

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS ENDED
SEPTEMBER 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 September 30, 2012 and the related consolidated statements of income, comprehensive income for the three months and nine months ended September 30, 2012 and 2011, respectively, and the related consolidated changes in shareholders' equity and cash flows for the nine months ended September 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 41.3% and 43.5% of the consolidated total assets as of September 30, 2012 and December 31, 2011, respectively, and 43.2% and 38.2% of the consolidated total sales for the nine months ended September 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.

Deloitte Anjin LLC

November 15, 2012

Notice to Readers

This report is effective as of November 15, 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 NINE MONTHS ENDED
SEPTEMBER 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 SEPTEMBER 30, 2012 AND DECEMBER 31, 2011

<u>ASSETS</u>	<u>NOTES</u>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	18	₩ 7,471,674	₩ 6,231,946
Short-term financial instruments	18	11,387,671	9,182,575
Trade notes and accounts receivable	3,18	3,630,295	3,845,517
Other receivables	4,18	2,853,604	2,240,482
Other financial assets	5,18	107,811	356,444
Inventories	6	6,691,439	6,237,752
Other assets	7,18	1,740,161	1,137,862
Current tax assets		23,688	36,084
Financial services receivables	12,18	<u>20,201,509</u>	<u>19,657,688</u>
Total current assets		<u>54,107,852</u>	<u>48,926,350</u>
Non-current assets:			
Long-term financial instruments	18	1,386	211,540
Long-term trade notes and accounts receivable	3,18	62,045	76,843
Other receivables	4,18	1,029,712	987,207
Other financial assets	5,18	1,770,334	1,897,943
Other assets	7,18	11,691	1,288
Property, plant and equipment	8	20,272,333	19,548,048
Investment property	9	271,692	282,427
Intangibles	10	2,787,460	2,660,109
Investments in joint ventures and associates	11	12,660,763	11,709,238
Deferred tax assets		440,860	458,287
Financial services receivables	12,18	18,277,638	17,452,441
Operating lease assets	13	<u>7,384,643</u>	<u>5,268,254</u>
Total non-current assets		<u>64,970,557</u>	<u>60,553,625</u>
Total assets		<u>₩ 119,078,409</u>	<u>₩ 109,479,975</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF SEPTEMBER 30, 2012 AND DECEMBER 31, 2011

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>NOTES</u>	<u>September 30, 2012</u>	<u>December 31, 2011</u>
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	18	₩ 6,599,115	₩ 6,666,406
Other payables	18	3,494,286	3,752,684
Short-term borrowings	14,18	6,464,593	7,880,014
Current portion of long-term debt and debentures	14,18	8,627,909	8,320,194
Income tax payable		1,062,947	925,519
Provisions	15	1,759,908	1,686,161
Other financial liabilities	16,18	341,197	455,914
Other liabilities	17,18	<u>4,666,259</u>	<u>3,476,616</u>
Total current liabilities		<u>33,016,214</u>	<u>33,163,508</u>
Non-current liabilities:			
Long-term other payables	18	3,264	29,471
Debentures	14,18	24,724,180	23,654,325
Long-term debt	14,18	4,757,116	3,484,127
Defined benefit obligations	32	872,032	648,639
Provisions	15	5,241,641	4,960,992
Other financial liabilities	16,18	129,581	200,197
Other liabilities	17,18	1,503,478	1,537,003
Deferred tax liabilities		<u>1,867,968</u>	<u>1,474,011</u>
Total non-current liabilities		<u>39,099,260</u>	<u>35,988,765</u>
Total liabilities		<u>72,115,474</u>	<u>69,152,273</u>
Shareholders' equity:			
Capital stock	19	1,488,993	1,488,993
Capital surplus	20	4,157,158	4,114,010
Other capital items	21	(1,128,779)	(1,128,779)
Accumulated other comprehensive income	22	84,150	375,281
Retained earnings	23	<u>38,519,611</u>	<u>32,263,528</u>
Equity attributable to the owners of the Parent Company		<u>43,121,133</u>	<u>37,113,033</u>
Non-controlling interests		<u>3,841,802</u>	<u>3,214,669</u>
Total shareholders' equity		<u>46,962,935</u>	<u>40,327,702</u>
Total liabilities and shareholders' equity		<u>₩ 119,078,409</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 NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

	NOTES	2012		2011	
		Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
(In millions of Korean Won, except per share amounts)					
Sales	24,37	₩ 19,645,634	₩ 61,750,745	₩ 18,953,964	₩ 57,278,912
Cost of sales	29	15,201,751	47,259,875	14,056,814	43,318,973
Gross profit		4,443,883	14,490,870	4,897,150	13,959,939
Selling and administrative expenses	25,29	2,491,708	7,911,441	2,801,583	8,041,929
Other operating income	26	340,586	887,175	182,672	727,004
Other operating expenses	26,29	236,940	625,844	283,473	696,009
Operating income		2,055,821	6,840,760	1,994,766	5,949,005
Gain on investments in joint ventures and associates, net	27	601,426	2,005,242	520,653	1,933,989
Finance income	28	253,085	714,434	189,514	573,261
Finance expenses	28	129,617	486,475	251,863	554,637
Income before income tax		2,780,715	9,073,961	2,453,070	7,901,618
Income tax expense	31	615,106	1,910,167	534,731	1,799,225
Profit for the period		₩ 2,165,609	₩ 7,163,794	₩ 1,918,339	₩ 6,102,393
Profit attributable to:					
Owners of the Parent Company		2,025,231	6,771,547	1,813,923	5,705,756
Non-controlling interests		140,378	392,247	104,416	396,637
Earnings per share attributable to the owners of the Parent Company:	30				
Basic earnings per common share		₩ 7,454	₩ 24,926	₩ 6,660	₩ 20,984
Diluted earnings per common share		₩ 7,454	₩ 24,926	₩ 6,660	₩ 20,984

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Profit for the period	₩ 2,165,609	₩ 7,163,794	₩ 1,918,339	₩ 6,102,393
Other comprehensive income (expenses):				
Gain (loss) on valuation of available-for-sale financial assets, net	22,000	(16,124)	(197,111)	(108,062)
Gain (loss) on valuation of cash flow hedge derivatives, net	(21,705)	36,154	(86,666)	(56,366)
Changes in valuation of equity-accounted investees, net	(28,209)	(55,213)	97,143	243,711
Actuarial loss on defined benefit obligations, net	(3,163)	(4,744)	(27,555)	(22,972)
Gain (loss) on foreign operations translation, net	(56,131)	(266,940)	345,394	150,925
Total other comprehensive income (expenses)	(87,208)	(306,867)	131,205	207,236
Total comprehensive income	₩ 2,078,401	₩ 6,856,927	₩ 2,049,544	₩ 6,309,629
Comprehensive income attributable to:				
Owners of the Parent Company	1,954,425	6,461,806	1,972,278	5,940,656
Non-controlling interests	123,976	395,121	77,266	368,973
Total comprehensive income	₩ 2,078,401	₩ 6,856,927	₩ 2,049,544	₩ 6,309,629

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 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	-	-	-	-	5,705,756	5,705,756	396,637	6,102,393
Loss on valuation of available-for-sale financial assets, net	-	-	-	(107,850)	-	(107,850)	(212)	(108,062)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(26,134)	-	(26,134)	(30,232)	(56,366)
Changes in valuation of equity-accounted investees, net	-	-	-	238,629	5,071	243,700	11	243,711
Actuarial loss on defined benefit obligations, net	-	-	-	-	(21,046)	(21,046)	(1,926)	(22,972)
Gain on foreign operations translation, net	-	-	-	146,230	-	146,230	4,695	150,925
Total comprehensive Income	-	-	-	250,875	5,689,781	5,940,656	368,973	6,309,629
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(412,227)	(412,227)	(45,423)	(457,650)
Purchase of treasury stock	-	-	(173,778)	-	-	(173,778)	-	(173,778)
Increase in subsidiaries' stock	-	-	-	-	-	-	10,780	10,780
Disposal of subsidiaries' stock	-	40	-	-	-	40	-	40
Other	-	-	-	-	50	50	(826)	(776)
Total transactions with owners, recorded directly in equity	-	40	(173,778)	-	(412,177)	(585,915)	(35,469)	(621,384)
Balance at September 30, 2011	₩ 1,488,993	₩ 3,900,975	₩ (1,091,992)	₩ 660,789	₩ 30,493,767	₩ 35,452,532	₩ 3,123,686	₩ 38,576,218

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HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 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					6,771,547	6,771,547	392,247	7,163,794
Gain (loss) on valuation of available-for-sale financial assets, net				(16,402)		(16,402)	278	(16,124)
Gain on valuation of cash flow hedge derivatives, net				19,831		19,831	16,323	36,154
Changes in valuation of equity-accounted investees, net				(38,976)	(15,942)	(54,918)	(295)	(55,213)
Actuarial loss on defined benefit obligations, net					(2,668)	(2,668)	(2,076)	(4,744)
Loss on foreign operations translation, net				(255,584)		(255,584)	(11,356)	(266,940)
Total comprehensive Income				(291,131)	6,752,937	6,461,806	395,121	6,856,927
Transactions with owners, recorded directly in equity:								
Payment of cash dividends					(480,105)	(480,105)	(38)	(480,143)
Increase in subsidiaries' stock		43,148				43,148	232,050	275,198
Other					(16,749)	(16,749)		(16,749)
Total transactions with owners, recorded directly in equity		43,148			(496,854)	(453,706)	232,012	(221,694)
Balance at September 30, 2012	₩ 1,488,993	₩ 4,157,158	₩ (1,128,779)	₩ 84,150	₩ 38,519,611	₩ 43,121,133	₩ 3,841,802	₩ 46,962,935

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

	NOTES	Nine months ended September 30,	
		2012	2011
(In millions of Korean Won)			
Cash flows from operating activities:			
Cash generated from operations:	33		
Profit for the period		₩ 7,163,794	₩ 6,102,393
Adjustments		5,071,913	4,926,207
Changes in operating assets and liabilities		<u>(5,665,099)</u>	<u>(6,108,683)</u>
		6,570,608	4,919,917
Interest received		454,672	403,825
Interest paid		(1,252,482)	(1,275,023)
Dividend received		743,192	604,381
Income tax paid		<u>(1,653,270)</u>	<u>(1,411,741)</u>
Net cash provided by operating activities		<u>4,862,720</u>	<u>3,241,359</u>
Cash flows from investing activities:			
Cash inflows from investing activities:			
Proceeds from withdrawal of short-term financial instruments		7,339,499	6,696,091
Proceeds from disposal of other financial assets		36,387	757,737
Proceeds from disposal of other receivables		65,865	389,812
Proceeds from disposal of property, plant and equipment		63,637	97,568
Proceeds from disposal of intangible assets		1,687	5,469
Proceeds from disposal of investments in joint ventures and associates		220,871	122,106
Other cash receipts from investing activities		<u>8,019</u>	<u>41,292</u>
Total cash inflows from investing activities		<u>7,735,965</u>	<u>8,110,075</u>
Cash outflows from investing activities:			
Purchase of short-term financial instruments		(8,220,759)	(6,744,334)
Acquisition of other financial assets		(78,527)	(704,914)
Acquisition of other receivables		(74,335)	(378,832)
Purchase of long-term financial instruments		(1,160,000)	(290,000)
Acquisition of property, plant and equipment		(1,821,443)	(1,875,425)
Acquisition of intangible assets		(534,242)	(555,897)
Acquisition of investments in subsidiaries		(290,911)	-
Acquisition of investments in joint ventures and associates		(184,340)	(3,084,315)
Other cash payments from investing activities		<u>(16,561)</u>	<u>(37,471)</u>
Total cash outflows from investing activities		<u>(12,381,118)</u>	<u>(13,671,188)</u>
Net cash used in investing activities		<u>(4,645,153)</u>	<u>(5,561,113)</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>NOTES</u>	Nine months ended September 30,	
		<u>2012</u>	<u>2011</u>
		(In millions of Korean Won)	
Cash flows from financing activities:			
Cash inflows from financing activities:			
Proceeds from short-term borrowings	₩	23,199,984	₩ 15,682,138
Proceeds from issue of debentures		9,106,974	10,265,930
Proceeds from long-term debt		3,627,435	1,178,859
Paid in capital increase of subsidiaries		<u>277,476</u>	<u>10,780</u>
Total cash inflows from financing activities		<u>36,211,869</u>	<u>27,137,707</u>
Cash outflows from financing activities:			
Repayment of short-term borrowings		(23,654,688)	(16,888,496)
Repayment of current portion of long-term debt and debentures		(7,948,209)	(413,595)
Repayment of debentures		(1,477,041)	(6,470,458)
Repayment of long-term debt		(1,386,823)	(255,441)
Repayment of other financial liabilities		(173,001)	-
Purchase of treasury stock		-	(156,858)
Dividends paid		(480,143)	(457,650)
Other cash payments from financing activities		<u>(18,813)</u>	<u>(15,248)</u>
Total cash outflows from financing activities		<u>(35,138,718)</u>	<u>(24,657,746)</u>
Net cash provided by financing activities		<u>1,073,151</u>	<u>2,479,961</u>
Effect of exchange rate changes on cash and cash equivalents			
		(50,990)	8,917
Net increase in cash and cash equivalents		1,239,728	169,124
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>7,471,674</u>	₩ <u>6,384,939</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 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 September 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 September 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%	
Hyundai KEFICO Corporation	"	"	100.00%	
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 Co., 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%

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Beijing XinhuaXiaiqiyetong Motor Chain Co., Ltd.	"	"	100.00%	"
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%
KEFICO Automotive Systems (Beijing) Co., Ltd.	"	"	100.00%	Hyundai KEFICO 100.00%
KEFICO VIETNAM COMPANY LIMITED	"	Vietnam	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	89.29%	
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 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%	"

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Auto Lease Funding, LLC	"	"	100.00%	"
Hyundai ABS Funding Corporation	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	Financing	USA	100.00%	HCA 100.00%
Hyundai HK Lease, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	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 nine months ended September 30, 2012 is as follows:

Name of subsidiaries	Assets	Liabilities	Sales (*2)	Net income (*2)
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*1)	₩ 21,661,493	₩ 18,613,498	₩ 2,495,529	₩ 355,432
Hyundai Card Co., Ltd. (*1)	10,901,572	8,741,975	1,860,994	162,365
Hyundai Rotem Company (*1)	3,933,635	2,756,870	2,180,759	66,626
Hyundai KEFICO Corporation (*1, *2)	866,610	620,096	1,116,748	42,856
HCA (*1)	19,861,917	18,067,762	2,014,849	196,725
HMA	6,252,877	3,283,182	12,931,047	525,096
HMMC	2,639,899	1,470,532	4,066,450	353,326
HMMA	2,907,066	1,494,924	5,191,502	317,125
HMI (*1)	2,353,380	1,346,145	3,861,085	176,354
HMCIS	847,984	602,743	2,933,520	185,623
HAC (*1)	938,302	518,139	2,620,907	56,047
HMCA	709,775	483,396	1,759,499	13,206
HAOSVT	881,612	637,037	1,136,535	16,432
HMUK	488,568	441,606	1,010,518	7,764

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

(*2) Accumulated amounts for the nine months ended September 30, 2012

(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 or excluded from consolidation for the nine months ended September 30, 2012 are as follows:

Changes	Name of subsidiaries	Description
Included	Hyundai Motor Deutschland GmbH	Acquisition
	Hyundai Motor France SAS	
	Hyundai Automobiles Services SAS (HAS)	
	Hyundai Accessories & Parts SARL (HAAP)	
	GE Capital Korea, Ltd.	
	Hyundai Protection Plan, Inc.	
	Privia the Third Securitization Specialty Co., Ltd.	
	Hyundai Protection Plan Florida, Inc.	
	Hyundai Capital Insurance Company	
	Hyundai KEFICO Corporation	
Excluded	KEFICO Automotive Systems (Beijing) Co., Ltd.	Capital reduction
	KEFICO VIETNAM COMPANY LIMITED	
	Hyundai Automobiles Services SAS	
Excluded	Hyundai Accessories & Parts SARL	Merger
	GE Capital Korea, Ltd.	

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 nine months ended September 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 been applied earlier by the Group 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 1032(Amendment): ‘Financial Instruments: Presentation’

The amendments to K-IFRS 1032 require that the right of set-off, which can be always exercised during the contractual period and must be enforceable in all of the circumstances; the normal course of business and the event of default and insolvency or bankruptcy of the entity and the counterparties, shall not be contingent on a future event, in order to clarify standards for offsetting financial assets and financial liabilities. The amendments to K-IFRS 1032 are effective for annual periods beginning on or after January 1, 2013.

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

The amendments to K-IFRS 1107 require that offsetting financial assets and financial liabilities shall be disclosed. The amendments to K-IFRS 1107 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 September 30, 2012 and December 31, 2011 consist of the following:

<u>Description</u>	<u>September 30, 2012</u>		<u>December 31, 2011</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 3,661,130	₩ 66,467	₩ 3,885,863	₩ 82,628
Allowance for doubtful accounts	(30,835)	-	(40,346)	-
Present value discount accounts	-	(4,422)	-	(5,785)
	<u>₩ 3,630,295</u>	<u>₩ 62,045</u>	<u>₩ 3,845,517</u>	<u>₩ 76,843</u>

(2) Aging analysis of trade notes and accounts receivable

As of September 30, 2012 and December 31, 2011, total trade notes and accounts receivable that are past due but not impaired are ₩429,145 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 ₩338,651 million and ₩235,267 million, respectively. As of September 30, 2012 and December 31, 2011, the impaired trade notes and accounts receivable are ₩30,835 million and ₩40,853 million, respectively.

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Beginning of the period	₩ 30,011	₩ 40,346	₩ 36,087	₩ 30,355
Impairment loss	2,266	9,443	374	7,114
Write-off	(1,418)	(23,719)	(132)	(132)
Effect of foreign exchange differences	(24)	(592)	1,811	803
Changes in scope of consolidation	-	5,357	-	-
End of the period	<u>₩ 30,835</u>	<u>₩ 30,835</u>	<u>₩ 38,140</u>	<u>₩ 38,140</u>

4. OTHER RECEIVABLES:

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

Description	September 30, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accounts receivables-other	₩ 1,814,481	₩ 732,264	₩ 1,405,249	₩ 707,051
Due from customers for contract work	967,348	-	762,263	-
Lease and rental deposits	51,928	264,118	64,474	236,347
Deposits	11,667	34,607	8,283	29,354
Other	13,421	-	4,389	18,728
Allowance for doubtful accounts	(5,241)	-	(4,176)	-
Present value discount accounts	-	(1,277)	-	(4,273)
	<u>₩ 2,853,604</u>	<u>₩ 1,029,712</u>	<u>₩ 2,240,482</u>	<u>₩ 987,207</u>

5. OTHER FINANCIAL ASSETS:

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

Description	September 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	₩ 55,668	₩ 69,302	₩ 18,645	₩ 72,448
Derivative assets that are effective hedging instruments	33,758	63,468	306,791	171,142
Available for sale financial assets	3,388	1,627,471	22,960	1,642,632
Held-to-maturity ("HTM") financial assets	-	62	-	-
Loans	14,997	10,031	8,048	11,721
	<u>₩ 107,811</u>	<u>₩ 1,770,334</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 September 30, 2012 and December 31, 2011 consist of the following:

Description	September 30, 2012			December 31, 2011
	Acquisition cost	Difference	Book value	Book value
	(In millions of Korean Won)			
Debt instruments	₩ 5,514	₩ 209	₩ 5,723	₩ 24,739
Equity instruments	<u>675,282</u>	<u>949,854</u>	<u>1,625,136</u>	<u>1,640,853</u>
	<u>₩ 680,796</u>	<u>₩ 950,063</u>	<u>₩ 1,630,859</u>	<u>₩ 1,665,592</u>

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

Name of company	Ownership percentage (%)	September 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	₩ 496,051	₩ 552,975	₩ 562,830
Hyundai Glovis Co., Ltd.	4.88	210,688	235,146	445,834	351,540
Korea Aerospace Industries, Co., Ltd.	10.00	151,086	120,870	271,956	385,514
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	76,363	130,097	130,097
Hyundai Green Food Co., Ltd.	2.36	15,005	27,918	42,923	37,270
Seoul Metro Line Nine Corporation (*)	25.00	41,779	-	41,779	41,779
Hyundai Merchant Marine Co., Ltd.	0.48	9,161	9,308	18,469	17,394
Doosan Capital Co., Ltd.	7.14	10,000	6,406	16,406	16,406
Hyundai Finance Corporation	9.29	9,888	1,062	10,950	10,427
Hyundai Development Company	0.60	9,025	988	10,013	7,560
Ubivelo Co., Ltd.	5.23	1,710	7,616	9,326	9,310
KT Corporation	0.09	8,655	(204)	8,451	8,559
NICE Information Service Co., Ltd.	2.25	3,312	(167)	3,145	3,189
NICE Holdings Co., Ltd.	1.42	3,491	(812)	2,679	2,497
Hyundai Asan Corporation	2.53	22,500	(20,384)	2,116	4,239
NESSCAP, Inc.	6.90	1,997	(726)	1,271	2,804
ENOVA Systems, Inc.	0.42	2,204	(2,181)	23	36
Other		<u>64,123</u>	<u>(7,400)</u>	<u>56,723</u>	<u>49,402</u>
		<u>₩ 675,282</u>	<u>₩ 949,854</u>	<u>₩ 1,625,136</u>	<u>₩ 1,640,853</u>

- (*) 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 September 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 September 30, 2012 and December 31, 2011 consist of the following:

Description	September 30, 2012		December 31, 2011	
	(In millions of Korean Won)			
Finished goods	₩	3,324,669	₩	3,293,273
Merchandise		307,200		242,583
Semi-finished goods		431,418		332,892
Work in process		388,068		304,958
Raw materials		1,177,965		1,050,361
Supplies		168,536		173,195
Materials in transit		527,191		420,601
Other		366,392		419,889
	₩	6,691,439	₩	6,237,752

7. OTHER ASSETS:

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

Description	September 30, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 361,478	₩ 384	₩ 310,286	₩ -
Advanced payments	622,850	6,331	387,116	-
Prepaid expenses	247,986	4,976	230,561	1,288
Prepaid value added tax and other	507,847	-	209,899	-
	₩ 1,740,161	₩ 11,691	₩ 1,137,862	₩ 1,288

8. PROPERTY, PLANT AND EQUIPMENT:

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

Description	Beginning of the period		Acquisition		Acquisition from business combinations		Transfer	Disposal	Depreciation	Other (*)	End of the period
					Transfer	Disposal					
	(In millions of Korean Won)										
Land	₩ 5,637,917	₩ 68,770	₩ 36,189	₩ 75,908	₩ (14,470)	₩ -	₩ 37,315	₩ 5,841,629			
Buildings	4,269,581	50,796	46,892	415,122	(6,666)	(140,135)	(47,030)	4,588,560			
Structures	543,372	3,785	1,712	49,731	(705)	(43,460)	(2,400)	552,035			
Machinery and equipment	5,442,619	9,843	159,058	770,224	(30,727)	(524,025)	(70,898)	5,756,094			
Vehicles	163,287	38,504	12,525	16,630	(12,657)	(26,644)	(7,238)	184,407			
Dies, molds and tools	1,425,188	18,316	7,421	376,156	(6,049)	(380,444)	(17,121)	1,423,467			
Office equipment	354,913	48,285	2,844	84,838	(1,236)	(110,321)	(2,499)	376,824			
Other	52,412	1,287	4,112	(11,527)	(309)	(6,704)	(2,678)	36,593			
Construction in progress	1,658,759	1,581,857	29,213	(1,777,082)	(3,458)	-	23,435	1,512,724			
	₩ 19,548,048	₩ 1,821,443	₩ 299,966	₩ -	₩ (76,277)	₩ (1,231,733)	₩ (89,114)	₩ 20,272,333			

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

The changes in property, plant and equipment for the nine months ended September 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	₩ 17,643	₩ 9,493	₩ (43,721)	₩ -	₩ (6,166)	₩ 5,645,100
Buildings	4,335,818	21,259	100,195	(5,478)	(138,333)	24,948	4,338,409
Structures	546,936	6,832	24,298	(1,357)	(36,536)	11,907	552,080
Machinery and equipment	5,107,741	151,141	887,019	(39,867)	(498,389)	(25,005)	5,582,640
Vehicles	160,430	24,969	19,995	(22,419)	(23,229)	(4,216)	155,530
Dies, molds and tools	1,364,502	61,062	403,141	(17,474)	(371,460)	(9,085)	1,430,686
Office equipment	319,988	61,735	48,519	(1,888)	(98,241)	4,537	334,650
Other	6,985	6,772	23,591	(668)	(3,583)	4,708	37,805
Construction in progress	1,003,958	1,524,012	(1,516,251)	(8,351)	-	63,902	1,067,270
	<u>₩ 18,514,209</u>	<u>₩ 1,875,425</u>	<u>₩ -</u>	<u>₩ (141,223)</u>	<u>₩ (1,169,771)</u>	<u>₩ 65,530</u>	<u>₩ 19,144,170</u>

(*) 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 nine months ended September 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	-	(8,470)	(1,964)	210,900
Structures	14,336	-	(301)	-	14,035
	<u>₩ 282,427</u>	<u>₩ -</u>	<u>₩ (8,771)</u>	<u>₩ (1,964)</u>	<u>₩ 271,692</u>

The changes in investment property for the nine months ended September 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	(8,154)	4,782	224,945
Structures	14,186	548	(298)	-	14,436
	<u>₩ 267,116</u>	<u>₩ 22,692</u>	<u>₩ (8,452)</u>	<u>₩ 4,782</u>	<u>₩ 286,138</u>

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
(In millions of Korean Won)				
Rental income	₩ 8,671	₩ 23,919	₩ 6,985	₩ 19,721
Operating and maintenance expenses	3,402	9,544	2,847	8,425

10. INTANGIBLES:

(1) The changes in intangibles for the nine months ended September 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
Goodwill	₩ 177,154	₩ -	₩ 114,552	₩ -	₩ -	₩ -	₩ (725)	₩ 290,981
Development costs	1,848,032	414,038	74,776	22,308	-	(554,330)	1,707	1,806,531
Industrial property rights	22,777	151	455	6,663	-	(4,461)	448	26,033
Software	181,716	9,469	4,212	17,908	(21)	(43,553)	40,658	210,389
Other	290,099	36,186	1,940	14,165	(1,550)	(23,528)	(1,649)	315,663
Construction in progress	140,331	74,398	-	(61,044)	(32)	-	(15,790)	137,863
	<u>₩2,660,109</u>	<u>₩ 534,242</u>	<u>₩ 195,935</u>	<u>₩ -</u>	<u>₩ (1,603)</u>	<u>₩ (625,872)</u>	<u>₩ 24,649</u>	<u>₩ 2,787,460</u>

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

The changes in intangibles for the nine months ended September 30, 2011 are as follows:

Description	Beginning of the period	Internal development and separate acquisition	Transfer	Disposal	Amortization	Impairment	Other (*)	End of the period
Goodwill	₩ 177,607	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 2,336	₩ 179,943
Development costs	1,943,466	438,859	11,904	(50)	(481,010)	(79,204)	7,174	1,841,139
Industrial property rights	21,027	75	4,893	-	(3,905)	-	10	22,100
Software	137,533	15,267	14,694	(5)	(34,017)	-	41,029	174,501
Other	273,778	29,933	4,682	(5,237)	(16,598)	-	9,129	295,687
Construction in progress	98,157	71,763	(36,173)	(5)	-	-	(1,790)	131,952
	<u>₩ 2,651,568</u>	<u>₩ 555,897</u>	<u>₩ -</u>	<u>₩ (5,297)</u>	<u>₩ (535,530)</u>	<u>₩ (79,204)</u>	<u>₩ 57,888</u>	<u>₩ 2,645,322</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 nine months ended September 30, 2012 and 2011 are as follows:

Description	2012		2011	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30.	September 30.	September 30.	September 30.
	(In millions of Korean Won)			
Development costs	₩ 170,609	₩ 414,038	₩ 178,521	₩ 438,859
Ordinary development (manufacturing cost)	81,921	191,499	52,666	128,916
Research costs (administrative expenses)	167,720	459,738	172,425	418,925
	<u>₩ 420,250</u>	<u>₩ 1,065,275</u>	<u>₩ 403,612</u>	<u>₩ 986,700</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 nine months ended September 30, 2012 and 2011, respectively.

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

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

Name of company	Nature of business	Location	September 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	₩ 1,468,214	₩ 1,553,871
Hyundai Motor Group China, Ltd. (HMGC) (*3)	Investment	"	50.00	100,971	128,318
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	"	22.00	100,284	81,260
Beijing Mobis Transmission Co., Ltd. (BMT)	"	"	24.08	59,312	64,575
Beijing Hyundai Auto Finance Co., Ltd. (BHAF) (*4)	Financing	"	60.00	51,174	-
Hyundai Powertech Manufacturing America (HPMA)	Manufacturing	U.S.A	30.00	23,754	23,796
Hyundai Powertech (Shandong) Co., Ltd. (PTS)	"	China	30.00	18,744	24,495
Innocean Worldwide Americas, LLC (IWA)	Advertisement	U.S.A	30.00	10,372	11,027
Hyundai Capital Services UK Ltd. (HCUK)	Financing	UK	39.99	8,953	-
Hyundai Information Service North America (HISNA)	Information technology	U.S.A	30.00	3,238	3,476
Global Engine Alliance, LLC (GEA)	Manufacturing	"	33.33	1,798	1,865
Hyundai Capital Germany GmbH (HCGG)	Financing	Germany	40.01	1,381	1,065
Hyundai Motor Deutschland GmbH (HMD) (*2)	Sales	"	100.00	-	30,026
Kia Motors Corporation	Manufacturing	Korea	33.88	5,504,865	4,565,683
Hyundai engineering & construction Co., Ltd.	Construction	"	20.95	3,032,924	3,011,421
Hyundai HYSCO Co., Ltd.	Manufacturing	"	29.37	618,086	449,438
Hyundai WIA Corporation	"	"	26.79	459,923	482,996
Hyundai Powertech Co., Ltd.	"	"	37.58	295,383	254,066
HMC Investment Securities Co., Ltd.	Securities brokerage	"	26.27	217,370	210,511
Hyundai Dymos Inc.	Manufacturing	"	47.27	215,851	194,332
Hyundai Commercial Inc.	Financing	"	50.00	115,752	122,364
Eukor Car Carriers Inc. (*1)	Transportation	"	12.00	122,657	111,312
Hyundai Autoever Corp.	Information technology	"	29.90	52,422	47,215
HK Mutual Savings Bank	Financing	"	20.00	49,666	45,735
The Korea Economic Daily Co., Ltd.	Newspaper	"	20.55	33,652	32,220
Iljin Bearing Co., Ltd.	Manufacturing	"	20.00	24,351	22,928
Hyundai M & Soft Co., Ltd.	Information technology	"	31.84	22,793	19,963
HMC Win Win Fund	Investment association	"	33.33	18,589	18,589
Daesung Automotive Co., Ltd.	Manufacturing	"	20.00	16,302	15,841
Korea Credit Bureau Co., Ltd. (*1)	Financing	"	9.00	5,086	4,966
Haevichi Country Club., Ltd.	Golf course operation	"	30.00	2,937	-
Seoul Line 9 Operation Co., Ltd.	Metro operation	"	20.00	1,772	1,159
Clair Pixel Co., Ltd. (*1)	Manufacturing	"	19.22	1,448	1,986
HI Network Inc. (*1)	Financing	"	19.99	739	1,003
Hyundai KEFICO Corporation (*2)	Manufacturing	"	100.00	-	171,736
				<u>₩12,660,763</u>	<u>₩ 11,709,238</u>

(*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 entities are consolidated to the Group since 2012 as the ownership percentage has become 100% due to additional acquisition or capital reduction of the investee through the compensational cancellation.

(*3) Joint venture.

(*4) The entity is included in joint venture, as the Group has no control over the entity, although the total ownership percentage exceeds 50%.

(2) The changes in investments in joint ventures and associates for the nine months ended September 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	₩ -	₩ 430,104	₩ (515,761)	₩ 1,468,214
HMGC	128,318	-	54,115	(81,462)	100,971
WAE	81,260	14,606	7,020	(2,602)	100,284
BMT	64,575	-	7,381	(12,644)	59,312
BHAF	-	53,573	(2,407)	8	51,174
HPMA	23,796	-	686	(728)	23,754
PTS	24,495	-	(5,148)	(603)	18,744
IWA	11,027	-	4,090	(4,745)	10,372
HCUK	-	14,450	(5,514)	17	8,953
HISNA	3,476	-	790	(1,028)	3,238
GEA	1,865	-	(11)	(56)	1,798
HCGG	1,065	-	27	289	1,381
HMD	30,026	-	-	(30,026)	-
Kia Motors Corporation	4,565,683	-	1,033,768	(94,586)	5,504,865
Hyundai engineering & construction Co., Ltd.	3,011,421	-	35,646	(14,143)	3,032,924
Hyundai HYSCO Co., Ltd.	449,438	101,711	73,265	(6,328)	618,086
Hyundai WIA Corporation	482,996	(98,597)	83,403	(7,879)	459,923
Hyundai Powertech Co., Ltd.	254,066	-	41,571	(254)	295,383
HMC Investment Securities Co., Ltd.	210,511	-	7,176	(317)	217,370
Hyundai Dymos Inc.	194,332	-	19,428	2,091	215,851
Hyundai Commercial Inc.	122,364	-	19,153	(25,765)	115,752
Eukor Car Carriers Inc.	111,312	-	21,895	(10,550)	122,657
Hyundai Autoever Corp.	47,215	-	8,560	(3,353)	52,422
HK Mutual Savings Bank	45,735	-	4,352	(421)	49,666
The Korea Economic Daily Co., Ltd.	32,220	-	1,569	(137)	33,652
Iljin Bearing Co., Ltd.	22,928	-	1,648	(225)	24,351
Hyundai M & Soft Co., Ltd.	19,963	-	2,965	(135)	22,793
HMC Win Win Fund	18,589	-	-	-	18,589
Daesung Automotive Co., Ltd.	15,841	-	862	(401)	16,302
Korea Credit Bureau Co., Ltd.	4,966	-	378	(258)	5,086
Haevichi Country Club., Ltd.	-	-	(6)	2,943	2,937
Seoul Line 9 Operation Co., Ltd.	1,159	-	613	-	1,772
Clair Pixel Co., Ltd.	1,986	-	(540)	2	1,448
HI Network Inc.	1,003	-	470	(734)	739
Hyundai KEFICO Corporation	171,736	-	18,838	(190,574)	-
	<u>₩ 11,709,238</u>	<u>₩ 85,743</u>	<u>₩ 1,866,147</u>	<u>₩ (1,000,365)</u>	<u>₩ 12,660,763</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 nine months ended September 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	₩ 444,291	₩ (330,007)	₩ 1,432,553
HMGC	93,822	-	55,149	(42,019)	106,952
WAE	66,215	-	7,384	5,248	78,847
BMT	52,340	-	5,661	4,132	62,133
HPMA	22,682	-	1,392	916	24,990
PTS	11,004	10,809	-	1,600	23,413
IWA	7,866	-	3,665	(1,592)	9,939
HISNA	2,892	-	600	(251)	3,241
GEA	1,842	-	-	65	1,907
HCGG	1,367	-	-	18	1,385
HMD	34,755	-	3,909	(10,774)	27,890
KMMG	165,871	-	51,515	9,867	227,253
Kia Motors Corporation	3,242,033	-	871,365	56,572	4,169,970
Hyundai engineering & construction Co., Ltd.	-	2,984,937	82,260	(25,808)	3,041,389
Hyundai HYSCO Co., Ltd.	376,298	-	62,257	(3,073)	435,482
Hyundai WIA Corporation	377,072	-	57,381	29,929	464,382
Hyundai Powertech Co., Ltd.	216,242	-	33,105	275	249,622
HMC Investment Securities Co., Ltd.	198,317	-	5,901	2,882	207,100
Hyundai Dymos Inc.	159,887	-	20,955	8,864	189,706
Hyundai Commercial Inc.	90,043	-	30,175	(3,286)	116,932
Eukor Car Carriers Inc.	82,259	-	21,589	(236)	103,612
Hyundai Autoever Corp.	39,969	-	7,448	(2,835)	44,582
HK Mutual Savings Bank	42,849	-	3,341	26	46,216
The Korea Economic Daily Co., Ltd.	31,171	-	240	(291)	31,120
Iljin Bearing Co., Ltd.	20,602	-	1,742	(226)	22,118
Hyundai M & Soft Co., Ltd.	16,378	-	2,941	(162)	19,157
HMC Win Win Fund	18,131	-	367	-	18,498
Daesung Automotive Co., Ltd.	14,731	-	2,884	(2,385)	15,230
Korea Credit Bureau Co., Ltd.	4,514	-	415	-	4,929
Seoul Line 9 Operation Co., Ltd.	1,290	-	925	(979)	1,236
Clair Pixel Co., Ltd.	-	2,000	-	-	2,000
HI Network Inc.	1,055	-	418	(706)	767
Hyundai KEFICO Corporation	155,077	-	20,693	(7,930)	167,840
Korea Aerospace Industries, Co., Ltd.	129,177	-	6,783	(135,960)	-
	<u>₩ 6,909,451</u>	<u>₩3,084,315</u>	<u>₩1,806,751</u>	<u>₩ (448,126)</u>	<u>₩11,352,391</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 nine months ended September 30, 2012 is as follows:

Name of company	Assets	Liabilities	Sales	Net income (loss)
(In millions of Korean Won)				
BHMC	₩ 6,671,804	₩ 3,695,014	₩ 9,404,738	₩ 858,570
HMGC	380,529	169,273	1,552,161	85,677
WAE	1,251,026	775,988	777,584	50,539
BMT	384,973	138,662	292,811	30,653
BHAF	89,982	5,263	1,780	(4,080)
HPMA	437,882	358,166	713,600	2,288
PTS	395,820	333,342	226,022	(14,988)
IWA	194,434	174,315	163,377	10,391
HCUK	519,473	497,093	4,528	(13,789)
HISNA	28,511	19,148	95,948	1,981
GEA	12,817	6,159	5,590	25
HCGG	4,173	223	764	91
Kia Motors Corporation	33,148,266	16,752,860	35,965,900	3,127,203
Hyundai engineering & construction Co., Ltd.	12,582,347	7,877,624	9,206,197	415,483
Hyundai HYSKO Co., Ltd.	5,276,933	3,427,880	6,397,296	245,330
Hyundai WIA Corporation	4,289,707	2,523,844	5,078,083	293,292
Hyundai Powertech Co., Ltd.	2,094,348	1,275,381	2,199,591	109,793
HMC Investment Securities Co., Ltd.(*)	5,351,375	4,676,315	1,108,540	27,320
Hyundai Dymos Inc.	965,588	504,540	1,013,150	38,874
Hyundai Commercial Inc.	3,866,092	3,527,068	257,578	39,238
Eukor Car Carriers Inc.	2,436,622	1,415,428	2,222,156	238,033
Hyundai Autoever Corp.	417,938	242,414	643,285	28,912
HK Mutual Savings Bank(*)	2,558,809	2,371,718	319,118	21,760
The Korea Economic Daily Co., Ltd.	203,804	54,919	96,538	6,683
Iljin Bearing Co., Ltd.	156,289	34,534	164,906	8,299
Hyundai M & Soft Co., Ltd.	90,146	18,796	72,474	8,796
HMC Win Win Fund	55,767	-	-	-
Daesung Automotive Co., Ltd.	95,422	13,913	39,442	4,171
Korea Credit Bureau Co., Ltd.	53,371	9,799	33,652	5,901
Haevichi Country Club., Ltd.	285,170	275,379	8,687	(20)
Seoul Line 9 Operation Co., Ltd.	17,225	8,367	44,699	3,062
Clair Pixel Co., Ltd.	7,115	4,649	3,050	466
HI Network Inc.	6,842	3,144	14,088	2,469

(*) 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 nine months ended September 30, 2011 is as follows:

Name of company	Assets	Liabilities	Sales	Net income (loss)
(In millions of Korean Won)				
BHMC	₩ 6,106,873	₩ 3,226,303	₩ 9,028,132	₩ 885,562
HMGC	500,178	263,770	1,665,905	111,083
WAE	823,074	464,677	690,359	33,563
BMT	371,227	113,202	252,437	23,507
HPMA	340,215	254,863	552,540	4,641
PTS	170,640	92,598	-	-
IWA	165,546	146,693	132,313	9,612
HISNA	24,818	15,420	66,989	1,466
GEA	17,250	10,199	5,377	60
HCGG	3,529	179	476	103
HMD	318,326	239,304	1,186,419	11,077
KMMG	2,521,509	1,764,523	4,179,093	173,474
Kia Motors Corporation	29,796,705	16,580,507	32,228,331	2,728,884
Hyundai engineering & construction Co., Ltd.	11,515,317	7,263,108	8,117,242	548,763
Hyundai HYSKO Co., Ltd.	4,453,169	2,873,760	5,985,933	237,846
Hyundai WIA Corporation	4,090,685	2,650,017	4,643,516	176,254
Hyundai Powertech Co., Ltd.	1,924,238	1,225,315	2,068,301	85,482
HMC Investment Securities Co., Ltd. (*)	4,085,453	3,449,491	480,955	26,661
Hyundai Dymos Inc.	947,740	543,332	1,060,465	44,332
Hyundai Commercial Inc.	3,324,537	3,092,282	241,678	60,145
Eukor Car Carriers Inc.	2,634,369	1,770,933	1,827,576	179,905
Hyundai Autoever Corp.	332,926	183,611	491,431	24,946
HK Mutual Savings Bank (*)	2,600,383	2,430,544	275,790	16,706
The Korea Economic Daily Co., Ltd.	191,914	55,345	88,477	1,166
Iljin Bearing Co., Ltd.	148,601	38,010	164,478	8,710
Hyundai M & Soft Co., Ltd.	84,293	24,362	61,693	9,239
HMC Win Win Fund	55,495	-	1,583	1,102
Daesung Automotive Co., Ltd.	93,047	16,896	40,510	4,365
Korea Credit Bureau Co., Ltd.	48,960	7,651	28,847	5,856
Seoul Line 9 Operation Co., Ltd.	13,873	7,749	41,714	4,624
Clair Pixel Co., Ltd.	6,218	3,028	-	-
HI Network Inc.	6,649	2,817	15,774	2,132
Hyundai KEFICO Corporation	798,526	460,722	917,196	41,386

(*) 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 September 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	₩ 69,400	137,318,251	₩ 9,529,887
Hyundai engineering & construction Co., Ltd.	67,500	23,327,400	1,574,600
Hyundai WIA Corporation	187,500	6,893,596	1,292,549
Hyundai HYSKO Co., Ltd.	47,200	23,554,188	1,111,758
HMC Investment Securities Co., Ltd.	15,100	7,705,980	116,360

12. FINANCIAL SERVICES RECEIVABLES:

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

Description	September 30, 2012	December 31, 2011
(In millions of Korean Won)		
Loans	₩ 27,367,881	₩ 26,478,053
Card receivables	9,282,754	9,394,236
Financial lease receivables	2,822,864	2,307,352
Other lease receivables	6,347	4,656
	39,479,846	38,184,297
Allowance of doubtful accounts	(727,484)	(729,047)
Loan origination fee	(264,581)	(333,573)
Present value discount accounts	(8,634)	(11,548)
	<u>₩ 38,479,147</u>	<u>₩ 37,110,129</u>

(2) Aging analysis of financial services receivables

As of September 30, 2012 and December 31, 2011, total financial services receivables that are past due but not impaired are ₩1,230,219 million and ₩1,098,415 million, respectively; of which financial services receivables that are past due less than 90 days but not impaired are ₩1,230,219 million and ₩1,098,415 million, respectively. As of September 30, 2012 and December 31, 2011, the impaired financial services receivables are ₩540,534 million and ₩347,906 million, respectively.

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
(In millions of Korean Won)				
Beginning of the period	₩ 710,538	₩ 729,047	₩ 657,177	₩ 615,599
Impairment loss	111,585	334,032	120,360	331,528
Write-off	(83,349)	(281,717)	(93,847)	(215,314)
Effect of foreign exchange differences	(5,893)	(6,012)	17,932	8,123
Transfer and other	(17,117)	(59,586)	(8,346)	(46,660)
Changes in scope of consolidation	11,720	11,720	-	-
End of the period	<u>₩ 727,484</u>	<u>₩ 727,484</u>	<u>₩ 693,276</u>	<u>₩ 693,276</u>

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

Description	September 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	₩ 1,363,637	₩ 1,074,604	₩ 986,287	₩ 810,018
Within 5 years more than 1 year	1,805,964	1,748,162	1,617,005	1,482,345
More than 5 years	99	98	77	76
	<u>₩ 3,169,700</u>	<u>₩ 2,822,864</u>	<u>₩ 2,603,369</u>	<u>₩ 2,292,439</u>

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

Description	September 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 3,169,700	₩ 2,603,369
Net lease investments		
Present value of minimum lease receipts	2,822,864	2,292,439
Present value of unguaranteed residual value	-	14,913
	<u>2,822,864</u>	<u>2,307,352</u>
Unearned interest income	<u>₩ 346,836</u>	<u>₩ 296,017</u>

13. OPERATING LEASE ASSETS:

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

Description	September 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Acquisition cost	₩ 8,459,423	₩ 5,922,955
Accumulated depreciation	(1,021,582)	(618,093)
Accumulated impairment loss	(53,198)	(36,608)
	<u>₩ 7,384,643</u>	<u>₩ 5,268,254</u>

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

Description	September 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Within 1 year	₩ 1,644,198	₩ 1,232,216
Within 5 years more than 1 year	1,850,688	1,339,767
More than 5 years	4	4
	<u>₩ 3,494,890</u>	<u>₩ 2,571,987</u>

14. BORROWINGS AND DEBENTURES:

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

Description	Lender	Annual interest rate	September 30, 2012	September 30, 2012	December 31, 2011
		(%)		(In millions of Korean Won)	
Overdrafts	Citi Bank and other	0.52~2.34	₩ 149,627	₩ 107,616	
General loans	Kookmin Bank and other	0.20~5.05	2,592,204	3,779,392	
Loans on trade receivables collateral	Korea Exchange Bank and other	LIBOR+0.60~0.75	1,579,103	2,034,557	
Banker's Usance	Kookmin Bank and other	LIBOR+0.70~0.85	655,021	714,299	
Short-term debentures	Daewoo Securities and other	2.96~5.04	919,470	229,930	
Commercial paper	Shinhan Bank and other	3.20~4.75	501,505	920,000	
Other	Citi Bank and other	0.48~2.24	67,663	94,220	
			<u>₩ 6,464,593</u>	<u>₩ 7,880,014</u>	

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

Description	Lender	Annual interest rate	September 30,	September 30,	December 31,
		September 30, 2012 (%)	2012	2012	2011
General loans	Shinhan Bank and other	1.31~5.80	₩ 2,027,291	₩ 1,369,128	
Facility loan	Korea Development Bank and other	1.50~5.85	924,049	1,206,574	
Commercial paper	SK Securities and other	3.95~4.15	210,000	320,000	
Asset backed securities	JP Morgan and other	0.48~2.65	4,230,518	1,050,777	
Other	Export-Import Bank of Korea and other	1.00~7.30	595,109	640,620	
			7,986,967	4,587,099	
Less: present value discounts			169,474	180,259	
Less: current maturities			3,060,377	922,713	
			<u>₩ 4,757,116</u>	<u>₩ 3,484,127</u>	

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

Description	Latest maturity date	Annual interest rate	September 30,	September 30,	December 31,
		September 30, 2012 (%)	2012	2012	2011
Guaranteed public debentures	June 8, 2017	3.75~4.50	₩ 1,677,218	₩ 1,726,687	
Guaranteed private debentures	April 25, 2015	5.68	83,895	86,498	
Non-guaranteed public debentures	July 31, 2019	2.82~7.47	20,598,025	20,903,643	
Non-guaranteed private debentures	January 21, 2016	2.44~5.15	1,525,408	2,910,714	
Asset backed securities	October 15, 2018	0.29~3.15	6,494,761	5,494,645	
			30,379,307	31,122,187	
Less: discount on debentures			87,595	70,381	
Less: current maturities			5,567,532	7,397,481	
			<u>₩ 24,724,180</u>	<u>₩ 23,654,325</u>	

15. PROVISIONS:

The changes of provisions for the nine months ended September 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		598,198		47,964		224,465			
Utilized		(594,926)		(33,790)		(84,518)			
Amortization of present value discounts		125,316		-		-			
Changes in expected reimbursements by third parties		24,800		-		-			
Effect of foreign exchange differences		(25,944)		(3)		(7,371)			
Changes in scope of consolidation		66,842		3,187		10,176			
End of the period	₩	<u>6,044,571</u>	₩	<u>603,986</u>	₩	<u>352,992</u>			

The changes of provisions for the nine months ended September 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	880,052	41,109	79,052
Utilized	(500,738)	(41,877)	(138,443)
Amortization of present value discounts	123,164	-	-
Changes in expected reimbursements by third parties	27,146	-	-
Effect of foreign exchange differences	29,372	386	(724)
End of the period	₩ 5,811,336	₩ 431,136	₩ 241,605

16. OTHER FINANCIAL LIABILITIES:

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

Description	September 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(*)	₩ 201,793	₩ 9,542	₩ 426,897	₩ 16,004
Derivative liabilities that are effective hedging instruments	21,129	96,861	20,482	43,058
Financial lease liabilities	8,530	23,178	8,535	31,390
Other	109,745	-	-	109,745
	₩ 341,197	₩ 129,581	₩ 455,914	₩ 200,197

(*) As of September 30, 2012 and December 31, 2011, debentures designated as financial liabilities at fair value through profit or loss ("FVTPL") of ₩201,793 million and ₩404,666 million, respectively, are included.

17. OTHER LIABILITIES:

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

Description	September 30, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advance received	₩ 486,834	₩ 48,944	₩ 482,899	₩ 84,173
Withholdings	1,484,359	588,991	963,451	626,011
Accrued expenses	1,906,230	-	1,102,940	-
Unearned income	434,144	343,414	374,175	299,210
Accrued dividends	76	-	77	-
Due to customers for contract work	280,576	-	467,868	-
Other	74,040	522,129	85,206	527,609
	₩ 4,666,259	₩ 1,503,478	₩ 3,476,616	₩ 1,537,003

18. FINANCIAL INSTRUMENTS:

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

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	HTM financial assets	Derivatives designated as hedging instruments	Book value	Fair value
(In millions of Korean Won)							
Cash and cash equivalents	₩ -	₩ 7,471,674	₩ -	₩ -	₩ -	₩ 7,471,674	₩ 7,471,674
Short-term and long-term financial instruments	-	11,389,057	-	-	-	11,389,057	11,389,057
Trade notes and accounts receivable	-	3,692,340	-	-	-	3,692,340	3,692,340
Other receivables	-	2,915,968	-	-	-	2,915,968	2,915,968
Other financial assets	124,970	25,028	1,630,859	62	97,226	1,878,145	1,878,145
Other assets	-	361,862	-	-	-	361,862	361,862
Financial services receivables	-	38,479,147	-	-	-	38,479,147	38,977,037
	<u>₩ 124,970</u>	<u>₩ 64,335,076</u>	<u>₩ 1,630,859</u>	<u>₩ 62</u>	<u>₩ 97,226</u>	<u>₩ 66,188,193</u>	<u>₩ 66,686,083</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 September 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	₩ -	₩ 6,599,115	₩ -	₩ 6,599,115	₩ 6,599,115
Other payables	-	3,497,550	-	3,497,550	3,497,550
Borrowings and debentures	-	44,573,798	-	44,573,798	45,514,313
Other financial liabilities	211,335	141,453	117,990	470,778	470,778
Other liabilities	-	1,906,306	-	1,906,306	1,906,306
	<u>₩ 211,335</u>	<u>₩ 56,718,222</u>	<u>₩ 117,990</u>	<u>₩ 57,047,547</u>	<u>₩ 57,988,062</u>

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

Description	Financial liabilities		Financial liabilities		Derivatives		Book value	Fair value
	at FVTPL		carried at		designated as			
			amortized cost		hedging instruments			
(In millions of Korean Won)								
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 September 30, 2012 are as follows:

Description	September 30, 2012			
	Level 1	Level 2	Level 3	Total
(In millions of Korean Won)				
Financial Assets:				
Financial assets at FVTPL	₩ -	₩ 124,970	₩ -	₩ 124,970
Derivatives designated as hedging instruments	-	97,226	-	97,226
AFS financial assets	1,367,144	5,722	257,993	1,630,859
HTM financial assets	-	62	-	62
	<u>₩ 1,367,144</u>	<u>₩ 227,980</u>	<u>₩ 257,993</u>	<u>₩ 1,853,117</u>
Financial Liabilities:				
Financial liabilities at FVTPL	₩ 201,793	₩ 9,542	₩ -	₩ 211,335
Derivatives designated as hedging instruments	-	117,990	-	117,990
	<u>₩ 201,793</u>	<u>₩ 127,532</u>	<u>₩ -</u>	<u>₩ 329,325</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 nine months ended September 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	₩ 7,544	₩ (21,162)	₩ (1,459)	₩ -	₩ 257,993

The changes in financial instruments classified as Level 3 for the nine months ended September 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	₩ 1,467	₩ (311)	₩ 367	₩ (1,997)	₩ 108,927

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

Description	Nine months ended September 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	₩ 430,876	₩ -	₩ -	₩ 332,047	₩ -	₩ -
Financial assets at FVTPL	-	-	-	10,283	-	-
AFS financial assets	3,770	14,844	-	2,249	17,584	-
Financial liabilities at FVTPL	-	-	-	-	-	23,996
Financial liabilities carried at amortized cost	-	-	222,776	-	-	234,196
	<u>₩ 434,646</u>	<u>₩ 14,844</u>	<u>₩ 222,776</u>	<u>₩ 344,579</u>	<u>₩ 17,584</u>	<u>₩ 258,192</u>
Financial services:						
Loans and receivables	₩ 2,067,264	₩ -	₩ -	₩ 2,051,117	₩ -	₩ -
Financial liabilities at FVTPL	-	-	13,571	-	-	18,508
Financial liabilities carried at amortized cost	-	-	1,081,325	-	-	1,086,249
	<u>₩ 2,067,264</u>	<u>₩ -</u>	<u>₩ 1,094,896</u>	<u>₩ 2,051,117</u>	<u>₩ -</u>	<u>₩ 1,104,757</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities at FVTPL for the nine months ended September 30, 2012 and 2011 are ₩1,206,064 million and ₩1,120,738 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 nine months ended September 30, 2012 and 2011 are ₩585,638 million and ₩517,485 million, respectively.

19. CAPITAL STOCK:

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

(1) Common stock

Description	September 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	Dividend rate
			(In millions of Korean Won)	
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 September 30, 2012 and December 31, 2011 consists of the following:

Description	September 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	835,824	792,676
	₩ 4,157,158	₩ 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 September 30, 2012 and December 31, 2011 are as follows:

Description	September 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 September 30, 2012 and December 31, 2011 consists of the following:

Description	September 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Gain on valuation of AFS financial assets	₩ 743,483	₩ 760,361
Loss on valuation of AFS financial assets	(2,368)	(2,844)
Gain on valuation of cash flow hedge derivatives	44,804	4,722
Loss on valuation of cash flow hedge derivatives	(55,831)	(35,580)
Gain on valuation of equity-accounted investees	83,854	154,623
Loss on valuation of equity-accounted investees	(198,804)	(230,597)
Loss on foreign operations translation, net	(530,988)	(275,404)
	₩ 84,150	₩ 375,281

23. RETAINED EARNINGS:

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

Description	September 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	11,564,840	12,841,768
	₩ 38,519,611	₩ 32,263,528

(*) 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 nine months ended September 30, 2012 and 2011 consist of the following:

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Sales of goods	₩ 17,294,374	₩ 54,865,884	₩ 16,828,326	₩ 50,725,590
Rendering of services	258,616	857,809	251,277	720,564
Royalties	46,038	112,799	53,726	129,553
Other	104,635	244,953	31,758	163,361
Financial services revenue	<u>1,941,971</u>	<u>5,669,300</u>	<u>1,788,877</u>	<u>5,539,844</u>
	<u>₩ 19,645,634</u>	<u>₩ 61,750,745</u>	<u>₩ 18,953,964</u>	<u>₩ 57,278,912</u>

25. SELLING AND ADMINISTRATIVE EXPENSES:

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Selling expenses:				
Export expenses	₩ 205,757	₩ 737,204	₩ 262,589	₩ 658,470
Overseas market expenses	69,286	324,658	100,719	432,775
Advertisements and sales promotion	531,065	1,550,311	574,531	1,643,649
Sales commissions	122,573	371,953	186,121	568,441
Expenses for warranties	189,255	767,479	344,939	1,033,847
Transportation expenses	<u>57,777</u>	<u>204,637</u>	<u>74,812</u>	<u>194,333</u>
	<u>1,175,713</u>	<u>3,956,242</u>	<u>1,543,711</u>	<u>4,531,515</u>
Administrative expenses:				
Payroll	518,252	1,562,698	456,103	1,417,846
Post-employment benefits	35,370	106,953	25,473	87,531
Welfare expenses	59,533	228,742	71,015	205,028
Service charges	289,393	814,617	238,058	658,936
Research	167,720	459,738	172,425	418,925
Other	<u>245,727</u>	<u>782,451</u>	<u>294,798</u>	<u>722,148</u>
	<u>1,315,995</u>	<u>3,955,199</u>	<u>1,257,872</u>	<u>3,510,414</u>
	<u>₩ 2,491,708</u>	<u>₩ 7,911,441</u>	<u>₩ 2,801,583</u>	<u>₩ 8,041,929</u>

26. OTHER OPERATING INCOME AND EXPENSES:

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Gain on foreign exchange transaction	₩ 113,228	₩ 291,308	₩ 25,997	₩ 113,860
Gain on foreign currency translation	68,999	146,748	52,966	122,181
Gain on disposal of property, plant and equipment	3,813	27,721	3,237	9,905
Commission income	15,410	28,109	10,430	25,442
Rental income	22,089	64,473	17,783	51,898
Other	117,047	328,816	72,259	403,718
	<u>₩ 340,586</u>	<u>₩ 887,175</u>	<u>₩ 182,672</u>	<u>₩ 727,004</u>

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Loss on foreign exchange transaction	₩ 139,404	₩ 260,214	₩ 60,446	₩ 165,820
Loss on foreign currency translation	11,452	131,377	135,571	211,066
Loss on disposal of property, plant and equipment	13,103	40,340	6,159	53,527
Impairment loss on intangible assets	-	-	-	79,204
Donations	12,781	38,153	24,192	40,926
Other	60,200	155,760	57,105	145,466
	<u>₩ 236,940</u>	<u>₩ 625,844</u>	<u>₩ 283,473</u>	<u>₩ 696,009</u>

27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Gain on valuation of equity-accounted investees, net	₩ 575,682	₩ 1,866,147	₩ 527,002	₩ 1,806,751
Gain (loss) on disposal of investments in associates, net	25,744	139,095	(6,349)	127,238
	<u>₩ 601,426</u>	<u>₩ 2,005,242</u>	<u>₩ 520,653</u>	<u>₩ 1,933,989</u>

28. FINANCIAL INCOME AND EXPENSES:

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Interest income	₩ 164,211	₩ 434,646	₩ 119,927	₩ 344,579
Gain on foreign exchange transaction	9,994	44,344	16,847	37,311
Gain on foreign currency translation	40,119	132,279	4,719	76,779
Dividend income	36	14,844	-	17,584
Gain on valuation of financial liabilities at FVTPL	2	21,150	40,782	23,653
Gain on valuation of derivatives	36,137	63,709	4,875	63,745
Other	2,586	3,462	2,364	9,610
	<u>₩ 253,085</u>	<u>₩ 714,434</u>	<u>₩ 189,514</u>	<u>₩ 573,261</u>

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Interest expenses	₩ 103,033	₩ 329,863	₩ 117,693	₩ 365,574
Loss on foreign exchange transaction	11,235	30,423	5,612	18,914
Loss on foreign currency translation	7,251	115,314	94,292	113,878
Loss on disposal of trade notes and accounts receivable	3,090	8,654	2,085	6,919
Loss on valuation of financial liabilities at FVTPL	4,915	-	-	-
Impairment loss on AFS financial assets	-	2,123	-	-
Loss on valuation of derivatives	-	-	32,179	49,333
Other	93	98	2	19
	<u>₩ 129,617</u>	<u>₩ 486,475</u>	<u>₩ 251,863</u>	<u>₩ 554,637</u>

29. EXPENSES BY NATURE:

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Changes in inventories	₩ 244,065	₩ (213,032)	₩ (239,662)	₩ (190,041)
Raw materials and merchandise used	10,389,072	34,321,204	10,788,720	31,502,727
Employee benefits	1,782,048	5,385,773	1,780,895	4,743,434
Depreciation	416,944	1,240,504	402,357	1,178,223
Amortization	207,589	625,872	223,270	535,530
Other	4,890,681	14,436,839	4,186,290	14,287,038
Total (*)	<u>₩ 17,930,399</u>	<u>₩ 55,797,160</u>	<u>₩ 17,141,870</u>	<u>₩ 52,056,911</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 nine months ended September 30, 2012 and 2011 as there are no dilutive items during the periods.

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

Description	2012		2011	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won, except per share amounts)			
Profit attributable to owners of the Parent Company	₩ 2,025,231	₩ 6,771,547	₩ 1,813,923	₩ 5,705,756
Expected dividends on preferred stock	(465,274)	(1,555,360)	(421,073)	(1,315,247)
Profit available to common share	1,559,957	5,216,187	1,392,850	4,390,509
Weighted average number of common shares outstanding (*)	<u>209,269,769 shares</u>	<u>209,269,769 shares</u>	<u>209,139,536 shares</u>	<u>209,226,995 shares</u>
Basic earnings per common share	<u>₩ 7,454</u>	<u>₩ 24,926</u>	<u>₩ 6,660</u>	<u>₩ 20,984</u>

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

31. INCOME TAX EXPENSE:

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

Description	Nine months ended September 30,	
	2012	2011
	(In millions of Korean Won)	
Income tax currently payable	₩ 1,504,394	₩ 1,495,624
Adjustments recognized in the current year in relation to the prior years	(46,088)	(33,767)
Changes in deferred taxes due to:		
Temporary differences	526,171	1,022,150
Tax credits and deficits	(114,787)	(721,800)
Items directly charged to equity	22,200	23,230
Current tax directly charged to equity	-	4,091
Effect of foreign exchange differences	21,899	9,697
Changes in scope of consolidation	(3,622)	-
Income tax expense	<u>₩ 1,910,167</u>	<u>₩ 1,799,225</u>

32. RETIREMENT BENEFIT PLAN:

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

Description	Nine months ended September 30,	
	2012	2011
	(In millions of Korean Won)	
Paid in cash	₩ 3,089	₩ 5,801
Recognized liability	291	908
	<u>₩ 3,380</u>	<u>₩ 6,709</u>

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

Description	September 30, 2012	December 31, 2011
Discount rate	3.35~8.20%	4.21~8.00%
Expected return on plan assets	4.33~8.00%	4.08~8.25%
Expected rate of salary increase	1.50~6.00%	1.50~5.60%

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

Description	2012		2011	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30,	September 30,	September 30,	September 30,
	(In millions of Korean Won)			
Current service cost	₩ 99,679	₩ 298,257	₩ 81,326	₩ 243,142
Interest expenses	26,635	80,241	24,110	71,878
Expected return on plan assets	(18,483)	(54,895)	(14,838)	(43,998)
	<u>₩ 107,831</u>	<u>₩ 323,603</u>	<u>₩ 90,598</u>	<u>₩ 271,022</u>
Cost of sales (Manufacturing cost)	₩ 58,448	₩ 174,790	₩ 51,877	₩ 146,882
Selling and administrative expenses	34,538	104,194	25,098	86,686
Other	14,845	44,619	13,623	37,454
	<u>₩ 107,831</u>	<u>₩ 323,603</u>	<u>₩ 90,598</u>	<u>₩ 271,022</u>

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

Description	September 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Present value of defined benefit obligation	₩ 2,575,911	₩ 2,249,240
Fair value of plan assets	(1,703,879)	(1,600,601)
Defined benefit obligation	<u>₩ 872,032</u>	<u>₩ 648,639</u>

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

Description	Nine months ended September 30,	
	2012	2011
	(In millions of Korean Won)	
Beginning of the period	₩ 2,249,240	₩ 1,808,027
Current service cost	298,257	243,142
Interest expenses	80,241	71,878
Transfer in (out)	533	4,490
Actuarial loss	16,828	23,419
Benefits paid	(96,488)	(248,397)
Changes in scope of consolidation	28,402	-
Effect of foreign exchange differences and other	(1,102)	13,718
End of the period	<u>₩ 2,575,911</u>	<u>₩ 1,916,277</u>

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

Description	Nine months ended September 30,	
	2012	2011
	(In millions of Korean Won)	
Beginning of the period	₩ 1,600,601	₩ 1,318,430
Expected return on plan assets	54,895	43,998
Actuarial gain (loss)	8,738	(9,727)
Transfer in (out)	(129)	1,376
Contributions from plan participants	81,126	82,301
Benefits paid	(54,156)	(118,753)
Changes in scope of consolidation	16,945	-
Effect of foreign exchange differences and other	(4,141)	5,002
End of the period	<u>₩ 1,703,879</u>	<u>₩ 1,322,627</u>

The actual returns on plan assets for the nine months ended September 30, 2012 and 2011 are ₩68,432 million and ₩46,949 million, respectively.

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

Description	September 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Insurance instruments	₩ 1,511,939	₩ 1,428,546
Debt instruments	33,437	29,346
Other	158,503	142,709
	<u>₩ 1,703,879</u>	<u>₩ 1,600,601</u>

33. CASH GENERATED FROM OPERATIONS:

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

Description	Nine months ended September 30,	
	2012	2011
	(In millions of Korean Won)	
Profit for the period	₩ 7,163,794	₩ 6,102,393
Addition of items not involving cash outflows:		
Payroll	47,964	41,109
Post-employment benefits	323,603	271,022
Depreciation	1,240,504	1,178,223
Amortization of intangible assets	625,872	535,530
Provision for warranties	598,198	880,052
Income tax expense	1,910,167	1,799,225
Loss on foreign currency translation	246,691	324,944
Loss on disposal of property, plant and equipment	40,340	53,527
Impairment loss on intangible assets	-	79,204
Interest expenses	329,863	365,574
Loss on disposal of trade notes and accounts receivable	8,654	6,919
Impairment loss on AFS financial assets	2,123	-
Loss on valuation of derivatives	-	49,333
Loss on valuation of equity-accounted investees	13,626	-
Loss on disposal of investments in associates	11,718	10,305
Cost of sales from financial services	2,763,342	2,630,514
Other	218,240	79,610
	<u>8,380,905</u>	<u>8,305,091</u>
Deduction of items not involving cash inflows:		
Gain on foreign currency translation	(279,027)	(198,960)
Gain on disposal of property, plant and equipment	(27,721)	(9,905)
Interest income	(434,646)	(344,579)
Dividend income	(14,844)	(17,584)
Gain on valuation of financial liabilities at FVTPL	(21,150)	(23,653)
Gain on valuation of derivatives	(63,709)	(63,745)
Gain on valuation of equity-accounted investees	(1,879,773)	(1,806,751)
Gain on disposal of investments in associates	(150,813)	(137,543)
Revenue from financial services	(391,019)	(607,404)
Other	(46,290)	(168,760)
	<u>(3,308,992)</u>	<u>(3,378,884)</u>
Changes in operating assets and liabilities:		
Decrease (increase) in trade notes and accounts receivable	488,914	(141,904)
Increase in other receivables	(374,950)	(45,163)
Decrease in other financial assets	90,828	88,154
Increase in inventories	(219,961)	(301,479)
Increase in other assets	(548,754)	(115,823)
Decrease in trade notes and accounts payable	(53,862)	(250,156)
Increase in other payables	452,323	65,168
Increase in other liabilities	1,231,831	1,349,911
Decrease in other financial liabilities	(103,142)	(52,867)
Changes in retirement benefit obligation	(80,464)	(37,325)
Payment of severance benefits	(42,332)	(129,644)
Decrease in provisions	(687,664)	(643,066)
Changes in financial services receivables	(2,600,171)	(3,125,370)

Description	Nine months ended September 30,	
	2012	2011
	(In millions of Korean Won)	
Increase in operating lease assets	₩ (3,267,412)	₩ (2,753,795)
Other	49,717	(15,324)
	<u>(5,665,099)</u>	<u>(6,108,683)</u>
Cash generated from operations	<u>₩ 6,570,608</u>	<u>₩ 4,919,917</u>

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 September 30, 2012 and December 31, 2011 are as follows:

Description	September 30, 2012		December 31, 2011	
	(In millions of Korean Won)			
Total liabilities	₩	72,115,474	₩	69,152,273
Total equity		46,962,935		40,327,702
Debt to equity ratio		153.6 %		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 September 30, 2012, is as follows:

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ (45,874)	₩ 45,874
EUR	(43,289)	43,289
JPY	(9,808)	9,808

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 September 30, 2012 is as follows:

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 4,580	₩ (4,580)
Borrowings and debentures	(60,911)	60,911

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from AFS equity instruments. As of September 30, 2012, the amount of AFS equity instruments measured at fair value is ₩1,625,136 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 September 30, 2012 is as follows:

Description	Remaining contract period			Total
	Within 1 year	Within 5 years more than 1 year	More than 5 years	
	(In millions of Korean Won)			
Non interest-bearing liabilities	₩ 12,109,452	₩ 2,984	₩ 280	₩ 12,112,716
Interest-bearing liabilities	16,476,850	29,730,025	1,746,154	47,953,029
Financial guarantee	63,184	75,418	191,036	329,638

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 September 30, 2012 and December 31, 2011, the Group deferred net loss of ₩11,027 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 60 months as of September 30, 2012.

For the nine months ended September 30, 2012 and 2011, the Group recognized net loss of ₩98,426 million and net gain of ₩400,231 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 nine months ended September 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	Nine months ended September 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	₩ 405,871	₩ 6,483,093	₩ 396,967	₩ 5,681,945
Joint ventures and associates	3,164,061	6,344,769	3,358,663	6,420,095
Other related parties	13,819	971,706	10,137	787,101
Affiliates by Act:	679,256	4,358,946	439,958	2,989,398

- (2) As of September 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	September 30, 2012		December 31, 2011	
	Receivables	Payables	Receivables	Payables
	(In millions of Korean Won)			
Related parties:				
Entity with significant influence over the Company	₩ 214,385	₩ 1,135,004	₩ 146,745	₩ 1,238,695
Joint ventures and associates	892,910	1,271,651	923,052	1,282,713
Other related parties	10,398	275,988	7,504	329,323
Affiliates by Act:	287,298	963,847	76,273	866,699

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

Description	Nine months ended September 30,	
	2012	2011
	(In millions of Korean Won)	
Short-term employee benefits	₩ 107,923	₩ 94,233
Post-employment benefits	20,431	18,635
Other long-term benefits	240	216
	<u>₩ 128,594</u>	<u>₩ 113,084</u>

36. COMMITMENTS AND CONTINGENCIES:

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

Description	Domestic		Overseas (*)	
	(In millions of Korean Won)			
Associates	₩	-	₩	108,504
Others		150,152		292,071
Customer financing and lease financing		47,376		-
	<u>₩</u>	<u>197,528</u>	<u>₩</u>	<u>400,575</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 September 30, 2012.
- (2) As of September 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 September 30, 2012, the Group's property, plant and equipment are pledged as collateral for various loans up to ₩757,405 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 September 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	811,599
	Korea Defense Industry Association	KRW	247,273
	Seoul Guarantee Insurance Company	KRW	307,786
	Construction guarantee	KRW	30,525
	Woori Bank	USD	32,608
	"	EUR	39,109
	Export-Import Bank of Korea	USD	337,578
	"	EUR	349,338
	"	INR	1,563,486
	"	SGD	6,409
	"	CNY	37,337
	"	OMR	5,311
	"	TND	2,000
	Korea Exchange Bank	INR	100,000
	"	USD	2,790
	"	EUR	2,189
	"	CNY	3,213
	Korea Development Bank	USD	26,926
	Standard Chartered, Seoul Branch	THB	686,000
	"	USD	182
ANZ Bank	NZD	60,828	
SG Bank, Seoul Branch	KRW	4,995	
"	EUR	1,046	
"	KRW	57,432	
Hyundai Capital Services, Inc.	Hyundai WIA Corporation	KRW	12
	Seoul Guarantee Insurance Company	KRW	152,170
Hyundai Card Co., Ltd.	Seoul Guarantee Insurance Company	KRW	1,243
HAOSVT	Other	USD	111,526
HMCI	Other	EUR	37,653

- (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:

<u>Financial institutions</u>	<u>Credit line</u>
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:

<u>Financial institutions</u>	<u>Credit line</u>
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 nine months ended September 30, 2012				
	Vehicle	Finance	Other	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 77,233,470	₩ 6,291,399	₩ 3,483,780	₩ (25,257,904)	₩ 61,750,745
Inter-company sales	<u>(24,680,105)</u>	<u>(93,775)</u>	<u>(484,024)</u>	<u>25,257,904</u>	<u>-</u>
Net sales	<u>52,553,365</u>	<u>6,197,624</u>	<u>2,999,756</u>	<u>-</u>	<u>61,750,745</u>
Operating income	<u>5,733,176</u>	<u>963,466</u>	<u>186,894</u>	<u>(42,776)</u>	<u>6,840,760</u>

	For the nine months ended September 30, 2011				
	Vehicle	Finance	Other	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 68,064,896	₩ 5,773,919	₩ 2,856,163	₩ (19,416,066)	₩ 57,278,912
Inter-company sales	<u>(18,961,284)</u>	<u>(91,822)</u>	<u>(362,960)</u>	<u>19,416,066</u>	<u>-</u>
Net sales	<u>49,103,612</u>	<u>5,682,097</u>	<u>2,493,203</u>	<u>-</u>	<u>57,278,912</u>
Operating income	<u>4,911,003</u>	<u>1,058,063</u>	<u>138,051</u>	<u>(158,112)</u>	<u>5,949,005</u>

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

	As of September 30, 2012				
	Vehicle	Finance	Other	Consolidation Adjustments	Total
	(In millions of Korean Won)				
ASSETS					
Current assets	₩ 33,530,666	₩ 25,052,010	₩ 3,405,601	₩ (7,880,425)	₩ 54,107,852
Non-current assets	<u>42,183,221</u>	<u>27,374,573</u>	<u>2,585,036</u>	<u>(7,172,273)</u>	<u>64,970,557</u>
Total assets	<u>₩ 75,713,887</u>	<u>₩ 52,426,583</u>	<u>₩ 5,990,637</u>	<u>₩ (15,052,698)</u>	<u>₩ 119,078,409</u>
LIABILITIES					
Current liabilities	₩ 22,074,666	₩ 15,442,610	₩ 2,699,298	₩ (7,200,360)	₩ 33,016,214
Borrowings and debentures	3,225,814	11,274,296	1,343,334	(750,942)	15,092,502
Other	18,848,852	4,168,314	1,355,964	(6,449,418)	17,923,712
Non-current liabilities	8,547,137	29,978,342	1,350,978	(777,197)	39,099,260
Borrowings and debentures	2,088,338	27,681,887	1,053,392	(1,342,321)	29,481,296
Other	<u>6,458,799</u>	<u>2,296,455</u>	<u>297,586</u>	<u>565,124</u>	<u>9,617,964</u>
Total liabilities	<u>₩ 30,621,803</u>	<u>₩ 45,420,952</u>	<u>₩ 4,050,276</u>	<u>₩ (7,977,557)</u>	<u>₩ 72,115,474</u>

	As of December 31, 2011				
	Vehicle	Finance	Other	Consolidation adjustments	Total
	(In millions of Korean Won)				
ASSETS					
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>
LIABILITIES					
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 nine months ended September 30, 2012							
	Korea	North America	Asia	Europe	Other	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 38,406,896	₩ 23,606,289	₩ 5,739,666	₩ 19,235,965	₩ 19,833	₩ (25,257,904)	₩ 61,750,745
Inter-company sales	<u>(10,860,560)</u>	<u>(5,073,690)</u>	<u>(559,462)</u>	<u>(8,764,192)</u>	-	<u>25,257,904</u>	-
Net sales	<u>27,546,336</u>	<u>18,532,599</u>	<u>5,180,204</u>	<u>10,471,773</u>	<u>19,833</u>	-	<u>61,750,745</u>
Operating income	<u>4,257,279</u>	<u>1,487,301</u>	<u>331,420</u>	<u>879,605</u>	<u>(72,069)</u>	<u>(42,776)</u>	<u>6,840,760</u>

For the nine months ended September 30, 2011							
	Korea	North America	Asia	Europe	Other	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 37,273,168	₩ 19,349,871	₩ 5,617,352	₩ 14,454,587	₩ -	₩ (19,416,066)	₩ 57,278,912
Inter-company sales	<u>(8,865,733)</u>	<u>(4,604,919)</u>	<u>(391,319)</u>	<u>(5,554,095)</u>	-	<u>19,416,066</u>	-
Net sales	<u>28,407,435</u>	<u>14,744,952</u>	<u>5,226,033</u>	<u>8,900,492</u>	-	-	<u>57,278,912</u>
Operating income	<u>4,176,545</u>	<u>1,348,176</u>	<u>288,510</u>	<u>322,309</u>	<u>(28,423)</u>	<u>(158,112)</u>	<u>5,949,005</u>

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

	September 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Korea	₩ 17,976,855	₩ 17,143,139
North America	1,630,012	1,724,270
Asia	1,076,313	1,111,898
Europe	2,161,373	2,175,648
Other	<u>522,375</u>	<u>365,926</u>
	23,366,928	22,520,881
Consolidation adjustments	<u>(35,443)</u>	<u>(30,297)</u>
Total (*)	<u>₩ 23,331,485</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 nine months ended September 30, 2012.

38. CONSTRUCTION CONTRACTS:

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

Description	September 30, 2012	December 31, 2011
	(In millions of Korean Won)	
Accumulated accrual cost	₩ 5,243,089	₩ 7,356,916
Accumulated income	472,157	1,286,987
Accumulated loss	-	<u>(164,938)</u>
Accumulated construction in process	5,715,246	8,478,965
Progress billing	<u>(5,028,474)</u>	<u>(8,184,569)</u>
Due from customers	967,348	762,263
Due to customers	<u>(280,576)</u>	<u>(467,868)</u>

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 shares (the Company has owned 100% of shares after acquisition) and HMF has merged with HAS and HAAP as of August 31, 2012.

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

Description	HMF	HAS	HAAP	HMD
	(In millions of Korean Won)			
Considerations transferred (*)	₩ 114,482	₩ 23,904	₩ 7,275	₩ 125,740
Assets acquired and liabilities assumed:				
Cash and cash equivalent	57,994	32	1,724	24
Other current assets	156,136	13,899	4,837	363,299
Non-current assets	5,518	27	-	24,802
Current liabilities	(142,917)	(5,141)	(2,511)	(235,790)
Non-current liabilities	(8,812)	(69)	(114)	(55,035)
Identifiable net assets	<u>67,919</u>	<u>8,748</u>	<u>3,936</u>	<u>97,300</u>
Goodwill (*)	<u>₩ 46,563</u>	<u>₩ 15,156</u>	<u>₩ 3,339</u>	<u>₩ 28,440</u>

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

- 2) Sales and net income(loss) for the nine months ended September 30, 2012 after the acquisition date included in the consolidated statements of income are as follows:

Description	HMF	HAS	HAAP	HMD
	(In millions of Korean Won)			
Sales	₩ 487,362	₩ 18,093	₩ 7,365	₩ 1,174,132
Net income (loss)	(6,214)	2,102	257	(4,114)

- 3) Contractual gross amounts for trade receivables and expected uncollectable amounts assumed at acquisition date are as follows:

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

- (2) Hyundai KEFICO Corporation reduced the capital through the compensational cancellation of 1,670,000 shares among its common shares as of August 1, 2012. The Company has owned 100% of shares and obtained control over Hyundai KEFICO Corporation after the capital reduction. The Company measured goodwill by using the acquisition-date fair value of its interests.

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

Description	Amounts
	(In millions of Korean Won)
Acquisition-date fair value of the interests acquired	₩ 185,451
Assets acquired and liabilities assumed:	
Cash and cash equivalent	53,548
Other current assets	414,762
Non-current assets	430,290
Current liabilities	(582,640)
Non-current liabilities	(150,134)
Identifiable net assets	<u>165,826</u>
Goodwill	<u>₩ 19,625</u>

- 2) Sales of ₩235,917 million and net income of ₩12,954 million arising after the acquisition date are included in the consolidated statement of income. As though the acquisition date had been as of January 1, 2012, sales and net income included in the consolidated statement of income for the nine months ended September 30, 2012 would be ₩1,116,748 million and ₩42,856 million, respectively. Contractual gross amounts for trade receivables are ₩266,577 million and the contractual amounts not expected to be collected are ₩50 million at the acquisition date.

- (3) Hyundai Capital Services, Inc., a subsidiary of the Company, obtained control of GE Capital Korea, Co., Ltd. by acquiring 100% of its shares as of July 3, 2012. And Hyundai Capital Services, Inc. merged with GE Capital Korea, Co., Ltd. on August 21, 2012.

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

Description	Amounts
	(In millions of Korean Won)
Considerations transferred	₩ 193,648
Assets acquired and liabilities assumed:	
Cash and cash equivalent	31,985
Loans	120,143
Financial lease receivables	225,014
Operating lease assets	15,996
Borrowings	(168,654)
Other	(32,265)
Identifiable net assets	<u>192,219</u>
Goodwill	<u>₩ 1,429</u>

- 2) Hyundai Capital Services, Inc. should adjust the difference which will occur from the impairment of the financial receivables and changes in the remaining value of the leased assets for the term of guarantee of loss of three years in accordance with contract of compensation for loss with GE Capital Asia Investments, Inc. No indemnification assets based on the term are recognized at the acquisition date.

- 3) Sales of ₩10,568 million arising after the acquisition date are included in the consolidated statements of income. As though the acquisition date had been as of January 1, 2012, sales included in the consolidated statement of income for the nine months ended September 30, 2012 would be ₩39,552 million.

40. EVENTS AFTER THE REPORTING PERIOD:

- (1) HCA, a subsidiary of the Company, issued two tranches of debentures for USD 500 million which mature in 2015 and 2017, respectively, on October 1, 2012.
- (2) On November 2, 2012, the United States Environmental Protection Agency (EPA) announced the difference of the fuel economy with EPA testing results for certain vehicle models sold in North America from 2010 to 2012. HMA, a subsidiary of the Company, announced a voluntary program to compensate owners of the impacted vehicles. The Group is in process of estimating the impact on the consolidated financial statements.