

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED  
SEPTEMBER 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 September 30, 2010, the related non-consolidated statements of income for the three months and nine months ended September 30, 2010 and 2009, and the related non-consolidated statements of changes in shareholders' equity and cash flows for the nine months ended September 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.



November 10, 2010

## Notice to Readers

This report is effective as of November 10, 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 SEPTEMBER 30, 2010 AND DECEMBER 31, 2009

ASSETS	Korean Won		Translation into U.S. Dollars (Note 2)	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Current assets:				
Cash and cash equivalents	₩ 942,178	₩ 2,259,781	\$ 825,025	\$ 1,978,792
Short-term financial instruments (Note 3)	6,946,494	4,938,092	6,082,744	4,324,074
Short-term investment securities (Note 5)	169,129	163,526	148,099	143,193
Trade notes and accounts receivable, less allowance for doubtful accounts of ₩13,916 million as of September 30, 2010 and ₩9,561 million as of December 31, 2009 (Note 13)	2,088,225	2,155,594	1,828,568	1,887,560
Trade notes and accounts receivable - other	271,390	454,653	237,644	398,120
Derivative assets (Note 22)	47,716	35,836	41,783	31,380
Deferred tax assets	169,800	185,956	148,687	162,834
Inventories (Note 4)	1,718,085	1,384,498	1,504,453	1,212,345
Advances and other current assets	<u>357,856</u>	<u>214,520</u>	<u>313,359</u>	<u>187,846</u>
Total current assets	<u>12,710,873</u>	<u>11,792,456</u>	<u>11,130,362</u>	<u>10,326,144</u>
Non-current assets:				
Long-term investment securities (Notes 6 and 13)	1,090,693	676,328	955,073	592,231
Investment securities accounted for using the equity method (Notes 7 and 13)	12,584,457	10,884,663	11,019,665	9,531,229
Property, plant and equipment, net of accumulated depreciation of ₩8,281,333 million as of September 30, 2010 and ₩7,814,143 million as of December 31, 2009 (Notes 8 and 13)	9,487,725	9,726,299	8,307,990	8,516,899
Intangibles (Note 9)	1,892,246	1,840,055	1,656,958	1,611,257
Other assets (Notes 3 and 10)	<u>821,649</u>	<u>526,334</u>	<u>719,482</u>	<u>460,887</u>
Total non-current assets	<u>25,876,770</u>	<u>23,653,679</u>	<u>22,659,168</u>	<u>20,712,503</u>
Total assets	<u>₩ 38,587,643</u>	<u>₩ 35,446,135</u>	<u>\$ 33,789,530</u>	<u>\$ 31,038,647</u>

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS OF SEPTEMBER 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>September 30, 2010</u>	<u>December 31, 2009</u>	<u>September 30, 2010</u>	<u>December 31, 2009</u>
	<u>(In millions)</u>		<u>(In thousands)</u>	
<b>Current liabilities:</b>				
Trade notes and accounts payable	₩ 3,033,606	₩ 3,846,823	\$ 2,656,398	\$ 3,368,496
Short-term borrowings (Notes 11 and 13)	488,975	453,037	428,174	396,705
Accounts payable-other	1,113,556	1,685,899	975,093	1,476,269
Accrued expenses	422,756	603,580	370,189	528,529
Current maturities of long-term debt and debentures (Notes 12 and 13)	1,398	300,992	1,224	263,566
Accrued warranties (Note 14)	901,076	906,456	789,033	793,744
Income tax payable	506,821	248,007	443,801	217,169
Derivative liabilities (Note 22)	47,063	61,852	41,211	54,161
Withholdings and other current liabilities	844,682	817,028	739,652	715,436
Total current liabilities	<u>7,359,933</u>	<u>8,923,674</u>	<u>6,444,775</u>	<u>7,814,075</u>
<b>Non-current liabilities:</b>				
Long-term debt and debentures, net of current maturities and discount on debentures issued of ₩3,545 million as of September 30, 2010 and ₩3,393 million as of December 31, 2009 (Notes 12 and 13)	1,662,687	1,363,910	1,455,943	1,194,317
Accrued severance benefits, net of National Pension payments for employees of ₩11,001 million as of September 30, 2010 and ₩12,378 million as of December 31, 2009, and individual severance insurance deposits of ₩1,148,361 million as of September 30, 2010 and ₩1,185,638 million as of December 31, 2009	704,106	460,359	616,555	403,116
Derivative liabilities (Note 22)	36,652	117,168	32,094	102,599
Long-term accrued warranties (Note 14)	2,597,504	2,347,557	2,274,522	2,055,654
Deferred tax liabilities	479,248	204,444	419,657	179,023
Total non-current liabilities	<u>5,480,197</u>	<u>4,493,438</u>	<u>4,798,771</u>	<u>3,934,709</u>
Total liabilities	<u>12,840,130</u>	<u>13,417,112</u>	<u>11,243,546</u>	<u>11,748,784</u>
<b>Shareholders' equity:</b>				
Capital stock	1,488,993	1,488,993	1,303,847	1,303,847
Capital surplus	5,969,980	5,806,189	5,227,653	5,084,229
Capital adjustments (Note 15)	(918,214)	(743,909)	(804,040)	(651,409)
Accumulated other comprehensive income (Notes 16 and 17)	762,978	486,638	668,107	426,128
Retained earnings (Note 18)	<u>18,443,776</u>	<u>14,991,112</u>	<u>16,150,417</u>	<u>13,127,068</u>
Total shareholders' equity	<u>25,747,513</u>	<u>22,029,023</u>	<u>22,545,984</u>	<u>19,289,863</u>
Total liabilities and shareholders' equity	<u>₩ 38,587,643</u>	<u>₩ 35,446,135</u>	<u>\$ 33,789,530</u>	<u>\$ 31,038,647</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

	Korean Won				Translation into U. S. Dollars (Note 2)	
	Three months ended September 30,		Nine months ended September 30,		Nine months ended September 30,	
	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	₩ 3,634,555	₩ 4,079,851	₩ 11,471,736	₩ 11,139,657	\$ 10,045,303	\$ 9,754,516
Export sales	<u>5,212,705</u>	<u>4,018,543</u>	<u>15,353,803</u>	<u>11,070,630</u>	<u>13,444,661</u>	<u>9,694,071</u>
	<u>8,847,260</u>	<u>8,098,394</u>	<u>26,825,539</u>	<u>22,210,287</u>	<u>23,489,964</u>	<u>19,448,587</u>
Cost of sales	<u>6,734,080</u>	<u>6,360,799</u>	<u>20,311,740</u>	<u>17,369,737</u>	<u>17,786,112</u>	<u>15,209,927</u>
Gross profit	2,113,180	1,737,595	6,513,799	4,840,550	5,703,852	4,238,660
Selling and administrative expenses (Notes 21 and 24)	<u>1,361,340</u>	<u>1,150,807</u>	<u>4,195,946</u>	<u>3,442,751</u>	<u>3,674,208</u>	<u>3,014,668</u>
Operating income	<u>751,840</u>	<u>586,788</u>	<u>2,317,853</u>	<u>1,397,799</u>	<u>2,029,644</u>	<u>1,223,992</u>
Other income (expenses), net:						
Interest income, net	55,239	14,458	136,080	35,429	119,159	31,024
Loss on foreign exchange transaction, net	(22,647)	(33,558)	(10,168)	(21,139)	(8,904)	(18,511)
Loss on foreign currency translation, net	(15,108)	(16,765)	(36,282)	(23,098)	(31,771)	(20,226)
Loss on disposal of trade notes and accounts receivable	(13,938)	(14,921)	(37,158)	(62,128)	(32,538)	(54,403)
Gain (loss) on disposal of short-term investment securities, net	600	(5)	613	(187)	537	(164)
Gain on valuation of short-term investment securities, net	-	88,317	-	89,952	-	78,767
Gain (loss) on disposal of investment securities accounted for using the equity method, net (Note 7)	(25)	-	(25)	70,252	(22)	61,517
Gain on valuation of investment securities accounted for using the equity method, net (Note 7)	819,373	546,948	2,121,510	817,887	1,857,715	716,188
Impairment loss on investment securities accounted for using the equity method (Note 7)	-	-	(2,283)	-	(1,999)	-
Impairment loss on long-term investment securities	-	-	(1,200)	-	(1,051)	-
Gain (loss) on disposal of property, plant and equipment, net	(4,139)	20,368	(23,179)	3,124	(20,297)	2,736
Impairment loss on intangibles	-	-	(101,306)	-	(88,709)	-
Gain on valuation of derivatives, net (Note 22)	19,682	15,782	20,165	14,530	17,658	12,723
Rental and royalty income	49,739	64,312	165,382	203,034	144,818	177,788
Other, net	<u>2,667</u>	<u>2,230</u>	<u>145,273</u>	<u>38,231</u>	<u>127,209</u>	<u>33,478</u>
	<u>891,443</u>	<u>687,166</u>	<u>2,377,422</u>	<u>1,165,887</u>	<u>2,081,805</u>	<u>1,020,917</u>
Income before income tax	1,643,283	1,273,954	4,695,275	2,563,686	4,111,449	2,244,909
Income tax expense (Note 20)	<u>290,028</u>	<u>294,803</u>	<u>824,988</u>	<u>547,704</u>	<u>722,406</u>	<u>479,601</u>
Net income	<u>₩ 1,353,255</u>	<u>₩ 979,151</u>	<u>₩ 3,870,287</u>	<u>₩ 2,015,982</u>	<u>\$ 3,389,043</u>	<u>\$ 1,765,308</u>
Basic earnings per common share (Note 19)	<u>₩ 4,998</u>	<u>₩ 3,602</u>	<u>₩ 14,269</u>	<u>₩ 7,412</u>	<u>\$ 12.49</u>	<u>\$ 6.49</u>
Diluted earnings per common share (Note 19)	<u>₩ 4,998</u>	<u>₩ 3,602</u>	<u>₩ 14,269</u>	<u>₩ 7,412</u>	<u>\$ 12.49</u>	<u>\$ 6.49</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

	Korean Won					Translation into U.S. Dollars (Note 2)	
	Capital stock	Capital surplus	Capital adjustments	Accumulative other	Retained earnings	Total amount	Total amount
				comprehensive income			
	(In millions)					(In thousands)	
January 1, 2009	₩ 1,488,993	₩ 5,851,776	₩ (719,685)	₩ 612,153	₩ 12,419,054	₩ 19,652,291	\$ 17,208,661
Payment of cash dividend	-	-	-	-	(235,715)	(235,715)	(206,405)
Gain on disposal of treasury stock fund	-	1,162	1,200	-	-	2,362	2,068
Gain on valuation of available-for-sale securities, net	-	-	-	15,824	-	15,824	13,856
Gain on valuation of derivatives, net	-	-	-	30,508	-	30,508	26,715
Net income	-	-	-	-	2,015,982	2,015,982	1,765,308
Changes accounted for using the equity method	-	(37,755)	-	(105,600)	(153,764)	(297,119)	(260,174)
September 30, 2009	<u>₩ 1,488,993</u>	<u>₩ 5,815,183</u>	<u>₩ (718,485)</u>	<u>₩ 552,885</u>	<u>₩ 14,045,557</u>	<u>₩ 21,184,133</u>	<u>\$ 18,550,029</u>
January 1, 2010	₩ 1,488,993	₩ 5,806,189	₩ (743,909)	₩ 486,638	₩ 14,991,112	₩ 22,029,023	\$ 19,289,863
Payment of cash dividend	-	-	-	-	(317,199)	(317,199)	(277,757)
Purchase of treasury stock	-	-	(452,515)	-	-	(452,515)	(396,248)
Disposal of treasury stock	-	171,109	278,210	-	-	449,319	393,449
Gain on valuation of available-for-sale securities, net	-	-	-	325,442	-	325,442	284,975
Gain on valuation of derivatives, net	-	-	-	32,773	-	32,773	28,698
Net income	-	-	-	-	3,870,287	3,870,287	3,389,043
Changes accounted for using the equity method	-	(7,318)	-	(81,875)	(100,424)	(189,617)	(166,039)
September 30, 2010	<u>₩ 1,488,993</u>	<u>₩ 5,969,980</u>	<u>₩ (918,214)</u>	<u>₩ 762,978</u>	<u>₩ 18,443,776</u>	<u>₩ 25,747,513</u>	<u>\$ 22,545,984</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-COLSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	Nine months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Cash flows from operating activities:				
Net income	₩ 3,870,287	₩ 2,015,982	\$ 3,389,043	\$ 1,765,308
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for severance benefits	359,161	257,620	314,502	225,587
Depreciation	663,523	667,901	581,018	584,852
Bad debt expense	4,356	3,978	3,814	3,483
Provision for warranties	597,080	57,178	522,837	50,068
Amortization of intangibles	396,839	377,383	347,495	330,458
Amortization of discount on debentures	1,151	1,090	1,008	954
Loss on foreign currency translation, net	36,282	23,098	31,771	20,226
Loss on disposal of trade notes and accounts receivable	37,158	62,128	32,538	54,403
Loss (gain) on disposal of short-term investment securities, net	(613)	187	(537)	164
Gain on valuation of short-term investment securities, net	-	(89,952)	-	(78,767)
Loss (gain) on disposal of investment securities accounted for using the equity method, net	25	(70,252)	22	(61,517)
Gain on valuation of investment securities accounted for using the equity method, net	(2,121,510)	(817,887)	(1,857,715)	(716,188)
Dividends of investment securities accounted for using the equity method	517,784	146,776	453,401	128,525
Impairment loss on investment securities accounted for using the equity method	2,283	-	1,999	-
Impairment loss on long-term investment securities	1,200	-	1,051	-
Loss (gain) on disposal of property, plant and equipment, net	23,179	(3,124)	20,297	(2,736)
Impairment loss on intangibles	101,306	-	88,709	-
Gain on valuation of derivatives, net	(20,165)	(14,530)	(17,658)	(12,723)
Other	(90,353)	8,856	(79,118)	7,755
Changes in operating assets and liabilities:				
Increase in trade notes and accounts receivable	(8,239)	(80,564)	(7,215)	(70,546)
Decrease (increase) in trade notes and accounts receivable-other	165,869	(42,623)	145,244	(37,323)
Decrease (increase) in inventories	(435,584)	144,580	(381,422)	126,602
Decrease in derivative assets	18,054	4,476	15,809	3,919
Decrease (increase) in deferred tax assets	(70,355)	152,665	(61,607)	133,682
Decrease (increase) in advances and other current assets	(143,487)	6,597	(125,645)	5,777
Increase (decrease) in trade notes and accounts payable	(813,516)	1,049,439	(712,361)	918,948
Decrease in accounts payable-other	(68,703)	(382,854)	(60,160)	(335,249)
Increase (decrease) in accrued expenses	(180,811)	1,004,927	(158,328)	879,971
Increase (decrease) in income tax payable	258,814	(527,310)	226,632	(461,743)
Increase in withholding and other current liabilities	29,003	123,983	25,397	108,567
Payment of severance benefits	(158,062)	(177,626)	(138,408)	(155,539)
Decrease (increase) in individual severance insurance deposits	37,276	(22,769)	32,641	(19,938)
Increase in deferred tax liabilities	232,208	92,022	203,335	80,580
Decrease in accrued warranties	(352,513)	(334,675)	(308,680)	(293,060)
Decrease in derivative liabilities	(61,838)	(146,582)	(54,149)	(128,356)
Other	13,542	12,901	11,858	11,298
	2,840,631	3,503,019	2,487,418	3,067,442

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HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	Nine months ended September 30,		Nine months ended September 30,	
	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	₩ 6,013,700	₩ 4,662,818	\$ 5,265,937	\$ 4,083,028
Proceeds from disposal of short-term investment securities	51,804	22,662	45,363	19,844
Proceeds from disposal of long-term investment securities	-	8,490	-	7,434
Proceeds from disposal of investment securities accounted for using the equity method	-	48,404	-	42,385
Proceeds from disposal of property, plant and equipment	40,991	35,501	35,894	31,087
Reduction in other current assets	-	2,880	-	2,522
Reduction in other assets	36,434	3,248	31,904	2,844
	<u>6,142,929</u>	<u>4,784,003</u>	<u>5,379,098</u>	<u>4,189,144</u>
Cash outflows from investing activities:				
Purchase of short-term financial instruments	(7,462,101)	(5,686,465)	(6,534,239)	(4,979,391)
Acquisition of short-term investment securities	(51,191)	(2,361)	(44,826)	(2,067)
Acquisition of long-term investment securities	(2,227)	(23,642)	(1,950)	(20,702)
Acquisition of investment securities accounted for using the equity method	(239,046)	(915,435)	(209,322)	(801,607)
Purchase of long-term financial instruments	(830,000)	(360,000)	(726,795)	(315,236)
Acquisition of property, plant and equipment	(391,143)	(511,044)	(342,507)	(447,499)
Expenditures for development costs	(546,369)	(585,746)	(478,432)	(512,912)
Additions to other assets	(36,555)	(9,791)	(32,010)	(8,575)
	<u>(9,558,632)</u>	<u>(8,094,484)</u>	<u>(8,370,081)</u>	<u>(7,087,989)</u>
	<u>(3,415,703)</u>	<u>(3,310,481)</u>	<u>(2,990,983)</u>	<u>(2,898,845)</u>
Cash flows from financing activities:				
Cash inflows from financing activities:				
Proceeds from short-term borrowings	980,201	1,767,368	858,320	1,547,608
Proceeds from issuance of debentures	298,697	398,243	261,556	348,724
Proceeds from disposal of treasury stock	-	2,362	-	2,068
	<u>1,278,898</u>	<u>2,167,973</u>	<u>1,119,876</u>	<u>1,898,400</u>
Cash outflows from financing activities:				
Repayment of short-term borrowings	(951,050)	(2,482,759)	(832,793)	(2,174,045)
Repayment of current maturities of long-term debt	(300,665)	(559)	(263,280)	(489)
Payment of cash dividends	(317,199)	(235,726)	(277,757)	(206,415)
Purchase of treasury stock	(452,515)	-	(396,248)	-
	<u>(2,021,429)</u>	<u>(2,719,044)</u>	<u>(1,770,078)</u>	<u>(2,380,949)</u>
	<u>(742,531)</u>	<u>(551,071)</u>	<u>(650,202)</u>	<u>(482,549)</u>
Net decrease in cash and cash equivalents	1,317,603	358,533	1,153,767	313,952
Cash and cash equivalents, beginning of period	<u>2,259,781</u>	<u>1,756,546</u>	<u>1,978,792</u>	<u>1,538,132</u>
Cash and cash equivalents, end of period	<u>₩ 942,178</u>	<u>₩ 1,398,013</u>	<u>\$ 825,025</u>	<u>\$ 1,224,180</u>

See accompanying notes to non-consolidated financial statements.



## HYUNDAI MOTOR COMPANY

### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 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 September 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 ₩1,142.00 to US\$1.00 at September 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 September 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 September 30, 2010 are the same, in all material respect, to those as of December 31, 2009.

3. RESTRICTED FINANCIAL INSTRUMENTS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Short-term financial instruments:				
Ordinary deposit	₩ 125	₩ 59	\$ 110	\$ 52
Term deposit	<u>56,369</u>	<u>63,032</u>	<u>49,360</u>	<u>55,194</u>
	<u>56,494</u>	<u>63,091</u>	<u>49,470</u>	<u>55,246</u>
Long-term financial instruments (Note 10):				
Guarantee deposits for checking accounts	<u>37</u>	<u>37</u>	<u>32</u>	<u>32</u>
	<u>₩ 56,531</u>	<u>₩ 63,128</u>	<u>\$ 49,502</u>	<u>\$ 55,278</u>

4. INVENTORIES:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Finished goods and merchandise	₩ 610,514	₩ 455,391	\$ 534,601	\$ 398,767
Semi finished goods and work in process	484,471	414,530	424,230	362,986
Raw materials and supplies	568,936	437,278	498,193	382,905
Materials in transit	<u>54,164</u>	<u>77,299</u>	<u>47,429</u>	<u>67,687</u>
	<u>₩ 1,718,085</u>	<u>₩ 1,384,498</u>	<u>\$ 1,504,453</u>	<u>\$ 1,212,345</u>

5. SHORT-TERM INVESTMENT SECURITIES:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Beneficiary certificates	₩ 169,129	₩ 163,526	\$ 148,099	\$ 143,193

6. LONG-TERM INVESTMENT SECURITIES:

Long-term investment securities as of September 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)		
		September 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	₩ 717,225	₩ 379,965	\$ 628,043	\$ 332,719
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	116,013	116,013	101,588	101,588
Hyundai Merchant Marine Co., Ltd.	0.45	9,161	35,135	18,503	30,766	16,202
Hyundai Green Food Co., Ltd.	2.56	15,005	26,077	18,785	22,835	16,449
Doosan Capital Co., Ltd.	9.99	10,000	24,762	24,762	21,683	21,683
Hyundai Development Company	0.60	9,025	13,590	16,988	11,900	14,876
KT Corporation	0.09	8,655	10,972	9,388	9,608	8,221
UbiVelox Inc.	5.69	1,710	4,835	1,710	4,234	1,497
ENOVA System	0.59	2,204	139	403	122	353
Hyundai Technology Investment Co., Ltd.	14.97	4,490	4,490	4,490	3,932	3,932
Industry Otomotif Komersial	15.00	4,439	4,439	4,439	3,887	3,887
Hyundai Asan Corporation	3.27	22,500	4,239	4,239	3,712	3,712
Kihyup Finance	10.34	3,000	3,000	3,000	2,627	2,627
Kyungnam Credit Information Service Co., Ltd.	13.66	2,500	2,500	2,500	2,189	2,189
NESSCAP Inc.	7.30	1,997	1,997	1,997	1,749	1,749
Hyundai Research Institute	14.90	1,359	1,271	1,271	1,113	1,113
Heesung PM Tech Corporation	19.90	1,194	1,194	1,194	1,046	1,046
Dongbu NTS Co., Ltd.	19.90	1,134	1,134	1,134	993	993
Jeonbuk Hyundai Motors FC Co., Ltd. (*)	100.00	1,000	1,000	1,000	876	876
Micro Infinity Co., Ltd.	9.02	607	607	607	532	532
NGVTEK.com (*)	53.66	571	571	571	500	500
Clean Air Technology Inc.	16.13	500	500	500	438	438
Chorokmaeul Co., Ltd.	5.43	4,800	284	284	249	249
Carnes Co., Ltd. (*)	49.99	250	250	250	219	219
Jinil MVC Co., Ltd.	18.00	180	180	180	158	158
ROTIS Inc.	0.19	1,000	8	8	6	6
The Sign Co., Ltd.	11.28	1,200	-	1,200	-	1,051
Stock warrants		7,620	90,983	40,639	79,670	35,585
Debt securities		17,093	20,514	19,242	17,962	16,848
Other		3,284	2,784	1,066	2,436	933
		<u>₩ 247,136</u>	<u>₩ 1,090,693</u>	<u>₩ 676,328</u>	<u>\$ 955,073</u>	<u>\$ 592,231</u>

(\*) In conformity with Financial Accounting Standards in the Republic of Korea, the equity securities of these affiliates are not accounted for using the equity method since the Company believes the changes in the investment value due to the changes in the net assets of the investee, whose individual beginning balance of total assets or paid-in capital at the date of its establishment is less than ₩10,000 million (US\$8,757 thousand), are not material.

As of September 30, 2010 and December 31, 2009, the difference between the book value and the acquisition cost of equity securities includes impairment loss on long-term investment securities of ₩25,556 million (US\$22,378 thousand) and ₩24,356 million (US\$21,327 thousand), respectively.

7. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

(1) Investment securities accounted for using the equity method as of September 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	September 30, 2010		December 31, 2009	September 30, 2010	December 31, 2009
			Net equity value	Book value	Book value	Book value	Book value
			(In millions)			(In thousands)	
Hyundai Motor America	100.00	₩ 1,937,933	₩ 2,635,921	₩ 2,478,230	₩ 2,141,916	\$ 2,170,079	\$ 1,875,583
Hyundai Motor Manufacturing Czech, s.r.o.	100.00	685,390	697,696	675,282	573,875	591,315	502,518
Hyundai Motor India	100.00	244,017	938,363	889,684	754,436	779,058	660,627
Hyundai Motor Japan Co. (*1)	100.00	116,122	(8,690)	-	-	-	-
Hyundai Motor Espana, S.L.	100.00	86,589	61,870	65,308	86,589	57,187	75,822
Hyundai Translead	100.00	80,623	86,272	93,413	119,098	81,798	104,289
Hyundai Motor Company Italy S.r.l	100.00	73,191	28,261	66,629	73,890	58,344	64,702
Hyundai Motor Europe Technical Center GmbH	100.00	53,496	68,936	68,936	72,447	60,364	63,439
Hyundai Motor (UK) Ltd.	100.00	48,084	32,417	29,104	13,462	25,485	11,788
Hyundai Motor Czech s.r.o.	100.00	46,174	30,747	29,457	27,051	25,794	23,687
Hyundai Motor Poland Sp. Zo.O	100.00	24,139	49,648	60,039	53,052	52,574	46,455
Hyundai Motor Brasil Montadora de Automoveis LTDA	100.00	17,638	17,638	17,638	137	15,445	120
Hyundai Motor Europe GmbH	100.00	17,529	40,518	40,518	41,631	35,480	36,454
Hyundai Motor Company Australia	100.00	12,382	141,232	90,721	59,552	79,440	52,147
Hyundai America Technical Center Inc.	100.00	9,635	39,414	39,414	37,782	34,513	33,084
Hyundai Motor Norway AS	100.00	5,636	8,183	7,602	6,224	6,657	5,450
Beijing Jinxian Motor Safeguard Service Co., Ltd.	100.00	5,438	10,400	10,400	8,150	9,107	7,137
Hyundai Motor Hungary	100.00	5,415	-	-	2,283	-	1,999
Hyundai Motor Japan R&D Center Inc.	100.00	1,510	3,154	3,154	2,945	2,762	2,579
Hyundai Motor Commonwealth of Independent States (*1)	98.60	72,001	(59,419)	-	-	-	-
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	85.03	279,988	126,119	93,214	91,743	81,623	80,335
Hyundai Motor Manufacturing Rus LLC	70.00	306,518	277,344	276,305	205,970	241,948	180,359
China Millennium Corporations	59.60	53,466	31,419	62,790	65,067	54,982	56,976
Beijing-Hyundai Motor Company	50.00	417,163	1,096,545	1,081,534	999,693	947,053	875,388
Hyundai Motor Group China. Ltd.	50.00	15,371	87,290	70,558	47,072	61,785	41,219
Hyundai Motor Deutschland GmbH	35.29	11,528	32,134	31,776	37,900	27,825	33,187
Beijing Mobis Transmission Co., Ltd.	24.08	22,790	50,000	50,000	47,800	43,783	41,856
Hyundai WIA Automotive Engine (ShanDong) Company	22.00	43,233	62,653	62,653	54,749	54,863	47,941
EUKOR Shipowning Singapore Pte Ltd. (*2)	12.00	5	2,730	2,730	2,099	2,391	1,838
Hyundai Rotem Company	57.64	254,308	387,322	424,375	391,906	371,607	343,175
Hyundai Capital Service Inc.	56.47	500,325	1,324,415	823,194	766,282	720,835	671,000
Partecs Company, Ltd.	56.00	22,400	29,038	29,038	25,845	25,427	22,631
Hyundai Commercial Inc.	50.00	50,000	78,439	77,858	54,258	68,177	47,511
KEFICO Corporation	50.00	20,911	145,662	144,785	135,078	126,782	118,282
Dymos Inc.	47.27	68,872	152,622	150,516	139,415	131,800	122,080
Hyundai WIA Corp.	39.46	34,357	292,036	272,999	241,164	239,053	211,177
Hyundai Powertech Co., Ltd.	37.58	172,576	228,887	214,505	158,096	187,833	138,438
Kia Motors Corporation	34.04	923,957	2,528,808	2,584,882	2,098,900	2,263,469	1,837,916
HMC Win Win Fund	33.33	18,000	18,031	18,031	18,607	15,789	16,293
M & Soft Co., Ltd.	31.84	3,925	15,110	15,185	13,098	13,297	11,469

Affiliated company	Ownership percentage (%)	Korean Won				Translation into U.S. Dollars (Note 2)	
		Acquisition cost	Net equity value		December 31, 2009	September 30, 2010	December 31, 2009
			Book value	Book value			
		(In millions)		(In thousands)			
Hyundai Card Co., Ltd.	31.52	₩ 435,571	₩ 505,349	₩ 505,356	₩ 471,095	\$ 442,518	\$ 412,518
Haevichi Country Club Co., Ltd. (*1)	30.00	4,500	(12,971)	-	-	-	-
Autoever Systems Corp.	29.90	5,947	36,799	36,799	32,030	32,223	28,047
HMC Investment Securities Co., Ltd.	26.27	188,665	158,387	196,815	190,171	172,342	166,525
Hyundai HYSCO	26.13	200,768	319,813	334,193	296,320	292,638	259,475
Korea Aerospace Industries, Ltd.	22.23	159,800	125,291	125,143	103,150	109,582	90,324
The Korea Economic Daily	20.55	29,973	26,247	28,293	28,482	24,775	24,941
Iljin Bearing Co., Ltd.	20.00	826	19,354	19,354	18,201	16,949	15,939
Daesung Automotive Co., Ltd.	20.00	400	14,414	14,414	13,194	12,622	11,554
Eukor Car Carriers Inc. (*2)	12.00	29,347	76,501	69,590	62,758	60,937	54,955
Glovis Co., Ltd. (*3)	2.70	99,259	27,661	102,043	-	89,355	-
		<u>₩ 7,917,691</u>	<u>₩13,086,010</u>	<u>₩12,584,457</u>	<u>₩ 10,884,663</u>	<u>\$ 11,019,665</u>	<u>\$ 9,531,229</u>

(\*1) Use of the equity method is 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 nine months ended September 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 (*)	End of period	End of period	
	(In millions)					(In thousands)	
Hyundai Motor America	₩ 2,141,916	₩ -	₩ 395,985	₩ (59,671)	₩ 2,478,230	\$ 2,170,079	
Hyundai Motor Manufacturing Czech, s.r.o.	573,875	-	98,453	2,954	675,282	591,315	
Hyundai Motor India	754,436	-	158,270	(23,022)	889,684	779,058	
Hyundai Motor Japan Co.	-	12,465	-	(12,465)	-	-	
Hyundai Motor Espana, S.L.	86,589	-	(15,307)	(5,974)	65,308	57,187	
Hyundai Translead	119,098	-	(23,620)	(2,065)	93,413	81,798	
Hyundai Motor Company Italy S.r.l	73,890	-	(4,541)	(2,720)	66,629	58,344	
Hyundai Motor Europe Technical Center GmbH	72,447	-	1,582	(5,093)	68,936	60,364	
Hyundai Motor (UK) Ltd.	13,462	-	16,027	(385)	29,104	25,485	
Hyundai Motor Czech s.r.o.	27,051	-	2,458	(52)	29,457	25,794	
Hyundai Motor Poland Sp. Zo.O	53,052	-	8,299	(1,312)	60,039	52,574	
Hyundai Motor Brasil Montadora de Automoveis LTDA	137	17,501	-	-	17,638	15,445	
Hyundai Motor Europe GmbH	41,631	-	1,799	(2,912)	40,518	35,480	
Hyundai Motor Company Australia	59,552	-	23,329	7,840	90,721	79,440	
Hyundai America Technical Center Inc.	37,782	-	2,509	(877)	39,414	34,513	
Hyundai Motor Norway AS	6,224	-	1,556	(178)	7,602	6,657	
Beijing Jinxian Motor Safeguard Service Co., Ltd.	8,150	-	2,264	(14)	10,400	9,107	
Hyundai Motor Hungary	2,283	-	-	(2,283)	-	-	
Hyundai Motor Japan R&D Center Inc.	2,945	-	(24)	233	3,154	2,762	
Hyundai Motor Commonwealth of Independent States	-	68,041	-	(68,041)	-	-	
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	91,743	-	4,243	(2,772)	93,214	81,623	
Hyundai Motor Manufacturing Rus LLC	205,970	81,367	(10,977)	(55)	276,305	241,948	
China Millennium Corporations	65,067	-	(2,030)	(247)	62,790	54,982	
Beijing-Hyundai Motor Company	999,693	-	338,361	(256,520)	1,081,534	947,053	

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
	(In millions)				(In thousands)	
Hyundai Motor Group China. Ltd.	₩ 47,072	₩ -	₩ 46,031	₩ (22,545)	₩ 70,558	\$ 61,785
Hyundai Motor Deutschland GmbH	37,900	-	2,040	(8,164)	31,776	27,825
Beijing Mobis Transmission Co., Ltd.	47,800	-	2,269	(69)	50,000	43,783
Hyundai WIA Automotive Engine (ShanDong) Company	54,749	-	7,993	(89)	62,653	54,863
EUKOR Shipowning Singapore Pte Ltd.	2,099	-	714	(83)	2,730	2,391
Hyundai Rotem Company	391,906	-	32,602	(133)	424,375	371,607
Hyundai Capital Service Inc.	766,282	-	189,149	(132,237)	823,194	720,835
Partecs Company, Ltd.	25,845	-	3,193	-	29,038	25,427
Hyundai Commercial Inc.	54,258	-	25,033	(1,433)	77,858	68,177
KEFICO Corporation	135,078	-	17,690	(7,983)	144,785	126,782
Dymos Inc.	139,415	-	12,020	(919)	150,516	131,800
Hyundai WIA Corp.	241,164	-	34,566	(2,731)	272,999	239,053
Hyundai Powertech Co., Ltd.	158,096	37,576	19,539	(706)	214,505	187,833
Kia Motors Corporation	2,098,900	-	553,680	(67,698)	2,584,882	2,263,469
HMC Win Win Fund	18,607	-	384	(960)	18,031	15,789
M & Soft Co., Ltd.	13,098	-	2,219	(132)	15,185	13,297
Hyundai Card Co., Ltd.	471,095	-	82,854	(48,593)	505,356	442,518
Autoever Systems Corp.	32,030	-	6,358	(1,589)	36,799	32,223
HMC Investment Securities Co., Ltd.	190,171	-	4,045	2,599	196,815	172,342
Hyundai HYSCO	296,320	-	41,376	(3,503)	334,193	292,638
Korea Aerospace Industries, Ltd.	103,150	-	20,792	1,201	125,143	109,582
The Korea Economic Daily	28,482	-	(189)	-	28,293	24,775
Iljin Bearing Co., Ltd.	18,201	-	1,378	(225)	19,354	16,949
Daesung Automotive Co., Ltd.	13,194	-	1,440	(220)	14,414	12,622
Eukor Car Carriers Inc.	62,758	-	14,115	(7,283)	69,590	60,937
Glovis Co., Ltd.	-	22,096	1,583	78,364	102,043	89,355
	<u>₩10,884,663</u>	<u>₩ 239,046</u>	<u>₩ 2,121,510</u>	<u>₩ (660,762)</u>	<u>₩12,584,457</u>	<u>\$ 11,019,665</u>

(\*) Other changes consist of the decrease by ₩517,784 million (US\$453,401 thousand) due to receipt of the dividends, decrease by ₩2,283 million (US\$1,999 thousand) due to the recognition of impairment loss, decrease of capital surplus by ₩11,389 million (US\$9,973 thousand), decrease of retained earnings by ₩106,144 million (US\$92,946 thousand), decrease of accumulated other comprehensive income by ₩100,300 million (US\$87,828 thousand) and increase by ₩77,138 million (US\$67,546 thousand) due to the payment in substitutes.

Investment securities accounted for using the equity method as of September 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 nine months ended September 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	₩11,405,016	₩ 8,769,095	₩ 9,100,222	₩ 390,794	\$ 9,986,879	\$ 7,678,717	\$ 7,968,671	\$ 342,201
Hyundai Motor Manufacturing Czech, s.r.o.	2,052,600	1,354,904	2,099,307	98,286	1,797,373	1,186,431	1,838,272	86,065
Hyundai Motor India	2,571,012	1,632,649	3,871,865	135,075	2,251,324	1,429,640	3,390,425	118,279
Hyundai Motor Japan Co.	14,355	23,045	17,519	20	12,570	20,180	15,341	18
Hyundai Motor Espana,S.L.	329,224	267,354	483,463	(13,576)	288,287	234,110	423,348	(11,888)
Hyundai Translead	327,684	241,412	229,372	(23,492)	286,939	211,394	200,851	(20,571)
Hyundai Motor Company Italy S.r.l	375,406	347,145	477,672	1,603	328,727	303,980	418,277	1,404
Hyundai Motor Europe Technical Center GmbH	127,982	59,046	48,510	1,582	112,068	51,704	42,478	1,385
Hyundai Motor (UK) Ltd.	501,999	469,582	827,857	18,359	439,579	411,193	724,919	16,076

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)			
	Assets	Liabilities	Sales	Net income	Assets	Liabilities	Sales	Net income
	(In millions)				(loss)	(In thousands)		
Hyundai Motor Czech s.r.o.	W 100,516	W 69,769	W 190,395	W 1,758	\$ 88,018	\$ 61,094	\$ 166,721	\$ 1,539
Hyundai Motor Poland Sp. Zo.O	129,488	79,840	164,490	10,047	113,387	69,912	144,037	8,798
Hyundai Motor Brasil Montadora de Automoveis LTDA	17,638	-	-	-	15,445	-	-	-
Hyundai Motor Europe GmbH	1,114,145	1,073,627	2,738,372	1,747	975,609	940,129	2,397,874	1,530
Hyundai Motor Company Australia	593,913	452,681	1,309,842	42,503	520,064	396,393	1,146,972	37,218
Hyundai America Technical Center Inc.	50,619	11,205	91,524	2,509	44,325	9,812	80,144	2,197
Hyundai Motor Norway AS	48,641	40,458	101,173	1,427	42,593	35,427	88,593	1,250
Beijing Jinxian Motor Safeguard Service Co., Ltd.	56,768	46,368	113,058	2,264	49,709	40,602	99,000	1,982
Hyundai Motor Hungary	3,866	1,670	-	-	3,385	1,462	-	-
Hyundai Motor Japan R&D Center Inc.	5,787	2,633	6,474	19	5,067	2,306	5,669	17
Hyundai Motor Commonwealth of Independent States	669,826	730,089	1,189,162	21,051	586,538	639,307	1,041,298	18,433
Hyundai Assan Otomotive Sanayi Ve Ticaret A.S.	788,543	640,217	835,990	24,378	690,493	560,610	732,040	21,347
Hyundai Motor Manufacturing Rus LLC	1,058,448	662,239	292	(7,383)	926,837	579,894	256	(6,465)
China Millennium Corporations	92,971	40,254	11,312	(317)	81,411	35,249	9,905	(278)
Beijing-Hyundai Motor Company	4,937,745	2,744,656	7,719,209	686,494	4,323,770	2,403,377	6,759,377	601,133
Hyundai Motor Group China. Ltd.	359,743	185,164	1,549,656	83,335	315,011	162,140	1,356,967	72,973
Hyundai Motor Deutschland GmbH	318,066	227,019	826,400	9,693	278,517	198,791	723,643	8,488
Beijing Mobis Transmission Co., Ltd.	296,369	88,720	280,327	9,429	259,518	77,688	245,470	8,257
Hyundai WIA Automotive Engine (ShanDong) Company	557,228	272,440	311,386	36,330	487,940	238,564	272,667	31,813
EUKOR Shipowning Singapore Pte Ltd.	108,894	86,142	18,993	5,946	95,354	75,431	16,631	5,207
Hyundai Rotem Company	2,980,115	2,308,101	2,192,764	57,065	2,609,558	2,021,104	1,920,109	49,969
Hyundai Capital Service Inc.	16,890,716	14,545,575	2,203,654	429,653	14,790,469	12,736,931	1,929,644	376,229
Partecs Company, Ltd.	100,049	48,196	31,866	6,489	87,609	42,203	27,904	5,682
Hyundai Commercial Inc.	2,176,958	2,020,080	170,218	50,487	1,906,268	1,768,897	149,053	44,209
KEFICO Corporation	549,421	258,098	665,362	35,175	481,104	226,005	582,629	30,801
Dymos Inc.	853,764	530,884	850,300	23,193	747,604	464,872	744,571	20,309
Hyundai WIA Corp.	2,400,886	1,660,851	2,982,253	79,473	2,102,352	1,454,335	2,611,430	69,591
Hyundai Powertech Co., Ltd.	1,622,083	1,012,970	1,352,433	47,211	1,420,388	887,014	1,184,267	41,341
Kia Motors Corporation	17,652,040	8,737,807	16,322,347	1,622,944	15,457,128	7,651,320	14,292,773	1,421,142
HMC Win Win Fund	54,457	364	1,052	640	47,686	319	921	560
M & Soft Co., Ltd.	55,912	8,448	37,205	6,113	48,960	7,398	32,579	5,353
Hyundai Card Co., Ltd.	8,525,609	6,922,140	1,687,762	273,043	7,465,507	6,061,419	1,477,900	239,092
Haevichi Country Club Co., Ltd.	220,644	263,880	7,687	(5,378)	193,208	231,068	6,731	(4,709)
Autoever Systems Corp.	257,079	134,004	380,658	21,441	225,113	117,342	333,326	18,775
HMC Investment Securities Co., Ltd.	3,421,740	2,818,752	214,682	21,611	2,996,270	2,468,259	187,988	18,924
Hyundai HYSCO	3,187,043	1,878,043	4,242,241	162,305	2,790,756	1,644,521	3,714,747	142,123
Korea Aerospace Industries, Ltd.	1,442,181	878,500	884,500	75,400	1,262,856	769,264	774,518	66,025
The Korea Economic Daily	190,600	62,900	86,000	300	166,900	55,079	75,306	263

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)			
Ijin Bearing Co., Ltd.	₩ 132,814	₩ 36,046	₩ 163,563	₩ 6,542	\$ 116,299	\$ 31,564	\$ 143,225	\$ 5,729
Daesung Automotive Co., Ltd.	88,323	16,252	50,254	7,492	77,341	14,231	44,005	6,560
Eukor Car Carriers Inc.	2,278,719	1,641,213	1,618,992	114,076	1,995,376	1,437,139	1,417,681	99,891
Glovis Co., Ltd.	1,973,107	947,829	4,231,100	186,888	1,727,764	829,973	3,704,991	163,650

- (4) Significant unrealized profits (losses) that occurred in transactions with investees as of September 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	₩ 350,269	₩ (376,071)	₩ 350,269	\$ 306,715	
Property	463,032	178,613	(140,395)	501,250	438,923	
Accrued warranties	(55,351)	(52,032)	55,351	(52,032)	(45,562)	
	<u>₩ 783,752</u>	<u>₩ 476,850</u>	<u>₩ (461,115)</u>	<u>₩ 799,487</u>	<u>\$ 700,076</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 ₩5,353 million (US\$4,687 thousand) and ₩4,752 million (US\$4,161 thousand) for the nine months ended September 30, 2010 and 2009, respectively.
- (6) The unamortized (or unreversed) balance of goodwill and negative goodwill as of September 30, 2010 is ₩323,909 million (US\$283,633 thousand) and ₩36,999 million (US\$32,398 thousand), respectively. In addition, the unamortized (or unreversed) balance of goodwill and negative goodwill as of December 31, 2009 is ₩264,069 million (US\$231,234 thousand) and ₩39,544 million (US\$34,627 thousand), respectively.
- (7) The market price of listed equity securities as of September 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	₩ 36,800	134,285,491	₩ 4,941,706	\$ 4,327,238	
HMC Investment Securities Co., Ltd.	20,100	7,705,980	154,890	135,630	
Hyundai HYSKO	22,800	20,954,188	477,755	418,349	
Glovis Co., Ltd.	152,500	1,011,698	154,284	135,100	

- (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 September 30, 2010 and December 31, 2009 are ₩116,301 million (US\$101,840 thousand) and ₩182,009 million (US\$159,377 thousand), respectively.



8. PROPERTY, PLANT AND EQUIPMENT:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Buildings and structures	₩ 4,110,190	₩ 4,077,301	\$ 3,599,116	\$ 3,570,316
Machinery and equipment	6,557,978	6,604,903	5,742,538	5,783,628
Vehicles	171,120	172,488	149,842	151,040
Dies, molds and tools	3,467,723	3,406,595	3,036,535	2,983,008
Other equipment	876,819	849,706	767,792	744,051
	15,183,830	15,110,993	13,295,823	13,232,043
Less: accumulated depreciation	8,281,333	7,814,143	7,251,605	6,842,507
	6,902,497	7,296,850	6,044,218	6,389,536
Land	2,030,691	1,997,612	1,778,188	1,749,222
Construction in progress	554,537	431,837	485,584	378,141
	<u>₩ 9,487,725</u>	<u>₩ 9,726,299</u>	<u>\$ 8,307,990</u>	<u>\$ 8,516,899</u>

The changes in property, plant and equipment for the nine months ended September 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	₩ 40,757	₩ 7,803	₩ -	₩ -	₩ 2,030,691	\$ 1,778,188	
Buildings and structures	2,920,322	-	48,852	11,052	93,046	-	2,865,076	2,508,823	
Machinery and equipment	3,166,568	-	131,225	32,531	310,848	(133)	2,954,281	2,586,936	
Vehicles	118,244	-	16,964	11,326	11,181	-	112,701	98,687	
Dies, molds and tools	837,240	-	79,441	917	186,947	-	728,817	638,194	
Other equipment	254,476	-	49,242	595	61,501	-	241,622	211,578	
Construction in progress	431,837	391,018	(366,481)	-	-	98,163	554,537	485,584	
Total	<u>₩ 9,726,299</u>	<u>₩ 391,143</u>	<u>₩ -</u>	<u>₩ 64,224</u>	<u>₩ 663,523</u>	<u>₩ 98,030</u>	<u>₩ 9,487,725</u>	<u>\$ 8,307,990</u>	

(\*) Other changes consist of decrease in transfer of ₩3,967 million (US\$3,474 thousand) from construction in progress to industrial property rights and increase in transfer of ₩102,130 million (US\$89,431 thousand) from inventories to construction in progress and decrease in transfer of ₩133 million (US\$116 thousand) from machinery to inventories.

As of September 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 ₩988,152 million (US\$865,282 thousand) (See Note 13).

9. INTANGIBLES:

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

Description	Korean Won				Translation into U.S. Dollars (Note 2)		
	September 30, 2010			December 31, 2009	September 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	₩ 71,179	₩ 52,716	₩ -	₩ 18,463	₩ 17,617	\$ 16,167	\$ 15,426
Development costs	4,356,275	2,227,346	261,720	1,867,209	1,815,031	1,635,034	1,589,344
Other	38,695	32,121	-	6,574	7,407	5,757	6,487
	<u>₩4,466,149</u>	<u>₩ 2,312,183</u>	<u>₩ 261,720</u>	<u>₩1,892,246</u>	<u>₩1,840,055</u>	<u>\$ 1,656,958</u>	<u>\$ 1,611,257</u>

The changes in intangibles for the nine months ended September 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	\$ 1,611,257	
Addition: Expenditures	3,967	546,369	-	550,336	481,905	
Deduction: Amortization	3,121	392,885	833	396,839	347,495	
Deduction: Impairment	-	101,306	-	101,306	88,709	
End of period	<u>₩ 18,463</u>	<u>₩ 1,867,209</u>	<u>₩ 6,574</u>	<u>₩ 1,892,246</u>	<u>\$ 1,656,958</u>	

Research and development expenditure for the three months and nine months ended September 30, 2010 and 2009 are as follows:

Description	Korean Won				Translation into U. S. Dollars (Note 2)	
	Three months		Nine months		Nine months	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Development costs	₩ 193,448	₩ 205,100	₩ 546,369	₩ 585,746	\$ 478,432	\$ 512,912
Ordinary development	25,317	9,529	56,121	28,806	49,143	25,225
Research costs	131,486	69,012	344,995	194,020	302,097	169,895
	<u>₩ 350,251</u>	<u>₩ 283,641</u>	<u>₩ 947,485</u>	<u>₩ 808,572</u>	<u>\$ 829,672</u>	<u>\$ 708,032</u>

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

10. OTHER ASSETS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Long-term financial instruments (Note 3)	₩ 330,037	₩ 60,037	\$ 288,999	\$ 52,572
Long-term notes and accounts receivable, less unamortized present value discount of ₩8,277 million as of September 30, 2010 and ₩8,802 million as of December 31, 2009	48,143	43,492	42,157	38,084
Long-term other accounts receivable	108,147	87,603	94,700	76,710
Long-term loans	3,729	3,276	3,265	2,869
Lease and rental deposits	200,214	200,360	175,319	175,447
Long-term deposits	131,379	131,566	115,042	115,205
	<u>₩ 821,649</u>	<u>₩ 526,334</u>	<u>\$ 719,482</u>	<u>\$ 460,887</u>

11. SHORT-TERM BORROWINGS:

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

Description	Annual interest rate (%)	Korean Won		Translation into U. S. Dollars (Note 2)	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
		(In millions)		(In thousands)	
Overdrafts	4.61~5.09	₩ 89,676	₩ 80,000	\$ 78,525	\$ 70,053
Banker's Usance	Libor+0.8~1.0	399,299	373,037	349,649	326,652
		<u>₩ 488,975</u>	<u>₩ 453,037</u>	<u>\$ 428,174</u>	<u>\$ 396,705</u>

12. LONG-TERM DEBT AND DEBENTURES:

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

Description	Annual interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
		September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
		(In millions)		(In thousands)	
Debentures	4.91~7.56	₩ 1,646,455	₩ 1,646,607	\$ 1,441,729	\$ 1,441,863
Local currency loans:					
General loans	1.50~3.00	17,630	18,295	15,438	16,020
		1,664,085	1,664,902	1,457,167	1,457,883
Less: current maturities		1,398	300,992	1,224	263,566
		<u>₩ 1,662,687</u>	<u>₩ 1,363,910</u>	<u>\$ 1,455,943</u>	<u>\$ 1,194,317</u>

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

Description	Maturity	Interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
			September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
			(In millions)		(In thousands)	
Non-guaranteed debentures	Nov 8, 2011 ~ July 30, 2015	4.91~7.56	₩ 1,650,000	₩ 1,650,000	\$ 1,444,834	\$ 1,444,834
Less: discount on debentures			3,545	3,393	3,105	2,971
			<u>₩ 1,646,455</u>	<u>₩ 1,646,607</u>	<u>\$ 1,441,729</u>	<u>\$ 1,441,863</u>

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

Description	Debentures	Korean Won		Translation into
		Local currency		U.S. Dollars (Note 2)
		loans	Total	Total
		(In millions)		(In thousands)
October 1, 2011 ~ September 30, 2012	₩ 1,050,000	₩ 1,755	₩ 1,051,755	\$ 920,976
October 1, 2012 ~ September 30, 2013	200,000	2,321	202,321	177,164
October 1, 2013 ~ September 30, 2014	100,000	2,474	102,474	89,732
Thereafter	<u>300,000</u>	<u>9,682</u>	<u>309,682</u>	<u>271,176</u>
	1,650,000	16,232	1,666,232	1,459,048
Less: discount on debentures	<u>3,545</u>	-	<u>3,545</u>	<u>3,105</u>
	<u>₩ 1,646,455</u>	<u>₩ 16,232</u>	<u>₩ 1,662,687</u>	<u>\$ 1,455,943</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 September 30, 2010.

Description	Korean Won		Translation into
	(In millions)		U.S. Dollars (Note 2) (In thousands)
Hyundai Capital Service, Inc.	₩	644,943	\$ 564,749
Hyundai Merchant Marine Co., Ltd.		182,402	159,722
Hyundai Rotem Company		296,283	259,442
Hyundai Card Co., Ltd.		93,644	82,000
Hyundai Motor America		251,240	220,000
Hyundai Motor Manufacturing Alabama LLC		598,408	524,000
Hyundai Capital America		794,873	696,036
Hyundai Motor India		285,500	250,000
Hyundai Motor Europe GmbH		90,143	78,934
Hyundai Motor Europe Technical Center GmbH		77,799	68,125
Hyundai Motor Manufacturing Rus LLC		420,737	368,421
Hyundai Motor Manufacturing Czech, s.r.o.		1,249,341	1,093,994
Hyundai Motor (UK) Ltd.		36,079	31,593
Hyundai Motor Commonwealth of Independent States		122,979	107,687
Hyundai Motor Japan Co.		27,267	23,877
Hyundai Motor Espana, S.L.		124,478	109,000
Hyundai Motor Company Italy S.r.l		116,699	102,188
HMJ R&D Center Inc.		7,498	6,566
Hyundai Motor Poland Sp.Zo.O.		15,560	13,625
Hyundai Translead		87,934	77,000
Smart Alabama LLC		137,040	120,000
Hyundai America Technical Center Inc.		22,840	20,000
Beijing Jingxian Motor Safeguard Service Co., Ltd.		7,920	6,935
UTS		274,080	240,000
	<u>₩</u>	<u>5,965,687</u>	<u>\$ 5,223,894</u>

- (2) As of September 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 ₩988,152 million (US\$865,282 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 ₩103,164 million (US\$90,336 thousand) to the certain banks as of September 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 the lease financial agreements with Hyundai Commercial Inc. and Hyundai Capital Service Inc. to promote the 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 September 30, 2010, the amount of guarantee is ₩25,791 million (US\$22,584 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 September 30, 2010, the outstanding balance of accounts receivable discounted with recourse amounts to ₩1,925,822 million (US\$1,686,359 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 September 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 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.

14. ACCRUED WARRANTIES:

The changes in accrued warranties in current and non-current liabilities for the nine months ended September 30, 2010 and 2009 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Nine months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Beginning of period	₩ 3,254,013	₩ 3,476,147	\$ 2,849,398	\$ 3,043,912
Accrual	597,080	57,178	522,837	50,068
Use	(352,513)	(334,674)	(308,680)	(293,060)
End of period	₩ 3,498,580	₩ 3,198,651	\$ 3,063,555	\$ 2,800,920

15. CAPITAL ADJUSTMENTS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Treasury stock	₩ 918,214	₩ 743,909	\$ 804,040	\$ 651,409

For stock price stabilization purposes, the Company has treasury stock consisting of 11,005,030 common shares and 2,950,960 preferred shares with a carrying value of ₩918,214 million (US\$804,040 thousand) as of September 30, 2010, and 11,213,999 common shares and 2,950,960 preferred shares with a carrying value of ₩743,909 million (US\$651,409 thousand) as of December 31, 2009.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
Gain on valuation of available-for-sale securities, net	₩ 694,187	₩ 368,745	\$ 607,869	\$ 322,894
Gain on valuation of investment securities accounted for using the equity method, net	112,678	194,553	98,668	170,362
Loss on valuation of derivatives, net	(43,887)	(76,660)	(38,430)	(67,128)
	<u>₩ 762,978</u>	<u>₩ 486,638</u>	<u>\$ 668,107</u>	<u>\$ 426,128</u>

17. STATEMENTS OF COMPREHENSIVE INCOME:

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

Description	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months ended September 30,		Nine months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Net income	₩ 1,353,255	₩ 979,151	₩ 3,870,287	₩ 2,015,982	\$ 3,389,043	\$ 1,765,308
Gain on valuation of available-for-sale securities, net of deferred tax effect of ₩92,231 million and ₩4,462 million for the nine months ended September 30, 2010 and 2009, respectively	182,546	1,932	325,442	15,824	284,975	13,856
Loss on valuation of investment securities accounted for using the equity method, net of deferred tax effect of ₩18,425 million and ₩96,980 million for the nine months ended September 30, 2010 and 2009, respectively	(148,121)	(227,816)	(81,875)	(105,600)	(71,694)	(92,469)

Description	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months ended		Nine months ended		Nine months ended	
	September 30,		September 30,		September 30,	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Gain on valuation of derivatives, net of deferred tax effect of ₩10,463 million and ₩10,329 million for the nine months ended September 30, 2010 and 2009, respectively	14,809	32,796	32,773	30,508	28,698	26,715
Comprehensive income	<u>₩ 1,402,489</u>	<u>₩ 786,063</u>	<u>₩ 4,146,627</u>	<u>₩ 1,956,714</u>	<u>\$ 3,631,022</u>	<u>\$ 1,713,410</u>

#### 18. RETAINED EARNINGS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	September 30,	December 31,	September 30,	December 31,
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Appropriated:				
Legal reserve	₩ 333,890	₩ 302,170	\$ 292,373	\$ 264,597
Reserve for business rationalization	545,800	545,800	477,933	477,933
Reserve for improvement of financial structure	98,947	98,947	86,644	86,644
Reserve for overseas market development	48,800	48,800	42,732	42,732
Reserve for technology development	<u>13,643,100</u>	<u>11,183,100</u>	<u>11,946,673</u>	<u>9,792,557</u>
	14,670,537	12,178,817	12,846,355	10,664,463
Before appropriations	<u>3,773,239</u>	<u>2,812,295</u>	<u>3,304,062</u>	<u>2,462,605</u>
	<u>₩ 18,443,776</u>	<u>₩ 14,991,112</u>	<u>\$ 16,150,417</u>	<u>\$ 13,127,068</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\$277,757 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 nine months ended September 30, 2010 and 2009 is computed as follows:

	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months ended		Nine months ended		Nine months ended	
	September 30,		September 30,		September 30,	
	2010	2009	2010	2009	2010	2009
	(In millions, except per share amounts)				(In thousands, except per share amounts)	
Net income	₩1,353,255	₩ 979,151	₩ 3,870,287	₩ 2,015,982	\$ 3,389,043	\$ 1,765,308
Expected dividends on preferred stock	(311,209)	(225,462)	(890,187)	(465,101)	(779,498)	(407,269)
Net income available to common share	1,042,046	753,689	2,980,100	1,550,881	2,609,545	1,358,039
Weighted average number of common shares outstanding (*)	208,472,851	209,244,738	208,854,764	209,244,738	208,854,764	209,244,738
Basic earnings per common share	₩ 4,998	₩ 3,602	₩ 14,269	₩ 7,412	\$ 12.49	\$ 6.49

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

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

## 20. INCOME TAX EXPENSE AND DEFERRED INCOME TAX ASSETS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Nine months ended		Nine months ended	
	September 30,		September 30,	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Income tax currently payable	₩ 663,135	₩ 301,854	\$ 580,679	\$ 264,320
Changes in deferred taxes due to temporary differences	290,960	149,691	254,781	131,078
Income tax charged or credited to equity	(54,629)	(11,751)	(47,836)	(10,290)
Deferred tax charged or credited to equity	(74,478)	107,910	(65,218)	94,493
Income tax expense	₩ 824,988	₩ 547,704	\$ 722,406	\$ 479,601

For the nine months ended September 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:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Nine months ended		Nine months ended	
	September 30,		September 30,	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Income before income tax	₩ 4,695,275	₩ 2,563,686	\$ 4,111,449	\$ 2,244,909
Income tax expenses calculated at current applicable tax rates of 24.2% in 2010 and 2009	1,136,230	620,388	994,947	543,247
Adjustments:				
Non-taxable income	(21,714)	(1,595)	(19,014)	(1,397)
Disallowed expenses	21,809	8,410	19,097	7,364
Tax credits	(195,735)	(130,560)	(171,397)	(114,326)
Tax effects of temporary differences	(134,176)	(3,030)	(117,492)	(2,653)
Other	18,574	54,091	16,265	47,366
Income tax expense	₩ 824,988	₩ 547,704	\$ 722,406	\$ 479,601



21. RELATED PARTY TRANSACTIONS:

(1) The consolidated subsidiaries as of September 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.
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), 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, s.r.o. (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., Maintrance and Hyundai Rotem Automotive.

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

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	Nine months ended September 30,				Nine months ended September 30,			
	2010		2009		2010		2009	
	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense
	(In millions)				(In thousands)			
<b>Subsidiaries:</b>								
Kia Motors Corporation	₩ 345,093	₩ 246,006	₩ 216,259	₩ 157,049	\$ 302,183	\$ 215,417	\$ 189,369	\$ 137,521
Hyundai Capital Service Inc.	667,148	21,850	631,627	36,499	584,193	19,133	553,088	31,961
Hyundai WIA Corporation	276,598	262,689	136,708	196,421	242,205	230,025	119,709	171,997
Hyundai Powertech Co., Ltd.	6,512	237,684	8,791	306,840	5,702	208,130	7,698	268,687
Hyundai HYSKO	3,272	196,048	12,899	175,220	2,865	171,671	11,295	153,433
Hyundai Rotem Company	1,639	2,296	1,509	1,040	1,435	2,011	1,321	911
METIA Corporation	1,292	43,553	770	31,378	1,131	38,137	674	27,476
M & Soft	1,272	1,671	677	645	1,114	1,463	593	565
Hyundai Card Co., Ltd.	506	63,266	437	73,888	443	55,399	383	64,701
Autoever Systems Corporation	382	133,590	141	130,441	335	116,979	123	114,222
Dymos Inc.	373	381,493	357	319,199	327	334,057	313	279,509
Haevichi Hotel &Resort Co., Ltd.	195	7,778	8,993	7,071	171	6,811	7,875	6,192
KEFICO Corporation	256	271,310	431	213,281	224	237,574	377	186,761
Partecs Co., Ltd	71	16,556	2	10,654	62	14,497	2	9,329
NGVTEK.com	11	8,349	1	7,535	10	7,311	1	6,598
Automobile Industrial Ace	4	4,179	562	1,192	4	3,659	492	1,044
Hyundai Commercial Inc.	4	2,414	191,004	2,070	4	2,114	167,254	1,813
Carnes Co., Ltd.	20	3,440	3	5,659	18	3,012	3	4,955
Hyundai Motor America	2,749,847	230	2,404,126	146,881	2,407,922	202	2,105,189	128,617
Hyundai Motor Company Australia	946,560	-	676,565	11,449	828,862	-	592,439	10,025
Hyundai Auto Canada Corporation	814,527	-	904,352	23,157	713,246	-	791,902	20,278
Hyundai Motor India	559,926	898	484,006	678	490,303	786	423,823	594
Hyundai Motor Group (China) Ltd.	540,835	-	410,239	-	473,586	-	359,229	-
Hyundai Motor Commonwealth of Independent States	454,281	-	212,821	5,290	397,794	-	186,358	4,632
Hyundai Motor Europe GmbH	306,294	-	204,235	-	268,208	-	178,840	-
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	255,925	-	195,530	1,645	224,102	-	171,217	1,440
Hyundai Motor Manufacturing Alabama, LLC	81,177	224	140,526	351	71,083	197	123,053	307
Hyundai Motor Manufacturing Rus LLC	46,609	-	-	-	40,813	-	-	-
Hyundai Motor Manufacturing Czech, s.r.o.	26,090	-	67,500	-	22,846	-	59,107	-
Hyundai Auto Czech s.r.o.	15,047	-	14,935	3,226	13,176	-	13,078	2,825
Hyundai Motor Norway AS	6,585	-	2,697	1,598	5,766	-	2,362	1,399
Hyundai Motor Poland Sp.Zo.O	3,477	-	18,506	806	3,045	-	16,205	706
Hyundai Capital America	1,078	-	2,380	-	944	-	2,084	-
Hyundai Motor Europe Technical Center	94	34,587	168	39,891	82	30,286	147	34,931
Hyundai America Technical Center Inc.	27	53,946	51	58,696	24	47,238	44	51,397
Hyundai Motor Japan Co.	15,938	692	7,613	977	13,956	606	6,666	856
Other	976	703	1,153	47,948	855	616	1,010	41,986
<b>Affiliates:</b>								
Hyundai MOBIS Co., Ltd.	454,400	2,827,128	302,038	2,394,029	397,898	2,475,594	264,482	2,096,348
Beijing-Hyundai Motor Company	496,485	5,349	364,540	4,582	434,750	4,684	319,212	4,012
Glovis Co., Ltd.	243,882	413,921	7,124	212,807	213,557	362,453	6,238	186,346
EUKOR Car Carriers, Inc.	242	381,065	516	431,623	212	333,682	452	377,954
HMJ R&D Center Inc	10	4,571	9	8,463	9	4,003	8	7,411
Iljin Bearing Co., Ltd.	5	9,714	1	11,440	4	8,506	1	10,018
Other	38	806	-	669	33	706	-	586
<b>Others:</b>								
Hyundai AMCO Co., Ltd.	5,840	133,421	2,134	102,597	5,114	116,831	1,869	89,840
Hyundai Steel Company	6,126	32,973	1,972	897	5,364	28,873	1,727	785

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	Nine months ended September 30,				Nine months ended September 30,			
	2010		2009		2010		2009	
	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense	Sales/ proceeds	Purchases/ expense
	(In millions)				(In thousands)			
BNG Steel Co., Ltd.	₩ 195	₩ 70,490	₩ 67	₩ 36,183	\$ 171	\$ 61,725	\$ 58	\$ 31,683
Jeonbuk Hyundai Motors FC Co., Ltd.	200	14,282	-	-	175	12,506	-	-
Samwoo Co., Ltd.	126	245,711	-	163,539	110	215,158	-	143,204
Innocean Worldwide, Inc.	34	66,988	11	26,038	30	58,658	9	22,799
Wisco Co., Ltd.	17	91,796	4	50,299	15	80,382	3	44,044
IHL Corp.	81	36,048	278	52,634	71	31,566	243	46,089
Other	30	-	-	-	26	-	-	-
	<u>₩9,337,652</u>	<u>₩6,329,715</u>	<u>₩7,637,268</u>	<u>₩5,514,475</u>	<u>\$ 8,176,578</u>	<u>\$ 5,542,658</u>	<u>\$ 6,687,625</u>	<u>\$ 4,828,787</u>

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

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	Three months ended September 30,				Three months ended September 30,			
	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	₩ 101,957	₩ 38,310	₩ 76,365	₩ 83,027	\$ 89,279	\$ 33,546	\$ 66,870	\$ 72,703
Hyundai Capital Service Inc.	191,256	5,818	221,854	10,381	167,475	5,095	194,268	9,090
Hyundai WIA Corporation	106,249	100,110	52,555	81,170	93,038	87,662	46,020	71,077
Hyundai Powertech Co., Ltd.	2,622	67,563	4,785	117,977	2,296	59,162	4,190	103,307
Hyundai HYSCO	712	77,666	7,353	54,324	623	68,009	6,439	47,569
Hyundai Rotem Company	538	1,468	374	350	471	1,285	327	306
METIA Corporation	417	14,295	225	11,558	365	12,518	197	10,121
M & Soft	423	802	386	208	370	702	338	182
Hyundai Card Co., Ltd.	149	21,578	186	25,790	130	18,895	163	22,583
Autoever Systems Corporation	107	43,888	36	58,761	94	38,431	32	51,454
Dymos Inc.	155	119,860	140	129,081	136	104,956	123	113,031
Haevichi Hotel & Resort Co., Ltd.	12	1,837	8,540	2,694	11	1,609	7,478	2,359
KEFICO Corporation	99	94,186	291	70,136	87	82,475	255	61,415
Partecs Co., Ltd.	5	5,707	-	4,567	4	4,997	-	3,999
NGVTEK.com	-	3,092	-	3,593	-	2,708	-	3,146
Automobile Industrial Ace	-	1,606	201	618	-	1,406	176	541
Hyundai Commercial Inc.	1	875	28,820	2,070	1	766	25,236	1,813
Carnes Co., Ltd.	18	1,300	2	3,093	16	1,138	1	2,708
Hyundai Motor America	967,930	-	896,724	52,874	847,574	-	785,222	46,299
Hyundai Motor Company Australia	288,748	-	272,779	11,449	252,844	-	238,861	10,025
Hyundai Auto Canada Corporation	182,582	-	179,560	8,928	159,879	-	157,233	7,818
Hyundai Motor India	136,447	291	171,159	292	119,481	255	149,877	256
Hyundai Motor Group (China) Ltd.	175,201	-	126,557	-	153,416	-	110,820	-
Hyundai Motor Commonwealth of Independent States	221,141	-	11,061	5,290	193,644	-	9,686	4,632
Hyundai Motor Europe GmbH	110,311	-	84,394	-	96,595	-	73,900	-
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	61,622	-	71,983	674	53,960	-	63,032	590
Hyundai Motor Manufacturing Alabama, LLC	9,833	39	65,547	13	8,610	34	57,397	11
Hyundai Motor Manufacturing Rus LLC	12,750	-	-	-	11,165	-	-	-
Hyundai Motor Manufacturing Czech, s.r.o.	1,076	-	1,519	-	942	-	1,330	-
Hyundai Auto Czech s.r.o.	3,100	-	5,792	3,226	2,715	-	5,072	2,825
Hyundai Motor Norway AS	723	-	614	1,121	633	-	538	982
Hyundai Motor Poland Sp.Zo.O	301	-	5,211	432	264	-	4,563	378
Hyundai Capital America	101	-	898	-	88	-	786	-
Hyundai Motor Europe Technical Center	-	13,104	53	14,027	-	11,475	46	12,283

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	Three months ended September 30,				Three months ended September 30,			
	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 America Technical Center Inc.	₩ -	₩ 18,776	₩ 19	₩ 18,773	\$ -	\$ 16,441	\$ 17	\$ 16,439
Hyundai Motor Japan Co.	15,902	323	1,521	494	13,925	283	1,332	433
Other	58	373	275	2,149	51	327	241	1,882
Affiliates:								
Hyundai MOBIS Co., Ltd.	117,353	871,765	111,399	920,948	102,761	763,367	97,547	806,434
Beijing-Hyundai Motor Company	185,095	2,263	137,477	2,371	162,080	1,982	120,383	2,076
Glovis Co., Ltd.	89,706	134,896	3,872	81,474	78,552	118,123	3,391	71,343
EUKOR Car Carriers, Inc.	78	133,255	-	137,805	68	116,686	-	120,670
HMJ R&D Center Inc	-	1,739	4	2,547	-	1,523	3	2,230
Iljin Bearing Co., Ltd.	-	2,724	1	4,397	-	2,385	1	3,850
Other	-	279	-	213	-	243	-	187
Others:								
Hyundai AMCO Co., Ltd.	1,074	50,408	1,154	38,276	940	44,140	1,011	33,518
Hyundai Steel Company	1,747	20,473	676	317	1,530	17,927	592	278
BNG Steel Co., Ltd.	1	20,088	5	17,190	1	17,590	4	15,053
Jeonbuk Hyundai Motors FC Co., Ltd.	45	2,987	-	-	39	2,616	-	-
Samwoo Co., Ltd.	-	86,368	-	64,699	-	75,629	-	56,654
Innocean Worldwide, Inc.	9	24,938	-	9,059	7	21,837	-	7,933
Wisco Co., Ltd.	2	31,339	-	20,406	1	27,442	-	17,869
IHL Corp.	68	1,540	18	20,269	60	1,348	15	17,749
	<u>₩2,987,724</u>	<u>₩2,017,929</u>	<u>₩2,552,385</u>	<u>₩2,099,111</u>	<u>\$ 2,616,221</u>	<u>\$ 1,767,013</u>	<u>\$ 2,235,013</u>	<u>\$ 1,838,101</u>

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

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	September 30, 2010		September 30, 2009		September 30, 2010		September 30, 2009	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
	(In millions)				(In thousands)			
Subsidiaries:								
Kia Motors Corporation	₩ 205,200	₩ 87,734	₩ 211,066	₩ 182,580	\$ 179,685	\$ 76,825	\$ 184,821	\$ 159,877
Hyundai Capital Service Inc.	19,830	4,493	23,067	6,195	17,364	3,934	20,199	5,425
Hyundai WIA Corporation	141,613	102,215	79,675	78,304	124,004	89,505	69,768	68,567
Hyundai Powertech Co., Ltd.	4,943	81,296	4,829	153,513	4,328	71,187	4,229	134,425
Hyundai HYSICO	3,273	70,627	4,025	77,052	2,866	61,845	3,525	67,471
Hyundai Rotem Company	123	19,838	425	37,563	108	17,371	372	32,892
METIA Corporation	90	13,617	68	16,275	79	11,924	60	14,251
M & Soft	217	3,162	256	467	190	2,769	224	409
Hyundai Card Co., Ltd.	40,372	39,550	30,308	35,896	35,352	34,632	26,539	31,433
Autoever Systems Corporation	59	53,679	15	72,572	52	47,004	13	63,548
Dymos Inc.	5,570	141,988	4,256	178,920	4,877	124,333	3,727	156,673
Haevichi Hotel & Resort Co., Ltd.	34,133	709	38,985	1,122	29,889	621	34,137	982
HMC Investment Securities Co., Ltd.	-	3,102	-	28,526	-	2,716	-	24,979
KEFICO Corporation	2,099	73,427	776	74,876	1,838	64,297	680	65,566
Partecs Co., Ltd.	-	6,457	30	7,790	-	5,654	26	6,821
NGVTEK.com	6,226	3,792	5,368	6,739	5,452	3,320	4,701	5,901
Automobile Industrial Ace	170	1,819	56	2,006	149	1,593	49	1,757
Hyundai Motor America	52,117	13,265	52,872	12,444	45,637	11,616	46,297	10,897
Hyundai Motor Company Australia	65,219	2	45,198	347	57,109	2	39,578	304
Hyundai Auto Canada Corporation	18,504	3,084	7,108	3,935	16,203	2,701	6,224	3,446
Hyundai Motor India	54,955	631	40,888	13	48,122	553	35,804	11
Hyundai Motor Group (China) Ltd.	51,305	-	29,666	13	44,926	-	25,977	11
Hyundai Motor Commonwealth of Independent States	7,791	275	18,593	-	6,822	241	16,281	-

The companies	Korean Won				Translation into U.S. Dollars (Note 2)			
	September 30, 2010		September 30, 2009		September 30, 2010		September 30, 2009	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
	(In millions)				(In thousands)			
Hyundai Motor Europe GmbH	₩ 21,814	₩ -	₩ 18,971	₩ 2,192	\$ 19,102	\$ -	\$ 16,612	\$ 1,919
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	84,117	93	89,001	10,508	73,658	81	77,934	9,201
Hyundai Motor Manufacturing Alabama, LLC	45,401	100	15,125	201	39,756	88	13,244	176
Hyundai Motor Manufacturing Rus LLC	31,014	-	-	-	27,158	-	-	-
Hyundai Motor Manufacturing Czech, s.r.o.	13,949	-	21,768	17	12,215	-	19,061	15
Hyundai Auto Czech s.r.o.	129	144	1,573	2,291	113	126	1,377	2,006
Hyundai Motor Norway AS	-	-	-	1,140	-	-	-	998
Hyundai Motor Poland Sp.Zo.O	-	-	41,943	3,334	-	-	36,728	2,919
Hyundai Capital America	373	-	75	-	327	-	66	-
Hyundai Motor Europe Technical Center	-	4,411	46	6,968	-	3,863	40	6,102
Hyundai America Technical Center Inc.	-	6,027	7	13,170	-	5,278	6	11,532
Other	10,753	7,099	11,869	3,309	9,415	6,216	10,393	2,898
Affiliates:								
Hyundai MOBIS Co., Ltd.	147,444	755,291	193,958	1,072,707	129,110	661,376	169,841	939,323
Beijing-Hyundai Motor Company	102,563	896	89,385	307	89,810	785	78,271	269
Glovis Co., Ltd.	24,986	79,154	17,205	69,622	21,879	69,312	15,066	60,965
EUKOR Car Carriers, Inc.	4	36,927	7	49,834	4	32,335	6	43,637
Iljin Bearing Co., Ltd.	356	759	4	2,437	312	665	4	2,134
Other	-	522	1	1,059	-	457	1	927
Others:								
Hyundai AMCO Co., Ltd.	178	53,648	277	51,863	156	46,977	242	45,414
Hyundai Steel Company	1,460	37,467	1,606	21,883	1,278	32,808	1,406	19,162
BNG Steel Co., Ltd.	4	13,637	1	17,470	4	11,941	1	15,298
Samwoo Co., Ltd.	4	69,746	1,368	67,895	4	61,074	1,198	59,454
Innocean Worldwide, Inc.	1,870	43,594	1,565	39,788	1,637	38,173	1,370	34,841
Wisco Co., Ltd.	415	28,675	429	26,042	362	25,109	376	22,804
IHL Corp	14	2,756	20	15,892	11	2,413	18	13,916
	<u>₩1,200,657</u>	<u>₩1,865,708</u>	<u>₩1,103,734</u>	<u>₩2,457,077</u>	<u>\$ 1,051,363</u>	<u>\$ 1,633,720</u>	<u>\$ 966,492</u>	<u>\$ 2,151,556</u>

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

Description	Translation into U.S. Dollars (Note 2)	
	Korean Won (In millions)	U.S. Dollars (In thousands)
Short-term salaries	₩ 56,118	\$ 49,140
Severance benefits	31,596	27,667
	<u>₩ 87,714</u>	<u>\$ 76,807</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 September 30, 2010 and December 31, 2009, the Company deferred the net loss of ₩57,899 million (US\$50,700 thousand) and ₩101,135 million (US\$88,560 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 14 months from September 30, 2010. Of the net loss on valuation recorded as accumulated other comprehensive loss as of September 30, 2010 amounting to ₩21,788 million (US\$19,079 thousand) is expected to be realized and charged to current operations within one year from September 30, 2010.

For the nine months ended September 30, 2010 and 2009, the Company recognized the net gain of ₩20,165 million (US\$17,658 thousand) and ₩14,530 million (US\$12,723 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 nine months ended September 30, 2010 and 2009 are as follows:

	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months ended		Nine months ended		Nine months ended	
	September 30,		September 30,		September 30,	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Domestic sales	₩ 3,634,555	₩ 4,079,851	₩ 11,471,736	₩ 11,139,657	\$ 10,045,303	\$ 9,754,516
Export sales - Vehicle products:						
North America	1,156,127	1,076,039	3,569,515	3,307,612	3,125,670	2,896,333
Europe	472,279	174,655	1,099,272	631,712	962,585	553,163
South America	913,253	693,821	2,310,669	1,612,821	2,023,353	1,412,278
Asia & Pacific	699,482	619,090	2,137,542	1,606,841	1,871,753	1,407,041
Middle Asia & Africa	1,099,245	857,069	3,559,767	2,423,678	3,117,134	2,122,310
	4,340,386	3,420,674	12,676,765	9,582,664	11,100,495	8,391,125
Export sales - Other	872,319	597,869	2,677,038	1,487,966	2,344,166	1,302,946
Export sales	5,212,705	4,018,543	15,353,803	11,070,630	13,444,661	9,694,071
Total sales	₩ 8,847,260	₩ 8,098,394	₩ 26,825,539	₩ 22,210,287	\$ 23,489,964	\$ 19,448,587

24. SELLING AND ADMINISTRATIVE EXPENSES:

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

	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months ended		Nine months ended		Nine months ended	
	September 30,		September 30,		September 30,	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Salary-related costs	₩ 411,202	₩ 303,252	₩ 1,038,740	₩ 921,785	\$ 909,580	\$ 807,167
Export costs	195,084	154,897	590,641	474,178	517,199	415,217
Overseas market development	179,273	272,263	521,629	775,287	456,768	678,885
Advertisement	33,424	35,739	121,354	88,093	106,264	77,139
Sales commissions	131,887	145,190	395,931	409,767	346,700	358,815
Sales warranties	20,633	29,027	65,263	74,154	57,148	64,933
Provision for warranties	74,463	-	597,080	57,178	522,837	50,068

	Korean Won				Translation into U.S. Dollars (Note 2)	
	Three months ended		Nine months ended		Nine months ended	
	September 30,		September 30,		September 30,	
	2010	2009	2010	2009	2010	2009
	(In millions)				(In thousands)	
Sales warranties adjustment for interim period	₩ -	₩ (16,488)	₩ -	₩ -	\$ -	\$ -
Freight and warehousing	23,036	25,718	70,841	73,823	62,032	64,644
Service charges	55,516	42,870	159,116	128,336	139,331	112,378
Research	131,486	69,012	344,995	194,020	302,097	169,895
Other	105,336	89,327	290,356	246,130	254,252	215,527
	<u>₩ 1,361,340</u>	<u>₩ 1,150,807</u>	<u>₩ 4,195,946</u>	<u>₩ 3,442,751</u>	<u>\$ 3,674,208</u>	<u>\$ 3,014,668</u>

## 25. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES:

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

	Foreign currencies				Korean Won			
	September 30,		December 31,		September 30,		December 31,	
	2010	2009	2010	2009	2010	2009	2010	2009
	(In thousands)				(In millions)			
Assets	US\$	661,167	US\$	842,568	₩	755,053	₩	983,782
	JP ¥	274,055	JP ¥	32,732		3,736		413
	GBP	1,354	GBP	856		2,443		1,607
	CAD	16,759	CAD	6,421		18,538		7,108
	EUR	132,841	EUR	131,085		206,698		219,472
	AUD	59,872	AUD	42,744		66,224		44,670
	AED	108,994	AED	300,524		33,888		95,528
					<u>₩</u>	<u>1,086,580</u>	<u>₩</u>	<u>1,352,580</u>
Liabilities	US\$	141,752	US\$	249,156	₩	161,880	₩	290,915
	JP ¥	18,798,031	JP ¥	20,307,033		256,281		256,441
	GBP	3,376	GBP	6,176		6,090		11,596
	CAD	3,136	CAD	6,262		3,469		6,932
	AUD	4,751	AUD	4,598		5,255		4,805
	EUR	83,145	EUR	201,699		129,372		337,700
	SGD	2	SGD	1		2		1
	CHF	229	CHF	880		268		992
	DKK	1	DKK	845		-		190
	SEK	1,454	SEK	2,628		247		429
	AED	5,231	AED	876		1,626		278
	HKD	-	HKD	1		-		-
	NOK	846	NOK	2,125		165		428
					<u>₩</u>	<u>564,655</u>	<u>₩</u>	<u>910,707</u>

## 26. ADOPTION OF THE KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS:

The Company will 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 reports the status of its implementation plan and progress to management on a regular basis.

The areas expected to have significant GAAP differences between K-IFRS and K-GAAP are employee benefits, borrowing costs, investment property, income tax, disclosures of financial instruments and others. These areas may change based on further analysis in the future.