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
<table>
<thead>
<tr>
<th>ASSETS</th>
<th>NOTES</th>
<th>September 30, 2012 (In millions of Korean Won)</th>
<th>December 31, 2011 (In millions of Korean Won)</th>
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<td>Current assets:</td>
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(Continued)
HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)


LIABILITIES AND SHAREHOLDERS’ EQUITY

<table>
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<th>Notes</th>
<th>September 30, 2012</th>
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<td></td>
<td>(In millions of Korean Won)</td>
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<td><strong>Total liabilities</strong></td>
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<td><strong>Shareholders’ equity:</strong></td>
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<td>Capital stock</td>
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<td>Other capital items</td>
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<td>Accumulated other comprehensive income</td>
<td>22</td>
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<td>Retained earnings</td>
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<td>Equity attributable to the owners of the Parent Company</td>
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<td>Non-controlling interests</td>
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<td><strong>Total shareholders’ equity</strong></td>
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<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>₩119,078,409</td>
<td>₩109,479,975</td>
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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

<table>
<thead>
<tr>
<th></th>
<th>2012 Three months ended September 30</th>
<th>2012 Nine months ended September 30</th>
<th>2011 Three months ended September 30</th>
<th>2011 Nine months ended September 30</th>
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<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>W 19,645,634</td>
<td>W 61,750,745</td>
<td>W 18,953,964</td>
<td>W 57,278,912</td>
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<td><strong>Cost of sales</strong></td>
<td>W 15,201,751</td>
<td>W 47,259,875</td>
<td>W 14,056,814</td>
<td>W 43,318,973</td>
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<td><strong>Gross profit</strong></td>
<td>W 4,443,883</td>
<td>W 14,490,870</td>
<td>W 4,897,150</td>
<td>W 13,319,939</td>
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<td>Selling and administrative expenses</td>
<td>W 2,491,708</td>
<td>W 7,911,441</td>
<td>W 2,801,583</td>
<td>W 8,041,929</td>
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<td>Other operating income</td>
<td>W 340,586</td>
<td>W 887,175</td>
<td>W 182,672</td>
<td>W 727,004</td>
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<tr>
<td>Other operating expenses</td>
<td>W 236,940</td>
<td>W 625,844</td>
<td>W 283,473</td>
<td>W 696,009</td>
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<td><strong>Operating income</strong></td>
<td>W 2,055,821</td>
<td>W 6,840,760</td>
<td>W 1,994,766</td>
<td>W 5,949,005</td>
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<td>Gain on investments in joint ventures and associates, net</td>
<td>W 601,426</td>
<td>W 2,005,242</td>
<td>W 520,653</td>
<td>W 1,933,989</td>
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<td>Finance income</td>
<td>W 253,085</td>
<td>W 714,434</td>
<td>W 189,514</td>
<td>W 573,261</td>
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<td>Finance expenses</td>
<td>W 129,617</td>
<td>W 486,475</td>
<td>W 251,863</td>
<td>W 554,637</td>
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<td><strong>Income before income tax</strong></td>
<td>W 2,780,715</td>
<td>W 9,073,961</td>
<td>W 2,453,070</td>
<td>W 7,901,618</td>
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<td>Income tax expense</td>
<td>W 615,106</td>
<td>W 1,910,167</td>
<td>W 534,731</td>
<td>W 1,799,225</td>
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<td><strong>Profit for the period</strong></td>
<td>W 2,165,609</td>
<td>W 7,163,794</td>
<td>W 1,918,339</td>
<td>W 6,102,393</td>
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<td>Profit attributable to:</td>
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<td>Owners of the Parent Company</td>
<td>W 2,025,231</td>
<td>W 6,771,547</td>
<td>W 1,813,923</td>
<td>W 5,705,756</td>
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<tr>
<td>Non-controlling interests</td>
<td>W 140,378</td>
<td>W 392,247</td>
<td>W 104,416</td>
<td>W 396,637</td>
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<td><strong>Earnings per share attributable to the owners of the Parent Company:</strong></td>
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<td>Basic earnings per common share</td>
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<td>W 24,926</td>
<td>W 6,660</td>
<td>W 20,984</td>
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<td>Diluted earnings per common share</td>
<td>W 7,454</td>
<td>W 24,926</td>
<td>W 6,660</td>
<td>W 20,984</td>
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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

<table>
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<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th></th>
<th>2012</th>
<th>2011</th>
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<td>Three months ended</td>
<td>Nine months ended</td>
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<td></td>
<td>September 30,</td>
<td>September 30,</td>
<td>(In millions of</td>
<td>September 30,</td>
<td>September 30,</td>
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<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td>(In millions of Korean Won)</td>
<td>Korean Won)</td>
<td>(In millions of Korean Won)</td>
<td>(In millions of Korean Won)</td>
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<td>Profit for the period</td>
<td>₩ 2,165,609</td>
<td>₩ 7,163,794</td>
<td>₩ 1,918,339</td>
<td>₩ 6,102,393</td>
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<td>Actuarial loss on defined benefit obligations, net</td>
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<td>₩ 6,856,927</td>
<td>₩ 2,049,544</td>
<td>₩ 6,309,629</td>
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See accompanying notes to consolidated financial statements.
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<th></th>
<th>Capital stock</th>
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<th>Retained earnings</th>
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<th>Total equity</th>
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<td>243,711</td>
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<tr>
<td>Actuarial loss on</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(21,046)</td>
<td>(21,046)</td>
<td></td>
<td>(21,046)</td>
<td>(1,926)</td>
</tr>
<tr>
<td>defined benefit obligations, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on foreign operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>(21,046)</td>
<td></td>
<td>(21,046)</td>
<td>(1,926)</td>
</tr>
<tr>
<td>translation, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>146,230</td>
<td></td>
<td></td>
<td>146,230</td>
<td>4,695</td>
</tr>
<tr>
<td><strong>Transactions with owners, recorded directly in equity:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of cash dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(412,227)</td>
<td>(412,227)</td>
<td></td>
<td>(412,227)</td>
<td>(45,423)</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>-</td>
<td>-</td>
<td>(173,778)</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>(173,778)</td>
</tr>
<tr>
<td>Increase in subsidiaries’ stock</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(173,778)</td>
<td></td>
<td>-</td>
<td>(173,778)</td>
</tr>
<tr>
<td>Disposal of subsidiaries’ stock</td>
<td>-</td>
<td>40</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td>10,780</td>
<td>10,780</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50</td>
<td></td>
<td></td>
<td>50</td>
<td>(826)</td>
</tr>
<tr>
<td><strong>Total transactions with owners, recorded directly in equity</strong></td>
<td>-</td>
<td>40</td>
<td>(173,778)</td>
<td>(412,177)</td>
<td>(585,915)</td>
<td></td>
<td>35,469</td>
<td>(621,384)</td>
</tr>
</tbody>
</table>

(Continued)
## HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY (CONTINUED)

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

<table>
<thead>
<tr>
<th></th>
<th>Capital stock</th>
<th>Capital surplus</th>
<th>Other capital items</th>
<th>Accumulated other comprehensive income</th>
<th>Retained earnings</th>
<th>Total</th>
<th>Non-controlling interests</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at January 1, 2012</strong></td>
<td>W 1,488,993</td>
<td>W 4,114,010</td>
<td>W (1,128,779)</td>
<td>W 375,281</td>
<td>W 32,263,528</td>
<td>W 37,113,033</td>
<td>W 3,214,669</td>
<td>W 40,327,702</td>
</tr>
<tr>
<td><strong>Comprehensive income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain (loss) on valuation of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>available-for-sale financial assets, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on valuation of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cash flow hedge derivatives, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in valuation of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>equity-accounted investees, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial loss on defined</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>benefit obligations, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on foreign operations translation, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>(255,584)</td>
<td></td>
<td></td>
<td></td>
<td>(255,584)</td>
<td></td>
<td>(11,356)</td>
<td>(266,940)</td>
</tr>
<tr>
<td><strong>Transactions with owners, recorded directly in equity:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of cash dividends</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(480,105)</td>
<td></td>
<td>(38)</td>
<td>(480,143)</td>
</tr>
<tr>
<td>Increase in subsidiaries’ stock</td>
<td>43,148</td>
<td></td>
<td></td>
<td></td>
<td>43,148</td>
<td></td>
<td>232,050</td>
<td>275,198</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total transactions with owners, recorded directly in equity</strong></td>
<td>43,148</td>
<td></td>
<td></td>
<td></td>
<td>(496,854)</td>
<td></td>
<td>(232,012)</td>
<td>(221,694)</td>
</tr>
<tr>
<td><strong>Balance at September 30, 2012</strong></td>
<td>W 1,488,993</td>
<td>W 4,157,158</td>
<td>W (1,128,779)</td>
<td>W 84,150</td>
<td>W 38,519,611</td>
<td>W 43,121,133</td>
<td>W 3,841,802</td>
<td>W 46,962,935</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>NOTES</th>
<th>Nine months ended September 30,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td>2012</td>
<td>2011</td>
</tr>
</tbody>
</table>

### Cash flows from operating activities:

#### Cash generated from operations:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period</td>
<td>₩7,163,794</td>
<td>₩6,102,393</td>
</tr>
<tr>
<td>Adjustments</td>
<td>5,071,913</td>
<td>4,926,207</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td>(5,665,099)</td>
<td>(6,108,683)</td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>454,672</td>
<td>403,825</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(1,252,482)</td>
<td>(1,275,023)</td>
</tr>
<tr>
<td>Dividend received</td>
<td>743,192</td>
<td>604,381</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(1,653,270)</td>
<td>(1,411,741)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>4,862,720</strong></td>
<td><strong>3,241,359</strong></td>
</tr>
</tbody>
</table>

### Cash flows from investing activities:

#### Cash inflows from investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from withdrawal of short-term financial instruments</td>
<td>7,339,499</td>
<td>6,696,091</td>
</tr>
<tr>
<td>Proceeds from disposal of other financial assets</td>
<td>36,387</td>
<td>757,737</td>
</tr>
<tr>
<td>Proceeds from disposal of other receivables</td>
<td>65,865</td>
<td>389,812</td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>63,637</td>
<td>97,568</td>
</tr>
<tr>
<td>Proceeds from disposal of intangible assets</td>
<td>1,687</td>
<td>5,469</td>
</tr>
<tr>
<td>Proceeds from disposal of investments in joint ventures and associates</td>
<td>220,871</td>
<td>122,106</td>
</tr>
<tr>
<td>Other cash receipts from investing activities</td>
<td>8,019</td>
<td>41,292</td>
</tr>
<tr>
<td><strong>Total cash inflows from investing activities</strong></td>
<td><strong>7,735,965</strong></td>
<td><strong>8,110,075</strong></td>
</tr>
</tbody>
</table>

#### Cash outflows from investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of short-term financial instruments</td>
<td>(8,220,759)</td>
<td>(6,744,334)</td>
</tr>
<tr>
<td>Acquisition of other financial assets</td>
<td>(78,527)</td>
<td>(704,914)</td>
</tr>
<tr>
<td>Acquisition of other receivables</td>
<td>(74,335)</td>
<td>(378,832)</td>
</tr>
<tr>
<td>Purchase of long-term financial instruments</td>
<td>(1,160,000)</td>
<td>(290,000)</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>(1,821,443)</td>
<td>(1,875,425)</td>
</tr>
<tr>
<td>Acquisition of intangible assets</td>
<td>(534,242)</td>
<td>(555,897)</td>
</tr>
<tr>
<td>Acquisition of investments in subsidiaries</td>
<td>(290,911)</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of investments in joint ventures and associates</td>
<td>(184,340)</td>
<td>(3,084,315)</td>
</tr>
<tr>
<td>Other cash payments from investing activities</td>
<td>(16,561)</td>
<td>(37,471)</td>
</tr>
<tr>
<td><strong>Total cash outflows from investing activities</strong></td>
<td><strong>(12,381,118)</strong></td>
<td><strong>(13,671,188)</strong></td>
</tr>
</tbody>
</table>

**Net cash used in investing activities** | (4,645,153) | (5,561,113) |

(Continued)
HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

<table>
<thead>
<tr>
<th>NOTES</th>
<th>Nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
</tr>
</tbody>
</table>

Cash flows from financing activities:

Cash inflows from financing activities:

- Proceeds from short-term borrowings W 23,199,984 W 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 277,476 10,780

Total cash inflows from financing activities 36,211,869 27,137,707

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 (18,813) (15,248)

Total cash outflows from financing activities (35,138,718) (24,657,746)

Net cash provided by financing activities 1,073,151 2,479,961

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 6,231,946 6,215,815

Cash and cash equivalents, end of the period W 7,471,674 W 6,384,939

See accompanying notes to consolidated financial statements.
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:

<table>
<thead>
<tr>
<th>Subsidiaries</th>
<th>Nature of business</th>
<th>Location</th>
<th>Ownership percentage</th>
<th>Indirect ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyundai Capital Services, Inc.</td>
<td>Financing</td>
<td>Korea</td>
<td>56.47%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Card Co., Ltd.</td>
<td></td>
<td></td>
<td>31.52%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Rotem Company</td>
<td>Manufacturing</td>
<td></td>
<td>57.64%</td>
<td></td>
</tr>
<tr>
<td>Hyundai KEFICO Corporation</td>
<td></td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Green Air Co., Ltd.</td>
<td></td>
<td></td>
<td>51.00%</td>
<td>Hyundai Rotem 51.00%</td>
</tr>
<tr>
<td>Hyundai Autron Co., Ltd.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Formerly, Hyundai Carnes Co., Ltd.)</td>
<td>R&amp;D</td>
<td></td>
<td>60.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Partecs Co., Ltd.</td>
<td>Manufacturing</td>
<td></td>
<td>56.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai NGV Tech Co., Ltd.</td>
<td>Engineering</td>
<td></td>
<td>53.66%</td>
<td></td>
</tr>
<tr>
<td>Maintrans Co., Ltd.</td>
<td>Services</td>
<td></td>
<td>80.00%</td>
<td>Hyundai Rotem 80.00%</td>
</tr>
<tr>
<td>Jeonbuk Hyundai Motors FC Co., Ltd.</td>
<td>Football Club</td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Motor America (HMA)</td>
<td>Sales</td>
<td>USA</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Capital America (HCA)</td>
<td>Financing</td>
<td></td>
<td>85.00%</td>
<td>HMA 85.00%</td>
</tr>
<tr>
<td>Hyundai Motor Manufacturing</td>
<td>Manufacturing</td>
<td>Alabama</td>
<td>100.00%</td>
<td>HMA 100.00%</td>
</tr>
<tr>
<td>(HMM)</td>
<td>R&amp;D</td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Translead, Inc. (HT)</td>
<td>Holding company</td>
<td></td>
<td>72.45%</td>
<td>HMA 72.45%</td>
</tr>
<tr>
<td>Stamped Metal American Research Technology, Inc. (SMARTI)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stamped Metal American Research Technology LLC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hyundai America Technical Center, Inc. (HATCI)</td>
<td>R&amp;D</td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Rotem USA Corporation</td>
<td>Manufacturing</td>
<td></td>
<td>100.00%</td>
<td>Hyundai Rotem 100.00%</td>
</tr>
<tr>
<td>Hyundai Auto Canada Corp. (HAC)</td>
<td>Sales</td>
<td>Canada</td>
<td>100.00%</td>
<td>HMA 100.00%</td>
</tr>
<tr>
<td>Hyundai Auto Canada Captive Insurance Inc. (HACCI)</td>
<td>Insurance</td>
<td></td>
<td>100.00%</td>
<td>HAC 100.00%</td>
</tr>
<tr>
<td>Hyundai Motor India Limited (HMI)</td>
<td>Manufacturing</td>
<td>India</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Motor India Engineering</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Limited (HMIE)</td>
<td>R&amp;D</td>
<td></td>
<td>100.00%</td>
<td>HMI 100.00%</td>
</tr>
<tr>
<td>Hyundai Motor Japan Co., Ltd. (HMJ)</td>
<td>Sales</td>
<td>Japan</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Motor Japan R&amp;D Center Inc. (HMJ R&amp;D)</td>
<td>R&amp;D</td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)</td>
<td>Sales</td>
<td>China</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Beijing Jingxianronghua Motor Sale Co., Ltd.</td>
<td></td>
<td></td>
<td>100.00%</td>
<td>BJMSS 100.00%</td>
</tr>
<tr>
<td>Subsidiaries</td>
<td>Nature of business</td>
<td>Location</td>
<td>Ownership percentage</td>
<td>Indirect ownership</td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>--------------------</td>
<td>----------</td>
<td>----------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Beijing Xinhuaixiaqiyuetong Motor Chain Co., Ltd.</td>
<td>“”</td>
<td>“”</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Beijing Hines Millennium Real Estate Development</td>
<td>Real estate</td>
<td>China</td>
<td>99.00%</td>
<td>CMEs 99.00%</td>
</tr>
<tr>
<td>Rotem Equipments (Beijing) Co., Ltd.</td>
<td>Manufacturing</td>
<td>“”</td>
<td>100.00%</td>
<td>Hyundai Rotem 100.00%</td>
</tr>
<tr>
<td>KEFICO Automotive Systems (Beijing) Co., Ltd.</td>
<td>“”</td>
<td>“”</td>
<td>100.00%</td>
<td>Hyundai KEFICO 100.00%</td>
</tr>
<tr>
<td>KEFICO VIETNAM COMPANY LIMITED</td>
<td>“”</td>
<td>Vietnam</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Company Australia Pty Limited (HMCA)</td>
<td>Sales</td>
<td>Australia</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)</td>
<td>Manufacturing</td>
<td>Czech</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Czech s.r.o (HMCZ)</td>
<td>Sales</td>
<td>“”</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Europe GmbH (HME)</td>
<td>Marketing and Sales</td>
<td>Germany</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Deutschland GmbH (HMD)</td>
<td>Sales</td>
<td>“”</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Europe Technical Center GmbH (HMETC)</td>
<td>R&amp;D</td>
<td>“”</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Capital Europe GmbH</td>
<td>Financing</td>
<td>“”</td>
<td>100.00%</td>
<td>Hyundai Capital Services 100.00%</td>
</tr>
<tr>
<td>Hyundai Motor Manufacturing Rus LLC (HMMR)</td>
<td>Manufacturing</td>
<td>Russia</td>
<td>70.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)</td>
<td>Company</td>
<td>Netherlands</td>
<td>100.00%</td>
<td>HMMR 1.40%</td>
</tr>
<tr>
<td>Hyundai Motor Commonwealth of Independent States (HMCIS)</td>
<td>Sales</td>
<td>Russia</td>
<td>100.00%</td>
<td>HMCIS B.V 100.00%</td>
</tr>
<tr>
<td>Hyundai Capital Services Limited Liability Company</td>
<td>Financing</td>
<td>“”</td>
<td>100.00%</td>
<td>Hyundai Capital Europe 100.00%</td>
</tr>
<tr>
<td>Hyundai Assan Otonovit Sanayi Ve Ticaret A.S. (HAOSVT)</td>
<td>Manufacturing</td>
<td>Turkey</td>
<td>89.29%</td>
<td>“”</td>
</tr>
<tr>
<td>Eurotem DEMIRYOLU ARACLARI SAN. VE TICA.S</td>
<td>“”</td>
<td>“”</td>
<td>50.50%</td>
<td>Hyundai Rotem 50.50%</td>
</tr>
<tr>
<td>Hyundai Motor UK Limited (HMUK)</td>
<td>Sales</td>
<td>UK</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Company Italy S.r.l (HMCI)</td>
<td>“”</td>
<td>Italy</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Espana. S.L (HMES)</td>
<td>“”</td>
<td>Spain</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor France SAS (HMF)</td>
<td>“”</td>
<td>France</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Poland Sp. Zo.O (HMP)</td>
<td>“”</td>
<td>Poland</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Norway AS (HMN)</td>
<td>“”</td>
<td>Norway</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai de Mexico, SA DE C.V., (HYMEX)</td>
<td>Manufacturing</td>
<td>Mexico</td>
<td>99.99%</td>
<td>HT 99.99%</td>
</tr>
<tr>
<td>Hyundai Motor Hungary (HMH)</td>
<td>Sales</td>
<td>Hungary</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)</td>
<td>Manufacturing</td>
<td>Brazil</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>China Millennium Corporations (CMEs)</td>
<td>Holding</td>
<td>Cayman</td>
<td>59.60%</td>
<td>“”</td>
</tr>
<tr>
<td>Autopia Thirty-Fifth ~ Thirty-Seventh Asset Securitization Specialty Company (*)</td>
<td>Financing</td>
<td>Korea</td>
<td>0.90%</td>
<td>Hyundai Capital Services 0.90%</td>
</tr>
<tr>
<td>Autopia Thirty-Ninth ~ Fortyfieth Asset Securitization Specialty Company (*)</td>
<td>“”</td>
<td>“”</td>
<td>0.90%</td>
<td>“”</td>
</tr>
<tr>
<td>Autopia Forty-Second ~ Forty-Seventh Asset Securitization Specialty Company (*)</td>
<td>“”</td>
<td>“”</td>
<td>0.90%</td>
<td>“”</td>
</tr>
<tr>
<td>Privia the First ~ Third Securitization Specialty Co., Ltd. (*)</td>
<td>“”</td>
<td>“”</td>
<td>0.90%</td>
<td>Hyundai Card 0.90%</td>
</tr>
<tr>
<td>Hyundai BC Funding Corporation</td>
<td>“”</td>
<td>USA</td>
<td>100.00%</td>
<td>HCA 100.00%</td>
</tr>
<tr>
<td>Hyundai CHA Funding Corporation</td>
<td>“”</td>
<td>“”</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai Lease Titling Trust</td>
<td>“”</td>
<td>“”</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai HK Funding, LLC</td>
<td>“”</td>
<td>“”</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai HK Funding One, LLC</td>
<td>“”</td>
<td>“”</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Hyundai HK Funding Two, LLC</td>
<td>“”</td>
<td>“”</td>
<td>100.00%</td>
<td>“”</td>
</tr>
<tr>
<td>Subsidiaries</td>
<td>Nature of business</td>
<td>Location</td>
<td>Ownership percentage</td>
<td>Indirect ownership</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>--------------------</td>
<td>----------</td>
<td>----------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Hyundai Auto Lease Funding, LLC</td>
<td></td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai ABS Funding Corporation</td>
<td></td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Capital Insurance Services, LLC</td>
<td></td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>HK Real Properties, LLC</td>
<td></td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Auto Lease Offering, LLC</td>
<td>Financing</td>
<td>USA</td>
<td>100.00%</td>
<td>HCA 100.00%</td>
</tr>
<tr>
<td>Hyundai HK Lease, LLC</td>
<td></td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Protection Plan, Inc.</td>
<td>Insurance</td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Protection Plan Florida, Inc.</td>
<td></td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>Hyundai Capital Insurance Company</td>
<td></td>
<td></td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>

(*) 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:

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

(*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:

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

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>Non-current</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td></td>
</tr>
<tr>
<td>Trade notes and accounts receivable</td>
<td>₩ 3,661,130</td>
<td>₩66,467</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Present value discount accounts</td>
<td>-</td>
<td>(4,422)</td>
</tr>
<tr>
<td></td>
<td>₩3,630,295</td>
<td>₩62,045</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three months ended</td>
<td>Nine months ended</td>
</tr>
<tr>
<td></td>
<td>September 30,</td>
<td>September 30,</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td>(In millions of Korean Won)</td>
</tr>
<tr>
<td>Beginning of the period</td>
<td>₩ 30,011</td>
<td>₩ 40,346</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>2,266</td>
<td>9,443</td>
</tr>
<tr>
<td>Write-off</td>
<td>(1,418)</td>
<td>(23,719)</td>
</tr>
<tr>
<td>Effect of foreign exchange differences</td>
<td>(24)</td>
<td>(592)</td>
</tr>
<tr>
<td>Changes in scope of consolidation</td>
<td></td>
<td>5,357</td>
</tr>
<tr>
<td>End of the period</td>
<td>₩ 30,835</td>
<td>₩ 30,835</td>
</tr>
</tbody>
</table>

4. **OTHER RECEIVABLES:**

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

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>Non-current</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td>(In millions of Korean Won)</td>
</tr>
<tr>
<td>Accounts receivables-other</td>
<td>₩ 1,814,481</td>
<td>₩ 732,264</td>
</tr>
<tr>
<td>Due from customers for contract work</td>
<td>967,348</td>
<td>-</td>
</tr>
<tr>
<td>Lease and rental deposits</td>
<td>51,928</td>
<td>264,118</td>
</tr>
<tr>
<td>Deposits</td>
<td>11,667</td>
<td>34,607</td>
</tr>
<tr>
<td>Other</td>
<td>13,421</td>
<td>-</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(5,241)</td>
<td>(1,277)</td>
</tr>
<tr>
<td>Present value discount accounts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>₩ 2,853,604</td>
<td>₩ 1,029,712</td>
</tr>
</tbody>
</table>

5. **OTHER FINANCIAL ASSETS:**

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

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>Non-current</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td>(In millions of Korean Won)</td>
</tr>
<tr>
<td>Financial assets at fair value through profit or loss</td>
<td>₩ 55,668</td>
<td>₩ 69,302</td>
</tr>
<tr>
<td>Derivative assets that are effective hedging instruments</td>
<td>33,758</td>
<td>63,468</td>
</tr>
<tr>
<td>Available for sale financial assets</td>
<td>3,388</td>
<td>1,627,471</td>
</tr>
<tr>
<td>Held-to-maturity (&quot;HTM&quot;) financial assets</td>
<td>-</td>
<td>62</td>
</tr>
<tr>
<td>Loans</td>
<td>14,997</td>
<td>10,031</td>
</tr>
<tr>
<td></td>
<td>₩ 107,811</td>
<td>₩ 1,770,334</td>
</tr>
</tbody>
</table>
(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:

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acquisition cost</td>
<td>Difference</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td></td>
</tr>
<tr>
<td>Debt instruments</td>
<td>₩5,514</td>
<td>₩209</td>
</tr>
<tr>
<td>Equity instruments</td>
<td>675,282</td>
<td>949,854</td>
</tr>
<tr>
<td></td>
<td>₩680,796</td>
<td>₩950,063</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Ownership percentage (%</th>
<th>Acquisition cost</th>
<th>Difference</th>
<th>Book value</th>
<th>Book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyundai Heavy Industries Co., Ltd.</td>
<td>2.88</td>
<td>₩56,924</td>
<td></td>
<td>₩496,051</td>
<td>₩552,975</td>
</tr>
<tr>
<td>Hyundai Glovis Co., Ltd.</td>
<td>4.88</td>
<td>210,688</td>
<td>235,146</td>
<td>445,834</td>
<td>351,540</td>
</tr>
<tr>
<td>Korea Aerospace Industries, Co., Ltd.</td>
<td>10.00</td>
<td>151,086</td>
<td>120,870</td>
<td>271,956</td>
<td>385,514</td>
</tr>
<tr>
<td>Hyundai Oil Refinery Co., Ltd.</td>
<td>4.35</td>
<td>53,734</td>
<td>76,363</td>
<td>130,097</td>
<td>130,097</td>
</tr>
<tr>
<td>Hyundai Green Food Co., Ltd.</td>
<td>2.36</td>
<td>15,005</td>
<td>27,918</td>
<td>42,923</td>
<td>37,270</td>
</tr>
<tr>
<td>Seoul Metro Line Nine Corporation (*)</td>
<td>25.00</td>
<td>41,779</td>
<td></td>
<td>41,779</td>
<td>41,779</td>
</tr>
<tr>
<td>Hyundai Merchant Marine Co., Ltd.</td>
<td>0.48</td>
<td>9,161</td>
<td>9,308</td>
<td>18,469</td>
<td>17,394</td>
</tr>
<tr>
<td>Doosan Capital Co., Ltd.</td>
<td>7.14</td>
<td>10,000</td>
<td>6,406</td>
<td>16,406</td>
<td>16,406</td>
</tr>
<tr>
<td>Hyundai Finance Corporation</td>
<td>9.29</td>
<td>9,888</td>
<td>1,062</td>
<td>10,950</td>
<td>10,427</td>
</tr>
<tr>
<td>Hyundai Development Company</td>
<td>0.60</td>
<td>9,025</td>
<td>988</td>
<td>10,013</td>
<td>7,560</td>
</tr>
<tr>
<td>Ubivelox Co., Ltd.</td>
<td>5.23</td>
<td>1,710</td>
<td>7,616</td>
<td>9,326</td>
<td>9,310</td>
</tr>
<tr>
<td>KT Corporation</td>
<td>0.09</td>
<td>8,655</td>
<td>(204)</td>
<td>8,451</td>
<td>8,559</td>
</tr>
<tr>
<td>NICE Information Service Co., Ltd.</td>
<td>2.25</td>
<td>3,312</td>
<td>(167)</td>
<td>3,145</td>
<td>3,189</td>
</tr>
<tr>
<td>NICE Holdings Co., Ltd.</td>
<td>1.42</td>
<td>3,491</td>
<td>(812)</td>
<td>2,679</td>
<td>2,497</td>
</tr>
<tr>
<td>Hyundai Asan Corporation</td>
<td>2.53</td>
<td>22,500</td>
<td>(20,384)</td>
<td>2,116</td>
<td>4,239</td>
</tr>
<tr>
<td>NESSCAP, Inc.</td>
<td>6.90</td>
<td>1,997</td>
<td>(726)</td>
<td>1,271</td>
<td>2,804</td>
</tr>
<tr>
<td>ENOVA Systems, Inc.</td>
<td>0.42</td>
<td>2,204</td>
<td>(2,181)</td>
<td>23</td>
<td>36</td>
</tr>
<tr>
<td>Other</td>
<td>64,123</td>
<td>(7,400)</td>
<td></td>
<td>56,723</td>
<td>49,402</td>
</tr>
<tr>
<td></td>
<td>675,282</td>
<td>949,854</td>
<td>1,625,136</td>
<td>1,640,853</td>
<td></td>
</tr>
</tbody>
</table>

(*) 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:

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

7. **OTHER ASSETS:**

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

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td></td>
</tr>
<tr>
<td>Accrued income</td>
<td>₩361,478</td>
<td>₩310,286</td>
</tr>
<tr>
<td>Advanced payments</td>
<td>622,850</td>
<td>387,116</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>247,986</td>
<td>230,561</td>
</tr>
<tr>
<td>Prepaid value added tax and other</td>
<td>507,847</td>
<td>1,137,862</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩1,740,161</td>
<td>₩1,137,862</td>
</tr>
</tbody>
</table>

8. **PROPERTY, PLANT AND EQUIPMENT:**

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning of the period</th>
<th>Acquisition</th>
<th>Acquisition from business combinations</th>
<th>Transfer</th>
<th>Disposal</th>
<th>Depreciation</th>
<th>Other (*)</th>
<th>End of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>₩5,637,917</td>
<td>₩68,770</td>
<td>₩36,189</td>
<td>₩75,908</td>
<td>(₩14,470)</td>
<td>₩37,315</td>
<td>₩5,841,629</td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>₩4,269,581</td>
<td>₩50,796</td>
<td>₩46,892</td>
<td>₩415,122</td>
<td>(₩6,666)</td>
<td>₩140,135</td>
<td>₩4,588,560</td>
<td></td>
</tr>
<tr>
<td>Structures</td>
<td>₩543,372</td>
<td>₩3,785</td>
<td>₩1,712</td>
<td>₩49,731</td>
<td>(₩705)</td>
<td>₩43,460</td>
<td>₩552,035</td>
<td></td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>₩5,442,619</td>
<td>₩9,843</td>
<td>₩159,058</td>
<td>₩770,224</td>
<td>(₩30,727)</td>
<td>₩524,025</td>
<td>₩5,756,094</td>
<td></td>
</tr>
<tr>
<td>Dies, molds and tools</td>
<td>₩163,287</td>
<td>₩38,504</td>
<td>₩12,525</td>
<td>₩16,630</td>
<td>(₩12,657)</td>
<td>₩26,644</td>
<td>₩184,407</td>
<td></td>
</tr>
<tr>
<td>Office equipment</td>
<td>₩354,913</td>
<td>₩48,285</td>
<td>₩2,844</td>
<td>₩84,838</td>
<td>(₩1,236)</td>
<td>₩110,321</td>
<td>₩376,824</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>₩35,412</td>
<td>₩1,287</td>
<td>₩4,112</td>
<td>₩11,527</td>
<td>(₩309)</td>
<td>₩6,704</td>
<td>₩36,593</td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td>₩1,658,759</td>
<td>₩1,581,857</td>
<td>₩29,213</td>
<td>(₩1,777,082)</td>
<td>(₩3,458)</td>
<td>₩23,435</td>
<td>₩1,512,724</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩19,548,048</td>
<td>₩1,821,443</td>
<td>₩299,966</td>
<td>(₩76,277)</td>
<td>(₩1,231,733)</td>
<td>₩89,114</td>
<td>₩20,272,333</td>
<td></td>
</tr>
</tbody>
</table>

(*) 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning of the period</th>
<th>Acquisition</th>
<th>Transfer</th>
<th>Disposal</th>
<th>Depreciation</th>
<th>Other (*)</th>
<th>End of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(In millions of Korean Won)</td>
</tr>
<tr>
<td>Land</td>
<td>W 5,667,851</td>
<td>W 17,643</td>
<td>W 9,493</td>
<td>W (43,721)</td>
<td>-</td>
<td>W (6,166)</td>
<td>W 5,645,100</td>
</tr>
<tr>
<td>Buildings</td>
<td>4,335,818</td>
<td>21,259</td>
<td>100,195</td>
<td>(5,478)</td>
<td>(138,333)</td>
<td>24,948</td>
<td>4,338,409</td>
</tr>
<tr>
<td>Structures</td>
<td>546,936</td>
<td>6,832</td>
<td>24,298</td>
<td>(1,357)</td>
<td>(36,536)</td>
<td>11,907</td>
<td>552,080</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>5,107,741</td>
<td>151,141</td>
<td>887,019</td>
<td>(39,867)</td>
<td>(498,389)</td>
<td>(4,216)</td>
<td>5,582,640</td>
</tr>
<tr>
<td>Vehicles</td>
<td>160,430</td>
<td>24,969</td>
<td>19,995</td>
<td>(22,419)</td>
<td>(23,229)</td>
<td>(4,216)</td>
<td>155,530</td>
</tr>
<tr>
<td>Dies, molds and tools</td>
<td>1,364,502</td>
<td>61,062</td>
<td>403,141</td>
<td>(17,474)</td>
<td>(371,460)</td>
<td>(9,085)</td>
<td>1,430,686</td>
</tr>
<tr>
<td>Office equipment</td>
<td>319,988</td>
<td>61,735</td>
<td>48,519</td>
<td>(1,888)</td>
<td>(98,241)</td>
<td>4,537</td>
<td>334,650</td>
</tr>
<tr>
<td>Other</td>
<td>6,985</td>
<td>6,772</td>
<td>23,591</td>
<td>(668)</td>
<td>(3,583)</td>
<td>4,708</td>
<td>37,805</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>1,003,958</td>
<td>1,524,012</td>
<td>(1,516,251)</td>
<td>(8,351)</td>
<td>-</td>
<td>63,902</td>
<td>1,067,270</td>
</tr>
</tbody>
</table>

(*) 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning of the period</th>
<th>Transfer</th>
<th>Depreciation</th>
<th>Effect of exchange differences</th>
<th>End of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(In millions of Korean Won)</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>W 46,757</td>
<td>W -</td>
<td>W - W</td>
<td>-</td>
<td>W 46,757</td>
</tr>
<tr>
<td>Buildings</td>
<td>221,334</td>
<td></td>
<td>(8,470)</td>
<td>(1,964)</td>
<td>210,900</td>
</tr>
<tr>
<td>Structures</td>
<td>14,336</td>
<td></td>
<td>(301)</td>
<td>-</td>
<td>14,035</td>
</tr>
<tr>
<td></td>
<td>W 282,427</td>
<td>W -</td>
<td>W (8,771)</td>
<td>W (1,964)</td>
<td>W 271,692</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three months ended September 30,</td>
<td>Nine months ended September 30,</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td>(In millions of Korean Won)</td>
</tr>
<tr>
<td>Rental income</td>
<td>W 8,671</td>
<td>W 23,919</td>
</tr>
<tr>
<td>Operating and maintenance expenses</td>
<td>3,402</td>
<td>9,544</td>
</tr>
</tbody>
</table>
10. INTANGIBLES:

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning of the period</th>
<th>Internal development and separate acquisition</th>
<th>Acquisition from business combinations</th>
<th>Transfer</th>
<th>Disposal</th>
<th>Amortization</th>
<th>Other (*)</th>
<th>End of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>W 177,154 W - W 114,552</td>
<td>W 74,776 W 22,308</td>
<td>W (554,330)</td>
<td>W 1,707</td>
<td>W 290,981</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development costs</td>
<td>1,848,032 414,038</td>
<td>17,908 (21)</td>
<td>(43,553)</td>
<td>40,658</td>
<td>210,389</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial property rights</td>
<td>22,777 151</td>
<td>455 6,663</td>
<td>(4,461)</td>
<td>448</td>
<td>26,033</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software</td>
<td>181,716 9,469</td>
<td>17,908 (21)</td>
<td>(43,553)</td>
<td>40,658</td>
<td>210,389</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>290,099 36,186</td>
<td>14,165 (1,550)</td>
<td>(23,528)</td>
<td>(1,649)</td>
<td>315,663</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td>140,331 74,398</td>
<td>151 61,044</td>
<td>(32)</td>
<td>(15,790)</td>
<td>137,863</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning of the period</th>
<th>Internal development and separate acquisition</th>
<th>Transfer</th>
<th>Disposal</th>
<th>Amortization</th>
<th>Impairment</th>
<th>Other (*)</th>
<th>End of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>W 177,607 W - W 114,904</td>
<td>W (481,010)</td>
<td>(79,204)</td>
<td>7,174</td>
<td>1,841,139</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development costs</td>
<td>1,943,466 438,859</td>
<td>W (34,017)</td>
<td>-</td>
<td>41,029</td>
<td>174,501</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial property rights</td>
<td>21,027 75</td>
<td>(3,905)</td>
<td>-</td>
<td>10</td>
<td>22,100</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software</td>
<td>137,533 15,267</td>
<td>14,694 (5)</td>
<td>-</td>
<td>41,029</td>
<td>174,501</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>273,778 29,933</td>
<td>14,694 (5)</td>
<td>-</td>
<td>9,129</td>
<td>295,687</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction in progress</td>
<td>98,157 71,763</td>
<td>(36,173)</td>
<td>(32)</td>
<td>(1,790)</td>
<td>131,952</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) 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 | Nine months | Three months | Nine months |
| [In millions of Korean Won]      | September 30 | September 30 | September 30 | September 30 |
| Development costs                | W 170,609 | W 414,038 | W 178,521 | W 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 |
|                                   | W 420,250 | W 1,065,275 | W 403,612 | W 986,700 |

(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.
### 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:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Nature of business</th>
<th>Location</th>
<th>Ownership Percentage</th>
<th>Book value September 30, 2012 (In millions of Korean Won)</th>
<th>Book value December 31, 2011 (In millions of Korean Won)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing-Hyundai Motor Company (BHMC) (*3)</td>
<td>Manufacturing</td>
<td>China</td>
<td>50.00</td>
<td>₩ 1,468,214</td>
<td>₩ 1,553,871</td>
</tr>
<tr>
<td>Hyundai Motor Group China, Ltd. (HMGC) (*3)</td>
<td>Investment</td>
<td>&quot;</td>
<td>50.00</td>
<td>100,971</td>
<td>128,318</td>
</tr>
<tr>
<td>Hyundai WIA Automotive Engine (Shandong) Company (WAE)</td>
<td>Manufacturing</td>
<td>&quot;</td>
<td>22.00</td>
<td>100,284</td>
<td>128,318</td>
</tr>
<tr>
<td>Beijing Mobis Transmission Co., Ltd. (BMT)</td>
<td>Financing</td>
<td>&quot;</td>
<td>24.08</td>
<td>59,312</td>
<td>64,575</td>
</tr>
<tr>
<td>Beijing Hyundai Auto Finance Co., Ltd. (BHAF) (*4)</td>
<td>Financing</td>
<td>UK</td>
<td>39.99</td>
<td>8,953</td>
<td>-</td>
</tr>
<tr>
<td>Hyundai Powertech Manufacturing America (HPMA)</td>
<td>Manufacturing</td>
<td>U.S.A</td>
<td>30.00</td>
<td>23,754</td>
<td>23,796</td>
</tr>
<tr>
<td>Hyundai Powertech (Shandong) Co., Ltd. (PTS)</td>
<td>Investment</td>
<td>China</td>
<td>30.00</td>
<td>18,744</td>
<td>24,495</td>
</tr>
<tr>
<td>Innocean Worldwide Americas, LLC (IWA)</td>
<td>Advertisement</td>
<td>U.S.A</td>
<td>30.00</td>
<td>10,372</td>
<td>11,027</td>
</tr>
<tr>
<td>Hyundai Capital Services UK Ltd. (HCUK)</td>
<td>Financing</td>
<td>UK</td>
<td>39.99</td>
<td>8,953</td>
<td>-</td>
</tr>
<tr>
<td>Hyundai Information Service North America (HISNA)</td>
<td>Information technology</td>
<td>U.S.A</td>
<td>30.00</td>
<td>3,238</td>
<td>3,476</td>
</tr>
<tr>
<td>Global Engine Alliance, LLC (GEA)</td>
<td>Manufacturing</td>
<td>&quot;</td>
<td>33.33</td>
<td>1,798</td>
<td>1,865</td>
</tr>
<tr>
<td>Hyundai Capital Germany GmbH (HCGG)</td>
<td>Financing</td>
<td>Germany</td>
<td>40.01</td>
<td>1,381</td>
<td>1,065</td>
</tr>
<tr>
<td>Hyundai Motor Deutschland GmbH (HMD) (*2)</td>
<td>Sales</td>
<td>&quot;</td>
<td>100.00</td>
<td>-</td>
<td>30,026</td>
</tr>
<tr>
<td>Kia Motors Corporation</td>
<td>Manufacturing</td>
<td>Korea</td>
<td>33.88</td>
<td>5,504,865</td>
<td>4,565,683</td>
</tr>
<tr>
<td>Hyundai engineering &amp; construction Co., Ltd.</td>
<td>Construction</td>
<td>&quot;</td>
<td>20.95</td>
<td>3,032,924</td>
<td>3,011,421</td>
</tr>
<tr>
<td>Hyundai HYSCO Co., Ltd.</td>
<td>Manufacturing</td>
<td>&quot;</td>
<td>29.37</td>
<td>618,086</td>
<td>449,438</td>
</tr>
<tr>
<td>Hyundai WIA Corporation</td>
<td>Manufacturing</td>
<td>&quot;</td>
<td>26.79</td>
<td>459,923</td>
<td>482,996</td>
</tr>
<tr>
<td>Hyundai Powertech Co., Ltd.</td>
<td>Finance royalty</td>
<td>&quot;</td>
<td>37.58</td>
<td>295,383</td>
<td>254,066</td>
</tr>
<tr>
<td>HMC Investment Securities Co., Ltd.</td>
<td>Securities</td>
<td>&quot;</td>
<td>26.27</td>
<td>217,370</td>
<td>210,511</td>
</tr>
<tr>
<td>Hyundai Dymos Inc.</td>
<td>Manufacturing</td>
<td>&quot;</td>
<td>47.27</td>
<td>215,851</td>
<td>194,332</td>
</tr>
<tr>
<td>Hyundai Commercial Inc.</td>
<td>Financing</td>
<td>&quot;</td>
<td>50.00</td>
<td>115,752</td>
<td>122,364</td>
</tr>
<tr>
<td>Eukor Car Carriers Inc. (*1)</td>
<td>Transportation</td>
<td>&quot;</td>
<td>12.00</td>
<td>122,657</td>
<td>111,312</td>
</tr>
<tr>
<td>Hyundai Autoever Corp.</td>
<td>Information technology</td>
<td>&quot;</td>
<td>29.90</td>
<td>52,422</td>
<td>47,215</td>
</tr>
<tr>
<td>HK Mutual Savings Bank</td>
<td>Financing</td>
<td>&quot;</td>
<td>20.00</td>
<td>49,666</td>
<td>45,735</td>
</tr>
<tr>
<td>The Korea Economic Daily Co., Ltd.</td>
<td>Newspaper</td>
<td>&quot;</td>
<td>20.00</td>
<td>33,625</td>
<td>32,220</td>
</tr>
<tr>
<td>Iljin Bearing Co., Ltd.</td>
<td>Manufacturing</td>
<td>&quot;</td>
<td>20.00</td>
<td>24,351</td>
<td>22,928</td>
</tr>
<tr>
<td>Hyundai M &amp; Soft Co., Ltd.</td>
<td>Information technology</td>
<td>&quot;</td>
<td>31.84</td>
<td>22,793</td>
<td>19,963</td>
</tr>
<tr>
<td>HMC Win Win Fund</td>
<td>Investment association</td>
<td>&quot;</td>
<td>33.33</td>
<td>18,589</td>
<td>18,589</td>
</tr>
<tr>
<td>Daesung Automotive Co., Ltd.</td>
<td>Manufacturing</td>
<td>&quot;</td>
<td>20.00</td>
<td>16,302</td>
<td>15,841</td>
</tr>
<tr>
<td>Korea Credit Bureau Co., Ltd. (*1)</td>
<td>Financing</td>
<td>&quot;</td>
<td>9.00</td>
<td>5,086</td>
<td>4,966</td>
</tr>
<tr>
<td>Haevichi Country Club., Ltd.</td>
<td>Golf course operation</td>
<td>&quot;</td>
<td>30.00</td>
<td>2,937</td>
<td>-</td>
</tr>
<tr>
<td>Seoul Line 9 Operation Co., Ltd.</td>
<td>Transportation</td>
<td>&quot;</td>
<td>20.00</td>
<td>1,772</td>
<td>1,159</td>
</tr>
<tr>
<td>Clair Pixel Co., Ltd. (*1)</td>
<td>Manufacturing</td>
<td>&quot;</td>
<td>19.22</td>
<td>1,448</td>
<td>1,986</td>
</tr>
<tr>
<td>HI Network Inc. (*1)</td>
<td>Financing</td>
<td>&quot;</td>
<td>19.99</td>
<td>739</td>
<td>1,003</td>
</tr>
<tr>
<td>Hyundai KEFICO Corporation (*2)</td>
<td>Manufacturing</td>
<td>&quot;</td>
<td>100.00</td>
<td>-</td>
<td>171,736</td>
</tr>
</tbody>
</table>

(*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) 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.

(*3) 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.

(*4) 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.
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.

Joint venture.

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

The changes in investments in joint ventures and associates for the nine months ended September 30, 2012 are as follows:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Beginning of the period</th>
<th>Acquisition / (Disposition)</th>
<th>Gain (loss) on valuation</th>
<th>Other (*)</th>
<th>End of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHMC</td>
<td>₩1,553,871</td>
<td>₩430,104</td>
<td>₩(515,761)</td>
<td>₩1,468,214</td>
<td></td>
</tr>
<tr>
<td>HMGC</td>
<td>₩128,318</td>
<td>-</td>
<td>₩(81,462)</td>
<td>₩100,971</td>
<td></td>
</tr>
<tr>
<td>WAE</td>
<td>₩81,260</td>
<td>₩7,381</td>
<td>₩(12,644)</td>
<td>₩18,744</td>
<td></td>
</tr>
<tr>
<td>BMT</td>
<td>₩64,575</td>
<td>-</td>
<td>₩(5,188)</td>
<td>₩8,953</td>
<td></td>
</tr>
<tr>
<td>BHAF</td>
<td>-</td>
<td>₩2,407</td>
<td>₩51,174</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>HPMA</td>
<td>₩23,796</td>
<td>-</td>
<td>₩(81,462)</td>
<td>₩23,754</td>
<td></td>
</tr>
<tr>
<td>PTS</td>
<td>₩24,495</td>
<td>₩5,148</td>
<td>₩(8,215)</td>
<td>₩10,372</td>
<td></td>
</tr>
<tr>
<td>IWA</td>
<td>₩11,027</td>
<td>-</td>
<td>₩(4,745)</td>
<td>₩1,798</td>
<td></td>
</tr>
<tr>
<td>HCUK</td>
<td>-</td>
<td>₩2,602</td>
<td>₩1,381</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>HISNA</td>
<td>₩1,865</td>
<td>-</td>
<td>₩(56)</td>
<td>₩1,798</td>
<td></td>
</tr>
<tr>
<td>GEA</td>
<td>₩1,065</td>
<td>-</td>
<td>₩289</td>
<td>₩1,381</td>
<td></td>
</tr>
<tr>
<td>HCGG</td>
<td>₩30,026</td>
<td>-</td>
<td>₩(30,026)</td>
<td>₩5,504,865</td>
<td></td>
</tr>
<tr>
<td>Kia Motors Corporation</td>
<td>₩4,565,683</td>
<td>-</td>
<td>₩94,586</td>
<td>₩5,504,865</td>
<td></td>
</tr>
<tr>
<td>Hyundai engineering &amp; construction Co., Ltd.</td>
<td>₩3,011,421</td>
<td>-</td>
<td>₩14,143</td>
<td>₩3,032,924</td>
<td></td>
</tr>
<tr>
<td>Hyundai HYSCO Co., Ltd.</td>
<td>₩449,438</td>
<td>-</td>
<td>₩618,086</td>
<td>₩19,428</td>
<td></td>
</tr>
<tr>
<td>Hyundai WIA Corporation</td>
<td>₩482,996</td>
<td>-</td>
<td>₩295,383</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Hyundai Powertech Co., Ltd.</td>
<td>₩254,066</td>
<td>-</td>
<td>₩295,383</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>HMC Investment Securities Co., Ltd.</td>
<td>₩210,511</td>
<td>-</td>
<td>₩215,851</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Hyundai Dymos Inc.</td>
<td>₩194,332</td>
<td>-</td>
<td>₩215,851</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Hyundai Commercial Inc.</td>
<td>₩122,364</td>
<td>-</td>
<td>₩115,752</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Eukor Car Carriers Inc.</td>
<td>₩111,312</td>
<td>-</td>
<td>₩115,752</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Hyundai Autoever Corp.</td>
<td>₩47,215</td>
<td>-</td>
<td>₩52,422</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>HK Mutual Savings Bank</td>
<td>₩45,735</td>
<td>-</td>
<td>₩49,666</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>The Korea Economic Daily Co., Ltd.</td>
<td>₩32,220</td>
<td>-</td>
<td>₩33,652</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Iljin Bearing Co., Ltd.</td>
<td>₩22,928</td>
<td>-</td>
<td>₩24,351</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Hyundai M &amp; Soft Co., Ltd.</td>
<td>₩19,963</td>
<td>-</td>
<td>₩22,793</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>HMC Win Win Fund</td>
<td>₩18,689</td>
<td>-</td>
<td>₩18,589</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Daesung Automotive Co., Ltd.</td>
<td>₩15,841</td>
<td>-</td>
<td>₩16,302</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Korea Credit Bureau Co., Ltd.</td>
<td>₩4,966</td>
<td>-</td>
<td>₩5,086</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Haevichi Country Club., Ltd.</td>
<td>-</td>
<td>₩4,943</td>
<td>₩2,937</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Seoul Line 9 Operation Co., Ltd.</td>
<td>₩1,159</td>
<td>-</td>
<td>₩1,772</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Clair Pixel Co., Ltd.</td>
<td>₩1,986</td>
<td>-</td>
<td>₩1,448</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>HI Network Inc.</td>
<td>₩1,003</td>
<td>-</td>
<td>₩739</td>
<td>₩121,737</td>
<td></td>
</tr>
<tr>
<td>Hyundai KEFICO Corporation</td>
<td>₩171,736</td>
<td>-</td>
<td>₩121,737</td>
<td>₩121,737</td>
<td></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Beginning of the period</th>
<th>Acquisition / (Disposition)</th>
<th>Gain (loss) on valuation</th>
<th>Other (*)</th>
<th>End of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHMC</td>
<td>₩ 1,231,700</td>
<td>₩ 86,569</td>
<td>₩ 444,291</td>
<td>₩ (330,007)</td>
<td>₩ 1,432,553</td>
</tr>
<tr>
<td>HMGC</td>
<td>₩ 93,822</td>
<td>-</td>
<td>₩ 55,149</td>
<td>₩ 42,019</td>
<td>₩ 106,952</td>
</tr>
<tr>
<td>WAE</td>
<td>₩ 66,215</td>
<td>-</td>
<td>₩ 7,384</td>
<td>₩ 5,248</td>
<td>₩ 78,847</td>
</tr>
<tr>
<td>BMT</td>
<td>₩ 52,340</td>
<td>-</td>
<td>₩ 5,661</td>
<td>₩ 4,132</td>
<td>₩ 62,133</td>
</tr>
<tr>
<td>HPMA</td>
<td>₩ 22,682</td>
<td>-</td>
<td>₩ 1,392</td>
<td>₩ 916</td>
<td>₩ 24,990</td>
</tr>
<tr>
<td>PTS</td>
<td>₩ 11,004</td>
<td>10,809</td>
<td>-</td>
<td>1,600</td>
<td>23,413</td>
</tr>
<tr>
<td>IWA</td>
<td>₩ 7,866</td>
<td>-</td>
<td>₩ 3,665</td>
<td>₩ 1,592</td>
<td>₩ 9,939</td>
</tr>
<tr>
<td>HISNA</td>
<td>₩ 2,892</td>
<td>-</td>
<td>₩ 600</td>
<td>₩ (251)</td>
<td>₩ 3,241</td>
</tr>
<tr>
<td>GEA</td>
<td>₩ 1,842</td>
<td>-</td>
<td>-</td>
<td>65</td>
<td>₩ 1,907</td>
</tr>
<tr>
<td>HCGG</td>
<td>₩ 1,367</td>
<td>-</td>
<td>-</td>
<td>18</td>
<td>₩ 1,385</td>
</tr>
<tr>
<td>HMD</td>
<td>₩ 34,755</td>
<td>-</td>
<td>₩ 3,909</td>
<td>(10,774)</td>
<td>₩ 27,890</td>
</tr>
<tr>
<td>KMMG</td>
<td>₩ 165,871</td>
<td>-</td>
<td>₩ 51,155</td>
<td>₩ 9,867</td>
<td>₩ 227,253</td>
</tr>
<tr>
<td>Kia Motors Corporation</td>
<td>₩ 3,242,033</td>
<td>-</td>
<td>₩ 871,365</td>
<td>₩ 56,572</td>
<td>₩ 4,169,970</td>
</tr>
<tr>
<td>Hyundai engineering &amp; construction Co., Ltd.</td>
<td>₩ -</td>
<td>2,984,937</td>
<td>₩ 82,260</td>
<td>₩ (25,808)</td>
<td>₩ 3,041,389</td>
</tr>
<tr>
<td>Hyundai HYSCO Co., Ltd.</td>
<td>₩ 376,298</td>
<td>-</td>
<td>₩ 62,257</td>
<td>₩ (3,073)</td>
<td>₩ 435,482</td>
</tr>
<tr>
<td>Hyundai WIA Corporation</td>
<td>₩ 377,072</td>
<td>-</td>
<td>₩ 57,381</td>
<td>₩ 29,929</td>
<td>₩ 464,382</td>
</tr>
<tr>
<td>Hyundai Powertech Co., Ltd.</td>
<td>₩ 216,242</td>
<td>-</td>
<td>₩ 33,105</td>
<td>₩ 275</td>
<td>₩ 249,622</td>
</tr>
<tr>
<td>HMC Investment Securities Co., Ltd.</td>
<td>₩ 198,317</td>
<td>-</td>
<td>₩ 5,901</td>
<td>₩ 2,882</td>
<td>₩ 207,100</td>
</tr>
<tr>
<td>Hyundai Dymos Inc.</td>
<td>₩ 159,887</td>
<td>-</td>
<td>₩ 20,955</td>
<td>₩ 8,864</td>
<td>₩ 189,706</td>
</tr>
<tr>
<td>Hyundai Commercial Inc.</td>
<td>₩ 90,043</td>
<td>-</td>
<td>₩ 30,175</td>
<td>₩ (3,286)</td>
<td>₩ 116,932</td>
</tr>
<tr>
<td>Eukor Car Carriers Inc.</td>
<td>₩ 82,259</td>
<td>-</td>
<td>₩ 21,589</td>
<td>₩ (236)</td>
<td>₩ 103,612</td>
</tr>
<tr>
<td>Hyundai Autoever Corp.</td>
<td>₩ 39,969</td>
<td>-</td>
<td>₩ 7,442</td>
<td>₩ (2,835)</td>
<td>₩ 44,582</td>
</tr>
<tr>
<td>HK Mutual Savings Bank</td>
<td>₩ 42,849</td>
<td>-</td>
<td>₩ 3,341</td>
<td>₩ 26</td>
<td>₩ 46,216</td>
</tr>
<tr>
<td>The Korea Economic Daily Co., Ltd.</td>
<td>₩ 31,171</td>
<td>-</td>
<td>₩ 240</td>
<td>₩ (291)</td>
<td>₩ 31,120</td>
</tr>
<tr>
<td>Iljin Bearing Co., Ltd.</td>
<td>₩ 20,602</td>
<td>-</td>
<td>₩ 1,742</td>
<td>₩ (226)</td>
<td>₩ 22,118</td>
</tr>
<tr>
<td>Hyundai M &amp; Soft Co., Ltd.</td>
<td>₩ 16,378</td>
<td>-</td>
<td>₩ 2,884</td>
<td>₩ (2,385)</td>
<td>₩ 19,157</td>
</tr>
<tr>
<td>HMC Win Win Fund</td>
<td>₩ 18,131</td>
<td>-</td>
<td>₩ 367</td>
<td>-</td>
<td>₩ 18,498</td>
</tr>
<tr>
<td>Daesung Automotive Co., Ltd.</td>
<td>₩ 14,731</td>
<td>-</td>
<td>₩ 2,884</td>
<td>₩ (2,385)</td>
<td>₩ 15,230</td>
</tr>
<tr>
<td>Korea Credit Bureau Co., Ltd.</td>
<td>₩ 4,514</td>
<td>-</td>
<td>₩ 415</td>
<td>-</td>
<td>₩ 4,929</td>
</tr>
<tr>
<td>Seoul Line 9 Operation Co., Ltd.</td>
<td>₩ 1,290</td>
<td>-</td>
<td>₩ 925</td>
<td>₩ (979)</td>
<td>₩ 1,236</td>
</tr>
<tr>
<td>Clair Pixel Co., Ltd.</td>
<td>₩ -</td>
<td>2,000</td>
<td>-</td>
<td>-</td>
<td>₩ 2,000</td>
</tr>
<tr>
<td>HI Network Inc.</td>
<td>₩ -</td>
<td>418</td>
<td>-</td>
<td>-</td>
<td>₩ 418</td>
</tr>
<tr>
<td>Hyundai KEFICO Corporation</td>
<td>₩ 155,077</td>
<td>-</td>
<td>₩ 20,693</td>
<td>(7,930)</td>
<td>₩ 167,840</td>
</tr>
<tr>
<td>Korea Aerospace Industries, Co., Ltd.</td>
<td>₩ 129,177</td>
<td>-</td>
<td>₩ 6,783</td>
<td>(135,960)</td>
<td>-</td>
</tr>
</tbody>
</table>

| Total                          | ₩ 6,909,451             | ₩ 3,084,315                | ₩ 1,806,751              | ₩ (448,126) | ₩ 11,352,391     |

(*) Other consists of changes in accumulated other comprehensive income, decrease due to declaration of the dividends and changes in ownership percentage.
Condensed financial information of the joint ventures and associates as of and for the nine months ended September 30, 2012 is as follows:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Assets (In millions of Korean Won)</th>
<th>Liabilities (In millions of Korean Won)</th>
<th>Sales (In millions of Korean Won)</th>
<th>Net income (loss) (In millions of Korean Won)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHMC</td>
<td>₩6,671,804</td>
<td>₩3,695,014</td>
<td>₩9,404,738</td>
<td>₩858,570</td>
</tr>
<tr>
<td>HMGC</td>
<td>380,529</td>
<td>169,273</td>
<td>₩1,552,161</td>
<td>₩85,677</td>
</tr>
<tr>
<td>WAE</td>
<td>1,251,026</td>
<td>775,988</td>
<td>₩777,584</td>
<td>₩50,539</td>
</tr>
<tr>
<td>BMT</td>
<td>384,973</td>
<td>138,662</td>
<td>₩292,811</td>
<td>₩30,653</td>
</tr>
<tr>
<td>BHAf</td>
<td>89,982</td>
<td>5,263</td>
<td>₩1,780</td>
<td>(4,080)</td>
</tr>
<tr>
<td>HPMA</td>
<td>437,882</td>
<td>358,166</td>
<td>₩713,600</td>
<td>2,288</td>
</tr>
<tr>
<td>PTS</td>
<td>395,820</td>
<td>333,342</td>
<td>₩226,022</td>
<td>(14,988)</td>
</tr>
<tr>
<td>IWA</td>
<td>194,434</td>
<td>174,315</td>
<td>₩163,377</td>
<td>10,391</td>
</tr>
<tr>
<td>HCUK</td>
<td>519,473</td>
<td>497,093</td>
<td>₩95,948</td>
<td>1,981</td>
</tr>
<tr>
<td>HISNA</td>
<td>28,511</td>
<td>19,148</td>
<td>₩5,590</td>
<td>25</td>
</tr>
<tr>
<td>GEA</td>
<td>12,817</td>
<td>6,159</td>
<td>₩764</td>
<td>91</td>
</tr>
<tr>
<td>HCGG</td>
<td>4,173</td>
<td>223</td>
<td>₩643,285</td>
<td>28,912</td>
</tr>
<tr>
<td>Kia Motors Corporation</td>
<td>33,148,266</td>
<td>16,752,860</td>
<td>35,965,900</td>
<td>3,127,203</td>
</tr>
<tr>
<td>Hyundai engineering &amp; construction Co., Ltd.</td>
<td>12,582,347</td>
<td>7,877,624</td>
<td>9,206,197</td>
<td>415,483</td>
</tr>
<tr>
<td>Hyundai HYSCO Co., Ltd.</td>
<td>5,276,933</td>
<td>3,427,880</td>
<td>6,397,296</td>
<td>245,330</td>
</tr>
<tr>
<td>Hyundai WIA Corporation</td>
<td>4,289,708</td>
<td>2,523,844</td>
<td>5,078,083</td>
<td>293,292</td>
</tr>
<tr>
<td>Hyundai Powertech Co., Ltd.</td>
<td>2,094,348</td>
<td>1,275,381</td>
<td>2,199,591</td>
<td>109,793</td>
</tr>
<tr>
<td>HMC Investment Securities Co., Ltd.(*)</td>
<td>5,351,375</td>
<td>4,676,315</td>
<td>1,108,540</td>
<td>27,320</td>
</tr>
<tr>
<td>Hyundai Dymos Inc.</td>
<td>965,588</td>
<td>504,540</td>
<td>1,013,150</td>
<td>38,874</td>
</tr>
<tr>
<td>Hyundai Commercial Inc.</td>
<td>3,866,092</td>
<td>3,527,068</td>
<td>257,578</td>
<td>39,238</td>
</tr>
<tr>
<td>Eukor Car Carriers Inc.</td>
<td>2,436,622</td>
<td>1,415,428</td>
<td>2,222,156</td>
<td>238,033</td>
</tr>
<tr>
<td>Hyundai Autoever Corp.</td>
<td>417,938</td>
<td>242,414</td>
<td>643,285</td>
<td>28,912</td>
</tr>
<tr>
<td>HK Mutual Savings Bank(*)</td>
<td>2,558,809</td>
<td>2,371,718</td>
<td>319,118</td>
<td>21,760</td>
</tr>
<tr>
<td>The Korea Economic Daily Co., Ltd.</td>
<td>203,804</td>
<td>54,919</td>
<td>96,538</td>
<td>6,683</td>
</tr>
<tr>
<td>Iljin Bearing Co., Ltd.</td>
<td>156,289</td>
<td>34,534</td>
<td>164,906</td>
<td>8,299</td>
</tr>
<tr>
<td>Hyundai M &amp; Soft Co., Ltd.</td>
<td>90,146</td>
<td>18,796</td>
<td>72,474</td>
<td>8,796</td>
</tr>
<tr>
<td>HMC Win Win Fund</td>
<td>55,767</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Daesung Automotive Co., Ltd.</td>
<td>95,422</td>
<td>13,913</td>
<td>39,442</td>
<td>4,171</td>
</tr>
<tr>
<td>Korea Credit Bureau Co., Ltd.</td>
<td>53,371</td>
<td>9,799</td>
<td>33,652</td>
<td>5,901</td>
</tr>
<tr>
<td>Haevich Country Club., Ltd.</td>
<td>285,170</td>
<td>275,379</td>
<td>8,687</td>
<td>(20)</td>
</tr>
<tr>
<td>Seoul Line 9 Operation Co., Ltd.</td>
<td>17,225</td>
<td>8,367</td>
<td>44,699</td>
<td>3,062</td>
</tr>
<tr>
<td>Clair Pixel Co., Ltd.</td>
<td>7,115</td>
<td>4,649</td>
<td>3,050</td>
<td>466</td>
</tr>
<tr>
<td>HIC Network Inc.</td>
<td>6,842</td>
<td>3,144</td>
<td>14,088</td>
<td>2,469</td>
</tr>
</tbody>
</table>

(*) 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:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Assets (In millions of Korean Won)</th>
<th>Liabilities</th>
<th>Sales (In millions of Korean Won)</th>
<th>Net income (loss) (In millions of Korean Won)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHMC</td>
<td>₩6,106,873</td>
<td>₩3,226,303</td>
<td>₩9,028,132</td>
<td>₩885,562</td>
</tr>
<tr>
<td>HMGC</td>
<td>500,178</td>
<td>263,770</td>
<td>1,665,905</td>
<td>111,083</td>
</tr>
<tr>
<td>WAE</td>
<td>823,074</td>
<td>464,677</td>
<td>690,359</td>
<td>33,563</td>
</tr>
<tr>
<td>BMT</td>
<td>371,227</td>
<td>113,202</td>
<td>252,437</td>
<td>23,507</td>
</tr>
<tr>
<td>HPMA</td>
<td>340,215</td>
<td>254,863</td>
<td>552,540</td>
<td>4,641</td>
</tr>
<tr>
<td>PTS</td>
<td>170,640</td>
<td>92,598</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IWA</td>
<td>165,546</td>
<td>146,693</td>
<td>132,313</td>
<td>9,612</td>
</tr>
<tr>
<td>HISNA</td>
<td>284,181</td>
<td>15,420</td>
<td>66,989</td>
<td>1,466</td>
</tr>
<tr>
<td>GEA</td>
<td>17,250</td>
<td>10,199</td>
<td>5,377</td>
<td>60</td>
</tr>
<tr>
<td>HCGG</td>
<td>3,529</td>
<td>179</td>
<td>476</td>
<td>103</td>
</tr>
<tr>
<td>HMD</td>
<td>318,326</td>
<td>239,304</td>
<td>1,186,419</td>
<td>11,077</td>
</tr>
<tr>
<td>KMMG</td>
<td>2,521,509</td>
<td>1,764,523</td>
<td>4,179,093</td>
<td>173,474</td>
</tr>
<tr>
<td>Kia Motors Corporation</td>
<td>29,796,705</td>
<td>16,580,507</td>
<td>32,228,331</td>
<td>2,728,884</td>
</tr>
<tr>
<td>Hyundai engineering &amp; construction Co., Ltd.</td>
<td>11,515,317</td>
<td>7,263,108</td>
<td>8,117,242</td>
<td>548,763</td>
</tr>
<tr>
<td>Hyundai HYSCO Co., Ltd.</td>
<td>4,453,169</td>
<td>2,873,760</td>
<td>5,985,933</td>
<td>237,846</td>
</tr>
<tr>
<td>Hyundai WIA Corporation</td>
<td>4,924,238</td>
<td>2,650,017</td>
<td>4,643,516</td>
<td>176,254</td>
</tr>
<tr>
<td>Hyundai Powertech Co., Ltd.</td>
<td>1,924,238</td>
<td>1,225,315</td>
<td>2,068,301</td>
<td>85,482</td>
</tr>
<tr>
<td>HMC Investment Securities Co., Ltd.</td>
<td>4,085,453</td>
<td>3,449,491</td>
<td>480,955</td>
<td>26,661</td>
</tr>
<tr>
<td>Hyundai Dymos Inc.</td>
<td>947,740</td>
<td>543,332</td>
<td>1,060,465</td>
<td>44,332</td>
</tr>
<tr>
<td>Hyundai Commercial Inc.</td>
<td>3,324,537</td>
<td>3,092,282</td>
<td>241,678</td>
<td>60,145</td>
</tr>
<tr>
<td>Eukor Car Carriers Inc.</td>
<td>2,634,369</td>
<td>1,770,933</td>
<td>1,827,576</td>
<td>179,905</td>
</tr>
<tr>
<td>Hyundai Autoever Corp.</td>
<td>332,926</td>
<td>183,611</td>
<td>491,431</td>
<td>24,946</td>
</tr>
<tr>
<td>HK Mutual Savings Bank(*)</td>
<td>2,600,383</td>
<td>2,430,544</td>
<td>275,790</td>
<td>16,706</td>
</tr>
<tr>
<td>The Korea Economic Daily Co., Ltd.</td>
<td>191,914</td>
<td>55,345</td>
<td>88,477</td>
<td>1,166</td>
</tr>
<tr>
<td>Iljin Bearing Co., Ltd.</td>
<td>148,601</td>
<td>38,010</td>
<td>164,478</td>
<td>8,710</td>
</tr>
<tr>
<td>Hyundai M &amp; Soft Co., Ltd.</td>
<td>84,293</td>
<td>24,362</td>
<td>61,693</td>
<td>9,239</td>
</tr>
<tr>
<td>HMC Win Win Fund</td>
<td>55,495</td>
<td>-</td>
<td>1,583</td>
<td>1,102</td>
</tr>
<tr>
<td>Daesung Automotive Co., Ltd.</td>
<td>93,047</td>
<td>16,896</td>
<td>40,510</td>
<td>4,365</td>
</tr>
<tr>
<td>Korea Credit Bureau Co., Ltd.</td>
<td>48,960</td>
<td>7,651</td>
<td>28,847</td>
<td>5,856</td>
</tr>
<tr>
<td>Seoul Line 9 Operation Co., Ltd.</td>
<td>13,873</td>
<td>7,749</td>
<td>41,714</td>
<td>4,624</td>
</tr>
<tr>
<td>Clair Pixel Co., Ltd.</td>
<td>6,218</td>
<td>3,028</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>HI Network Inc.</td>
<td>6,649</td>
<td>2,817</td>
<td>15,774</td>
<td>2,132</td>
</tr>
<tr>
<td>Hyundai KEFICO Corporation</td>
<td>798,526</td>
<td>460,722</td>
<td>917,196</td>
<td>41,386</td>
</tr>
</tbody>
</table>

(*) 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:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Price per share (In millions of Korean Won, except price per share)</th>
<th>Number of shares</th>
<th>Market price (In millions of Korean Won, except price per share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kia Motors Corporation</td>
<td>₩69,400</td>
<td>137,318,251</td>
<td>₩9,529,887</td>
</tr>
<tr>
<td>Hyundai engineering &amp; construction Co., Ltd.</td>
<td>₩67,500</td>
<td>23,327,400</td>
<td>₩1,574,600</td>
</tr>
<tr>
<td>Hyundai WIA Corporation</td>
<td>₩187,500</td>
<td>6,893,596</td>
<td>₩1,292,549</td>
</tr>
<tr>
<td>Hyundai HYSCO Co., Ltd.</td>
<td>₩47,200</td>
<td>23,554,188</td>
<td>₩1,111,758</td>
</tr>
<tr>
<td>HMC Investment Securities Co., Ltd.</td>
<td>₩15,100</td>
<td>7,705,980</td>
<td>₩116,360</td>
</tr>
</tbody>
</table>
12. **FINANCIAL SERVICES RECEIVABLES:**

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

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

(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:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three months ended September 30</td>
<td>Nine months ended September 30</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td></td>
</tr>
<tr>
<td>Beginning of the period</td>
<td>₩ 710,538</td>
<td>₩ 729,047</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>111,585</td>
<td>334,032</td>
</tr>
<tr>
<td>Write-off</td>
<td>(83,349)</td>
<td>(281,717)</td>
</tr>
<tr>
<td>Effect of foreign exchange differences</td>
<td>(5,893)</td>
<td>(6,012)</td>
</tr>
<tr>
<td>Transfer and other</td>
<td>(17,117)</td>
<td>(59,586)</td>
</tr>
<tr>
<td>Changes in scope of consolidation</td>
<td>11,720</td>
<td>11,720</td>
</tr>
<tr>
<td>End of the period</td>
<td>₩ 727,484</td>
<td>₩ 727,484</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross investments in financial lease</td>
<td>Present value of minimum lease receipts</td>
</tr>
<tr>
<td>Within 1 year</td>
<td>₩ 1,363,637</td>
<td>₩ 1,074,604</td>
</tr>
<tr>
<td>Within 5 years more than 1 year</td>
<td>1,805,964</td>
<td>1,748,162</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>99</td>
<td>98</td>
</tr>
<tr>
<td></td>
<td>₩ 3,169,700</td>
<td>₩ 2,822,864</td>
</tr>
</tbody>
</table>
(5) Unearned interest income of financial lease as of September 30, 2012 and December 31, 2011 is as follows:

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

13. OPERATING LEASE ASSETS:

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

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

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

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

14. BORROWINGS AND DEBENTURES:

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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(%)</td>
<td>(In millions of Korean Won)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General loans</td>
<td>Shinhan Bank and other</td>
<td>1.31–5.80</td>
<td>₩2,027,291</td>
<td>₩1,369,128</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facility loan</td>
<td>Korea Development Bank and other</td>
<td>1.50–5.85</td>
<td>₩924,049</td>
<td>₩1,206,574</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial paper</td>
<td>SK Securities and other</td>
<td>3.95–4.15</td>
<td>₩210,000</td>
<td>₩320,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset backed securities</td>
<td>JP Morgan and other</td>
<td>0.48–2.65</td>
<td>₩4,230,518</td>
<td>₩1,050,777</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Export-Import Bank of Korea and</td>
<td>1.00–7.30</td>
<td>₩595,109</td>
<td>₩640,620</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td></td>
<td>₩7,986,967</td>
<td>₩4,587,099</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>₩169,474</td>
<td>₩180,259</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>₩3,060,377</td>
<td>₩922,713</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: present value value discounts</td>
<td></td>
<td></td>
<td>₩169,474</td>
<td>₩180,259</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: current maturities</td>
<td></td>
<td></td>
<td>₩3,060,377</td>
<td>₩922,713</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(%)</td>
<td>(In millions of Korean Won)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guaranteed public debentures</td>
<td>June 8, 2017</td>
<td>3.75–4.50</td>
<td>₩1,677,218</td>
<td>₩1,726,687</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guaranteed private debentures</td>
<td>April 25, 2015</td>
<td>5.60</td>
<td>₩83,895</td>
<td>₩86,498</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-guaranteed public debentures</td>
<td>July 31, 2019</td>
<td>2.82–7.47</td>
<td>₩20,598,025</td>
<td>₩20,903,643</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-guaranteed private debentures</td>
<td>January 21, 2016</td>
<td>2.44–5.15</td>
<td>₩1,525,408</td>
<td>₩2,910,714</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset backed securities</td>
<td>October 15, 2018</td>
<td>0.29–3.15</td>
<td>₩6,494,761</td>
<td>₩5,494,645</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: discount on debentures</td>
<td></td>
<td></td>
<td>₩30,379,307</td>
<td>₩31,122,187</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: current maturities</td>
<td></td>
<td></td>
<td>₩5,567,532</td>
<td>₩7,397,481</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>₩24,724,180</td>
<td>₩23,654,325</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15. PROVISIONS:

The changes of provisions for the nine months ended September 30, 2012 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Warranty</th>
<th>Employee benefit</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the period</td>
<td>₩5,850,285</td>
<td>₩586,628</td>
<td>₩210,240</td>
</tr>
<tr>
<td>Accrual</td>
<td>₩598,198</td>
<td>₩47,964</td>
<td>₩224,465</td>
</tr>
<tr>
<td>Utilized</td>
<td>₩594,926</td>
<td>(₩33,790)</td>
<td>(₩84,518)</td>
</tr>
<tr>
<td>Amortization of present value discounts</td>
<td>125,316</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in expected reimbursements by third parties</td>
<td>24,800</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Effect of foreign exchange differences</td>
<td>(₩25,944)</td>
<td>(3)</td>
<td>(₩7,371)</td>
</tr>
<tr>
<td>Changes in scope of consolidation</td>
<td>₩66,842</td>
<td>₩3,187</td>
<td>₩10,176</td>
</tr>
<tr>
<td>End of the period</td>
<td>₩6,044,571</td>
<td>₩603,986</td>
<td>₩352,992</td>
</tr>
</tbody>
</table>
The changes of provisions for the nine months ended September 30, 2011 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Warranty (In millions of Korean Won)</th>
<th>Employee benefit (In millions of Korean Won)</th>
<th>Other (In millions of Korean Won)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the period</td>
<td>₩ 5,252,340</td>
<td>₩ 431,518</td>
<td>₩ 301,720</td>
</tr>
<tr>
<td>Accrual</td>
<td>₩ 880,052</td>
<td>₩ 41,109</td>
<td>₩ 79,052</td>
</tr>
<tr>
<td>Utilized</td>
<td>(₩ 500,738)</td>
<td>(₩ 41,877)</td>
<td>(₩ 138,443)</td>
</tr>
<tr>
<td>Amortization of present value discounts</td>
<td>123,164</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in expected reimbursements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>by third parties</td>
<td>27,146</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Effect of foreign exchange differences</td>
<td>29,372</td>
<td>386</td>
<td>(724)</td>
</tr>
<tr>
<td>End of the period</td>
<td>₩ 5,811,336</td>
<td>₩ 431,136</td>
<td>₩ 241,605</td>
</tr>
</tbody>
</table>

16. **OTHER FINANCIAL LIABILITIES:**

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

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities at fair value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>through profit or loss(*)</td>
<td>₩ 201,793 W</td>
<td>₩ 426,897 W</td>
</tr>
<tr>
<td>Derivative liabilities that are effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>hedging instruments</td>
<td>₩ 21,129 W</td>
<td>₩ 20,482 W</td>
</tr>
<tr>
<td>Financial lease liabilities</td>
<td>₩ 8,530 W</td>
<td>₩ 8,535 W</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 109,745</td>
<td>₩ 109,745</td>
</tr>
<tr>
<td></td>
<td>₩ 341,197 W</td>
<td>₩ 455,914 W</td>
</tr>
</tbody>
</table>

(*) 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance received</td>
<td>₩ 486,834 W</td>
<td>₩ 482,899 W</td>
</tr>
<tr>
<td>Withholdings</td>
<td>₩ 1,484,359 W</td>
<td>₩ 963,451 W</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>₩ 1,906,230 W</td>
<td>₩ 1,102,940 W</td>
</tr>
<tr>
<td>Unearned income</td>
<td>₩ 434,144 W</td>
<td>₩ 374,175 W</td>
</tr>
<tr>
<td>Accrued dividends</td>
<td>₩ 76 W</td>
<td>₩ 77 W</td>
</tr>
<tr>
<td>Due to customers for contract work</td>
<td>₩ 280,576 W</td>
<td>₩ 467,868 W</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 74,040 W</td>
<td>₩ 85,206 W</td>
</tr>
<tr>
<td></td>
<td>₩ 4,666,259 W</td>
<td>₩ 3,476,616 W</td>
</tr>
</tbody>
</table>
## 18. FINANCIAL INSTRUMENTS:

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Financial assets at FVTPL</th>
<th>Loans and receivables</th>
<th>AFS financial assets</th>
<th>HTM financial assets</th>
<th>Derivatives designated as hedging instruments</th>
<th>Book value</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>W</td>
<td>W 7,471,674</td>
<td>W</td>
<td>W</td>
<td>W</td>
<td>W 7,471,674</td>
<td>W 7,471,674</td>
</tr>
<tr>
<td>Short-term and long-term financial instruments</td>
<td>-</td>
<td>11,389,057</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,389,057</td>
<td>11,389,057</td>
</tr>
<tr>
<td>Trade notes and accounts receivable</td>
<td>-</td>
<td>3,692,340</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,692,340</td>
<td>3,692,340</td>
</tr>
<tr>
<td>Other receivables</td>
<td>-</td>
<td>-</td>
<td>124,970</td>
<td>62</td>
<td>97,226</td>
<td>2,915,968</td>
<td>2,915,968</td>
</tr>
<tr>
<td>Financial services receivables</td>
<td>-</td>
<td>-</td>
<td>38,479,147</td>
<td>-</td>
<td>-</td>
<td>38,479,147</td>
<td>38,977,037</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>W 124,970</td>
<td>W 64,335,076</td>
<td>W 1,630,859</td>
<td>W 62</td>
<td>W 97,226</td>
<td>W 66,188,193</td>
<td>W 66,686,083</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Financial assets at FVTPL</th>
<th>Loans and receivables</th>
<th>AFS financial assets</th>
<th>HTM financial assets</th>
<th>Derivatives designated as hedging instruments</th>
<th>Book value</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>W</td>
<td>W 6,231,946</td>
<td>W</td>
<td>W</td>
<td>W</td>
<td>W 6,231,946</td>
<td>W 6,231,946</td>
</tr>
<tr>
<td>Short-term and long-term financial instruments</td>
<td>-</td>
<td>9,394,115</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,394,115</td>
<td>9,394,115</td>
</tr>
<tr>
<td>Trade notes and accounts receivable</td>
<td>-</td>
<td>3,922,360</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,922,360</td>
<td>3,922,360</td>
</tr>
<tr>
<td>Other receivables</td>
<td>-</td>
<td>2,465,426</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,465,426</td>
<td>2,465,426</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>91,093</td>
<td>19,769</td>
<td>1,665,592</td>
<td>477,933</td>
<td>2,254,387</td>
<td>2,254,387</td>
<td>2,254,387</td>
</tr>
<tr>
<td>Other assets</td>
<td>-</td>
<td>310,286</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>310,286</td>
<td>310,286</td>
</tr>
<tr>
<td>Financial services receivables</td>
<td>-</td>
<td>37,110,129</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>37,110,129</td>
<td>37,859,530</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>W 91,093</td>
<td>W 59,454,031</td>
<td>W 1,665,592</td>
<td>W 477,933</td>
<td>W 61,688,193</td>
<td>W 62,438,050</td>
<td>W 62,438,050</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Financial liabilities at FVTPL</th>
<th>Financial liabilities carried at amortized cost</th>
<th>Derivatives designated as hedging instruments</th>
<th>Book value</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade notes and accounts payable</td>
<td>W</td>
<td>W 6,599,115</td>
<td>-</td>
<td>W 6,599,115</td>
<td>W 6,599,115</td>
</tr>
<tr>
<td>Other payables</td>
<td>-</td>
<td>3,497,550</td>
<td>-</td>
<td>3,497,550</td>
<td>3,497,550</td>
</tr>
<tr>
<td>Borrowings and debentures</td>
<td>-</td>
<td>44,573,798</td>
<td>-</td>
<td>44,573,798</td>
<td>45,514,313</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>211,335</td>
<td>141,453</td>
<td>117,990</td>
<td>470,778</td>
<td>470,778</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>-</td>
<td>1,906,306</td>
<td>-</td>
<td>1,906,306</td>
<td>1,906,306</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>W 211,335</td>
<td>W 56,718,222</td>
<td>W 117,990</td>
<td>W 57,047,547</td>
<td>W 57,988,062</td>
</tr>
</tbody>
</table>
Categories of financial liabilities as of December 31, 2011 consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Financial liabilities at FVTPL</th>
<th>Financial liabilities carried at amortized cost</th>
<th>Derivatives designated as hedging instruments</th>
<th>Book value</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade notes and accounts payable</td>
<td>₩ - ₩ 6,666,406 ₩</td>
<td>₩ - ₩ 6,666,406 ₩</td>
<td>₩ - ₩ 6,666,406 ₩</td>
<td>₩ 6,666,406 ₩ 6,666,406</td>
<td></td>
</tr>
<tr>
<td>Other payables</td>
<td>₩ 3,782,155 ₩</td>
<td>₩ 3,782,155 ₩</td>
<td>₩ 3,782,155 ₩</td>
<td>₩ 3,782,155 ₩ 3,782,155</td>
<td></td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>₩ 442,901 ₩ 149,670 ₩ 63,540 ₩</td>
<td>₩ 656,111 ₩ 656,111</td>
<td>₩ 55,039,908 ₩ 55,546,349 ₩ 56,139,124 ₩</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>₩ 1,103,017 ₩</td>
<td>₩ 1,103,017 ₩</td>
<td>₩ 1,103,017 ₩</td>
<td>₩ 1,103,017 ₩</td>
<td></td>
</tr>
</tbody>
</table>

| Total                              | ₩ 442,901 ₩ 55,039,908 ₩ 63,540 ₩ | ₩ 656,111 ₩ 656,111 | ₩ 55,039,908 ₩ 55,546,349 ₩ 56,139,124 ₩ |

(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:

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at FVTPL</td>
<td>₩ W - ₩ 124,970</td>
<td>₩ W - ₩ 124,970</td>
<td>₩ W - ₩ 124,970</td>
<td>₩ 124,970</td>
</tr>
<tr>
<td>Derivatives designated as</td>
<td>₩ - ₩ 97,226</td>
<td>₩ - ₩ 97,226</td>
<td>₩ - ₩ 97,226</td>
<td>₩ 97,226</td>
</tr>
<tr>
<td>hedging instruments</td>
<td>₩ 1,367,144 ₩ 5,722 ₩ 257,993 ₩ 1,630,859</td>
<td>₩ 227,980 ₩ 275,993 ₩ 1,853,117</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AFS financial assets</td>
<td>₩ 1,367,144 ₩ 5,722 ₩ 257,993 ₩ 1,630,859</td>
<td>₩ 227,980 ₩ 275,993 ₩ 1,853,117</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HTM financial assets</td>
<td>₩ - ₩ 62</td>
<td>₩ - ₩ 62</td>
<td>₩ - ₩ 62</td>
<td>₩ 62</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>₩ 1,367,144 ₩ 227,980 ₩ 257,993 ₩ 1,853,117</td>
<td>₩ 227,980 ₩ 275,993 ₩ 1,853,117</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities at FVTPL</td>
<td>₩ W 201,793 ₩ 9,542 ₩ - ₩ W 211,335</td>
<td>₩ 117,990</td>
<td>₩ 117,990</td>
<td>₩ 117,990</td>
</tr>
<tr>
<td>Derivatives designated as</td>
<td>₩ - ₩ 117,990</td>
<td>₩ - ₩ 117,990</td>
<td>₩ - ₩ 117,990</td>
<td>₩ 117,990</td>
</tr>
<tr>
<td>hedging instruments</td>
<td>₩ W 201,793 ₩ 127,532 ₩ - ₩ W 329,325</td>
<td>₩ 329,325</td>
<td>₩ 329,325</td>
<td>₩ 329,325</td>
</tr>
</tbody>
</table>
Fair value measurements of financial instruments by fair-value hierarchy levels as of December 31, 2011 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
</tr>
<tr>
<td>Financial Assets:</td>
<td></td>
</tr>
<tr>
<td>Financial assets at FVTPL</td>
<td></td>
</tr>
<tr>
<td>Derivatives designated as hedging instruments</td>
<td>-</td>
</tr>
<tr>
<td>AFS financial assets</td>
<td>W 1,388,503</td>
</tr>
<tr>
<td>Financial Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Financial liabilities at FVTPL</td>
<td>W 404,666</td>
</tr>
<tr>
<td>Derivatives designated as hedging instruments</td>
<td>-</td>
</tr>
<tr>
<td>W 404,666</td>
<td>W 101,775</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning of the period</th>
<th>Purchases</th>
<th>Disposals</th>
<th>Valuation</th>
<th>Transfer</th>
<th>End of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFS financial assets</td>
<td>W 273,070</td>
<td>W 7,544</td>
<td>W (21,162)</td>
<td>W (1,459)</td>
<td>-</td>
<td>W 257,993</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning of the period</th>
<th>Purchases</th>
<th>Disposals</th>
<th>Valuation</th>
<th>Transfer</th>
<th>End of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFS financial assets</td>
<td>W 109,401</td>
<td>W 1,467</td>
<td>W (311)</td>
<td>W 367</td>
<td>W (1,997)</td>
<td>W 108,927</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Interest income</td>
<td>Dividend income</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td>(In millions of Korean Won)</td>
</tr>
<tr>
<td>Non-financial services: Loans and receivables</td>
<td>W 430,876</td>
<td>W -</td>
</tr>
<tr>
<td>Financial assets at FVTPL</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>AFS financial assets</td>
<td>3,770</td>
<td>14,844</td>
</tr>
<tr>
<td>Financial liabilities at FVTPL</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial liabilities carried at amortized cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>W 434,646</td>
<td>W 14,844</td>
<td>W 222,776</td>
</tr>
<tr>
<td>Financial services: Loans and receivables</td>
<td>W 2,067,264</td>
<td>W -</td>
</tr>
<tr>
<td>Financial liabilities at FVTPL</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Financial liabilities carried at amortized cost</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>W 2,067,264</td>
<td>W -</td>
<td>W 1,094,896</td>
</tr>
</tbody>
</table>
(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

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued</td>
<td>220,276,479 shares</td>
<td>220,276,479 shares</td>
</tr>
<tr>
<td>Par value</td>
<td>₩5,000</td>
<td>₩5,000</td>
</tr>
<tr>
<td>Capital stock</td>
<td>1,157,982</td>
<td>1,157,982</td>
</tr>
</tbody>
</table>

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

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

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock paid-in capital in excess of par value</td>
<td>₩3,321,334</td>
<td>₩3,321,334</td>
</tr>
<tr>
<td>Other</td>
<td>₩835,824</td>
<td>₩792,676</td>
</tr>
<tr>
<td></td>
<td>₩4,157,158</td>
<td>₩4,114,010</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common shares</td>
<td>11,006,710</td>
<td>11,006,710</td>
</tr>
<tr>
<td>1st preferred shares</td>
<td>1,950,960</td>
<td>1,950,960</td>
</tr>
<tr>
<td>2nd preferred shares</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

22. ACCUMULATED OTHER COMPREHENSIVE INCOME:

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

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

23. RETAINED EARNINGS:

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

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal reserve (*)</td>
<td>₩423,124</td>
<td>₩375,113</td>
</tr>
<tr>
<td>Discretionary reserve</td>
<td>26,531,647</td>
<td>19,046,647</td>
</tr>
<tr>
<td>Unappropriated</td>
<td>11,564,840</td>
<td>12,841,768</td>
</tr>
<tr>
<td></td>
<td>₩38,519,611</td>
<td>₩32,263,528</td>
</tr>
</tbody>
</table>

(* ) 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:

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

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:

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

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Three months ended September 30, 2012</th>
<th>Nine months ended September 30, 2012</th>
<th>Three months ended September 30, 2011</th>
<th>Nine months ended September 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on foreign exchange transaction</td>
<td>₩ 139,404</td>
<td>₩ 260,214</td>
<td>₩ 60,446</td>
<td>₩ 165,820</td>
</tr>
<tr>
<td>Loss on foreign currency translation</td>
<td>11,452</td>
<td>131,377</td>
<td>135,571</td>
<td>211,066</td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td>13,103</td>
<td>40,340</td>
<td>6,159</td>
<td>53,527</td>
</tr>
<tr>
<td>Impairment loss on intangible assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>79,204</td>
</tr>
<tr>
<td>Donations</td>
<td>12,781</td>
<td>38,153</td>
<td>24,192</td>
<td>40,926</td>
</tr>
<tr>
<td>Other</td>
<td>60,200</td>
<td>155,760</td>
<td>57,105</td>
<td>145,466</td>
</tr>
<tr>
<td></td>
<td>₩ 236,940</td>
<td>₩ 652,844</td>
<td>₩ 283,473</td>
<td>₩ 696,009</td>
</tr>
</tbody>
</table>

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:

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three months</td>
<td>Nine months</td>
</tr>
<tr>
<td></td>
<td>ended September</td>
<td>ended September</td>
</tr>
<tr>
<td></td>
<td>30, 2012</td>
<td>30, 2012</td>
</tr>
<tr>
<td></td>
<td>(In millions of</td>
<td>(In millions of</td>
</tr>
<tr>
<td></td>
<td>Korean Won)</td>
<td>Korean Won)</td>
</tr>
<tr>
<td>Interest income</td>
<td>₩164,211</td>
<td>₩434,646</td>
</tr>
<tr>
<td>Gain on foreign exchange transaction</td>
<td>₩9,994</td>
<td>₩44,344</td>
</tr>
<tr>
<td>Gain on foreign currency translation</td>
<td>₩40,119</td>
<td>₩132,279</td>
</tr>
<tr>
<td>Dividend income</td>
<td>₩36</td>
<td>₩14,844</td>
</tr>
<tr>
<td>Gain on valuation of financial liabilities</td>
<td>2</td>
<td>21,150</td>
</tr>
<tr>
<td>at FVTPL</td>
<td>2</td>
<td>21,150</td>
</tr>
<tr>
<td>Gain on valuation of derivatives</td>
<td>36,137</td>
<td>63,709</td>
</tr>
<tr>
<td>Other</td>
<td>2,586</td>
<td>3,462</td>
</tr>
<tr>
<td></td>
<td>₩253,085</td>
<td>₩714,434</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three months</td>
<td>Nine months</td>
</tr>
<tr>
<td></td>
<td>ended September</td>
<td>ended September</td>
</tr>
<tr>
<td></td>
<td>30, 2012</td>
<td>30, 2012</td>
</tr>
<tr>
<td></td>
<td>(In millions of</td>
<td>(In millions of</td>
</tr>
<tr>
<td></td>
<td>Korean Won)</td>
<td>Korean Won)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>₩103,033</td>
<td>₩329,863</td>
</tr>
<tr>
<td>Loss on foreign exchange transaction</td>
<td>₩11,235</td>
<td>₩30,423</td>
</tr>
<tr>
<td>Loss on foreign currency translation</td>
<td>₩7,251</td>
<td>₩115,314</td>
</tr>
<tr>
<td>Loss on disposal of trade notes and</td>
<td>₩3,090</td>
<td>₩8,654</td>
</tr>
<tr>
<td>accounts receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on valuation of financial liabilities</td>
<td>₩4,915</td>
<td>₩2,123</td>
</tr>
<tr>
<td>at FVTPL</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment loss on AFS financial assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on valuation of derivatives</td>
<td>-</td>
<td>32,179</td>
</tr>
<tr>
<td>Other</td>
<td>93</td>
<td>98</td>
</tr>
<tr>
<td></td>
<td>₩129,617</td>
<td>₩486,475</td>
</tr>
</tbody>
</table>

- 27 -
29. **EXPENSES BY NATURE:**

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three months</td>
<td>Nine months</td>
</tr>
<tr>
<td></td>
<td>ended September 30,</td>
<td>ended September 30,</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean</td>
<td>(In millions of Korean</td>
</tr>
<tr>
<td></td>
<td>Won)</td>
<td>Won)</td>
</tr>
<tr>
<td>Changes in inventories</td>
<td>₩244,065</td>
<td>₩(213,032)</td>
</tr>
<tr>
<td>Raw materials and merchandise used</td>
<td>₩10,389,072</td>
<td>₩34,321,204</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>₩1,782,048</td>
<td>₩5,385,773</td>
</tr>
<tr>
<td>Depreciation</td>
<td>₩416,944</td>
<td>₩1,240,504</td>
</tr>
<tr>
<td>Amortization</td>
<td>₩207,589</td>
<td>₩625,872</td>
</tr>
<tr>
<td>Other</td>
<td>₩4,890,681</td>
<td>₩14,436,839</td>
</tr>
<tr>
<td>Total (*)</td>
<td>₩17,930,399</td>
<td>₩55,797,160</td>
</tr>
</tbody>
</table>

(*) 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Three months</td>
<td>Nine months</td>
</tr>
<tr>
<td></td>
<td>ended September 30,</td>
<td>ended September 30,</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean</td>
<td>(In millions of Korean</td>
</tr>
<tr>
<td></td>
<td>Won, except per share</td>
<td>Won)</td>
</tr>
<tr>
<td>Profit attributable to owners of the</td>
<td>₩2,025,231</td>
<td>₩6,771,547</td>
</tr>
<tr>
<td>Parent Company</td>
<td>(465,274)</td>
<td>(1,555,360)</td>
</tr>
<tr>
<td>Expected dividends on preferred stock</td>
<td>₩1,559,957</td>
<td>₩5,216,187</td>
</tr>
<tr>
<td>Profit available to common share</td>
<td>209,269,769 shares</td>
<td>209,269,769 shares</td>
</tr>
<tr>
<td>Weighted average number of common shares</td>
<td>₩7,454</td>
<td>₩24,926</td>
</tr>
</tbody>
</table>

(*) 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:

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

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:

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.35~8.20%</td>
<td>4.21~8.00%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>4.33~8.00%</td>
<td>4.08~8.25%</td>
</tr>
<tr>
<td>Expected rate of salary increase</td>
<td>1.50~6.00%</td>
<td>1.50~5.60%</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>₩99,679</td>
<td>₩81,326</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>₩26,635</td>
<td>₩24,110</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(₩18,483)</td>
<td>(₩14,838)</td>
</tr>
<tr>
<td></td>
<td>₩107,831</td>
<td>₩90,598</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales (Manufacturing cost)</td>
<td>₩58,448</td>
<td>₩51,877</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>₩34,538</td>
<td>₩25,098</td>
</tr>
<tr>
<td>Other</td>
<td>₩14,845</td>
<td>₩13,623</td>
</tr>
<tr>
<td></td>
<td>₩107,831</td>
<td>₩90,598</td>
</tr>
</tbody>
</table>
(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:

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

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

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

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

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

The actual returns on plan assets for the nine months ended September 30, 2012 and 2011 are W68,432 million and W46,949 million, respectively.

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

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012 (In millions of Korean Won)</th>
<th>December 31, 2011 (In millions of Korean Won)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance instruments</td>
<td>W 1,511,939</td>
<td>W 1,428,546</td>
</tr>
<tr>
<td>Debt instruments</td>
<td>33,437</td>
<td>29,346</td>
</tr>
<tr>
<td>Other</td>
<td>158,503</td>
<td>142,709</td>
</tr>
<tr>
<td></td>
<td>W 1,703,879</td>
<td>W 1,600,601</td>
</tr>
</tbody>
</table>
## 33. CASH GENERATED FROM OPERATIONS:

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in operating lease assets</td>
<td>₩ (3,267,412)</td>
<td>₩ (2,753,795)</td>
</tr>
<tr>
<td>Other</td>
<td>₩ 49,717</td>
<td>(15,324)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>₩ (5,665,099)</td>
<td>(6,108,683)</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total liabilities</td>
<td>₩ 72,115,474</td>
<td>₩ 69,152,273</td>
</tr>
<tr>
<td>Total equity</td>
<td>₩ 46,962,935</td>
<td>₩ 40,327,702</td>
</tr>
<tr>
<td>Debt to equity ratio</td>
<td>153.6%</td>
<td>171.5%</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Foreign Currency</th>
<th>Foreign Exchange Rate Sensitivity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increase by 5%</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
</tr>
<tr>
<td>USD</td>
<td>₩ (45,874)</td>
</tr>
<tr>
<td>EUR</td>
<td>₩ (43,289)</td>
</tr>
<tr>
<td>JPY</td>
<td>₩ (9,808)</td>
</tr>
</tbody>
</table>
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:

<table>
<thead>
<tr>
<th>Accounts</th>
<th>Interest Rate Sensitivity</th>
<th>Increase by 1%</th>
<th>Decrease by 1%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>W</td>
<td>4,580</td>
<td>(4,580)</td>
</tr>
<tr>
<td>Borrowings and debentures</td>
<td>(60,911)</td>
<td>60,911</td>
<td></td>
</tr>
</tbody>
</table>

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:

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

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Nine months ended September 30, 2012</th>
<th>Nine months ended September 30, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sales/proceeds</td>
<td>Purchases/expense</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td>(In millions of Korean Won)</td>
</tr>
<tr>
<td>Related parties:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entity with significant influence</td>
<td>₩405,871 W</td>
<td>₩6,483,093 W</td>
</tr>
<tr>
<td>over the Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joint ventures and associates</td>
<td>₩3,164,061 W</td>
<td>₩6,344,769 W</td>
</tr>
<tr>
<td>Other related parties</td>
<td>₩13,819</td>
<td>₩971,706</td>
</tr>
<tr>
<td>Affiliates by Act:</td>
<td>₩679,256</td>
<td>₩4,358,946</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates by Act:</td>
<td>₩287,298</td>
<td>₩963,847</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Receivables</td>
<td>Payables</td>
</tr>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td>(In millions of Korean Won)</td>
</tr>
<tr>
<td>Related parties:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entity with significant influence</td>
<td>₩214,385 W</td>
<td>₩1,135,004 W</td>
</tr>
<tr>
<td>over the Company</td>
<td>₩892,910</td>
<td>₩275,988</td>
</tr>
<tr>
<td>Joint ventures and associates</td>
<td>₩10,398</td>
<td>₩7,504</td>
</tr>
<tr>
<td>Other related parties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates by Act:</td>
<td>₩287,298</td>
<td>₩963,847</td>
</tr>
<tr>
<td></td>
<td></td>
<td>₩76,273</td>
</tr>
</tbody>
</table>
(3) Compensations for registered and unregistered directors for the nine months ended September 30, 2012 and 2011 are as follows:

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

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Domestic</th>
<th>Overseas (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In millions of Korean Won)</td>
<td></td>
</tr>
<tr>
<td>Associates</td>
<td>₩ -</td>
<td>₩ 108,504</td>
</tr>
<tr>
<td>Others</td>
<td>150,152</td>
<td>292,071</td>
</tr>
<tr>
<td>Customer financing and lease financing</td>
<td>47,376</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>₩ 197,528</td>
<td>₩ 400,575</td>
</tr>
</tbody>
</table>

(*) 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:

<table>
<thead>
<tr>
<th>Subsidiaries</th>
<th>Provider</th>
<th>Amounts of guarantee (In millions of Korean Won and in thousands of other currencies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyundai Rotem Company</td>
<td>Machinery Financial Cooperative</td>
<td>KRW 811,599</td>
</tr>
<tr>
<td>Korea Defense Industry Association</td>
<td>KRW 247,273</td>
<td></td>
</tr>
<tr>
<td>Seoul Guarantee Insurance Company</td>
<td>KRW 307,786</td>
<td></td>
</tr>
<tr>
<td>Construction guarantee</td>
<td>KRW 30,525</td>
<td></td>
</tr>
<tr>
<td>Woori Bank</td>
<td>&quot;</td>
<td>USD 32,608</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>EUR 39,109</td>
</tr>
<tr>
<td>Export-Import Bank of Korea</td>
<td>&quot;</td>
<td>USD 337,578</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>EUR 349,338</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>INR 1,563,486</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>SGD 6,409</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>CNY 37,337</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>OMR 5,311</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>TND 2,000</td>
</tr>
<tr>
<td>Korea Exchange Bank</td>
<td>INR 100,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>USD 2,790</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>EUR 2,189</td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>CNY 3,213</td>
</tr>
<tr>
<td>Korea Development Bank</td>
<td>USD 26,926</td>
<td></td>
</tr>
<tr>
<td>Standard Chartered, Seoul Branch</td>
<td>THB 686,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>USD 182</td>
</tr>
<tr>
<td>ANZ Bank</td>
<td>NZD 60,828</td>
<td></td>
</tr>
<tr>
<td>SG Bank, Seoul Branch</td>
<td>KRW 4,995</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&quot;</td>
<td>EUR 1,046</td>
</tr>
<tr>
<td>Daesung Industrial Gases</td>
<td>KRW 57,432</td>
<td></td>
</tr>
<tr>
<td>Hyundai Capital Services, Inc.</td>
<td>Hyundai WIA Corporation</td>
<td>KRW 12</td>
</tr>
<tr>
<td></td>
<td>Seoul Guarantee Insurance Company</td>
<td>KRW 152,170</td>
</tr>
<tr>
<td>Hyundai Card Co., Ltd.</td>
<td>Seoul Guarantee Insurance Company</td>
<td>KRW 1,243</td>
</tr>
<tr>
<td>HAOSVT</td>
<td>Other</td>
<td>USD 111,526</td>
</tr>
<tr>
<td>HMCI</td>
<td>Other</td>
<td>EUR 37,653</td>
</tr>
</tbody>
</table>

(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:

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

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

<table>
<thead>
<tr>
<th>Financial institutions</th>
<th>Credit line</th>
</tr>
</thead>
<tbody>
<tr>
<td>GE Capital Corporation</td>
<td>Euro worth of USD 200 million</td>
</tr>
<tr>
<td>Woori Bank</td>
<td>KRW 200,000 million</td>
</tr>
<tr>
<td>Kookmin Bank</td>
<td>KRW 160,000 million</td>
</tr>
<tr>
<td>Shinhan Bank</td>
<td>KRW 100,000 million</td>
</tr>
<tr>
<td>NH bank</td>
<td>KRW 100,000 million</td>
</tr>
<tr>
<td>Citibank, Seoul</td>
<td>KRW 50,000 million</td>
</tr>
</tbody>
</table>

(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

<table>
<thead>
<tr>
<th></th>
<th>Vehicle</th>
<th>Finance</th>
<th>Other</th>
<th>Consolidation adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales</td>
<td>W 77,233,470</td>
<td>W 6,291,399</td>
<td>W 3,483,780</td>
<td>W (25,257,904)</td>
<td>W 61,750,745</td>
</tr>
<tr>
<td>Inter-company sales</td>
<td>(24,680,105)</td>
<td>(93,775)</td>
<td>(484,024)</td>
<td>25,257,904</td>
<td>-</td>
</tr>
<tr>
<td>Net sales</td>
<td>52,553,365</td>
<td>6,197,624</td>
<td>2,999,756</td>
<td>-</td>
<td>61,750,745</td>
</tr>
<tr>
<td>Operating income</td>
<td>5,733,176</td>
<td>963,466</td>
<td>186,894</td>
<td>(42,776)</td>
<td>6,840,760</td>
</tr>
</tbody>
</table>

For the nine months ended September 30, 2011

<table>
<thead>
<tr>
<th></th>
<th>Vehicle</th>
<th>Finance</th>
<th>Other</th>
<th>Consolidation adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales</td>
<td>W 68,064,896</td>
<td>W 5,773,919</td>
<td>W 2,856,163</td>
<td>W (19,416,066)</td>
<td>W 57,278,912</td>
</tr>
<tr>
<td>Inter-company sales</td>
<td>(18,961,284)</td>
<td>(91,822)</td>
<td>(362,960)</td>
<td>19,416,066</td>
<td>-</td>
</tr>
<tr>
<td>Net sales</td>
<td>49,103,612</td>
<td>5,682,097</td>
<td>2,493,203</td>
<td>-</td>
<td>57,278,912</td>
</tr>
<tr>
<td>Operating income</td>
<td>4,911,003</td>
<td>1,058,063</td>
<td>138,051</td>
<td>(158,112)</td>
<td>5,949,005</td>
</tr>
</tbody>
</table>

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

As of September 30, 2012

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

As of December 31, 2011

<table>
<thead>
<tr>
<th></th>
<th>Vehicle</th>
<th>Finance</th>
<th>Other</th>
<th>Consolidation adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>W 30,935,099</td>
<td>W 24,213,927</td>
<td>W 2,295,599</td>
<td>W (8,518,275)</td>
<td>W 48,926,350</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>40,379,461</td>
<td>24,325,148</td>
<td>2,145,740</td>
<td>(6,296,724)</td>
<td>60,553,625</td>
</tr>
<tr>
<td>Total assets</td>
<td>W 71,314,560</td>
<td>W 48,539,075</td>
<td>W 4,441,339</td>
<td>W (14,814,999)</td>
<td>W 109,479,975</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>W 22,797,925</td>
<td>W 16,728,352</td>
<td>W 1,720,091</td>
<td>W (8,082,860)</td>
<td>W 33,163,508</td>
</tr>
<tr>
<td>Borrowings and debentures</td>
<td>4,005,841</td>
<td>12,819,762</td>
<td>594,797</td>
<td>(1,220,192)</td>
<td>16,200,208</td>
</tr>
<tr>
<td>Other</td>
<td>18,792,084</td>
<td>3,908,590</td>
<td>1,125,294</td>
<td>(8,862,668)</td>
<td>16,963,300</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>8,411,987</td>
<td>25,747,924</td>
<td>1,293,890</td>
<td>534,964</td>
<td>35,988,765</td>
</tr>
<tr>
<td>Borrowings and debentures</td>
<td>2,088,338</td>
<td>27,681,887</td>
<td>1,053,392</td>
<td>(1,342,321)</td>
<td>29,481,296</td>
</tr>
<tr>
<td>Other</td>
<td>6,087,242</td>
<td>1,884,116</td>
<td>343,991</td>
<td>534,964</td>
<td>8,580,313</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>W 31,209,912</td>
<td>W 42,476,276</td>
<td>W 3,013,981</td>
<td>W (7,547,896)</td>
<td>W 69,152,273</td>
</tr>
</tbody>
</table>
(4) Sales and operating income by region where the Group’s entities are located in are as follows:

<table>
<thead>
<tr>
<th>Region</th>
<th>Korea</th>
<th>North America</th>
<th>Asia</th>
<th>Europe</th>
<th>Other</th>
<th>Consolidation adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>₩38,406,896</td>
<td>₩23,606,289</td>
<td>₩5,739,666</td>
<td>₩19,235,965</td>
<td>₩19,833</td>
<td>₩(25,257,904)</td>
<td>₩61,750,745</td>
</tr>
<tr>
<td>Inter-company sales</td>
<td>₩(10,860,560)</td>
<td>₩(5,073,690)</td>
<td>₩(559,462)</td>
<td>₩(8,764,192)</td>
<td>₩-</td>
<td>₩-</td>
<td>₩-</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>₩27,546,336</td>
<td>₩18,532,599</td>
<td>₩5,180,204</td>
<td>₩10,471,773</td>
<td>₩19,833</td>
<td>₩-</td>
<td>₩61,750,745</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>₩4,257,279</td>
<td>₩1,487,301</td>
<td>₩331,420</td>
<td>₩879,605</td>
<td>₩(72,069)</td>
<td>₩(42,776)</td>
<td>₩6,840,760</td>
</tr>
</tbody>
</table>

For the nine months ended September 30, 2011:

<table>
<thead>
<tr>
<th>Region</th>
<th>Korea</th>
<th>North America</th>
<th>Asia</th>
<th>Europe</th>
<th>Other</th>
<th>Consolidation adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>₩37,273,168</td>
<td>₩19,349,871</td>
<td>₩5,617,352</td>
<td>₩14,454,587</td>
<td>₩-</td>
<td>₩(19,416,066)</td>
<td>₩57,278,912</td>
</tr>
<tr>
<td>Inter-company sales</td>
<td>₩(8,865,733)</td>
<td>₩(4,604,919)</td>
<td>₩(391,319)</td>
<td>₩(5,554,095)</td>
<td>₩-</td>
<td>₩-</td>
<td>₩57,278,912</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>₩28,407,435</td>
<td>₩14,744,952</td>
<td>₩5,226,033</td>
<td>₩8,900,492</td>
<td>₩-</td>
<td>₩-</td>
<td>₩57,278,912</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>₩4,176,545</td>
<td>₩1,348,176</td>
<td>₩288,510</td>
<td>₩322,309</td>
<td>₩(28,423)</td>
<td>₩(158,112)</td>
<td>₩5,949,005</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Region</th>
<th>September 30, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>₩17,976,855</td>
<td>₩17,143,139</td>
</tr>
<tr>
<td>North America</td>
<td>₩1,630,012</td>
<td>₩1,724,270</td>
</tr>
<tr>
<td>Asia</td>
<td>₩1,076,313</td>
<td>₩1,111,898</td>
</tr>
<tr>
<td>Europe</td>
<td>₩2,161,373</td>
<td>₩2,175,648</td>
</tr>
<tr>
<td>Other</td>
<td>₩522,375</td>
<td>₩365,926</td>
</tr>
<tr>
<td>Consolidation adjustments</td>
<td>₩(35,443)</td>
<td>₩(30,297)</td>
</tr>
<tr>
<td><strong>Total (*)</strong></td>
<td>₩23,331,485</td>
<td>₩22,490,584</td>
</tr>
</tbody>
</table>

(*) 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:

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

<table>
<thead>
<tr>
<th>Description</th>
<th>HMF</th>
<th>HAS</th>
<th>HAAP</th>
<th>HMD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Considerations transferred (*)</td>
<td>₩114,482</td>
<td>₩23,904</td>
<td>₩7,275</td>
<td>₩125,740</td>
</tr>
<tr>
<td>Assets acquired and liabilities assumed:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalent</td>
<td>₩57,994</td>
<td>₩32</td>
<td>₩1,724</td>
<td>₩24</td>
</tr>
<tr>
<td>Other current assets</td>
<td>₩156,136</td>
<td>₩13,899</td>
<td>₩4,837</td>
<td>₩363,299</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>₩5,518</td>
<td>₩27</td>
<td>-</td>
<td>₩24,802</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(₩142,917)</td>
<td>(₩5,141)</td>
<td>(₩2,511)</td>
<td>(₩235,790)</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>(₩8,812)</td>
<td>(₩69)</td>
<td>(₩114)</td>
<td>(₩55,055)</td>
</tr>
<tr>
<td>Identifiable net assets</td>
<td>₩67,919</td>
<td>₩8,748</td>
<td>₩3,936</td>
<td>₩97,300</td>
</tr>
<tr>
<td>Goodwill (*)</td>
<td>₩46,563</td>
<td>₩15,156</td>
<td>₩3,339</td>
<td>₩28,440</td>
</tr>
</tbody>
</table>

(*) 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>HMF</th>
<th>HAS</th>
<th>HAAP</th>
<th>HMD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>₩487,362</td>
<td>₩18,093</td>
<td>₩7,365</td>
<td>₩1,174,132</td>
</tr>
<tr>
<td>(₩6,214)</td>
<td></td>
<td>2,102</td>
<td>257</td>
<td>(₩4,114)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>HMF</th>
<th>HAS</th>
<th>HAAP</th>
<th>HMD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual gross amounts</td>
<td>₩63,740</td>
<td>₩13,638</td>
<td>₩4,133</td>
<td>₩18,306</td>
</tr>
<tr>
<td>Expected uncollectable amounts</td>
<td></td>
<td>(₩1)</td>
<td>(114)</td>
<td>(618)</td>
</tr>
</tbody>
</table>

(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:

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

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:

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

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.