩ 360,037	₩ 60,037	\$ 297,477	\$ 49,605
Long-term notes and accounts receivable, less unamortized present value discount of ₩10,180 million as of June 30, 2010 and ₩8,802 million as of December 31, 2009	46,084	43,492	38,077	35,935
Long-term other accounts receivable	107,604	87,603	88,907	72,381
Long-term loans	2,935	3,276	2,425	2,707
Lease and rental deposits	200,916	200,360	166,005	165,546
Long-term deposits	131,370	131,566	108,543	108,705
	<u>₩ 848,946</u>	<u>₩ 526,334</u>	<u>\$ 701,434</u>	<u>\$ 434,879</u>

11. SHORT-TERM BORROWINGS:

Short-term borrowings as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Annual interest rate (%)	Korean Won		Translation into U. S. Dollars (Note 2)	
		June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
		(In millions)		(In thousands)	
Overdrafts	4.91~5.77	₩ 68,159	₩ 80,000	\$ 56,316	\$ 66,099
Banker's Usance	Libor+0.9~1.2	<u>353,324</u>	<u>373,037</u>	<u>291,931</u>	<u>308,219</u>
		<u>₩ 421,483</u>	<u>₩ 453,037</u>	<u>\$ 348,247</u>	<u>\$ 374,318</u>

12. LONG-TERM DEBT AND DEBENTURES:

Long-term debt as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Annual interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
		June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
		(In millions)		(In thousands)	
Debentures	4.97~7.56	₩ 1,647,374	₩ 1,646,607	\$ 1,361,129	\$ 1,360,495
Local currency loans:					
General loans	3.00~5.00	<u>17,916</u>	<u>18,295</u>	<u>14,803</u>	<u>15,116</u>
		<u>1,665,290</u>	<u>1,664,902</u>	<u>1,375,932</u>	<u>1,375,611</u>
Less: current maturities		<u>301,322</u>	<u>300,992</u>	<u>248,965</u>	<u>248,692</u>
		<u>₩ 1,363,968</u>	<u>₩ 1,363,910</u>	<u>\$ 1,126,967</u>	<u>\$ 1,126,919</u>

Debentures as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Maturity	Interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
			June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
		(%)	(In millions)		(In thousands)	
Non-guaranteed debentures	Aug 11, 2010 ~ June 17, 2014	4.97~7.56	₩ 1,650,000	₩ 1,650,000	\$ 1,363,298	\$ 1,363,298
Less: discount on debentures			<u>2,626</u>	<u>3,393</u>	<u>2,169</u>	<u>2,803</u>
			<u>₩ 1,647,374</u>	<u>₩ 1,646,607</u>	<u>\$ 1,361,129</u>	<u>\$ 1,360,495</u>

The maturity of long-term debt and debentures as of June 30, 2010 is as follows:

Description	Debentures	Korean Won		Total	Translation into U.S. Dollars (Note 2)	
		Local currency loans	Total		Total	Total
		(In millions)		(In thousands)		
July 1, 2011 ~ June 30, 2012	₩ 1,050,000	₩ 1,649	₩ 1,051,649	\$ 868,916		
July 1, 2012 ~ June 30, 2013	200,000	2,201	202,201	167,067		
July 1, 2013 ~ June 30, 2014	100,000	2,430	102,430	84,632		
Thereafter	-	<u>10,314</u>	<u>10,314</u>	<u>8,521</u>		
	<u>1,350,000</u>	<u>16,594</u>	<u>1,366,594</u>	<u>1,129,136</u>		
Less: discount on debentures	<u>2,626</u>	-	<u>2,626</u>	<u>2,169</u>		
	<u>₩ 1,347,374</u>	<u>₩ 16,594</u>	<u>₩ 1,363,968</u>	<u>\$ 1,126,967</u>		

13. COMMITMENTS AND CONTINGENCIES:

- (1) The Company is contingently liable for guarantees of indebtedness, primarily for the following affiliates (including foreign subsidiaries), as of June 30, 2010:

Description	Korean Won (In millions)	Translation into U.S. Dollars (Note 2) (In thousands)
Hyundai Capital Service Inc.	₩ 683,515	\$ 564,748
Hyundai Merchant Marine Co., Ltd.	200,378	165,561
Hyundai Rotem Company	304,245	251,380
Hyundai Motor America	266,266	220,000
Hyundai Motor Manufacturing Alabama LLC	603,940	499,000
Hyundai Capital America	757,691	626,036
Hyundai Motor India	302,575	250,000
Hyundai Motor Europe GmbH	78,296	64,691
Hyundai Motor Europe Technical Center GmbH	73,771	60,953
Hyundai Motor Manufacturing Rus LLC	398,954	329,632
Hyundai Motor Manufacturing Czech, s.r.o.	1,121,214	926,393
Hyundai Motor (UK) Ltd.	36,459	30,124
Hyundai Motor Commonwealth of Independent States	124,258	102,667
Hyundai Motor Japan Co.	27,291	22,549
Hyundai Motor Espana, S.L.	118,034	97,525
Hyundai Motor Company Italy S.r.l	154,919	128,000
HMJ R&D Center Inc.	7,505	6,201
Hyundai Motor Poland Sp.Zo.O.	14,754	12,190
Hyundai Translead	93,193	77,000
Smart Alabama LLC	145,236	120,000
Hyundai America Technical Center Inc.	24,206	20,000
Beijing Jingxian Motor Safeguard Service Co., Ltd.	8,393	6,936
Beijing Hines Millennium Real Estate Development Co., Ltd.	18,155	15,000
UTS	290,472	240,000
	₩ 5,853,720	\$ 4,836,586

- (2) As of June 30, 2010, 213,466 shares of Kia Motors Corporation, 150 investment certificates of Machinery Financial Cooperative in long-term investment securities and property, plant and equipment amounting to ₩1,003,169 million (US\$828,860 thousand) (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 ₩108,482 million (US\$89,632 thousand) to the financial institution concerned as of June 30, 2010. 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 June 30, 2010, the amount of guarantee is ₩22,450 million (US\$18,549 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 June 30, 2010, the outstanding balance of accounts receivable discounted with recourse amounts to ₩1,781,912 million (US\$1,472,290 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 June 30, 2010 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 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.

14. ACCRUED WARRANTIES:

The changes in accrued warranties in current and long-term liabilities for the six months ended June 30, 2010 and 2009 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Beginning of period	₩ 3,254,013	₩ 3,476,147	\$ 2,688,600	\$ 2,872,137
Accrual	522,617	73,666	431,808	60,866
Use	(232,747)	(219,401)	(192,305)	(181,279)
End of period	<u>₩ 3,543,883</u>	<u>₩ 3,330,412</u>	<u>\$ 2,928,103</u>	<u>\$ 2,751,724</u>

15. CAPITAL ADJUSTMENTS:

Capital adjustments as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Treasury stock	<u>₩ (813,545)</u>	<u>₩ (743,909)</u>	<u>\$ (672,185)</u>	<u>\$ (614,648)</u>

For the stabilization of stock price, the Company has treasury stock consisting of 11,003,110 common shares and 2,950,960 preferred shares with a carrying value of ₩813,545 million (US\$672,185 thousand) as of June 30, 2010, and 11,213,999 common shares and 2,950,960 preferred shares with a carrying value of ₩743,909 million (US\$614,648 thousand) as of December 31, 2009.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Accumulated other comprehensive income as of June 30, 2010 and December 31, 2009 consists of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Gain on valuation of available-for-sale securities, net	₩ 511,642	₩ 368,745	\$ 422,740	\$ 304,672
Gain on valuation of investment securities accounted for using the equity method, net	260,798	194,553	215,482	160,748
Loss on valuation of derivatives, net	(58,696)	(76,660)	(48,497)	(63,340)
	<u>₩ 713,744</u>	<u>₩ 486,638</u>	<u>\$ 589,725</u>	<u>\$ 402,080</u>

17. STATEMENTS OF COMPREHENSIVE INCOME:

Statements of comprehensive income for the three months and six months ended June 30, 2010 and 2009 consist of the following:

Description	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months		Six months		Six months	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Net income	₩1,389,830	₩ 811,851	₩2,517,032	₩1,036,831	\$ 2,079,676	\$ 856,673
Other comprehensive income (loss):						
Gain on valuation of available-for-sale securities, net of deferred tax effect of ₩40,743 million and ₩3,918 million for the six months ended June 30, 2010 and 2009, respectively	17,870	9,390	142,897	13,892	118,067	11,478
Gain (loss) on valuation of investment securities accounted for using the equity method, net of deferred tax effect of ₩38,539 million and ₩32,032 million for the six months ended June 30, 2010 and 2009, respectively	209,908	(120,368)	66,245	122,216	54,734	100,980
Gain (loss) on valuation of derivatives, net of deferred tax effect of ₩5,735 million and ₩326 million for the six months ended June 30, 2010 and 2009, respectively	(13,138)	10,594	17,964	(2,288)	14,843	(1,891)
Comprehensive income	<u>₩1,604,470</u>	<u>₩ 711,467</u>	<u>₩2,744,138</u>	<u>₩1,170,651</u>	<u>\$ 2,267,320</u>	<u>\$ 967,240</u>

18. RETAINED EARNINGS:

Retained earnings as of June 30, 2010 and December 31, 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Appropriated:				
Legal reserve	₩ 333,890	₩ 302,170	\$ 275,874	\$ 249,665
Reserve for business rationalization	545,800	545,800	450,963	450,963
Reserve for improvement of financial structure	98,947	98,947	81,754	81,754
Reserve for overseas market development	48,800	48,800	40,321	40,321
Reserve for technology development	13,643,100	11,183,100	11,272,493	9,239,939
	<u>14,670,537</u>	<u>12,178,817</u>	<u>12,121,405</u>	<u>10,062,642</u>
Before appropriations	<u>2,422,265</u>	<u>2,812,295</u>	<u>2,001,376</u>	<u>2,323,635</u>
	<u>₩ 17,092,802</u>	<u>₩ 14,991,112</u>	<u>\$ 14,122,781</u>	<u>\$ 12,386,277</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\$262,083 thousand) are reflected in retained earnings on that date.

19. EARNINGS PER COMMON SHARE:

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

Basic earnings per common share for the three months and six months ended June 30, 2010 and 2009 is computed as follows:

	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months		Six months		Six months	
	2010	2009	2010	2009	2010	2009
	(In millions, except per share amounts)				(In thousands, except per share amounts)	
Net income	₩1,389,830	₩ 811,851	₩2,517,032	₩1,036,831	\$ 2,079,676	\$ 856,673
Expected dividends on preferred stock	<u>(319,592)</u>	<u>(187,101)</u>	<u>(578,973)</u>	<u>(239,639)</u>	<u>(478,371)</u>	<u>(198,000)</u>
Net income available to common share	1,070,238	624,750	1,938,059	797,192	1,601,305	658,673
Weighted average number of common shares outstanding (*)	<u>209,273,369</u>	<u>209,244,738</u>	<u>209,048,886</u>	<u>209,244,738</u>	<u>209,048,886</u>	<u>209,244,738</u>
Basic earnings per common share	<u>₩ 5,114</u>	<u>₩ 2,986</u>	<u>₩ 9,271</u>	<u>₩ 3,810</u>	<u>\$ 7.66</u>	<u>\$ 3.15</u>

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

The Company does not compute diluted earnings per common share for the three months and six months ended June 30, 2010 and 2009 because there is no item related to dilution.

20. INCOME TAX EXPENSE AND DEFERRED INCOME TAX ASSETS:

Income tax expense for the six months ended June 30, 2010 and 2009 consists of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Income tax currently payable	₩ 442,108	₩ 181,868	\$ 365,288	\$ 150,267
Changes in deferred taxes due to temporary differences	193,614	97,733	159,972	80,751
Income tax charged or credited to equity	<u>(24,595)</u>	<u>(11,432)</u>	<u>(20,322)</u>	<u>(9,446)</u>
Deferred tax charged or credited to equity	<u>(76,167)</u>	<u>(15,268)</u>	<u>(62,932)</u>	<u>(12,615)</u>
Income tax expense	<u>₩ 534,960</u>	<u>₩ 252,901</u>	<u>\$ 442,006</u>	<u>\$ 208,957</u>

For the six months ended June 30, 2010 and 2009, the differences between income before tax in financial accounting and income tax expense pursuant to Corporate Income Tax Law of Korea are as follows:

<u>Description</u>	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>(In millions)</u>		<u>(In thousands)</u>	
Income before income tax	₩ 3,051,992	₩ 1,289,732	\$ 2,521,682	\$ 1,065,630
Income tax expenses calculated at current applicable tax rates of 24.2% in 2010 and 2009	738,557	312,089	610,226	257,861
Adjustments:				
Non-taxable income	(21,507)	(1,595)	(17,770)	(1,318)
Disallowed expenses	2,773	5,491	2,292	4,537
Tax credits	(97,159)	(81,397)	(80,277)	(67,254)
Tax effects of temporary differences	(84,123)	(27,721)	(69,506)	(22,904)
Other	<u>(3,581)</u>	<u>46,034</u>	<u>(2,959)</u>	<u>38,035</u>
Income tax expense	<u>₩ 534,960</u>	<u>₩ 252,901</u>	<u>\$ 442,006</u>	<u>\$ 208,957</u>

21. RELATED PARTY TRANSACTIONS:

(1) The consolidated subsidiaries as of June 30, 2010 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, Hyundai Powertech Co., Ltd., Hyundai WIA Corp., Dymos Inc., Automobile Industrial Ace Corporation, Hyundai Rotem Company, Haevichi Hotel & Resort Co., Ltd., METIA Co., Ltd., M. Seat, Autoever Systems Corporation, Partecs Company, Ltd., M & Soft, KIA Tigers Co., Ltd., NGVTEK.COM, Haevichi Country Club Ltd., Carnes Company Ltd., Hyundai Commercial Inc. HMC Win-Win Fund and Green Air Co., Ltd.

Description	Subsidiaries
Foreign subsidiaries	<p>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), Hyundai Capital America (HCA), Hyundai Auto Canada Captive Insurance Incorporation (HACCII), Hyundai Motor Japan R&D Center Inc. (HMJ R&D), Innocean Worldwide Americas, LLC (IWA), Hyundai de Mexico, S.A. de C.V. (HYMEX), Stampted Metal America Research Technology Inc. (SMARTI), Stampted Metal America Research Technology LLC, China Millenium Corporations(CMEs), Beijing Hines Millennium Real Estate Development, Hyundai Motor Manufacturing Czech, Ltd. (HMMC), Hyundai Information System North America LLC (HISNA), 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., Bejing 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., Hyundai WIA Automotive Engine (ShanDong) Company, Hyundai WIA Motor Dies (Shandong) Company, Hyundai Wia Trading (Zhang Jia Gang Free Trade Zone) Co., Ltd., Dymos Czech Republic S.r.o., Rotem Equipments(Beijing) Co., Ltd., EUROTEM, Autoever Systems 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 Motor Czech s.r.o. (HMCZ), Hyundai Motor Company Italy S.r.l (HMCI), Hyundai Motor Espana, SL.U (HMES), Hyundai Motor Brasil Montadora De Automoveis LTDA (HMMB), Dymos Lear India Private Ltd., Autoever Systems India Pvt. Ltd., Maintrans Company and Hyundai Rotem Automotive.</p>

(2) Significant transactions with subsidiaries and affiliates for the six months ended June 30, 2010 and 2009 are as follows:

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	2010		2009		2010		2009	
	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense
	(In millions)				(In thousands)			
Subsidiaries:								
Kia Motors Corporation	₩ 243,136	₩ 207,696	₩ 139,894	₩ 74,022	\$ 200,889	\$ 171,607	\$ 115,586	\$ 61,160
Hyundai Capital Service Inc.	475,892	16,032	409,773	26,118	393,202	13,246	338,571	21,580
Hyundai WIA Corp.	170,349	162,579	84,153	115,251	140,749	134,330	69,531	95,225
Hyundai Powertech Co., Ltd.	3,890	170,121	4,006	188,863	3,214	140,561	3,310	156,046
Hyundai HYSKO	2,560	118,382	5,546	120,896	2,115	97,812	4,582	99,889
Hyundai Rotem Company	1,101	828	1,135	690	910	684	938	570
METIA Corporation	875	29,258	545	19,820	723	24,174	450	16,376
M&Soft Co., Ltd.	849	869	291	437	701	718	240	361
Hyundai Card Co., Ltd.	357	41,688	251	48,098	295	34,444	207	39,741
Autoever Systems Corporation	275	89,702	105	71,680	227	74,116	87	59,225
Dymos Inc.	218	261,633	217	190,118	180	216,172	179	157,083
Haevichi Hotel & Resort Co., Ltd.	183	5,941	453	4,377	151	4,909	374	3,616
HMC Investment Securities Co., Ltd.	161	-	154	-	133	-	127	-
KEFICO Corporation	157	177,124	140	143,145	130	146,347	116	118,272
Partecs Co., Ltd.	66	10,849	2	6,087	55	8,964	2	5,029
Haevichi Country Club., Ltd.	48	330	126	328	40	273	104	271
M.SEAT	23	-	4	-	19	-	3	-
NGVTEK.com	11	5,257	1	3,942	9	4,344	1	3,257
Automobile Industrial Ace	4	2,573	361	574	3	2,126	298	474
Hyundai Commercial Inc.	3	1,539	162,184	-	2	1,272	134,003	-
Carnes Company Ltd.	2	2,140	1	2,566	2	1,768	1	2,120
Hyundai Motor America	1,781,917	230	1,507,402	94,007	1,472,294	190	1,245,478	77,672
Hyundai Motor Company Australia	657,812	-	403,786	-	543,512	-	333,625	-
Hyundai Auto Canada Corporation	631,945	-	724,792	14,229	522,139	-	598,853	11,757
Hyundai Motor India	423,479	607	312,847	3,320	349,896	502	258,487	2,743
Hyundai Motor Group (China) Ltd.	365,634	-	283,682	-	302,102	-	234,390	-
Hyundai Motor Commonwealth of Independent States	233,140	-	201,760	-	192,630	-	166,702	-
Hyundai Motor Europe GmbH	195,983	-	119,841	-	161,929	-	99,018	-
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	194,303	-	123,547	971	160,541	-	102,080	802
Hyundai Motor Manufacturing Alabama, LLC	71,344	185	74,979	338	58,947	153	61,951	279
Hyundai Motor Manufacturing Rus LLC	33,859	-	-	-	27,976	-	-	-
Hyundai Motor Manufacturing Czech, s.r.o.	25,014	-	65,981	-	20,668	-	54,516	-
Hyundai Motor Czech s.r.o.	11,947	-	9,143	-	9,871	-	7,554	-
Hyundai Motor Norway AS	5,862	-	2,083	477	4,843	-	1,721	394
Hyundai Motor Poland Sp.Zo.O	3,176	-	13,295	1,819	2,624	-	10,985	1,503
Hyundai Capital America	977	-	1,482	-	807	-	1,224	-
Hyundai Motor Europe Technical Center	94	21,483	115	25,864	78	17,750	95	21,370
Hyundai America Technical Center Inc.	27	35,170	32	39,923	22	29,059	26	32,986
Other	722	369	6,686	45,954	598	304	5,525	37,970
Affiliates:								
Hyundai MOBIS Co., Ltd.	337,047	1,955,363	190,639	1,473,081	278,482	1,615,602	157,514	1,217,121
Hyundai Steel Company	4,379	12,500	1,296	580	3,618	10,328	1,072	479
Beijing-Hyundai Motor Company	311,390	3,086	227,063	2,211	257,283	2,550	187,609	1,827
Glovis Co., Ltd.	154,176	279,025	3,252	131,333	127,387	230,542	2,687	108,513
EUKOR Car Carriers, Inc.	164	247,810	516	293,818	136	204,751	426	242,765
Korea Aerospace Industries Co., Ltd.	38	-	-	-	31	-	-	-
HMJ R&D Center Inc.	10	2,832	5	5,916	8	2,340	4	4,888
Iljin Bearing Co., Ltd.	5	6,990	-	7,043	4	5,775	-	5,819
The Korea Economic Daily	-	527	-	456	-	435	-	377

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	2010		2009		2010		2009	
	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense
	(In millions)				(In thousands)			
Others:								
Hyundai AMCO Co., Ltd.	₩ 4,766	₩ 83,013	₩ 980	₩ 64,321	\$ 3,938	\$ 68,589	\$ 810	\$ 53,145
BNG Steel Co., Ltd.	194	50,402	62	18,993	160	41,644	51	15,693
Jeonbuk Hyundai Motors FC Co., Ltd.	155	11,295	-	-	128	9,332	-	-
Samwoo Co., Ltd.	126	159,343	-	98,840	104	131,656	-	81,666
Jongro Hakpyeong Co., Ltd.	30	-	-	-	25	-	-	-
Innocean Worldwide, Inc.	25	42,050	11	16,979	21	34,743	9	14,029
Wisco Co., Ltd.	15	60,457	4	29,893	12	49,952	3	24,699
IHL Corp.	13	34,508	260	32,365	11	28,512	216	26,741
	<u>₩6,349,928</u>	<u>₩4,311,786</u>	<u>₩5,084,883</u>	<u>₩3,419,743</u>	<u>\$ 5,246,574</u>	<u>\$ 3,562,576</u>	<u>\$ 4,201,341</u>	<u>\$ 2,825,533</u>

(3) Significant transactions with subsidiaries and affiliates for the three months ended June 30, 2010 and 2009 are as follows:

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	2010		2009		2010		2009	
	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense
	(In millions)				(In thousands)			
Subsidiaries:								
Kia Motors Corporation	₩ 109,548	₩ 73,884	₩ 73,531	₩ 41,519	\$ 90,513	\$ 61,046	\$ 60,754	\$ 34,305
Hyundai Capital Service Inc.	227,258	7,184	280,283	17,586	187,770	5,936	231,581	14,530
Hyundai WIA Corp.	111,730	87,650	50,919	67,680	92,316	72,420	42,071	55,920
Hyundai Powertech Co., Ltd.	2,737	79,906	2,575	127,509	2,261	66,022	2,128	105,353
Hyundai HYSKO	698	65,311	3,157	62,635	577	53,963	2,608	51,752
Hyundai Rotem Company	695	270	739	539	574	223	611	445
METIA Corporation	576	14,301	276	11,548	476	11,816	228	9,541
M&Soft Co., Ltd.	423	399	222	301	350	330	183	249
Hyundai Card Co., Ltd.	277	19,535	69	30,837	229	16,141	57	25,479
Autoever Systems Corporation	225	44,469	59	42,845	186	36,742	49	35,400
Dymos Inc.	108	137,071	113	116,342	89	113,254	93	96,127
Haevichi Hotel & Resort Co., Ltd.	61	2,049	46	2,366	50	1,693	38	1,955
HMC Investment Securities Co., Ltd.	110	-	153	-	91	-	126	-
KEFICO Corporation	31	90,680	16	77,957	26	74,924	13	64,411
Partecs Co., Ltd.	62	4,741	1	3,722	51	3,917	1	3,075
Haevichi Country Club., Ltd.	-	-	123	328	-	-	102	271
M.SEAT	23	-	1	-	19	-	1	-
NGVTEK.com	11	4,035	1	2,276	9	3,334	1	1,881
Automobile Industrial Ace	2	1,478	361	506	2	1,221	298	418
Hyundai Commercial Inc.	2	921	155,366	-	2	761	128,370	-
Carnes Company Ltd.	2	1,100	1	1,619	2	909	1	1,338
Hyundai Motor America	990,144	-	792,592	94,007	818,098	-	654,872	77,672
Hyundai Motor Company Australia	375,085	-	236,822	-	309,911	-	195,672	-
Hyundai Auto Canada Corporation	288,297	-	384,492	14,229	238,203	-	317,683	11,757
Hyundai Motor India	226,485	55	175,395	3,090	187,131	45	144,919	2,553
Hyundai Motor Group (China) Ltd.	208,146	-	150,336	-	171,979	-	124,214	-
Hyundai Motor Commonwealth of Independent States	148,318	-	17,287	-	122,546	-	14,283	-
Hyundai Motor Europe GmbH	110,653	-	34,664	-	91,426	-	28,641	-
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	106,360	-	69,926	971	87,879	-	57,776	802
Hyundai Motor Manufacturing Alabama, LLC	60,063	98	23,698	-	49,627	81	19,580	-
Hyundai Motor Manufacturing Rus LLC	14,565	-	-	-	12,034	-	-	-
Hyundai Motor Manufacturing Czech, s.r.o.	13,181	-	16,741	-	10,891	-	13,832	-

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	2010		2009		2010		2009	
	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense
	(In millions)				(In thousands)			
Hyundai Motor Czech s.r.o.	₩ 7,586	₩ -	₩ 5,585	₩ -	\$ 6,268	\$ -	\$ 4,615	\$ -
Hyundai Motor Norway AS	1,559	-	1,219	477	1,288	-	1,007	394
Hyundai Motor Poland Sp.Zo.O	2,548	-	3,675	1,819	2,105	-	3,036	1,503
Hyundai Capital America	932	-	796	-	770	-	658	-
Hyundai Motor Europe Technical Center	71	10,956	60	13,547	59	9,052	50	11,193
Hyundai America Technical Center Inc.	10	17,333	9	19,353	8	14,321	7	15,990
Other	529	482	1,223	30,199	438	399	1,011	24,951
Affiliates:								
Hyundai MOBIS Co., Ltd.	151,369	1,008,172	155,599	838,075	125,067	832,993	128,562	692,452
Hyundai Steel Company	959	9,344	646	332	792	7,720	534	274
Beijing-Hyundai Motor Company	173,729	2,099	131,190	474	143,542	1,734	108,396	392
Glovis Co., Ltd.	87,314	148,895	2,078	74,167	72,142	123,023	1,717	61,280
EUKOR Car Carriers, Inc.	103	143,054	-	103,963	85	118,197	-	85,899
HMJ R&D Center Inc.	10	1,474	1	2,787	8	1,218	1	2,303
Iljin Bearing Co., Ltd.	-	2,922	-	3,534	-	2,414	-	2,920
The Korea Economic Daily	-	205	-	198	-	169	-	164
Others:								
Hyundai AMCO Co., Ltd.	743	50,625	477	33,449	614	41,828	394	27,637
BNG Steel Co., Ltd.	96	28,806	61	10,341	79	23,801	50	8,544
Jeonbuk Hyundai Motors FC Co., Ltd.	116	3,567	-	-	96	2,947	-	-
Samwoo Co., Ltd.	-	83,279	-	49,565	-	68,809	-	40,953
Innocean Worldwide, Inc.	9	32,590	1	8,316	7	26,927	1	6,871
Wisco Co., Ltd.	13	31,520	2	16,159	11	26,043	2	13,351
IHL Corp.	7	17,874	3	19,388	6	14,769	2	16,019
	<u>₩3,423,579</u>	<u>₩2,228,334</u>	<u>₩2,772,590</u>	<u>₩1,946,555</u>	<u>\$ 2,828,703</u>	<u>\$ 1,841,142</u>	<u>\$ 2,290,829</u>	<u>\$ 1,608,324</u>

(4) Significant outstanding balances as of June 30, 2010 and December 31, 2009 are as follows:

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	2010		2009		2010		2009	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
	(In millions)				(In thousands)			
Subsidiaries:								
Kia Motors Corporation	₩ 215,427	₩ 157,667	₩ 211,066	₩ 182,580	\$ 177,995	\$ 130,271	\$ 174,391	\$ 150,855
Hyundai Capital Service Inc.	18,698	4,777	23,067	6,195	15,449	3,947	19,059	5,119
Hyundai WIA Corp.	133,864	85,150	79,675	78,304	110,604	70,354	65,831	64,698
Hyundai Powertech Co., Ltd.	3,521	100,628	4,829	153,513	2,909	83,143	3,990	126,839
Hyundai HYSKO	2,507	62,573	4,025	77,052	2,071	51,700	3,326	63,664
Hyundai Rotem Company	272	18,517	425	37,563	225	15,300	351	31,036
METIA Corporation	143	15,473	68	16,275	118	12,784	56	13,447
M&Soft Co., Ltd.	242	2,779	256	467	200	2,296	212	386
Hyundai Card Co., Ltd.	49,836	43,956	30,308	35,896	41,177	36,318	25,042	29,659
Autoveer Systems Corporation	207	49,296	15	72,572	171	40,730	12	59,962
Dynos Inc.	4,849	164,275	4,256	178,920	4,006	135,731	3,516	147,831
Haevichi Hotel & Resort Co., Ltd.	34,134	1,026	38,985	1,122	28,203	848	32,211	927
HMC Investment Securities Co., Ltd.	20	3,102	-	28,526	17	2,563	-	23,569
KEFICO Corporation	882	77,014	776	74,876	729	63,632	641	61,866
Partecs Co., Ltd.	1	6,540	30	7,790	1	5,404	25	6,436
Haevichi Country Club., Ltd.	-	352	-	740	-	291	-	611
M.SEAT	1	-	-	-	1	-	-	-
NGVTEK.com	5,807	5,020	5,368	6,739	4,798	4,148	4,435	5,568
Automobile Industrial Ace	103	2,250	56	2,006	85	1,859	46	1,657
Hyundai Commercial Inc.	4,051	315	3,187	302	3,347	260	2,633	250
Hyundai Motor America	158,337	15,878	52,872	12,444	130,825	13,119	43,685	10,282
Hyundai Motor Company Australia	81,252	580	45,198	347	67,134	479	37,344	287

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	2010		2009		2010		2009	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
	(In millions)				(In thousands)			
Hyundai Auto Canada Corporation	₩ 41,103	₩ 3,120	₩ 7,108	₩ 3,935	\$ 33,961	\$ 2,578	\$ 5,873	\$ 3,251
Hyundai Motor India	58,298	400	40,888	13	48,168	330	33,783	11
Hyundai Motor Group (China) Ltd.	42,502	-	29,666	13	35,117	-	24,511	11
Hyundai Motor Commonwealth of Independent States	27,759	1,060	18,593	-	22,936	876	15,362	-
Hyundai Motor Europe GmbH	32,178	-	18,971	2,192	26,587	-	15,675	1,811
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	106,617	117	89,001	10,508	88,091	97	73,536	8,682
Hyundai Motor Manufacturing Alabama, LLC	72,266	108	15,125	201	59,709	89	12,497	166
Hyundai Motor Manufacturing Rus LLC	33,230	-	-	-	27,456	-	-	-
Hyundai Motor Manufacturing Czech, s.r.o.	16,800	44	21,768	17	13,881	36	17,986	14
Hyundai Motor Czech s.r.o.	1,433	142	1,573	2,291	1,184	117	1,300	1,893
Hyundai Motor Norway AS	121	-	-	1,140	100	-	-	942
Hyundai Motor Poland Sp.Zo.O	834	15	41,943	3,334	689	12	34,655	2,755
Hyundai Capital America	-	-	75	-	-	-	62	-
Hyundai Motor Europe Technical Center	-	4,068	46	6,968	-	3,361	38	5,757
Hyundai America Technical Center Inc.	-	6,102	7	13,170	-	5,042	6	10,882
Other	9,140	184	8,682	2,267	7,552	153	7,174	1,872
Affiliates:								
Hyundai MOBIS Co., Ltd.	201,801	925,663	193,958	1,072,707	166,736	764,821	160,256	886,315
Hyundai Steel Company	925	30,551	1,606	21,883	764	25,243	1,327	18,081
Beijing-Hyundai Motor Company	128,570	810	89,385	307	106,230	669	73,855	254
Glovis Co., Ltd.	30,083	89,487	17,205	69,622	24,856	73,938	14,215	57,525
EUKOR Car Carriers, Inc.	-	48,228	7	49,834	-	39,848	6	41,175
HMJ R&D Center Inc.	-	668	1	-	-	552	1	-
Iljin Bearing Co., Ltd.	5	1,212	4	2,437	4	1,001	3	2,014
Beijing Mobis Transmission Co., Ltd.	-	-	-	1,059	-	-	-	875
Others:								
Hyundai AMCO Co., Ltd.	299	34,026	277	51,863	247	28,114	229	42,851
BNG Steel Co., Ltd.	5	20,570	1	17,470	4	16,996	1	14,434
Samwoo Co., Ltd.	956	67,268	1,368	67,895	790	55,580	1,130	56,097
Innocean Worldwide, Inc.	1,870	61,114	1,565	39,788	1,545	50,495	1,293	32,874
Wisco Co., Ltd.	291	31,574	429	26,042	240	26,088	354	21,517
IHL Corp.	305	14,259	20	15,892	252	11,781	17	13,131
	<u>₩1,521,545</u>	<u>₩2,157,958</u>	<u>₩1,103,734</u>	<u>₩2,457,077</u>	<u>\$ 1,257,164</u>	<u>\$ 1,782,994</u>	<u>\$ 911,951</u>	<u>\$ 2,030,139</u>

(5) Compensations for registered directors and unregistered directors of the Company for the six months ended June 30, 2010 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	(In millions)		(In thousands)	
Short-term salaries	₩	31,964	\$	26,410
Severance benefits		<u>27,663</u>		<u>22,856</u>
	₩	<u>59,627</u>	\$	<u>49,266</u>

22. DERIVATIVE INSTRUMENTS:

The Company entered into derivative instrument contracts including forwards, options and swaps to hedge the exposure to changes in foreign exchange rate. As of June 30, 2010 and December 31, 2009, the Company deferred the net loss of ₩77,436 million (US\$63,981 thousand) and ₩101,135 million (US\$83,562 thousand), respectively, on valuation of the effective portion of derivative instruments for cash flow hedging purposes from forecasted exports as accumulated other comprehensive income (loss). The longest period in which the forecasted transactions are expected to occur is within 17 months from June 30, 2010. Of the net loss on valuation recorded as accumulated other comprehensive loss as of June 30, 2010 amounting to ₩38,067 million (US\$31,453 thousand) is expected to be realized and charged to current operations within one year from June 30, 2010.

For the six months ended June 30, 2010 and 2009, the Company recognized the net gain of ₩21,718 million (US\$17,944 thousand) and the net loss of ₩201 million (US\$166 thousand), respectively, on valuation of the ineffective portion of such instruments and the other derivative instruments in current operations.

23. REGIONAL SALES INFORMATION:

Sales by region for the three months and six months ended June 30, 2010 and 2009 are as follows:

	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months		Six months		Six months	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Domestic sales	₩ 3,804,453	₩ 4,338,958	₩ 7,837,181	₩ 7,059,806	\$ 6,475,404	\$ 5,833,104
Export sales - Vehicle products						
North America	1,277,980	1,176,960	2,413,388	2,231,573	1,994,041	1,843,818
Europe	386,718	129,033	626,993	457,057	518,048	377,639
South America	766,093	543,173	1,397,416	919,000	1,154,603	759,316
Asia & Pacific	789,969	566,317	1,438,060	987,751	1,188,185	816,121
Middle Asia & Africa	1,540,905	752,740	2,460,522	1,566,609	2,032,985	1,294,397
	4,761,665	3,168,223	8,336,379	6,161,990	6,887,862	5,091,291
Export sales - Other	993,919	572,759	1,804,719	890,097	1,491,133	735,436
Export sales	5,755,584	3,740,982	10,141,098	7,052,087	8,378,995	5,826,727
Total sales	₩ 9,560,037	₩ 8,079,940	₩ 17,978,279	₩ 14,111,893	\$ 14,854,399	\$ 11,659,831

24. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months and six months ended June 30, 2010 and 2009 are as follows:

	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months		Six months		Six months	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Salary-related costs	₩ 312,347	₩ 313,553	₩ 627,538	₩ 618,533	\$ 518,498	\$ 511,058
Export costs	226,107	147,954	395,557	319,281	326,826	263,803
Overseas market development	167,406	306,379	342,356	503,024	282,869	415,619
Advertisement	54,853	24,278	87,930	52,354	72,651	43,257
Sales commissions	126,471	160,557	264,044	264,577	218,164	218,604
Sales warranties	19,210	24,278	44,630	45,127	36,875	37,286
Provision for warranties	366,240	-	522,617	73,666	431,808	60,866
Sales warranties adjustment for interim period	-	(97,933)	-	-	-	-

	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months		Six months		Six months	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Freight and warehousing	₩ 23,155	₩ 27,272	₩ 47,805	₩ 48,105	\$ 39,498	\$ 39,746
Service charges	50,572	45,068	103,600	85,466	85,599	70,616
Research	119,467	65,582	213,509	125,008	176,410	103,287
Other	97,900	83,470	185,020	156,803	152,871	129,557
	<u>₩ 1,563,728</u>	<u>₩ 1,100,458</u>	<u>₩ 2,834,606</u>	<u>₩ 2,291,944</u>	<u>\$ 2,342,069</u>	<u>\$ 1,893,699</u>

25. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES:

The assets and liabilities denominated in foreign currencies as of June 30, 2010 and December 31, 2009 are summarized below.

	Foreign currencies				Korean Won				
	June 30, 2010		December 31, 2009		June 30, 2010		December 31, 2009		
(In thousands)				(In millions)					
Assets	US\$	847,817	US\$	842,568	₩	1,026,113	₩	983,782	
	JP ¥	-	JP ¥	32,732	-	-	413		
	GBP	1,808	GBP	856	3,296	1,607			
	CAD	35,785	CAD	6,421	41,103	7,108			
	EUR	198,875	EUR	131,085	293,424	219,472			
	AUD	79,581	AUD	42,744	81,956	44,670			
	AED	205,812	AED	300,524	67,819	95,528			
					<u>₩</u>	<u>1,513,711</u>	<u>₩</u>	<u>1,352,580</u>	
	Liabilities	US\$	247,652	US\$	249,156	₩	299,734	₩	290,915
		JP ¥	21,682,796	JP ¥	20,307,033	295,875	256,441		
GBP		7,897	GBP	6,176	14,395	11,596			
CAD		4,389	CAD	6,262	5,041	6,932			
AUD		4,627	AUD	4,598	4,765	4,805			
EUR		197,117	EUR	201,699	290,830	337,700			
SGD		1	SGD	1	1	1			
CHF		152	CHF	880	170	992			
DKK		87	DKK	845	17	190			
SEK		-	SEK	2,628	-	429			
AED		2,022	AED	876	666	278			
NOK		-	NOK	2,125	-	428			
				<u>₩</u>	<u>911,494</u>	<u>₩</u>	<u>910,707</u>		

26. 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.