

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS ENDED
JUNE 30, 2012 AND 2011
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

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

We have reviewed the accompanying consolidated financial statements of Hyundai Motor Company (the "Company") and its subsidiaries. The consolidated financial statements consist of the consolidated statement of financial position as of June 30, 2012 and the related consolidated statements of income, comprehensive income for the three months and six months ended June 30, 2012 and 2011, respectively, and the related consolidated changes in shareholders' equity and cash flows for the six months ended June 30, 2012 and 2011, respectively, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The Company's management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent accountants' responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our reviews. We did not review the financial statements of certain subsidiaries, including Hyundai Capital Services, Inc., whose statements reflect 42.4% and 43.5% of the consolidated total assets as of June 30, 2012 and December 31, 2011, respectively, and 49.5% and 42.5% of the consolidated total sales for the six months ended June 30, 2012 and 2011, respectively. Those statements were reviewed by other auditors whose reports have been furnished to us, and our conclusion, insofar as it relates to the amounts included for those entities, is based solely on the conclusions of the other auditors.

We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review conclusion

Based on our reviews and review conclusions of other auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of the Company and its subsidiaries are not presented fairly, in all material respects, in accordance with Korean International Financial Reporting Standards 1034, *Interim Financial Reporting*.

Others

We audited the consolidated statement of financial position as of December 31, 2011, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows (not presented in the accompanying consolidated financial statements) for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the Republic of Korea. We expressed an unqualified opinion in our independent auditors' report dated on March 7, 2012. The consolidated statement of financial position as of December 31, 2011 presented as comparative purposes in the accompanying financial statements does not differ, in all material respects, with the audited consolidated statement of financial position as of December 31, 2011.

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

The image shows a handwritten signature in black ink. The signature reads "Deloitte Anjin LLC". The word "Deloitte" is written in a cursive style, followed by "Anjin" and "LLC" in a similar cursive script.

August 17, 2012

Notice to Readers

This report is effective as of August 17, 2012, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES (the “Group”)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS
ENDED JUNE 30, 2012 AND 2011**

The accompanying consolidated financial statements including all footnote disclosures were prepared by and are the responsibility of the Group.

Kim, Choong Ho
CEO, HYUNDAI MOTOR COMPANY

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2012 AND DECEMBER 31, 2011

<u>ASSETS</u>	<u>NOTES</u>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	18	₩ 7,032,351	₩ 6,231,946
Short-term financial instruments	18	11,510,767	9,182,575
Trade notes and accounts receivable	3,18	4,276,893	3,845,517
Other receivables	4,18	2,369,664	2,240,482
Other financial assets	5,18	154,358	356,444
Inventories	6	6,673,208	6,237,752
Other assets	7,18	1,527,055	1,137,862
Current tax assets		22,999	36,084
Financial services receivables	12,18	20,157,684	19,657,688
Total current assets		<u>53,724,979</u>	<u>48,926,350</u>
Non-current assets:			
Long-term financial instruments	18	241,390	211,540
Long-term trade notes and accounts receivable	3,18	61,755	76,843
Other receivables	4,18	1,041,525	987,207
Other financial assets	5,18	1,829,819	1,897,943
Other assets	7,18	1,272	1,288
Property, plant and equipment	8	19,650,172	19,548,048
Investment property	9	276,141	282,427
Intangibles	10	2,682,457	2,660,109
Investments in joint ventures and associates	11	12,229,506	11,709,238
Deferred tax assets		490,537	458,287
Financial services receivables	12,18	17,771,372	17,452,441
Operating lease assets	13	6,693,834	5,268,254
Total non-current assets		<u>62,969,780</u>	<u>60,553,625</u>
Total assets		<u>₩ 116,694,759</u>	<u>₩ 109,479,975</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF JUNE 30, 2012 AND DECEMBER 31, 2011

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>NOTES</u>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	18	₩ 6,723,023	₩ 6,666,406
Other payables	18	3,193,311	3,752,684
Short-term borrowings	14,18	7,140,469	7,880,014
Current portion of long-term debt and debentures	14,18	8,699,860	8,320,194
Income tax payable		898,712	925,519
Provisions	15	1,725,984	1,686,161
Other financial liabilities	16,18	338,855	455,914
Other liabilities	17,18	4,918,974	3,476,616
Total current liabilities		<u>33,639,188</u>	<u>33,163,508</u>
Non-current liabilities:			
Long-term other payables	18	3,139	29,471
Debentures	14,18	24,397,264	23,654,325
Long-term debt	14,18	4,446,132	3,484,127
Defined benefit obligations	32	783,682	648,639
Provisions	15	5,280,396	4,960,992
Other financial liabilities	16,18	87,428	200,197
Other liabilities	17,18	1,490,172	1,537,003
Deferred tax liabilities		1,665,605	1,474,011
Total non-current liabilities		<u>38,153,818</u>	<u>35,988,765</u>
Total liabilities		<u>71,793,006</u>	<u>69,152,273</u>
Shareholders' equity:			
Capital stock	19	1,488,993	1,488,993
Capital surplus	20	4,163,996	4,114,010
Other capital items	21	(1,128,779)	(1,128,779)
Accumulated other comprehensive income	22	138,294	375,281
Retained earnings	23	<u>36,527,791</u>	<u>32,263,528</u>
Equity attributable to the owners of the Parent Company		<u>41,190,295</u>	<u>37,113,033</u>
Non-controlling interests		<u>3,711,458</u>	<u>3,214,669</u>
Total shareholders' equity		<u>44,901,753</u>	<u>40,327,702</u>
Total liabilities and shareholders' equity		<u>₩ 116,694,759</u>	<u>₩ 109,479,975</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011

		2012		2011	
	NOTES	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won, except per share amounts)					
Sales	24,37	₩ 21,940,191	₩ 42,105,111	₩ 20,091,587	₩ 38,324,948
Cost of sales	29	<u>16,532,079</u>	<u>32,058,124</u>	<u>15,185,698</u>	<u>29,262,159</u>
Gross profit		5,408,112	10,046,987	4,905,889	9,062,789
Selling and administrative expenses	25,29	2,871,636	5,419,733	2,805,999	5,240,346
Other operating income	26	281,732	620,878	225,503	544,332
Other operating expenses	26,29	<u>315,864</u>	<u>463,193</u>	<u>198,625</u>	<u>412,536</u>
Operating income		2,502,344	4,784,939	2,126,768	3,954,239
Gain on investments in joint ventures and associates, net	27	624,530	1,403,816	841,319	1,413,336
Finance income	28	240,010	469,516	173,712	427,744
Finance expenses	28	<u>221,826</u>	<u>365,025</u>	<u>157,871</u>	<u>346,771</u>
Income before income tax		3,145,058	6,293,246	2,983,928	5,448,548
Income tax expense	31	<u>598,326</u>	<u>1,295,061</u>	<u>676,645</u>	<u>1,264,494</u>
Profit for the period		<u>₩ 2,546,732</u>	<u>₩ 4,998,185</u>	<u>₩ 2,307,283</u>	<u>₩ 4,184,054</u>
Profit attributable to:					
Owners of the Parent Company		2,445,807	4,746,316	2,140,319	3,891,833
Non-controlling interests		100,925	251,869	166,964	292,221
Earnings per share attributable to the owners of the Parent Company:	30				
Basic earnings per common share		<u>₩ 9,003</u>	<u>₩ 17,471</u>	<u>₩ 7,878</u>	<u>₩ 14,324</u>
Diluted earnings per common share		<u>₩ 9,003</u>	<u>₩ 17,471</u>	<u>₩ 7,878</u>	<u>₩ 14,324</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Profit for the period	₩ 2,546,732	₩ 4,998,185	₩ 2,307,283	₩ 4,184,054
Other comprehensive income (expenses):				
Gain (loss) on valuation of available-for-sale financial assets, net	(85,662)	(38,124)	(54,064)	89,049
Gain (loss) on valuation of cash flow hedge derivatives, net	27,221	57,859	(48,178)	30,300
Changes in valuation of equity-accounted investees, net	(39)	(27,004)	105,045	146,568
Actuarial gain (loss) on defined benefit obligations, net	(12,685)	(1,581)	(2,054)	4,583
Loss on foreign operations translation, net	(242,520)	(210,809)	(123,558)	(194,469)
Total other comprehensive income (expenses)	(313,685)	(219,659)	(122,809)	76,031
Total comprehensive income	₩ 2,233,047	₩ 4,778,526	₩ 2,184,474	₩ 4,260,085
Comprehensive income attributable to:				
Owners of the Parent Company	2,137,682	4,507,381	2,046,976	3,968,378
Non-controlling interests	95,365	271,145	137,498	291,707
Total comprehensive income	₩ 2,233,047	₩ 4,778,526	₩ 2,184,474	₩ 4,260,085

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2011	₩ 1,488,993	₩ 3,900,935	₩ (918,214)	₩ 409,914	₩ 25,216,163	₩ 30,097,791	₩ 2,790,182	₩ 32,887,973
Comprehensive income:								
Profit for the period					3,891,833	3,891,833	292,221	4,184,054
Gain (loss) on valuation of available-for-sale financial assets, net				89,198		89,198	(149)	89,049
Gain on valuation of cash flow hedge derivatives, net				29,168		29,168	1,132	30,300
Changes in valuation of equity-accounted investees, net				148,502	(1,956)	146,546	22	146,568
Actuarial gain on defined benefit obligations, net					3,489	3,489	1,094	4,583
Loss on foreign operations translation, net				(191,856)		(191,856)	(2,613)	(194,469)
Total comprehensive income				75,012	3,893,366	3,968,378	291,707	4,260,085
Transactions with owners, recorded directly in equity:								
Payment of cash dividends					(412,227)	(412,227)	(45,423)	(457,650)
Disposal of subsidiaries stock		40				40		40
Other					5,254	5,254	(376)	4,878
Total transactions with owners, recorded directly in equity		40			(406,973)	(406,933)	(45,799)	(452,732)
Balance at June 30, 2011	₩ 1,488,993	₩ 3,900,975	₩ (918,214)	₩ 484,926	₩ 28,702,556	₩ 33,659,236	₩ 3,036,090	₩ 36,695,326

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HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2012	₩ 1,488,993	₩ 4,114,010	₩ (1,128,779)	₩ 375,281	₩ 32,263,528	₩ 37,113,033	₩ 3,214,669	₩ 40,327,702
Comprehensive income:								
Profit for the period					4,746,316	4,746,316	251,869	4,998,185
Gain (loss) on valuation of available-for-sale financial assets, net				(38,389)		(38,389)	265	(38,124)
Gain on valuation of cash flow hedge derivatives, net				30,851		30,851	27,008	57,859
Changes in valuation of equity-accounted investees, net				(25,993)	(720)	(26,713)	(291)	(27,004)
Actuarial loss on defined benefit obligations, net					(1,228)	(1,228)	(353)	(1,581)
Loss on foreign operations translation, net				(203,456)		(203,456)	(7,353)	(210,809)
Total comprehensive income				(236,987)	4,744,368	4,507,381	271,145	4,778,526
Transactions with owners, recorded directly in equity:								
Payment of cash dividends					(480,105)	(480,105)	(38)	(480,143)
Increase in subsidiaries' stock		49,986				49,986	225,682	275,668
Total transactions with owners, recorded directly in equity		49,986			(480,105)	(430,119)	225,644	(204,475)
Balance at June 30, 2012	<u>₩ 1,488,993</u>	<u>₩ 4,163,996</u>	<u>₩ (1,128,779)</u>	<u>₩ 138,294</u>	<u>₩ 36,527,791</u>	<u>₩ 41,190,295</u>	<u>₩ 3,711,458</u>	<u>₩ 44,901,753</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	NOTES	Six months ended June 30,	
		2012	2011
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	33		
Profit for the period		₩ 4,998,185	₩ 4,184,054
Adjustments		3,452,289	2,546,933
Changes in operating assets and liabilities		<u>(4,071,253)</u>	<u>(2,288,620)</u>
		4,379,221	4,442,367
Interest received		304,232	274,942
Interest paid		(851,165)	(1,076,953)
Dividend received		630,676	539,136
Income tax paid		<u>(1,157,963)</u>	<u>(962,011)</u>
		<u>3,305,001</u>	<u>3,217,481</u>
Cash flows from investing activities:			
Cash inflows from investing activities:			
Proceeds from withdrawal of short-term financial instruments		4,989,586	3,977,595
Proceeds from disposal of other financial assets		25,291	26,682
Proceeds from disposal of other receivables		77,476	46,852
Proceeds from disposal of property, plant and equipment		49,912	73,615
Proceeds from disposal of intangible assets		1,477	5,184
Proceeds from disposal of investments in joint ventures and associates		220,871	122,106
Other cash receipts from investing activities		<u>119</u>	<u>33,699</u>
		<u>5,364,732</u>	<u>4,285,733</u>
Cash outflows from investing activities:			
Purchase of short-term financial instruments		6,215,785	3,775,624
Acquisition of other financial assets		5,256	276,516
Acquisition of other receivables		80,438	58,708
Purchase of long-term financial instruments		1,160,000	210,000
Acquisition of property, plant and equipment		1,109,756	1,163,125
Acquisition of intangible assets		325,674	324,009
Acquisition of investments in subsidiaries		182,796	-
Acquisition of investments in joint ventures and associates		123,492	3,082,315
Other cash payments from investing activities		<u>1,111</u>	<u>37,508</u>
		<u>(9,204,308)</u>	<u>(8,927,805)</u>
		<u>(3,839,576)</u>	<u>(4,642,072)</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	NOTES	Six months ended June 30,	
		2012	2011
		(In millions of Korean Won)	
Cash flows from financing activities:			
Cash inflows from financing activities:			
Proceeds from short-term borrowings	₩	16,031,910	₩ 9,991,900
Proceeds from issue of debentures		5,474,017	7,398,619
Proceeds from long-term debt		2,323,325	1,013,570
Paid in capital increase of subsidiaries		277,466	-
Other cash receipts from financing activities		-	15,467
		<u>24,106,718</u>	<u>18,419,556</u>
Cash outflows from financing activities:			
Repayment of short-term borrowings		16,042,242	11,740,454
Repayment of current portion of long-term debt and debentures		4,085,223	186,422
Repayment of debentures		1,412,784	3,892,925
Repayment of long-term debt		493,061	234,465
Repayment of other financial liabilities		173,418	-
Dividends paid		480,143	457,650
Other cash payments from financing activities		14,000	9,221
		<u>(22,700,871)</u>	<u>(16,521,137)</u>
		<u>1,405,847</u>	<u>1,898,419</u>
Effect of exchange rate changes on cash and cash equivalents		(70,867)	(61,398)
Net increase in cash and cash equivalents		800,405	412,430
Cash and cash equivalents, beginning of the period		<u>6,231,946</u>	<u>6,215,815</u>
Cash and cash equivalents, end of the period	₩	<u>7,032,351</u>	₩ <u>6,628,245</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011

1. GENERAL:

Hyundai Motor Company (the “Company” or “Parent Company”) was incorporated in 1967, under the laws of the Republic of Korea. The Company and its subsidiaries (the “Group”) manufactures and distributes motor vehicles and parts, operates vehicle financing and credit card processing and manufactures trains.

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 June 30, 2012, the major shareholders of the Company are Hyundai MOBIS (20.78%) and Chung, Mong Koo (5.17%).

(1) The Company’s consolidated subsidiaries as of June 30, 2012 are as follows:

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	56.47%	
Hyundai Card Co., Ltd.(*)	“	“	31.52%	
Hyundai Rotem Company	Manufacturing	“	57.64%	
Green Air Co., Ltd.	“	“	51.00%	Hyundai Rotem 51.00%
Hyundai Autron Co., Ltd.				
(Formerly, Hyundai Carnes Co., Ltd.)	R&D	“	60.00%	
Hyundai Partecs Company Ltd.	Manufacturing	“	56.00%	
Hyundai NGV Tech Co., Ltd.	Engineering	“	53.66%	
Maintrans Co., Ltd.	Services	“	80.00%	Hyundai Rotem 80.00%
Jeonbuk Hyundai Motors FC Co., Ltd.	Football Club	“	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	“	85.00%	HMA 85.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	“	100.00%	HMA 100.00%
Hyundai Translead, Inc. (HT)	“	“	100.00%	
Stamped Metal American Research Technology, Inc. (SMARTI)	Holding company	“	72.45%	HMA 72.45%
Stamped Metal American Research Technology LLC	Manufacturing	“	100.00%	SMARTI 100.00%
Hyundai America Technical Center, Inc. (HATCI)	R&D	“	100.00%	
Rotem USA Corporation	Manufacturing	“	100.00%	Hyundai Rotem 100.00%
Hyundai Auto Canada Corp. (HAC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	“	100.00%	HAC 100.00%
Hyundai Motor India Limited (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	“	100.00%	HMI 100.00%
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	“	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	“	“	100.00%	BJMSS 100.00%
Beijing Xinhuaixiaiqyetong Motor Chain Co., Ltd.	“	“	100.00%	“

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Beijing Hines Millennium Real Estate Development	Real estate development	China	99.00%	CMEs 99.00%
Rotem Equipments (Beijing) Co., Ltd.	Manufacturing	"	100.00%	Hyundai Rotem 100.00%
Hyundai Motor Company Australia Pty Limited (HMCA)	Sales	Australia	100.00%	
Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)	Manufacturing	Czech	100.00%	
Hyundai Motor Czech s.r.o (HMCZ)	Sales	"	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and Sales	Germany	100.00%	
Hyundai Motor Deutschland GmbH (HMD)	Sales	"	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	"	100.00%	
Hyundai Capital Europe GmbH	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.40%
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	Russia	100.00%	HMCIS B.V 100.00%
Hyundai Capital Services Limited Liability Company	Financing	"	100.00%	Hyundai Capital Europe 100.00%
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	Turkey	85.03%	
Eurotem DEMIRYOLU ARACLARI SAN. VE TIC A.S	"	"	50.50%	Hyundai Rotem 50.50%
Hyundai Motor UK Limited (HMUK)	Sales	UK	100.00%	
Hyundai Motor Company Italy S.r.l (HMCi)	"	Italy	100.00%	
Hyundai Motor Espana. S.L (HMES)	"	Spain	100.00%	
Hyundai Motor France SAS (HMF)	"	France	100.00%	
Hyundai Automobiles Services SAS (HAS)	Services	"	100.00%	
Hyundai Accessories & Parts SARL (HAAP)	Sales	"	100.00%	
Hyundai Motor Poland Sp. Zo.O (HMP)	"	Poland	100.00%	
Hyundai Motor Norway AS (HMN)	"	Norway	100.00%	
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	Mexico	99.99%	HT 99.99%
Hyundai Motor Hungary (HMH)	Sales	Hungary	100.00%	
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	Manufacturing	Brazil	100.00%	
China Millennium Corporations (CMEs)	Holding company	Cayman Islands	59.60%	
Autopia Thirty-Fifth ~ Thirty-Seventh Asset Securitization Specialty Company (*)	Financing	Korea	0.90%	Hyundai Capital Services 0.90%
Autopia Thirty-Ninth ~ Fortieth Asset Securitization Specialty Company (*)	"	"	0.90%	"
Autopia Forty-Second ~ Forty-Seventh Asset Securitization Specialty Company (*)	"	"	0.90%	"
Privia the First ~ Third Securitization Specialty Co., Ltd. (*)	"	"	0.90%	Hyundai Card 0.90%
Hyundai BC Funding Corporation	"	USA	100.00%	HCA 100.00%
Hyundai CHA Funding Corporation	"	"	100.00%	"
Hyundai Lease Titling Trust	"	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding One, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai Auto Lease Funding, LLC	"	"	100.00%	"
Hyundai ABS Funding Corporation	"	"	100.00%	"

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
HK Real Properties, LLC	Financing	USA	100.00%	HCA 100.00%
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"

(*) The Group is considered to have substantial control over the entities by virtue of an agreement with other investors or relationship with special purpose entities.

(2) Condensed financial information of the Company's major consolidated subsidiaries as of and for the six months ended June 30, 2012 is as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Net income (loss)
	(In millions of Korean Won)			
Hyundai Capital Services, Inc.(*)	₩ 21,907,577	₩ 18,950,913	₩ 1,645,488	₩ 244,340
Hyundai Card Co., Ltd.(*)	11,083,976	8,978,009	1,234,978	105,713
Hyundai Rotem Company(*)	3,776,982	2,638,638	1,370,319	28,102
HCA(*)	18,529,310	16,738,968	1,272,814	137,567
HMA	6,479,957	3,539,989	8,702,658	402,628
HMMC	2,817,093	1,748,499	2,933,033	262,293
HMMA	2,797,792	1,453,271	3,372,623	207,019
HMI(*)	2,339,999	1,325,430	2,612,040	105,208
HMCIS	1,017,369	861,150	1,987,238	102,727
HAC(*)	907,439	501,146	1,783,279	51,112
HMCA	780,704	574,679	1,145,390	(5,336)
HAOSVT	761,526	628,717	742,697	12,433
HMUK	582,769	538,767	660,870	5,480

(*) Based on the subsidiary's consolidated financial statements

(3) The financial statements of all subsidiaries, which are used in the preparation of the consolidated financial statements, are prepared for the same reporting periods as the Company's.

(4) Changes in consolidated subsidiaries

Subsidiaries newly included in consolidation for the six months ended June 30, 2012 are as follows:

Changes	Name of subsidiaries	Description
Included	Hyundai Motor Deutschland GmbH	Acquisition
	Hyundai Motor France SAS	
	Hyundai Automobiles Services SAS	
	Hyundai Accessories & Parts SARL	
	Hyundai Protection Plan, Inc.	
	Privia the Third Securitization Specialty Co., Ltd.	
	Hyundai Protection Plan Florida, Inc.	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Company maintains its official accounting records in Korean Won and prepares its consolidated financial statements in conformity with Korean statutory requirements and Korean International Financial Reporting Standards ("K-IFRS"), in Korean language (Hangul). Accordingly, these consolidated financial statements are intended for use by those who are informed about K-IFRS and Korean practices. The accompanying consolidated financial statements have been condensed, restructured and translated into English with certain expanded descriptions from Korean language consolidated financial statements. Certain information included in Korean language consolidated financial statements, but not required for a fair presentation of the Group's consolidated statements of financial position, income, comprehensive income, changes in shareholders' equity or cash flows, is not presented in the accompanying consolidated financial statements.

(1) Basis of interim consolidated financial statements presentation

The Group's condensed consolidated financial statements for the three months and six months ended June 30, 2012 and 2011, respectively, are prepared in accordance with K-IFRS 1034, *Interim Financial Reporting*. The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011, which have been prepared in accordance with K-IFRS.

The significant accounting policies used for the preparation of the interim consolidated financial statements are consistent with those applied to the annual consolidated financial statements for the year ended December 31, 2011, except for the adoption effect of the new accounting standards and interpretations described below.

1) New standard that has been applied from the period beginning January 1, 2012 is as follows:

- K-IFRS 1107(Amendment): 'Financial Instruments: Disclosures'

The amendments to K-IFRS 1107 require to provide the required disclosures for all transferred assets that are not derecognized and for any continuing involvement in a transferred asset. The effect of the amendments related to disclosures is not significant on the Group's interim consolidated financial statements.

2) New standards that have been issued but are not yet effective for the period beginning January 1, 2012 and that have not yet been applied are as follows:

- K-IFRS 1001(Amendment): 'Presentation of Financial Statements'

The amendments to K-IFRS 1001 require that other comprehensive income shall be presented and classified by "the items not to be reclassified subsequently to profit or loss" and "the items to be reclassified subsequently to profit or loss". The amendments to K-IFRS 1001 are effective for annual periods beginning on or after July 1, 2012.

- K-IFRS 1019(Amendment): 'Employee Benefits'

The amendments to K-IFRS 1019 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of K-IFRS 1019 and accelerate the recognition of past service costs. In addition, the income on the plan assets is recognized using the same interest rate as used for the defined benefit obligation, which under current K-IFRS is recognized based on the expected return. The amendments to K-IFRS 1019 are effective for annual periods beginning on or after January 1, 2013.

- K-IFRS 1113(Enactment): 'Fair Value Measurement'

K-IFRS 1113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. K-IFRS 1113 is effective for annual periods beginning on or after January 1, 2013.

The Group does not anticipate that these standards referred above will have a significant effect on the Group's consolidated financial statements and disclosures.

(2) Significant accounting judgements and key sources of estimation uncertainties

In the preparation of the Group's interim consolidated financial statements, management is required to apply accounting policies and make judgments, estimation and assumptions affecting the carrying amounts of assets and liabilities, income and expenses. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations. The management's significant judgements about the application of the Group's accounting policies and the main resources of the uncertainty are consistent with those of the annual consolidated financial statements for the year ended December 31, 2011.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 4,306,904	₩ 66,564	₩ 3,885,863	₩ 82,628
Allowance for doubtful accounts	(30,011)	-	(40,346)	-
Present value discount accounts	-	(4,809)	-	(5,785)
	<u>₩ 4,276,893</u>	<u>₩ 61,755</u>	<u>₩ 3,845,517</u>	<u>₩ 76,843</u>

(2) Aging analysis of trade notes and accounts receivable

As of June 30, 2012 and December 31, 2011, total trade notes and accounts receivable that are past due but not impaired are ₩417,855 million and ₩293,025 million, respectively; of which trade notes and accounts receivable that are past due less than 90 days but not impaired are ₩300,581 million and ₩235,267 million, respectively. As of June 30, 2012 and December 31, 2011, the impaired trade notes and accounts receivable are ₩30,011 million and ₩40,853 million, respectively.

(3) The changes in allowance for doubtful accounts for the three months and six months ended June 30, 2012 and 2011 are as follows:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Beginning of the period	₩ 28,988	₩ 40,346	₩ 33,090	₩ 30,355
Impairment loss	4,255	7,177	3,506	6,740
Write-off	(3,864)	(22,301)	-	-
Effect of foreign exchange differences	632	(568)	(509)	(1,008)
Changes in scope of consolidation	-	5,357	-	-
End of the period	<u>₩ 30,011</u>	<u>₩ 30,011</u>	<u>₩ 36,087</u>	<u>₩ 36,087</u>

4. OTHER RECEIVABLES:

Other receivables as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Accounts receivables-other	₩ 1,507,558	₩ 752,336	₩ 1,405,249	₩ 707,051
Due from customers for contract work	801,170	-	762,263	-
Lease and rental deposits	47,837	257,469	64,474	236,347
Deposits	8,652	34,029	8,283	29,354
Other	9,517	-	4,389	18,728
Allowance for doubtful accounts	(5,070)	-	(4,176)	-
Present value discount accounts	-	(2,309)	-	(4,273)
	<u>₩ 2,369,664</u>	<u>₩ 1,041,525</u>	<u>₩ 2,240,482</u>	<u>₩ 987,207</u>

5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Financial assets at fair value through profit or loss	₩ 17,909	₩ 71,078	₩ 18,645	₩ 72,448
Derivative assets that are effective hedging instruments	121,644	155,715	306,791	171,142
Available for sale financial assets	4,671	1,594,721	22,960	1,642,632
Loans	<u>10,134</u>	<u>8,305</u>	<u>8,048</u>	<u>11,721</u>
	<u>₩ 154,358</u>	<u>₩ 1,829,819</u>	<u>₩ 356,444</u>	<u>₩ 1,897,943</u>

(2) Available for sale ("AFS") financial assets which are measured at fair value as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012			December 31, 2011
	Acquisition cost	Difference	Book value	Book value
(In millions of Korean Won)				
Debt instruments	₩ 6,532	₩ 234	₩ 6,766	₩ 24,739
Equity instruments	<u>671,714</u>	<u>920,912</u>	<u>1,592,626</u>	<u>1,640,853</u>
	<u>₩ 678,246</u>	<u>₩ 921,146</u>	<u>₩ 1,599,392</u>	<u>₩ 1,665,592</u>

- (3) Equity instruments classified into AFS financial assets as of June 30, 2012 and December 31, 2011 consist of the following:

Name of company	Ownership percentage (%)	June 30, 2012			December 31, 2011
		Acquisition cost	Difference	Book value	Book value
		(In millions of Korean Won)			
Hyundai Heavy Industries Co., Ltd.	2.88	₩ 56,924	₩ 507,001	₩ 563,925	₩ 562,830
Hyundai Glovis Co., Ltd.	4.88	210,688	187,541	398,229	351,540
Korea Aerospace Industries, Co., Ltd.	10.00	151,086	135,491	286,577	385,514
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	76,363	130,097	130,097
Seoul Metro Line Nine Corporation (*)	25.00	41,779	-	41,779	41,779
Hyundai Green Food Co., Ltd.	2.36	15,005	23,187	38,192	37,270
Hyundai Merchant Marine Co., Ltd.	0.48	9,161	8,199	17,360	17,394
Doosan Capital Co., Ltd.	7.14	10,000	6,406	16,406	16,406
Hyundai Finance Corporation	9.29	9,888	1,221	11,109	10,427
Hyundai Development Company	0.60	9,025	1,843	10,868	7,560
Ubivelo Co., Ltd.	5.65	1,710	7,756	9,466	9,310
KT Corporation	0.09	8,655	(1,368)	7,287	8,559
NICE Information Service Co., Ltd.	2.25	3,312	(194)	3,118	3,189
NICE Holdings Co., Ltd.	1.42	3,491	(1,008)	2,483	2,497
Hyundai Asan Corporation	2.53	22,500	(20,384)	2,116	4,239
NESSCAP, Inc.	6.90	1,997	(1,658)	339	2,804
ENOVA Systems, Inc.	0.44	2,204	(2,188)	16	36
Other		60,555	(7,296)	53,259	49,402
		₩ 671,714	₩ 920,912	₩ 1,592,626	₩ 1,640,853

(*) Investments are not accounted for using the equity method, as the Group is considered not to have significant influence over the investee, despite the fact that its ownership percentage exceeds twenty percentages.

As of June 30, 2012, the difference between the book value and the acquisition cost of AFS equity instruments includes the cumulative impairment loss of ₩27,680 million.

6. INVENTORIES:

Inventories as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012	December 31, 2011
(In millions of Korean Won)		
Finished goods	₩ 3,729,038	₩ 3,293,273
Merchandise	270,800	242,583
Semi-finished goods	349,298	332,892
Work in process	309,884	304,958
Raw materials	1,038,496	1,050,361
Supplies	180,331	173,195
Materials in transit	415,896	420,601
Other	379,465	419,889
	₩ 6,673,208	₩ 6,237,752

7. OTHER ASSETS:

Other assets as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Accrued income	₩ 331,846	₩ 441	₩ 310,286	₩ -
Advanced payments	483,130	-	387,116	-
Prepaid expenses	261,287	831	230,561	1,288
Prepaid value added tax and other	450,792	-	209,899	-
	<u>₩ 1,527,055</u>	<u>₩ 1,272</u>	<u>₩ 1,137,862</u>	<u>₩ 1,288</u>

8. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment for the six months ended June 30, 2012 are as follows:

Description	Beginning of the period		Acquisition	Acquisition from business combinations		Transfer	Disposal		Depreciation	Other (*)	End of the period					
(In millions of Korean Won)																
Land	₩	5,637,917	₩	72,279	₩	-	₩	72,024	₩	(10,895)	₩	-	₩	(4,961)	₩	5,766,364
Buildings		4,269,581		50,126		-		197,642		(5,211)		(94,360)		(33,615)		4,384,163
Structures		543,372		1,562		285		31,271		(675)		(23,163)		(10,244)		542,408
Machinery and equipment		5,442,619		2,448		1		480,107		(16,833)		(350,277)		(51,273)		5,506,792
Vehicles		163,287		27,794		11,892		10,682		(8,281)		(17,534)		(6,445)		181,395
Dies, molds and tools		1,425,188		41,427		-		258,293		(5,907)		(255,244)		(19,372)		1,444,385
Office equipment		354,913		34,351		808		65,942		(903)		(72,338)		(1,822)		380,951
Other		52,412		1,699		4,112		(11,815)		(308)		(4,782)		(2,966)		38,352
Construction in progress		1,658,759		878,070		-		(1,104,146)		(4,228)		-		(23,093)		1,405,362
	₩	19,548,048	₩	1,109,756	₩	17,098	₩	-	₩	(53,241)	₩	(817,698)	₩	(153,791)	₩	19,650,172

(*) Other includes the effect of foreign exchange differences and transfers from or to other accounts.

The changes in property, plant and equipment for the six months ended June 30, 2011 are as follows:

Description	Beginning of the period		Acquisition	Transfer	Disposal	Depreciation	Other (*)	End of the period						
	(In millions of Korean Won)													
Land	₩	5,667,851	₩	14,305	₩	8,190	₩	(42,109)	₩	-	₩	(19,854)	₩	5,628,383
Buildings		4,335,818		15,679		70,775		(4,548)		(91,752)		(32,527)		4,293,445
Structures		546,936		4,815		20,296		(1,005)		(24,018)		4,868		551,892
Machinery and equipment		5,107,741		78,937		546,187		(35,679)		(328,028)		(47,153)		5,322,005
Vehicles		160,430		20,269		7,091		(10,608)		(17,207)		27,886		187,861
Dies, molds and tools		1,364,502		94,629		134,275		(16,507)		(242,403)		(19,298)		1,315,198
Office equipment		319,988		39,775		32,436		(1,305)		(64,621)		2,871		329,144
Other		6,985		3,737		22,889		(842)		(2,216)		(4,539)		26,014
Construction in progress		1,003,958		890,979		(842,139)		(1,712)		-		(68,802)		982,284
	₩	18,514,209	₩	1,163,125	₩	-	₩	(114,315)	₩	(770,245)	₩	(156,548)	₩	18,636,226

(*) Other includes the effect of foreign exchange differences and transfers from or to other accounts.

9. INVESTMENT PROPERTY:

(1) The changes in investment property for the six months ended June 30, 2012 are as follows:

Description	Beginning of the period	Transfer	Depreciation	Effect of exchange differences	End of the period
(In millions of Korean Won)					
Land	₩ 46,757	₩ -	₩ -	₩ -	₩ 46,757
Buildings	221,334	-	(5,661)	(424)	215,249
Structures	14,336	-	(201)	-	14,135
	<u>₩ 282,427</u>	<u>₩ -</u>	<u>₩ (5,862)</u>	<u>₩ (424)</u>	<u>₩ 276,141</u>

The changes in investment property for the six months ended June 30, 2011 are as follows:

Description	Beginning of the period	Transfer	Depreciation	Effect of exchange differences	End of the period
(In millions of Korean Won)					
Land	₩ 32,159	₩ 14,598	₩ -	₩ -	₩ 46,757
Buildings	220,771	7,546	(5,423)	(2,459)	220,435
Structures	14,186	548	(198)	-	14,536
	<u>₩ 267,116</u>	<u>₩ 22,692</u>	<u>₩ (5,621)</u>	<u>₩ (2,459)</u>	<u>₩ 281,728</u>

(2) Income and expenses related to investment property for the three months and six months ended June 30, 2012 and 2011 are as follows:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30	Six months ended June 30,
(In millions of Korean Won)				
Rental income	₩ 7,232	₩ 15,248	₩ 6,332	₩ 12,736
Operating and maintenance expenses	3,034	6,142	3,655	5,578

10. INTANGIBLES:

(1) The changes in intangibles for the six months ended June 30, 2012 are as follows:

Description	Beginning of the period	Internal development and separate acquisition	Acquisition from business combinations	Transfer	Disposal	Amortization	Other(*)	End of the period
(In millions of Korean Won)								
Goodwill	₩ 177,154	₩ -	₩ 93,498	₩ -	₩ -	₩ -	₩ (1,455)	₩ 269,197
Development costs	1,848,032	243,429	-	16,948	-	(370,459)	(2,165)	1,735,785
Industrial property rights	22,777	68	228	5,073	-	(2,924)	340	25,562
Software	181,716	413	976	13,766	(21)	(28,761)	26,655	194,744
Other	290,099	35,194	-	13,429	(1,490)	(16,139)	(3,107)	317,986
Construction in progress	140,331	46,570	-	(49,216)	-	-	1,498	139,183
	<u>₩ 2,660,109</u>	<u>₩ 325,674</u>	<u>₩ 94,702</u>	<u>₩ -</u>	<u>₩ (1,511)</u>	<u>₩ (418,283)</u>	<u>₩ 21,766</u>	<u>₩ 2,682,457</u>

(*) Other includes the effect of foreign exchange differences and transfer from or to other accounts.

The changes in intangibles for the six months ended June 30, 2011 are as follows:

Description	Beginning of the period	Internal development and separate acquisition	Transfer	Disposal	Amortization	Impairment	Other(*)	End of the period
(In millions of Korean Won)								
Goodwill	₩ 177,607	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,129	₩ 178,736
Development costs	1,943,466	260,338	9,668	(50)	(277,834)	(79,204)	6,586	1,862,970
Industrial property rights	21,027	4,070	3,168	(3)	(2,791)	-	(21)	25,450
Software	137,533	12,850	1,293	-	(21,081)	-	28,789	159,384
Other	273,778	18,742	74	(4,805)	(10,554)	-	8,036	285,271
Construction in progress	98,157	28,009	(14,203)	(6)	-	-	(10,114)	101,843
	<u>₩ 2,651,568</u>	<u>₩ 324,009</u>	<u>₩ -</u>	<u>₩ (4,864)</u>	<u>₩ (312,260)</u>	<u>₩ (79,204)</u>	<u>₩ 34,405</u>	<u>₩ 2,613,654</u>

(*) Other includes the effect of foreign exchange differences and transfer from or to other accounts.

(2) Research and development expenditure for the three months and six months ended June 30, 2012 and 2011 are as follows:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Development costs	₩ 137,701	₩ 243,429	₩ 141,087	₩ 260,338
Ordinary development (manufacturing cost)	70,370	109,578	53,569	76,250
Research costs (administrative expenses)	155,633	292,018	137,329	246,500
	<u>₩ 363,704</u>	<u>₩ 645,025</u>	<u>₩ 331,985</u>	<u>₩ 583,088</u>

(3) Impairment test of goodwill

The recoverable amount of the Group's cash - generating unit ("CGU") are measured at its value-in-use. The value-in use are calculated based on cash flow projections of financial budgets for the next five years approved by management. Cash flows projection beyond the next five-year period are extrapolated by using the estimated growth rate which does not exceed the long-term average growth rate of the region and industry to which the CGU belongs. No impairment loss is recognized based on the impairment test for the six months ended June 30, 2012 and 2011, respectively.

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Investments in joint ventures and associates as of June 30, 2012 and December 31, 2011 consist of the following:

Name of company	Nature of business	Location	June 30, 2012		December 31, 2011
			Ownership Percentage (%)	Book value (In millions of Korean Won)	Book value
Beijing-Hyundai Motor Company (BHMC) (*3)	Manufacturing	China	50.00	₩ 1,334,327	₩ 1,553,871
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	"	"	22.00	91,202	81,260
Hyundai Motor Group China, Ltd. (HMGC) (*3)	Investment	"	50.00	82,695	128,318
Beijing Mobis Transmission Co., Ltd. (BMT)	Manufacturing	"	24.08	57,699	64,575
Hyundai Powertech Manufacturing America (HPMA)	"	U.S.A	30.00	23,141	23,796
Hyundai Powertech (Shandong) Co., Ltd. (PTS)	"	China	30.00	20,408	24,495
Hyundai Capital Services UK Ltd. (HCUK)	Financing	UK	39.99	14,429	-
Innocean Worldwide Americas, LLC. (IWA)	Advertisement	U.S.A	30.00	9,504	11,027
Hyundai Information Service North America (HISNA)	Information technology	"	30.00	3,040	3,476
Global Engine Alliance, LLC. (GEA)	Manufacturing	"	33.33	1,854	1,865
Hyundai Capital Germany GmbH (HCGG)	Financing	Germany	40.01	1,352	1,065
Hyundai Motor Deutschland GmbH (HMD) (*2)	Sales	"	100.00	-	30,026
Kia Motors Corporation	Manufacturing	Korea	33.88	5,195,671	4,565,683
Hyundai engineering & construction Co., Ltd.	Construction	"	20.95	3,017,015	3,011,421
Hyundai HYSCO Co., Ltd.	Manufacturing	"	29.37	590,273	449,438
Hyundai WIA Corporation	"	"	26.79	433,412	482,996
Hyundai Powertech Co., Ltd.	"	"	37.58	286,279	254,066
HMC Investment Securities Co., Ltd.	Securities brokerage	"	26.27	214,988	210,511
Hyundai Dymos Inc.	Manufacturing	"	47.27	213,143	194,332
KEFICO Corporation (*3)	"	"	50.00	168,854	171,736
Hyundai Commercial Inc.	Financing	"	50.00	130,546	122,364
Eukor Car Carriers Inc. (*1)	Transportation	"	12.00	116,356	111,312
HK Mutual Savings Bank	Financing	"	20.00	49,460	45,735
Hyundai Autoever Corp.	Information technology	"	29.90	48,451	47,215
The Korea Economic Daily Co., Ltd.	Newspaper	"	20.55	33,467	32,220
Iljin Bearing Co., Ltd.	Manufacturing	"	20.00	23,836	22,928
Hyundai M & Soft Co., Ltd.	Information technology	"	31.84	21,866	19,963
HMC Win Win Fund	Investment association	"	33.33	18,589	18,589
Daesung Automotive Co., Ltd.	Manufacturing	"	20.00	16,270	15,841
Korea Credit Bureau Co., Ltd. (*1)	Financing	"	9.00	4,929	4,966
Haevichi Country Club., Ltd.	Golf course operation	"	30.00	2,757	-
Seoul Line 9 Operation Co., Ltd.	Metro operation	"	20.00	1,693	1,159
Clair Pixel Co., Ltd. (*1)	Manufacturing	"	19.22	1,430	1,986
HI Network Inc. (*1)	Financing	"	19.99	570	1,003
				₩ 12,229,506	₩ 11,709,238

(*1) As the Group is considered to be able to exercise significant influence by representation on board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.

(*2) The entity is consolidated to the Group since 2012 as the ownership percentage became 100% due to additional acquisition.

(*3) Joint venture.

- (2) The changes in investments in joint ventures and associates for the six months ended June 30, 2012 are as follows:

Name of company	Beginning of the period	Acquisition /(Disposition)	Gain (loss) on valuation	Other(*)	End of the period
(In millions of Korean Won)					
BHMC	₩ 1,553,871	₩ -	₩ 265,254	₩ (484,798)	₩ 1,334,327
WAE	81,260	7,331	3,032	(421)	91,202
HMGC	128,318	-	33,697	(79,320)	82,695
BMT	64,575	-	4,476	(11,352)	57,699
HPMA	23,796	-	(658)	3	23,141
PTS	24,495	-	(3,931)	(156)	20,408
HCUK	-	14,450	-	(21)	14,429
IWA	11,027	-	2,918	(4,441)	9,504
HISNA	3,476	-	496	(932)	3,040
GEA	1,865	-	(11)	-	1,854
HCGG	1,065	-	-	287	1,352
HMD	30,026	-	-	(30,026)	-
Kia Motors Corporation	4,565,683	-	758,115	(128,127)	5,195,671
Hyundai engineering & construction Co., Ltd.	3,011,421	-	17,318	(11,724)	3,017,015
Hyundai HYSCO Co., Ltd.	449,438	101,711	45,500	(6,376)	590,273
Hyundai WIA Corporation	482,996	(98,597)	55,269	(6,256)	433,412
Hyundai Powertech Co., Ltd.	254,066	-	32,160	53	286,279
HMC Investment Securities Co., Ltd.	210,511	-	2,709	1,768	214,988
Hyundai Dymos Inc.	194,332	-	15,754	3,057	213,143
KEFICO Corporation	171,736	-	13,486	(16,368)	168,854
Hyundai Commercial Inc.	122,364	-	18,424	(10,242)	130,546
Eukor Car Carriers Inc.	111,312	-	12,347	(7,303)	116,356
HK Mutual Savings Bank	45,735	-	4,139	(414)	49,460
Hyundai Autoever Corp.	47,215	-	4,516	(3,280)	48,451
The Korea Economic Daily Co., Ltd.	32,220	-	1,384	(137)	33,467
Iljin Bearing Co., Ltd.	22,928	-	1,133	(225)	23,836
Hyundai M & Soft Co., Ltd.	19,963	-	2,014	(111)	21,866
HMC Win Win Fund	18,589	-	-	-	18,589
Daesung Automotive Co., Ltd.	15,841	-	614	(185)	16,270
Korea Credit Bureau Co., Ltd.	4,966	-	220	(257)	4,929
Haevichi Country Club., Ltd.	-	-	(187)	2,944	2,757
Seoul Line 9 Operation Co., Ltd.	1,159	-	534	-	1,693
Clair Pixel Co., Ltd.	1,986	-	(556)	-	1,430
HI Network Inc.	1,003	-	299	(732)	570
	<u>₩ 11,709,238</u>	<u>₩ 24,895</u>	<u>₩ 1,290,465</u>	<u>₩ (795,092)</u>	<u>₩ 12,229,506</u>

(*) Other consists of changes in accumulated other comprehensive income, decrease due to declaration of the dividends and changes in ownership percentage.

The changes in investments in joint ventures and associates for the six months ended June 30, 2011 are as follows:

Name of company	Beginning of the period	Acquisition /(Disposition)	Gain (loss) on valuation	Other(*)	End of the period
(In millions of Korean Won)					
BHMC	₩1,231,700	₩ 86,569	₩ 290,868	₩ (465,483)	₩1,143,654
WAE	66,215	-	4,212	(2,230)	68,197
HMGC	93,822	-	32,200	(53,052)	72,970
BMT	52,340	-	3,434	(1,763)	54,011
HPMA	22,682	-	956	(1,231)	22,407
PTS	11,004	10,809	-	(506)	21,307
IWA	7,866	-	1,991	(2,430)	7,427
HISNA	2,892	-	387	(529)	2,750
GEA	1,842	-	-	(98)	1,744
HCGG	1,367	-	-	9	1,376
HMD	34,755	-	(113)	1,076	35,718
KMMG	165,871	-	30,621	(9,515)	186,977
Kia Motors Corporation	3,242,033	-	670,535	153,107	4,065,675
Hyundai engineering & construction Co., Ltd.	-	2,984,937	36,378	(17,506)	3,003,809
Hyundai HYSCO Co., Ltd.	376,298	-	43,506	(6,454)	413,350
Hyundai WIA Corporation	377,072	-	39,189	21,546	437,807
Hyundai Powertech Co., Ltd.	216,242	-	24,071	(1,028)	239,285
HMC Investment Securities Co., Ltd.	198,317	-	4,223	2,546	205,086
Hyundai Dymos Inc.	159,887	-	26,276	(850)	185,313
KEFICO Corporation	155,077	-	15,354	(10,152)	160,279
Hyundai Commercial Inc.	90,043	-	18,656	(3,079)	105,620
Eukor Car Carriers Inc.	82,259	-	14,208	(8,726)	87,741
HK Mutual Savings Bank	42,849	-	4,305	47	47,201
Hyundai Autoever Corp.	39,969	-	4,507	(3,095)	41,381
The Korea Economic Daily Co., Ltd.	31,171	-	220	-	31,391
Iljin Bearing Co., Ltd.	20,602	-	1,220	(225)	21,597
Hyundai M & Soft Co., Ltd.	16,378	-	1,905	(152)	18,131
HMC Win Win Fund	18,131	-	212	-	18,343
Daesung Automotive Co., Ltd.	14,731	-	2,544	(2,027)	15,248
Korea Credit Bureau Co., Ltd.	4,514	-	251	-	4,765
Seoul Line 9 Operation Co., Ltd.	1,291	-	656	(980)	967
HI Network Inc.	1,054	-	194	(708)	540
Korea Aerospace Industries, Co., Ltd.	129,177	-	6,783	(135,960)	-
	<u>₩ 6,909,451</u>	<u>₩3,082,315</u>	<u>₩1,279,749</u>	<u>₩ (549,448)</u>	<u>₩10,722,067</u>

(*) Other consists of changes in accumulated other comprehensive income, decrease due to declaration of the dividends and changes in ownership percentage.

- (3) Condensed financial information of the joint ventures and associates as of and for the six months ended June 30, 2012 is as follows:

Name of company	Assets	Liabilities	Sales	Net income (loss)
	(In millions of Korean Won)			
BHMC	₩ 5,687,413	₩ 2,973,988	₩ 5,881,217	₩ 533,278
WAE	1,136,351	701,770	498,633	33,235
HMGC	566,445	375,737	1,086,912	60,846
BMT	423,643	184,030	186,812	18,590
HPMA	410,521	332,832	443,034	(2,194)
PTS	323,407	255,380	91,247	(10,930)
HCUK	35,792	-	-	-
IWA	214,572	197,276	112,126	6,997
HISNA	28,897	20,010	59,257	1,225
GEA	13,220	6,353	3,736	17
HCGG	3,846	337	1,171	503
Kia Motors Corporation	32,794,621	17,313,595	24,340,909	2,297,744
Hyundai engineering & construction Co., Ltd.	12,236,813	7,691,213	5,886,916	243,236
Hyundai HYSCO Co., Ltd.	5,018,215	3,248,647	4,332,507	164,678
Hyundai WIA Corporation	4,390,485	2,725,973	3,337,055	185,821
Hyundai Powertech Co., Ltd.	1,933,460	1,139,048	1,485,168	84,421
HMC Investment Securities Co., Ltd.(*)	5,035,937	4,369,945	697,749	10,315
Hyundai Dymos Inc.	965,047	509,729	719,741	31,101
KEFICO Corporation	870,600	531,198	759,113	26,973
Hyundai Commercial Inc.	3,824,277	3,479,695	170,315	27,986
Eukor Car Carriers Inc.	2,499,997	1,531,311	1,542,512	158,467
HK Mutual Savings Bank(*)	2,584,522	2,398,465	195,441	20,694
Hyundai Autoever Corp.	381,269	219,032	379,842	15,373
The Korea Economic Daily Co., Ltd.	210,404	62,419	65,623	5,782
Iljin Bearing Co., Ltd.	154,899	35,720	114,786	5,724
Hyundai M & Soft Co., Ltd.	88,792	20,354	47,305	5,808
HMC Win Win Fund	55,767	-	-	-
Daesung Automotive Co., Ltd.	97,216	15,868	28,117	3,060
Korea Credit Bureau Co., Ltd.	50,082	8,762	22,500	3,649
Haevichi Country Club., Ltd.	283,776	274,588	5,194	(622)
Seoul Line 9 Operation Co., Ltd.	17,104	8,637	30,768	2,671
Clair Pixel Co., Ltd.	5,079	2,706	1,818	379
HI Network Inc.	5,587	2,738	8,921	1,619

- (*) Although the closing dates of the fiscal year of HMC Investment Securities Co., Ltd. and HK Mutual Savings Bank are March, 31 and June, 30, respectively, the financial statements, used for applying the equity method, are prepared for the same reporting periods as the Company's.

Condensed financial information of the joint ventures and associates as of and for the six months ended June 30, 2011 is as follows:

Name of company	Assets	Liabilities	Sales	Net income (loss)
	(In millions of Korean Won)			
BHMC	₩ 4,997,584	₩ 2,697,487	₩ 5,932,873	₩ 576,041
WAE	763,178	453,193	442,424	19,144
HMGC	490,843	317,074	1,093,658	70,510
BMT	302,882	78,587	168,383	14,260
HPMA	279,001	202,436	359,820	3,188
PTS	130,085	59,480	-	-
IWA	203,242	193,176	81,759	6,170
HISNA	19,886	11,818	42,574	940
GEA	19,591	13,205	7,212	53
HCGG	3,384	165	246	58
HMD	379,446	268,106	772,862	3,801
KMMG	2,014,997	1,392,658	2,619,540	103,385
Kia Motors Corporation	29,485,759	16,689,894	22,238,347	2,080,982
Hyundai engineering & construction Co., Ltd.	11,202,937	7,150,333	5,155,506	310,537
Hyundai HYSCO Co., Ltd.	4,391,749	2,897,233	3,941,423	166,298
Hyundai WIA Corporation	4,021,738	2,666,799	3,112,319	115,582
Hyundai Powertech Co., Ltd.	1,801,378	1,128,995	1,397,539	62,411
HMC Investment Securities Co., Ltd. (*)	3,828,311	3,200,016	199,640	21,263
Hyundai Dymos Inc.	989,993	594,879	718,041	37,800
KEFICO Corporation	741,318	418,636	598,853	30,708
Hyundai Commercial Inc.	3,183,528	2,971,936	157,466	37,143
Eukor Car Carriers Inc.	2,332,478	1,601,296	1,171,348	118,403
HK Mutual Savings Bank (*)	2,488,211	2,313,445	180,413	21,527
Hyundai Autoever Corp.	298,768	160,195	306,739	15,090
The Korea Economic Daily Co., Ltd.	196,464	58,575	59,988	1,070
Iljin Bearing Co., Ltd.	144,321	36,338	112,727	6,101
Hyundai M & Soft Co., Ltd.	74,141	17,434	38,264	5,984
HMC Win Win Fund	55,031	-	963	637
Daesung Automotive Co., Ltd.	92,208	15,968	26,986	3,255
Korea Credit Bureau Co., Ltd.	46,335	7,368	18,066	3,513
Seoul Line 9 Operation Co., Ltd.	11,082	6,303	27,289	3,279
HI Network Inc.	5,675	2,967	9,854	1,007
Haevichi Country Club., Ltd.	216,134	263,400	4,797	(4,445)

(*) Although the closing dates of the fiscal year of HMC Investment Securities Co., Ltd. and HK Mutual Savings Bank are March, 31 and June 30, respectively, the financial statements used for applying the equity method, are prepared for the same reporting periods as the Company's.

(4) The market price of listed equity securities as of June 30, 2012 is as follows:

Name of company	Price per share	Number of shares	Market price
	(In millions of Korean Won, except price per share)		
Kia Motors Corporation	₩ 74,700	137,318,251	₩ 10,257,673
Hyundai engineering & construction Co., Ltd.	65,000	23,327,400	1,516,281
Hyundai WIA Corporation	169,000	6,893,596	1,165,018
Hyundai HYSCO Co., Ltd.	40,750	23,554,188	959,833
HMC Investment Securities Co., Ltd.	13,100	7,705,980	100,948

12. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Loans	₩ 26,875,590	₩ 26,478,053
Card receivables	9,515,761	9,394,236
Financial lease receivables	2,543,223	2,307,352
Other lease receivables	<u>5,868</u>	<u>4,656</u>
	38,940,442	38,184,297
Allowance of doubtful accounts	(710,538)	(729,047)
Loan origination fee	(288,779)	(333,573)
Present value discount accounts	<u>(12,069)</u>	<u>(11,548)</u>
	<u>₩ 37,929,056</u>	<u>₩ 37,110,129</u>

(2) Aging analysis of financial services receivables

As of June 30, 2012 and December 31, 2011, total financial services receivables that are past due but not impaired are ₩1,124,376 million and ₩1,098,415 million, respectively; of which financial services receivables that are past due less than 90 days but not impaired are ₩1,124,376 million and ₩1,098,415 million, respectively. As of June 30, 2012 and December 31, 2011, the impaired financial services receivables are ₩468,574 million and ₩347,906 million, respectively.

(3) The changes in allowance for doubtful accounts of financial services receivables for the three and six months ended June 30, 2012 and 2011 are as follows:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Beginning of the period	₩ 707,037	₩ 729,047	₩ 659,659	₩ 615,599
Impairment loss	79,976	222,447	53,589	211,168
Write-off	(97,921)	(198,368)	(46,608)	(121,467)
Effect of foreign exchange differences	2,752	(119)	(4,619)	(9,809)
Transfer and other	<u>18,694</u>	<u>(42,469)</u>	<u>(4,844)</u>	<u>(38,314)</u>
End of the period	<u>₩ 710,538</u>	<u>₩ 710,538</u>	<u>₩ 657,177</u>	<u>₩ 657,177</u>

(4) Gross investments in financial lease and its present value of minimum lease receipts as of June 30, 2012 and December 31, 2011 are as follows:

Description	June 30, 2012		December 31, 2011	
	Gross investments in financial lease	Present value of minimum lease receipts	Gross investments in financial lease	Present value of minimum lease receipts
	(In millions of Korean Won)			
Within 1 year	₩ 1,117,939	₩ 940,074	₩ 986,287	₩ 810,018
Within 5 years more than 1 year	1,753,940	1,603,117	1,617,005	1,482,345
More than 5 years	<u>33</u>	<u>32</u>	<u>77</u>	<u>76</u>
	<u>₩ 2,871,912</u>	<u>₩ 2,543,223</u>	<u>₩ 2,603,369</u>	<u>₩ 2,292,439</u>

(5) Unearned interest income of financial lease as of June 30, 2012 and December 31, 2011 are as follows:

Description	June 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 2,871,912	₩ 2,603,369
Net lease investments		
Present value of minimum lease receipts	2,543,223	2,292,439
Present value of unguaranteed residual value	-	14,913
	<u>2,543,223</u>	<u>2,307,352</u>
Unearned interest income	<u>₩ 328,689</u>	<u>₩ 296,017</u>

13. OPERATING LEASE ASSETS:

(1) Operating lease assets as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Acquisition cost	₩ 7,635,024	₩ 5,922,955
Accumulated depreciation	(893,087)	(618,093)
Accumulated impairment loss	(48,103)	(36,608)
	<u>₩ 6,693,834</u>	<u>₩ 5,268,254</u>

(2) Future minimum lease receipts related to operating lease assets as of June 30, 2012 and December 31, 2011 are as follows:

Description	June 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Within 1 year	₩ 1,492,263	₩ 1,232,216
Within 5 years more than 1 year	1,641,029	1,339,767
More than 5 years	7	4
	<u>₩ 3,133,299</u>	<u>₩ 2,571,987</u>

14. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of June 30, 2012 and December 31, 2011 consist of the following:

Description	Lender	Annual interest rate	June 30, 2012	June 30, 2012	December 31, 2011
			(%)	(In millions of Korean Won)	
Overdrafts	Citi Bank and other	0.76~2.37	₩ 208,272	₩ 107,616	
General loans	Kookmin Bank and other	0.34~5.05	2,304,070	3,779,392	
Loans on trade receivables collateral	Korea Exchange Bank and other	LIBOR+0.65~0.85	2,513,624	2,034,557	
Banker's Usance	Kookmin Bank and other	LIBOR+0.70~0.85	643,970	714,299	
Short-term debentures	Woori Bank and other	3.37~4.95	569,683	229,930	
Commercial paper	SK Securities and other	3.48~4.15	750,001	920,000	
Other	Citi Bank and other	0.89~2.24	150,849	94,220	
			<u>₩ 7,140,469</u>	<u>₩ 7,880,014</u>	

(2) Long-term debt as of June 30, 2012 and December 31, 2011 consists of the following:

Description	Lender	Annual interest rate	June 30, 2012	June 30, 2012	December 31, 2011
		(%)	(In millions of Korean Won)		
General loans	Shinhan Bank and other	1.31~5.63	₩ 1,613,669	₩ 1,369,128	
Facility loan	Korea Development Bank and other	1.00~5.85	1,119,199	1,206,574	
Commercial paper	SK Securities and other	3.79~5.10	210,000	320,000	
Asset backed securities	JP Morgan and other	0.54~2.65	3,716,801	1,050,777	
Other	Export-Import Bank of Korea and other	1.00~7.30	600,254	640,620	
			7,259,923	4,587,099	
Less: present value discounts			167,717	180,259	
Less: current maturities			2,646,074	922,713	
			<u>₩ 4,446,132</u>	<u>₩ 3,484,127</u>	

(3) Debentures as of June 30, 2012 and December 31, 2011 consist of the following:

Description	Latest maturity date	Annual interest rate	June 30, 2012	June 30, 2012	December 31, 2011
		(%)	(In millions of Korean Won)		
Guaranteed public debentures	June 8, 2017	3.75~4.50	₩ 1,717,290	₩ 1,726,687	
Guaranteed private debentures	April 25, 2015	5.68	86,535	86,498	
Non-guaranteed public debentures	March 19, 2019	0.00~7.47	19,949,692	20,903,643	
Non-guaranteed private debentures	January 21, 2016	2.44~5.63	2,892,425	2,910,714	
Asset backed securities	May 15, 2018	0.30~5.48	5,887,021	5,494,645	
			30,532,963	31,122,187	
Less: discount on debentures			81,913	70,381	
Less: current maturities			6,053,786	7,397,481	
			<u>₩ 24,397,264</u>	<u>₩ 23,654,325</u>	

15. PROVISIONS:

The changes of provisions for the six months ended June 30, 2012 are as follows:

Description	Warranty	Employee benefit	Other
	(In millions of Korean Won)		
Beginning of the period	₩ 5,850,285	₩ 586,628	₩ 210,240
Accrual	494,118	31,972	109,998
Utilized	(386,586)	(26,767)	(20,256)
Amortization of present value discounts	85,367	-	-
Changes in expected reimbursements by third parties	32,050	-	-
Effect of foreign exchange differences	(16,028)	(7)	(2,930)
Changes in scope of consolidation	55,662	185	2,449
End of the period	<u>₩ 6,114,868</u>	<u>₩ 592,011</u>	<u>₩ 299,501</u>

The changes of provisions for the six months ended June 30, 2011 are as follows:

Description	Warranty		Employee benefit		Other
	(In millions of Korean Won)				
Beginning of the period	₩	5,252,340	₩	431,518	₩ 301,720
Accrual		571,194		28,828	91,377
Utilized		(275,137)		(25,094)	(141,784)
Amortization of present value discount		75,080		-	-
Changes in expected reimbursements by third parties		(47,299)		-	-
Effect of foreign exchange differences		(31,211)		(349)	(3,067)
End of the period	₩	5,544,967	₩	434,903	₩ 248,246

16. OTHER FINANCIAL LIABILITIES:

Other financial liabilities as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Financial liabilities at fair value through profit or loss (*)	₩ 209,938	₩ 9,000	₩ 426,897	₩ 16,004
Derivative liabilities that are effective hedging instruments	10,791	52,957	20,482	43,058
Financial lease liabilities	8,381	25,471	8,535	31,390
Other	<u>109,745</u>	<u>-</u>	<u>-</u>	<u>109,745</u>
	₩ <u>338,855</u>	₩ <u>87,428</u>	₩ <u>455,914</u>	₩ <u>200,197</u>

(*) As of June 30, 2012 and December 31, 2011, debentures designated as financial liabilities at fair value through profit or loss ("FVTPL") of ₩203,227 million and ₩404,666 million, respectively, are included.

17. OTHER LIABILITIES:

Other liabilities as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advance received	₩ 445,978	₩ 48,804	₩ 482,899	₩ 84,173
Withholdings	1,269,692	570,202	963,451	626,011
Accrued expenses	2,294,113	-	1,102,940	-
Unearned income	428,565	332,713	374,175	299,210
Accrued dividends	81	-	77	-
Due to customers for contract work	348,480	-	467,868	-
Other	<u>132,065</u>	<u>538,453</u>	<u>85,206</u>	<u>527,609</u>
	₩ <u>4,918,974</u>	₩ <u>1,490,172</u>	₩ <u>3,476,616</u>	₩ <u>1,537,003</u>

18. FINANCIAL INSTRUMENTS:

(1) Categories of financial assets as of June 30, 2012 consist of the following:

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	Derivatives designated as hedging instruments	Book value	Fair value
(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 7,032,351	₩ -	₩ -	₩ 7,032,351	₩ 7,032,351
Short-term and long-term financial instruments	-	11,752,157	-	-	11,752,157	11,752,157
Trade notes and accounts receivable	-	4,338,648	-	-	4,338,648	4,338,648
Other receivables	-	2,610,019	-	-	2,610,019	2,610,019
Other financial assets	88,987	18,439	1,599,392	277,359	1,984,177	1,984,177
Other assets	-	332,287	-	-	332,287	332,287
Financial services receivables	-	37,929,056	-	-	37,929,056	38,519,291
	<u>₩ 88,987</u>	<u>₩ 64,012,957</u>	<u>₩ 1,599,392</u>	<u>₩ 277,359</u>	<u>₩ 65,978,695</u>	<u>₩ 66,568,930</u>

Categories of financial assets as of December 31, 2011 consist of the following:

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	Derivatives designated as hedging instruments	Book value	Fair value
(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 6,231,946	₩ -	₩ -	₩ 6,231,946	₩ 6,231,946
Short-term and long-term financial instruments	-	9,394,115	-	-	9,394,115	9,394,115
Trade notes and accounts receivable	-	3,922,360	-	-	3,922,360	3,922,360
Other receivables	-	2,465,426	-	-	2,465,426	2,465,426
Other financial assets	91,093	19,769	1,665,592	477,933	2,254,387	2,254,387
Other assets	-	310,286	-	-	310,286	310,286
Financial services receivables	-	37,110,129	-	-	37,110,129	37,859,530
	<u>₩ 91,093</u>	<u>₩ 59,454,031</u>	<u>₩ 1,665,592</u>	<u>₩ 477,933</u>	<u>₩ 61,688,649</u>	<u>₩ 62,438,050</u>

(2) Categories of financial liabilities as of June 30, 2012 consist of the following:

Description	Financial liabilities at FVTPL	Financial liabilities carried at amortized cost	Derivatives designated as hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 6,723,023	₩ -	₩ 6,723,023	₩ 6,723,023
Other payables	-	3,196,450	-	3,196,450	3,196,450
Borrowings and debentures	-	44,683,725	-	44,683,725	45,462,227
Other financial liabilities	218,938	143,597	63,748	426,283	426,283
Other liabilities	-	2,294,194	-	2,294,194	2,294,194
	<u>₩ 218,938</u>	<u>₩ 57,040,989</u>	<u>₩ 63,748</u>	<u>₩ 57,323,675</u>	<u>₩ 58,102,177</u>

Categories of financial liabilities as of December 31, 2011 consist of the following:

Description	Financial liabilities at FVTPL	Financial liabilities carried at amortized cost (In millions of Korean Won)	Derivatives designated as hedging instruments	Book value	Fair value
Trade notes and accounts payable	₩ -	₩ 6,666,406	₩ -	₩ 6,666,406	₩ 6,666,406
Other payables	-	3,782,155	-	3,782,155	3,782,155
Borrowings and debentures	-	43,338,660	-	43,338,660	43,931,435
Other financial liabilities	442,901	149,670	63,540	656,111	656,111
Other liabilities	-	1,103,017	-	1,103,017	1,103,017
	<u>₩ 442,901</u>	<u>₩ 55,039,908</u>	<u>₩ 63,540</u>	<u>₩ 55,546,349</u>	<u>₩ 56,139,124</u>

(3) Fair value estimation

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3, based on the degree to which the fair value is observable, as described below:

- Level 1 : Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements of financial instruments by fair-value hierarchy levels as of June 30, 2012 are as follows:

Description	June 30, 2012			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial Assets:				
Financial assets at FVTPL	₩ -	₩ 88,987	₩ -	₩ 88,987
Derivatives designated as hedging instruments	-	277,359	-	277,359
AFS financial assets	<u>1,337,859</u>	<u>6,766</u>	<u>254,767</u>	<u>1,599,392</u>
	<u>₩ 1,337,859</u>	<u>₩ 373,112</u>	<u>₩ 254,767</u>	<u>₩ 1,965,738</u>
Financial Liabilities:				
Financial liabilities at FVTPL	₩ 203,227	₩ 15,711	₩ -	₩ 218,938
Derivatives designated as hedging instruments	-	63,748	-	63,748
	<u>₩ 203,227</u>	<u>₩ 79,459</u>	<u>₩ -</u>	<u>₩ 282,686</u>

Fair value measurements of financial instruments by fair-value hierarchy levels as of December 31, 2011 are as follows:

Description	December 31, 2011			
	Level 1	Level 2	Level 3	Total
(In millions of Korean Won)				
Financial Assets:				
Financial assets at FVTPL	₩ -	₩ 91,093	₩ -	₩ 91,093
Derivatives designated as hedging instruments	-	477,933	-	477,933
AFS financial assets	<u>1,388,503</u>	<u>4,019</u>	<u>273,070</u>	<u>1,665,592</u>
	<u>₩ 1,388,503</u>	<u>₩ 573,045</u>	<u>₩ 273,070</u>	<u>₩ 2,234,618</u>
Financial Liabilities:				
Financial liabilities at FVTPL	₩ 404,666	₩ 38,235	₩ -	₩ 442,901
Derivatives designated as hedging instruments	-	63,540	-	63,540
	<u>₩ 404,666</u>	<u>₩ 101,775</u>	<u>₩ -</u>	<u>₩ 506,441</u>

The changes in financial instruments classified as Level 3 for the six months ended June 30, 2012 are as follows:

Description	Beginning of the period	Purchases	Disposals	Valuation	Transfer	End of the period
(In millions of Korean Won)						
AFS financial assets	₩ 273,070	₩ 4,159	₩ (21,162)	₩ (1,300)	₩ -	₩ 254,767

The changes in financial instruments classified as Level 3 for the six months ended June 30, 2011 are as follows:

Description	Beginning of the period	Purchases	Disposals	Valuation	Transfer	End of the period
(In millions of Korean Won)						
AFS financial assets	₩ 109,401	₩ 2,829	₩ (309)	₩ (1,148)	₩ (1,997)	₩ 108,776

(4) Interest income, dividend income and interest expenses by categories of financial instruments for the six months ended June 30, 2012 and 2011 consist of the following:

Description	Six months ended June 30,					
	2012			2011		
	Interest income	Dividend income	Interest expenses	Interest income	Dividend income	Interest expenses
(In millions of Korean Won)						
Non-financial services:						
Loans and receivables	₩ 266,666	₩ -	₩ -	₩ 215,523	₩ -	₩ -
Financial assets at FVTPL	-	-	-	7,662	-	-
AFS financial assets	3,769	14,808	-	1,467	17,584	-
Financial liabilities at FVTPL	-	-	-	-	-	7,684
Financial liabilities carried at amortized cost	-	-	163,586	-	-	177,616
	<u>₩ 270,435</u>	<u>₩ 14,808</u>	<u>₩ 163,586</u>	<u>₩ 224,652</u>	<u>₩ 17,584</u>	<u>₩ 185,300</u>
Financial services:						
Loans and receivables	₩ 1,338,305	₩ -	₩ -	₩ 1,319,584	₩ -	₩ -
Financial liabilities at FVTPL	-	-	10,244	-	-	12,378
Financial liabilities carried at amortized cost	-	-	720,625	-	-	723,175
	<u>₩ 1,338,305</u>	<u>₩ -</u>	<u>₩ 730,869</u>	<u>₩ 1,319,584</u>	<u>₩ -</u>	<u>₩ 735,553</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities at FVTPL for the six months ended June 30, 2012 and 2011 are ₩798,295 million and ₩747,819 million, respectively. In addition, the fee expenses (cost of sales from financial services) occurring from financial assets or liabilities other than financial assets or liabilities at FVTPL for the six months ended June 30, 2012 and 2011 are ₩384,066 million and ₩342,741 million, respectively.

19. CAPITAL STOCK:

The company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of June 30, 2012 and December 31, 2011 consist of the following:

- (1) Common stock

Description	June 30, 2012	December 31, 2011
	(In millions of Korean Won, except par value)	
Issued	220,276,479 shares	220,276,479 shares
Par value	₩ 5,000	₩ 5,000
Capital stock	1,157,982	1,157,982

The Company completed stock retirement of 10,000,000 common shares and 1,320,000 common shares as of March 5, 2001 and May 4, 2004, respectively. Due to these stock retirements, the total face value of outstanding stock differs from the capital stock amount.

- (2) Preferred stock

Description	Par value	Issued	Korean Won (In millions of Korean Won)	Dividend rate
1 st preferred stock	₩ 5,000	25,109,982 shares	₩ 125,550	Dividend rate of common stock + 1%
2 nd preferred stock	5,000	37,613,865 shares	193,069	Dividend rate of common stock + 2%
3 rd preferred stock	5,000	2,478,299 shares	12,392	Dividend rate of common stock + 1%
Total		65,202,146 shares	₩ 331,011	

As of March 5, 2001, the Company retired 1,000,000 second preferred shares. Due to the stock retirement, the total face value of outstanding stock differs from the capital stock amount.

20. CAPITAL SURPLUS:

Capital surplus as of June 30, 2012 and December 31, 2011 consists of the following:

Description	June 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Other	842,662	792,676
	₩ 4,163,996	₩ 4,114,010

21. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of June 30, 2012 and December 31, 2011 are as follows:

Description	June 30, 2012	December 31, 2011
	(Number of shares)	
Common shares	11,006,710	11,006,710
1 st preferred shares	1,950,960	1,950,960
2 nd preferred shares	1,000,000	1,000,000

22. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Accumulated other comprehensive income as of June 30, 2012 and December 31, 2011 consists of the following:

Description	June 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Gain on valuation of AFS financial assets	₩ 723,086	₩ 760,361
Loss on valuation of AFS financial assets	(3,958)	(2,844)
Gain on valuation of cash flow hedge derivatives	69,477	4,722
Loss on valuation of cash flow hedge derivatives	(69,484)	(35,580)
Gain on valuation of equity-accounted investees	139,014	154,623
Loss on valuation of equity-accounted investees	(240,981)	(230,597)
Loss on foreign operations translation, net	(478,860)	(275,404)
	<u>₩ 138,294</u>	<u>₩ 375,281</u>

23. RETAINED EARNINGS:

Retained earnings as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Legal reserve (*)	₩ 423,124	₩ 375,113
Discretionary reserve	26,531,647	19,046,647
Unappropriated	<u>9,573,020</u>	<u>12,841,768</u>
	<u>₩ 36,527,791</u>	<u>₩ 32,263,528</u>

(*) The Commercial Code of the Republic of Korea requires the Company to appropriate as a legal reserve, a minimum of 10% of annual cash dividends declared, until such reserve equals 50% of its capital stock issued. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any.

Appraisal gains, amounting to ₩1,852,871 million, derived from asset revaluation by the Asset Revaluation Law of Korea are included in retained earnings. It may be only transferred to capital stock or used to reduce accumulated deficit, if any.

24. SALES:

Sales for the three months and six months ended June 30, 2012 and 2011 consist of the following:

<u>Description</u>	<u>2012</u>		<u>2011</u>	
	<u>Three months ended June 30,</u>	<u>Six months ended June 30,</u>	<u>Three months ended June 30,</u>	<u>Six months ended June 30,</u>
	(In millions of Korean Won)			
Sales of goods	₩ 19,744,270	₩ 37,571,510	₩ 17,819,081	₩ 33,897,264
Rendering of services	332,887	599,193	243,823	469,287
Royalties	33,812	66,761	41,821	75,827
Other	67,611	140,318	69,886	131,603
Financial services revenue	<u>1,761,611</u>	<u>3,727,329</u>	<u>1,916,976</u>	<u>3,750,967</u>
	<u>₩ 21,940,191</u>	<u>₩ 42,105,111</u>	<u>₩ 20,091,587</u>	<u>₩ 38,324,948</u>

25. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months and six months ended June 30, 2012 and 2011 consist of the following:

<u>Description</u>	<u>2012</u>		<u>2011</u>	
	<u>Three months ended June 30,</u>	<u>Six months ended June 30,</u>	<u>Three months ended June 30,</u>	<u>Six months ended June 30,</u>
	(In millions of Korean Won)			
Selling expenses :				
Export expenses	₩ 292,015	₩ 531,447	₩ 278,266	₩ 395,881
Overseas market expenses	132,870	255,372	209,234	332,056
Advertisements and sales promotion	520,984	1,019,246	500,554	1,069,118
Sales commissions	129,813	249,380	197,428	382,320
Expenses for warranties	353,588	578,224	328,353	688,908
Transportation expenses	<u>80,569</u>	<u>146,860</u>	<u>77,811</u>	<u>119,521</u>
	<u>1,509,839</u>	<u>2,780,529</u>	<u>1,591,646</u>	<u>2,987,804</u>
Administrative expenses :				
Salaries	525,838	1,044,446	548,049	961,743
Post-employment benefits	36,088	71,583	32,278	62,058
Welfare expenses	90,671	169,209	68,427	134,013
Service charges	263,789	525,224	228,223	420,878
Research	155,633	292,018	137,329	246,500
Other	<u>289,778</u>	<u>536,724</u>	<u>200,047</u>	<u>427,350</u>
	<u>1,361,797</u>	<u>2,639,204</u>	<u>1,214,353</u>	<u>2,252,542</u>
	<u>₩ 2,871,636</u>	<u>₩ 5,419,733</u>	<u>₩ 2,805,999</u>	<u>₩ 5,240,346</u>

26. OTHER OPERATING INCOME AND EXPENSES:

- (1) Other operating income for the three months and six months ended June 30, 2012 and 2011 consists of the following:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Gain on foreign exchange transaction	₩ 121,155	₩ 200,993	₩ 42,623	₩ 87,863
Gain on foreign currency translation	25,368	129,125	17,120	69,215
Gain on disposal of property, plant and equipment	6,750	23,908	4,053	6,668
Commission income	1,955	12,699	11,593	15,012
Rental income	23,425	42,384	15,510	34,115
Other	103,079	211,769	134,604	331,459
	<u>₩ 281,732</u>	<u>₩ 620,878</u>	<u>₩ 225,503</u>	<u>₩ 544,332</u>

- (2) Other operating expenses for the three months and six months ended June 30, 2012 and 2011 consist of the following:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Loss on foreign exchange transaction	₩ 103,001	₩ 143,723	₩ 56,196	₩ 105,374
Loss on foreign currency translation	131,134	171,301	40,375	75,495
Donations	8,883	25,372	9,966	16,734
Loss on disposal of property, plant and equipment	20,878	27,237	40,600	47,368
Impairment loss on intangible assets	-	-	-	79,204
Other	51,968	95,560	51,488	88,361
	<u>₩ 315,864</u>	<u>₩ 463,193</u>	<u>₩ 198,625</u>	<u>₩ 412,536</u>

27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the three months and six months ended June 30, 2012 and 2011 consist of the following:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Gain on valuation of equity-accounted investees, net	₩ 624,530	₩ 1,290,465	₩ 707,732	₩ 1,279,749
Gain on disposal of investments in associates, net	-	113,351	133,587	133,587
	<u>₩ 624,530</u>	<u>₩ 1,403,816</u>	<u>₩ 841,319</u>	<u>₩ 1,413,336</u>

28. FINANCIAL INCOME AND EXPENSES:

- (1) Financial income for the three months and six months ended June 30, 2012 and 2011 consist of the following:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Interest income	₩ 145,978	₩ 270,435	₩ 107,978	₩ 224,652
Gain on foreign exchange transaction	10,358	25,152	14,706	19,533
Gain on foreign currency translation	13,226	92,160	29,639	72,060
Dividend income	-	14,808	-	17,584
Gain on valuation of financial liabilities at FVTPL	31,485	26,063	-	-
Gain on valuation of derivatives	38,217	40,022	19,000	86,397
Other	746	876	2,389	7,518
	<u>₩ 240,010</u>	<u>₩ 469,516</u>	<u>₩ 173,712</u>	<u>₩ 427,744</u>

- (2) Financial expenses for the three months and six months ended June 30, 2012 and 2011 consist of the following:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Interest expenses	₩ 115,807	₩ 226,830	₩ 110,039	₩ 247,881
Loss on foreign exchange transaction	13,875	19,209	9,732	15,259
Loss on foreign currency translation	82,124	108,063	17,295	19,586
Loss on disposal of trade notes and accounts receivable	2,933	5,564	708	4,818
Loss on valuation of financial assets at FVTPL	-	-	9,824	17,129
Impairment loss on AFS financial assets	2,123	2,123	-	-
Loss on valuation of derivatives	4,962	3,231	10,251	42,065
Other	2	5	22	33
	<u>₩ 221,826</u>	<u>₩ 365,025</u>	<u>₩ 157,871</u>	<u>₩ 346,771</u>

29. EXPENSES BY NATURE:

Expenses by nature for the three months and six months ended June 30, 2012 and 2011 consist of the following:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Changes in inventories	₩ 370,806	₩ (457,097)	₩ (85,438)	₩ 49,621
Raw materials and merchandise used	12,351,252	23,932,132	11,005,920	20,714,007
Employee benefits	1,834,532	3,603,725	1,565,988	2,962,539
Depreciation	411,618	823,560	390,429	775,866
Amortization	212,020	418,283	158,312	312,260
Other	4,539,351	9,620,447	5,155,111	10,100,748
Total (*)	<u>₩ 19,719,579</u>	<u>₩ 37,941,050</u>	<u>₩ 18,190,322</u>	<u>₩ 34,915,041</u>

- (*) Sum of cost of sales, selling and administrative expenses and other operating expenses in the consolidated statements of income.

30. EARNINGS PER COMMON SHARE:

Basic earnings per common share are computed by dividing profit available to common shares by the weighted average number of common shares outstanding during the period. The Group does not compute diluted earnings per common share for the three months and six months ended June 30, 2012 and 2011 as there are no dilutive items during the periods.

Basic earnings per common share for the three months and six months ended June 30, 2012 and 2011 are computed as follows:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won, except per share amounts)				
Profit attributable to owners of the Parent Company	₩ 2,445,807	₩ 4,746,316	₩ 2,140,319	₩ 3,891,833
Expected dividends on preferred stock	(561,699)	(1,090,085)	(491,657)	(894,174)
Profit available to common share	1,884,108	3,656,231	1,648,662	2,997,659
Weighted average number of common shares outstanding (*)	<u>209,269,769 shares</u>	<u>209,269,769 shares</u>	<u>209,271,449 shares</u>	<u>209,271,449 shares</u>
Basic earnings per common share	<u>₩ 9,003</u>	<u>₩ 17,471</u>	<u>₩ 7,878</u>	<u>₩ 14,324</u>

(*) Weighted average number of common shares outstanding includes the effects of treasury stock transactions.

31. INCOME TAX EXPENSE:

Income tax expense for the six months ended June 30, 2012 and 2011 consists of the following:

Description	Six months ended June 30,	
	2012	2011
(In millions of Korean Won)		
Income tax currently payable	₩ 1,165,582	₩ 973,585
Adjustments recognized in the current year in relation to the prior years	(47,930)	(13,958)
Changes in deferred taxes due to:		
Temporary differences	111,289	736,072
Tax credits and deficits	48,055	(385,658)
Items directly charged to equity	17,627	(52,821)
Effect of foreign exchange differences	(501)	7,274
Changes in scope of consolidation	939	-
Income tax expense	<u>₩ 1,295,061</u>	<u>₩ 1,264,494</u>

32. RETIREMENT BENEFIT PLAN:

(1) Expenses recognized in relation to defined contribution plans for the six months ended June 30, 2012 and 2011 are as follows:

Description	Six months ended June 30,	
	2012	2011
(In millions of Korean Won)		
Paid in cash	₩ 2,613	₩ 3,805
Recognized liability	814	498
	<u>₩ 3,427</u>	<u>₩ 4,303</u>

- (2) Actuarial assumptions used by the Company and its subsidiaries, respectively, as of June 30, 2012 and December 31, 2011 are as follows:

Description	June 30, 2012	December 31, 2011
Discount rate	3.97~8.18%	4.21~8.00%
Expected return on plan assets	4.33~8.50%	4.08~8.25%
Expected rate of salary increase	1.50~5.60%	1.50~5.60%

- (3) Profit and losses in relation to defined benefit plans for the three months and six months ended June 30, 2012 and 2011 are as follows:

Description	2012		2011	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Current service cost	₩ 99,599	₩ 198,578	₩ 81,071	₩ 161,816
Interest expenses	26,207	53,606	23,869	47,768
Expected return on plan assets	(17,936)	(36,412)	(14,239)	(29,160)
	<u>₩ 107,870</u>	<u>₩ 215,772</u>	<u>₩ 90,701</u>	<u>₩ 180,424</u>
Cost of sales (Manufacturing cost)	₩ 57,926	₩ 116,342	₩ 48,767	₩ 97,685
Selling and administrative expenses	35,140	69,656	30,045	58,908
Other	14,804	29,774	11,889	23,831
	<u>₩ 107,870</u>	<u>₩ 215,772</u>	<u>₩ 90,701</u>	<u>₩ 180,424</u>

- (4) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012	December 31, 2011
(In millions of Korean Won)		
Present value of defined benefit obligation	₩ 2,450,922	₩ 2,249,240
Fair value of plan assets	(1,667,240)	(1,600,601)
Defined benefit obligation	<u>₩ 783,682</u>	<u>₩ 648,639</u>

- (5) Changes in present value of the defined benefit obligation for the six months ended June 30, 2012 and 2011 are as follows:

Description	Six months ended June 30, 2012	Six months ended June 30, 2011
(In millions of Korean Won)		
Beginning of the period	₩ 2,249,240	₩ 1,808,027
Current service cost	198,578	161,816
Interest expenses	53,606	47,768
Transfer in (out)	642	3,979
Actuarial loss	6,367	35
Benefits paid	(61,604)	(237,095)
Effect of foreign exchange differences and other	4,093	(5,426)
End of the period	<u>₩ 2,450,922</u>	<u>₩ 1,779,104</u>

(6) Changes in fair value of the plan assets for the six months ended June 30, 2012 and 2011 are as follows:

Description	Six months ended June 30,	
	2012	2011
	(In millions of Korean Won)	
Beginning of the period	₩ 1,600,601	₩ 1,318,430
Expected return on plan assets	36,412	29,160
Actuarial gain	3,244	6,329
Transfer in (out)	(212)	526
Contributions from plan participants	54,440	77,632
Benefits paid	(27,250)	(115,134)
Effect of foreign exchange differences and other	5	(5,684)
End of the period	₩ 1,667,240	₩ 1,311,259

The actual returns on plan assets for the six months ended June 30, 2012 and 2011 are ₩41,946 million and ₩34,493 million, respectively.

(7) Fair value of the plan assets as of June 30, 2012 and December 31, 2011 consist of the following:

Description	June 30, 2012		December 31, 2011	
	(In millions of Korean Won)			
Insurance instruments	₩	1,484,970	₩	1,428,546
Debt instruments		29,119		29,346
Other		153,151		142,709
	₩	1,667,240	₩	1,600,601

33. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the six months ended June 30, 2012 and 2011 is as follows:

Description	Six months ended June 30,	
	2012	2011
	(In millions of Korean Won)	
Profit for the period	₩ 4,998,185	₩ 4,184,054
Addition of items not involving cash outflows:		
Payroll	31,972	28,828
Post-employment	215,772	180,424
Depreciation	823,560	775,866
Amortization of intangible assets	418,283	312,260
Provision for warranties	494,118	571,194
Income tax expense	1,295,061	1,264,494
Loss on foreign currency translation	279,364	95,081
Loss on disposal of property, plant and equipment	27,237	47,368
Impairment loss on intangible assets	-	79,204
Interest expenses	226,830	247,881
Loss on disposal of trade notes and accounts receivable	5,564	4,818
Loss on valuation of financial assets at FVTPL	-	17,129
Impairment loss on AFS financial assets	2,123	-
Loss on valuation of derivatives	3,231	42,065
Loss on valuation of equity-accounted investees	5,343	113
Loss on disposal of investments in associates	11,718	3,956
Cost of sales from financial services	1,807,408	1,767,836
Other	99,361	62,049
	5,746,945	5,500,566

Description	Six months ended June 30,	
	2012	2011
	(In millions of Korean Won)	
Deduction of items not involving cash inflows:		
Gain on foreign currency translation	₩ 221,285	₩ 141,275
Gain on disposal of property, plant and equipment	23,908	6,668
Interest income	270,435	224,652
Dividend income	14,808	17,584
Gain on valuation of financial liabilities at FVTPL	26,063	-
Gain on valuation of derivatives	40,022	86,397
Gain on valuation of equity-accounted investees	1,295,808	1,279,862
Gain on disposal of investments in associates	125,069	137,543
Revenue from financial services	258,129	1,033,419
Other	19,129	26,233
	(2,294,656)	(2,953,633)
Changes in operating assets and liabilities:		
Increase in trade notes and accounts receivable	(558,098)	(337,398)
Decrease (increase) in other receivables	111,274	(180,486)
Decrease (increase) in other financial assets	2,142	(42,400)
Increase in inventories	(278,728)	(301,558)
Decrease (increase) in other assets	(368,065)	20,732
Increase in trade notes and accounts payable	199,942	478,207
Decrease in other payables	(218,282)	(11,521)
Increase in other liabilities	1,374,531	1,693,139
Decrease in other financial liabilities	(5,997)	(11,286)
Changes in retirement benefit obligation	(49,498)	(80,215)
Payment of severance benefits	(34,354)	(121,961)
Decrease in provisions	(432,183)	(407,899)
Changes in financial services receivables	(1,819,770)	(1,691,366)
Increase in operating lease assets	(2,021,195)	(1,368,860)
Other	27,028	74,252
	(4,071,253)	(2,288,620)
Cash generated from operations	₩ 4,379,221	₩ 4,442,367

34. RISK MANAGEMENT:

(1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt to equity ratios as of June 30, 2012 and December 31, 2011 are as follows:

Description	June 30, 2012		December 31, 2011	
	(In millions of Korean Won)			
Total liabilities	₩	71,793,006	₩	69,152,273
Total equity		44,901,753		40,327,702
Debt to equity ratio		159.9%		171.5%

(2) Financial risk management

The Group is exposed to various financial risks such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk related to its financial instruments. The purpose of risk management of the Group is to identify potential risks related to financial performance and reduce, eliminate and evade those risks to an acceptable level of risks to the Group. Overall, the Group's financial risk management policy is consistent with the prior period policy.

1) Market risk

The Group is mainly exposed to financial risks arising from changes in foreign exchange rates and interest rates. Accordingly, the Group uses financial derivative contracts to hedge and to manage its' interest rate risk and foreign currency risk.

a) Foreign exchange risk management

The Group is exposed to various foreign exchange risk by making transactions in foreign currencies. The Group is mainly exposed to foreign exchange risk in USD, EUR and JPY.

The Group manages foreign exchange risk by matching the inflow and the outflow of foreign currencies according to each currency and maturity, and by adjusting the foreign currency settlement date based on its the exchange rate forecast. The Group uses foreign exchange derivatives; such as currency forward, currency swap, and currency option; as hedging instruments. However, speculative foreign exchange trade on derivative financial instruments is prohibited.

The Group's sensitivity to a 5% change in exchange rate of the functional currency against each foreign currencies on income before income tax as of June 30, 2012, is as follows:

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ (33,034)	₩ 33,034
EUR	(55,788)	55,788
JPY	(11,400)	11,400

The sensitivity analysis includes the Group's monetary assets, liabilities and derivative assets, liabilities but excludes items of income statements such as changes of sales and cost of sales due to exchange rate fluctuation.

b) Interest rate risk management

The Group has borrowings with fixed or variable interest rates. Also, the Group is exposed to interest rate risk arising from financial instruments with variable interest rates. To manage the interest rate risk, the Group maintains an appropriate balance between borrowings with fixed and variable interest rates for short-term borrowings and has a policy to borrow funds with fixed interest rates to avoid the future cash flow fluctuation risk for long-term debt if possible. The Group manages its interest rate risk through regular assessments of the change in markets conditions and the adjustments in nature of its interest rates.

The Group's sensitivity to a 1% change in interest rates on income before income tax as of June 30, 2012 is as follows:

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 4,245	₩ (4,245)
Borrowings and debentures	(50,091)	50,091

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from AFS equity investments. As of June 30, 2012, the amount of AFS equity investments measured at fair value is ₩1,592,626 million.

2) Credit risk

The Group is exposed to credit risk when a counterparty defaults on its contractual obligation resulting in financial loss to the Group. The Group operates a policy to transact with counterparties who only meet a certain level of credit rating which was evaluated based on the counterparty's financial conditions, default history, and other factors. The credit risk in the liquid funds and derivative financial instruments is limited as the Group transacts only with financial institutions with high credit-ratings assigned by international credit-rating agencies. Except for the guarantee of indebtedness discussed in Note 36, the book value of financial assets on the financial statements represents the maximum amounts of exposure to credit risk.

3) Liquidity risk

The Group manages liquidity risk based on maturity structure of fund. The Group analyses and reviews actual cash outflow and its budget to correspond the maturity of financial liabilities to that of financial assets.

Due to the inherent nature of the industry, the Group requires continuous R&D investment and is sensitive to economic fluctuations. The Group minimizes its credit risk in cash equivalents by investing in risk-free assets. In addition, the Group has agreements in place with financial institutions with respect to trade financing and overdraft to mitigate any significant unexpected market deterioration. The Group, also, continues to strengthen its credit rates to secure a stable financing capability.

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of June 30, 2012 is as follows:

Description	Remaining contract period							
	Within 1 year	Within 5 years		More than 5 years	Total			
		more than 1 year						
(In millions of Korean Won)								
Non interest-bearing liabilities	₩	12,320,273	₩	2,806	₩	334	₩	12,323,413
Interest-bearing liabilities		17,269,822		28,985,686		2,234,932		48,490,440
Financial guarantee		103,349		170,654		90,183		364,186

The maturity analysis is based on the non-discounted cash flows and the earliest maturity date that payments including both principal and interests, which should be made.

(3) Derivative instrument

The Group entered into derivative instrument contracts such as forwards, options and swaps to hedge its exposure to changes in foreign exchange rate.

As of June 30, 2012 and December 31, 2011, the Group deferred net loss of ₩7 million and ₩30,858 million, respectively, as accumulated other comprehensive loss, due to its effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 63 months as of June 30, 2012.

For the six months ended June 30, 2012 and 2011, the Group recognized net loss of ₩11,538 million and ₩121,069 million in profit or loss(before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments.

35. RELATED PARTY TRANSACTIONS:

The transactions and balances of receivables and payables within the Group are wholly eliminated in the preparation of consolidated financial statements of the Group.

- (1) Significant transactions for the six months ended June 30, 2012 and 2011 between the Group and related parties or affiliates by Monopoly Regulation And Fair Trade Act of the Republic of Korea ("Act") are as follows:

Description	Six months ended June 30,			
	2012		2011	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
(In millions of Korean Won)				
Related parties:				
Entity with significant influence over the Company	₩ 227,272	₩ 4,335,024	₩ 263,901	₩ 3,779,376
Joint ventures and associates	2,135,785	4,363,976	2,438,591	4,661,428
Other related parties	10,748	652,858	6,486	497,268
Affiliates by Act:	361,349	2,826,144	192,186	1,832,349

- (2) As of June 30, 2012 and December 31, 2011, significant balances related to the transactions between the Group and related parties or affiliates by Act are as follows:

Description	June 30, 2012		December 31, 2011	
	Receivables	Payables	Receivables	Payables
(In millions of Korean Won)				
Related parties:				
Entity with significant influence over the Company	₩ 132,145	₩ 1,223,423	₩ 146,745	₩ 1,238,695
Joint ventures and associates	741,152	1,177,476	923,052	1,282,713
Other related parties	11,814	259,189	7,504	329,323
Affiliates by Act:	151,657	1,007,633	76,273	866,699

- (3) Compensations for registered and unregistered directors for the six months ended June 30, 2012 and 2011 are as follows:

Description	Six months ended June 30,	
	2012	2011
(In millions of Korean Won)		
Short-term salaries	₩ 74,936	₩ 57,950
Long-term salaries	149	263
Severance benefits	14,333	13,510
	<u>₩ 89,418</u>	<u>₩ 71,723</u>

36. COMMITMENTS AND CONTINGENCIES:

- (1) As of June 30, 2012, the debt guarantees provided by the Group, excluding the Group's subsidiaries, are as follows:

	Domestic	Overseas (*)
	(In millions of Korean Won)	
Associates	₩ -	₩ 122,880
Others	162,615	301,848
Customer financing and lease financing	54,696	-
	<u>₩ 217,311</u>	<u>₩ 424,728</u>

- (*) The guarantee amounts in foreign currency are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of June 30, 2012.

- (2) As of June 30, 2012, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and other. The Group obtains insurances for potential losses which may result from product liabilities and other lawsuits. The Group expects that it is currently unable to estimate the outcome or the potential financial impact of such lawsuits and it will likely not have a material effect on its financial statements.
- (3) As of June 30, 2012, the Group's property, plant and equipment are pledged as collateral for various loans up to ₩961,917 million. In addition, the Group pledged certain bank deposits, checks, promissory notes and investment securities, including 213,466 shares of Kia Motors Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries such as financial services receivables are pledged as collateral for their borrowings.
- (4) As of June 30, 2012, the Company's subsidiaries have been provided with payment guarantee from other companies as follows:

Subsidiaries	Provider	Amounts of guarantee (In millions of Korean Won and in thousands of other currencies)
Hyundai Rotem Company	Machinery Financial Cooperative	KRW 826,110
	Korea Defense Industry Association	KRW 246,958
	Seoul Guarantee Insurance Company	KRW 352,519
	Construction guarantee	KRW 30,525
	Woori Bank	USD 31,185
	"	EUR 15,212
	Export-Import Bank of Korea	USD 357,140
	"	EUR 386,512
	"	SGD 6,409
	"	CNY 37,337
	"	OMR 5,311
	"	TND 2,000
	Korea Exchange Bank	USD 3,328
	"	EUR 2,189
	Korea Development Bank	USD 26,996
	Korea Exchange Bank	KRW 2,226
	"	INR 5,114
	Standard Chartered, Seoul Branch	THB 686,000
	MARSH	USD 5,000
	BNP Paribas	USD 7,620
	ANZ Bank	NZD 64,663
	SG Bank, Seoul Branch	USD 7,739
	"	KRW 4,995
	"	EUR 1,046

Subsidiaries	Provider	Amounts of guarantee (In millions of Korean Won and in thousands of other currencies)	
	Daesung Industrial Gases	KRW	57,432
	Seoul Guarantee Insurance Company	KRW	4,068
Hyundai Capital Services, Inc.	Hyundai WIA Corporation	KRW	164
	Seoul Guarantee Insurance Company	KRW	163,702
Hyundai Card Co., Ltd.	Seoul Guarantee Insurance Company	KRW	4,210
Hyundai Autron Co., Ltd.	Korea Exchange Bank and other	KRW	6,000
	Hana Bank and other	USD	45,300
HAOSVT	Other	USD	108,446
HMCI	Other	EUR	37,395

(5) In 2006, the Group sold 10,658,367 shares of Hyundai Rotem Company, a subsidiary of the Company, to MSPE Metro Investment AB and entered into a shareholders' agreement. MSPE Metro Investment AB is entitled to a put option to sell those shares back to the Group in certain events (as defined) in accordance with the agreement. In relation to the agreement, the present value of exercise price of the put option is recognized as a liability (other financial liability) by the Group.

(6) Hyundai Capital Services, Inc., a subsidiary of the Company, has Revolving Credit Facility Agreement with the following financial institutions:

Financial institution	Credit line
GE Capital Corporation	Euro worth of USD 1,000 million
Citi Bank, N.A.	USD 200 million
The Bank of Tokyo Mitsubishi UFJ., LTD.	USD 200 million
Mizuho Corporate Bank, Seoul Branch	KRW 65,000 million
JP Morgan, Seoul Branch	KRW 110,000 million
Citi Bank, Seoul	KRW 50,000 million
Standard Chartered, Seoul Branch	KRW 50,000 million
Societe Generale, Seoul Branch	KRW 55,000 million
Bank of China, Seoul	KRW 30,000 million
DBS Bank, Seoul	KRW 100,000 million
Credit Agricole, Seoul	KRW 100,000 million
RBS, Seoul	KRW 110,000 million
ING Bank, Seoul	KRW 100,000 million
Kookmin Bank	KRW 200,000 million
Korea Development Bank	KRW 30,000 million
Kyobo life insurance co., Ltd.	KRW 50,000 million

(7) Hyundai Card Co., Ltd, a subsidiary of the Company, has Revolving Credit Facility Agreement with the following financial institutions:

Financial institution	Credit line
GE Capital Corporation	Euro worth of USD 200 million
Woori Bank	KRW 200,000 million
Kookmin Bank	KRW 160,000 million
Shinhan Bank	KRW 100,000 million
NH bank	KRW 100,000 million
Citibank, Seoul	KRW 50,000 million

- (8) Hyundai Card Co., Ltd., a subsidiary of the Company, has an asset backed securitization agreement which provides early redemption clauses when certain triggering events occur. Such clauses are in place to limit the risk that the investors may incur due to changes in asset quality of the subsidiary in the future. In the event the asset-backed securitization triggers such events, Hyundai Card Co., Ltd. is obligated to make early redemption of its asset-backed securities.
- (9) The shares of Hyundai Engineering & Construction Co., Ltd, an equity method investee acquired during 2011, are restricted to be transferred or pledged as collateral in whole or in part to third party without prior written consent of the seller for the following two years from the acquisition. On the purpose of assuring this restriction, the shares of the associate worth of 10% of the total acquisition price are held by the designated escrow agent.

37. SEGMENT INFORMATION:

- (1) The Group has a vehicle segment, a finance segment and other. The vehicle segment is engaged in the manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Other includes the R&D, train manufacturing and other activities which cannot be classified as the vehicle segment or the finance segment.

- (2) Sales and operating income by operating segments are as follows:

	For the six months ended June 30, 2012				
	Vehicle	Finance	Other	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 53,760,911	₩ 4,106,008	₩ 1,971,066	₩ (17,732,874)	₩ 42,105,111
Inter-company sales	(17,438,161)	(64,870)	(229,843)	17,732,874	-
Net sales	36,322,750	4,041,138	1,741,223	-	42,105,111
Operating income	4,322,554	636,536	87,739	(261,890)	4,784,939

	For the six months ended June 30, 2011				
	Vehicle	Finance	Other	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 44,790,414	₩ 3,905,302	₩ 1,840,248	₩ (12,211,016)	₩ 38,324,948
Inter-company sales	(11,892,892)	(63,486)	(254,638)	12,211,016	-
Net sales	32,897,522	3,841,816	1,585,610	-	38,324,948
Operating income	3,217,180	794,207	80,206	(137,354)	3,954,239

- (3) Assets and liabilities by operating segments are as follows:

	As of June 30, 2012				
	Vehicle	Finance	Other	Consolidation Adjustments	Total
	(In millions of Korean Won)				
<u>ASSETS</u>					
Current assets	₩ 35,376,460	₩ 25,287,715	₩ 2,645,869	₩ (9,585,065)	₩ 53,724,979
Non-current assets	41,465,827	26,230,679	2,155,389	(6,882,115)	62,969,780
Total assets	₩ 76,842,287	₩ 51,518,394	₩ 4,801,258	₩ (16,467,180)	₩ 116,694,759
<u>LIABILITIES</u>					
Current liabilities	₩ 24,570,035	₩ 15,828,743	₩ 2,012,415	₩ (8,772,005)	₩ 33,639,188
Borrowings and debentures	4,209,178	11,422,459	940,989	(732,297)	15,840,329
Other	20,360,857	4,406,284	1,071,426	(8,039,708)	17,798,859
Non-current liabilities	8,416,520	28,833,744	1,225,924	(322,370)	38,153,818
Borrowings and debentures	1,987,069	26,663,646	884,961	(692,280)	28,843,396
Other	6,429,451	2,170,098	340,963	369,910	9,310,422
Total liabilities	₩ 32,986,555	₩ 44,662,487	₩ 3,238,339	₩ (9,094,375)	₩ 71,793,006

As of December 31, 2011					
	<u>Vehicle</u>	<u>Finance</u>	<u>Other</u>	<u>Consolidation adjustments</u>	<u>Total</u>
<u>ASSETS</u>	(In millions of Korean Won)				
Current assets	₩ 30,935,099	₩ 24,213,927	₩ 2,295,599	₩ (8,518,275)	₩ 48,926,350
Non-current assets	<u>40,379,461</u>	<u>24,325,148</u>	<u>2,145,740</u>	<u>(6,296,724)</u>	<u>60,553,625</u>
Total assets	<u>₩ 71,314,560</u>	<u>₩ 48,539,075</u>	<u>₩ 4,441,339</u>	<u>₩ (14,814,999)</u>	<u>₩ 109,479,975</u>
<u>LIABILITIES</u>					
Current liabilities	₩ 22,797,925	₩ 16,728,352	₩ 1,720,091	₩ (8,082,860)	₩ 33,163,508
Borrowings and debentures	4,005,841	12,819,762	594,797	(1,220,192)	16,200,208
Other	18,792,084	3,908,590	1,125,294	(6,862,668)	16,963,300
Non-current liabilities	8,411,987	25,747,924	1,293,890	534,964	35,988,765
Borrowings and debentures	2,324,745	23,863,808	949,899	-	27,138,452
Other	<u>6,087,242</u>	<u>1,884,116</u>	<u>343,991</u>	<u>534,964</u>	<u>8,850,313</u>
Total liabilities	<u>₩ 31,209,912</u>	<u>₩ 42,476,276</u>	<u>₩ 3,013,981</u>	<u>₩ (7,547,896)</u>	<u>₩ 69,152,273</u>

(4) Sales and operating income by region where the Group's entities are located in are as follows:

	For the six months ended June 30, 2012						
	<u>Korea</u>	<u>North America</u>	<u>Asia</u>	<u>Europe</u>	<u>Other</u>	<u>Consolidation adjustments</u>	<u>Total</u>
	(In millions of Korean Won)						
Total sales	₩ 26,792,925	₩15,666,554	₩ 3,837,314	₩13,541,162	₩ 30	₩(17,732,874)	₩42,105,111
Inter-company sales	<u>(7,779,111)</u>	<u>(3,315,432)</u>	<u>(346,924)</u>	<u>(6,291,407)</u>	<u>-</u>	<u>17,732,874</u>	<u>-</u>
Net sales	<u>19,013,814</u>	<u>12,351,122</u>	<u>3,490,390</u>	<u>7,249,755</u>	<u>30</u>	<u>-</u>	<u>42,105,111</u>
Operating income	<u>3,296,972</u>	<u>1,004,150</u>	<u>213,111</u>	<u>576,837</u>	<u>(44,241)</u>	<u>(261,890)</u>	<u>4,784,939</u>
	For the six months ended June 30, 2011						
	<u>Korea</u>	<u>North America</u>	<u>Asia</u>	<u>Europe</u>	<u>Other</u>	<u>Consolidation adjustments</u>	<u>Total</u>
	(In millions of Korean Won)						
Total sales	₩ 24,957,698	₩12,581,541	₩ 3,721,245	₩ 9,275,480	₩ -	₩(12,211,016)	₩38,324,948
Inter-company sales	<u>(5,764,582)</u>	<u>(3,055,253)</u>	<u>(261,269)</u>	<u>(3,129,912)</u>	<u>-</u>	<u>12,211,016</u>	<u>-</u>
Net sales	<u>19,193,116</u>	<u>9,526,288</u>	<u>3,459,976</u>	<u>6,145,568</u>	<u>-</u>	<u>-</u>	<u>38,324,948</u>
Operating income	<u>2,829,479</u>	<u>907,286</u>	<u>201,645</u>	<u>171,012</u>	<u>(17,829)</u>	<u>(137,354)</u>	<u>3,954,239</u>

(5) Non-current assets by region where the Group's entities are located in as of June 30, 2012 and December 31, 2011 are as follows:

	<u>June 30, 2012</u>	<u>December 31, 2011</u>
	(In millions of Korean Won)	
Korea	₩ 17,272,513	₩ 17,143,139
North America	1,683,253	1,724,270
Asia	1,035,177	1,111,898
Europe	2,151,142	2,175,648
Other	<u>496,569</u>	<u>365,926</u>
	22,638,654	22,520,881
Consolidation adjustments	<u>(29,884)</u>	<u>(30,297)</u>
Total (*)	<u>₩ 22,608,770</u>	<u>₩ 22,490,584</u>

(*) Sum of property, plant and equipment, intangible assets and investment property.

(6) There is no single external customer who has 10% or more of the Group's revenues for the six months ended June 30, 2012.

38. CONSTRUCTION CONTRACTS:

Cost, income and loss and claimed construction from construction in progress as of June 30, 2012 and December 31, 2011 are as follows

Description	June 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Accumulated accrual cost	₩ 4,379,929	₩ 7,356,916
Accumulated income	642,378	1,286,987
Accumulated loss	(204,904)	(164,938)
Accumulated construction in process	4,817,403	8,478,965
Progress billing	4,364,713	8,184,569
Due from customers	801,170	762,263
Due to customers	348,480	467,868

39. BUSINESS COMBINATIONS:

(1) The Company acquired 100% of shares in HMF, HAS and HAAP, respectively, as of January 3, 2012, and has obtained control over HMD by acquiring additional share (the Company has owned 100% of shares after acquisition). There is no significant changes in financial statements as of actual date of acquisition from those as of December 31, 2011 used in accounting for business combinations.

(2) Considerations for acquisition and the amounts of the assets acquired and liabilities assumed at the acquisition date are as follows:

	HMF	HAS	HAAP	HMD	Total
	(In millions of Korean Won)				
Considerations transferred (*)	₩ 114,482	₩ 23,904	₩ 7,275	₩ 125,740	₩ 271,401
Assets acquired and liabilities assumed:					
Cash and cash equivalent	57,994	32	1,724	24	59,774
Other current assets	156,136	13,899	4,837	363,299	538,171
Non-current assets	5,518	27	-	24,802	30,347
Current liabilities	142,917	5,141	2,511	235,790	386,359
Non-current liabilities	8,812	69	114	55,035	64,030
Identifiable net assets	67,919	8,748	3,936	97,300	177,903
Goodwill(*)	₩ 46,563	₩ 15,156	₩ 3,339	₩ 28,440	₩ 93,498

(*) The settlement is in process for the purchase consideration which might change the amounts of considerations and goodwill.

(3) Sales and net income (loss) for the six months ended June 30, 2012 after the acquisition date included in the consolidated statements of income are as follows:

	HMF	HAS	HAAP	HMD	Total
	(In millions of Korean Won)				
Sales	₩ 352,814	₩ 13,327	₩ 5,745	₩ 808,626	₩ 1,180,512
Net income (loss)	(1,055)	1,616	140	(11,339)	(10,638)

(4) Contractual gross amounts for trade receivables and expected uncollectable amounts are as follows:

	HMF	HAS	HAAP	HMD	Total
	(In millions of Korean Won)				
Contractual gross amounts	₩ 63,740	₩ 13,638	₩ 4,133	₩ 18,306	₩ 99,817
Expected uncollectable amounts	(4,704)	(1)	(114)	(618)	(5,437)

40. EVENTS AFTER THE REPORTING PERIOD:

- (1) KEFICO Corporation, a joint venture of the Company, reduced the capital through the compensational cancellation of 1,670,000 shares among its common shares as of August 1, 2012. The Company's ownership percentage is 100% after the capital reduction.
- (2) Hyundai Capital Services, Inc., a subsidiary of the Company, acquired 100% ownership on GE Capital Corporation as of July 3, 2012 with approval from the Board of Directors of Hyundai Capital Services, Inc. on October 21, 2011.