

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED  
SEPTEMBER 30, 2009 AND 2008  
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

# Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

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

We have reviewed the accompanying non-consolidated statement of financial position of Hyundai Motor Company (the "Company") as of September 30, 2009, the related non-consolidated statements of income for the three months and nine months ended September 30, 2009 and 2008, and the related non-consolidated statements of changes in shareholders' equity and cash flows for the nine months ended September 30, 2009 and 2008, all expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with the standards for review of interim financial statements in the Republic of Korea. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the financial statements referred to above are not presented fairly, in all material respects, in accordance with accounting principles generally accepted in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated statement of financial position of the Company as of December 31, 2008, and the related non-consolidated statements of income, appropriations of retained earnings, changes in shareholders' equity and cash flows for the year then ended (not presented herein) and in our report dated January 23, 2009, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying statement of financial position as of December 31, 2008 which is comparatively presented, does not differ in material respects from such audited non-consolidated statement of financial position.

Our reviews also comprehended the translation of Korean Won amounts into U.S. dollar amounts and nothing has come to our attention that cause us to believe that such translation has not been made in conformity with the basis in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers outside of Korea.

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



October 23, 2009

## Notice to Readers

This report is effective as of October 23, 2009, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2009 AND DECEMBER 31, 2008

| ASSETS   | Korean Won            |                      | Translation into<br>U.S. Dollars (Note 2) |                      |
|--|-----------------------|----------------------|---|----------------------|
|  | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                     | December 31,<br>2008 |
|  | (In millions)         |                      | (In thousands)                            |                      |
| Current assets:  |                       |                      |   |                      |
| Cash and cash equivalents  | ₩ 1,398,013           | ₩ 1,756,546          | \$ 1,176,086                              | \$ 1,477,703         |
| Short-term financial instruments (Note 3)  | 4,319,880             | 3,036,232            | 3,634,121                                 | 2,554,246            |
| Short-term investment securities (Note 5)  | 487,038               | 220,498              | 409,723                                   | 185,495              |
| Trade notes and accounts receivable, less<br>allowance for doubtful accounts of ₩10,516<br>million as of September 30, 2009 and ₩6,865<br>million as of December 31, 2008 (Note 13)    | 2,475,521             | 2,513,461            | 2,082,545                                 | 2,114,462            |
| Trade notes and accounts receivable – other  | 415,945               | 383,636              | 349,916                                   | 322,736              |
| Inventories (Note 4)   | 1,559,286             | 1,809,030            | 1,311,757                                 | 1,521,856            |
| Deferred tax assets (Note 20)  | 132,972               | 265,109              | 111,863                                   | 223,024              |
| Derivative assets (Note 22)  | 37,986                | 22,536               | 31,956                                    | 18,959               |
| Advances and other current assets  | 255,341               | 293,986              | 214,807                                   | 247,317              |
| Total current assets   | <u>11,081,982</u>     | <u>10,301,034</u>    | <u>9,322,774</u>                          | <u>8,665,798</u>     |
| Non-current assets:  |                       |                      |   |                      |
| Long-term investment securities (Notes 6 and 13)   | 844,552               | 824,115              | 710,484                                   | 693,291              |
| Investments securities accounted for using<br>the equity method (Notes 7 and 13)   | 10,296,707            | 9,249,146            | 8,662,158                                 | 7,780,892            |
| Property, plant and equipment, net of accumulated<br>depreciation of ₩7,618,244 million as<br>of September 30, 2009 and ₩7,032,969<br>million as of December 31, 2008 (Notes 8 and 13) | 9,647,935             | 9,753,801            | 8,116,375                                 | 8,205,435            |
| Intangibles (Note 9)   | 1,818,616             | 1,605,862            | 1,529,920                                 | 1,350,940            |
| Derivative assets (Note 22)  | 5,888                 | -                    | 4,953                                     | -                    |
| Other assets (Notes 3 and 10)  | 563,781               | 433,771              | 474,284                                   | 364,912              |
| Total non-current assets   | <u>23,177,479</u>     | <u>21,866,695</u>    | <u>19,498,174</u>                         | <u>18,395,470</u>    |
| Total assets   | <u>₩ 34,259,461</u>   | <u>₩ 32,167,729</u>  | <u>\$ 28,820,948</u>                      | <u>\$ 27,061,268</u> |

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS OF SEPTEMBER 30, 2009 AND DECEMBER 31, 2008

| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>   | <u>Korean Won</u>         |                          | <u>Translation into U.S. Dollars (Note 2)</u> |                          |
|---|---------------------------|--------------------------|---|--------------------------|
|   | <u>September 30, 2009</u> | <u>December 31, 2008</u> | <u>September 30, 2009</u>                     | <u>December 31, 2008</u> |
|   | <u>(In millions)</u>      |                          | <u>(In thousands)</u>                         |                          |
| <b>Current liabilities:</b>   |                           |                          |   |                          |
| Short-term borrowings (Notes 11 and 13)   | ₩ 664,314                 | ₩ 1,386,893              | \$ 558,858                                    | \$ 1,166,731             |
| Current maturities of long-term debt and debentures (Notes 12 and 13)   | 600,847                   | 300,742                  | 505,466                                       | 253,001                  |
| Trade notes and accounts payable  | 3,488,731                 | 2,443,809                | 2,934,913                                     | 2,055,867                |
| Accounts payable-other  | 1,110,382                 | 1,496,372                | 934,115                                       | 1,258,831                |
| Accrued warranties (Note 14)  | 878,959                   | 943,270                  | 739,429                                       | 793,531                  |
| Income tax payable  | -                         | 527,310                  | -   | 443,602                  |
| Accrued expenses  | 1,035,834                 | 31,701                   | 871,401                                       | 26,668                   |
| Derivative liabilities (Note 22)  | 87,050                    | 225,671                  | 73,231  | 189,847                  |
| Withholdings and other current liabilities  | 682,981                   | 559,321                  | 574,560                                       | 470,531                  |
| Total current liabilities   | <u>8,549,098</u>          | <u>7,915,089</u>         | <u>7,191,973</u>                              | <u>6,658,609</u>         |
| <b>Non-current liabilities:</b>   |                           |                          |   |                          |
| Long-term debt and debentures, net of current maturities and discount on debentures issued of ₩3,785 million as of September 30, 2009 and ₩3,117 million as of December 31, 2008 (Notes 12 and 13)  | 1,361,855                 | 1,263,188                | 1,145,668                                     | 1,062,663                |
| Accrued severance benefits, net of National Pension payments for employees of ₩12,667 million as of September 30, 2009 and ₩14,644 million as of December 31, 2008, and individual severance insurance deposits of ₩1,031,943 million as of September 30, 2009 and ₩1,009,175 million as of December 31, 2008 | 541,600                   | 481,241                  | 455,624                                       | 404,846                  |
| Long-term accrued warranties (Note 14)  | 2,319,692                 | 2,532,877                | 1,951,453                                     | 2,130,796                |
| Deferred tax liabilities (Note 20)  | 172,464                   | 154,910                  | 145,085                                       | 130,320                  |
| Derivative liabilities (Note 22)  | 130,619                   | 168,133                  | 109,884                                       | 141,443                  |
| Total non-current liabilities   | <u>4,526,230</u>          | <u>4,600,349</u>         | <u>3,807,714</u>                              | <u>3,870,068</u>         |
| Total liabilities   | <u>13,075,328</u>         | <u>12,515,438</u>        | <u>10,999,687</u>                             | <u>10,528,677</u>        |
| Commitments and contingencies (Note 13)   |                           |                          |   |                          |
| <b>Shareholders' equity:</b>  |                           |                          |   |                          |
| Capital stock   | 1,488,993                 | 1,488,993                | 1,252,623                                     | 1,252,623                |
| Capital surplus   | 5,815,183                 | 5,851,776                | 4,892,054                                     | 4,922,837                |
| Capital adjustments (Note 15)   | (718,485)                 | (719,685)                | (604,429)                                     | (605,439)                |
| Accumulated other comprehensive income (Notes 16 and 17)  | 552,885                   | 612,153                  | 465,117                                       | 514,977                  |
| Retained earnings (Note 18)   | <u>14,045,557</u>         | <u>12,419,054</u>        | <u>11,815,896</u>                             | <u>10,447,593</u>        |
| Total shareholders' equity  | <u>21,184,133</u>         | <u>19,652,291</u>        | <u>17,821,261</u>                             | <u>16,532,591</u>        |
| Total liabilities and shareholders' equity  | <u>₩ 34,259,461</u>       | <u>₩ 32,167,729</u>      | <u>\$ 28,820,948</u>                          | <u>\$ 27,061,268</u>     |

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

|  | Korean Won                              |                  |                    |                    | Translation into<br>U. S. Dollars (Note 2)  |                     |
|--|---|------------------|--------------------|--------------------|---|---------------------|
|  | Three months                            |                  | Nine months        |                    | Nine months                                 |                     |
|  | 2009                                    | 2008             | 2009               | 2008               | 2009  | 2008                |
|  | (In millions, except per share amounts) |                  |                    |                    | (In thousands, except<br>per share amounts) |                     |
| Sales (Note 21 and 23):  |   |                  |                    |                    |   |                     |
| Domestic sales   | ₩ 4,079,851                             | ₩ 2,576,076      | ₩11,139,657        | ₩ 9,544,935        | \$ 9,371,294                                | \$ 8,029,726        |
| Export sales   | <u>4,018,543</u>                        | <u>3,478,493</u> | <u>11,070,630</u>  | <u>13,814,205</u>  | <u>9,313,225</u>                            | <u>11,621,271</u>   |
|  | <u>8,098,394</u>                        | <u>6,054,569</u> | <u>22,210,287</u>  | <u>23,359,140</u>  | <u>18,684,519</u>                           | <u>19,650,997</u>   |
| Cost of sales  | <u>6,360,799</u>                        | <u>4,890,970</u> | <u>17,369,737</u>  | <u>18,398,437</u>  | <u>14,612,381</u>                           | <u>15,477,780</u>   |
| Gross profit   | 1,737,595                               | 1,163,599        | 4,840,550          | 4,960,703          | 4,072,138                                   | 4,173,217           |
| Selling and administrative expenses<br>(Notes 21 and 24)   | <u>1,150,807</u>                        | <u>1,059,103</u> | <u>3,442,751</u>   | <u>3,664,532</u>   | <u>2,896,232</u>                            | <u>3,082,806</u>    |
| Operating income   | <u>586,788</u>                          | <u>104,496</u>   | <u>1,397,799</u>   | <u>1,296,171</u>   | <u>1,175,906</u>                            | <u>1,090,411</u>    |
| Other income (expenses), net:  |   |                  |                    |                    |   |                     |
| Interest income, net   | 14,458                                  | 50,858           | 35,429             | 143,019            | 29,805                                      | 120,315             |
| Gain (loss) on foreign exchange<br>transaction, net  | (33,558)                                | 61,299           | (21,139)           | (45,278)           | (17,783)                                    | (38,090)            |
| Loss on foreign currency<br>translation, net   | (16,765)                                | (23,237)         | (23,098)           | (43,219)           | (19,431)                                    | (36,358)            |
| Gain on valuation of short-term investment<br>securities, net  | 88,317                                  | -                | 89,952             | -                  | 75,673                                      | -                   |
| Gain on valuation of investment securities<br>accounted for using the equity method,<br>net (Note 7) | 546,948                                 | 120,258          | 817,887            | 215,406            | 688,052                                     | 181,211             |
| Gain (loss) on valuation of<br>derivatives, net (Note 22)  | 15,782                                  | (83,142)         | 14,530             | (173,796)          | 12,223                                      | (146,207)           |
| Rental and royalty income  | 64,312                                  | 39,119           | 203,034            | 110,752            | 170,803                                     | 93,171              |
| Gain on disposal of investment<br>securities accounted for using the<br>equity method, net (Note 7)  | -                                       | -                | 70,252             | -                  | 59,100                                      | -                   |
| Loss on disposal of trade notes and<br>accounts receivable   | (14,921)                                | (19,064)         | (62,128)           | (63,965)           | (52,266)                                    | (53,811)            |
| Gain (loss) on disposal of property, plant<br>and equipment, net                                     | 20,368                                  | (1,561)          | 3,124              | (8,052)            | 2,628                                       | (6,774)             |
| Gain (loss) on disposal of short-term<br>investment securities, net                                  | (5)                                     | (474)            | (187)              | 1,325              | (157)                                       | 1,115               |
| Gain (loss) on disposal of long-term<br>investment securities, net                                   | 2,409                                   | -                | 264                | (46,636)           | 222   | (39,233)            |
| Other, net   | <u>(179)</u>                            | <u>56,792</u>    | <u>37,967</u>      | <u>93,193</u>      | <u>31,939</u>                               | <u>78,399</u>       |
|  | <u>687,166</u>                          | <u>200,848</u>   | <u>1,165,887</u>   | <u>182,749</u>     | <u>980,808</u>                              | <u>153,738</u>      |
| Income before income tax   | 1,273,954                               | 305,344          | 2,563,686          | 1,478,920          | 2,156,714                                   | 1,244,149           |
| Income tax expense (Note 20)   | <u>294,803</u>                          | <u>40,572</u>    | <u>547,704</u>     | <u>274,565</u>     | <u>460,759</u>                              | <u>230,979</u>      |
| Net income   | <u>₩ 979,151</u>                        | <u>₩ 264,772</u> | <u>₩ 2,015,982</u> | <u>₩ 1,204,355</u> | <u>\$ 1,695,955</u>                         | <u>\$ 1,013,170</u> |
| Basic earnings per common share (Note 19)  | <u>₩ 3,602</u>                          | <u>₩ 972</u>     | <u>₩ 7,412</u>     | <u>₩ 4,430</u>     | <u>\$ 6.24</u>                              | <u>\$ 3.73</u>      |
| Diluted earnings per common share (Note 19)  | <u>₩ 3,602</u>                          | <u>₩ 971</u>     | <u>₩ 7,412</u>     | <u>₩ 4,424</u>     | <u>\$ 6.24</u>                              | <u>\$ 3.72</u>      |

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

|   | Korean Won         |                    |                        |  |                      |                     | Translation into     |
|---|--------------------|--------------------|------------------------|--|----------------------|---------------------|----------------------|
|   |                    |                    |                        |  |                      |                     | U.S. Dollars         |
|   | Capital<br>stock   | Capital<br>surplus | Capital<br>adjustments | Accumulative<br>other<br>comprehensive<br>income | Retained<br>earnings | Total<br>amount     | Total<br>amount      |
|   | (In millions)      |                    |                        |  |                      |                     | (In thousands)       |
| January 1, 2008   | ₩1,486,980         | ₩ 5,439,915        | ₩ (718,855)            | ₩ 548,094  | ₩11,446,497          | ₩ 18,202,631        | \$ 15,313,057        |
| Cumulative effect of changes<br>in accounting policy  | -                  | 312,145            | -                      | (350,082)  | 37,937               | -                   | -                    |
| Beginning balance after<br>correction   | 1,486,980          | 5,752,060          | (718,855)              | 198,012  | 11,484,434           | 18,202,631          | 15,313,057           |
| Adjustments resulting from<br>revision of the written<br>opinion for applying<br>Accounting Standards<br>No. 06-2 | -                  | -                  | -                      | -  | 12,078               | 12,078              | 10,161               |
| Payment of cash dividend  | -                  | -                  | -                      | -  | (275,996)            | (275,996)           | (232,183)            |
| Gain on valuation of<br>treasury stock fund   | -                  | -                  | 459                    | -  | -                    | 459                 | 386                  |
| Cancellation of stock options   | -                  | 57                 | (57)                   | -  | -                    | -                   | -                    |
| Loss on valuation of<br>available-for-sale securities,<br>net   | -                  | -                  | -                      | (302,273)  | -                    | (302,273)           | (254,289)            |
| Loss on valuation of<br>derivatives, net  | -                  | -                  | -                      | (167,037)  | -                    | (167,037)           | (140,521)            |
| Net income  | -                  | -                  | -                      | -  | 1,204,355            | 1,204,355           | 1,013,170            |
| Changes in retained earnings<br>using the equity method   | -                  | 69,042             | -                      | 945,134  | (147,413)            | 866,763             | 729,169              |
| September 30, 2008  | <u>₩ 1,486,980</u> | <u>₩ 5,821,159</u> | <u>₩ (718,453)</u>     | <u>₩ 673,836</u>                                 | <u>₩12,277,458</u>   | <u>₩ 19,540,980</u> | <u>\$ 16,438,950</u> |
| January 1, 2009   | ₩ 1,488,993        | ₩ 5,851,776        | ₩ (719,685)            | ₩ 612,153  | ₩12,419,054          | ₩ 19,652,291        | \$ 16,532,591        |
| Payment of cash dividend  | -                  | -                  | -                      | -  | (235,715)            | (235,715)           | (198,296)            |
| Gain on disposal of<br>treasury stock fund  | -                  | 1,162              | 1,200                  | -  | -                    | 2,362               | 1,987                |
| Gain on valuation of<br>available-for-sale securities,<br>net   | -                  | -                  | -                      | 15,824   | -                    | 15,824              | 13,312               |
| Gain on valuation of<br>derivatives, net  | -                  | -                  | -                      | 30,508   | -                    | 30,508              | 25,665               |
| Net income  | -                  | -                  | -                      | -  | 2,015,982            | 2,015,982           | 1,695,955            |
| Changes in retained earnings<br>using the equity method   | -                  | (37,755)           | -                      | (105,600)  | (153,764)            | (297,119)           | (249,953)            |
| September 30, 2009  | <u>₩ 1,488,993</u> | <u>₩ 5,815,183</u> | <u>₩ (718,485)</u>     | <u>₩ 552,885</u>                                 | <u>₩14,045,557</u>   | <u>₩ 21,184,133</u> | <u>\$ 17,821,261</u> |

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-COLSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

|   | Korean Won       |                  | Translation into<br>U. S. Dollars (Note 2) |                  |
|---|------------------|------------------|--|------------------|
|   | 2009             | 2008             | 2009                                       | 2008             |
|   | (In millions)    |                  | (In thousands)                             |                  |
| Cash flows from operating activities:   |                  |                  |  |                  |
| Net income  | ₩ 2,015,982      | ₩ 1,204,355      | \$ 1,695,955                               | \$ 1,013,170     |
| Adjustments to reconcile net income to net cash provided by operating activities:     |                  |                  |  |                  |
| Depreciation  | 667,901          | 657,989          | 561,875                                    | 553,537          |
| Bad debt expense  | 3,978            | -                | 3,347                                      | -                |
| Amortization of intangibles   | 377,383          | 339,070          | 317,475                                    | 285,244          |
| Loss on foreign currency translation, net   | 23,098           | 43,219           | 19,431                                     | 36,358           |
| Gain on valuation of investment securities accounted for using the equity method, net | (817,887)        | (215,406)        | (688,052)                                  | (181,211)        |
| Gain on disposal of investment securities accounted for using the equity method, net  | (70,252)         | -                | (59,100)                                   | -                |
| Loss (gain) on valuation of derivatives, net  | (14,530)         | 173,796          | (12,223)                                   | 146,207          |
| Loss on disposal of trade notes and accounts receivable                               | 62,128           | 63,965           | 52,266                                     | 53,811           |
| Loss (gain) on disposal of property, plant and equipment, net                         | (3,124)          | 8,052            | (2,628)                                    | 6,774            |
| Loss (gain) on disposal of short-term investment securities, net                      | 187              | (1,325)          | 157  | (1,115)          |
| Gain on valuation of short-term investment securities, net                            | (89,952)         | -                | (75,673)                                   | -                |
| Loss (gain) on disposal of long-term investment securities, net                       | (264)            | 46,636           | (222)                                      | 39,233           |
| Dividends of investment securities accounted for using the equity method              | 146,776          | 175,167          | 123,476                                    | 147,360          |
| Provision for severance benefits  | 257,620          | 197,321          | 216,724                                    | 165,997          |
| Provision for warranties  | 57,178           | 631,872          | 48,101                                     | 531,566          |
| Amortization of discount on debentures  | 1,090            | 619              | 917  | 521              |
| Other   | 9,120            | (510)            | 7,672                                      | (429)            |
| Changes in operating assets and liabilities:  |                  |                  |  |                  |
| Decrease (increase) in trade notes and accounts receivable                            | (80,564)         | 387,504          | (67,775)                                   | 325,990          |
| Decrease (increase) in trade notes and accounts receivable-other                      | (42,623)         | 108,540          | (35,857)                                   | 91,310           |
| Decrease (increase) in inventories  | 144,580          | (483,142)        | 121,629                                    | (406,446)        |
| Decrease (increase) in advances and other current assets                              | 6,597            | (131,218)        | 5,551                                      | (110,388)        |
| Decrease in deferred tax assets   | 152,665          | 115,346          | 128,430                                    | 97,035           |
| Decrease in derivative assets   | 4,476            | 1,765            | 3,765                                      | 1,485            |
| Increase (decrease) in trade notes and accounts payable                               | 1,049,439        | (693,415)        | 882,846                                    | (583,339)        |
| Decrease in accounts payable-other  | (382,854)        | (410,987)        | (322,078)                                  | (345,745)        |
| Decrease in income tax payable  | (527,310)        | (79,897)         | (443,602)                                  | (67,214)         |
| Increase in accrued expenses  | 1,004,927        | 252,710          | 845,400                                    | 212,594          |
| Increase (decrease) in deferred tax liabilities                                       | 92,022           | (276,994)        | 77,414                                     | (233,023)        |
| Decrease in derivative liabilities  | (146,582)        | (98,536)         | (123,313)                                  | (82,894)         |
| Increase (decrease) in withholding and other current liabilities                      | 123,983          | (130,258)        | 104,302                                    | (109,580)        |
| Decrease in accrued warranties  | (334,675)        | (292,130)        | (281,547)                                  | (245,756)        |
| Payment of severance benefits   | (177,626)        | (226,975)        | (149,429)                                  | (190,944)        |
| Increase in individual severance insurance deposits                                   | (22,769)         | (3,885)          | (19,155)                                   | (3,268)          |
| Other   | 12,901           | 7,998            | 10,854                                     | 6,728            |
|   | <u>3,503,019</u> | <u>1,371,246</u> | <u>2,946,933</u>                           | <u>1,153,568</u> |

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

|   | Korean Won         |                    | Translation into<br>U. S. Dollars (Note 2) |                    |
|---|--------------------|--------------------|--|--------------------|
|   | 2009               | 2008               | 2009                                       | 2008               |
|   | (In millions)      |                    | (In thousands)                             |                    |
| Cash flows from investing activities:   |                    |                    |  |                    |
| Cash inflows from investing activities:   |                    |                    |  |                    |
| Proceeds from withdrawal of short-term financial instruments                          | ₩ 4,662,818        | ₩ 2,792,960        | \$ 3,922,620                               | \$ 2,349,592       |
| Proceeds from disposal of short-term investment securities                            | 22,662             | 109,987            | 19,065                                     | 92,527             |
| Proceeds from disposal of long-term investment securities                             | 8,490              | 132                | 7,142                                      | 111                |
| Proceeds from disposal of property, plant and equipment                               | 35,501             | 6,774              | 29,865                                     | 5,699              |
| Proceeds from disposal of investment securities accounted for using the equity method | 48,404             | 96,248             | 40,720                                     | 80,969             |
| Reduction in other current assets   | 2,880              | 4,320              | 2,423                                      | 3,634              |
| Reduction in other assets   | 3,248              | 107,533            | 2,732                                      | 90,463             |
|   | <u>4,784,003</u>   | <u>3,117,954</u>   | <u>4,024,567</u>                           | <u>2,622,995</u>   |
| Cash outflows from investing activities:  |                    |                    |  |                    |
| Purchase of short-term financial instruments  | (5,686,465)        | (3,343,886)        | (4,783,768)                                | (2,813,061)        |
| Acquisition of short-term investment securities                                       | (2,361)            | (20,162)           | (1,986)                                    | (16,961)           |
| Acquisition of long-term investment securities  | (23,642)           | (104,483)          | (19,889)                                   | (87,897)           |
| Acquisition of investment securities accounted for using the equity method            | (915,435)          | (511,792)          | (770,114)                                  | (430,548)          |
| Purchase of long-term financial instruments   | (360,000)          | -                  | (302,852)                                  | -                  |
| Acquisition of property, plant and equipment  | (511,044)          | (419,097)          | (429,918)                                  | (352,568)          |
| Expenditures for development costs  | (585,746)          | (410,980)          | (492,762)                                  | (345,739)          |
| Additions to other assets   | (9,791)            | (28,562)           | (8,237)                                    | (24,028)           |
|   | <u>(8,094,484)</u> | <u>(4,838,962)</u> | <u>(6,809,526)</u>                         | <u>(4,070,802)</u> |
|   | <u>(3,310,481)</u> | <u>(1,721,008)</u> | <u>(2,784,959)</u>                         | <u>(1,447,807)</u> |
| Cash flows from financing activities:   |                    |                    |  |                    |
| Cash inflows from financing activities:   |                    |                    |  |                    |
| Proceeds from short-term borrowings   | 1,767,368          | 918,293            | 1,486,807                                  | 772,519            |
| Proceeds from issuance of debentures  | 398,243            | -                  | 335,024                                    | -                  |
| Proceeds from disposal of treasury stock  | 2,362              | -                  | 1,987                                      | -                  |
|   | <u>2,167,973</u>   | <u>918,293</u>     | <u>1,823,818</u>                           | <u>772,519</u>     |
| Cash outflows from financing activities:  |                    |                    |  |                    |
| Repayment of short-term borrowings  | (2,482,759)        | (705,274)          | (2,088,634)                                | (593,315)          |
| Repayment of current maturities of long-term debt                                     | (559)              | (1,284)            | (470)                                      | (1,080)            |
| Payment of cash dividends   | (235,726)          | (276,003)          | (198,305)                                  | (232,190)          |
|   | <u>(2,719,044)</u> | <u>(982,561)</u>   | <u>(2,287,409)</u>                         | <u>(826,585)</u>   |
|   | <u>(551,071)</u>   | <u>(64,268)</u>    | <u>(463,591)</u>                           | <u>(54,066)</u>    |
| Net decrease in cash and cash equivalents   | (358,533)          | (414,030)          | (301,617)                                  | (348,305)          |
| Cash and cash equivalents, beginning of period  | 1,756,546          | 1,446,065          | 1,477,703                                  | 1,216,510          |
| Cash and cash equivalents, end of period  | <u>₩ 1,398,013</u> | <u>₩ 1,032,035</u> | <u>\$ 1,176,086</u>                        | <u>\$ 868,205</u>  |

See accompanying notes to non-consolidated financial statements.



## HYUNDAI MOTOR COMPANY

### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

#### 1. THE COMPANY:

Hyundai Motor Company (the “Company”) was incorporated in 1967, under the laws of the Republic of Korea, to manufacture and distribute motor vehicles and parts.

The Company owns and operates three principal automobile production bases in Korea: the Ulsan factory, the Asan factory and the Jeonju factory. In addition, the Company has invested in six overseas manufacturing plants including Hyundai Motor Manufacturing Alabama, LLC (HMMA) as well as sixteen overseas sales and R&D subsidiaries including Hyundai Motor America (HMA).

The shares of the Company have been listed on the Korea Stock Exchange since 1974 and the Global Depository Receipts issued by the Company have been listed on the London Stock Exchange and Luxemburg Stock Exchange.

As of September 30, 2009, the major shareholders of the Company are Hyundai MOBIS (20.78%) and Chung, Mong Koo (5.17%).

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### Basis of Financial Statement Presentation

The Company maintains its official accounting records in Korean Won and prepares statutory non-consolidated financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with accounting principles generally accepted in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, changes in shareholders' equity or cash flows, is not presented in the accompanying financial statements.

The accompanying financial statements are stated in Korean Won, the currency of the country in which the Company is incorporated and operates. The translation of Korean Won amounts into U.S. dollar amounts is included solely for the convenience of readers outside of the Republic of Korea and has been made at the rate of ₩1,188.70 to US\$1.00 at September 30, 2009, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean Won amounts could be converted into U.S. dollars at that or any other rate.

The Company prepared its non-consolidated financial statements as of September 30, 2009 in accordance with the Korea Financial Accounting Standards and the Statements of Korea Accounting Standards (“SKAS”) No. 1 through No.23, except for No.14.

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements as of September 30, 2009 are identical to those as of December 31, 2008.

3. RESTRICTED FINANCIAL INSTRUMENTS:

Deposits with withdrawal restrictions as of September 30, 2009 and December 31, 2008 consist of the following:

|  | Korean Won            |                      | Translation into<br>U.S. Dollars (Note 2) |                      |
|--|-----------------------|----------------------|---|----------------------|
|  | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                     | December 31,<br>2008 |
|  | (In millions)         |                      | (In thousands)                            |                      |
| Short-term financial instruments:          |                       |                      |   |                      |
| Ordinary deposit                           | ₩ 158                 | ₩ 160                | \$ 133                                    | \$ 135               |
| Term deposit                               | 64,722                | 61,073               | 54,448                                    | 51,378               |
|  | <u>64,880</u>         | <u>61,233</u>        | <u>54,581</u>                             | <u>51,513</u>        |
| Long-term financial instruments (Note 10): |                       |                      |   |                      |
| Guarantee deposits for checking accounts   | 37                    | 37                   | 31  | 31                   |
|  | <u>₩ 64,917</u>       | <u>₩ 61,270</u>      | <u>\$ 54,612</u>                          | <u>\$ 51,544</u>     |

4. INVENTORIES:

Inventories as of September 30, 2009 and December 31, 2008 consist of the following:

| Description                             | Korean Won            |                      | Translation into<br>U.S. Dollars (Note 2) |                      |
|---|-----------------------|----------------------|---|----------------------|
|   | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                     | December 31,<br>2008 |
|   | (In millions)         |                      | (In thousands)                            |                      |
| Finished goods and merchandise          | ₩ 543,087             | ₩ 572,287            | \$ 456,875                                | \$ 481,440           |
| Semi finished goods and work in process | 488,075               | 541,471              | 410,595                                   | 455,515              |
| Raw materials and supplies              | 424,276               | 566,429              | 356,924                                   | 476,511              |
| Materials in transit                    | 103,848               | 128,843              | 87,363                                    | 108,390              |
|   | <u>₩ 1,559,286</u>    | <u>₩ 1,809,030</u>   | <u>\$ 1,311,757</u>                       | <u>\$ 1,521,856</u>  |

5. SHORT-TERM INVESTMENT SECURITIES:

Short-term investment securities as of September 30, 2009 and December 31, 2008 consist of the following:

| Description              | Korean Won            |                      | Translation into<br>U.S. Dollars<br>(Note 2) |                      |
|--------------------------|-----------------------|----------------------|--|----------------------|
|                          | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                        | December 31,<br>2008 |
|                          | Acquisition           |                      |  |                      |
|                          | cost                  | Book value           | Book value                                   | Book value           |
|                          | (In millions)         |                      | (In thousands)                               |                      |
| Beneficiary certificates | ₩ 200,000             | ₩ 216,356            | ₩ 220,164                                    | \$ 182,011           |
| Equity securities        | 180,721               | 270,672              | 119  | 227,704              |
| Government bonds         | 10                    | 10                   | 215  | 8                    |
|                          | <u>₩ 380,731</u>      | <u>₩ 487,038</u>     | <u>₩ 220,498</u>                             | <u>\$ 409,723</u>    |
|                          |                       |                      |  | <u>\$ 185,495</u>    |

Equity securities are the common shares of Hyundai MOBIS Co., Ltd (1,635,482 shares) which were acquired by the exchange with the shares of Hyundai Autonet Co., Ltd related to the merger of the two companies in 2009.

6. LONG-TERM INVESTMENT SECURITIES:

Long -term investment securities as of September 30, 2009 and December 31, 2008, all of which are classified into available-for-sale securities, consist of the following:

| Name of company  | Ownership percentage | Korean Won    |                   | Translation into U.S. Dollars (Note 2) |                   |            |
|--|----------------------|---------------|-------------------|--|-------------------|------------|
|  |                      | September 30, |                   | September 30,                          |                   |            |
|  |                      | 2009          | December 31, 2008 | 2009                                   | December 31, 2008 |            |
|  | Acquisition cost     | Book value    | Book value        | Book value                             | Book value        |            |
|  | (%)                  | (In millions) | (In thousands)    |  |                   |            |
| Hyundai Heavy Industries Co., Ltd.                         | 2.88                 | ₩ 56,924      | ₩ 394,200         | ₩ 436,905                              | \$ 331,623        | \$ 367,549 |
| Hyundai Oil Refinery Co., Ltd.                             | 4.35                 | 53,734        | 106,383           | 106,383                                | 89,495            | 89,495     |
| Doosan Capital Co., Ltd.                                   | 9.99                 | 10,000        | 24,378            | 24,378                                 | 20,508            | 20,508     |
| Hyundai Merchant Marine Co., Ltd.                          | 0.45                 | 9,161         | 19,300            | 25,710                                 | 16,236            | 21,629     |
| Hyundai Development Company                                | 0.60                 | 9,025         | 19,260            | 14,602                                 | 16,203            | 12,284     |
| Hyundai H&S  | 4.07                 | 15,005        | 17,885            | 12,692                                 | 15,046            | 10,677     |
| KT Corporation (*2)  | 0.09                 | 8,655         | 9,711             | -                                      | 8,169             | -          |
| ENOVA System   | 0.90                 | 2,204         | 322               | 94                                     | 271               | 79         |
| KT Freetel (*2)  | -                    | -             | -                 | 10,482                                 | -                 | 8,818      |
| Treasury Stock Fund  | -                    | -             | -                 | 5,443                                  | -                 | 4,579      |
| Hyundai Asan Corporation                                   | 3.27                 | 22,500        | 7,053             | 7,053                                  | 5,933             | 5,933      |
| Hyundai Technology Investment Co., Ltd.                    | 14.97                | 4,490         | 4,490             | 4,490                                  | 3,777             | 3,777      |
| Industry Otomotif Komersial                                | 15.00                | 4,439         | 4,439             | 4,439                                  | 3,734             | 3,734      |
| Kihyup Finance   | 10.34                | 3,000         | 3,000             | 3,000                                  | 2,524             | 2,524      |
| Kyungnam Credit Information Service Co. Ltd.               | 13.66                | 2,500         | 2,500             | 2,500                                  | 2,103             | 2,103      |
| NESSCAP Inc.   | 12.05                | 1,997         | 1,997             | 1,997                                  | 1,680             | 1,680      |
| Ubivelox Co, Ltd.<br>(Formerly, Veloxsoft Inc.)            | 7.08                 | 1,710         | 1,710             | 1,000                                  | 1,439             | 841        |
| Hyundai Research Institute                                 | 14.90                | 1,359         | 1,271             | 1,271                                  | 1,069             | 1,069      |
| The Sign Corporation                                       | 11.28                | 1,200         | 1,200             | 1,200                                  | 1,010             | 1,010      |
| Heesung PM Tech Corporation                                | 19.90                | 1,194         | 1,194             | 1,194                                  | 1,004             | 1,004      |
| Dongbu NTS Co., Ltd.                                       | 19.90                | 1,134         | 1,134             | 1,134                                  | 954               | 954        |
| Jeonbuk Hyundai Motors FC Co., Ltd. (*1)                   | 100.00               | 1,000         | 1,000             | -                                      | 841               | -          |
| Micro Infinity   | 9.02                 | 608           | 608               | 607                                    | 511               | 511        |
| NGVTEK.com (*1)  | 53.66                | 571           | 571               | 571                                    | 480               | 480        |
| Clean Air Technology Inc.                                  | 16.13                | 500           | 500               | 500                                    | 421               | 421        |
| Green village Co., Ltd.<br>(Formerly, Hankyoreh Plus Inc.) | 5.43                 | 4,800         | 284               | 284                                    | 239               | 239        |
| Carnes Co., Ltd. (*1)                                      | 50.00                | 250           | 250               | 250                                    | 210               | 210        |
| Jinil MVC Co., Ltd.  | 18.00                | 180           | 180               | 180                                    | 151               | 151        |
| ROTIS Inc.   | 0.19                 | 1,000         | 8                 | 8                                      | 7                 | 7          |
| Beneficiary certificates                                   | -                    | 150,000       | 163,476           | 154,504                                | 137,525           | 129,977    |
| Stock warrants   | -                    | 7,620         | 35,787            | -                                      | 30,106            | -          |
| Debt security  | -                    | 14,762        | 18,997            | -                                      | 15,982            | -          |
| Other  | -                    | 1,727         | 1,464             | 1,244                                  | 1,233             | 1,048      |
|  |                      |               | ₩ 844,552         | ₩ 824,115                              | \$ 710,484        | \$ 693,291 |

(\*1) In conformity with Financial Accounting Standards in the Republic of Korea, the equity securities of these affiliates were not accounted for using the equity method since the Company believes the changes in the investment value due to the changes in the net assets of the investee, whose individual beginning balance of total assets or paid-in capital at the date of its establishment is less than ₩7,000 million (US\$5,889 thousand), are not material.

(\*2) The shares of KT Corporation were acquired by the exchange with the shares of KT Freetel related to the merger of the two companies in 2009.

As of September 30, 2009 and December 31, 2008, the difference between the book value and the acquisition cost of equity securities consists of impairment loss on long-term investment securities of ₩21,306 million (US\$17,924 thousand) reflected before 2009.

7. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

(1) Investment securities accounted for using the equity method as of September 30, 2009 and December 31, 2008 consist of the following:

| Affiliated company                                    | Ownership percentage (%) | Korean Won       |                    |                |                   | Translation into U.S. Dollars (Note 2) |                   |
|---|--------------------------|------------------|--------------------|----------------|-------------------|--|-------------------|
|   |                          | Acquisition cost | Net equity         |                | December 31, 2008 | September 30, 2009                     | December 31, 2008 |
|   |                          |                  | September 30, 2009 | Value          | Book value        | Book value                             | Book value        |
|   |                          | (In millions)    |                    | (In thousands) |                   |  |                   |
| Hyundai Motor America                                 | 100.00                   | ₩ 1,821,773      | ₩ 2,177,019        | ₩ 1,980,721    | ₩ 1,711,125       | \$ 1,666,292                           | \$ 1,439,493      |
| Hyundai Motor Manufacturing Czech s.r.o.              | 100.00                   | 685,390          | 661,190            | 666,040        | 645,066           | 560,310                                | 542,665           |
| Beijing-Hyundai Motor Company                         | 50.00                    | 397,758          | 920,625            | 911,768        | 825,829           | 767,030                                | 694,733           |
| Hyundai Assan Otomotive Sannayi Ve Ticaret A.S. (*1)  | 85.03                    | 279,987          | 78,311             | 58,576         | -                 | 49,277                                 | -                 |
| Hyundai Motor India                                   | 100.00                   | 244,017          | 769,965            | 718,698        | 752,356           | 604,608                                | 632,923           |
| Hyundai Motor Manufacturing Rus LLC                   | 100.00                   | 225,151          | 214,419            | 214,419        | 153,714           | 180,381                                | 129,313           |
| Hyundai Motor Japan Co. (*1)                          | 100.00                   | 103,658          | (12,127)           | -              | -                 | -                                      | -                 |
| Hyundai Translead                                     | 100.00                   | 80,623           | 126,457            | 134,377        | 149,801           | 113,045                                | 126,021           |
| Hyundai Motor Company Italy S.r.l                     | 100.00                   | 73,191           | 28,943             | 63,808         | 79,930            | 53,679                                 | 67,242            |
| Hyundai Motor Europe Technical Center GmbH            | 100.00                   | 53,496           | 74,251             | 74,251         | 75,393            | 62,464                                 | 63,425            |
| China Millennium Corporations                         | 59.60                    | 53,466           | 32,537             | 66,109         | 66,538            | 55,615                                 | 55,975            |
| Hyundai Motor (UK) Ltd. (*1)                          | 100.00                   | 48,084           | 6,335              | 5,069          | -                 | 4,264                                  | -                 |
| Hyundai Auto Czech s.r.o                              | 100.00                   | 46,174           | 37,794             | 34,587         | 39,624            | 29,096                                 | 33,334            |
| Hyundai WIA Automotive Engine (ShanDong) Company      | 22.00                    | 43,233           | 53,697             | 53,697         | 42,725            | 45,173                                 | 35,943            |
| Hyundai Motor Poland Sp.zo.o.                         | 100.00                   | 24,139           | 37,631             | 48,209         | 43,607            | 40,556                                 | 36,685            |
| Beijing Mobis Transmission Co., Ltd.                  | 24.08                    | 22,790           | 47,379             | 47,379         | 44,556            | 39,858                                 | 37,483            |
| Hyundai Motor Europe GmbH                             | 100.00                   | 17,529           | 41,601             | 41,601         | 39,315            | 34,997                                 | 33,074            |
| Hyundai Motor Group (China) Ltd.                      | 50.00                    | 15,371           | 58,749             | 48,894         | 5,682             | 41,132                                 | 4,780             |
| Hyundai Motor Company Australia                       | 100.00                   | 12,382           | 75,024             | 51,954         | 43,083            | 43,707                                 | 36,244            |
| Hyundai Motor Deutschland GmbH                        | 35.29                    | 11,528           | 37,116             | 36,730         | 22,715            | 30,899                                 | 19,109            |
| Hyundai America Technical Center Inc.                 | 100.00                   | 9,635            | 33,650             | 33,650         | 34,624            | 28,308                                 | 29,128            |
| Hyundai Motor Norway AS                               | 100.00                   | 5,636            | 5,330              | 4,442          | 1,718             | 3,737                                  | 1,445             |
| Beijing Jinxian Motor Safeguard Service Co., Ltd.     | 100.00                   | 5,438            | 8,037              | 8,037          | 8,040             | 6,761                                  | 6,764             |
| Hyundai Motor Hungary                                 | 100.00                   | 5,415            | 2,196              | 2,283          | 2,283             | 1,921                                  | 1,921             |
| Hyundai Motor Commonwealth of Independent States (*1) | 80.00                    | 3,959            | (92,260)           | -              | -                 | -                                      | -                 |
| HMJ R&D Center Inc.                                   | 100.00                   | 1,510            | 3,051              | 3,051          | 3,296             | 2,567                                  | 2,773             |
| EUKOR Shipowning Singapore Pte Ltd.(*2)               | 12.00                    | 5                | 3,938              | 5              | -                 | 4                                      | -                 |
| Kia Motors Corporation                                | 35.02                    | 923,957          | 1,869,953          | 1,922,800      | 1,739,079         | 1,617,565                              | 1,463,009         |
| Hyundai Capital Service Inc.                          | 56.47                    | 500,325          | 1,179,807          | 732,821        | 577,581           | 616,489                                | 485,893           |
| Hyundai Card Co., Ltd.                                | 31.52                    | 435,571          | 460,063            | 460,070        | 389,636           | 387,036                                | 327,783           |
| Hyundai Rotem Company                                 | 57.64                    | 254,308          | 351,134            | 391,553        | 317,051           | 329,396                                | 266,721           |
| Hyundai HYSCO   | 26.13                    | 200,768          | 271,873            | 287,754        | 288,484           | 242,075                                | 242,689           |
| HMC Investment Securities Co., Ltd.                   | 26.27                    | 235,276          | 149,861            | 190,454        | 118,919           | 160,220                                | 100,041           |
| Korea Aerospace Industries, Ltd.                      | 22.23                    | 159,800          | 116,224            | 116,060        | 93,452            | 97,636                                 | 78,617            |
| Hyundai Powertech                                     | 37.58                    | ₩ 135,000        | ₩ 166,231          | ₩ 152,652      | ₩ 144,248         | \$ 128,419                             | \$ 121,349        |
| Dymos Inc.  | 47.27                    | 68,872           | 135,609            | 132,456        | 130,405           | 111,429                                | 109,704           |
| Hyundai Commercial Inc.                               | 50.00                    | 50,000           | 51,405             | 50,601         | 36,468            | 42,568                                 | 30,679            |

| Affiliated company                   | Ownership percentage (%) | Korean Won         |                    |                    |                    | Translation into U.S. Dollars (Note 2) |                     |
|--------------------------------------|--------------------------|--------------------|--------------------|--------------------|--------------------|--|---------------------|
|                                      |                          | Acquisition cost   | September 30, 2009 |                    | December 31, 2008  | September 30, 2009                     | December 31, 2008   |
|                                      |                          |                    | Net equity Value   | Book value         | Book value         | Book value                             | Book value          |
|                                      |                          | (In millions)      |                    | (In thousands)     |                    |  |                     |
| Hyundai WIA Corporation              | 39.46                    | 34,357             | 252,491            | 231,496            | 198,997            | 194,747                                | 167,407             |
| Korea Economy Daily                  | 20.55                    | 29,973             | 24,243             | 26,754             | 27,145             | 22,507                                 | 22,836              |
| Eukor Car Carriers Inc. (*2)         | 12.00                    | 29,347             | 67,127             | 59,637             | 60,388             | 50,170                                 | 50,802              |
| Partecs Co., Ltd.                    | 56.00                    | 22,400             | 23,489             | 23,489             | 22,829             | 19,760                                 | 19,205              |
| KEFICO Corporation                   | 50.00                    | 20,911             | 123,276            | 121,672            | 121,240            | 102,357                                | 101,994             |
| HMC Win-Win Fund                     | 60.00                    | 18,000             | 18,514             | 18,514             | 18,000             | 15,575                                 | 15,143              |
| Autoever Systems Corp.               | 29.90                    | 5,947              | 29,156             | 29,156             | 24,004             | 24,528                                 | 20,193              |
| Haevichi Country Club Co., Ltd. (*1) | 30.00                    | 4,500              | (11,399)           | -                  | -                  | -                                      | -                   |
| M & Soft Co., Ltd                    | 31.84                    | 3,925              | 11,586             | 11,666             | 10,211             | 9,814                                  | 8,590               |
| Iljin Bearing Co., Ltd.              | 20.00                    | 826                | 17,324             | 17,324             | 16,843             | 14,575                                 | 14,168              |
| Daesung Automotive Co., Ltd.         | 20.00                    | 400                | 11,422             | 11,423             | 11,323             | 9,611                                  | 9,525               |
| Hyundai Autonet Co., Ltd. (*3)       | 0.00                     | -                  | -                  | -                  | 111,823            | -                                      | 94,071              |
|                                      |                          | <u>₩ 7,425,801</u> | <u>₩10,750,247</u> | <u>₩10,296,707</u> | <u>₩ 9,249,146</u> | <u>\$ 8,662,158</u>                    | <u>\$ 7,780,892</u> |

(\*1) Use of the equity method was discontinued since the value of investments is less than zero due to accumulated deficit.

(\*2) The total ownership percentage combining the ownership which Kia Motors Corp. holds is more than 20% and the Company is considered to be able to exercise significant influence over the operating and financial policies.

(\*3) Hyundai Autonet Co., Ltd. merged with Hyundai Mobis Co., Ltd. in 2009. Consequently, the Company holds the equity of Hyundai Mobis Co., Ltd. in exchange for the equity of Hyundai Autonet Co., Ltd.

(2) The changes in investment securities accounted for using the equity method for the nine months ended September 30, 2009 are as follows:

| Affiliated company                                | Korean Won          |                           |                          |                   |               | Translation into U.S. Dollars (Note 2) |  |
|---|---------------------|---------------------------|--------------------------|-------------------|---------------|--|--|
|   | Beginning of period | Acquisition / Disposition | Gain (loss) on valuation | Other changes (*) | End of period | End of period                          |  |
|   | (In millions)       |                           |                          |                   |               | (In thousands)                         |  |
| Hyundai Motor America                             | ₩ 1,711,125         | ₩ 494,462                 | ₩ (52,667)               | ₩ (172,199)       | ₩ 1,980,721   | \$ 1,666,292                           |  |
| Hyundai Motor Manufacturing Czech s.r.o.          | 645,066             | 105,978                   | (103,827)                | 18,823            | 666,040       | 560,310                                |  |
| Beijing-Hyundai Motor Company                     | 825,829             | -                         | 225,030                  | (139,091)         | 911,768       | 767,030                                |  |
| Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.   | -                   | 188,672                   | 12,637                   | (142,733)         | 58,576        | 49,277                                 |  |
| Hyundai Motor India                               | 752,356             | -                         | 60,425                   | (94,083)          | 718,698       | 604,608                                |  |
| Hyundai Motor Manufacturing Rus LLC               | 153,714             | 70,050                    | 4,669                    | (14,014)          | 214,419       | 180,381                                |  |
| Hyundai Translead                                 | 149,801             | -                         | (8,435)                  | (6,989)           | 134,377       | 113,045                                |  |
| Hyundai Motor Company Italy S.r.l                 | 79,930              | -                         | (9,333)                  | (6,789)           | 63,808        | 53,679                                 |  |
| Hyundai Motor Europe Technical Center GmbH        | 75,393              | -                         | 660                      | (1,802)           | 74,251        | 62,464                                 |  |
| China Millennium Corporations                     | 66,538              | -                         | 805                      | (1,234)           | 66,109        | 55,615                                 |  |
| Hyundai Motor (UK) Ltd.                           | -                   | -                         | 6,488                    | (1,419)           | 5,069         | 4,264                                  |  |
| Hyundai Auto Czech s.r.o                          | 39,624              | -                         | (5,985)                  | 948               | 34,587        | 29,096                                 |  |
| Hyundai WIA Automotive Engine (ShanDong) Company  | 42,725              | 14,743                    | 141                      | (3,912)           | 53,697        | 45,173                                 |  |
| Hyundai Motor Poland Sp.zo.o.                     | 43,607              | -                         | 6,198                    | (1,596)           | 48,209        | 40,556                                 |  |
| Beijing Mobis Transmission Co., Ltd.              | 44,556              | -                         | 5,788                    | (2,965)           | 47,379        | 39,858                                 |  |
| Hyundai Motor Europe GmbH                         | 39,315              | -                         | (1,157)                  | 3,443             | 41,601        | 34,997                                 |  |
| Hyundai Motor Group (China) Ltd.                  | 5,682               | -                         | 64,866                   | (21,654)          | 48,894        | 41,132                                 |  |
| Hyundai Motor Company Australia                   | 43,083              | -                         | (1,861)                  | 10,732            | 51,954        | 43,707                                 |  |
| Hyundai Motor Deutschland GmbH                    | 22,715              | 4,766                     | 10,436                   | (1,187)           | 36,730        | 30,899                                 |  |
| Hyundai America Technical Center Inc.             | 34,624              | -                         | 1,016                    | (1,990)           | 33,650        | 28,308                                 |  |
| Hyundai Motor Norway AS                           | 1,718               | -                         | 1,974                    | 750               | 4,442         | 3,737                                  |  |
| Beijing Jinxian Motor Safeguard Service Co., Ltd. | ₩ 8,040             | ₩ -                       | ₩ 551                    | ₩ (554)           | ₩ 8,037       | \$ 6,761                               |  |
| Hyundai Motor Hungary                             | 2,283               | -                         | -                        | -                 | 2,283         | 1,921                                  |  |
| HMJ R&D Center Inc.                               | 3,296               | -                         | (71)                     | (174)             | 3,051         | 2,567                                  |  |

| Affiliated company                  | Korean Won          |                           |                          |                    | Translation into U.S. Dollars (Note 2) |                     |
|-------------------------------------|---------------------|---------------------------|--------------------------|--------------------|--|---------------------|
|                                     | Beginning of period | Acquisition / Disposition | Gain (loss) on valuation | Other changes (*)  | End of period                          | End of period       |
|                                     | (In millions)       |                           |                          |                    | (In thousands)                         |                     |
| EUKOR Shipowning Singapore Pte Ltd. | -                   | 5                         | -                        | -                  | 5                                      | 4                   |
| Kia Motors Corporation              | 1,739,079           | -                         | 317,321                  | (133,600)          | 1,922,800                              | 1,617,565           |
| Hyundai Capital Service Inc.        | 577,581             | -                         | 105,043                  | 50,197             | 732,821                                | 616,489             |
| Hyundai Card Co., Ltd.              | 389,636             | -                         | 60,811                   | 9,623              | 460,070                                | 387,036             |
| Hyundai Rotem Company               | 317,051             | -                         | 27,467                   | 47,035             | 391,553                                | 329,396             |
| Hyundai HYSKO                       | 288,484             | -                         | 3,783                    | (4,513)            | 287,754                                | 242,075             |
| HMC Investment Securities Co., Ltd. | 118,919             | 63,551                    | 4,849                    | 3,135              | 190,454                                | 160,220             |
| Korea Aerospace Industries, Ltd.    | 93,452              | -                         | 22,608                   | -                  | 116,060                                | 97,636              |
| Hyundai Powertech                   | 144,248             | -                         | 9,831                    | (1,427)            | 152,652                                | 128,419             |
| Dymos Inc.                          | 130,405             | -                         | 2,322                    | (271)              | 132,456                                | 111,429             |
| Hyundai Commercial Inc.             | 36,468              | -                         | 11,981                   | 2,152              | 50,601                                 | 42,568              |
| Hyundai WIA Corporation             | 198,997             | -                         | 16,781                   | 15,718             | 231,496                                | 194,747             |
| Korea Economy Daily                 | 27,145              | -                         | (124)                    | (267)              | 26,754                                 | 22,507              |
| Eukor Car Carriers Inc.             | 60,388              | -                         | 1,565                    | (2,316)            | 59,637                                 | 50,170              |
| Partecs Co., Ltd.                   | 22,829              | -                         | 660                      | -                  | 23,489                                 | 19,760              |
| KEFICO Corporation                  | 121,240             | -                         | 9,011                    | (8,579)            | 121,672                                | 102,357             |
| HMC Win-Win Fund                    | 18,000              | -                         | 514                      | -                  | 18,514                                 | 15,575              |
| Autoever Systems Corp.              | 24,004              | -                         | 5,020                    | 132                | 29,156                                 | 24,528              |
| M & Soft Co., Ltd.                  | 10,211              | -                         | 1,530                    | (75)               | 11,666                                 | 9,814               |
| Iljin Bearing Co., Ltd.             | 16,843              | -                         | 706                      | (225)              | 17,324                                 | 14,575              |
| Daesung Automotive Co., Ltd.        | 11,323              | -                         | 877                      | (777)              | 11,423                                 | 9,611               |
| Hyundai Autonet Co., Ltd.           | 111,823             | -                         | (3,017)                  | (108,806)          | -                                      | -                   |
|                                     | <u>₩ 9,249,146</u>  | <u>₩ 942,227</u>          | <u>₩ 817,887</u>         | <u>₩ (712,553)</u> | <u>₩10,296,707</u>                     | <u>\$ 8,662,158</u> |

(\*) Other changes consist of the decrease by ₩146,776 million (US\$123,476 thousand) due to receipt of the dividends, decrease of capital surplus by ₩81,282 million (US\$68,379 thousand), decrease of retained earnings by ₩171,447 million (US\$144,231 thousand), decrease of accumulated other comprehensive income by ₩202,580 million (US\$170,421 thousand), decrease by ₩2,014 million (US\$1,694 thousand) due to decrease in ownership percentage caused by uneven capital increase and decrease by ₩108,454 million (US\$91,237 thousand) due to transfer from investment securities accounted for using the equity method to short-term investment securities.

Investment securities accounted for using the equity method as of September 30, 2009 and December 31, 2008 are valued based on the financial statements of the investees as of the same period end date, respectively, which were neither audited nor reviewed by an external auditor.

(3) Condensed financial information of the affiliates as of and for the nine months ended September 30, 2009 is as follows:

| Affiliated company                              | Korean Won    |              |            |                   | Translation into U.S. Dollars (Note 2) |              |              |                   |
|---|---------------|--------------|------------|-------------------|--|--------------|--------------|-------------------|
|   | Assets        | Liabilities  | Sales      | Net income (loss) | Assets                                 | Liabilities  | Sales        | Net income (loss) |
|   | (In millions) |              |            |                   | (In thousands)                         |              |              |                   |
| Hyundai Motor America                           | ₩13,153,018   | ₩ 10,975,999 | ₩9,251,890 | ₩ (18,321)        | \$11,065,044                           | \$ 9,233,616 | \$ 7,783,200 | \$ (15,413)       |
| Hyundai Motor Manufacturing Czech, s.r.o.       | 1,733,677     | 1,072,487    | 1,310,194  | (88,858)          | 1,458,465                              | 902,235      | 1,102,207    | (74,752)          |
| Beijing-Hyundai Motor Company                   | 3,872,005     | 2,030,756    | 6,569,418  | 436,697           | 3,257,344                              | 1,708,384    | 5,526,557    | 367,374           |
| Hyundai Assan Otomotive Sannayi Ve Ticaret A.S. | 525,409       | 433,311      | 754,442    | (44,040)          | 442,003                                | 364,525      | 634,678      | (37,049)          |
| Hyundai Motor India                             | 2,715,902     | 1,945,936    | 3,623,184  | 56,424            | 2,284,767                              | 1,637,029    | 3,048,022    | 47,467            |
| Hyundai Motor Manufacturing Rus LLC             | 253,316       | 38,896       | 668        | 3,968             | 213,103                                | 32,721       | 562          | 3,338             |
| Hyundai Motor Japan Co.                         | 15,236        | 27,362       | 25,813     | (1,646)           | 12,817                                 | 23,018       | 21,715       | (1,385)           |
| Hyundai Translead                               | 305,125       | 178,669      | 170,050    | (7,984)           | 256,688                                | 150,306      | 143,055      | (6,717)           |
| Hyundai Motor Company Italy S.r.l               | ₩ 327,992     | ₩ 299,048    | ₩ 539,566  | ₩ (188)           | \$ 275,925                             | \$ 251,576   | \$ 453,913   | \$ (158)          |
| Hyundai Motor Europe Technical Center GmbH      | 149,059       | 74,808       | 69,273     | 659               | 125,397                                | 62,933       | 58,276       | 554               |

| Affiliated company                                | Korean Won |             |            |                | Translation into U.S. Dollars (Note 2) |             |            |            |
|---|------------|-------------|------------|----------------|--|-------------|------------|------------|
|   | Assets     | Liabilities | Sales      | Net income     | Assets                                 | Liabilities | Sales      | Net income |
|   |            |             |            | (loss)         |  |             |            | (loss)     |
| (In millions)                                     |            |             |            | (In thousands) |  |             |            |            |
| China Millennium Corporations                     | 120,523    | 65,930      | 19,167     | 4,064          | 101,391                                | 55,464      | 16,124     | 3,419      |
| Hyundai Motor (UK) Ltd.                           | 463,013    | 456,678     | 690,248    | 6,164          | 389,512                                | 384,183     | 580,675    | 5,185      |
| Hyundai Auto Czech s.r.o                          | 122,730    | 84,936      | 236,038    | (2,965)        | 103,247                                | 71,453      | 198,568    | (2,494)    |
| Hyundai WIA Automotive Engine(ShanDong) Company   | 433,634    | 189,555     | 124,589    | 644            | 364,797                                | 159,464     | 104,811    | 542        |
| Hyundai Motor Poland Sp.zo.o.                     | 149,862    | 112,233     | 148,259    | 744            | 126,072                                | 94,417      | 124,724    | 626        |
| Beijing Mobis Transmission Co., Ltd.              | 284,571    | 87,808      | 275,944    | 24,036         | 239,397                                | 73,869      | 232,139    | 20,220     |
| Hyundai Motor Europe GmbH                         | 114,364    | 72,764      | 247,201    | 1,018          | 96,209                                 | 61,213      | 207,959    | 856        |
| Hyundai Motor Group (China) Ltd.                  | 342,965    | 225,466     | 1,098,893  | 47,167         | 288,521                                | 189,674     | 924,449    | 39,679     |
| Hyundai Motor Company Australia                   | 436,173    | 361,148     | 1,041,976  | 13,533         | 366,933                                | 303,818     | 876,568    | 11,385     |
| Hyundai Motor Deutschland GmbH                    | 284,467    | 179,306     | 1,194,859  | 18,589         | 239,309                                | 150,842     | 1,005,181  | 15,638     |
| Hyundai America Technical Center Inc.             | 43,718     | 10,067      | 98,418     | 2,802          | 36,778                                 | 8,469       | 82,795     | 2,357      |
| Hyundai Motor Norway AS                           | 37,830     | 32,499      | 82,270     | 1,136          | 31,825                                 | 27,340      | 69,210     | 956        |
| Beijing Jinxian Motor Safeguard Service Co., Ltd. | 35,712     | 27,675      | 84,635     | 534            | 30,043                                 | 23,282      | 71,200     | 449        |
| Hyundai Motor Hungary                             | 3,866      | 1,670       | -          | -              | 3,252                                  | 1,405       | -          | -          |
| Hyundai Motor Commonwealth of Independent States  | 832,008    | 947,334     | 782,996    | (83,276)       | 699,931                                | 796,950     | 658,699    | (70,056)   |
| HMJ R&D Center Inc.                               | 8,315      | 5,264       | 11,912     | 31             | 6,995                                  | 4,428       | 10,021     | 26         |
| EUKOR Shipowning Singapore Pte Ltd                | 156,186    | 123,373     | 28,798     | 11,525         | 131,392                                | 103,788     | 24,226     | 9,695      |
| Kia Motors Corporation                            | 16,450,095 | 9,781,627   | 12,688,000 | 846,000        | 13,838,727                             | 8,228,844   | 10,673,845 | 711,702    |
| Hyundai Capital Service Inc.                      | 15,815,589 | 13,726,505  | 2,195,224  | 347,300        | 13,304,946                             | 11,547,493  | 1,846,744  | 292,168    |
| Hyundai Card Co., Ltd.                            | 6,344,431  | 4,884,654   | 1,337,167  | 187,005        | 5,337,285                              | 4,109,240   | 1,124,899  | 157,319    |
| Hyundai Rotem Company                             | 2,979,108  | 2,369,880   | 2,089,604  | 75,864         | 2,506,190                              | 1,993,674   | 1,757,890  | 63,821     |
| Hyundai HYSKO                                     | 2,812,577  | 1,772,010   | 3,150,835  | 18,422         | 2,366,095                              | 1,490,713   | 2,650,656  | 15,498     |
| HMC Investment Securities Co., Ltd.               | 2,492,660  | 1,922,130   | 205,710    | 24,227         | 2,096,963                              | 1,617,002   | 173,055    | 20,381     |
| Korea Aerospace Industries, Ltd.                  | 1,213,500  | 655,900     | 896,800    | 101,100        | 1,020,863                              | 551,779     | 754,438    | 85,051     |
| Hyundai Powertech Co., Ltd.                       | 1,463,268  | 1,020,884   | 861,661    | 19,877         | 1,230,982                              | 858,824     | 724,877    | 16,722     |
| Dymos Inc.  | 834,225    | 547,337     | 634,121    | 6,068          | 701,796                                | 460,450     | 533,458    | 5,105      |
| Hyundai Commercial Inc.                           | 1,524,514  | 1,421,703   | 115,483    | 23,628         | 1,282,505                              | 1,196,015   | 97,151     | 19,877     |
| Hyundai WIA Corporation                           | 2,103,747  | 1,463,923   | 2,219,096  | 37,229         | 1,769,788                              | 1,231,533   | 1,866,826  | 31,319     |
| The Korea Economic Daily                          | 188,151    | 70,200      | 82,706     | (349)          | 158,283                                | 59,056      | 69,577     | (294)      |
| Eukor Car Carriers Inc.                           | 2,155,503  | 1,596,115   | 1,500,329  | 35,332         | 1,813,328                              | 1,342,740   | 1,262,160  | 29,723     |
| Partecs Co., Ltd.                                 | 93,494     | 51,550      | 20,622     | 1,289          | 78,652                                 | 43,367      | 17,348     | 1,084      |
| KEFICO  | 436,395    | 189,843     | 485,436    | 13,120         | 367,120                                | 159,706     | 408,376    | 11,037     |
| HMC Win-Win Fund                                  | 30,857     | -           | 1,098      | 792            | 25,959                                 | -           | 924        | 666        |
| Autoever Systems Corporation                      | 247,157    | 149,645     | 388,079    | 16,536         | 207,922                                | 125,890     | 326,473    | 13,911     |
| Haevichi Country Club Co., Ltd.                   | 225,486    | 263,483     | 7,249      | (5,099)        | 189,691                                | 221,656     | 6,098      | (4,290)    |
| M & Soft  | 42,424     | 6,031       | 29,395     | 4,773          | 35,689                                 | 5,074       | 24,729     | 4,015      |
| Iljin Bearing Co., Ltd.                           | 116,927    | 30,306      | 122,828    | 3,100          | 98,365                                 | 25,495      | 103,330    | 2,608      |
| Daesung Automotive Co., Ltd.                      | 74,186     | 17,074      | 38,663     | 5,794          | 62,409                                 | 14,364      | 32,525     | 4,874      |

(4) Significant unrealized profits (losses) that occurred in transactions with investees as of September 30, 2008 are as follows:

| Transaction type   | Korean Won          |                  |                    |                  | Translation into      |
|--------------------|---------------------|------------------|--------------------|------------------|-----------------------|
|                    | Beginning of period | Increase         | Decrease           | End of period    | U.S. Dollars (Note 2) |
|                    | (In millions)       |                  |                    |                  | (In thousands)        |
| Inventories        | ₩ 348,628           | ₩ 302,427        | ₩ (348,628)        | ₩ 302,427        | \$ 254,418            |
| Property           | 372,894             | 187,379          | (105,131)          | 455,142          | 382,891               |
| Accrued warranties | (100,919)           | (39,140)         | 100,919            | (39,140)         | (32,927)              |
|                    | <u>₩ 620,603</u>    | <u>₩ 450,666</u> | <u>₩ (352,840)</u> | <u>₩ 718,429</u> | <u>\$ 604,382</u>     |

- (5) The significant differences of accounting treatments between the Company and investees for similar transactions and accounting events are adjusted. Such adjustments of the difference of accounting treatments increased the gain on valuation of investment securities accounted for using the equity method included in current operations by ₩4,752 million (US\$3,998 thousand) and ₩8,558 million (US\$7,199 thousand) for the nine months ended September 30, 2009 and 2008, respectively.
- (6) The unamortized (or unreversed) balance of goodwill and negative goodwill as of September 30, 2009 is ₩271,331 million (US\$228,259 thousand) and ₩44,324 million (US\$37,288 thousand), respectively. In addition, the unamortized (or unreversed) balance of goodwill and negative goodwill as of December 31, 2008 is ₩327,808 million (US\$275,770 thousand) and ₩42,993 million (US\$36,168 thousand), respectively.
- (7) The market price of listed equity securities as of September 30, 2009 is as follows:

| Affiliated company                  | Korean Won                            |                  |              | Translation into      |
|-------------------------------------|---------------------------------------|------------------|--------------|-----------------------|
|                                     | Price per share                       | Number of shares | Market value | U.S. Dollars (Note 2) |
|                                     | (In millions, except price per share) |                  |              | (In thousands)        |
| Kia Motors Corporation              | ₩ 18,600                              | 134,285,491      | ₩ 2,497,710  | \$ 2,101,211          |
| Hyundai HYSCO                       | 16,000                                | 20,954,188       | 335,267      | 282,045               |
| HMC Investment Securities Co., Ltd. | 20,200                                | 7,705,980        | 155,661      | 130,951               |

- (8) The cumulative losses not recognized by the Company due to the suspension of the valuation of equity securities using the equity method as of September 30, 2009 and December 31, 2008 are ₩186,699 million (US\$157,061 thousand) and ₩462,311 million (US\$388,922 thousand), respectively.



8. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipments as of September 30, 2009 and December 31, 2008 consist of the following:

| Description                    | Korean Won            |                      | Translation into<br>U.S. Dollars (Note 2) |                      |
|--------------------------------|-----------------------|----------------------|---|----------------------|
|                                | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                     | December 31,<br>2008 |
|                                | (In millions)         |                      | (In thousands)                            |                      |
| Buildings and structures       | ₩ 4,055,435           | ₩ 3,946,264          | \$ 3,411,656                              | \$ 3,319,815         |
| Machinery and equipment        | 6,553,280             | 6,224,713            | 5,512,981                                 | 5,236,572            |
| Vehicles                       | 169,981               | 87,279               | 142,997                                   | 73,424               |
| Dies, molds and tools          | 3,288,350             | 3,113,471            | 2,766,341                                 | 2,619,224            |
| Other equipment                | <u>838,120</u>        | <u>776,445</u>       | <u>705,072</u>                            | <u>653,186</u>       |
|                                | 14,905,166            | 14,148,172           | 12,539,047                                | 11,902,221           |
| Less: accumulated depreciation | <u>7,618,244</u>      | <u>7,032,969</u>     | <u>6,408,887</u>                          | <u>5,916,521</u>     |
|                                | 7,286,922             | 7,115,203            | 6,130,160                                 | 5,985,700            |
| Land                           | 1,970,107             | 1,960,740            | 1,657,363                                 | 1,649,483            |
| Construction in progress       | <u>390,906</u>        | <u>677,858</u>       | <u>328,852</u>                            | <u>570,252</u>       |
|                                | <u>₩ 9,647,935</u>    | <u>₩ 9,753,801</u>   | <u>\$ 8,116,375</u>                       | <u>\$ 8,205,435</u>  |

The changes in property, plant and equipment for the nine months ended September 30, 2009 are as follows:

| Description              | Korean Won             |                  |                  |                 |                  |                     |                    | Translation into<br>U. S. Dollars<br>(Note 2) |  |
|--------------------------|------------------------|------------------|------------------|-----------------|------------------|---------------------|--------------------|---|--|
|                          | Beginning<br>of period | Acquisition      | Transfer         | Disposal        | Depreciation     | Other<br>changes(*) | End of<br>period   | End of<br>period                              |  |
|                          | (In millions)          |                  |                  |                 |                  |                     |                    | (In thousands)                                |  |
| Land                     | ₩ 1,960,740            | ₩ -              | ₩ 15,287         | ₩ 5,920         | ₩ -              | ₩ -                 | ₩ 1,970,107        | \$ 1,657,363                                  |  |
| Buildings and structures | 2,910,670              | -                | 131,593          | 21,329          | 92,003           | -                   | 2,928,931          | 2,463,978                                     |  |
| Machinery and equipment  | 3,168,975              | -                | 385,483          | 15,821          | 328,414          | -                   | 3,210,223          | 2,700,617                                     |  |
| Vehicles                 | 36,807                 | -                | 92,954           | 2,652           | 9,458            | -                   | 117,651            | 98,975  |  |
| Dies, molds and tools    | 757,961                | -                | 194,487          | 3,333           | 177,277          | -                   | 771,838            | 649,313                                       |  |
| Other equipment          | 240,790                | -                | 78,965           | 727             | 60,749           | -                   | 258,279            | 217,277                                       |  |
| Construction in progress | <u>677,858</u>         | <u>511,044</u>   | <u>(898,769)</u> | <u>-</u>        | <u>-</u>         | <u>100,773</u>      | <u>390,906</u>     | <u>328,852</u>                                |  |
| Total                    | <u>₩ 9,753,801</u>     | <u>₩ 511,044</u> | <u>₩ -</u>       | <u>₩ 49,782</u> | <u>₩ 667,901</u> | <u>₩ 100,773</u>    | <u>₩ 9,647,935</u> | <u>\$ 8,116,375</u>                           |  |

(\*) Other changes consist of decrease in transfer of ₩4,391 million (US\$3,693 thousand) from construction in progress to industrial property rights and increase in transfer of ₩105,164 million (US\$88,470 thousand) from inventories to construction in progress.

As of September 30, 2009, a substantial portion of the Company's property, plant and equipment is pledged as collateral for various loans up to a maximum of ₩997,547 million (US\$839,192 thousand) (See Note 13).

9. INTANGIBLES:

Intangibles as of September 30, 2009 and December 31, 2008 consist of the following:

| Description                | Korean Won            |                             |                           |                   | Translation into<br>U.S. Dollars (Note 2) |                     |                      |  |
|----------------------------|-----------------------|-----------------------------|---------------------------|-------------------|---|---------------------|----------------------|--|
|                            | September 30,<br>2009 |                             | December 31,<br>2008      |                   | September 30,<br>2009                     |                     | December 31,<br>2008 |  |
|                            | Acquisition<br>cost   | Accumulated<br>amortization | Accumulated<br>impairment | Book value        | Book value                                | Book value          | Book value           |  |
|                            | (In millions)         |                             |                           |                   | (In thousands)                            |                     |                      |  |
| Industrial property rights | ₩ 65,497              | ₩ 50,695                    | ₩ -                       | ₩ 14,802          | ₩ 15,307                                  | \$ 12,452           | \$ 12,877            |  |
| Development costs          | 4,109,809             | 2,292,841                   | 20,793                    | 1,796,175         | 1,582,086                                 | 1,511,041           | 1,330,938            |  |
| Other                      | 38,650                | 31,011                      | -                         | 7,639             | 8,469                                     | 6,427               | 7,125                |  |
|                            | <u>₩4,213,956</u>     | <u>₩ 2,374,547</u>          | <u>₩ 20,793</u>           | <u>₩1,818,616</u> | <u>₩ 1,605,862</u>                        | <u>\$ 1,529,920</u> | <u>\$ 1,350,940</u>  |  |

The changes in intangibles for the nine months ended September 30, 2009 are as follows:

| Description             | Korean Won                    |                      |                |                    | Translation into<br>U.S. Dollars (Note 2) |  |
|-------------------------|-------------------------------|----------------------|----------------|--------------------|---|--|
|                         | Industrial<br>property rights | Development<br>costs | Other          | Total              | Total                                     |  |
|                         | (In millions)                 |                      |                |                    | (In thousands)                            |  |
| Beginning of period     | ₩ 15,307                      | ₩ 1,582,086          | ₩ 8,469        | ₩ 1,605,862        | \$ 1,350,940                              |  |
| Addition: Expenditures  | 4,391                         | 585,746              | -              | 590,137            | 496,455                                   |  |
| Deduction: Amortization | 4,896                         | 371,657              | 830            | 377,383            | 317,475                                   |  |
| End of period           | <u>₩ 14,802</u>               | <u>₩ 1,796,175</u>   | <u>₩ 7,639</u> | <u>₩ 1,818,616</u> | <u>\$ 1,529,920</u>                       |  |

Research and development expenditure for the three months and nine months ended September 30, 2009 and 2008 are as follows:

| Description                                  | Korean Won       |                  |                  |                  | Translation into<br>U. S. Dollars (Note 2) |                   |
|--|------------------|------------------|------------------|------------------|--|-------------------|
|  | Three months     |                  | Nine months      |                  | Nine months                                |                   |
|  | 2009             | 2008             | 2009             | 2008             | 2009                                       | 2008              |
|  | (In millions)    |                  |                  |                  | (In thousands)                             |                   |
| Development costs                            | ₩ 205,100        | ₩ 183,440        | ₩ 585,746        | ₩ 410,980        | \$ 492,762                                 | \$ 345,739        |
| Ordinary development<br>(manufacturing cost) | 9,529            | 22,998           | 28,806           | 63,408           | 24,233                                     | 53,343            |
| Research costs (SG&A)                        | 69,012           | 66,017           | 194,020          | 258,708          | 163,220                                    | 217,639           |
|  | <u>₩ 283,641</u> | <u>₩ 272,455</u> | <u>₩ 808,572</u> | <u>₩ 733,096</u> | <u>\$ 680,215</u>                          | <u>\$ 616,721</u> |

10. OTHER ASSETS:

Other assets as of September 30, 2009 and December 31, 2008 consist of the following:

| Description   | Korean Won            |                      | Translation into<br>U.S. Dollars (Note 2) |                      |
|---|-----------------------|----------------------|---|----------------------|
|   | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                     | December 31,<br>2008 |
|   | (In millions)         |                      | (In thousands)                            |                      |
| Long-term financial instruments (Note 3)  | ₩ 100,037             | ₩ 37                 | \$ 84,157                                 | \$ 31                |
| Long-term notes and accounts receivable,<br>less unamortized present value discount of<br>₩9,109 million as of September 30, 2009 and<br>₩6,535 million as of December 31, 2008 | 40,900                | 26,329               | 34,407                                    | 22,149               |
| Long-term other accounts receivable   | 88,622                | 79,724               | 74,554                                    | 67,068               |
| Long-term loans   | 3,077                 | 3,539                | 2,589                                     | 2,977                |
| Lease and rental deposits   | 200,479               | 202,043              | 168,654                                   | 169,970              |
| Long-term deposits  | 130,666               | 122,099              | 109,923                                   | 102,717              |
|   | <u>₩ 563,781</u>      | <u>₩ 433,771</u>     | <u>\$ 474,284</u>                         | <u>\$ 364,912</u>    |

11. SHORT-TERM BORROWINGS:

Short-term borrowings as of September 30, 2009 and December 31, 2008 consist of the following:

| Description       | Annual<br>interest rate<br>September 30,<br>2009<br>(%) | Korean Won            |                      | Translation into<br>U. S. Dollars (Note 2) |                      |
|-------------------|---|-----------------------|----------------------|--|----------------------|
|                   |   | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                      | December 31,<br>2008 |
|                   |   | (In millions)         |                      | (In thousands)                             |                      |
| Overdrafts        | 6.13 ~ 6.58   | ₩ 132,329             | ₩ 159                | \$ 111,323                                 | \$ 134               |
| General loans     | 7.60  | -                     | 150,000              | -  | 126,188              |
| Trust loans       | 7.60  | -                     | 200,000              | -  | 168,251              |
| Discount of bills | 7.20 ~ 7.94   | 158,400               | 481,500              | 133,255                                    | 405,064              |
| Banker's Usance   | Libor + 1.7 ~ 3.0                                       | 373,585               | 555,234              | 314,280                                    | 467,094              |
|                   |   | <u>₩ 664,314</u>      | <u>₩ 1,386,893</u>   | <u>\$ 558,858</u>                          | <u>\$ 1,166,731</u>  |

12. LONG-TERM DEBT AND DEBENTURES:

Long-term debt as of September 30, 2009 and December 31, 2008 consist of the following:

| Description              | Annual<br>interest rate<br>(%) | Korean Won            |                      | Translation into<br>U.S. Dollars (Note 2) |                      |
|--------------------------|--------------------------------|-----------------------|----------------------|---|----------------------|
|                          |                                | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                     | December 31,<br>2008 |
|                          |                                | (In millions)         |                      | (In thousands)                            |                      |
| Debentures               | 3.75 ~ 7.56                    | ₩ 1,950,000           | ₩ 1,550,000          | \$ 1,640,448                              | \$ 1,303,945         |
| Local currency loans:    |                                |                       |                      |   |                      |
| General loans            | 3.00 ~ 5.00                    | 16,487                | 17,047               | 13,870                                    | 14,341               |
|                          |                                | 1,966,487             | 1,567,047            | 1,654,318                                 | 1,318,286            |
| Less: current maturities |                                | 600,847               | 300,742              | 505,466                                   | 253,001              |
|                          |                                | <u>₩ 1,365,640</u>    | <u>₩ 1,266,305</u>   | <u>\$ 1,148,852</u>                       | <u>\$ 1,065,285</u>  |

Debentures as of September 30, 2009 and December 31, 2008 consist of the following:

| Description                  | Maturity                        | Interest rate<br>(%) | Korean Won            |                      | Translation into<br>U.S. Dollars (Note 2) |                      |
|------------------------------|---------------------------------|----------------------|-----------------------|----------------------|---|----------------------|
|                              |                                 |                      | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                     | December 31,<br>2008 |
|                              |                                 |                      | (In millions)         |                      | (In thousands)                            |                      |
| Non-guaranteed debentures    | Nov 29, 2009<br>~ June 17, 2014 | 3.75 ~ 7.56          | ₩ 1,950,000           | ₩ 1,550,000          | \$ 1,640,448                              | \$ 1,303,945         |
| Less: discount on debentures |                                 |                      | 3,785                 | 3,117                | 3,184                                     | 2,622                |
|                              |                                 |                      | <u>₩ 1,946,215</u>    | <u>₩ 1,546,883</u>   | <u>\$ 1,637,264</u>                       | <u>\$ 1,301,323</u>  |

The maturity of long-term debt and debentures as of September 30, 2009 is as follows:

| Description                          | Debentures         | Korean Won                 |                    | Total               | Translation into<br>U.S. Dollars (Note 2) |
|--------------------------------------|--------------------|----------------------------|--------------------|---------------------|---|
|                                      |                    | Local<br>currency<br>loans | Total              |                     |   |
|                                      |                    |                            | (In millions)      |                     | (In thousands)                            |
| October 1, 2010 ~ September 30, 2011 | ₩ -                | ₩ 1,398                    | ₩ 1,398            | \$ 1,176            |   |
| October 1, 2011 ~ September 30, 2012 | 1,050,000          | 1,756                      | 1,051,756          | 884,795             |   |
| October 1, 2012 ~ September 30, 2013 | 200,000            | 1,923                      | 201,923            | 169,869             |   |
| Thereafter                           | 100,000            | 10,563                     | 110,563            | 93,012              |   |
|                                      | 1,350,000          | 15,640                     | 1,365,640          | 1,148,852           |   |
| Less: discount on debentures         | 3,785              | -                          | 3,785              | 3,184               |   |
|                                      | <u>₩ 1,346,215</u> | <u>₩ 15,640</u>            | <u>₩ 1,361,855</u> | <u>\$ 1,145,668</u> |   |

### 13. COMMITMENTS AND CONTINGENCIES:

- (1) The Company is contingently liable for guarantees of indebtedness, primarily for the following affiliates (including foreign subsidiaries), as of September 30, 2009.

| Description  | Korean Won<br>(In millions) | Translation into<br>U.S. Dollars (Note 2)<br>(In thousands) |
|--|-----------------------------|---|
| Hyundai Capital Service, Inc.                              | ₩ 671,317                   | \$ 564,749  |
| Hyundai Merchant Marine Co., Ltd.                          | 203,507                     | 171,201   |
| Hyundai Rotem Company                                      | 300,464                     | 252,767   |
| Hyundai Motor America                                      | 231,797                     | 195,000   |
| Hyundai Motor Manufacturing Alabama LLC                    | 595,719                     | 501,152   |
| Hyundai Capital America(Formerly, HMFC)                    | 1,028,105                   | 864,899   |
| Hyundai Motor India  | 297,175                     | 250,000   |
| Hyundai Motor Europe GmbH                                  | 53,415                      | 44,936  |
| Hyundai Motor Europe Technical Center GmbH                 | 86,713                      | 72,948  |
| Hyundai Motor Manufacturing Czech, s.r.o.                  | 962,509                     | 809,716   |
| Hyundai Motor UK Limited.                                  | 37,948                      | 31,924  |
| Hyundai Motor Japan Co.                                    | 26,376                      | 22,189  |
| HMJ R&D Center Inc.  | 7,253                       | 6,102   |
| Hyundai Motor Poland Sp.zo.o.                              | 17,343                      | 14,590  |
| Hyundai Translead  | 91,530                      | 77,000  |
| Smart Alabama LLC  | 142,644                     | 120,000   |
| Hyundai America Technical Center Inc.                      | 23,774                      | 20,000  |
| Hyundai Motor Commonwealth of Independent States           | 132,021                     | 111,063   |
| Hyundai Motor Company Italy S.r.l                          | 52,028                      | 43,769  |
| Beijing Jingxian Motor Safeguard Service Co., Ltd.         | 4,755                       | 4,000   |
| Beijing Hines Millennium Real Estate Development Co., Ltd. | 18,024                      | 15,163  |
| UTS  | 285,285                     | 239,996   |
|  | <u>₩ 5,269,702</u>          | <u>\$ 4,433,164</u>   |

- (2) As of September 30, 2009, 213,466 shares of Kia Motors Corporation, 150 investment certificates of Machinery Financial Cooperative in long-term investment securities and investment securities accounted for using the equity method, 2 blank promissory notes, 1 check amounting to ₩2,624 million (US\$2,207 thousand) and property, plant and equipment (See Note 8) are pledged as collateral for short-term borrowings, long-term debt and other payables.
- (3) The Company uses a customer financing system related to a long-term installment sales system and has provided guarantees of ₩101,523 million (US\$85,407 thousand) to the banks concerned as of September 30, 2009. These guarantees are all covered by insurance contracts, which regulate a customer and the Company as a contractor and a beneficiary, respectively.
- (4) The Company signed lease financial agreements with Commercial Inc. and Hyundai Capital Service Inc. to promote sales of buses. According to the agreements, the Company has a joint responsibility to the guarantee limit of the lease user's liability stipulated in the agreement. As of September 30, 2009, the amount of guarantee is ₩42,819 million (US\$36,022 thousand). In addition, the Company is obliged to pay the lease fee and dispose of leased assets within certain period in case the lease users are bankrupt or long overdue.
- (5) As of September 30, 2009, the outstanding balance of accounts receivable discounted with recourse amounts to ₩1,992,327 million (US\$1,676,055 thousand), including accounts receivable from export sales.
- (6) The Company accrues estimated product liabilities expenses and carries the products and completed operations liability insurance in order to cover the potential loss, which may occur due to the lawsuits related to its operation such as product liabilities. The Company expects that the resolution of pending cases against the Company as of September 30, 2009 will not have any material effect on its financial position.
- (7) In 2006, the Company sold 10,658,367 shares of Hyundai Rotem to MSPE Metro Investment AB and entered into a shareholders' agreement. MSPE Metro Investment AB is entitled to put option to sell those shares back to the Company in certain events (as defined) in accordance with the agreement.

#### 14. ACCRUED WARRANTIES:

The changes in accrued warranties in current and non-current liabilities for the nine months ended September 30, 2009 and 2008 are as follows:

| Description         | Korean Won         |                    | Translation into<br>U.S. Dollars (Note 2) |                     |
|---------------------|--------------------|--------------------|---|---------------------|
|                     | 2009               | 2008               | 2009                                      | 2008                |
|                     | (In millions)      |                    | (In thousands)                            |                     |
| Beginning of period | ₩ 3,476,147        | ₩ 3,077,214        | \$ 2,924,327                              | \$ 2,588,722        |
| Accrual             | 57,178             | 631,872            | 48,101                                    | 531,566             |
| Use                 | (334,674)          | (292,130)          | (281,546)                                 | (245,756)           |
| End of period       | <u>₩ 3,198,651</u> | <u>₩ 3,416,956</u> | <u>\$ 2,690,882</u>                       | <u>\$ 2,874,532</u> |

#### 15. CAPITAL ADJUSTMENTS:

Capital adjustments as of September 30, 2009 and December 31, 2008 consist of the following:

| Description    | Korean Won            |                      | Translation into<br>U.S. Dollars (Note 2) |                      |
|----------------|-----------------------|----------------------|---|----------------------|
|                | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                     | December 31,<br>2008 |
|                | (In millions)         |                      | (In thousands)                            |                      |
| Treasury stock | <u>₩ (718,485)</u>    | <u>₩ (719,685)</u>   | <u>\$ (604,429)</u>                       | <u>\$ (605,439)</u>  |

For the stabilization of stock price, the Company has treasury stock consisting of 11,001,350 common shares and 2,950,960 preferred shares with a carrying value of ₩718,485 million (US\$604,429 thousand) as of September 30, 2009, and 11,031,741 common shares and 2,950,960 preferred shares with a carrying value of ₩719,685 million (US\$605,439 thousand) as of December 31, 2008, which were acquired directly or indirectly through the Treasury Stock Fund and Trust Cash Fund.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Accumulated other comprehensive income as of September 30, 2009 and December 31, 2008 consists of the following:

| Description   | Korean Won         |                   | Translation into U.S. Dollars (Note 2) |                   |
|---|--------------------|-------------------|--|-------------------|
|   | September 30, 2009 | December 31, 2008 | September 30, 2009                     | December 31, 2008 |
|   | (In millions)      |                   | (In thousands)                         |                   |
| Gain on valuation of available-for-sale securities, net                               | ₩ 381,393          | ₩ 365,569         | \$ 320,849                             | \$ 307,537        |
| Gain on valuation of investment securities accounted for using the equity method, net | 316,380            | 421,980           | 266,156                                | 354,993           |
| Loss on valuation of derivatives, net   | (144,888)          | (175,396)         | (121,888)                              | (147,553)         |
|   | <u>₩ 552,885</u>   | <u>₩ 612,153</u>  | <u>\$ 465,117</u>                      | <u>\$ 514,977</u> |

17. STATEMENTS OF COMPREHENSIVE INCOME:

Statements of comprehensive income for the three months and nine months ended September 30, 2009 and 2008 consist of the following:

| Description  | Korean Won       |                  |                    |                    | Translation into U.S. Dollars (Note 2) |                     |
|--|------------------|------------------|--------------------|--------------------|--|---------------------|
|  | Three months     |                  | Nine months        |                    | Nine months                            |                     |
|  | 2009             | 2008             | 2009               | 2008               | 2009                                   | 2008                |
|  | (In millions)    |                  |                    |                    | (In thousands)                         |                     |
| Net income   | ₩ 979,151        | ₩ 264,772        | ₩ 2,015,982        | ₩ 1,204,355        | \$ 1,695,955                           | \$ 1,013,170        |
| Cumulative effect of implementing a new accounting policy  | -                | -                | -                  | 12,078             | -                                      | 10,161              |
| Gain (loss) on valuation of available-for-sale securities, net of deferred tax effect of ₩4,462 million and ₩114,656 million for the nine months ended September 30, 2009 and 2008, respectively                         | 1,932            | (92,911)         | 15,824             | (302,273)          | 13,312                                 | (254,289)           |
| Gain on valuation of investment securities accounted for using the equity method, net of deferred tax effect of ₩96,980 million and ₩215,839 million for the nine months ended September 30, 2009 and 2008, respectively | (227,816)        | 236,862          | (105,600)          | 945,134            | (88,836)                               | 795,099             |
| Loss on valuation of derivatives, net of deferred tax effect of ₩10,329 million and ₩63,359 million for the nine months ended September 30, 2009 and 2008, respectively  | <u>32,796</u>    | <u>(8,081)</u>   | <u>30,508</u>      | <u>(167,037)</u>   | <u>25,665</u>                          | <u>(140,521)</u>    |
| Comprehensive income   | <u>₩ 786,063</u> | <u>₩ 400,642</u> | <u>₩ 1,956,714</u> | <u>₩ 1,692,257</u> | <u>\$ 1,646,096</u>                    | <u>\$ 1,423,620</u> |

18. RETAINED EARNINGS:

Retained earnings as of September 30, 2009 and December 31, 2008 consist of the following:

| Description                                    | Korean Won            |                      | Translation into<br>U.S. Dollars (Note 2) |                      |
|--|-----------------------|----------------------|---|----------------------|
|  | September 30,<br>2009 | December 31,<br>2008 | September 30,<br>2009                     | December 31,<br>2008 |
|  | (In millions)         |                      | (In thousands)                            |                      |
| Appropriated:                                  |                       |                      |   |                      |
| Legal reserve                                  | ₩ 302,170             | ₩ 278,570            | \$ 254,202                                | \$ 234,348           |
| Reserve for business rationalization           | 545,800               | 545,800              | 459,157                                   | 459,157              |
| Reserve for improvement of financial structure | 98,947                | 98,947               | 83,240                                    | 83,240               |
| Reserve for overseas market development        | 48,800                | 48,800               | 41,053                                    | 41,053               |
| Reserve for technology development             | 11,183,100            | 10,193,100           | 9,407,840                                 | 8,574,998            |
|  | 12,178,817            | 11,165,217           | 10,245,492                                | 9,392,796            |
| Before appropriations                          | 1,866,740             | 1,253,837            | 1,570,404                                 | 1,054,797            |
|  | <u>₩ 14,045,557</u>   | <u>₩ 12,419,054</u>  | <u>\$ 11,815,896</u>                      | <u>\$ 10,447,593</u> |

The Korean Commercial Code requires the Company to appropriate, as a legal reserve, a minimum of 10 percent of annual cash dividends declared, until such reserve equals 50 percent of its capital stock issued. The Regulation on Issues and Disclosures of the Securities for listed companies requires the Company to appropriate, as a reserve for improvement of financial structure, an amount equal to at least 50 percent of the net gain on disposal of property, plant and equipment and 10 percent of net income for each year until the Company's net worth equals 30 percent of total assets. These reserves are not available for the payment of cash dividends, but may be transferred to capital stock or may be used to reduce any accumulated deficit.

The reserves for business rationalization, overseas market development, technological development and research and manpower development are voluntary reserves, which are available for the payment of dividends.

Appropriations of retained earnings for the year ended December 31, 2008 were approved at the shareholders' meeting on March 13, 2009 and the appropriations including the cash dividends of ₩235,726 million (US\$198,305 thousand) are reflected in retained earnings on that date.

19. EARNINGS PER COMMON SHARE:

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

Basic earnings per common share for the three months and nine months ended September 30, 2009 and 2008 is computed as follows:

| Description  | Korean Won                              |              |                |                | Translation into<br>U.S. Dollars (Note 2) |                |
|--|---|--------------|----------------|----------------|---|----------------|
|  | Three months                            |              | Nine months    |                | Nine months                               |                |
|  | 2009                                    | 2008         | 2009           | 2008           | 2009                                      | 2008           |
|  | (In millions, except per share amounts) |              |                |                | (In thousands, except per share amounts)  |                |
| Net income   | ₩ 979,151                               | ₩ 264,772    | ₩ 2,015,982    | ₩ 1,204,355    | \$ 1,695,955                              | \$ 1,013,170   |
| Expected dividends on preferred stock                    | (225,462)                               | (61,761)     | (465,101)      | (279,453)      | (391,269)                                 | (235,091)      |
| Net income available to common share                     | 753,689                                 | 203,011      | 1,550,881      | 924,902        | 1,304,686                                 | 778,079        |
| Weighted average number of common shares outstanding (*) | 209,244,738                             | 208,802,067  | 209,244,738    | 208,802,067    | 209,244,738                               | 208,802,067    |
| Basic earnings per common share                          | <u>₩ 3,602</u>                          | <u>₩ 972</u> | <u>₩ 7,412</u> | <u>₩ 4,430</u> | <u>\$ 6.24</u>                            | <u>\$ 3.73</u> |

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

The Company does not compute diluted earnings per common share for the three months and nine months ended September 30, 2009 because there is no item related to dilution. Diluted earnings per common share for the three months and nine months ended September 30, 2008 is computed as follows:

|   | Korean Won                                 |             | Translation into<br>U.S. Dollars (Note 2)   |  |
|---|--|-------------|---|--|
|   | Three months                               | Nine months | Nine months                                 |  |
|   | 2008                                       | 2008        | 2008  |  |
|   | (In millions, except<br>per share amounts) |             | (In thousands, except<br>per share amounts) |  |
| Net income available to common share  | ₩ 203,011                                  | ₩ 924,902   | \$ 778,079                                  |  |
| Expenses related to diluted securities  | -  | -           | -   |  |
| Net income available to diluted<br>common share                                   | 203,011                                    | 924,902     | 778,079                                     |  |
| Weighted average number of<br>common shares and diluted<br>securities outstanding | 209,052,687                                | 209,058,803 | 209,058,803                                 |  |
| Diluted earnings per common share   | ₩ 971                                      | ₩ 4,424     | \$ 3.72                                     |  |

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

Income tax expense for the nine months ended September 30, 2009 and 2008 consists of the following:

| Description                                | Korean Won    |           | Translation into<br>U.S. Dollars (Note 2) |            |
|--|---------------|-----------|---|------------|
|  | 2009          | 2008      | 2009                                      | 2008       |
|  | (In millions) |           | (In thousands)                            |            |
| Income tax currently payable               | ₩ 301,854     | ₩ 436,213 | \$ 253,936                                | \$ 366,966 |
| Changes in deferred taxes due to:          |               |           |   |            |
| Temporary differences                      | 149,691       | (125,194) | 125,928                                   | (105,320)  |
| Carry forward of unused tax credits        | -             | -         | -   | -          |
| Income tax charged or credited to equity   | (11,751)      | (26,468)  | (9,886)                                   | (22,266)   |
| Deferred tax charged or credited to equity | 107,910       | (9,986)   | 90,781                                    | (8,401)    |
| Income tax expense                         | ₩ 547,704     | ₩ 274,565 | \$ 460,759                                | \$ 230,979 |

For the nine months ended September 30, 2009 and 2008, the differences between income before tax in financial accounting and income tax expense pursuant to Corporate Income Tax Law of Korea are as follows:

| Description   | Korean Won    |             | Translation into<br>U.S. Dollars (Note 2) |              |
|---|---------------|-------------|---|--------------|
|   | 2009          | 2008        | 2009                                      | 2008         |
|   | (In millions) |             | (In thousands)                            |              |
| Income before income tax  | ₩ 2,563,686   | ₩ 1,478,920 | \$ 2,156,714                              | \$ 1,244,149 |
| Income tax expenses calculated at current<br>applicable tax rates of 24.2% in 2009 and<br>27.5% in 2008 | 620,388       | 406,690     | 521,905                                   | 342,130      |
| Adjustments:  |               |             |   |              |
| Non-taxable income  | (1,595)       | (24,534)    | (1,342)                                   | (20,639)     |
| Disallowed expenses   | 8,410         | 7,047       | 7,075                                     | 5,928        |
| Tax credits   | (130,560)     | (99,753)    | (109,834)                                 | (83,918)     |
| Tax effects of temporary differences  | (3,030)       | (6,985)     | (2,549)                                   | (5,876)      |
| Other   | 54,091        | (7,900)     | 45,504                                    | (6,646)      |
| Income tax expense  | ₩ 547,704     | ₩ 274,565   | \$ 460,759                                | \$ 230,979   |



21. RELATED PARTY TRANSACTIONS:

(1) The consolidated subsidiaries as of September 30, 2009 are as follows:

| <u>Description</u>    | <u>Subsidiaries</u>   |
|-----------------------|---|
| Domestic subsidiaries | Kia Motors Corporation, Hyundai HYSCO, Hyundai Capital Service Inc., Hyundai Card Co., Ltd., KEFICO, Hyundai Powertech Co., Ltd., Hyundai World Industries Ace Corporation, Dymos Inc., Automobile Industrial Ace Corporation, Hyundai Rotem Company, Haevichi Resort Co., Ltd., METIA Co., Ltd., M.Seat, Autoever Systems Corporation, Partecs Company, Ltd., M & Soft, KIA Tigers Co., Ltd., N.G.V, Haevichi Country Club Ltd., Carnes Co., Ltd. and Hyundai Commercial Inc.  |
| Foreign subsidiaries  | Hyundai Motor India (HMI), Hyundai Motor America (HMA), Hyundai Motor Japan Co. (HMJ), Hyundai Motor Poland Sp.Zo.O (HMP), Hyundai Motor Europe GmbH (HME), Hyundai Motor Company Australia (HMCA), Hyundai Motor (UK) Ltd. (HMUK), Hyundai Motor Norway AS (HMN), Hyundai Motor Hungary (HMH), Hyundai Translead, Inc. (HT), Hyundai America Technical Center Inc.(HATCI), Hyundai Motor Europe Technical Center GmbH (HMETC), Beijing Mobis Transmission Co., Ltd. (BMT), Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.,(HAOSVT), Hyundai Motor Group (China) Ltd. (HMGC), Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS), Hyundai Motor Manufacturing Alabama, LLC, (HMMA), Hyundai Capital America (HCA, Formerly, HMFC), Hyundai Auto Canada Corporation (HACC), Hyundai Auto Canada Corporation Captive Insurance Incorporation, (HACCII), Hyundai Motor Japan R&D Center Inc. (HMJ R&D), HACC Inc., World Marketing Group LLC (WMG), Hyundai de Mexico, S.A. de C.V. (HYMEX), Stampted Metal America Research Technology Inc., (SMARTI), Stampted Metal America Research Technology LLC, China Millenium Corporations (CMEs), Beijing Hines, Millennium Real Estate Development, Hyundai Motor Manufacturing Czech s.r.o. (HMMC), Hyundai Information System North America LLC (HISNA), Hyundai Motor Commonwealth of Independent States(HMCIS), KIA Motors America Inc. (KMA), KIA Japan Co., Ltd. (KJC), KIA Motors Deutschland GmbH (KMD), KIA Canada, Inc.(KCI), KIA Motors Polska Sp.z.o.o. (KMP), KIA Motors Europe GmbH (KME), Kia Motors Slovakia S.r.o. (KMS), Kia Motors Slovensko s.r.o. (KMSS), KIA Motors Belgium N.V. (KMBI), KIA Motors Czech s.r.o. (KMCZ), KIA Motors (UK) Ltd. (KMUK), KIA Motors Austria GmbH (KMAS), KIA Motors Hungary Kft (KMH), Kia Motors Iberia (KMIB), Kia Motors Sweden AB (KMSW), Kia Automobiles France (KMF), Kia Motors Australia Pty Ltd (KMAU), Dong Feng Yueda Kia Motors, Yanji Kia Motors A/S and Repair, Hyundai Pipe of America, Inc., Hysco America Co. Inc., Hysco Slovakia s.r.o., Beijing Hyundai Hysco Steel Process Co, Ltd., Jiangsu Hyundai Hysco Steel Process Co., Ltd., Hysco Steel India, Ltd., Hyundai-Kia Machine America Corp. (HKMA), Hyundai-Kia Machine Europe GmbH (HKME), Jiangsu Hyundai Wia Co.Ltd.(Formerly, Wia Automotive Parts), Hyundai WIA Automotive Engine (ShanDong) Company, Hyundai Wia Motor Dies(Shandong) Company, Hyundai Wia Trading(Zhang Jia Gang Free Trade Zone) Co., Ltd.(Formerly, Wia Trade Corporation), Dymos Czech Republic s.r.o., Rotem Equipments (Beijing) Co., Ltd., EUROTREM, Hyundai AES India Private Limited(Formerly, Autoever Systems India Private Limited), Autoever Systems China Co., Ltd., Tianjin Mobis Automotive Parts Co., Ltd. (Formerly, Hyundai Electronics (Tianjin) Co., Ltd.), Rio Vista, Rotem USA Corporation, Kia Motors New Zealand Ltd (KMNZ), Kia Motors Manufacturing Georgia, Inc. (KMMG), Hyundai Motor India Engineering (HMIE), Autoever Systems Europe GmbH, HYSCO Czech s.r.o., Hyundai Motor Manufacturing Rus LLC (HMMR), Hyundai Auto Czech s.r.o. (HMCZ) and Hyundai Motor Company Italy S.r.l (HMCI) |

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

| The companies                                    | Korean Won     |                   | Translation into U.S. Dollars (Note 2) |                   |
|--|----------------|-------------------|--|-------------------|
|  | Sales/proceeds | Purchases/expense | Sales/proceeds                         | Purchases/expense |
|  | (In millions)  |                   | (In thousands)                         |                   |
| <b>Subsidiaries:</b>                             |                |                   |  |                   |
| Kia Motors Corporation                           | ₩ 216,259      | ₩ 157,049         | \$ 181,929                             | \$ 132,118        |
| Hyundai Capital Service Inc.                     | 631,627        | 36,499            | 531,359                                | 30,705            |
| Hyundai Commercial Inc.                          | 191,004        | 2,070             | 160,683                                | 1,741             |
| Hyundai World Industries Ace Corporation         | 136,708        | 196,421           | 115,006                                | 165,240           |
| Hyundai HYSCO                                    | 12,899         | 175,220           | 10,851                                 | 147,405           |
| Haevichi Resort Co., Ltd.                        | 8,993          | 7,071             | 7,565                                  | 5,949             |
| Hyundai Powertech Co., Ltd.                      | 8,791          | 306,840           | 7,395                                  | 258,131           |
| Hyundai Rotem Company                            | 1,509          | 1,040             | 1,269                                  | 875               |
| METIA Co., Ltd.                                  | 770            | 31,378            | 648                                    | 26,397            |
| Automobile Industrial Ace                        | 562            | 1,192             | 473                                    | 1,003             |
| Hyundai Card Co., Ltd.                           | 437            | 73,888            | 368                                    | 62,159            |
| KEFICO   | 431            | 213,281           | 363                                    | 179,424           |
| Dymos Inc.                                       | 357            | 319,199           | 300                                    | 268,528           |
| Autoever Systems Corporation                     | 141            | 130,441           | 119                                    | 109,734           |
| Hyundai Autonet Co., Ltd. (*)                    | 139            | 41,795            | 117                                    | 35,160            |
| Carnes Co., Ltd.                                 | 3              | 5,659             | 3                                      | 4,761             |
| Partecs Company Ltd.                             | 2              | 10,654            | 2                                      | 8,963             |
| N.G.V  | 1              | 7,535             | 1                                      | 6,339             |
| Hyundai Motor America                            | 2,404,126      | 146,881           | 2,022,483                              | 123,564           |
| Hyundai Auto Canada Corporation                  | 904,352        | 23,157            | 760,791                                | 19,481            |
| Hyundai Motor Company Australia                  | 676,565        | 11,449            | 569,164                                | 9,632             |
| Hyundai Motor India                              | 484,006        | 678               | 407,173                                | 570               |
| Hyundai Motor Group (China) Ltd.                 | 410,239        | -                 | 345,116                                | -                 |
| Hyundai Motor Commonwealth of Independent States | 212,821        | 5,290             | 179,037                                | 4,450             |
| Hyundai Motor Europe GmbH                        | 204,235        | -                 | 171,814                                | -                 |
| HAOSVT   | 195,530        | 1,645             | 164,491                                | 1,384             |
| Hyundai Motor Manufacturing Alabama, LLC         | 140,526        | 351               | 118,218                                | 295               |
| Hyundai Motor Manufacturing Czech                | 67,500         | -                 | 56,785                                 | -                 |
| Hyundai Motor Poland Sp. Zo.O                    | 18,506         | 806               | 15,568                                 | 678               |
| Hyundai Auto Czech s.r.o.                        | 14,935         | 3,226             | 12,564                                 | 2,714             |
| Hyundai Motor Japan Co.                          | 7,613          | 977               | 6,404                                  | 822               |
| Hyundai Motor Norway AS                          | 2,697          | 1,598             | 2,269                                  | 1,344             |
| Hyundai Capital America                          | 2,380          | -                 | 2,002                                  | -                 |
| Hyundai Motor Europe Technical Center            | 168            | 39,891            | 141                                    | 33,558            |
| Hyundai America Technical Center Inc.            | 51             | 58,696            | 43                                     | 49,378            |
| Hyundai Motor Company Italy S.r.l                | -              | 5,585             | -                                      | 4,698             |
| Other  | 1,436          | 1,213             | 1,208                                  | 1,020             |
| <b>Affiliates:</b>                               |                |                   |  |                   |
| Hyundai MOBIS Co., Ltd.                          | 302,038        | 2,394,029         | 254,091                                | 2,013,989         |
| Beijing-Hyundai Motor Company                    | 364,540        | 4,582             | 306,671                                | 3,855             |
| EUKOR Car Carriers, Inc.                         | 516            | 431,623           | 434                                    | 363,105           |
| HMJ R&D Center Inc.                              | 9              | 8,463             | 8                                      | 7,120             |
| Iljin Bearing Co., Ltd.                          | 1              | 11,440            | 1                                      | 9,624             |
| Other  | 255            | 669               | 215                                    | 563               |
| <b>Others :</b>                                  |                |                   |  |                   |
| Glovis Co., Ltd.                                 | 7,124          | 212,807           | 5,993                                  | 179,025           |
| Asset Management Co., Ltd.                       | 2,134          | 102,597           | 1,795                                  | 86,310            |
| Hyundai Steel Company                            | 1,972          | 897               | 1,659                                  | 755               |
| IHL Corp.  | 278            | 52,634            | 234                                    | 44,279            |
| BNG Steel Co., Ltd.                              | 67             | 36,183            | 56                                     | 30,439            |

| The companies            | Korean Won         |                    | Translation into<br>U.S. Dollars (Note 2) |                     |
|--------------------------|--------------------|--------------------|---|---------------------|
|                          | Sales/proceeds     | Purchases/expense  | Sales/proceeds                            | Purchases/expense   |
|                          | (In millions)      |                    | (In thousands)                            |                     |
| Innocean Worldwide, Inc. | 11                 | 26,038             | 9   | 21,905              |
| Wisco Co., Ltd.          | 4                  | 50,299             | 3   | 42,314              |
| Samwoo Co., Ltd.         | -                  | 163,539            | -   | 137,578             |
|                          | <u>₩ 7,637,268</u> | <u>₩ 5,514,475</u> | <u>\$ 6,424,891</u>                       | <u>\$ 4,639,081</u> |

(\*) Due to the merger with Hyundai MOBIS Co., the company become disaffiliated. The transaction amounts shown above only cover the term while being affiliated in accordance with SKAS No.20.

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

| The companies                                       | Korean Won     |                   | Translation into<br>U.S. Dollars (Note 2) |                   |
|---|----------------|-------------------|---|-------------------|
|   | Sales/proceeds | Purchases/expense | Sales/proceeds                            | Purchases/expense |
|   | (In millions)  |                   | (In thousands)                            |                   |
| Subsidiaries:                                       |                |                   |   |                   |
| Kia Motors Corporation                              | ₩ 76,365       | ₩ 83,027          | \$ 64,242                                 | \$ 69,847         |
| Hyundai Capital Service Inc.                        | 221,854        | 10,381            | 186,636                                   | 8,733             |
| Hyundai Commercial Inc.                             | 28,820         | 2,070             | 24,245                                    | 1,741             |
| Hyundai World Industries Ace Corporation            | 52,555         | 81,170            | 44,212                                    | 68,285            |
| Hyundai HYSCO                                       | 7,353          | 54,324            | 6,186                                     | 45,700            |
| Haevichi Resort Co., Ltd.                           | 8,540          | 2,694             | 7,184                                     | 2,266             |
| Hyundai Powertech Co., Ltd.                         | 4,785          | 117,977           | 4,025                                     | 99,249            |
| Hyundai Rotem Company                               | 374            | 350               | 315                                       | 294               |
| METIA Co., Ltd.                                     | 225            | 11,558            | 189                                       | 9,723             |
| Automobile Industrial Ace                           | 201            | 618               | 169                                       | 520               |
| Hyundai Card Co., Ltd.                              | 186            | 25,790            | 156                                       | 21,696            |
| KEFICO  | 291            | 70,136            | 245                                       | 59,002            |
| Dymos Inc.  | 140            | 129,081           | 118                                       | 108,590           |
| Autoever Systems Corporation                        | 36             | 58,761            | 30  | 49,433            |
| Carnes Co., Ltd.                                    | 2              | 3,093             | 2   | 2,602             |
| Partecs Company Ltd.                                | -              | 4,567             | -   | 3,842             |
| N.G.V   | -              | 3,593             | -   | 3,023             |
| Hyundai Motor America                               | 896,724        | 52,874            | 754,374                                   | 44,481            |
| Hyundai Auto Canada Corporation                     | 179,560        | 8,928             | 151,056                                   | 7,511             |
| Hyundai Motor Company Australia                     | 272,779        | 11,449            | 229,477                                   | 9,632             |
| Hyundai Motor India                                 | 171,159        | 292               | 143,988                                   | 246               |
| Hyundai Motor Group (China) Ltd.                    | 126,557        | -                 | 106,467                                   | -                 |
| Hyundai Motor Commonwealth of<br>Independent States | 11,061         | 5,290             | 9,305                                     | 4,450             |
| Hyundai Motor Europe GmbH                           | 84,394         | -                 | 70,997                                    | -                 |
| HAOSVT  | 71,983         | 674               | 60,556                                    | 567               |
| Hyundai Motor Manufacturing Alabama,<br>LLC         | 65,547         | 13                | 55,142                                    | 11                |
| Hyundai Motor Manufacturing Czech                   | 1,519          | -                 | 1,278                                     | -                 |
| Hyundai Motor Poland Sp. Zo.O                       | 5,211          | 432               | 4,384                                     | 363               |
| Hyundai Auto Czech s.r.o.                           | 5,792          | 3,226             | 4,873                                     | 2,714             |
| Hyundai Motor Japan Co.                             | 1,521          | 494               | 1,280                                     | 416               |
| Hyundai Motor Norway AS                             | 614            | 1,121             | 516                                       | 943               |
| Hyundai Capital America                             | 898            | -                 | 755                                       | -                 |
| Hyundai Motor Europe Technical Center               | 53             | 14,027            | 45  | 11,800            |
| Hyundai America Technical Center Inc.               | 19             | 18,773            | 16  | 15,793            |
| Hyundai Motor Company Italy S.r.l                   | -              | 1,909             | -   | 1,606             |
| Other   | 406            | 448               | 342                                       | 377               |

| The companies                 | Korean Won         |                    | Translation into<br>U.S. Dollars (Note 2) |                     |
|-------------------------------|--------------------|--------------------|---|---------------------|
|                               | Sales/proceeds     | Purchases/expense  | Sales/proceeds                            | Purchases/expense   |
|                               | (In millions)      |                    | (In thousands)                            |                     |
| Affiliates:                   |                    |                    |   |                     |
| Hyundai MOBIS Co., Ltd.       | 111,399            | 920,948            | 93,715                                    | 774,752             |
| Beijing-Hyundai Motor Company | 137,477            | 2,371              | 115,653                                   | 1,995               |
| EUKOR Car Carriers, Inc.      | -                  | 137,805            | -   | 115,929             |
| HMJ R&D Center Inc.           | 4                  | 2,547              | 3   | 2,143               |
| Iljin Bearing Co., Ltd.       | 1                  | 4,397              | 1   | 3,699               |
| Other                         | 255                | 213                | 214                                       | 179                 |
| Others:                       |                    |                    |   |                     |
| Glovis Co., Ltd.              | 3,872              | 81,474             | 3,257                                     | 68,540              |
| Asset Management Co., Ltd.    | 1,154              | 38,276             | 971                                       | 32,200              |
| Hyundai Steel Company         | 676                | 317                | 569                                       | 267                 |
| IHL Corp.                     | 18                 | 20,269             | 15  | 17,051              |
| BNG Steel Co., Ltd.           | 5                  | 17,190             | 4   | 14,461              |
| Innocean Worldwide, Inc.      | -                  | 9,059              | -   | 7,621               |
| Wistco Co., Ltd.              | -                  | 20,406             | -   | 17,167              |
| Samwoo Co., Ltd.              | -                  | 64,699             | -   | 54,428              |
|                               | <u>₩ 2,552,385</u> | <u>₩ 2,099,111</u> | <u>\$ 2,147,207</u>                       | <u>\$ 1,765,888</u> |

(4) Significant outstanding balances as of September 30, 2009 are as follows:

| The companies                                       | Korean Won    |           | Translation into<br>U.S. Dollars (Note 2) |            |
|---|---------------|-----------|---|------------|
|   | Receivables   | Payables  | Receivables                               | Payables   |
|   | (In millions) |           | (In thousands)                            |            |
| Subsidiaries:                                       |               |           |   |            |
| Kia Motors Corporation                              | ₩ 137,800     | ₩ 156,028 | \$ 115,925                                | \$ 131,259 |
| Hyundai Capital Service Inc.                        | 20,954        | 6,195     | 17,628                                    | 5,212      |
| Hyundai Commercial Inc.                             | 2,956         | 302       | 2,487                                     | 254        |
| Hyundai World Industries Ace Corporation            | 65,848        | 74,816    | 55,395                                    | 62,939     |
| Hyundai HYSCO                                       | 8,937         | 95,079    | 7,518                                     | 79,986     |
| Haevichi Resort Co., Ltd.                           | 38,581        | 1,367     | 32,457                                    | 1,150      |
| Hyundai Powertech Co., Ltd.                         | 3,067         | 153,916   | 2,580                                     | 129,483    |
| Hyundai Rotem Company                               | 353           | 36,640    | 297                                       | 30,824     |
| METIA Co., Ltd.                                     | 162           | 11,692    | 136                                       | 9,836      |
| Hyundai Card Co., Ltd.                              | 49,061        | 32,721    | 41,273                                    | 27,527     |
| KEFICO  | 667           | 64,105    | 561                                       | 53,929     |
| Dymos Inc.  | 3,157         | 154,107   | 2,656                                     | 129,643    |
| Autoever Systems Corporation                        | 3,903         | 64,586    | 3,283                                     | 54,333     |
| Partecs Company Ltd.                                | 13            | 6,008     | 11  | 5,054      |
| N.G.V   | 30            | 3,993     | 25  | 3,359      |
| Hyundai Motor America                               | 131,333       | 16,139    | 110,485                                   | 13,577     |
| Hyundai Auto Canada Corporation                     | 21,728        | 3,376     | 18,279                                    | 2,840      |
| Hyundai Motor Company Australia                     | 58,655        | 2,771     | 49,344                                    | 2,331      |
| Hyundai Motor India                                 | 61,168        | 109       | 51,458                                    | 92         |
| Hyundai Motor Group (China) Ltd.                    | 90,516        | 13        | 76,147                                    | 11         |
| Hyundai Motor Commonwealth of<br>Independent States | 23,172        | 339       | 19,494                                    | 285        |
| Hyundai Motor Europe GmbH                           | 14,625        | 17,638    | 12,303                                    | 14,838     |
| HAOSVT  | 71,998        | 313       | 60,569                                    | 263        |
| Hyundai Motor Manufacturing Alabama,<br>LLC         | 59,565        | 83        | 50,109                                    | 70         |
| Hyundai Motor Manufacturing Czech                   | 51,810        | 31        | 43,585                                    | 26         |
| Hyundai Motor Poland Sp. Zo.O                       | 2,586         | 1         | 2,176                                     | 1          |
| Hyundai Auto Czech s.r.o.                           | 1,942         | 120       | 1,634                                     | 101        |
| Hyundai Motor Japan Co.                             | 1,237         | 52        | 1,041                                     | 44         |
| Hyundai Motor UK Ltd                                | 9,278         | 1         | 7,805                                     | 1          |

| The companies                       | Korean Won         |                    | Translation into<br>U.S. Dollars (Note 2) |                     |
|-------------------------------------|--------------------|--------------------|---|---------------------|
|                                     | Receivables        | Payables           | Receivables                               | Payables            |
|                                     | (In millions)      |                    | (In thousands)                            |                     |
| Other                               | 1,353              | 1,851              | 1,138                                     | 1,557               |
| Affiliates:                         |                    |                    |   |                     |
| Hyundai MOBIS Co., Ltd.             | 208,365            | 964,019            | 175,288                                   | 810,986             |
| Beijing-Hyundai Motor Company       | 74,552             | 1,124              | 62,717                                    | 946                 |
| HMC Investment Securities Co., Ltd. | 101                | 2,862              | 85  | 2,408               |
| EUKOR Car Carriers, Inc.            | -                  | 44,367             | -   | 37,324              |
| Iljin Bearing Co., Ltd.             | 9                  | 2,053              | 8   | 1,727               |
| Others:                             |                    |                    |   |                     |
| Glovis Co., Ltd.                    | 533                | 56,767             | 448                                       | 47,755              |
| Asset Management Co., Ltd.          | 67                 | 44,952             | 56  | 37,816              |
| IHL Corp.                           | 338                | 20,491             | 284                                       | 17,238              |
| BNG Steel Co., Ltd.                 | 6                  | 13,443             | 5   | 11,309              |
| Innocean Worldwide, Inc.            | -                  | 63,732             | -   | 53,615              |
| Wistco Co., Ltd.                    | 366                | 20,134             | 308                                       | 16,938              |
| Samwoo Co., Ltd.                    | 426                | 58,123             | 358                                       | 48,896              |
| Other                               | 975                | 230                | 820                                       | 193                 |
|                                     | <u>₩ 1,222,193</u> | <u>₩ 2,196,689</u> | <u>\$ 1,028,176</u>                       | <u>\$ 1,847,976</u> |

- (5) Compensations for registered directors and unregistered directors of the Company for the nine months ended September 30, 2009 are as follows:

| Description         | Korean Won      | Translation into<br>U.S. Dollars (Note 2) |
|---------------------|-----------------|---|
|                     | (In millions)   | (In thousands)                            |
| Short-term salaries | ₩ 34,031        | \$ 28,629                                 |
| Severance benefits  | <u>15,291</u>   | <u>12,863</u>                             |
|                     | <u>₩ 49,322</u> | <u>\$ 41,492</u>                          |

## 22. DERIVATIVE INSTRUMENTS:

The Company entered into derivative instrument contracts including forwards, options and swaps to hedge the exposure to changes in foreign exchange rate. As of September 30, 2009 and December 31, 2008, the Company deferred the net loss of ₩185,677 million (US\$156,202 thousand) and ₩226,514 million (US\$190,556 thousand), respectively, on valuation of the effective portion of derivative instruments for cash flow hedging purposes from forecasted exports as accumulated other comprehensive income (loss). The longest period in which the forecasted transactions are expected to occur is within 26 months from September 30, 2009. Of the net loss on valuation recorded as accumulated other comprehensive loss as of September 30, 2009 amounting to ₩58,967 million (US\$49,606 thousand) is expected to be realized and charged to current operations within one year from September 30, 2009.

For the nine months ended September 30, 2009 and 2008, the Company recognized the net income of ₩14,530 million (US\$12,223 thousand) and the net loss of ₩173,796 million (US\$146,207 thousand), respectively, on valuation of the ineffective portion of such instruments and the other derivative instruments in current operations.

23. REGIONAL SALES INFORMATION:

Sales by region for the three months and nine months ended September 30, 2009 and 2008 are as follows:

|                                  | Korean Won         |                    |                     |                     | Translation into<br>U.S. Dollars (Note 2) |                      |
|----------------------------------|--------------------|--------------------|---------------------|---------------------|---|----------------------|
|                                  | Three months       |                    | Nine months         |                     | Nine months                               |                      |
|                                  | 2009               | 2008               | 2009                | 2008                | 2009                                      | 2008                 |
|                                  | (In millions)      |                    |                     |                     | (In thousands)                            |                      |
| Domestic sales                   | <u>₩ 4,079,851</u> | <u>₩ 2,576,076</u> | <u>₩ 11,139,657</u> | <u>₩ 9,544,935</u>  | <u>\$ 9,371,294</u>                       | <u>\$ 8,029,726</u>  |
| Export sales - Vehicle products: |                    |                    |                     |                     |   |                      |
| North America                    | 1,076,039          | 674,754            | 3,307,612           | 2,640,700           | 2,782,546                                 | 2,221,502            |
| Europe                           | 174,655            | 821,434            | 631,712             | 3,342,418           | 531,431                                   | 2,811,826            |
| South America                    | 693,821            | 395,715            | 1,612,821           | 1,531,589           | 1,356,794                                 | 1,288,457            |
| Asia & Pacific                   | 619,090            | 293,773            | 1,606,841           | 1,134,919           | 1,351,763                                 | 954,756              |
| Middle Asia & Africa             | <u>857,069</u>     | <u>577,607</u>     | <u>2,423,678</u>    | <u>2,227,418</u>    | <u>2,038,932</u>                          | <u>1,873,827</u>     |
|                                  | <u>3,420,674</u>   | <u>2,763,283</u>   | <u>9,582,664</u>    | <u>10,877,044</u>   | <u>8,061,466</u>                          | <u>9,150,368</u>     |
| Export sales - Other             | <u>597,869</u>     | <u>715,210</u>     | <u>1,487,966</u>    | <u>2,937,161</u>    | <u>1,251,759</u>                          | <u>2,470,903</u>     |
| Export sales                     | <u>4,018,543</u>   | <u>3,478,493</u>   | <u>11,070,630</u>   | <u>13,814,205</u>   | <u>9,313,225</u>                          | <u>11,621,271</u>    |
| Total sales                      | <u>₩ 8,098,394</u> | <u>₩ 6,054,569</u> | <u>₩ 22,210,287</u> | <u>₩ 23,359,140</u> | <u>\$ 18,684,519</u>                      | <u>\$ 19,650,997</u> |

24. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months and nine months ended September 30, 2009 and 2008 are as follows:

|  | Korean Won         |                    |                    |                    | Translation into<br>U.S. Dollars (Note 2) |                     |
|--|--------------------|--------------------|--------------------|--------------------|---|---------------------|
|  | Three months       |                    | Nine months        |                    | Nine months                               |                     |
|  | 2009               | 2008               | 2009               | 2008               | 2009                                      | 2008                |
|  | (In millions)      |                    |                    |                    | (In thousands)                            |                     |
| Salary-related costs                             | ₩ 303,252          | ₩ 280,217          | ₩ 921,785          | ₩ 882,401          | \$ 775,456                                | \$ 742,324          |
| Export costs                                     | 154,897            | 176,222            | 474,178            | 653,056            | 398,905                                   | 549,387             |
| Sales promotion and advertisements               | 318,273            | 116,773            | 895,190            | 409,185            | 753,083                                   | 344,229             |
| Sales commissions                                | 145,190            | 98,814             | 409,767            | 341,694            | 344,719                                   | 287,452             |
| Sales warranties                                 | 29,027             | 181,433            | 131,332            | 700,093            | 110,484                                   | 588,957             |
| Sale warranties adjustment<br>for interim period | (16,488)           | -                  | -                  | -                  | -   | -                   |
| Taxes and dues                                   | 8,476              | 16,974             | 14,554             | 33,523             | 12,244                                    | 28,201              |
| Communications                                   | 4,836              | 4,680              | 14,564             | 14,174             | 12,252                                    | 11,924              |
| Utilities  | 5,459              | 4,696              | 16,421             | 15,870             | 13,814                                    | 13,351              |
| Freight and warehousing                          | 25,718             | 18,791             | 73,823             | 61,421             | 62,104                                    | 51,671              |
| Rent   | 4,052              | 3,824              | 12,261             | 11,443             | 10,315                                    | 9,626               |
| Travel   | 23,007             | 17,686             | 61,645             | 55,486             | 51,859                                    | 46,678              |
| Service charges                                  | 42,870             | 43,034             | 128,336            | 138,257            | 107,963                                   | 116,309             |
| Maintenance                                      | 3,170              | 3,844              | 8,880              | 11,491             | 7,470                                     | 9,667               |
| Supplies   | 2,725              | 2,477              | 8,106              | 8,232              | 6,819                                     | 6,925               |
| Research   | 69,012             | 66,017             | 194,020            | 258,708            | 163,220                                   | 217,639             |
| Depreciation                                     | 20,817             | 18,128             | 59,720             | 54,000             | 50,240                                    | 45,428              |
| Amortization                                     | 1,953              | 2,094              | 5,726              | 6,331              | 4,817                                     | 5,326               |
| Bad debt   | 1,174              | -                  | 3,978              | -                  | 3,347                                     | -                   |
| Other  | 3,387              | 3,399              | 8,465              | 9,167              | 7,121                                     | 7,712               |
|  | <u>₩ 1,150,807</u> | <u>₩ 1,059,103</u> | <u>₩ 3,442,751</u> | <u>₩ 3,664,532</u> | <u>\$ 2,896,232</u>                       | <u>\$ 3,082,806</u> |

25. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES:

The assets and liabilities denominated in foreign currencies as of September 30, 2009 and December 31, 2008 are summarized below.

|             | Foreign currencies    |            |                      |            | Korean Won            |           |                      |           |
|-------------|-----------------------|------------|----------------------|------------|-----------------------|-----------|----------------------|-----------|
|             | September 30,<br>2009 |            | December 31,<br>2008 |            | September 30,<br>2009 |           | December 31,<br>2008 |           |
|             | (In thousands)        |            |                      |            | (In millions)         |           |                      |           |
| Assets      | US\$                  | 1,188,241  | US\$                 | 984,640    | ₩                     | 1,412,462 | ₩                    | 1,238,184 |
|             | JP ¥                  | 199,305    | JP ¥                 | 360,566    |                       | 2,629     |                      | 5,026     |
|             | GBP                   | 4,852      | GBP                  | 2,179      |                       | 9,206     |                      | 3,960     |
|             | CAD                   | 19,769     | CAD                  | 23,240     |                       | 21,670    |                      | 24,131    |
|             | EUR                   | 168,694    | EUR                  | 294,476    |                       | 292,558   |                      | 523,053   |
|             | AUD                   | 56,703     | AUD                  | 22,261     |                       | 58,836    |                      | 19,367    |
|             | AED                   | 89,772     | AED                  | 174,194    |                       | 29,054    |                      | 59,635    |
|             |                       |            |                      |            | ₩                     | 1,826,415 | ₩                    | 1,873,356 |
| Liabilities | US\$                  | 180,986    | US\$                 | 262,397    | ₩                     | 215,138   | ₩                    | 329,964   |
|             | JP ¥                  | 16,943,803 | JP ¥                 | 18,626,978 |                       | 223,455   |                      | 259,640   |
|             | GBP                   | 3,133      | GBP                  | 11,584     |                       | 5,945     |                      | 21,055    |
|             | CAD                   | 4,357      | CAD                  | 5,252      |                       | 4,776     |                      | 5,453     |
|             | AUD                   | 4,636      | AUD                  | 13,812     |                       | 4,810     |                      | 12,017    |
|             | EUR                   | 180,955    | EUR                  | 253,847    |                       | 313,821   |                      | 450,889   |
|             | SGD                   | 1          | SGD                  | 1          |                       | 1         |                      | 1         |
|             | CHF                   | 43         | CHF                  | 326        |                       | 49        |                      | 388       |
|             | DKK                   | 2          | DKK                  | 6          |                       | 1         |                      | 2         |
|             | SEK                   | 5          | SEK                  | 1          |                       | 1         |                      | 1         |
|             | AED                   | 144        | AED                  | 70         |                       | 47        |                      | 24        |
|             | NOK                   | 5          | NOK                  | -          |                       | 1         |                      | -         |
|             |                       |            |                      |            | ₩                     | 768,045   | ₩                    | 1,079,434 |

26. ADOPTION OF THE KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS:

The Company has the plan to adopt the Korean International Financial Reporting Standards (the “K-IFRS”) for preparing its financial statements from January 1, 2011. The Company formed a task force team and has been analyzing the impacts of adoption of the K-IFRS. In addition, the Company holds internal or external training sessions for related employees, and the implementation plan and progress status are reported to the management on a regular basis.