

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
AND INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

English Translation of a Report Originally Issued in Korean

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

We have audited the accompanying non-consolidated statements of financial position of Hyundai Motor Company (the "Company") as of December 31, 2010 and 2009, and the related non-consolidated statements of income, appropriations of retained earnings, changes in shareholders' equity and cash flows for the years then ended, all expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hyundai Motor Company as of December 31, 2010 and 2009, and the results of its operations, changes in its retained earnings and its shareholders' equity, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of Korea (See Note 2).

Our audits also comprehended the translation of Korean Won amounts into U.S. Dollar amounts and, in our opinion, such translation has been made in conformity with the basis in Note 2. Such U.S. Dollar amounts are presented solely for the convenience of readers outside of Korea.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations, changes in retained earnings and shareholders' equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.

Deloitte Anjin LLC

February 25, 2011

Notice to Readers

This report is effective as of February 25, 2011, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2010 AND 2009

<u>ASSETS</u>	<u>Korean Won</u>		<u>Translation into</u> <u>U.S. Dollars (Note 2)</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(In millions)		(In thousands)	
Current assets:				
Cash and cash equivalents	₩ 1,772,837	₩ 2,259,781	\$ 1,556,622	\$ 1,984,179
Short-term financial instruments (Note 3)	6,917,813	4,938,092	6,074,118	4,335,843
Short-term investment securities (Note 5)	-	163,526	-	143,582
Trade notes and accounts receivable, less allowance for doubtful accounts of ₩10,283 million in 2010 and ₩9,561 million in 2009 (Note 14)	2,063,878	2,155,594	1,812,168	1,892,698
Trade notes and accounts receivable - other	361,335	454,653	317,267	399,204
Inventories (Note 4)	1,642,902	1,384,498	1,442,534	1,215,645
Derivative assets (Note 2)	44,368	35,836	38,957	31,465
Deferred tax assets (Note 23)	210,219	185,956	184,581	163,277
Advances and other current assets	220,829	214,520	193,896	188,358
Total current assets	<u>13,234,181</u>	<u>11,792,456</u>	<u>11,620,143</u>	<u>10,354,251</u>
Non-current assets:				
Long-term investment securities (Notes 6 and 14)	1,380,178	676,328	1,211,852	593,843
Investments securities accounted for using the equity method (Notes 7 and 14)	13,215,159	10,884,663	11,603,441	9,557,172
Property, plant and equipment, net of accumulated depreciation of ₩8,286,833 million in 2010 and ₩7,814,143 million in 2009 (Notes 8, 9 and 14)	9,742,403	9,726,299	8,554,222	8,540,082
Intangibles (Note 10)	1,923,318	1,840,055	1,688,751	1,615,642
Other assets (Notes 3 and 11)	1,572,441	526,334	1,380,666	462,142
Total non-current assets	<u>27,833,499</u>	<u>23,653,679</u>	<u>24,438,932</u>	<u>20,768,881</u>
Total assets	<u>₩ 41,067,680</u>	<u>₩ 35,446,135</u>	<u>\$ 36,059,075</u>	<u>\$ 31,123,132</u>

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2010 AND 2009

LIABILITIES AND SHAREHOLDERS' EQUITY	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Current liabilities:				
Trade notes and accounts payable	₩ 3,428,786	₩ 3,846,823	\$ 3,010,612	\$ 3,377,665
Short-term borrowings (Notes 12 and 14)	485,009	453,037	425,857	397,785
Accounts payable-other	1,870,207	1,685,899	1,642,117	1,480,287
Accrued expenses	128,397	603,580	112,738	529,968
Current maturities of long-term debt and debentures (Notes 13 and 14)	651,439	300,992	571,990	264,283
Accrued warranties (Note 15)	958,049	906,456	841,205	795,905
Income tax payable	621,079	248,007	545,332	217,760
Derivative liabilities (Note 2)	71,715	61,852	62,969	54,309
Withholdings and other current liabilities	781,524	817,028	686,210	717,383
Total current liabilities	<u>8,996,205</u>	<u>8,923,674</u>	<u>7,899,030</u>	<u>7,835,345</u>
Non-current liabilities:				
Long-term debt and debentures, net of current maturities and discount on debentures issued of ₩3,159 million in 2010 and ₩3,393 million in 2009 (Notes 13 and 14)	1,012,705	1,363,910	889,196	1,197,568
Accrued severance benefits, net of National Pension payments for employees of ₩10,357 million in 2010 and ₩12,378 million in 2009, and individual severance insurance deposits of ₩1,081,814 million in 2010 and ₩1,185,638 million in 2009 (Note 2)	324,390	460,359	284,827	404,214
Derivative liabilities (Note 2)	-	117,168	-	102,878
Long-term accrued warranties (Note 15)	2,717,775	2,347,557	2,386,316	2,061,249
Deferred tax liabilities (Note 23)	669,803	204,444	588,114	179,510
Total non-current liabilities	<u>4,724,673</u>	<u>4,493,438</u>	<u>4,148,453</u>	<u>3,945,419</u>
Total liabilities	<u>13,720,878</u>	<u>13,417,112</u>	<u>12,047,483</u>	<u>11,780,764</u>
Shareholders' equity:				
Capital stock (Note 16)	1,488,993	1,488,993	1,307,396	1,307,396
Capital surplus (Note 17)	5,967,318	5,806,189	5,239,545	5,098,067
Capital adjustments (Note 18)	(918,214)	(743,909)	(806,229)	(653,182)
Accumulated other comprehensive income (Notes 19 and 20)	972,400	486,638	853,807	427,288
Retained earnings (Note 21)	<u>19,836,305</u>	<u>14,991,112</u>	<u>17,417,073</u>	<u>13,162,799</u>
Total shareholders' equity	<u>27,346,802</u>	<u>22,029,023</u>	<u>24,011,592</u>	<u>19,342,368</u>
Total liabilities and shareholders' equity	<u>₩ 41,067,680</u>	<u>₩ 35,446,135</u>	<u>\$ 36,059,075</u>	<u>\$ 31,123,132</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Sales (Notes 24 and 26):				
Domestic sales	₩ 15,599,264	₩ 16,067,005	\$ 13,696,781	\$ 14,107,477
Export sales	<u>21,170,162</u>	<u>15,792,322</u>	<u>18,588,254</u>	<u>13,866,294</u>
	<u>36,769,426</u>	<u>31,859,327</u>	<u>32,285,035</u>	<u>27,973,771</u>
Cost of sales (Note 24)	<u>27,850,445</u>	<u>24,884,768</u>	<u>24,453,811</u>	<u>21,849,827</u>
Gross profit	8,918,981	6,974,559	7,831,224	6,123,944
Selling and administrative expenses (Notes 24 and 27)	<u>5,692,364</u>	<u>4,739,597</u>	<u>4,998,125</u>	<u>4,161,557</u>
Operating income	<u>3,226,617</u>	<u>2,234,962</u>	<u>2,833,099</u>	<u>1,962,387</u>
Other income (expenses), net:				
Interest income, net	209,814	83,957	184,225	73,718
Loss on foreign exchange transaction, net	(14,701)	(46,560)	(12,908)	(40,882)
Loss on foreign currency translation, net	(22,289)	(8,644)	(19,571)	(7,590)
Loss on disposal of trade notes and accounts receivable	(47,100)	(75,974)	(41,356)	(66,708)
Gain on disposal of short-term investment securities, net	20,633	65,513	18,117	57,523
Gain (loss) on disposal of long-term investment securities, net	(98)	264	(86)	232
Gain on disposal of investment securities accounted for using the equity method, net (Note 7)	-	70,252	-	61,684
Gain on valuation of investment securities accounted for using the equity method, net (Note 7)	2,801,032	1,337,086	2,459,419	1,174,015
Impairment loss on long-term investment securities	(3,700)	(3,213)	(3,249)	(2,821)
Impairment loss on investment securities accounted for using the equity method (Note 7)	(2,283)	-	(2,005)	-
Gain (loss) on disposal of property, plant and equipment, net	(80,405)	2,128	(70,599)	1,868
Impairment loss on intangibles	(101,306)	(139,621)	(88,951)	(122,593)
Loss on valuation of derivatives, net (Note 2)	(28,109)	(42,050)	(24,681)	(36,922)
Rental and royalty income	236,346	265,364	207,521	233,000
Other, net	<u>113,442</u>	<u>37,848</u>	<u>99,608</u>	<u>33,233</u>
	<u>3,081,276</u>	<u>1,546,350</u>	<u>2,705,484</u>	<u>1,357,757</u>
Income before income tax	6,307,893	3,781,312	5,538,583	3,320,144
Income tax expense (Note 23)	<u>1,040,922</u>	<u>819,803</u>	<u>913,971</u>	<u>719,820</u>
Net income	<u>₩ 5,266,971</u>	<u>₩ 2,961,509</u>	<u>\$ 4,624,612</u>	<u>\$ 2,600,324</u>
Basic earnings per common share (Note 2)	<u>₩ 19,409</u>	<u>₩ 10,890</u>	<u>\$ 17.04</u>	<u>\$ 9.56</u>
Diluted earnings per common share (Note 2)	<u>₩ 19,409</u>	<u>₩ 10,890</u>	<u>\$ 17.04</u>	<u>\$ 9.56</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Unappropriated retained earnings (Note 21):				
Beginning of year	₩ 3,376	₩ 4,522	\$ 2,964	\$ 3,970
Change in retained earnings using the equity method	(104,579)	(153,736)	(91,825)	(134,986)
Net income	<u>5,266,971</u>	<u>2,961,509</u>	<u>4,624,612</u>	<u>2,600,324</u>
	<u>5,165,768</u>	<u>2,812,295</u>	<u>4,535,751</u>	<u>2,469,308</u>
Appropriations:				
Legal reserve	41,223	31,720	36,195	27,851
Reserve for research and manpower development	2,220,000	1,160,000	1,949,249	1,018,527
Reserve for technology development	2,490,000	1,300,000	2,186,320	1,141,453
Cash dividends (Note 22)	<u>412,227</u>	<u>317,199</u>	<u>361,952</u>	<u>278,513</u>
	<u>5,163,450</u>	<u>2,808,919</u>	<u>4,533,716</u>	<u>2,466,344</u>
Unappropriated retained earnings, end of year	<u>₩ 2,318</u>	<u>₩ 3,376</u>	<u>\$ 2,035</u>	<u>\$ 2,964</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean Won						Translation into U.S. Dollars (Note 2)
	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	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	\$ 17,255,502
Payment of cash dividend	-	-	-	-	(235,715)	(235,715)	(206,967)
Disposal of treasury stock fund	-	881	1,200	-	-	2,081	1,827
Purchase of treasury stock	-	-	(25,424)	-	-	(25,424)	(22,323)
Gain on valuation of available-for-sale securities, net	-	-	-	3,176	-	3,176	2,789
Gain on valuation of derivatives, net	-	-	-	98,736	-	98,736	86,694
Net income	-	-	-	-	2,961,509	2,961,509	2,600,324
Changes accounted for using the equity method	-	(46,468)	-	(227,427)	(153,736)	(427,631)	(375,478)
December 31, 2009	<u>₩ 1,488,993</u>	<u>₩ 5,806,189</u>	<u>₩ (743,909)</u>	<u>₩ 486,638</u>	<u>₩ 14,991,112</u>	<u>₩ 22,029,023</u>	<u>\$ 19,342,368</u>
January 1, 2010	₩ 1,488,993	₩ 5,806,189	₩ (743,909)	₩ 486,638	₩ 14,991,112	₩ 22,029,023	\$ 19,342,368
Payment of cash dividend	-	-	-	-	(317,199)	(317,199)	(278,513)
Purchase of treasury stock	-	-	(452,515)	-	-	(452,515)	(397,326)
Disposal of treasury stock	-	171,109	278,210	-	-	449,319	394,520
Gain on valuation of available-for-sale securities, net	-	-	-	538,008	-	538,008	472,393
Gain on valuation of derivatives, net	-	-	-	81,336	-	81,336	71,416
Net income	-	-	-	-	5,266,971	5,266,971	4,624,612
Changes accounted for using the equity method	-	(9,980)	-	(133,582)	(104,579)	(248,141)	(217,878)
December 31, 2010	<u>₩ 1,488,993</u>	<u>₩ 5,967,318</u>	<u>₩ (918,214)</u>	<u>₩ 972,400</u>	<u>₩ 19,836,305</u>	<u>₩ 27,346,802</u>	<u>\$ 24,011,592</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Cash flows from operating activities:				
Net income	₩ 5,266,971	₩ 2,961,509	\$ 4,624,612	\$ 2,600,324
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	889,076	900,064	780,644	790,292
Bad debt expense	3,834	3,023	3,366	2,654
Provision for severance benefits	454,693	357,526	399,239	313,922
Provision for warranties	899,016	244,603	789,372	214,771
Amortization of intangibles	544,492	514,360	478,086	451,629
Amortization of discount on debentures	1,537	1,481	1,350	1,300
Loss on foreign currency translation, net	22,289	8,644	19,571	7,590
Loss on disposal of trade notes and accounts receivable	47,100	75,974	41,356	66,708
Gain on disposal of short-term investment securities, net	(20,633)	(65,513)	(18,117)	(57,523)
Loss (gain) on disposal of long-term investment securities, net	98	(264)	86	(232)
Gain on disposal of investment securities accounted for using the equity method, net	-	(70,252)	-	(61,684)
Gain on valuation of investment securities accounted for using the equity method, net	(2,801,032)	(1,337,086)	(2,459,419)	(1,174,015)
Impairment loss on long-term investment securities	3,700	3,213	3,249	2,821
Impairment loss on investment securities accounted for using the equity method	2,283	-	2,005	-
Dividends of investment securities accounted for using the equity method	642,870	150,956	564,466	132,545
Loss (gain) on disposal of property, plant and equipment, net	80,405	(2,128)	70,599	(1,868)
Impairment loss on intangibles	101,306	139,621	88,951	122,593
Loss on valuation of derivatives, net	28,109	42,050	24,681	36,922
Other	(95,275)	5,965	(83,655)	5,238
Changes in operating assets and liabilities:				
Decrease in trade notes and accounts receivable	29,638	228,457	26,023	200,594
Decrease (increase) in trade notes and accounts receivable-other	116,092	(79,506)	101,933	(69,809)
Decrease (increase) in advances and other current assets	(6,559)	74,285	(5,759)	65,225
Decrease in derivative assets	25,210	12,186	22,135	10,700
Decrease (increase) in deferred tax assets	(169,117)	129,663	(148,492)	113,849
Decrease (increase) in inventories	(418,109)	279,057	(367,117)	245,023
Increase (decrease) in trade notes and accounts payable	(420,266)	1,410,878	(369,010)	1,238,808
Increase in accounts payable-other	493,148	191,764	433,004	168,377
Increase (decrease) in accrued expenses	(475,153)	571,918	(417,203)	502,167
Increase (decrease) in income tax payable	373,071	(279,303)	327,571	(245,239)
Increase in deferred tax liabilities	410,890	100,855	360,778	88,555
Payment of severance benefits	(236,915)	(205,954)	(208,021)	(180,836)
Increase in individual severance insurance deposits	(164,313)	(176,463)	(144,273)	(154,942)
Decrease in derivative liabilities	(61,852)	(156,940)	(54,309)	(137,800)
Decrease in accrued warranties	(477,205)	(466,737)	(419,005)	(409,814)
Increase (decrease) in withholdings and other current liabilities	(35,069)	260,162	(30,792)	228,433
Other	16,396	16,482	14,396	14,472
	<u>5,070,726</u>	<u>5,844,550</u>	<u>4,452,301</u>	<u>5,131,750</u>

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HYUNDAI MOTOR COMPANY

NON-COLSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Cash flows from investing activities:				
Cash inflows from investing activities:				
Proceeds from withdrawal of short-term financial instruments	₩ 8,068,462	₩ 7,056,720	\$ 7,084,434	\$ 6,196,084
Proceeds from disposal of short-term investment securities	221,942	470,966	194,874	413,527
Proceeds from disposal of long-term investment securities	28	8,909	25	7,822
Proceeds from disposal of investment securities accounted for using the equity method	-	47,860	-	42,023
Proceeds from disposal of property, plant and equipment	42,612	59,207	37,415	51,986
Proceeds from disposal of intangibles	-	30	-	26
Reduction in other current assets	-	2,879	-	2,528
Reduction in other assets	50,312	3,169	44,176	2,783
	<u>8,383,356</u>	<u>7,649,740</u>	<u>7,360,924</u>	<u>6,716,779</u>
Cash outflows from investing activities:				
Purchase of short-term financial instruments	(9,158,183)	(8,608,578)	(8,041,253)	(7,558,678)
Acquisition of short-term investment securities	(51,309)	(4,236)	(45,051)	(3,719)
Purchase of long-term financial instruments	(1,950,000)	(410,000)	(1,712,178)	(359,996)
Acquisition of long-term investment securities	(2,477)	(24,061)	(2,175)	(21,127)
Acquisition of investment securities accounted for using the equity method	(378,612)	(1,164,519)	(332,437)	(1,022,495)
Acquisition of property, plant and equipment	(875,284)	(807,688)	(768,535)	(709,183)
Expenditures for development costs	(722,339)	(882,022)	(634,243)	(774,451)
Additions to other assets	(52,074)	(11,165)	(45,723)	(9,802)
	<u>(13,190,278)</u>	<u>(11,912,269)</u>	<u>(11,581,595)</u>	<u>(10,459,451)</u>
	<u>(4,806,922)</u>	<u>(4,262,529)</u>	<u>(4,220,671)</u>	<u>(3,742,672)</u>
Cash flows from financing activities:				
Cash inflows from financing activities:				
Proceeds from short-term borrowings	1,330,769	1,711,264	1,168,469	1,502,559
Proceeds from long-term borrowings	-	1,990	-	1,747
Proceeds from issuance of debentures	298,697	398,243	262,268	349,673
Proceeds from disposal of treasury stock	-	2,363	-	2,075
	<u>1,629,466</u>	<u>2,113,860</u>	<u>1,430,737</u>	<u>1,856,054</u>
Cash outflows from financing activities:				
Repayment of short-term borrowings	(1,309,508)	(2,630,753)	(1,149,802)	(2,309,906)
Repayment of current maturities of long-term debt	(300,992)	(300,742)	(264,283)	(264,064)
Purchase of treasury stock	(452,515)	(25,424)	(397,326)	(22,323)
Payment of cash dividends	(317,199)	(235,727)	(278,513)	(206,978)
	<u>(2,380,214)</u>	<u>(3,192,646)</u>	<u>(2,089,924)</u>	<u>(2,803,271)</u>
	<u>(750,748)</u>	<u>(1,078,786)</u>	<u>(659,187)</u>	<u>(947,217)</u>

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HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(In millions)		(In thousands)	
Net increase (decrease) in cash and cash equivalents	₩ (486,944)	₩ 503,235	\$ (427,557)	\$ 441,861
Cash and cash equivalents, beginning of year	<u>2,259,781</u>	<u>1,756,546</u>	<u>1,984,179</u>	<u>1,542,318</u>
Cash and cash equivalents, end of year	<u>₩ 1,772,837</u>	<u>₩ 2,259,781</u>	<u>\$ 1,556,622</u>	<u>\$ 1,984,179</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 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 Exchange since 1974 and the Global Depositary Receipts issued by the Company have been listed on the London Stock Exchange and Luxemburg Stock Exchange.

As of December 31, 2010, the major shareholders of the Company are Hyundai MOBIS (20.78%) and Chung, Mong Koo (5.17%).

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 ₩1,138.90 to US\$1.00 at December 31, 2010, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean Won amounts could be converted into U.S. Dollars at that or any other rate.

The Company prepared its non-consolidated financial statements as of December 31, 2010 in accordance with the Korea Financial Accounting Standards and the Statements of Korea Accounting Standards (“SKAS”).

The 2010 financial statements of the Company to be submitted to the shareholders' meeting were approved by the Board of Directors on January 27, 2011.

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

Revenue Recognition

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

Allowance for Doubtful Accounts

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

Inventories

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

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

Classification of Securities

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

Valuation of Securities

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

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

Investment Securities Accounted for Using the Equity Method

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

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

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

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

Property, Plant and Equipment and Related Depreciation

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

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

	<u>Useful lives (years)</u>
Buildings and structures	15 – 50
Machinery and equipment	12 – 15
Vehicles	6, 15
Dies, molds and tools	6
Other equipment	6

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

Intangibles

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

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

Valuation of Receivables and Payables at Present Value

Receivables and payables arising from long-term installment transactions are stated at present value, if the difference between nominal value and present value is material. The present value discount is amortized using the effective interest rate method, and the amortization is included in interest expense or interest income. Interest rates of 7.95 and 8.75 percent are used in valuing the receivables and payables at present value as of December 31, 2010 and 2009, respectively.

Accrued Severance Benefits

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with the Company, based on their length of service and rate of pay at the time of termination. The accrued severance benefits that would be payable assuming all eligible employees were to resign amount to ₩1,416,561 million (US\$1,243,798 thousand) and ₩1,658,375 million (US\$1,456,120 thousand) as of December 31, 2010 and 2009, respectively.

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

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

Actual payments of severance benefits amounted to ₩236,915 million (US\$208,021 thousand) and ₩205,954 million (US\$180,836 thousand) in 2010 and 2009, respectively.

Accrued Warranties

The Company generally provides a warranty to the ultimate consumer for each product sold and accrues warranty expense at the time of sale based on actual claims history. Also, the Company accrues potential expenses, which may occur due to product liability suit, voluntary recall campaign and other obligations as of the date of the end of the reporting period.

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

Derivative Instruments

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

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

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

The Company entered into derivative instrument contracts including forwards, options and swaps to hedge the exposure to changes in foreign exchange rate. As of December 31, 2010 and 2009, the Company deferred net income of ₩6,169 million (US\$5,417 thousand) and net loss of ₩101,135 million (US\$88,801 thousand), respectively, related to the effective portion of derivative instruments entered into for cash flow hedging purposes for forecasted exports, as accumulated other comprehensive loss. As the forecasted transactions are expected to occur within one year from December 31, 2010; the total amount of the net gain on valuation recorded as accumulated other comprehensive income as of December 31, 2010, is expected to be realized and charged to current operations within one year from December 31, 2010.

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

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

Accounting for Foreign Currency Transactions and Translation

The Company maintains its accounts in Korea Won. Transactions in foreign currencies are recorded in Korean Won based on the prevailing rates of exchange on the transaction date. Monetary accounts with balances denominated in foreign currencies are recorded and reported in the accompanying financial statements at the exchange rates prevailing at the dates of the end of the reporting period. The balances have been translated using the Base Rate announced by Seoul Money Brokerage Service, Ltd, which was ₩1,138.90 and ₩1,167.60 to US\$1.00 at December 31, 2010 and 2009, respectively, and translation gains or losses are reflected in current operations.

Income Tax Expense

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

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

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

Earnings per Common Share

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

Basic earnings per common share for the year ended December 31 2010 and 2009 are computed as follows:

	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Net income	₩ 5,266,971	₩ 2,961,509	\$ 4,624,612	\$ 2,600,324
Expected dividends on preferred stock	(1,211,353)	(682,777)	(1,063,617)	(599,506)
Net income available to common share	4,055,618	2,278,732	3,560,995	2,000,818
Weighted average number of common shares outstanding (*)	<u>208,959,792</u>	<u>209,252,481</u>	<u>208,959,792</u>	<u>209,252,481</u>
Basic earnings per common share	<u>₩ 19,409</u>	<u>₩ 10,890</u>	<u>\$ 17.04</u>	<u>\$ 9.56</u>

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

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

3. RESTRICTED FINANCIAL INSTRUMENTS:

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

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Short-term financial instruments:				
Ordinary deposit	₩ 118	₩ 59	\$ 104	\$ 52
Term deposit	47,695	63,032	41,878	55,345
	47,813	63,091	41,982	55,397
Long-term financial instruments (Note 11):				
Guarantee deposits for checking accounts	37	37	32	32
	₩ 47,850	₩ 63,128	\$ 42,014	\$ 55,429

4. INVENTORIES:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Finished goods and merchandise	₩ 568,520	₩ 455,391	\$ 499,183	\$ 399,852
Semi finished goods and work in process	477,281	414,530	419,072	363,974
Raw materials and supplies	551,007	437,278	483,806	383,948
Materials in transit	46,094	77,299	40,473	67,871
	₩ 1,642,902	₩ 1,384,498	\$ 1,442,534	\$ 1,215,645

5. SHORT-TERM INVESTMENT SECURITIES:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Beneficiary certificates	₩ -	₩ 163,526	\$ -	\$ 143,582

6. LONG-TERM INVESTMENT SECURITIES:

Long -term investment securities as of December 31, 2010 and 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)	
		December 31,		December 31,	
		2010	2009	2010	2009
		Acquisition cost	Book value	Book value	Book value
		(In millions)	(In thousands)	(In thousands)	(In thousands)
Hyundai Heavy Industries Co., Ltd.	2.88	₩ 56,924	₩ 970,170	₩ 379,965	\$ 851,848
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	120,211	116,013	105,550
Hyundai Merchant Marine Co., Ltd.	0.45	9,161	26,715	18,503	23,457
Hyundai Green Food Co., Ltd. (Formerly, Hyundai H&S Co., Ltd.)	2.56	15,005	25,962	18,785	22,796
Doosan Capital Co., Ltd.	9.99	10,000	22,866	24,762	20,077
Hyundai Development Company	0.60	9,025	15,300	16,988	13,434
KT Corporation	0.09	8,655	11,104	9,388	9,750
Ubivelo Co., Ltd.	5.69	1,710	5,444	1,710	4,780
ENOVA System	0.59	2,204	271	403	238
Hyundai Venture Investment Corp.	14.97	4,490	4,490	4,490	3,942
Industry Otomotif Komersial	15.00	4,439	4,439	4,439	3,898
Hyundai Asan Corporation	2.85	22,500	4,239	4,239	3,722
Kihyup Finance	10.34	3,000	3,000	3,000	2,634
NESSCAP Inc.	7.30	1,997	1,997	1,997	1,753
Hyundai Research Institute	14.90	1,359	1,271	1,271	1,116
Heesung PM Tech Corporation	19.90	1,194	1,194	1,194	1,048
Dongbu NTS Co., Ltd.	19.90	1,134	1,134	1,134	996
Jeonbuk Hyundai Motors FC Co., Ltd.(*)	100.00	1,000	1,000	1,000	878
Micro Infinity	9.02	607	607	607	533
NGV Tech Co., Ltd.(*)	53.66	571	571	571	501
Clean Air Technology Inc.	16.13	500	500	500	439
Green village Co., Ltd.	5.43	4,800	284	284	249
Hyundai Carnes Co., Ltd.(*) (Formerly, Carnes Co., Ltd.)	100.00	500	500	250	439
Jinil MVC Co., Ltd.	18.00	180	180	180	158
ROTIS Inc.	0.19	1,000	8	8	7
Kyungnam Credit Information Service Co., Ltd.	13.66	2,500	-	2,500	-
The Sign Co., Ltd.	11.28	1,200	-	1,200	-
Stock Warrants		7,620	133,441	40,639	117,167
Debt Securities		17,320	20,196	19,242	17,733
Other		3,584	3,084	1,066	2,709
			<u>₩ 1,380,178</u>	<u>₩ 676,328</u>	<u>\$ 1,211,852</u>
					<u>\$ 593,843</u>

(*) The equity securities of these affiliates are not accounted for using the equity method as 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 was less than ₩10,000 million (US\$8,780 thousand), are not material.

As of December 31, 2010 and 2009, the difference between the book value and the acquisition cost of equity securities includes the impairment loss on long-term investment securities of ₩28,056 million (US\$24,634 thousand) and ₩24,356 million (US\$21,386 thousand), respectively.

7. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

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

Affiliated company	Korean Won			Translation into U.S. Dollars (Note 2)			Ownership percentage (%)
	Acquisition cost	Net equity value (In millions)	Book value	Acquisition cost	Net equity value (In thousands)	Book value	
Hyundai Motor America	₩ 2,054,423	₩ 2,819,069	₩ 2,686,592	\$ 1,803,866	\$ 2,475,256	\$ 2,358,936	100.00
Hyundai Motor Manufacturing Czech, s.r.o.	685,390	689,619	669,640	601,800	605,513	587,971	100.00
Hyundai Motor India Limited	244,017	993,368	954,865	214,257	872,217	838,410	100.00
Hyundai Motor Japan Co. (*1)	116,122	(8,490)	-	101,960	(7,455)	-	100.00
Hyundai Motor Espana, S.L.U.	86,589	73,634	76,981	76,029	64,654	67,592	100.00
Hyundai Translead, Inc.	80,623	91,624	98,570	70,790	80,450	86,548	100.00
Hyundai Motor Company Italy S.r.l	73,191	26,020	62,740	64,265	22,847	55,088	100.00
Hyundai Motor Europe Technical Center GmbH	53,496	67,638	67,638	46,972	59,389	59,389	100.00
Hyundai Motor UK Ltd.	48,084	32,131	29,554	42,220	28,212	25,950	100.00
Hyundai Motor Czech s.r.o.	46,174	27,689	26,401	40,543	24,312	23,181	100.00
Hyundai Motor Brasil Montadora de Automoveis LTDA	30,003	30,003	30,003	26,344	26,344	26,344	100.00
Hyundai Motor Poland Sp. Zo.O	24,139	46,609	56,942	21,195	40,925	49,997	100.00
Hyundai Motor Europe GmbH	17,529	39,669	39,669	15,391	34,831	34,831	100.00
Hyundai Motor Company Australia Pty Limited	12,382	155,004	82,185	10,872	136,100	72,162	100.00
Hyundai America Technical Center, Inc.	9,635	42,422	42,422	8,460	37,248	37,248	100.00
Hyundai Motor Norway AS	5,636	9,817	9,810	4,949	8,620	8,614	100.00
Beijing Jingxian Motor Safeguard Service Co., Ltd.	5,438	12,296	12,296	4,775	10,796	10,796	100.00
Hyundai Motor Hungary	5,415	-	-	4,755	-	-	100.00
Hyundai Motor Japan R&D Center Inc.	1,510	3,266	3,266	1,326	2,868	2,868	100.00
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	279,988	116,820	93,268	245,841	102,573	81,893	85.03
Hyundai Motor Commonwealth of Independent States B.V (*1)	72,001	(45,675)	-	63,220	(40,104)	-	80.00
Hyundai Motor Manufacturing Rus LLC	306,518	271,083	265,571	269,135	238,022	233,182	70.00
China Millennium Corporations	53,466	32,430	63,251	46,945	28,475	55,537	59.60
Beijing-Hyundai Motor Company	417,163	1,233,431	1,224,189	366,286	1,083,002	1,074,887	50.00
Hyundai Motor Group China. Ltd.	15,371	102,780	81,061	13,496	90,245	71,175	50.00
Hyundai Motor Deutschland GmbH	11,528	34,755	34,404	10,122	30,516	30,208	35.29
Hyundai Powertech (Shangdong) Co., Ltd	10,712	11,004	11,681	9,406	9,662	10,256	30.00
Beijing Mobis Transmission Co., Ltd.	22,790	52,338	52,338	20,011	45,955	45,955	24.08
Hyundai WIA Automotive Engine (Shandong) Company	43,233	66,458	66,458	37,960	58,353	58,353	22.00
EUKOR Shipowning Singapore Pte Ltd. (*2)	5	3,028	3,028	4	2,659	2,659	12.00
Hyundai Rotem Company	254,308	392,842	428,474	223,293	344,931	376,217	57.64
Hyundai Capital Services, Inc.	500,325	1,243,154	742,864	439,305	1,091,539	652,264	56.47
Partecs Company, Ltd.	22,400	29,740	29,740	19,668	26,113	26,113	56.00
Hyundai Commercial Inc.	50,000	87,357	86,831	43,902	76,703	76,241	50.00
KEFICO Corporation	20,911	156,078	154,879	18,361	137,043	135,990	50.00
Hyundai Dymos Inc.	68,872	160,962	158,181	60,472	141,331	138,889	47.27
Hyundai WIA Corporation	34,357	311,657	292,638	30,167	273,647	256,948	39.46
Hyundai Powertech Co., Ltd.	172,576	230,344	216,509	151,529	202,251	190,104	37.58
Kia Motors Corporation	923,957	2,721,551	2,754,291	811,271	2,389,631	2,418,378	33.75
HMC Win Win Fund	18,000	18,131	18,131	15,805	15,920	15,920	33.33
M & Soft Co., Ltd.	3,925	16,347	16,421	3,446	14,353	14,418	31.84
Hyundai Card Co., Ltd.	435,571	520,791	520,798	382,449	457,275	457,282	31.52
Haevichi Country Club Co., Ltd. (*1)	4,500	(12,848)	-	3,951	(11,281)	-	30.00
Autoever Systems Corp.	5,947	39,763	39,763	5,222	34,914	34,914	29.90
HMC Investment Securities Co., Ltd.	188,665	159,816	197,703	165,655	140,325	173,591	26.27
Hyundai HYSCO Co., Ltd.	200,768	329,316	343,031	176,282	289,153	301,195	26.13

Affiliated company	Korean Won			Translation into U.S. Dollars (Note 2)			Ownership percentage (%)
	Acquisition cost	Net equity value	Book value	Acquisition cost	Net equity value	Book value	
	(In millions)			(In thousands)			
Korea Aerospace Industries Co., Ltd.	₩ 159,800	₩ 125,926	₩ 125,782	\$ 140,311	\$ 110,568	\$ 110,442	22.23
The Korea Economic Daily Co., Ltd.	29,973	27,809	29,785	26,317	24,417	26,152	20.55
Iljin Bearing Co., Ltd.	826	20,635	20,635	725	18,118	18,118	20.00
Daesung Automotive Co., Ltd.	400	14,855	14,855	350	13,042	13,044	20.00
Eukor Car Carriers Inc. (*2)	29,347	82,072	75,304	25,768	72,063	66,120	12.00
Glovis Co., Ltd. (*3)	99,259	30,292	103,721	87,153	26,597	91,071	2.70
	₩ 8,057,258	₩13,736,430	₩13,215,159	\$ 7,074,597	\$12,061,138	\$11,603,441	

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

Affiliated company	Translation into						Ownership percentage (%)
	Korean Won			U.S. Dollars (Note 2)			
	Acquisition cost	Net equity value (In millions)	Book value	Acquisition cost	Net equity value (In thousands)	Book value	
Hyundai Motor America	₩1,937,933	₩ 2,350,920	₩ 2,141,916	\$ 1,701,583	\$ 2,064,202	\$ 1,880,688	100.00
Hyundai Motor Manufacturing Czech, s.r.o.	685,390	591,440	573,875	601,800	519,308	503,885	100.00
Hyundai Motor India Limited	244,017	822,259	754,436	214,257	721,976	662,425	100.00
Hyundai Motor Japan Co. (*1)	103,658	(20,891)	-	91,016	(18,343)	-	100.00
Hyundai Motor Espana, S.L.U.	86,589	86,589	86,589	76,029	76,029	76,029	100.00
Hyundai Translead, Inc.	80,623	111,373	119,098	70,790	97,790	104,573	100.00
Hyundai Motor Company Italy S.r.l	73,191	37,252	73,890	64,265	32,709	64,878	100.00
Hyundai Motor Europe Technical Center GmbH	53,496	72,447	72,447	46,972	63,611	63,611	100.00
Hyundai Motor UK Ltd.	48,084	14,443	13,462	42,220	12,682	11,820	100.00
Hyundai Motor Czech s.r.o.	46,174	29,674	27,051	40,543	26,055	23,752	100.00
Hyundai Motor Brasil Montadora de Automoveis LTDA	137	137	137	120	120	120	100.00
Hyundai Motor Poland Sp. Zo.O	24,139	42,518	53,052	21,195	37,333	46,582	100.00
Hyundai Motor Europe GmbH	17,529	41,631	41,631	15,391	36,554	36,554	100.00
Hyundai Motor Company Australia Pty Limited	12,382	90,798	59,552	10,872	79,724	52,289	100.00
Hyundai America Technical Center, Inc.	9,635	37,782	37,782	8,460	33,174	33,174	100.00
Hyundai Motor Norway AS	5,636	6,682	6,224	4,949	5,867	5,465	100.00
Beijing Jingxian Motor Safeguard Service Co., Ltd.	5,438	8,150	8,150	4,775	7,156	7,156	100.00
Hyundai Motor Hungary	5,415	-	2,283	4,755	-	2,005	100.00
Hyundai Motor Japan R&D Center Inc.	1,510	2,945	2,945	1,326	2,586	2,586	100.00
Hyundai Motor Commonwealth of Independent States B.V (*1)	3,959	(124,535)	-	3,476	(109,347)	-	80.00
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	279,988	107,631	91,743	245,841	94,504	80,554	85.03
Hyundai Motor Manufacturing Rus LLC	225,151	207,064	205,970	197,692	181,811	180,850	100.00
China Millennium Corporations	53,466	32,045	65,067	46,945	28,137	57,131	59.60
Beijing-Hyundai Motor Company	417,163	1,007,878	999,693	366,286	884,957	877,771	50.00
Hyundai Motor Group China. Ltd.	15,371	68,167	47,072	13,496	59,853	41,331	50.00
Hyundai Motor Deutschland GmbH	11,528	38,279	37,900	10,122	33,611	33,278	35.29
Beijing Mobis Transmission Co., Ltd.	22,790	47,800	47,800	20,011	41,970	41,970	24.08
Hyundai WIA Automotive Engine (Shandong) Company	43,233	54,749	54,749	37,960	48,072	48,072	22.00
EUKOR Shipowning Singapore Pte Ltd. (*2)	5	2,076	2,099	4	1,823	1,843	12.00
Hyundai Rotem Company	254,308	352,328	391,906	223,293	309,358	344,109	57.64
Hyundai Capital Services, Inc.	500,325	1,216,245	766,282	439,305	1,067,912	672,826	56.47
Partecs Company, Ltd.	22,400	25,845	25,845	19,668	22,693	22,693	56.00
Hyundai Commercial Inc.	50,000	55,007	54,258	43,902	48,298	47,641	50.00
KEFICO Corporation	20,911	136,051	135,078	18,361	119,458	118,604	50.00
Hyundai Dymos Inc.	68,872	141,586	139,415	60,472	124,318	122,412	47.27

Affiliated company	Korean Won			Translation into U.S. Dollars (Note 2)			Ownership percentage (%)
	Acquisition cost	Net equity	Book value	Acquisition cost	Net equity	Book value	
		value			value		
		(In millions)			(In thousands)		
Hyundai WIA Corporation	₩ 34,357	₩ 261,430	₩ 241,164	\$ 30,167	\$ 229,546	\$ 211,752	39.46
Hyundai Powertech Co., Ltd.	135,000	173,933	158,096	118,535	152,720	138,815	37.58
Kia Motors Corporation	923,957	2,050,627	2,098,900	811,271	1,800,533	1,842,919	34.58
HMC Win Win Fund	18,000	18,607	18,607	15,805	16,338	16,338	60.00
M & Soft Co., Ltd.	3,925	13,020	13,098	3,446	11,432	11,501	31.84
Hyundai Card Co., Ltd.	435,571	471,088	471,095	382,449	413,634	413,640	31.52
Haevichi Country Club Co., Ltd. (*1)	4,500	(11,357)	-	3,951	(9,972)	-	30.00
Autoever Systems Corp.	5,947	32,030	32,030	5,222	28,124	28,124	29.90
HMC Investment Securities Co., Ltd.	188,665	150,119	190,171	165,655	131,811	166,978	26.27
Hyundai HYSCO Co., Ltd.	200,768	280,910	296,320	176,282	246,650	260,181	26.13
Korea Aerospace Industries, Co., Ltd.	159,800	103,310	103,150	140,311	90,710	90,570	22.23
The Korea Economic Daily Co., Ltd.	29,973	26,082	28,482	26,317	22,901	25,008	20.55
Iljin Bearing Co., Ltd.	826	18,201	18,201	725	15,981	15,981	20.00
Daesung Automotive Co., Ltd.	400	13,194	13,194	351	11,586	11,584	20.00
Eukor Car Carriers Inc. (*2)	29,347	70,106	62,758	25,768	61,556	55,104	12.00
	₩7,601,482	₩11,365,665	₩10,884,663	\$ 6,674,407	\$ 9,979,511	\$ 9,557,172	

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

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

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

Affiliated company	Korean Won					Translation into U.S. Dollars (Note 2)
	Beginning of year	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*)	End of year	End of year
	(In millions)					(In thousands)
Hyundai Motor America	₩ 2,141,916	₩ 116,490	₩ 502,475	₩ (74,289)	₩ 2,686,592	\$ 2,358,936
Hyundai Motor Manufacturing Czech, s.r.o.	573,875	-	127,417	(31,652)	669,640	587,971
Hyundai Motor India Limited	754,436	-	224,598	(24,169)	954,865	838,410
Hyundai Motor Japan Co.	-	12,465	-	(12,465)	-	-
Hyundai Motor Espana, S.L.U.	86,589	-	(1,794)	(7,814)	76,981	67,592
Hyundai Translead, Inc.	119,098	-	(17,979)	(2,549)	98,570	86,548
Hyundai Motor Company Italy S.r.l	73,890	-	(7,662)	(3,488)	62,740	55,088
Hyundai Motor Europe Technical Center GmbH	72,447	-	2,171	(6,980)	67,638	59,389
Hyundai Motor UK Ltd.	13,462	-	17,326	(1,234)	29,554	25,950
Hyundai Motor Czech s.r.o.	27,051	-	876	(1,526)	26,401	23,181
Hyundai Motor Brasil Montadora de Automoveis LTDA	137	29,866	-	-	30,003	26,344
Hyundai Motor Poland Sp. Zo.O	53,052	-	6,387	(2,497)	56,942	49,997
Hyundai Motor Europe GmbH	41,631	-	2,059	(4,021)	39,669	34,831
Hyundai Motor Company Australia Pty Limited	59,552	-	8,393	14,240	82,185	72,162
Hyundai America Technical Center, Inc.	37,782	-	5,654	(1,014)	42,422	37,248
Hyundai Motor Norway AS	6,224	-	3,810	(224)	9,810	8,614
Beijing Jingxian Motor Safeguard Service Co., Ltd.	8,150	-	4,037	109	12,296	10,796
Hyundai Motor Hungary	2,283	-	-	(2,283)	-	-
Hyundai Motor Japan R&D Center Inc.	2,945	-	8	313	3,266	2,868
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	91,743	-	4,351	(2,826)	93,268	81,893
Hyundai Motor Commonwealth of Independent States B.V	-	68,041	-	(68,041)	-	-

Affiliated company	Korean Won					Translation into U.S. Dollars (Note 2)
	Beginning of year	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*)	End of year	End of year
	(In millions)					(In thousands)
Hyundai Motor Manufacturing Rus LLC	₩ 205,970	₩ 81,367	₩ (19,808)	₩ (1,958)	₩ 265,571	\$ 233,182
China Millennium Corporations	65,067	-	(1,879)	63	63,251	55,537
Beijing-Hyundai Motor Company	999,693	-	468,528	(244,032)	1,224,189	1,074,887
Hyundai Motor Group China. Ltd.	47,072	-	56,043	(22,054)	81,061	71,175
Hyundai Motor Deutschland GmbH	37,900	-	5,590	(9,086)	34,404	30,208
Hyundai Powertech (Shangdong) Co., Ltd	-	10,711	-	970	11,681	10,256
Beijing Mobis Transmission Co., Ltd.	47,800	-	4,137	401	52,338	45,955
Hyundai WIA Automotive Engine (Shandong) Company	54,749	-	11,139	570	66,458	58,353
EUKOR Shipowning Singapore Pte Ltd.	2,099	-	1,018	(89)	3,028	2,659
Hyundai Rotem Company	391,906	-	36,991	(423)	428,474	376,217
Hyundai Capital Services, Inc.	766,282	-	235,148	(258,566)	742,864	652,264
Partecs Company, Ltd.	25,845	-	3,895	-	29,740	26,113
Hyundai Commercial Inc.	54,258	-	32,229	344	86,831	76,241
KEFICO Corporation	135,078	-	28,237	(8,436)	154,879	135,990
Hyundai Dymos Inc.	139,415	-	19,684	(918)	158,181	138,889
Hyundai WIA Corporation	241,164	-	57,855	(6,381)	292,638	256,948
Hyundai Powertech Co., Ltd.	158,096	37,576	21,397	(560)	216,509	190,104
Kia Motors Corporation	2,098,900	-	731,350	(75,959)	2,754,291	2,418,378
HMC Win Win Fund	18,607	-	484	(960)	18,131	15,920
M & Soft Co., Ltd.	13,098	-	3,454	(131)	16,421	14,418
Hyundai Card Co., Ltd.	471,095	-	108,133	(58,430)	520,798	457,282
Autoever Systems Corp.	32,030	-	9,342	(1,609)	39,763	34,914
HMC Investment Securities Co., Ltd.	190,171	-	3,794	3,738	197,703	173,591
Hyundai HYSCO Co., Ltd.	296,320	-	50,303	(3,592)	343,031	301,195
Korea Aerospace Industries, Co., Ltd.	103,150	-	21,431	1,201	125,782	110,442
The Korea Economic Daily Co., Ltd.	28,482	-	1,303	-	29,785	26,152
Iljin Bearing Co., Ltd.	18,201	-	2,660	(226)	20,635	18,118
Daesung Automotive Co., Ltd.	13,194	-	1,915	(254)	14,855	13,044
Eukor Car Carriers Inc.	62,758	-	21,702	(9,156)	75,304	66,120
Glovix Co., Ltd.	-	22,096	2,830	78,795	103,721	91,071
	<u>₩10,884,663</u>	<u>₩ 378,612</u>	<u>₩ 2,801,032</u>	<u>₩ (849,148)</u>	<u>₩13,215,159</u>	<u>\$ 11,603,441</u>

(*) Other changes consist of the decrease by ₩642,870 million (US\$564,466 thousand) due to receipt of the dividends, decrease by ₩2,283 million (US\$2,005 thousand) due to the recognition of impairment loss, decrease of capital surplus by ₩14,802 million (US\$12,997 thousand), decrease of retained earnings by ₩111,469 million (US\$97,874 thousand), decrease of accumulated other comprehensive income by ₩154,887 million (US\$135,997 thousand) and increase by ₩77,163 million (US\$67,752 thousand) due to the payment in substitutes.

The changes in investment securities accounted for using the equity method for the year ended December 31, 2009 are as follows:

Affiliated company	Korean Won					Translation into U.S. Dollars (Note 2)
	Beginning of year	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*)	End of year	End of year
	(In millions)					(In thousands)
Hyundai Motor America	₩ 1,711,125	₩ 610,622	₩ 41,944	₩ (221,775)	₩ 2,141,916	\$ 1,880,688
Hyundai Motor Manufacturing Czech, s.r.o.	645,066	105,978	(143,153)	(34,016)	573,875	503,885
Hyundai Motor India Limited	752,356	-	85,968	(83,888)	754,436	662,425
Hyundai Motor Espana, S.L.U.	-	86,589	-	-	86,589	76,029
Hyundai Translead, Inc.	149,801	-	(22,449)	(8,254)	119,098	104,573
Hyundai Motor Company Italy S.r.l	79,930	-	2,333	(8,373)	73,890	64,878
Hyundai Motor Europe Technical Center GmbH	75,393	-	1,463	(4,409)	72,447	63,611

Affiliated company	Korean Won					Translation into U.S. Dollars (Note 2)	
	Beginning of year	Acquisition / Disposition	Gain (loss) on valuation	Other changes (*)	End of year	End of year	
	(In millions)					(In thousands)	
Hyundai Motor UK Ltd.	₩ -	₩ -	₩ 15,377	₩ (1,915)	₩ 13,462	\$	11,820
Hyundai Motor Czech s.r.o.	39,624	-	(10,747)	(1,826)	27,051		23,752
Hyundai Motor Brasil Montadora de Automoveis LTDA	-	137	-	-	137		120
Hyundai Motor Poland Sp. Zo.O	43,607	-	11,742	(2,297)	53,052		46,582
Hyundai Motor Europe GmbH	39,315	-	410	1,906	41,631		36,554
Hyundai Motor Company Australia Pty Limited	43,083	-	4,912	11,557	59,552		52,289
Hyundai America Technical Center, Inc.	34,624	-	5,690	(2,532)	37,782		33,174
Hyundai Motor Norway AS	1,718	-	3,815	691	6,224		5,465
Beijing Jingxian Motor Safeguard Service Co., Ltd.	8,040	-	811	(701)	8,150		7,156
Hyundai Motor Hungary	2,283	-	-	-	2,283		2,005
Hyundai Motor Japan R&D Center Inc.	3,296	-	(44)	(307)	2,945		2,586
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	-	188,673	50,055	(146,985)	91,743		80,554
Hyundai Motor Manufacturing Rus LLC	153,714	70,050	1,481	(19,275)	205,970		180,850
China Millennium Corporations	66,538	-	270	(1,741)	65,067		57,131
Beijing-Hyundai Motor Company	825,829	19,405	311,254	(156,795)	999,693		877,771
Hyundai Motor Group China. Ltd.	5,682	-	64,726	(23,336)	47,072		41,331
Hyundai Motor Deutschland GmbH	22,715	4,766	13,035	(2,616)	37,900		33,278
Beijing Mobis Transmission Co., Ltd.	44,556	-	7,059	(3,815)	47,800		41,970
Hyundai WIA Automotive Engine (Shandong) Company	42,725	14,743	2,320	(5,039)	54,749		48,072
EUKOR Shipowning Singapore Pte Ltd.	-	5	6,569	(4,475)	2,099		1,843
Hyundai Rotem Company	317,051	-	15,760	59,095	391,906		344,109
Hyundai Capital Services, Inc.	577,581	-	140,409	48,292	766,282		672,826
Partecs Company, Ltd.	22,829	-	3,016	-	25,845		22,693
Hyundai Commercial Inc.	36,468	-	14,606	3,184	54,258		47,641
KEFICO Corporation	121,240	-	22,724	(8,886)	135,078		118,604
Hyundai Dymos Inc.	130,405	-	7,708	1,302	139,415		122,412
Hyundai WIA Corporation	198,997	-	31,317	10,850	241,164		211,752
Hyundai Powertech Co., Ltd.	144,248	-	15,001	(1,153)	158,096		138,815
Kia Motors Corporation	1,739,079	-	512,544	(152,723)	2,098,900		1,842,919
HMC Win Win Fund	18,000	-	607	-	18,607		16,338
M & Soft Co., Ltd.	10,211	-	2,951	(64)	13,098		11,501
Hyundai Card Co., Ltd.	389,636	-	72,146	9,313	471,095		413,640
Autoever Systems Corp.	24,004	-	8,214	(188)	32,030		28,124
HMC Investment Securities Co., Ltd.	118,919	63,551	5,396	2,305	190,171		166,978
Hyundai HYSCO Co., Ltd.	288,484	-	12,711	(4,875)	296,320		260,181
Korea Aerospace Industries, Co., Ltd.	93,452	-	9,698	-	103,150		90,570
The Korea Economic Daily Co., Ltd.	27,145	-	1,604	(267)	28,482		25,008
Iljin Bearing Co., Ltd.	16,843	-	1,583	(225)	18,201		15,981
Daesung Automotive Co., Ltd.	11,323	-	1,680	191	13,194		11,585
Eukor Car Carriers Inc.	60,388	-	5,587	(3,217)	62,758		55,104
Hyundai Autonet Co., Ltd.	111,823	-	(3,017)	(108,806)	-		-
	<u>₩ 9,249,146</u>	<u>₩ 1,164,519</u>	<u>₩ 1,337,086</u>	<u>₩ (866,088)</u>	<u>₩ 10,884,663</u>	<u>\$</u>	<u>9,557,172</u>

(*) Other changes consist of the decrease by ₩150,956 million (US\$132,545 thousand) due to receipt of the dividends, decrease of capital surplus by ₩93,464 million (US\$82,065 thousand), decrease of retained earnings by ₩171,414 million (US\$150,508 thousand), decrease of accumulated other comprehensive income by ₩339,786 million (US\$298,346 thousand), decrease by ₩2,014 million (US\$1,768 thousand) due to decrease in ownership percentage caused by uneven capital increase and decrease by ₩108,454 million (US\$95,227 thousand) due to transfer from investment securities accounted for using the equity method to short-term investment securities.

Investment securities accounted for using the equity method as of December 31, 2010 and 2009 are valued based on the financial statements of the investees as of the same date of the end of the reporting period, respectively, which have not been audited or reviewed by an external auditor.

(3) Condensed financial information of the affiliates as of and for the year ended December 31, 2010 is as follows:

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)			
	Assets	Liabilities	Sales	Net income (loss)	Assets	Liabilities	Sales	Net income (loss)
	(In millions)				(In thousands)			
Hyundai Motor America	₩ 11,564,360	₩ 8,745,291	₩ 12,549,931	₩ 410,881	\$ 10,153,973	\$ 7,678,717	\$ 11,019,344	\$ 360,770
Hyundai Motor Manufacturing Czech, s.r.o.	1,977,299	1,287,680	3,008,758	124,774	1,736,148	1,130,635	2,641,811	109,557
Hyundai Motor India Limited	2,657,736	1,664,368	5,111,298	191,230	2,333,599	1,461,382	4,487,925	167,908
Hyundai Motor Japan Co.	9,622	18,112	26,053	413	8,449	15,903	22,876	363
Hyundai Motor Espana, S.L.U.	233,917	160,283	543,583	29	205,389	140,735	477,288	25
Hyundai Translead, Inc.	360,365	268,741	348,659	(17,653)	316,415	235,965	306,137	(15,500)
Hyundai Motor Company Italy S.r.l	424,196	398,176	643,960	115	372,461	349,615	565,423	101
Hyundai Motor Europe Technical Center GmbH	122,246	54,608	69,252	2,171	107,337	47,948	60,806	1,906
Hyundai Motor UK Ltd.	536,126	503,995	1,030,534	18,922	470,740	442,528	904,850	16,614
Hyundai Motor Czech s.r.o.	127,162	99,473	281,727	179	111,653	87,341	247,368	157
Hyundai Motor Brasil Montadora de Automoveis LTDA	30,003	-	-	-	26,344	-	-	-
Hyundai Motor Poland Sp. Zo.O	134,530	87,921	248,432	8,198	118,123	77,198	218,133	7,198
Hyundai Motor Europe GmbH	940,974	901,305	4,154,182	2,006	826,213	791,382	3,647,539	1,761
Hyundai Motor Company Australia	605,236	450,232	1,689,004	49,873	531,422	395,322	1,483,013	43,790
Hyundai America Technical Center Inc.	56,246	13,824	127,691	5,654	49,386	12,138	112,118	4,964
Hyundai Motor Norway AS	47,861	38,044	141,853	3,107	42,024	33,404	124,553	2,728
Beijing Jingxian Motor Safeguard Service Co., Ltd.	65,294	52,998	158,059	4,038	57,331	46,534	138,782	3,546
Hyundai Motor Hungary	3,866	1,670	-	-	3,395	1,466	-	-
Hyundai Motor Japan R&D Center Inc.	5,682	2,416	9,483	51	4,989	2,121	8,326	45
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	688,145	550,755	1,196,960	13,508	604,219	483,585	1,050,979	11,861
Hyundai Motor Commonwealth of Independent States B.V	555,462	601,786	1,763,112	34,611	487,718	528,392	1,548,083	30,390
Hyundai Motor Manufacturing Rus LLC	913,396	526,134	3,366	(13,530)	801,998	461,967	2,955	(11,880)
China Millennium Corporations	94,581	40,168	16,348	859	83,046	35,269	14,354	754
Beijing-Hyundai Motor Company	5,642,555	3,175,694	10,745,178	935,296	4,954,390	2,788,387	9,434,698	821,228
Hyundai Motor Group China. Ltd.	451,239	245,679	2,056,236	113,333	396,206	215,716	1,805,458	99,511
Hyundai Motor Deutschland GmbH	414,381	315,908	1,246,041	19,736	363,843	277,380	1,094,074	17,329
Hyundai Powertech (Shangdong) Co., Ltd	36,995	315	-	-	32,483	277	-	-
Beijing Mobis Transmission Co., Ltd.	319,904	102,547	380,826	17,186	280,889	90,040	334,381	15,090
Hyundai WIA Automotive Engine (Shandong) Company	663,798	361,718	507,472	50,631	582,841	317,603	445,581	44,456
EUKOR Shipowning Singapore Pte Ltd.	107,283	82,048	25,413	8,487	94,199	72,041	22,314	7,452
Hyundai Rotem Company	2,744,280	2,062,688	2,899,276	66,140	2,409,588	1,811,123	2,545,681	58,074
Hyundai Capital Services, Inc.	17,996,305	15,795,054	2,997,269	509,451	15,801,479	13,868,693	2,631,723	447,318
Partecs Company, Ltd.	97,562	44,455	46,272	7,743	85,663	39,033	40,629	6,799
Hyundai Commercial Inc.	2,534,184	2,359,471	236,298	64,767	2,225,115	2,071,710	207,479	56,868
KEFICO Corporation	655,113	342,957	941,278	56,915	575,216	301,130	826,480	49,974
Hyundai Dymos Inc.	889,411	548,887	1,154,235	40,837	780,939	481,945	1,013,465	35,857
Hyundai WIA Corporation	2,559,838	1,770,082	4,434,895	138,444	2,247,641	1,554,203	3,894,016	121,559
Hyundai Powertech Co., Ltd.	1,528,043	915,038	1,980,163	50,715	1,341,683	803,440	1,738,663	44,530
Kia Motors Corporation	18,625,411	8,964,202	23,261,428	2,254,311	16,353,860	7,870,930	20,424,469	1,979,376
HMC Win Win Fund	54,394	-	1,478	941	47,760	-	1,298	826
M & Soft Co., Ltd.	71,073	19,725	63,839	9,997	62,405	17,319	56,053	8,778
Hyundai Card Co., Ltd.	9,915,646	8,263,178	2,275,742	353,252	8,706,336	7,255,403	1,998,193	310,169

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)											
				Net income				Net income								
	Assets		Liabilities	Sales	(loss)	Assets		Liabilities	Sales	(loss)						
	(In millions)					(In thousands)										
Haevichi Country Club Co., Ltd.	₩	219,183	₩	262,009	₩	11,390	₩	(4,969)	\$	192,451	\$	230,054	\$	10,001	\$	(4,363)
Autoever Systems Corp.		292,895		159,910		563,150		31,421		257,174		140,407		494,468		27,589
HMC Investment Securities Co., Ltd.		2,611,692		2,003,263		306,434		23,781		2,293,171		1,758,945		269,061		20,881
Hyundai HYSCO Co., Ltd.		3,191,116		1,930,692		5,846,521		199,016		2,801,928		1,695,225		5,133,481		174,744
Korea Aerospace Industries, Co., Ltd.		1,473,137		906,600		1,263,400		78,900		1,293,474		796,031		1,109,316		69,277
The Korea Economic Daily Co., Ltd.		199,300		64,000		123,100		7,900		174,993		56,195		108,087		6,937
Iljin Bearing Co., Ltd.		144,176		40,999		225,721		12,952		126,592		35,999		198,192		11,372
Daesung Automotive Co., Ltd.		91,990		17,717		64,720		9,866		80,771		15,556		56,827		8,663
Eukor Car Carriers Inc.		2,398,328		1,714,392		2,190,196		176,118		2,105,828		1,505,305		1,923,080		154,639
Glovis Co., Ltd.		1,978,711		855,887		5,851,229		268,443		1,737,388		751,503		5,137,614		235,704

- (4) Significant unrealized profits (losses) that occurred in transactions with investees for the year ended December 31, 2010 are as follows:

Transaction type	Korean Won					Translation into
						U.S. Dollars (Note 2)
	Beginning of year	Increase	Decrease	End of year	End of year	
	(In millions)					(In thousands)
Inventories	₩ 376,071	₩ 339,183	₩ (376,071)	₩ 339,183	\$ 297,816	
Property	463,032	240,008	(187,157)	515,883	452,966	
Accrued warranties	(55,351)	(57,413)	55,351	(57,413)	(50,411)	
	₩ 783,752	₩ 521,778	₩ (507,877)	₩ 797,653	\$ 700,371	

- Significant unrealized profits (losses) that occurred in transactions with investees for the year ended December 31 2009 are as follows:

Transaction type	Korean Won					Translation into
						U.S. Dollars (Note 2)
	Beginning of year	Increase	Decrease	End of year	End of year	
	(In millions)					(In thousands)
Inventories	₩ 348,628	₩ 376,071	₩ (348,628)	₩ 376,071	\$ 330,205	
Property	372,894	236,087	(145,949)	463,032	406,561	
Accrued warranties	(100,919)	(55,351)	100,919	(55,351)	(48,600)	
	₩ 620,603	₩ 556,807	₩ (393,658)	₩ 783,752	\$ 688,166	

- (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 equity method by ₩1,326 million (US\$1,164 thousand) in 2000 and decreased the gain on valuation of equity method by ₩1,839 million(US\$1,615 thousand) 2009.
- (6) The unamortized (or unreversed) balance of goodwill and negative goodwill as of December 31, 2010 is ₩317,929 million (US\$279,154 thousand) and ₩36,152 million (US\$31,743 thousand), respectively. In addition, the unamortized (or unreversed) balance of goodwill and negative goodwill as of December 31, 2009 is ₩264,069 million (US\$231,863 thousand) and ₩39,544 million (US\$34,721 thousand), respectively.

(7) The market price of listed equity securities as of December 31, 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	₩ 50,600	134,285,491	₩ 6,794,846	\$	5,966,148
Hyundai HYSCO Co., Ltd.	25,150	20,954,188	526,998		462,725
HMC Investment Securities Co., Ltd.	21,200	7,705,980	163,367		143,443
Glovis Co., Ltd.	149,000	1,011,698	150,743		132,358

(8) The cumulative losses not recognized by the Company due to the discontinuation of the valuation of equity securities using the equity method as of December 31, 2010 and 2009 are ₩103,326 million (US\$90,724 thousand) and ₩182,009 million (US\$159,811 thousand), respectively.

8. PROPERTY, PLANT AND EQUIPMENT:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Buildings and structures	₩ 4,137,461	₩ 4,077,301	\$ 3,632,857	\$ 3,580,034
Machinery and equipment	6,534,078	6,604,903	5,737,183	5,799,370
Vehicles	172,358	172,488	151,337	151,451
Dies, molds and tools	3,537,153	3,406,595	3,105,763	2,991,128
Other equipment	914,090	849,706	802,608	746,077
	15,295,140	15,110,993	13,429,748	13,268,060
Less: accumulated depreciation	8,286,833	7,814,143	7,276,173	6,861,132
	7,008,307	7,296,850	6,153,575	6,406,928
Land	2,031,076	1,997,612	1,783,366	1,753,984
Construction in progress	703,020	431,837	617,281	379,170
	₩ 9,742,403	₩ 9,726,299	\$ 8,554,222	\$ 8,540,082

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

	Korean Won						Translation into U. S. Dollars (Note 2)	
	Beginning of year	Acquisition	Transfer	Disposal	Depreciation	Other changes (*)	End of year	End of year
	(In millions)						(In thousands)	
Land	₩ 1,997,612	₩ 125	₩ 41,143	₩ (7,804)	₩ -	₩ -	₩ 2,031,076	\$ 1,783,366
Buildings and structures	2,920,322	-	76,469	(11,322)	(124,546)	-	2,860,923	2,512,005
Machinery and equipment	3,166,568	-	314,224	(63,387)	(415,787)	(133)	3,001,485	2,635,425
Vehicles	118,244	-	19,386	(11,518)	(15,234)	-	110,878	97,355
Dies, molds and tools	837,240	-	208,191	(28,200)	(251,695)	-	765,536	672,171
Other equipment	254,476	-	97,680	(857)	(81,814)	-	269,485	236,619
Construction in progress	431,837	875,159	(757,093)	-	-	153,117	703,020	617,281
Total	₩ 9,726,299	₩ 875,284	₩ -	₩ (123,088)	₩ (889,076)	₩ 152,984	₩ 9,742,403	\$ 8,554,222

(*) Other changes consist of decrease in transfer of ₩6,722 million (US\$5,902 thousand) from construction in progress to industrial property rights and increase in transfer of ₩159,839 million (US\$140,345 thousand) from inventories to construction in progress and decrease in transfer of ₩133 million (US\$117 thousand) from machinery and equipment to inventories.

The changes in property, plant and equipment for the year ended December 31 2009 are as follows:

	Korean Won							Translation into U. S. Dollars (Note 2)
	Beginning of year	Acquisition	Transfer	Disposal	Depreciation	Other changes (*)	End of year	End of year
	(In millions)							(In thousands)
Land	₩ 1,960,740	₩ -	₩ 49,197	₩ (12,325)	₩ -	₩ -	₩ 1,997,612	\$ 1,753,984
Buildings and structures	2,910,670	-	155,802	(23,070)	(123,080)	-	2,920,322	2,564,160
Machinery and equipment	3,168,975	-	463,278	(25,226)	(440,459)	-	3,166,568	2,780,374
Vehicles	36,807	-	98,436	(3,744)	(13,255)	-	118,244	103,823
Dies, molds and tools	757,961	-	326,532	(5,751)	(241,502)	-	837,240	735,130
Other equipment	240,790	-	96,644	(1,190)	(81,768)	-	254,476	223,441
Construction in progress	677,858	807,688	(1,189,889)	(3,177)	-	139,357	431,837	379,170
Total	₩ 9,753,801	₩ 807,688	₩ -	₩ (74,483)	₩ (900,064)	₩ 139,357	₩ 9,726,299	\$ 8,540,082

(*) Other changes consist of decrease in transfer of ₩6,119 million (US\$5,373 thousand) from construction in progress to industrial property rights and increase in transfer of ₩145,476 million (US\$127,734 thousand) from inventories to construction in progress.

As of December 31, 2010, a substantial portion of the Company's property, plant and equipment is pledged as collateral for various loans up to a maximum of ₩982,358 million (US\$862,550 thousand) (See Note 14).

As of December 31, 2010, the published value of the Company-owned land (13,158 thousand square meters) totals ₩2,696,085 million (US\$2,367,271 thousand) in terms of land prices officially announced by the Korean government.

9. INSURANCE:

As of December 31, 2010, property, plant and equipment are insured for ₩8,678,926 million (US\$ 7,620,446 thousand). In addition, the Company carries products and completed operations liability insurance with a maximum coverage of US\$155,000 thousand and ₩1,000 million (US\$878 thousand) with Hyundai Fire & Marine Insurance Co., general insurance for vehicles and workers' compensation and casualty insurance for employees.

10. INTANGIBLES:

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

	Korean Won					Translation into U.S. Dollars (Note 2)	
	2010		2009			2010	2009
Description	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Book value	Book value	Book value
	(In millions)					(In thousands)	
Industrial property rights	₩ 73,934	₩ 53,868	₩ -	₩ 20,066	₩ 17,617	\$ 17,619	\$ 15,468
Development costs	4,275,555	2,116,878	261,720	1,896,957	1,815,031	1,665,605	1,593,670
Other	38,695	32,400	-	6,295	7,407	5,527	6,504
	₩4,388,184	₩ 2,203,146	₩ 261,720	₩1,923,318	₩1,840,055	\$ 1,688,751	\$ 1,615,642

The changes in intangibles for the year ended December 31 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 year	₩ 17,617	₩ 1,815,031	₩ 7,407	₩ 1,840,055	\$ 1,615,642
Addition: Expenditures	6,722	722,339	-	729,061	640,146
Deduction: Amortization	(4,273)	(539,107)	(1,112)	(544,492)	(478,086)
Deduction: Impairment	-	(101,306)	-	(101,306)	(88,951)
End of year	₩ 20,066	₩ 1,896,957	₩ 6,295	₩ 1,923,318	\$ 1,688,751

The changes in intangibles for the year ended December 31 2009 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 year	₩ 15,307	₩ 1,582,086	₩ 8,469	₩ 1,605,862	\$ 1,410,011
Addition: Expenditures	6,119	882,022	45	888,186	779,863
Deduction: Amortization	(3,797)	(509,456)	(1,107)	(514,360)	(451,629)
Deduction: Impairment	-	(139,621)	-	(139,621)	(122,593)
Deduction: Disposal	(12)	-	-	(12)	(10)
End of year	₩ 17,617	₩ 1,815,031	₩ 7,407	₩ 1,840,055	\$ 1,615,642

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

	Korean Won		Translation into	
			U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Development costs	₩ 722,339	₩ 882,022	\$ 634,243	\$ 774,451
Ordinary development	82,718	45,955	72,630	40,350
Research costs	552,351	346,572	484,986	304,304
	₩ 1,357,408	₩ 1,274,549	\$ 1,191,859	\$ 1,119,105

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

11. OTHER ASSETS:

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

Description	Korean Won		Translation into	
			U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Long-term financial instruments (Note 3)	₩ 1,120,037	₩ 60,037	\$ 983,438	\$ 52,715
Long-term notes and accounts receivable, less unamortized present value discount of ₩7,438 million in 2010 and ₩8,802 million in 2009	44,586	43,492	39,148	38,188
Long-term other accounts receivable less unamortized present value discount of ₩9,848 million in 2010 and null in 2009	70,855	87,603	62,213	76,919
Long-term loans	3,732	3,276	3,277	2,876

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Lease and rental deposits	₩ 201,852	₩ 200,360	\$ 177,234	\$ 175,924
Long-term deposits	131,379	131,566	115,356	115,520
	<u>₩ 1,572,441</u>	<u>₩ 526,334</u>	<u>\$ 1,380,666</u>	<u>\$ 462,142</u>

12. SHORT-TERM BORROWINGS:

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

Description	Annual interest rate 2010 (%)	Korean Won		Translation into U. S. Dollars (Note 2)	
		2010	2009	2010	2009
		(In millions)		(In thousands)	
Overdrafts	-	₩ -	₩ 80,000	\$ -	\$ 70,243
Banker's Usance	Libor + 0.8~1.0	<u>485,009</u>	<u>373,037</u>	<u>425,857</u>	<u>327,542</u>
		<u>₩ 485,009</u>	<u>₩ 453,037</u>	<u>\$ 425,857</u>	<u>\$ 397,785</u>

13. LONG-TERM DEBT AND DEBENTURES:

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

Description	Annual interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
		2010	2009	2010	2009
		(In millions)		(In thousands)	
Debentures	5.01 ~ 7.72	₩ 1,646,841	₩ 1,646,607	\$ 1,445,993	\$ 1,445,787
Local currency loans:					
General loans	1.50 ~ 3.00	<u>17,303</u>	<u>18,295</u>	<u>15,193</u>	<u>16,064</u>
		<u>1,664,144</u>	<u>1,664,902</u>	<u>1,461,186</u>	<u>1,461,851</u>
Less: current maturities		<u>651,439</u>	<u>300,992</u>	<u>571,990</u>	<u>264,283</u>
		<u>₩ 1,012,705</u>	<u>₩ 1,363,910</u>	<u>\$ 889,196</u>	<u>\$ 1,197,568</u>

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

Description	Maturity	Interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
			2010	2009	2010	2009
			(In millions)		(In thousands)	
Non-guaranteed debentures	Nov 8, 2011 ~ July 30, 2015	5.01 ~ 7.72	₩ 1,650,000	₩ 1,650,000	\$ 1,448,766	\$ 1,448,766
Less: discount on debentures			<u>3,159</u>	<u>3,393</u>	<u>2,773</u>	<u>2,979</u>
			<u>₩ 1,646,841</u>	<u>₩ 1,646,607</u>	<u>\$ 1,445,993</u>	<u>\$ 1,445,787</u>

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

Description	Debentures	Korean Won		Translation into
		Local currency loans	Total	U.S Dollars (Note 2)
		(In millions)		Total (In thousands)
2012	400,000	1,960	401,960	352,937
2013	200,000	2,343	202,343	177,665
2014	100,000	2,492	102,492	89,992
2015 Thereafter	300,000	9,069	309,069	271,375
	1,000,000	15,864	1,015,864	891,969
Less: discount on debentures	3,159	-	3,159	2,773
	<u>₩ 996,841</u>	<u>₩ 15,864</u>	<u>₩ 1,012,705</u>	<u>\$ 889,196</u>

14. COMMITMENTS AND CONTINGENCIES:

- (1) The Company is contingently liable for guarantees of indebtedness, primarily for the following affiliates (including foreign subsidiaries), as of December 31, 2010:

Description	Korean Won		Translation into
	(In millions)		U.S. Dollars (Note 2) (In thousands)
Hyundai Capital Services, Inc.	₩ 643,192	\$	564,748
Hyundai Merchant Marine Co., Ltd.	181,907		159,722
Hyundai Rotem Company	304,225		267,122
Hyundai Card Co., Ltd	93,390		82,000
Hyundai Motor America	250,558		220,000
Hyundai Motor Manufacturing Alabama LLC	427,088		375,000
Hyundai Capital America	1,789,253		1,571,036
Hyundai Motor India Limited	256,253		225,000
Hyundai Motor Europe GmbH	46,517		40,844
Hyundai Motor Europe Technical Center GmbH	75,680		66,450
Hyundai Motor Manufacturing Rus LLC	409,277		359,362
Hyundai Motor Manufacturing Czech, Ltd	1,245,585		1,093,674
Hyundai Motor UK Limited.	35,154		30,867
Hyundai Motor Commonwealth of Independent States	52,976		46,515
Hyundai Motor Japan Co.	27,942		24,534
Hyundai Motor Espana, S.L.U.	75,680		66,450
Hyundai Motor Company Italy S.r.l	113,520		99,675
HMJ R&D Center Inc.	7,684		6,747
Hyundai Motor Poland Sp.zo.O.	15,136		13,290
Hyundai Translead, Inc.	87,695		77,000
Smart Alabama LLC	136,668		120,000
Hyundai America Technical Center, Inc.	22,778		20,000
Beijing Jingxian Motor Safeguard Service Co., Ltd.	8,177		7,180
UTS	273,336		240,000
	<u>₩ 6,579,671</u>	<u>\$</u>	<u>5,777,216</u>

- (2) As of December 31, 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 (See Note 8) amounting to ₩982,358 million (US\$862,550 thousand) are pledged as collateral for short-term borrowings, long-term debt and other payables.
- (3) As of December 31, 2010, the outstanding balance of accounts receivable discounted with recourse amounts to ₩1,521,604 million (US\$1,336,030 thousand), including accounts receivable from export sales.

- (4) The Company uses a customer financing system related to a long-term installment sales system and has provided guarantees of ₩86,721 million (US\$76,145 thousand) to the banks concerned as of December 31, 2010. These guarantees are all covered by insurance contracts, which regulate a customer and the Company as a contractor and a beneficiary, respectively.
- (5) The Company signed lease financial agreements with Hyundai Commercial Inc. and Hyundai Capital Services, Inc. to promote sales of buses. According to the agreements, the Company has a joint responsibility to the guarantee limit of the lease user's liability stipulated in the agreement. As of December 31, 2010, the amount of guarantee is ₩19,838 million (US\$17,419 thousand).
- (6) As of December 31, 2010, the Company is involved in 49 domestic lawsuits as a defendant, with total claim amount of ₩107,611 million (US\$94,487 thousand) and the foreign lawsuits the Company expects that the resolution of pending domestic and foreign lawsuits against the Company will not have any material effect on its financial statements. The Company accrues estimated product liabilities expenses and carries the products and completed operations liability insurance in order to cover potential loss, which may occur due to the lawsuits related to its operation such as product liabilities.
- (7) The Company made an agreement with its European sales subsidiaries and agents for them to be responsible for projected costs for dismantling and recycling vehicles sold in corresponding countries to comply with European Parliament directive regarding End-of-Life vehicles (ELV).
- (8) In 2006, the Company sold 10,658,367 shares of Hyundai Rotem Company to MSPE Metro Investment AB and entered into a shareholders' agreement. MSPE Metro Investment AB is entitled to put option to sell those shares back to the Company in certain events (as defined) in accordance with the agreement.

15. ACCRUED WARRANTIES:

The changes in accrued warranties in current and long-term liabilities in 2010 and 2009 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Beginning of year	₩ 3,254,013	₩ 3,476,147	\$ 2,857,154	\$ 3,052,197
Accrual	899,016	244,603	789,372	214,771
Use	(477,205)	(466,737)	(419,005)	(409,814)
End of year	<u>₩ 3,675,824</u>	<u>₩ 3,254,013</u>	<u>\$ 3,227,521</u>	<u>\$ 2,857,154</u>

16. CAPITAL STOCK:

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

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

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

The preferred shares are non-cumulative, participating and non-voting. Of the total preferred stock issued of 65,202,146 shares as of December 31, 2010, a total of 27,588,281 preferred shares (First and Third preferred shares) are eligible to receive cash dividends, if declared, equal to that declared for common shares plus an additional 1 percent minimum increase while the dividend rate for the remaining 37,613,865 preferred shares (Second preferred shares) is 2 percent higher than that declared for common shares.

17. CAPITAL SURPLUS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334	\$ 2,916,265	\$ 2,916,265
Asset revaluation surplus	1,852,871	1,852,871	1,626,895	1,626,895
Other	793,113	631,984	696,385	554,907
	<u>₩ 5,967,318</u>	<u>₩ 5,806,189</u>	<u>\$ 5,239,545</u>	<u>\$ 5,098,067</u>

On January 1, 1981, January 1, 1993 and July 1, 1998, the Company revalued its property, plant and equipment at their respective appraised values (which are appraised by the Korea Appraisal Board and approved by the relevant tax office). The resulting cumulative appraisal gains, amounting to ₩2,547,417 million (US\$2,236,735 thousand), are included in capital surplus, after offsetting accumulated deficit of ₩16,022 million (US\$14,068 thousand), a deferred foreign currency translation loss of ₩594,275 million (US\$521,797 thousand), reduction for an asset revaluation tax payment of ₩67,547 million (US\$59,309 thousand) and adjustment of ₩16,702 million (US\$14,665 thousand) due to the disposal of revalued assets within 1 year after revaluation.

In 2010, gain on disposal of treasury stock due to grant to employees, amounting to ₩171,109 million (US\$150,241 thousand), is included in capital surplus.

18. CAPITAL ADJUSTMENTS:

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

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

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

19. ACCUMULATED OTHER COMPREHENSIVE INCOME:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Gain on valuation of available-for-sale securities, net	₩ 906,753	₩ 368,745	\$ 796,166	\$ 323,773
Gain on valuation of investment securities accounted for using the equity method, net	60,971	194,553	53,535	170,825
Gain (loss) on valuation of derivatives, net	4,676	(76,660)	4,106	(67,310)
	<u>₩ 972,400</u>	<u>₩ 486,638</u>	<u>\$ 853,807</u>	<u>\$ 427,288</u>

20. STATEMENTS OF COMPREHENSIVE INCOME:

Statements of comprehensive income in 2010 and 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Net income	₩ 5,266,971	₩ 2,961,509	\$ 4,624,612	\$ 2,600,324
Other comprehensive income (loss):				
Gain on valuation of available-for-sale securities, net of deferred tax effect ₩151,745 million and ₩896 million in 2010 and 2009, respectively.	538,008	3,176	472,393	2,789
Loss on valuation of investment securities accounted for using the equity method, net of deferred tax effect ₩21,305 million and ₩112,359 million in 2010 and 2009, respectively.	(133,582)	(227,427)	(117,290)	(199,690)
Gain on valuation of derivatives, net of deferred tax effect ₩25,968 million and ₩26,642 million in 2010 and 2009, respectively.	81,336	98,736	71,416	86,694
Comprehensive income	<u>₩ 5,752,733</u>	<u>₩ 2,835,994</u>	<u>\$ 5,051,131</u>	<u>\$ 2,490,117</u>

21. RETAINED EARNINGS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Appropriated:				
Legal reserve	₩ 333,890	₩ 302,170	\$ 293,169	\$ 265,317
Voluntary reserve	14,336,647	11,876,647	12,588,152	10,428,174
Before appropriations	<u>5,165,768</u>	<u>2,812,295</u>	<u>4,535,752</u>	<u>2,469,308</u>
	<u>₩ 19,836,305</u>	<u>₩ 14,991,112</u>	<u>\$ 17,417,073</u>	<u>\$ 13,162,799</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, research and manpower 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, 2010 were approved at the shareholders' meeting on March 11, 2011 and the appropriations including the cash dividends of ₩412,227 million (US\$361,952 thousand) are reflected in retained earnings on that date.

22. DIVIDENDS:

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

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

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

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

The payout ratios (dividends declared/net income) are 7.8% and 10.7% for the years ended December 31, 2010 and 2009, respectively.

23. INCOME TAX EXPENSE AND DEFERRED INCOME TAX ASSETS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Income tax currently payable	₩ 799,149	₩ 589,764	\$ 701,684	\$ 517,837
Changes in deferred taxes due to temporary differences	441,096	128,687	387,300	112,992
Income tax charged or credited to equity	(54,629)	(11,863)	(47,966)	(10,416)
Deferred tax charged or credited to equity	(144,694)	113,215	(127,047)	99,407
Income tax expense	<u>₩ 1,040,922</u>	<u>₩ 819,803</u>	<u>\$ 913,971</u>	<u>\$ 719,820</u>

- (2) The differences between income before tax in financial accounting and income tax expense pursuant to Corporate Income Tax Law of Korea for the year ended December 31 2010 and 2009 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Income before income tax	₩ 6,307,893	₩ 3,781,312	\$ 5,538,583	\$ 3,320,144
Income tax expenses calculated at current applicable tax rates of 24.2% in 2010 and 2009	1,526,484	915,051	1,340,314	803,452
Adjustments:				
Non-taxable income	(41,583)	(1,699)	(36,512)	(1,492)
Disallowed expenses	22,540	9,102	19,791	7,992
Tax credits	₩ (314,024)	₩ (204,740)	\$ (275,726)	\$ (179,770)
Tax effects of temporary differences	(183,949)	(78,755)	(161,515)	(69,150)
Other	31,454	180,844	27,619	158,788
Income tax expense	<u>₩ 1,040,922</u>	<u>₩ 819,803</u>	<u>\$ 913,971</u>	<u>\$ 719,820</u>

- (3) The components of deferred tax assets (liabilities) as of December 31, 2010 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Current	Non current	Current	Non current
	(In millions)		(In thousands)	
Investment securities accounted for using the equity method	₩ -	₩ (883,651)	\$ -	\$ (775,881)
Accrued warranties	231,848	597,910	203,572	524,989
Long-term investment securities	-	(249,640)	-	(219,194)
Reserve for research and manpower development	(24,200)	(88,000)	(21,249)	(77,268)
Depreciation	(7,226)	(64,839)	(6,345)	(56,931)
Development cost	5,032	-	4,418	-
Derivative assets	6,618	-	5,811	-
Accrued income	(29,280)	-	(25,709)	-
Gain on foreign exchange translation	1,257	-	1,104	-
Other	26,170	18,417	22,979	16,171
	<u>₩ 210,219</u>	<u>₩ (669,803)</u>	<u>\$ 184,581</u>	<u>\$ (588,114)</u>

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Current	Non current	Current	Non current
	(In millions)		(In thousands)	
Investment securities accounted for using the equity method	₩ -	₩ (578,150)	\$ -	\$ (507,639)
Accrued warranties	219,362	516,963	192,609	453,914
Long-term investment securities	-	(98,631)	-	(86,602)
Reserve for research and manpower development	(24,200)	(46,200)	(21,249)	(40,565)
Depreciation	(11,679)	(64,396)	(10,255)	(56,542)
Development cost	5,018	88	4,406	77
Derivative assets	6,296	28,355	5,528	24,897
Accrued income	(15,498)	-	(13,608)	-
Gain on foreign exchange translation	188	-	165	-
Other	6,469	37,527	5,681	32,950
	<u>₩ 185,956</u>	<u>₩ (204,444)</u>	<u>\$ 163,277</u>	<u>\$ (179,510)</u>

(4) The components of items charged to equity as of December 31, 2010 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	(In millions)		(In thousands)	
Income tax charged or credited to:				
Gains on sale of treasury stock	<u>₩ (225,738)</u>	<u>₩ (54,629)</u>	<u>\$ (198,207)</u>	<u>\$ (47,966)</u>
Deferred tax charged or credited to:				
Capital surplus	₩ 21,916	₩ 4,821	\$ 19,243	\$ 4,233
Retained earnings	31,327	6,893	27,506	6,052
Accumulated comprehensive income	<u>(700,213)</u>	<u>(156,408)</u>	<u>(614,815)</u>	<u>(137,332)</u>
	<u>₩ (646,970)</u>	<u>₩ (144,694)</u>	<u>\$ (568,066)</u>	<u>\$ (127,047)</u>

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	(In millions)		(In thousands)	
Income tax charged or credited to:				
Gains on sale of treasury stock	₩ (1,162)	₩ (281)	\$ (1,020)	\$ (247)
Capital surplus	<u>(47,860)</u>	<u>(11,582)</u>	<u>(42,023)</u>	<u>(10,169)</u>
	<u>₩ (49,022)</u>	<u>₩ (11,863)</u>	<u>\$ (43,043)</u>	<u>\$ (10,416)</u>
Deferred tax charged or credited to:				
Capital surplus	₩ 48,720	₩ 10,718	\$ 42,778	\$ 9,411
Retained earnings	80,348	17,676	70,549	15,520
Accumulated comprehensive income	<u>381,268</u>	<u>84,821</u>	<u>334,769</u>	<u>74,476</u>
	<u>₩ 510,336</u>	<u>₩ 113,215</u>	<u>\$ 448,096</u>	<u>\$ 99,407</u>

The deferred tax liabilities related to the taxable temporary differences arising from investments in subsidiaries and associates of ₩230,620 million (US\$202,494 thousand) and the gain on revaluation of land of ₩100,854 million (US\$88,554 thousand) as of December 31, 2010 are not recognized since the land is not expected to be disposed in the foreseeable future. Also, the deferred tax assets related to the other deductible temporary differences of ₩6,092 million (US\$5,349 thousand) as of December 31, 2010 are not recognized as it is not probable that the temporary difference will be reversed in the foreseeable future.

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

24. RELATED PARTY TRANSACTIONS:

- (1) The consolidated subsidiaries as of December 31, 2010 are as follows:

Description	Subsidiaries
Domestic subsidiaries	Kia Motors Corporation, Hyundai HYSCO Co., Ltd., Hyundai Capital Services, Inc., Hyundai Card Co., Ltd., KEFICO Corporation, Hyundai Powertech Co., Ltd., Hyundai WIA Corporation, Hyundai Dymos Inc., Hyundai Rotem Company, Haevichi Hotel & Resort Co., Ltd., Hyundai METIA Co., Ltd., Hyundai Mseat Co., Ltd., Autoever Systems Corp., Partecs Co., Ltd., M & Soft Co., Ltd., Haevichi Country Club Co., Ltd., Hyundai Commercial Inc., HMC Win-Win Fund and Green Air Co., Ltd.
Foreign subsidiaries	Hyundai Motor India Limited(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 Pty Limited(HMCA), Hyundai Motor UK Ltd.(HMUK), Hyundai Motor Norway AS(HMN), 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 Otomotiv Sanayi 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), Innocean Worldwide Americas, LLC(IWA), Hyundai de Mexico, S.A. de C.V.(HYMEX), Stamped Metal America Research Technology Inc.(SMARTI), Stamped Metal America Research Technology LLC, China Millennium Corporations(CMEs), Beijing Hines Millennium Real Estate Development, Hyundai Motor Manufacturing Czech, Ltd(HMMC), Hyundai Information System North America LLC, Hyundai Motor Commonwealth of Independent States B.V(HMCIS B.V), 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), Kia Motors Nederland BV(KMNL), Hyundai Powertech Manufacturing America Inc.(PTA), Dong Feng Yueda Kia Motors, Hysco America Co. Inc., Hyundai Hysco USA Inc., Hyundai Hysco Slovakia S.r.o., Beijing Hyundai Hysco Steel Process Co, Ltd., Jiangsu Hyundai Hysco Steel Process Co, Ltd., Hysco Steel India, Ltd., Hyundai Hysco Rus LLC, 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, Dymos Czech Republic S.r.o., EUROTEM, Rotem USA Corporation, Kia Motors New Zealand Ltd.(KMNZ), Hyundai Auto Canada Corp.(HAC), Kia Motors Manufacturing Georgia, Inc.(KMMG), Hyundai Motor India Engineering(HMIE), Hyundai 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, S.L.U(HMES), Dymos Lear India Private Limit., Kefico Automotive Systems Beijing and Hyundai Powertech (Shandong) Co., Ltd(PTS)

(2) Significant transactions with subsidiaries and affiliates for the year ended December 31, 2010 are as follows:

The companies	Korean Won		Translation into U.S. Dollars (Note 2)					
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense				
	(In millions)		(In thousands)					
Subsidiaries:								
Kia Motors Corporation	₩	506,376	₩	339,277	\$	444,618	\$	297,899
Hyundai Capital Services, Inc.		841,400		27,549		738,783		24,189
Hyundai WIA Corporation		416,840		431,843		366,002		379,176
Hyundai Powertech Co., Ltd.		14,491		344,178		12,724		302,202
Hyundai HYSCO Co., Ltd.		5,194		259,517		4,561		227,866
Hyundai Rotem Company		2,971		6,447		2,609		5,661
M & Soft Co., Ltd.		1,932		2,411		1,696		2,117
Hyundai METIA Co., Ltd.		1,657		59,068		1,455		51,864
Hyundai Dymos Inc.		696		520,948		611		457,413
Hyundai Card Co., Ltd.		577		87,025		507		76,411
Autoever Systems Corporation		530		205,247		465		180,215
KEFICO Corporation		427		361,025		375		316,994
HMC Investment Securities Co., Ltd.		290		-		255		-
Haevichi Hotel & Resort Co., Ltd.		207		10,129		182		8,894
Partecs Co., Ltd.		91		24,817		80		21,790
Haevichi Country Club., Ltd		48		1,316		42		1,156
Hyundai Mseat Co., Ltd.		26		-		23		-
Hyundai Commercial Inc.		4		3,584		4		3,147
Hyundai Motor America		3,718,059		402		3,264,605		353
Hyundai Motor Company Australia Pty Limited		1,267,860		-		1,113,232		-
Hyundai Auto Canada Corporation		1,105,962		-		971,079		-
Hyundai Motor Group (China) Ltd.		766,965		6,186		673,426		5,432
Hyundai Motor India Limited		754,275		1,024		662,284		899
Hyundai Motor Commonwealth of Independent States		625,803		-		549,480		-
Hyundai Motor Europe GmbH		446,417		-		391,972		-
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.		340,561		-		299,026		-
Hyundai Motor Manufacturing Alabama, LLC		112,586		225		98,855		198
Hyundai Motor Manufacturing Rus LLC		74,368		-		65,298		-
Hyundai Motor Manufacturing Czech, s.r.o.		48,468		895		42,557		786
Hyundai Motor Czech s.r.o.		27,074		6,996		23,772		6,143
Hyundai Motor Japan Co.		17,789		959		15,619		842
Hyundai Motor Norway AS		9,676		2,150		8,496		1,888
Hyundai Motor Poland Sp.Zo.O		4,905		2,630		4,307		2,309
Hyundai Capital America		1,626		-		1,428		-
Hyundai Motor UK Ltd.		994		22,610		873		19,852
Hyundai Motor Company Italy S.r.l		445		33,640		391		29,537
Hyundai Motor Espana, S.L.U		423		35,799		371		31,433
Hyundai Motor Europe Technical Center		222		49,470		195		43,437
Hyundai America Technical Center, Inc.		44		76,570		39		67,232
Other		425		-		372		-
Affiliates:								
Hyundai MOBIS Co., Ltd.		570,406		3,838,996		500,839		3,370,793
Beijing-Hyundai Motor Company		689,597		8,561		605,494		7,517
Gloviss Co., Ltd.		288,439		550,125		253,261		483,032
EUKOR Car Carriers, Inc.		293		523,574		257		459,719
Iljin Bearing Co., Ltd.		5		12,468		4		10,947
Other		49		8,255		42		7,247

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)		(In thousands)	
Others (*):				
Hyundai Steel Company	₩ 7,034	₩ 68,901	\$ 6,176	\$ 60,498
Hyundai AMCO Co., Ltd.	6,561	214,015	5,761	187,914
Jeonbuk Hyundai Motors FC Co., Ltd.	291	17,385	256	15,265
BNG Steel Co., Ltd.	211	94,250	185	82,755
IHL Corp.	164	36,074	144	31,674
Samwoo Co., Ltd.	127	355,904	112	312,498
Innocean Worldwide, Inc.	118	86,391	104	75,855
Jongro Hakpyeong Co., Ltd.	30	-	26	-
NGV Tech Co., Ltd.	20	13,848	18	12,159
Hyundai Carnes Co., Ltd.	20	5,288	18	4,643
Hyundai Wisco Co., Ltd.	18	126,371	16	110,959
Automobile Industrial Ace	4	7,832	4	6,877
	<u>₩ 12,682,091</u>	<u>₩ 8,892,175</u>	<u>\$ 11,135,386</u>	<u>\$ 7,807,687</u>

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

Significant transactions with subsidiaries and affiliates for the year ended December 31, 2009 are as follows:

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 316,083	₩ 278,787	\$ 277,534	\$ 244,786
Hyundai Capital Services, Inc.	842,516	44,971	739,763	39,486
Hyundai WIA Corporation	207,005	292,168	181,759	256,535
Hyundai Powertech Co., Ltd.	12,759	437,019	11,203	383,720
Hyundai HYSCO Co., Ltd.	14,323	236,784	12,576	207,906
Hyundai Rotem Company	2,796	1,989	2,455	1,746
M & Soft Co., Ltd.	1,182	926	1,038	813
Hyundai METIA Co., Ltd.	953	47,093	837	41,350
Hyundai Dymos Inc.	751	470,683	659	413,279
Hyundai Card Co., Ltd.	514	110,496	451	97,020
Autoever Systems Corporation	285	183,186	250	160,845
KEFICO Corporation	440	300,141	386	263,536
Haevichi Hotel & Resort Co., Ltd.	9,020	10,276	7,920	9,023
Partecs Co., Ltd.	2	16,680	2	14,646
Hyundai Commercial Inc.	-	2,973	-	2,610
Hyundai Motor America	3,339,500	159,169	2,932,215	139,757
Hyundai Motor Company Australia Pty Limited	966,569	69	848,686	61
Hyundai Auto Canada Corporation	1,206,896	-	1,059,703	-
Hyundai Motor Group (China) Ltd.	606,651	4,392	532,664	3,856
Hyundai Motor India Limited	688,252	979	604,313	860
Hyundai Motor Commonwealth of Independent States	212,943	12,114	186,973	10,637
Hyundai Motor Europe GmbH	265,681	-	233,279	-
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	288,151	43,802	253,008	38,460
Hyundai Motor Manufacturing Alabama, LLC	147,782	477	129,759	419
Hyundai Motor Manufacturing Czech, s.r.o.	73,883	-	64,872	-
Hyundai Motor Czech s.r.o.	19,930	140	17,499	123

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)		(In thousands)	
Hyundai Motor Japan Co.	₩ 14,702	₩ -	\$ 12,909	\$ -
Hyundai Motor Norway AS	8,352	21	7,333	18
Hyundai Motor Poland Sp.Zo.O	18,936	6,208	16,627	5,451
Hyundai Capital America	1,389	-	1,220	-
Hyundai Motor Company Italy S.r.l	-	11,808	-	10,368
Hyundai Motor Europe Technical Center	134	57,348	118	50,354
Hyundai America Technical Center, Inc.	41	143,305	36	125,828
Other	944	3,802	828	3,338
Affiliates:				
Hyundai MOBIS Co., Ltd.	473,848	3,467,698	416,058	3,044,778
Beijing-Hyundai Motor Company	511,660	5,968	449,258	5,240
Glovis Co., Ltd.	27,617	316,670	24,249	278,049
EUKOR Car Carriers, Inc.	635	596,120	558	523,417
Iljin Bearing Co., Ltd.	28	16,154	25	14,184
Other	113	12,888	98	11,315
Others (*):				
Hyundai Steel Company	4,847	1,296	4,256	1,138
Hyundai AMCO Co., Ltd.	3,575	156,362	3,139	137,292
Automobile Industrial Ace	562	2,683	493	2,356
BNG Steel Co., Ltd.	195	59,393	171	52,149
IHL Corp.	286	71,540	251	62,815
Samwoo Co., Ltd.	-	241,652	-	212,180
Innocean Worldwide, Inc.	12	35,618	11	31,274
NGV Tech Co., Ltd.	1	12,153	1	10,671
Hyundai Carnes Co., Ltd.	3	7,487	3	6,574
Hyundai Wisco Co., Ltd.	7	77,157	6	67,747
	<u>₩ 10,292,754</u>	<u>₩ 7,958,645</u>	<u>\$ 9,037,452</u>	<u>\$ 6,988,010</u>

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

(3) Significant outstanding balances as of December 31, 2010 are as follows:

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 311,669	₩ 123,695	\$ 273,658	\$ 108,609
Hyundai Capital Services, Inc.	9,984	5,305	8,766	4,658
Hyundai WIA Corporation	150,843	146,397	132,446	128,542
Hyundai Powertech Co., Ltd.	5,559	95,070	4,881	83,475
Hyundai HYSCO Co., Ltd.	4,409	52,754	3,871	46,320
Hyundai Rotem Company	1	22,935	1	20,138
M & Soft Co., Ltd.	615	4,044	540	3,551
Hyundai METIA Co., Ltd.	81	12,844	71	11,278
Hyundai Dymos Inc.	6,037	144,088	5,301	126,515
Hyundai Card Co., Ltd.	45,672	52,396	40,102	46,006
Autoever Systems Corporation	11	78,495	10	68,922
KEFICO Corporation	1,642	68,244	1,442	59,921
HMC Investment Securities Co., Ltd.	5	3,102	4	2,724
Haevichi Hotel & Resort Co., Ltd.	38,999	601	34,243	528
Partecs Co., Ltd.	-	9,022	-	7,922
Haevichi Country Club., Ltd	-	926	-	813
Hyundai Commercial Inc.	180	282	158	248

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Hyundai Motor America	₩ 119,229	₩ 17,016	\$ 104,688	\$ 14,941
Hyundai Motor Company Australia Pty Limited	96,665	397	84,876	349
Hyundai Auto Canada Corporation	96,236	2,557	84,499	2,245
Hyundai Motor Group (China) Ltd.	34,930	912	30,670	801
Hyundai Motor India Limited	39,382	34	34,579	30
Hyundai Motor Commonwealth of Independent States	17,925	-	15,739	-
Hyundai Motor Europe GmbH	5,210	-	4,575	-
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	14,562	663	12,786	582
Hyundai Motor Manufacturing Alabama, LLC	28,165	91	24,730	80
Hyundai Motor Manufacturing Rus LLC	36,385	-	31,947	-
Hyundai Motor Manufacturing Czech, s.r.o.	19,736	264	17,329	232
Hyundai Motor Czech s.r.o.	2,596	1,949	2,279	1,711
Hyundai Motor Japan Co.	1,449	840	1,272	738
Hyundai Motor Norway AS	193	788	169	692
Hyundai Motor Poland Sp.Zo.O	-	1,351	-	1,186
Hyundai Capital America	519	-	456	-
Hyundai Motor UK Ltd.	696	3,680	611	3,231
Hyundai Motor Company Italy S.r.l	40	24,558	35	21,563
Hyundai Motor Espana, S.L.U	25	23,827	22	20,921
Hyundai Motor Europe Technical Center	32	4,974	28	4,367
Hyundai America Technical Center, Inc.	44	10,370	39	9,105
Other	100	482	88	423
Affiliates:				
Hyundai MOBIS Co., Ltd.	129,953	833,164	114,104	731,551
Beijing-Hyundai Motor Company	81,804	2,314	71,827	2,032
Glovis Co., Ltd.	10,543	80,732	9,257	70,886
EUKOR Car Carriers, Inc.	2	41,543	2	36,476
Other	4	1,749	4	1,535
Others (*):				
Hyundai Steel Company	917	56,129	805	49,284
Hyundai AMCO Co., Ltd.	141	77,495	124	68,044
BNG Steel Co., Ltd.	-	17,219	-	15,119
IHL Corp.	7	-	6	-
Samwoo Co., Ltd.	1,796	89,420	1,577	78,514
Innocean Worldwide, Inc.	1,941	68,476	1,704	60,125
NGV Tech Co., Ltd.	4,289	6,750	3,766	5,927
Hyundai Wisco Co., Ltd.	497	31,697	436	27,831
Automobile Industrial Ace	174	3,768	153	3,308
	<u>₩ 1,321,894</u>	<u>₩ 2,225,409</u>	<u>\$ 1,160,676</u>	<u>\$ 1,953,999</u>

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

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

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 211,066	₩ 182,580	\$ 185,324	\$ 160,313
Hyundai Capital Services, Inc.	23,067	6,195	20,254	5,439
Hyundai WIA Corporation	79,675	78,304	69,958	68,754
Hyundai Powertech Co., Ltd.	4,829	153,513	4,240	134,791
Hyundai HYSCO Co., Ltd.	4,025	77,052	3,534	67,655
Hyundai Rotem Company	425	37,563	373	32,982
M & Soft Co., Ltd.	256	467	225	410
Hyundai METIA Co., Ltd.	68	16,275	60	14,290
Hyundai Dymos Inc.	4,256	178,920	3,737	157,099
Hyundai Card Co., Ltd.	30,308	35,896	26,612	31,518
Autoever Systems Corporation	15	72,572	13	63,721
KEFICO Corporation	776	74,876	681	65,744
HMC Investment Securities Co., Ltd.	-	28,526	-	25,047
Haevichi Hotel & Resort Co., Ltd.	38,985	1,122	34,230	985
Partecs Co., Ltd.	30	7,790	26	6,840
Haevichi Country Club., Ltd	-	740	-	650
Hyundai Commercial Inc.	3,187	302	2,798	265
Hyundai Motor America	52,872	12,444	46,424	10,926
Hyundai Motor Company Australia Pty Limited	45,198	347	39,686	305
Hyundai Auto Canada Corporation	7,108	3,935	6,241	3,455
Hyundai Motor Group (China) Ltd.	29,666	13	26,048	11
Hyundai Motor India Limited	40,888	13	35,901	11
Hyundai Motor Commonwealth of Independent States	18,593	-	16,325	-
Hyundai Motor Europe GmbH	18,971	2,192	16,657	1,925
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S.	89,001	10,508	78,146	9,226
Hyundai Motor Manufacturing Alabama, LLC	15,125	201	13,280	176
Hyundai Motor Manufacturing Czech, s.r.o.	21,768	17	19,113	15
Hyundai Motor Czech s.r.o.	1,573	2,291	1,381	2,012
Hyundai Motor Japan Co.	388	103	341	90
Hyundai Motor Norway AS	-	1,140	-	1,001
Hyundai Motor Poland Sp.Zo.O	41,943	3,334	36,828	2,927
Hyundai Capital America	75	-	66	-
Hyundai Motor UK Ltd.	1,610	1	1,414	1
Hyundai Motor Company Italy S.r.l	87	-	76	-
Hyundai Motor Europe Technical Center GmbH	46	6,968	40	6,118
Hyundai America Technical Center, Inc.	7	13,170	6	11,564
Beijing Mobis Transmission Co., Ltd.	-	1,059	-	930
Kia Motor Company Australia	6,430	764	5,646	671
Other	167	-	148	-
Affiliates:				
Hyundai MOBIS Co., Ltd.	193,958	1,072,707	170,303	941,880
Beijing-Hyundai Motor Company	89,385	307	78,484	270
Glovis Co., Ltd.	17,205	69,622	15,107	61,131
EUKOR Car Carriers, Inc.	7	49,834	6	43,756
Other	5	3,836	5	3,369

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Others (*):				
Hyundai Steel Company	₩ 1,606	₩ 21,883	\$ 1,410	\$ 19,214
Hyundai AMCO Co., Ltd.	277	51,863	243	45,538
BNG Steel Co., Ltd.	1	17,470	1	15,339
IHL Corp.	20	15,892	18	13,954
Samwoo Co., Ltd.	1,368	67,895	1,201	59,615
Innocean Worldwide, Inc.	1,565	39,788	1,374	34,935
NGV Tech Co., Ltd.	5,368	6,739	4,713	5,917
Hyundai Wisco Co., Ltd.	429	26,042	377	22,866
Automobile Industrial Ace	56	2,006	49	1,761
	<u>₩ 1,103,734</u>	<u>₩ 2,457,077</u>	<u>\$ 969,123</u>	<u>\$ 2,157,412</u>

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

- (4) Compensations for registered directors and unregistered directors of the Company for the year ended December 31, 2010 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	(In millions)		(In thousands)	
Short-term salaries	₩ 80,154		\$ 70,378	
Severance benefits	35,559		31,222	
	<u>₩ 115,713</u>		<u>\$ 101,600</u>	

25. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES:

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

		Foreign currencies				Korean Won			
		2010		2009		2010		2009	
		(In thousands)				(In millions)			
Assets	US\$	706,165	US\$	842,568	₩	804,252	₩	983,782	
	JP ¥	101,039	JP ¥	32,732		1,412		413	
	GBP	930	GBP	856		1,634		1,607	
	CAD	84,526	CAD	6,421		96,248		7,108	
	EUR	96,565	EUR	131,085		146,160		219,472	
	AUD	82,631	AUD	42,744		95,680		44,670	
	AED	507	AED	300,524		157		95,528	
					₩	1,145,543	₩	1,352,580	
Liabilities	US\$	162,717	US\$	249,156	₩	185,318	₩	290,915	
	JP ¥	16,273,464	JP ¥	20,307,033		227,353		256,441	
	GBP	2,601	GBP	6,176		4,571		11,596	
	CAD	4,031	CAD	6,262		4,590		6,932	
	AUD	4,069	AUD	4,598		4,712		4,805	
	EUR	123,817	EUR	201,699		187,410		337,700	
	SGD	2	SGD	1		2		1	
	CHF	264	CHF	880		322		992	
	DKK	435	DKK	845		88		190	
	SEK	986	SEK	2,628		166		429	
	AED	-	AED	876		-		278	
	HKD	-	HKD	1		-		-	
	NOK	309	NOK	2,125		60		428	
					₩	614,592	₩	910,707	

26. REGIONAL SALES INFORMATION:

Sales by region for the year ended December 31 2010 and 2009 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Domestic sales	₩ 15,599,264	₩ 16,067,005	\$ 13,696,781	\$ 14,107,477
Export sales - Vehicle products:				
North America	4,830,347	4,546,319	4,241,239	3,991,851
Europe	1,590,008	759,392	1,396,091	666,777
South America	3,317,694	2,238,307	2,913,069	1,965,324
Asia & Pacific	2,964,655	2,290,802	2,603,086	2,011,416
Middle Asia & Africa	4,728,192	3,645,783	4,151,543	3,201,144
	17,430,896	13,480,603	15,305,028	11,836,512
Export sales - Other	3,739,266	2,311,719	3,283,226	2,029,782
Export sales	21,170,162	15,792,322	18,588,254	13,866,294
Total sales	₩ 36,769,426	₩ 31,859,327	\$ 32,285,035	\$ 27,973,771

27. SELLING AND ADMINISTRATIVE EXPENSES:

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

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Salary-related costs	₩ 1,440,831	₩ 1,349,786	\$ 1,265,108	\$ 1,185,166
Export costs	791,120	661,548	694,635	580,866
Sales promotion and advertisements	711,445	852,824	624,677	748,814
Sales commissions	555,562	599,357	487,806	526,260
Sales warranties	985,900	347,891	865,660	305,462
Taxes and dues	24,230	20,945	21,275	18,391
Communications	18,397	19,499	16,153	17,121
Utilities	23,002	21,989	20,197	19,307
Freight and warehousing	98,196	104,666	86,220	91,901
Rent	17,040	16,448	14,962	14,442
Travel	98,056	85,434	86,097	75,014
Service charges	232,190	187,000	203,872	164,194
Maintenance	17,600	13,918	15,454	12,221
Supplies	12,834	11,247	11,269	9,875
Research	552,351	346,572	484,986	304,304
Depreciation	83,681	80,939	73,475	71,068
Amortization	5,384	4,904	4,727	4,306
Bad debt expense	3,834	3,023	3,366	2,654
Other	20,711	11,607	18,186	10,191
	₩ 5,692,364	₩ 4,739,597	\$ 4,998,125	\$ 4,161,557

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

Results of operations for the three months ended December 31, 2010 and 2009 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	Three months	Three months	Three months	Three months
	ended	ended	ended	ended
	December 31,	December 31,	December 31,	December 31,
	2010	2009	2010	2009
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Sales	₩ 9,943,887	₩ 9,649,040	\$ 8,731,133	\$ 8,472,245
Gross profit	2,405,182	2,134,009	2,111,847	1,873,746
Operating income	908,764	837,163	797,931	735,063
Income before income tax	1,612,618	1,217,626	1,415,943	1,069,125
Net income	1,396,684	945,527	1,226,345	830,211
Earnings per common share	5,140	3,478	4.51	3.05

29. STANDARD ON NATURAL ENVIRONMENT AND POLICY:

The Ministry of Environment appointed the Company as Green Company (May 25, 1996 ~ December 13, 1997) and the Company acquired ISO14001 authentication of environment system (December 1995 ~ December 1998). Disposal of industrial wastes is mostly outsourced, and the Ulsan factory has constructed combined waste water facilities in 1997. For the years ended December 31, 2010 and 2009, expenditures of power and water supply in manufacturing cost are ₩280,400 million (US\$246,202 thousand) and ₩239,200 million (US\$210,027 thousand), respectively.

30. EVENTS AFTER THE REPORTING PERIOD:

On January 14, 2011, Hyundai Motor Company Group consortium including the Company signed a Memorandum Of Understanding with the shareholders' council of Hyundai Engineering & Construction Co., Ltd. for the acquisition of shares.

31. ADOPTION OF THE KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS:

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

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 the adoption of K-IFRS. In addition, the Company holds internal and external training sessions for related employees, and reports the status of its implementation plan and progress of it to management on a regular basis.

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

Description		Accounting Policies Under previous Korean GAAP	Accounting Policies Under the K-IFRS
First-time Adoption of the K-IFRS	Business Combination	Not Applicable	Past business combinations that occurred before January 1, 2010 (the “date of transition”) to K-IFRS will not be retrospectively restated under the K-IFRS 1103, Business combinations.
	Cumulative translation differences		All cumulative translation gains and losses arising from foreign subsidiaries and associates as of the date of transition to the K-IFRS are reset to zero.
	Borrowing Costs		Capitalize borrowing costs relating to qualifying assets for which the commencement date for capitalization is after the date of transition.
	Investments in subsidiaries, jointly controlled entities and associates		Use the previous GAAP carrying amount at the date of transition as a deemed cost except for some investments using the fair value at the date of transition in its separate financial statements.
	Fair value or revaluation as deemed cost		Measure land at fair value at the date of transition to the K-IFRS and deemed cost as fair value.
Investment property		Classify property held to earn rentals as tangible asset.	Classify property held to earn rentals or for capital appreciation or both as investment property.
Borrowing Costs		Recognize all of borrowing costs as an expense.	Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset.
Investments in subsidiaries, jointly controlled entities and associates		Apply the equity method for investments in subsidiaries, jointly controlled entities and associates under non-consolidated Financial Statements.	Apply the cost method for investments in subsidiaries, jointly controlled entities and associates under separate financial statements.
Derecognition of financial instruments		Derecognize when the control is transferred considering all the rights and obligations for the financial instruments.	Derecognize the financial instruments based on the continuing involvement over the assets and whether the company retains the risks, rewards and control of ownership.
Employee benefits		Measure the accrued severance benefits with the assumption that all employees and directors with more than one year of service were to resign as of the end of reporting period. Recognizing other long-term employee benefits as an expense when the obligation of the payment is determined.	Measure defined benefit obligation and other long-term employee benefits by using actuarial assumptions.

Deferred income tax	<p>Recognize deferred tax assets or liabilities for investments in subsidiaries, jointly controlled entities and associates without separating the temporary difference by the origin of its occurrence.</p> <p>Present deferred tax assets and liabilities in current or non-current assets or liabilities in accordance with the classification of the related assets or liabilities.</p>	<p>Recognize deferred tax assets or liabilities for investments in subsidiaries, jointly controlled entities and associates in accordance with the way the related temporary difference reverses by the origin of its occurrence.</p> <p>Present deferred tax assets and liabilities in non-current assets and liabilities.</p>
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(3) Changes in scope of consolidation

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

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

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

English Translation of a Report Originally Issued in Korean

To the Representative Director of
Hyundai Motor Company:

We have reviewed the accompanying Report on the Management's Assessment of IACS (the "Management's Report") of Hyundai Motor Company (the "Company") as of December 31, 2010. The Management's Report, and the design and operation of IACS are the responsibility of the Company's management. Our responsibility is to review the Management's Report and issue a review report based on our procedures. The Company's management stated in the accompanying Management's Report that "based on the assessment of the IACS as of December 31, 2010, the Company's IACS has been appropriately designed and is operating effectively as of December 31, 2010, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association."

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

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

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

Our review is based on the Company's IACS as of December 31, 2010, and we did not review its IACS subsequent to December 31, 2010. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in the Republic of Korea and may not be appropriate for other purposes or for other users.

Deloitte Anjin LLC

February 25, 2011

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

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

I, as the Internal Accounting Control Officer (“IACO”) of Hyundai Motor Company (“the Company”), assessed the status of the design and operation of the Company’s IACS for the year ended December 31, 2010.

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

Based on the assessment of the IACS, the Company’s IACS has been appropriately designed and is operating effectively as of December 31, 2010, in all material respects, in accordance with the IACS Framework.

January 27, 2011

Lee, Won Hee, Internal Accounting Control Officer