

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
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 March 31, 2010, and the related non-consolidated statements of income, changes in shareholders' equity and cash flows for the three months ended March 31, 2010 and 2009, 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, 2009, 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 February 26, 2010, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying statement of financial position as of December 31, 2009, 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.



May 11, 2010

Notice to Readers

This report is effective as of May 11, 2010, 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 MARCH 31, 2010 AND DECEMBER 31, 2009

<u>ASSETS</u>	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>March 31, 2010</u>	<u>December 31, 2009</u>	<u>March 31, 2010</u>	<u>December 31, 2009</u>
	<u>(In millions)</u>		<u>(In thousands)</u>	
Current assets:				
Cash and cash equivalents	₩ 1,423,695	₩ 2,259,781	\$ 1,259,016	\$ 1,998,391
Short-term financial instruments (Note 3)	5,197,899	4,938,092	4,596,656	4,366,901
Short-term investment securities (Note 5)	167,600	163,526	148,214	144,611
Trade notes and accounts receivable, less allowance for doubtful accounts of ₩13,801 million as of March 31, 2010 and ₩9,561 million as of December 31, 2009 (Note 13)	2,649,087	2,155,594	2,342,666	1,906,256
Trade notes and accounts receivable - other	459,993	454,653	406,785	402,063
Derivative assets (Note 22)	40,314	35,836	35,651	31,691
Deferred tax assets	166,699	185,956	147,417	164,446
Inventories (Note 4)	1,558,623	1,384,498	1,378,337	1,224,353
Advances and other current assets	<u>296,451</u>	<u>214,520</u>	<u>262,160</u>	<u>189,707</u>
Total current assets	<u>11,960,361</u>	<u>11,792,456</u>	<u>10,576,902</u>	<u>10,428,419</u>
Non-current assets:				
Long-term investment securities (Notes 6 and 13)	834,880	676,328	738,309	598,097
Investment securities accounted for using the equity method (Notes 7 and 13)	11,151,164	10,884,663	9,861,305	9,625,631
Property, plant and equipment, net of accumulated depreciation of ₩7,938,793 million as of March 31, 2010 and ₩7,814,143 million as of December 31, 2009 (Notes 8 and 13)	9,549,010	9,726,299	8,444,473	8,601,255
Intangibles (Note 9)	1,758,408	1,840,055	1,555,012	1,627,215
Other assets (Notes 3 and 10)	<u>522,239</u>	<u>526,334</u>	<u>461,832</u>	<u>465,452</u>
Total non-current assets	<u>23,815,701</u>	<u>23,653,679</u>	<u>21,060,931</u>	<u>20,917,650</u>
Total assets	<u>₩ 35,776,062</u>	<u>₩ 35,446,135</u>	<u>\$ 31,637,833</u>	<u>\$ 31,346,069</u>

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF MARCH 31, 2010 AND DECEMBER 31, 2009

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>Korean Won</u>		<u>Translation into U.S. Dollars (Note 2)</u>	
	<u>March 31, 2010</u>	<u>December 31, 2009</u>	<u>March 31, 2010</u>	<u>December 31, 2009</u>
	<u>(In millions)</u>		<u>(In thousands)</u>	
Current liabilities:				
Trade notes and accounts payable	₩ 3,782,524	₩ 3,846,823	\$ 3,344,998	\$ 3,401,860
Short-term borrowings (Notes 11 and 13)	424,480	453,037	375,380	400,634
Accounts payable-other	1,481,318	1,685,899	1,309,973	1,490,891
Accrued expenses	356,547	603,580	315,305	533,764
Current maturities of long-term debt and debentures (Notes 12 and 13)	301,157	300,992	266,322	266,176
Accrued warranties (Note 14)	860,720	906,456	761,159	801,606
Income tax payable	231,812	248,007	204,998	219,320
Derivative liabilities (Note 22)	50,288	61,852	44,472	54,698
Withholdings and other current liabilities	820,629	817,028	725,708	722,521
Total current liabilities	<u>8,309,475</u>	<u>8,923,674</u>	<u>7,348,315</u>	<u>7,891,470</u>
Non-current liabilities:				
Long-term debt and debentures, net of current maturities and discount on debentures issued of ₩3,030 million as of March 31, 2010 and ₩3,393 million as of December 31, 2009 (Notes 12 and 13)	1,363,921	1,363,910	1,206,156	1,206,146
Accrued severance benefits, net of National Pension payments for employees of ₩11,798 million as of March 31, 2010 and ₩12,378 million as of December 31, 2009, and individual severance insurance deposits of ₩1,160,325 million as of March 31, 2010 and ₩1,185,638 million as of December 31, 2009	511,450	460,359	452,290	407,109
Derivative liabilities (Note 22)	65,078	117,168	57,551	103,615
Long-term accrued warranties (Note 14)	2,434,512	2,347,557	2,152,912	2,076,014
Deferred tax liabilities	260,452	204,444	230,325	180,796
Total non-current liabilities	<u>4,635,413</u>	<u>4,493,438</u>	<u>4,099,234</u>	<u>3,973,680</u>
Total liabilities	<u>12,944,888</u>	<u>13,417,112</u>	<u>11,447,549</u>	<u>11,865,150</u>
Shareholders' equity:				
Capital stock	1,488,993	1,488,993	1,316,761	1,316,761
Capital surplus	5,877,753	5,806,189	5,197,871	5,134,585
Capital adjustments (Note 15)	(813,545)	(743,909)	(719,442)	(657,861)
Accumulated other comprehensive income (Notes 16 and 17)	499,103	486,638	441,372	430,348
Retained earnings (Note 18)	<u>15,778,870</u>	<u>14,991,112</u>	<u>13,953,722</u>	<u>13,257,086</u>
Total shareholders' equity	<u>22,831,174</u>	<u>22,029,023</u>	<u>20,190,284</u>	<u>19,480,919</u>
Total liabilities and shareholders' equity	<u>₩ 35,776,062</u>	<u>₩ 35,446,135</u>	<u>\$ 31,637,833</u>	<u>\$ 31,346,069</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Sales (Notes 21 and 23):				
Domestic sales	₩ 4,032,728	₩ 2,720,848	\$ 3,566,261	\$ 2,406,127
Export sales	<u>4,385,514</u>	<u>3,311,105</u>	<u>3,878,240</u>	<u>2,928,108</u>
	<u>8,418,242</u>	<u>6,031,953</u>	<u>7,444,501</u>	<u>5,334,235</u>
Cost of sales	<u>6,444,654</u>	<u>4,686,706</u>	<u>5,699,199</u>	<u>4,144,593</u>
Gross profit	1,973,588	1,345,247	1,745,302	1,189,642
Selling and administrative expenses (Notes 21 and 24)	<u>1,270,878</u>	<u>1,191,486</u>	<u>1,123,875</u>	<u>1,053,666</u>
Operating income	<u>702,710</u>	<u>153,761</u>	<u>621,427</u>	<u>135,976</u>
Other income (expenses), net:				
Interest income, net	34,077	15,195	30,135	13,437
Gain (loss) on foreign exchange transactions, net	(9,753)	84,538	(8,625)	74,759
Gain (loss) on foreign currency translation, net	3,763	(6,676)	3,328	(5,904)
Loss on disposal of trade notes and accounts receivable	(9,329)	(26,454)	(8,250)	(23,394)
Loss on disposal of short-term investment securities, net	(3)	(43)	(3)	(38)
Gain (loss) on valuation of investment securities accounted for using the equity method, net (Note 7)	514,114	(15,024)	454,646	(13,286)
Impairment loss on long-term investment securities	(1,200)	-	(1,061)	-
Loss on disposal of property, plant and equipment, net	(15,243)	(5,320)	(13,480)	(4,705)
Impairment loss on intangibles	(101,306)	-	(89,588)	-
Rental and royalty income	58,117	77,630	51,395	68,651
Gain (loss) on valuation of derivatives, net (Note 22)	31,839	(24,522)	28,156	(21,686)
Other, net	<u>131,953</u>	<u>22,999</u>	<u>116,691</u>	<u>20,339</u>
	<u>637,029</u>	<u>122,323</u>	<u>563,344</u>	<u>108,173</u>
Income before income tax	1,339,739	276,084	1,184,771	244,149
Income tax expense (Note 20)	<u>212,536</u>	<u>51,104</u>	<u>187,952</u>	<u>45,193</u>
Net income	<u>₩ 1,127,203</u>	<u>₩ 224,980</u>	<u>\$ 996,819</u>	<u>\$ 198,956</u>
Basic earnings per common share (Note 19)	<u>₩ 4,156</u>	<u>₩ 824</u>	<u>\$ 3.68</u>	<u>\$ 0.73</u>
Diluted earnings per common share (Note 19)	<u>₩ 4,156</u>	<u>₩ 824</u>	<u>\$ 3.68</u>	<u>\$ 0.73</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

	Korean Won						Translation into
	Capital stock	Capital Surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total amount	U.S. Dollars (Note 2)
	(In millions)						(In thousands)
January 1, 2009	₩ 1,488,993	₩ 5,851,776	₩ (719,685)	₩ 612,153	₩ 12,419,054	₩ 19,652,291	\$ 17,379,104
Payment of cash dividends	-	-	-	-	(235,715)	(235,715)	(208,450)
Loss on valuation of treasury stock fund	-	-	(486)	-	-	(486)	(429)
Gain on valuation of available-for-sale securities, net	-	-	-	4,502	-	4,502	3,981
Loss on valuation of derivatives, net	-	-	-	(12,882)	-	(12,882)	(11,392)
Net income	-	-	-	-	224,980	224,980	198,956
Changes accounted for using the equity method	-	36,700	-	242,584	(16,649)	262,635	232,256
March 31, 2009	<u>₩ 1,488,993</u>	<u>₩ 5,888,476</u>	<u>₩ (720,171)</u>	<u>₩ 846,357</u>	<u>₩ 12,391,670</u>	<u>₩ 19,895,325</u>	<u>\$ 17,594,026</u>
January 1, 2010	₩ 1,488,993	₩ 5,806,189	₩ (743,909)	₩ 486,638	₩ 14,991,112	₩ 22,029,023	\$ 19,480,919
Payment of cash dividends	-	-	-	-	(317,199)	(317,199)	(280,508)
Purchase of treasury stock	-	-	(218,619)	-	-	(218,619)	(193,331)
Disposal of treasury stock	-	75,962	148,983	-	-	224,945	198,925
Gain on valuation of available-for-sale securities, net	-	-	-	125,026	-	125,026	110,564
Gain on valuation of derivatives, net	-	-	-	31,102	-	31,102	27,504
Net income	-	-	-	-	1,127,203	1,127,203	996,819
Changes accounted for using the equity method	-	(4,398)	-	(143,663)	(22,246)	(170,307)	(150,608)
March 31, 2010	<u>₩ 1,488,993</u>	<u>₩ 5,877,753</u>	<u>₩ (813,545)</u>	<u>₩ 499,103</u>	<u>₩ 15,778,870</u>	<u>₩ 22,831,174</u>	<u>\$ 20,190,284</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Cash flows from operating activities:				
Net income	₩ 1,127,203	₩ 224,980	\$ 996,819	\$ 198,956
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Provision for severance benefits	93,482	2,907	82,669	2,571
Depreciation	225,220	217,275	199,169	192,143
Bad debt expense	4,240	-	3,750	-
Provision for warranties	156,376	171,599	138,288	151,750
Amortization of intangibles	139,789	119,057	123,620	105,286
Amortization of discount on debentures	364	304	322	269
Gain on foreign currency translation, net	(3,763)	(15,212)	(3,328)	(13,452)
Loss on disposal of trade notes and accounts receivable	9,329	26,454	8,250	23,394
Loss on disposal of short-term investment securities	3	43	3	38
Loss (gain) on valuation of investment securities accounted for using the equity method, net	(514,114)	15,024	(454,646)	13,286
Dividends of investment securities accounted for using the equity method	198,367	10,963	175,422	9,695
Impairment loss on long-term investment securities	1,200	-	1,061	-
Loss on disposal of property, plant and equipment, net	15,243	5,320	13,480	4,705
Impairment loss on intangibles	101,306	-	89,588	-
Loss (gain) on valuation of derivatives, net	(31,839)	24,522	(28,156)	21,686
Other	(81,571)	(1,462)	(72,136)	(1,293)
Changes in operating assets and liabilities:				
Decrease (increase) in trade notes and accounts receivable	(529,733)	340,587	(468,459)	301,191
Decrease (increase) in trade notes and accounts receivable-other	(25,315)	19,475	(22,387)	17,222
Decrease in derivative assets	4,739	8,892	4,191	7,863
Decrease (increase) in deferred tax assets	(13,685)	55,170	(12,102)	48,788
Increase in inventories	(204,556)	(96,113)	(180,895)	(84,996)
Increase in advances and other current assets	(82,573)	(171,200)	(73,022)	(151,397)
Increase (decrease) in trade notes and accounts payable	(53,863)	103,919	(47,633)	91,899
Decrease in accounts payable-other	(268,800)	(498,476)	(237,708)	(440,817)
Increase (decrease) in accrued expenses	(246,952)	328,493	(218,387)	290,496
Decrease in income tax payable	(16,195)	(280,275)	(14,322)	(247,856)
Increase (decrease) in withholding and other current liabilities	4,257	(78,625)	3,765	(69,530)
Payment of severance benefits	(69,457)	(103,992)	(61,423)	(91,963)
Decrease in individual severance insurance deposits	25,313	11,605	22,385	10,263
Decrease in derivative liabilities	(537)	(73,306)	(475)	(64,827)
Decrease in accrued warranties	(115,157)	(103,154)	(101,837)	(91,222)
Increase (decrease) in deferred tax liabilities	47,843	(89,086)	42,309	(78,781)
Other	8,165	3,559	7,220	3,146
	<u>(95,671)</u>	<u>179,247</u>	<u>(84,605)</u>	<u>158,513</u>

(Continued)

HYUNDAI MOTOR COMPANY

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

	Korean Won		Translation into U. S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Cash flows from investing activities:				
Cash inflows from investing activities:				
Proceeds from withdrawal of short-term financial instruments	₩ 1,258,120	₩ 940,682	\$ 1,112,593	\$ 831,873
Proceeds from disposal of short-term investment securities	71	625	63	553
Proceeds from disposal of investment securities accounted for using the equity method	-	47,242	-	41,778
Reduction in other current assets	-	1,440	-	1,273
Proceeds from disposal of property, plant and equipment	32,692	2,376	28,911	2,101
Reduction in other assets	199	168	175	148
	<u>1,291,082</u>	<u>992,533</u>	<u>1,141,742</u>	<u>877,726</u>
Cash outflows from investing activities:				
Purchase of short-term financial instruments	(1,457,927)	(720,133)	(1,289,288)	(636,835)
Acquisition of short-term investment securities	(1,103)	(464)	(975)	(410)
Purchase of long-term financial instruments	(40,000)	-	(35,373)	-
Acquisition of long-term investment securities	(1,500)	(22,865)	(1,326)	(20,220)
Acquisition of investment securities accounted for using the equity method	(72,137)	(356,496)	(63,793)	(315,260)
Acquisition of property, plant and equipment	(66,506)	(131,229)	(58,813)	(116,050)
Expenditures for development costs	(158,377)	(171,227)	(140,057)	(151,421)
Additions to other assets	(342)	(381)	(303)	(337)
	<u>(1,797,892)</u>	<u>(1,402,795)</u>	<u>(1,589,928)</u>	<u>(1,240,533)</u>
	<u>(506,810)</u>	<u>(410,262)</u>	<u>(448,186)</u>	<u>(362,807)</u>
Cash flows from financing activities:				
Cash inflows from financing activities:				
Proceeds from short-term borrowings	286,910	813,434	253,723	719,344
Proceeds from issuance of debentures	-	200,000	-	176,866
	<u>286,910</u>	<u>1,013,434</u>	<u>253,723</u>	<u>896,210</u>
Cash outflows from financing activities:				
Repayment of short-term borrowings	(301,709)	(656,835)	(266,810)	(580,859)
Repayment of current maturities of long-term debt	(187)	(182)	(166)	(160)
Repayment of debentures	-	(903)	-	(799)
Purchase of treasury stock	(218,619)	-	(193,331)	-
	<u>(520,515)</u>	<u>(657,920)</u>	<u>(460,307)</u>	<u>(581,818)</u>
	<u>(233,605)</u>	<u>355,514</u>	<u>(206,584)</u>	<u>314,392</u>
Net increase in cash and cash equivalents	(836,086)	124,499	(739,375)	110,098
Cash and cash equivalents, beginning of period	<u>2,259,781</u>	<u>1,756,546</u>	<u>1,998,391</u>	<u>1,553,366</u>
Cash and cash equivalents, end of period	<u>₩ 1,423,695</u>	<u>₩ 1,881,045</u>	<u>\$ 1,259,016</u>	<u>\$ 1,663,464</u>

See accompanying notes to non-consolidated financial statements.

HYUNDAI MOTOR COMPANY

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009

1. THE COMPANY:

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

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

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

As of March 31, 2010, the major shareholders of the Company are Hyundai MOBIS Co., Ltd. (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 ₩1,130.80 to US\$1.00 at March 31, 2010, the Base Rate announced by Seoul Money Brokerage Service, Ltd. Such translations should not be construed as representations that the Korean Won amounts could be converted into U.S. Dollars at that or any other rate.

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

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements as of March 31, 2010 are identical to those as of December 31, 2009.

3. RESTRICTED FINANCIAL INSTRUMENTS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
	(In millions)		(In thousands)	
Short-term financial instruments:				
Ordinary deposit	₩ 535	₩ 59	\$ 473	\$ 52
Term deposit	<u>57,364</u>	<u>63,032</u>	<u>50,729</u>	<u>55,741</u>
	<u>57,899</u>	<u>63,091</u>	<u>51,202</u>	<u>55,793</u>
Long-term financial instruments (Note 10):				
Guarantee deposits for checking accounts	<u>37</u>	<u>37</u>	<u>33</u>	<u>33</u>
	<u>₩ 57,936</u>	<u>₩ 63,128</u>	<u>\$ 51,235</u>	<u>\$ 55,826</u>

4. INVENTORIES:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
	(In millions)		(In thousands)	
Finished goods and merchandise	₩ 637,929	₩ 455,391	\$ 564,140	\$ 402,716
Semi finished goods and work in process	431,762	414,530	381,820	366,581
Raw materials and supplies	398,213	437,278	352,152	386,698
Materials in transit	<u>90,719</u>	<u>77,299</u>	<u>80,225</u>	<u>68,358</u>
	<u>₩ 1,558,623</u>	<u>₩ 1,384,498</u>	<u>\$ 1,378,337</u>	<u>\$ 1,224,353</u>

5. SHORT-TERM INVESTMENT SECURITIES:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
	(In millions)		(In thousands)	
Beneficiary certificates	₩ 166,571	₩ 163,526	\$ 147,304	\$ 144,611
Government bonds	<u>1,029</u>	<u>-</u>	<u>910</u>	<u>-</u>
	<u>₩ 167,600</u>	<u>₩ 163,526</u>	<u>\$ 148,214</u>	<u>\$ 144,611</u>

6. LONG-TERM INVESTMENT SECURITIES:

Long-term investment securities as of March 31, 2010 and December 31, 2009, all of which are classified into available-for-sale securities, consist of the following:

Name of company	Ownership percentage (%)	Korean Won		Translation into U.S. Dollars (Note 2)		
		March 31, 2010		December 31, 2009		
		Acquisition cost	Book value	Book value	Book value	
		(In millions)		(In thousands)		
Hyundai Heavy Industries Co., Ltd.	2.88	₩ 56,924	₩ 519,030	₩ 379,965	\$ 458,994	\$ 336,014
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	116,013	116,013	102,594	102,594
Doosan Capital Co., Ltd.	9.99	10,000	24,762	24,762	21,898	21,898
Hyundai Merchant Marine Co., Ltd.	0.45	9,161	21,171	18,503	18,722	16,363
Hyundai H&S	4.07	15,005	19,015	18,785	16,816	16,612
Hyundai Development Company	0.60	9,025	14,873	16,988	13,153	15,023
KT Corporation	0.09	8,655	11,224	9,388	9,926	8,302
ENOVA System	0.59	2,204	331	403	292	356
Hyundai Technology Investment Co., Ltd.	14.97	4,490	4,490	4,490	3,971	3,971
Industry Otomotif Komersial	15.00	4,439	4,439	4,439	3,926	3,926
Hyundai Asan Corporation	3.27	22,500	4,239	4,239	3,749	3,749
Kihyup Finance	10.34	3,000	3,000	3,000	2,653	2,653
Kyungnam Credit Information Service Co., Ltd.	13.66	2,500	2,500	2,500	2,211	2,211
NESSCAP Inc.	7.30	1,997	1,997	1,997	1,766	1,766
Ubivelox Co., Ltd.	7.07	1,710	1,710	1,710	1,512	1,512
Hyundai Research Institute	14.90	1,359	1,271	1,271	1,124	1,124
Heesung PM Tech Corporation	19.90	1,194	1,194	1,194	1,056	1,056
Dongbu NTS Co., Ltd.	19.90	1,134	1,134	1,134	1,003	1,003
Jeonbuk Hyundai Motors FC Co., Ltd. (*)	100.00	1,000	1,000	1,000	884	884
Micro Infinity	9.02	607	607	607	537	537
NGVTEK.com (*)	53.66	571	571	571	505	505
Clean Air Technology Inc.	16.13	500	500	500	442	442
Chorokmaeul Co., Ltd.	5.43	4,800	284	284	251	251
Carnes Co., Ltd. (*)	49.99	250	250	250	221	221
Jinil MVC Co., Ltd.	18.00	180	180	180	159	159
ROTIS Inc.	0.19	1,000	8	8	7	7
The Sign Co., Ltd.	11.28	1,200	-	1,200	-	1,061
Stock warrants		7,620	56,561	40,639	50,019	35,938
Debt securities		15,885	19,959	19,242	17,649	17,016
Other		3,066	2,567	1,066	2,269	943
			<u>₩ 834,880</u>	<u>₩ 676,328</u>	<u>\$ 738,309</u>	<u>\$ 598,097</u>

(*) 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 ₩10,000 million (US\$8,843 thousand), are not material.

As of March 31, 2010 and December 31, 2009, the difference between the book value and the acquisition cost of equity securities consists of impairment loss on long-term investment securities of ₩25,556 million (US\$22,600 thousand) and ₩24,356 million (US\$21,539 thousand), respectively.

7. INVESTMENT SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD:

(1) Investment securities accounted for using the equity method as of March 31, 2010 and December 31, 2009 consist of the following:

Affiliated company	Ownership percentage (%)	Korean Won				Translation into U.S. Dollars (Note 2)	
		Acquisition cost	March 31, 2010		December 31, 2009	March 31, 2010	December 31, 2009
			Net equity value	Book value	Book value	Book value	Book value
			(In millions)			(In thousands)	
Hyundai Motor America	100.00	₩ 1,937,933	₩ 2,304,178	₩ 2,097,664	₩ 2,141,916	\$ 1,855,027	\$ 1,894,160
Hyundai Motor Manufacturing Czech, s.r.o	100.00	685,390	570,319	566,119	573,875	500,636	507,495
Beijing-Hyundai Motor Company	50.00	417,163	1,059,306	1,051,462	999,693	929,839	884,058
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	85.03	279,988	98,741	78,089	91,743	69,056	81,131
Hyundai Motor India	100.00	244,017	856,701	819,657	754,436	724,847	667,170
Hyundai Motor Manufacturing Rus LLC	100.00	225,151	211,353	210,278	205,970	185,955	182,145
Hyundai Motor Japan Co. (*1)	100.00	116,122	(8,055)	-	-	-	-
Hyundai Motor Espana, S.L.	100.00	86,589	67,277	65,755	86,589	58,149	76,573
Hyundai Translead	100.00	80,623	106,724	114,255	119,098	101,039	105,322
Hyundai Motor Company Italy S.r.l	100.00	73,191	29,259	65,947	73,890	58,319	65,343
Hyundai Motor Europe Technical Center GmbH	100.00	53,496	65,977	65,977	72,447	58,345	64,067
China Millennium Corporation	59.60	53,466	30,593	63,064	65,067	55,769	57,541
Hyundai Motor (UK) Ltd.	100.00	48,084	18,603	16,298	13,462	14,413	11,905
Hyundai Auto Czech s.r.o	100.00	46,174	27,735	26,593	27,051	23,517	23,922
Hyundai WIA Automotive Engine (ShanDong) Company	22.00	43,233	55,753	55,753	54,749	49,304	48,416
Hyundai Motor Poland Sp.Zo.O.	100.00	24,139	40,404	51,167	53,052	45,248	46,915
Beijing Mobis Transmission Co., Ltd.	24.08	22,790	47,048	47,048	47,800	41,606	42,271
Hyundai Motor Europe GmbH	100.00	17,529	38,334	38,334	41,631	33,900	36,816
Hyundai Motor Group (China) Ltd.	50.00	15,371	81,698	71,167	47,072	62,935	41,627
Hyundai Motor Company Australia	100.00	12,382	99,845	58,055	59,552	51,340	52,664
Hyundai Motor Deutschland GmbH	35.29	11,528	32,548	32,176	37,900	28,454	33,516
Hyundai America Technical Center Inc.	100.00	9,635	37,346	37,346	37,782	33,026	33,412
Hyundai Motor Norway AS	100.00	5,636	5,855	5,277	6,224	4,667	5,504
Beijing Jinxian Motor Safeguard Service Co., Ltd.	100.00	5,438	9,093	9,093	8,150	8,041	7,207
Hyundai Motor Hungary	100.00	5,415	-	2,283	2,283	2,019	2,019
Hyundai Motor Commonwealth of Independent States (*1)	80.00	3,959	(108,522)	-	-	-	-
HMJ R&D Center Inc.	100.00	1,510	2,798	2,798	2,945	2,474	2,604
Hyundai Motor Brasil Montadora de Automoveis LTDA	100.00	137	137	137	137	121	121
EUKOR Shipowning Singapore Pte Ltd. (*2)	12.00	5	2,221	2,245	2,099	1,985	1,856
Kia Motors Corporation	34.38	923,957	2,141,725	2,192,604	2,098,900	1,938,985	1,856,120
Hyundai Capital Service Inc.	56.47	500,325	1,187,046	705,075	766,282	623,519	677,646
Hyundai Card Co., Ltd.	31.52	435,571	459,496	459,503	471,095	406,352	416,603
Hyundai Rotem Company	57.64	254,308	368,205	406,941	391,906	359,870	346,574
Hyundai HYSCO	26.13	200,768	309,669	324,736	296,320	287,174	262,045
HMC Investment Securities Co., Ltd.	26.27	188,665	150,886	190,397	190,171	168,374	168,174
Hyundai Powertech Co., Ltd.	37.58	172,576	219,715	204,362	158,096	180,723	139,809
Korea Aerospace Industries, Ltd.	22.23	159,800	121,228	121,072	103,150	107,068	91,219
Glovis Co., Ltd. (*3)	2.70	99,259	22,969	99,259	-	87,778	-
Dymos Inc.	47.27	68,872	144,006	141,856	139,415	125,447	123,289
Hyundai Commercial Inc.	50.00	50,000	61,212	60,519	54,258	53,519	47,982
Hyundai WIA Corporation	39.46	34,357	267,172	247,316	241,164	218,709	213,268
The Korea Economy Daily	20.55	29,973	26,212	28,407	28,482	25,121	25,187
Eukor Car Carriers Inc. (*2)	12.00	29,347	65,479	58,285	62,758	51,543	55,499

Affiliated company	Ownership percentage (%)	Korean Won				Translation into U.S. Dollars (Note 2)	
		Acquisition cost	Net equity value		December 31, 2009	March 31, 2010	December 31, 2009
			March 31, 2010	Book value			
		(In millions)		(In thousands)			
Partecs Co., Ltd.	56.00	₩ 22,400	₩ 27,552	₩ 27,552	₩ 25,845	\$ 24,365	\$ 22,856
KEFICO Corporation	50.00	20,911	134,010	133,069	135,078	117,677	119,453
HMC Win Win Fund	60.00	18,000	18,781	18,781	18,607	16,609	16,455
Autoever Systems Corp.	29.90	5,947	31,827	31,827	32,030	28,146	28,325
Haevichi Country Club Co., Ltd. (*1)	30.00	4,500	(12,542)	-	-	-	-
M & Soft Co., Ltd.	31.84	3,925	13,668	13,745	13,098	12,155	11,583
Iljin Bearing Co., Ltd.	20.00	826	18,398	18,397	18,201	16,269	16,096
Daesung Automotive Co., Ltd.	20.00	400	13,425	13,424	13,194	11,871	11,668
		<u>₩ 7,750,781</u>	<u>₩11,573,408</u>	<u>₩11,151,164</u>	<u>₩10,884,663</u>	<u>\$ 9,861,305</u>	<u>\$ 9,625,631</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) The investment is accounted for using the equity method since the Company is considered to be able to exercise significant influence, although the total ownership percentage is less than 20%.

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

Affiliated company	Korean Won					Translation into U.S. Dollars (Note 2)	
	Beginning of period	Acquisition / Disposition	Gain (loss) on valuation		End of period	End of period	
			Other changes (*)	Other changes (*)			
		(In millions)				(In thousands)	
Hyundai Motor America	₩ 2,141,916	₩ -	₩ 21,734	₩ (65,986)	₩ 2,097,664	\$ 1,855,027	
Hyundai Motor Manufacturing Czech s.r.o.	573,875	-	27,969	(35,725)	566,119	500,636	
Beijing-Hyundai Motor Company	999,693	-	84,541	(32,772)	1,051,462	929,839	
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	91,743	-	(10,327)	(3,327)	78,089	69,056	
Hyundai Motor India	754,436	-	64,353	868	819,657	724,847	
Hyundai Motor Manufacturing Rus LLC	205,970	-	5,274	(966)	210,278	185,955	
Hyundai Motor Japan Co.	-	12,465	-	(12,465)	-	-	
Hyundai Motor Espana, S.L.	86,589	-	(10,655)	(10,179)	65,755	58,149	
Hyundai Translead	119,098	-	(1,276)	(3,567)	114,255	101,039	
Hyundai Motor Company Italy S.r.l	73,890	-	(4,667)	(3,276)	65,947	58,319	
Hyundai Motor Europe Technical Center GmbH	72,447	-	295	(6,765)	65,977	58,345	
China Millennium Corporation	65,067	-	(797)	(1,206)	63,064	55,769	
Hyundai Motor (UK) Ltd.	13,462	-	4,422	(1,586)	16,298	14,413	
Hyundai Auto Czech s.r.o	27,051	-	1,310	(1,768)	26,593	23,517	
Hyundai WIA Automotive Engine (ShanDong) Company	54,749	-	2,764	(1,760)	55,753	49,304	
Hyundai Motor Poland Sp.Zo.O.	53,052	-	(511)	(1,374)	51,167	45,248	
Beijing Mobis Transmission Co., Ltd.	47,800	-	764	(1,516)	47,048	41,606	
Hyundai Motor Europe GmbH	41,631	-	609	(3,906)	38,334	33,900	
Hyundai Motor Group (China) Ltd.	47,072	-	26,427	(2,332)	71,167	62,935	
Hyundai Motor Company Australia	59,552	-	(1,045)	(452)	58,055	51,340	
Hyundai Motor Deutschland GmbH	37,900	-	(2,250)	(3,474)	32,176	28,454	
Hyundai America Technical Center Inc.	37,782	-	764	(1,200)	37,346	33,026	
Hyundai Motor Norway AS	6,224	-	(544)	(403)	5,277	4,667	
Beijing Jinxian Motor Safeguard Service Co., Ltd.	8,150	-	1,210	(267)	9,093	8,041	
Hyundai Motor Hungary	2,283	-	-	-	2,283	2,019	
HMJ R&D Center Inc.	2,945	-	(44)	(103)	2,798	2,474	
Hyundai Motor Brasil Montadora de Automoveis LTDA	137	-	-	-	137	121	

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.	₩ 2,099	₩ -	₩ 213	₩ (67)	₩ 2,245	\$ 1,985	
Kia Motors Corporation	2,098,900	-	142,044	(48,340)	2,192,604	1,938,985	
Hyundai Capital Service Inc.	766,282	-	59,174	(120,381)	705,075	623,519	
Hyundai Card Co., Ltd.	471,095	-	19,193	(30,785)	459,503	406,352	
Hyundai Rotem Company	391,906	-	15,035	-	406,941	359,870	
Hyundai HYSCO	296,320	-	10,536	17,880	324,736	287,174	
HMC Investment Securities Co., Ltd.	190,171	-	809	(583)	190,397	168,374	
Hyundai Powertech Co., Ltd.	158,096	37,576	9,182	(492)	204,362	180,723	
Korea Aerospace Industries, Ltd.	103,150	-	17,187	735	121,072	107,068	
Glovis Co., Ltd.	-	22,096	-	77,163	99,259	87,778	
Dymos Inc.	139,415	-	3,584	(1,143)	141,856	125,447	
Hyundai Commercial Inc.	54,258	-	7,255	(994)	60,519	53,519	
Hyundai WIA Corporation	241,164	-	6,995	(843)	247,316	218,709	
The Korea Economy Daily	28,482	-	(75)	-	28,407	25,121	
Eukor Car Carriers Inc.	62,758	-	1,579	(6,052)	58,285	51,543	
Partecs Co., Ltd.	25,845	-	1,707	-	27,552	24,365	
KEFICO Corporation	135,078	-	6,261	(8,270)	133,069	117,677	
HMC Win Win Fund	18,607	-	174	-	18,781	16,609	
Autoever Systems Corp.	32,030	-	1,263	(1,466)	31,827	28,146	
M & Soft Co., Ltd.	13,098	-	779	(132)	13,745	12,155	
Iljin Bearing Co., Ltd.	18,201	-	423	(227)	18,397	16,269	
Daesung Automotive Co., Ltd.	13,194	-	476	(246)	13,424	11,871	
	<u>₩10,884,663</u>	<u>₩ 72,137</u>	<u>₩ 514,114</u>	<u>₩ (319,750)</u>	<u>₩ 11,151,164</u>	<u>\$ 9,861,305</u>	

(*) Other changes consist of the decrease by ₩198,367 million (US\$175,422 thousand) due to receipt of the dividends, decrease of capital surplus by ₩5,638 million (US\$4,986 thousand), decrease of retained earnings by ₩25,007 million (US\$22,114 thousand), decrease of accumulated other comprehensive income by ₩167,901 million (US\$148,480 thousand) and increase by ₩77,163 million (US\$68,238 thousand) due to payment in substitutes.

Investment securities accounted for using the equity method as of March 31, 2010 and December 31, 2009 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 three months ended March 31, 2010 is as follows:

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)			
	Assets	Liabilities	Sales	Net income (loss)	Assets	Liabilities	Sales	Net income (loss)
	(In millions)				(In thousands)			
Hyundai Motor America	₩10,987,271	₩ 8,683,093	₩2,540,337	₩ 19,244	\$ 9,716,370	\$ 7,678,717	\$ 2,246,495	\$ 17,018
Hyundai Motor Manufacturing Czech, s.r.o.	1,812,201	1,241,883	614,205	9,496	1,602,583	1,098,234	543,160	8,398
Beijing-Hyundai Motor Company	4,029,602	1,910,989	2,262,339	164,601	3,563,497	1,689,944	2,000,654	145,562
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	534,890	418,763	181,605	(7,157)	473,019	370,325	160,599	(6,329)
Hyundai Motor India	2,623,135	1,766,434	1,326,162	29,587	2,319,716	1,562,110	1,172,764	26,165
Hyundai Motor Manufacturing Rus LLC	545,981	334,628	99	8,887	482,827	295,921	88	7,859
Hyundai Motor Japan Co.	10,758	18,813	4,508	(285)	9,514	16,637	3,987	(252)
Hyundai Motor Espana, S.L.	275,990	208,713	176,262	(6,844)	244,066	184,571	155,874	(6,052)
Hyundai Translead	289,028	182,304	39,002	(1,530)	255,596	161,217	34,491	(1,353)
Hyundai Motor Company Italy S.r.l	458,203	428,944	177,748	2,525	405,203	379,328	157,188	2,233
Hyundai Motor Europe Technical Center GmbH	125,231	59,254	14,932	295	110,745	52,400	13,205	261

Affiliated company	Korean Won				Translation into U.S. Dollars (Note 2)			
	Assets	Liabilities	Sales	Net income	Assets	Liabilities	Sales	Net income
	(In millions)				(loss)	(In thousands)		
China Millennium Corporation	₩ 111,044	₩ 59,713	₩ 3,607	₩ (102)	\$ 98,200	\$ 52,806	\$ 3,190	\$ (90)
Hyundai Motor (UK) Ltd.	437,217	418,615	341,391	5,747	386,644	370,194	301,902	5,082
Hyundai Auto Czech s.r.o	92,099	64,365	64,093	473	81,446	56,920	56,679	418
Hyundai WIA Automotive Engine(ShanDong) Company	487,338	233,916	113,166	12,562	430,967	206,859	100,076	11,109
Hyundai Motor Poland Sp.Zo.O.	127,762	87,359	52,248	925	112,984	77,254	46,204	818
Beijing Mobis Transmission Co., Ltd.	313,809	118,420	100,618	3,179	277,511	104,722	88,979	2,811
Hyundai Motor Europe GmbH	370,971	332,637	424,224	555	328,061	294,161	375,154	491
Hyundai Motor Group (China) Ltd.	374,428	211,031	528,358	31,726	331,118	186,621	467,243	28,056
Hyundai Motor Company Australia	533,404	433,560	428,605	9,409	471,705	383,410	379,028	8,321
Hyundai Motor Deutschland GmbH	191,369	99,149	136,858	(1,523)	169,233	87,680	121,028	(1,347)
Hyundai America Technical Center Inc.	42,581	5,235	28,423	764	37,656	4,629	25,135	676
Hyundai Motor Norway AS	49,343	43,488	29,211	(230)	43,635	38,458	25,832	(203)
Beijing Jinxian Motor Safeguard Service Co., Ltd.	51,996	42,903	34,151	1,207	45,982	37,940	30,201	1,067
Hyundai Motor Hungary	3,866	1,670	-	-	3,419	1,477	-	-
Hyundai Motor Commonwealth of Independent States	459,008	594,660	299,043	12,955	405,914	525,875	264,453	11,456
HMJ R&D Center Inc.	6,341	3,543	2,114	(2)	5,608	3,133	1,869	(2)
Hyundai Motor Brasil Montadora de Automoveis LTDA	137	-	-	-	121	-	-	-
EUKOR Shipowning Singapore Pte Ltd.	109,215	90,706	6,052	1,774	96,582	80,214	5,352	1,569
Kia Motors Corporation	16,943,615	9,284,913	4,860,729	398,657	14,983,742	8,210,924	4,298,487	352,544
Hyundai Capital Service Inc.	16,066,786	13,964,885	859,330	165,417	14,208,336	12,349,562	759,931	146,283
Hyundai Card Co., Ltd.	7,518,545	6,060,568	491,519	71,051	6,648,872	5,359,540	434,665	62,833
Hyundai Rotem Company	3,116,881	2,478,035	733,700	23,665	2,756,350	2,191,400	648,833	20,928
Hyundai HYSCO	2,910,017	1,724,790	1,223,519	41,641	2,573,414	1,525,283	1,081,994	36,824
HMC Investment Securities Co., Ltd.	1,933,612	1,359,179	68,800	5,171	1,709,950	1,201,962	60,842	4,573
Hyundai Powertech Co., Ltd.	1,490,115	905,397	421,379	22,249	1,317,753	800,669	372,638	19,675
Korea Aerospace Industries, Ltd.	1,404,101	858,700	304,400	30,100	1,241,688	759,374	269,190	26,618
Glovis Co., Ltd.	1,788,198	936,805	1,256,228	57,949	1,581,357	828,444	1,110,920	51,246
Dymos Inc.	863,251	558,599	263,921	5,441	763,398	493,986	233,393	4,812
Hyundai Commercial Inc.	1,784,827	1,662,403	50,009	15,154	1,578,375	1,470,112	44,224	13,401
Hyundai WIA Corporation	2,227,277	1,550,249	812,304	11,680	1,969,647	1,370,931	718,345	10,329
The Korea Economic Daily	188,191	60,660	28,324	170	166,423	53,643	25,048	150
Eukor Car Carriers Inc.	2,204,420	1,658,760	464,971	11,974	1,949,434	1,466,891	411,188	10,589
Partecs Co., Ltd.	103,558	54,358	12,092	3,836	91,579	48,070	10,693	3,392
KEFICO Corporation	523,428	255,408	220,892	12,444	462,883	225,865	195,341	11,005
HMC Win Win Fund	31,302	-	365	291	27,681	-	323	257
Autoever Systems Corp.	239,401	132,956	110,015	4,401	211,709	117,577	97,290	3,892
Haevichi Country Club Co., Ltd.	220,200	262,006	715	(3,948)	194,729	231,700	632	(3,491)
M & Soft Co., Ltd.	50,677	7,744	10,345	1,582	44,815	6,848	9,148	1,399
Iljin Bearing Co., Ltd.	127,794	35,803	46,888	1,766	113,012	31,662	41,464	1,562
Daesung Automotive Co., Ltd.	84,451	17,328	17,757	2,666	74,683	15,324	15,703	2,358

- (4) Significant unrealized profits (losses) that occurred in transactions with investees as of March 31, 2010 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	₩ 376,071	₩ 339,529	₩ (376,071)	₩ 339,529	\$ 300,256
Property	463,032	72,234	(44,573)	490,693	433,934
Accrued warranties	(55,351)	(55,498)	55,351	(55,498)	(49,079)
	<u>₩ 783,752</u>	<u>₩ 356,265</u>	<u>₩ (365,293)</u>	<u>₩ 774,724</u>	<u>\$ 685,111</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 ₩1,784 million (US\$1,578 thousand) and ₩1,584 million (US\$1,401 thousand) for the three months ended March 31, 2010 and 2009, respectively.
- (6) The unamortized (or unreversed) balance of goodwill and negative goodwill as of March 31, 2010 is ₩337,588 million (US\$298,539 thousand) and ₩38,695 million (US\$34,219 thousand), respectively. In addition, the unamortized (or unreversed) balance of goodwill and negative goodwill as of December 31, 2009 is ₩264,069 million (US\$233,524 thousand) and ₩39,544 million (US\$34,970 thousand), respectively.
- (7) The market price of listed equity securities as of March 31, 2010 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	₩ 25,250	134,285,491	₩ 3,390,709	\$ 2,998,505
Hyundai HYSKO	19,100	20,954,188	400,225	353,931
HMC Investment Securities Co., Ltd.	20,500	7,705,980	157,973	139,700
Glovis Co., Ltd.	98,400	1,011,698	99,551	88,036

- (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 March 31, 2010 and December 31, 2009 are ₩140,055 million (US\$123,855 thousand) and ₩182,009 million (US\$160,956 thousand), respectively.

8. PROPERTY, PLANT AND EQUIPMENT:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
	(In millions)		(In thousands)	
Buildings and structures	₩ 4,100,560	₩ 4,077,301	\$ 3,626,247	\$ 3,605,678
Machinery and equipment	6,525,061	6,604,903	5,770,305	5,840,912
Vehicles	159,034	172,488	140,638	152,536
Dies, molds and tools	3,433,517	3,406,595	3,036,361	3,012,553
Other equipment	874,972	849,706	773,764	751,421
	15,093,144	15,110,993	13,347,315	13,363,100
Less: accumulated depreciation	7,938,793	7,814,143	7,020,510	6,910,279
	7,154,351	7,296,850	6,326,805	6,452,821
Land	2,034,369	1,997,612	1,799,053	1,766,548
Construction in progress	360,290	431,837	318,615	381,886
	<u>₩ 9,549,010</u>	<u>₩ 9,726,299</u>	<u>\$ 8,444,473</u>	<u>\$ 8,601,255</u>

The changes in property, plant and equipment for the three months ended March 31, 2010 are as follows:

Description	Korean Won							Translation into U. S. Dollars (Note 2)	
	Beginning of period	Acquisition	Transfer	Disposal	Depreciation	Other changes(*)	End of period	End of period	
	(In millions)							(In thousands)	
Land	₩ 1,997,612	₩ 125	₩ 40,632	₩ 4,000	₩ -	₩ -	₩ 2,034,369	\$ 1,799,053	
Buildings and structures	2,920,322	-	35,468	8,548	31,213	-	2,916,029	2,578,731	
Machinery and equipment	3,166,568	-	33,631	24,179	106,663	-	3,069,357	2,714,323	
Vehicles	118,244	-	1,251	11,045	3,697	-	104,753	92,636	
Dies, molds and tools	837,240	-	29,564	23	63,232	-	803,549	710,602	
Other equipment	254,476	-	26,742	140	20,415	-	260,663	230,513	
Construction in progress	431,837	66,381	(167,288)	-	-	29,360	360,290	318,615	
Total	<u>₩ 9,726,299</u>	<u>₩ 66,506</u>	<u>₩ -</u>	<u>₩ 47,935</u>	<u>₩ 225,220</u>	<u>₩ 29,360</u>	<u>₩ 9,549,010</u>	<u>\$ 8,444,473</u>	

(*) Other changes consist of decrease in transfer of ₩1,071 million (US\$947 thousand) from construction in progress to industrial property rights and increase in transfer of ₩30,431 million (US\$26,911 thousand) from inventories to construction in progress.

As of March 31, 2010, a substantial portion of the Company's property, plant and equipment is pledged as collateral for various loans up to a maximum of ₩961,105 million (US\$849,934 thousand) (See Note 13).

9. INTANGIBLES:

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

Description	Korean Won				Translation into U.S. Dollars (Note 2)		
	March 31, 2010		December 31, 2009		March 31, 2010	December 31, 2009	
	Acquisition cost	Accumulated amortization	Accumulated impairment	Book value	Book value	Book value	Book value
	(In millions)			(In thousands)			
Industrial property rights	₩ 68,282	₩ 50,596	₩ -	₩ 17,686	₩ 17,617	\$ 15,640	\$ 15,579
Development costs	4,235,082	2,239,770	261,720	1,733,592	1,815,031	1,533,067	1,605,086
Other	38,696	31,566	-	7,130	7,407	6,305	6,550
	<u>₩4,342,060</u>	<u>₩ 2,321,932</u>	<u>₩ 261,720</u>	<u>₩1,758,408</u>	<u>₩1,840,055</u>	<u>\$ 1,555,012</u>	<u>\$ 1,627,215</u>

The changes in intangibles for the three months ended March 31, 2010 are as follows:

Description	Korean Won				Translation into U.S. Dollars (Note 2)	
	Industrial property rights	Development costs	Other	Total	Total	
	(In millions)				(In thousands)	
Beginning of period	₩ 17,617	₩ 1,815,031	₩ 7,407	₩ 1,840,055	\$ 1,627,215	
Addition: Expenditures	1,071	158,377	-	159,448	141,005	
Deduction: Amortization	1,002	138,510	277	139,789	123,620	
Deduction: Impairment	-	101,306	-	101,306	89,588	
End of period	<u>₩ 17,686</u>	<u>₩ 1,733,592</u>	<u>₩ 7,130</u>	<u>₩ 1,758,408</u>	<u>\$ 1,555,012</u>	

Research and development expenditure for the three months ended March 31, 2010 and 2009 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Development costs	₩ 158,377	₩ 171,227	\$ 140,057	\$ 151,421
Ordinary development (manufacturing cost)	11,717	9,526	10,362	8,424
Research costs (SG&A)	<u>94,041</u>	<u>59,426</u>	<u>83,163</u>	<u>52,552</u>
	<u>₩ 264,135</u>	<u>₩ 240,179</u>	<u>\$ 233,582</u>	<u>\$ 212,397</u>

10. OTHER ASSETS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
	(In millions)		(In thousands)	
Long-term financial instruments (Note 3)	₩ 40,037	₩ 60,037	\$ 35,406	\$ 53,093
Long-term notes and accounts receivable, less unamortized present value discount of ₩11,377 million as of March 31, 2010 and ₩8,802 million as of December 31, 2009	39,784	43,492	35,182	38,461
Long-term other accounts receivable	107,073	87,603	94,688	77,470
Long-term loans	3,077	3,276	2,721	2,897
Lease and rental deposits	200,693	200,360	177,479	177,184
Long-term deposits	<u>131,575</u>	<u>131,566</u>	<u>116,356</u>	<u>116,347</u>
	<u>₩ 522,239</u>	<u>₩ 526,334</u>	<u>\$ 461,832</u>	<u>\$ 465,452</u>

11. SHORT-TERM BORROWINGS:

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

Description	Annual interest rate (%)	Korean Won		Translation into U. S. Dollars (Note 2)	
		March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
		(In millions)		(In thousands)	
Overdrafts	4.77~5.62	₩ 108,579	₩ 80,000	\$ 96,020	\$ 70,746
Banker's Usance	Libor+1.5~2.0	<u>315,901</u>	<u>373,037</u>	<u>279,360</u>	<u>329,888</u>
		<u>₩ 424,480</u>	<u>₩ 453,037</u>	<u>\$ 375,380</u>	<u>\$ 400,634</u>

12. LONG-TERM DEBT AND DEBENTURES:

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

Description	Annual interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
		March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
		(In millions)		(In thousands)	
Debentures	5.04~7.72	₩ 1,646,970	₩ 1,646,607	\$ 1,456,464	\$ 1,456,143
Local currency loans:					
General loans	3.00~5.00	<u>18,108</u>	<u>18,295</u>	<u>16,014</u>	<u>16,179</u>
		<u>1,665,078</u>	<u>1,664,902</u>	<u>1,472,478</u>	<u>1,472,322</u>
Less: current maturities		<u>301,157</u>	<u>300,992</u>	<u>266,322</u>	<u>266,176</u>
		<u>₩ 1,363,921</u>	<u>₩ 1,363,910</u>	<u>\$ 1,206,156</u>	<u>\$ 1,206,146</u>

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

Description	Maturity	Interest rate (%)	Korean Won		Translation into U.S. Dollars (Note 2)	
			March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Non-guaranteed debentures	Aug 11, 2010 ~ June 17, 2014	5.04~7.72	₩ 1,650,000	₩ 1,650,000	\$ 1,459,144	\$ 1,459,144
Less: discount on debentures			3,030	3,393	2,680	3,001
			<u>₩ 1,646,970</u>	<u>₩ 1,646,607</u>	<u>\$ 1,456,464</u>	<u>\$ 1,456,143</u>

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

Description	Debentures	Korean Won		Translation into U.S. Dollars (Note 2)
		Local currency loans	Total	Total
April 1, 2011 ~ March 31, 2012	₩ 650,000	₩ 1,544	₩ 651,544	\$ 576,180
April 1, 2012 ~ March 31, 2013	600,000	2,081	602,081	532,438
April 1, 2013 ~ March 31, 2014	-	2,386	2,386	2,110
Thereafter	100,000	10,940	110,940	98,108
	1,350,000	16,951	1,366,951	1,208,836
Less: discount on debentures	3,030	-	3,030	2,680
	<u>₩ 1,346,970</u>	<u>₩ 16,951</u>	<u>₩ 1,363,921</u>	<u>\$ 1,206,156</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 March 31, 2010.

Description	Korean Won (In millions)	Translation into U.S. Dollars (Note 2) (In thousands)
Hyundai Capital Service, Inc.	₩ 638,618	\$ 564,749
Hyundai Merchant Marine Co., Ltd.	187,216	165,561
Hyundai Rotem Company	290,118	256,560
Hyundai Motor America	192,236	170,000
Hyundai Motor Manufacturing Alabama LLC	627,719	555,111
Hyundai Capital America	849,271	751,036
Hyundai Motor India	282,700	250,000
Hyundai Motor Europe GmbH	80,870	71,516
Hyundai Motor Europe Technical Center GmbH	75,911	67,130
Hyundai Motor Manufacturing Rus LLC	299,695	265,029
Hyundai Motor Manufacturing Czech, s.r.o.	1,065,783	942,504
Hyundai Motor UK Ltd.	34,102	30,157
Hyundai Motor Commonwealth of Independent States	120,985	106,991
Hyundai Motor Japan Co.	24,354	21,537
Hyundai Motor Espana, S.L.	121,457	107,408
Hyundai Motor Company Italy S.r.l	45,546	40,278
HMJ R&D Center Inc.	6,697	5,921
Hyundai Motor Poland Sp.Zo.O.	15,182	13,426
Hyundai Translead	87,072	77,000
Smart Alabama LLC	135,696	120,000
Hyundai America Technical Center Inc.	22,616	20,000
Beijing Jingxian Motor Safeguard Service Co., Ltd.	4,523	4,000
Beijing Hines Millennium Real Estate Development Co., Ltd.	16,962	15,000
UTS	271,392	240,000
	<u>₩ 5,496,721</u>	<u>\$ 4,860,914</u>

- (2) As of March 31, 2010, 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 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 ₩109,490 million (US\$96,825 thousand) to the banks concerned as of March 31, 2010. 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 Hyundai 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 March 31, 2010, the amount of guarantee is ₩29,105 million (US\$25,738 thousand).
- (5) As of March 31, 2010, the outstanding balance of accounts receivable discounted with recourse amounts to ₩1,625,557 million (US\$1,437,528 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 March 31, 2010 will not have any material effect on its financial position.
- (7) The Company made an agreement with its European sales subsidiaries and agents for them to be responsible for projected costs for dismantling and recycling vehicles sold in corresponding countries to comply with European Parliament directive regarding End-of-Life vehicles (ELV).
- (8) In 2006, the Company sold 10,658,367 shares of Hyundai Rotem Company to MSPE Metro Investment AB and entered into a shareholders' agreement. MSPE Metro Investment AB is entitled to put option to sell those shares back to the Company in certain events (as defined) in accordance with the agreement.

14. ACCRUED WARRANTIES:

The changes in accrued warranties in current and non-current liabilities for the three months ended March 31, 2010 and 2009 are as follows:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Beginning of period	₩ 3,254,013	₩ 3,476,147	\$ 2,877,620	\$ 3,074,060
Accrual	156,376	171,599	138,288	151,750
Use	(115,157)	(103,154)	(101,837)	(91,222)
End of period	<u>₩ 3,295,232</u>	<u>₩ 3,544,592</u>	<u>\$ 2,914,071</u>	<u>\$ 3,134,588</u>

15. CAPITAL ADJUSTMENTS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
	(In millions)		(In thousands)	
Treasury stock	<u>₩ (813,545)</u>	<u>₩ (743,909)</u>	<u>\$ (719,442)</u>	<u>\$ (657,861)</u>

For the stabilization of stock price, the Company has treasury stock consisting of 11,003,110 common shares and 2,950,960 preferred shares with a carrying value of ₩813,545 million (US\$719,442 thousand) as of March 31, 2010, and 11,213,999 common shares and 2,950,960 preferred shares with a carrying value of ₩743,909 million (US\$657,861 thousand) as of December 31, 2009.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
	(In millions)		(In thousands)	
Gain on valuation of available-for-sale securities, net	₩ 493,771	₩ 368,745	\$ 436,656	\$ 326,092
Gain on valuation of investment securities accounted for using the equity method, net	50,890	194,553	45,004	172,048
Loss on valuation of derivatives, net	<u>(45,558)</u>	<u>(76,660)</u>	<u>(40,288)</u>	<u>(67,792)</u>
	<u>₩ 499,103</u>	<u>₩ 486,638</u>	<u>\$ 441,372</u>	<u>\$ 430,348</u>

17. STATEMENTS OF COMPREHENSIVE INCOME:

Statements of comprehensive income for the three months ended March 31, 2010 and 2009 consist of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Net income	₩ 1,127,203	₩ 224,980	\$ 996,819	\$ 198,956
Other comprehensive income (loss):				
Gain on valuation of available-for-sale securities, net of deferred tax effect of ₩35,703 million and ₩1,270 million as of March 31, 2010 and 2009, respectively	125,026	4,502	110,564	3,981
Gain (loss) on valuation of investment securities accounted for using the equity method, net of deferred tax effect of ₩24,239 million and ₩69,322 million as of March 31, 2010 and 2009, respectively	(143,663)	242,584	(127,045)	214,524
Gain (loss) on valuation of derivatives, net of deferred tax effect of ₩9,930 million and ₩3,040 million as of March 31, 2010 and 2009, respectively	<u>31,102</u>	<u>(12,882)</u>	<u>27,504</u>	<u>(11,392)</u>
Comprehensive income	<u>₩ 1,139,668</u>	<u>₩ 459,184</u>	<u>\$ 1,007,842</u>	<u>\$ 406,069</u>

18. RETAINED EARNINGS:

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

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	March 31,	December 31,	March 31,	December 31,
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Appropriated:				
Legal reserve	₩ 333,890	₩ 302,170	\$ 295,269	\$ 267,218
Reserve for business rationalization	545,800	545,800	482,667	482,667
Reserve for improvement of financial structure	98,947	98,947	87,502	87,502
Reserve for overseas market development	48,800	48,800	43,155	43,155
Reserve for technology development	<u>13,643,100</u>	<u>11,183,100</u>	<u>12,064,998</u>	<u>9,889,547</u>
	14,670,537	12,178,817	12,973,591	10,770,089
Before appropriations	<u>1,108,333</u>	<u>2,812,295</u>	<u>980,131</u>	<u>2,486,997</u>
	<u>₩ 15,778,870</u>	<u>₩ 14,991,112</u>	<u>\$ 13,953,722</u>	<u>\$ 13,257,086</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, improvement of financial structure, overseas market development, and technological development are voluntary reserves, which are available for the payment of dividends.

Appropriations of retained earnings for the year ended December 31, 2009 were approved at the shareholders' meeting on March 12, 2010 and the appropriations including the cash dividends of ₩317,199 million (US\$280,508 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 ended March 31, 2010 and 2009 is computed as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions, except per share amounts)		(In thousands, except per share amounts)	
Net income	₩ 1,127,203	₩ 224,980	\$ 996,819	\$ 198,956
Expected dividends on preferred stock	(259,381)	(52,538)	(229,378)	(46,460)
Net income available to common share	867,822	172,442	767,441	152,496
Weighted average number of common shares outstanding (*)	208,821,908	209,244,738	208,821,908	209,244,738
Basic earnings per common share	₩ 4,156	₩ 824	\$ 3.68	\$ 0.73

(*) Weighted average number of common shares outstanding includes transactions pertaining to purchase and disposal of treasury shares.

Diluted earnings per common share for three months ended March 31, 2010 and 2009 is not computed as there is no dilutive effect.

20. INCOME TAX EXPENSE AND DEFERRED INCOME TAX ASSETS:

Income tax expense for the three months ended March 31, 2010 and 2009 consists of the following:

Description	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Income tax currently payable	₩ 178,915	₩ 85,021	\$ 158,220	\$ 75,187
Changes in deferred taxes due to:				
Temporary differences	75,265	41,406	66,559	36,617
Income tax charged or credited to equity	(24,595)	(11,433)	(21,750)	(10,111)
Deferred tax charged or credited to equity	(17,049)	(63,890)	(15,077)	(56,500)
Income tax expense	₩ 212,536	₩ 51,104	\$ 187,952	\$ 45,193

For the three months ended March 31, 2010 and 2009, 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 U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Income before income tax	₩ 1,339,739	₩ 276,084	\$ 1,184,771	\$ 244,149
Income tax expenses calculated at current applicable tax rates of 24.2% in 2010 and 2009	324,190	66,788	286,691	59,063
Adjustments:				
Non-taxable income	(21,398)	(1,595)	(18,923)	(1,411)
Disallowed expenses	430	41	380	36
Tax credits	(35,208)	(41,168)	(31,135)	(36,406)
Tax effects of temporary differences	(36,614)	(3,429)	(32,379)	(3,032)
Other	(18,864)	30,467	(16,682)	26,943
Income tax expense	₩ 212,536	₩ 51,104	\$ 187,952	\$ 45,193

21. RELATED PARTY TRANSACTIONS:

(1) The consolidated subsidiaries as of March 31, 2010 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 Corporation, Hyundai Powertech Co., Ltd., Hyundai WIA Corporation, Dymos Inc., Automobile Industrial Ace Corporation, Hyundai Rotem Company, Haevichi Hotel &Resort Co., Ltd., METIA Corporation, M.Seat, Autoever Systems Co., Ltd., Partecs Co., Ltd., M & Soft Co., Ltd., KIA Tigers Co., Ltd., NGVTEK.com, Haevichi Country Club Co., Ltd., Carnes Co., Ltd., Hyundai Commercial Inc., HMC Win-Win Fund and Green Air Co., Ltd.
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 (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), Hyundai Auto Canada Captive Insurance Incorporation (HACCII), Hyundai Motor Japan R&D Center Inc. (HMJ R&D), Innocean Worldwide Americas, LLC (IWA), Hyundai de Mexico, S.A. de C.V. (HYMEX), Stampted Metal America Research Technology Inc. (SMARTI), Stampted Metal America Research Technology LLC, China Millenium Corporation (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.zo.O. (KMP), KIA Motors Europe GmbH (KME), Kia Motors Slovakia s.r.o. (KMS), Kia Motors Slovensko s.r.o. (KMSS), KIA Motors Belgium N.V. (KMBI), KIA Motors Czech s.r.o. (KMCZ), KIA Motors (UK) Ltd. (KMUK), KIA Motors Austria GmbH (KMAS), KIA Motors Hungary Kft (KMH), Kia Motors Iberia (KMIB), Kia Motors Sweden AB (KMSW), Kia Automobiles France (KMF), Kia Motors Australia Pty Ltd. (KMAU), Kia Motors Russian (KMR), Hyundai Powertech Manufacturing America Inc. (PTA), Dong Feng Yueda Kia Motors, Yanji Kia Motors A/S and Repair, Hysco America Co. Inc., Hyundai Hysco USA 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., Hyundai WIA Automotive Engine (ShanDong) Company, Hyundai WIA Motor Dies (Shandong) Company, Hyundai WIA Trading (Zhang Jia Gang Free Trade Zone) Co., Ltd., Dymos Czech Republic s.r.o., Rotem Equipments (Beijing) Co., Ltd., EUROTEM, AutoeverSystems China Co., Ltd., Autoever Systems Europe GmbH (ASE), Rotem USA Corporation, Kia Motors New Zealand Ltd. (KMNZ), Hyundai Auto Canada Corp. (HACC), Kia Motors Manufacturing Georgia, Inc. (KMMG), Hyundai Motor India Engineering (HMIE), Hysco Czech s.r.o., Hyundai Motor Manufacturing Rus LLC (HMMR), Hyundai Auto Czech s.r.o. (HMCZ), Hyundai Motor Company Italy S.r.l (HMCI), Hyundai Motor Espana, SL.U (HMES), Hyundai Motor Brasil Montadora de Automoveis LTDA (HMMB), Dymos Lear India Private Ltd., Autoever Systems India Pvt. Ltd., MAINTRANCE and Hyundai Rotem Automotive

- (2) Significant transactions with subsidiaries and affiliates for the three months ended March 31, 2010 are as follows:

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 133,588	₩ 133,812	\$ 118,136	\$ 118,334
Hyundai Capital Service Inc.	248,634	8,848	219,874	7,825
Hyundai WIA Corporation	58,619	74,929	51,839	66,262
Hyundai HYSCO	1,862	53,071	1,647	46,932
Hyundai Powertech Co., Ltd.	1,153	90,215	1,020	79,780
METIA Corporation	299	14,957	264	13,227
KEFICO Corporation	126	86,444	111	76,445
Haevichi Hotel & Resort Co., Ltd.	122	3,892	108	3,442
Hyundai Card Co., Ltd.	80	22,153	71	19,591
Hyundai Rotem Company	406	558	359	493
Autoever Systems Corporation	50	45,233	44	40,001
Dymos Inc.	110	124,562	97	110,154
Partecs Co., Ltd	4	6,108	4	5,401
Automobile Industrial Ace	2	1,095	2	968
Hyundai Commercial Inc.	1	618	1	547
NGVTEK.com	-	1,222	-	1,081
Carnes Co., Ltd.	-	1,040	-	920
Hyundai Motor America	791,773	230	700,188	203
Hyundai Auto Canada Corporation	343,648	-	303,898	-
Hyundai Motor Company Australia	282,727	-	250,024	-
Hyundai Motor India	196,994	552	174,208	488
Hyundai Motor Group (China) Ltd.	157,488	-	139,271	-
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	87,943	-	77,771	-
Hyundai Motor Europe GmbH	85,330	-	75,460	-
Hyundai Motor Commonwealth of Independent States	84,822	-	75,011	-
Hyundai Motor Manufacturing Rus LLC	19,294	-	17,062	-
Hyundai Motor Manufacturing Alabama, LLC	11,281	87	9,976	77
Hyundai Motor Manufacturing Czech, s.r.o.	11,833	-	10,464	-
Hyundai Auto Czech s.r.o.	4,361	-	3,857	-
Hyundai Motor Norway AS	4,303	-	3,805	-
Hyundai Motor Poland Sp.Zo.O	628	-	555	-
Hyundai Motor Japan Co.	19	137	17	121
Hyundai America Technical Center Inc.	17	17,837	15	15,774
Hyundai Motor Europe Technical Center	23	10,527	20	9,309
Other	648	550	573	486
Affiliates:				
Hyundai MOBIS Co., Ltd.	185,678	947,191	164,201	837,629
Hyundai Steel Company	3,420	3,156	3,024	2,791
Beijing-Hyundai Motor Company	137,661	987	121,738	873
Glovis Co., Ltd.	66,862	130,130	59,128	115,078
Iljin Bearing Co., Ltd.	5	4,068	4	3,597
EUKOR Car Carriers, Inc.	61	104,756	54	92,639
HMJ R&D Center Inc.	-	1,358	-	1,201
Other	134	322	119	285
Others:				
Hyundai AMCO Co., Ltd.	4,023	32,388	3,558	28,642
Samwoo Co., Ltd.	126	76,064	111	67,266

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions)		(In thousands)	
BNG Steel Co., Ltd.	₩ 98	₩ 21,596	\$ 87	\$ 19,098
Innocean Worldwide, Inc.	16	9,460	14	8,366
IHL Corp.	5	16,634	4	14,710
Wisco Co., Ltd.	2	28,937	2	25,590
Other	70	7,728	61	6,832
	<u>₩ 2,926,349</u>	<u>₩ 2,083,452</u>	<u>\$ 2,587,857</u>	<u>\$ 1,842,458</u>

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

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Subsidiaries:				
Kia Motors Corporation	₩ 211,875	₩ 229,073	\$ 187,367	\$ 202,576
Hyundai Capital Service Inc.	134,777	5,304	119,187	4,690
Hyundai WIA Corporation	66,739	81,982	59,019	72,499
Hyundai HYSKO	3,578	65,975	3,164	58,344
Hyundai Powertech Co., Ltd.	1,773	125,558	1,568	111,035
METIA Corporation	92	18,018	81	15,934
KEFICO Corporation	8,935	82,505	7,901	72,962
Haevichi Hotel & Resort Co., Ltd.	34,133	1,241	30,185	1,097
Hyundai Card Co., Ltd.	65,663	128,287	58,068	113,448
Hyundai Rotem Company	114	19,341	101	17,104
Autoever Systems Corporation	1,509	70,233	1,334	62,109
Dymos Inc.	5,131	166,716	4,537	147,432
Partecs Co., Ltd.	2	8,659	2	7,657
Hyundai Commercial Inc.	5,534	307	4,894	271
NGVTEK.com	5,577	4,506	4,932	3,985
Hyundai Motor America	177,592	16,993	157,050	15,027
Hyundai Auto Canada Corporation	38,496	3,860	34,043	3,414
Hyundai Motor Company Australia	91,861	527	81,235	466
Hyundai Motor India	64,419	236	56,968	209
Hyundai Motor Group (China) Ltd.	30,039	-	26,564	-
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	89,623	10,824	79,256	9,572
Hyundai Motor Europe GmbH	13,859	100	12,256	88
Hyundai Motor Commonwealth of Independent States	47,246	747	41,781	661
Hyundai Motor Manufacturing Rus LLC	19,172	-	16,954	-
Hyundai Motor Manufacturing Alabama, LLC	23,900	76	21,135	67
Hyundai Motor Manufacturing Czech	14,708	17	13,007	15
Hyundai Auto Czech, s.r.o.	1,817	36	1,607	32
Hyundai Motor Poland Sp. Zo.O	17	-	15	-
Hyundai America Technical Center Inc.	-	6,699	-	5,924
Hyundai Motor Europe Technical Center	-	4,194	-	3,709
Hyundai Motor Company Italy S.r.l	11	122	10	108
Other	3,831	5,372	3,389	4,751
Affiliates:				
Hyundai MOBIS Co., Ltd.	227,272	1,080,608	200,983	955,614
Hyundai Steel Company	674	25,087	596	22,185
Beijing-Hyundai Motor Company	88,806	413	78,534	365
Glovis Co., Ltd.	20,779	83,332	18,375	73,693
EUKOR Car Carriers, Inc.	3,415	40,849	3,020	36,124
HMJ R&D Center Inc.	1	399	1	353

The companies	Korean Won		Translation into U.S. Dollars (Note 2)	
	Receivables	Payables	Receivables	Payables
	(In millions)		(In thousands)	
Other	₩ 207	₩ 5,068	\$ 184	\$ 4,482
Others:				
Hyundai AMCO Co., Ltd.	947	42,742	837	37,798
Samwoo Co., Ltd.	566	88,954	501	78,665
BNG Steel Co., Ltd.	-	23,756	-	21,008
Innocean Worldwide, Inc.	1,861	55,054	1,646	48,686
IHL Corp.	301	15,045	266	13,305
Wistco Co., Ltd.	583	30,527	516	26,996
Other	8,048	370	7,118	326
	<u>₩ 1,515,483</u>	<u>₩ 2,549,712</u>	<u>\$ 1,340,187</u>	<u>\$ 2,254,786</u>

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

Description	Translation into U.S. Dollars (Note 2)	
	Korean Won (In millions)	U.S. Dollars (Note 2) (In thousands)
Short-term salaries	₩ 16,667	\$ 14,739
Severance benefits	23,768	21,019
	<u>₩ 40,435</u>	<u>\$ 35,758</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 March 31, 2010 and December 31, 2009, the Company deferred the net loss of ₩60,103 million (US\$53,151 thousand) and ₩101,135 million (US\$89,437 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 20 months from March 31, 2010. Of the net income on valuation recorded as accumulated other comprehensive income as of March 31, 2010 amounting to ₩1,324 million (US\$1,171 thousand) is expected to be realized and charged to current operations within one year from March 31, 2010.

For the three months ended March 31, 2010 and 2009, the Company recognized the net income of ₩31,839 million (US\$28,156 thousand) and the net loss of ₩24,522 million (US\$21,686 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 ended March 31, 2010 and 2009 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Domestic sales	₩ 4,032,728	₩ 2,720,848	\$ 3,566,261	\$ 2,406,127
Export sales - Vehicle products				
North America	1,135,408	1,054,613	1,004,075	932,626
Europe	240,275	328,024	212,482	290,081
South America	631,323	375,827	558,298	332,355
Asia & Pacific	648,091	421,434	573,126	372,686
Middle Asia & Africa	919,617	813,869	813,245	719,729
	3,574,714	2,993,767	3,161,226	2,647,477
Export sales - Other	810,800	317,338	717,014	280,631
Export sales	4,385,514	3,311,105	3,878,240	2,928,108
 Total sales	 ₩ 8,418,242	 ₩ 6,031,953	 \$ 7,444,501	 \$ 5,334,235

24. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months ended March 31, 2010 and 2009 are as follows:

	Korean Won		Translation into U.S. Dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
Salary-related costs	₩ 315,191	₩ 304,980	\$ 278,732	\$ 269,703
Export costs	169,450	171,327	149,850	151,510
Overseas market development	174,951	196,645	154,714	173,899
Advertisement	33,077	28,076	29,251	24,828
Sales commissions	137,573	104,020	121,660	91,988
Sales warranties	25,420	20,849	22,480	18,437
Provision for warranties	156,376	171,599	138,288	151,750
Freight and warehousing	24,650	20,833	21,799	18,423
Service charges	53,028	40,399	46,894	35,726
Research	94,041	59,426	83,163	52,552
Other	87,121	73,332	77,044	64,850
	₩ 1,270,878	₩ 1,191,486	\$ 1,123,875	\$ 1,053,666

25. FOREIGN CURRENCY DENOMINATED ASSETS AND LIABILITIES:

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

	<u>Foreign currencies</u>				<u>Korean Won</u>			
	<u>March 31,</u>		<u>December 31,</u>		<u>March 31,</u>		<u>December 31,</u>	
	<u>2010</u>		<u>2009</u>		<u>2010</u>		<u>2009</u>	
	<u>(In thousands)</u>				<u>(In millions)</u>			
Assets	US\$	945,590	US\$	842,568	₩	1,069,274	₩	983,782
	JP ¥	133,301	JP ¥	32,732		1,623		413
	GBP	1,167	GBP	856		1,989		1,607
	CAD	34,611	CAD	6,421		38,405		7,108
	EUR	256,197	EUR	131,085		388,961		219,472
	AUD	76,592	AUD	42,744		79,607		44,670
	AED	200,631	AED	300,524		61,768		95,528
					₩	<u>1,641,627</u>	₩	<u>1,352,580</u>
Liabilities	US\$	256,543	US\$	249,156	₩	290,099	₩	290,915
	JP ¥	22,651,618	JP ¥	20,307,033		275,824		256,441
	GBP	7,753	GBP	6,176		13,219		11,596
	CAD	5,488	CAD	6,262		6,090		6,932
	AUD	7,070	AUD	4,598		7,348		4,805
	EUR	174,199	EUR	201,699		264,471		337,700
	SGD	-	SGD	1		-		1
	CHF	621	CHF	880		658		992
	DKK	107	DKK	845		22		190
	SEK	371	SEK	2,628		58		429
	AED	30,822	AED	876		9,489		278
	HKD	5	HKD	1		1		-
	NOK	339	NOK	2,125		64		428
					₩	<u>867,343</u>	₩	<u>910,707</u>

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.

The items expected to significantly influence on the Company among GAAP differences between K-IFRS and K-GAAP are employee benefits, borrowing costs, investment property, income tax, disclosures of financial instruments and others, and these items may be changed depending on the additional analysis in the future.