

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

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

We have reviewed the accompanying consolidated financial statements of Hyundai Motor Company (the "Company") and its subsidiaries. The consolidated financial statements consist of the consolidated statements of financial position as of March 31, 2012 and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three months ended March 31, 2012 and 2011, respectively, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Independent accountant's responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our reviews. We did not review the financial statements of certain subsidiaries, including Hyundai Capital Services, Inc., whose statements reflect 39.0% and 43.5% of the consolidated total assets as of March 31, 2012 and December 31, 2011, respectively, and 41.1% and 37.4% of the consolidated total sales for the three months ended March 31, 2012 and 2011, respectively. Those statements were reviewed by other auditors whose reports have been furnished to us, and our conclusion, insofar as it relates to the amounts included for those entities, is based solely on the conclusions of the other auditors.

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

Review conclusion

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

Others

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

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

Deloitte Anjin LLC

May 23, 2012

Notice to Readers

This report is effective as of May 23, 2012, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the accountants' review report.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES (the “Group”)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

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

Kim, Choong Ho
CEO, HYUNDAI MOTOR COMPANY

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2012 AND DECEMBER 31, 2011

<u>ASSETS</u>	<u>NOTES</u>	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	18	₩ 7,284,654	₩ 6,231,946
Short-term financial instruments	18	9,895,374	9,182,575
Trade notes and accounts receivable	3,18	4,035,495	3,845,517
Other receivables	4,18	2,486,488	2,240,482
Other financial assets	5,18	153,965	356,444
Inventories	6	7,135,853	6,237,752
Other assets	7,18	1,354,394	1,137,862
Current tax assets		31,373	36,084
Financial services receivables	12,18	<u>19,587,621</u>	<u>19,657,688</u>
Total current assets		<u>51,965,217</u>	<u>48,926,350</u>
Non-current assets:			
Long-term financial instruments	18	921,554	211,540
Long-term trade notes and accounts receivable	3,18	68,293	76,843
Other receivables	4,18	1,003,479	987,207
Other financial assets	5,18	1,943,440	1,897,943
Other assets	7,18	1,469	1,288
Property, plant and equipment	8	19,825,004	19,548,048
Investment property	9	278,664	282,427
Intangibles	10	2,708,597	2,660,109
Investments in joint ventures and associates	11	12,179,900	11,709,238
Deferred tax assets		441,550	458,287
Financial services receivables	12,18	16,826,280	17,452,441
Operating lease assets	13	<u>5,878,860</u>	<u>5,268,254</u>
Total non-current assets		<u>62,077,090</u>	<u>60,553,625</u>
 Total assets		<u>₩ 114,042,307</u>	<u>₩ 109,479,975</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF MARCH 31, 2012 AND DECEMBER 31, 2011

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>NOTES</u>	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	18	₩ 6,941,615	₩ 6,666,406
Other payables	18	3,099,765	3,752,684
Short-term borrowings	14,18	9,224,740	7,880,014
Current portion of long-term debt and debentures	14,18	7,797,272	8,320,194
Income tax payable		1,391,435	925,519
Provisions	15	1,670,980	1,686,161
Other financial liabilities	16,18	437,174	455,914
Other liabilities	17,18	<u>4,626,067</u>	<u>3,476,616</u>
Total current liabilities		<u>35,189,048</u>	<u>33,163,508</u>
Non-current liabilities:			
Long-term other payables	18	26,125	29,471
Debentures	14,18	24,115,576	23,654,325
Long-term debt	14,18	3,161,256	3,484,127
Defined benefit obligations	32	710,670	648,639
Provisions	15	5,103,912	4,960,992
Other financial liabilities	16,18	201,226	200,197
Other liabilities	17,18	1,506,061	1,537,003
Deferred tax liabilities		<u>1,591,147</u>	<u>1,474,011</u>
Total non-current liabilities		<u>36,415,973</u>	<u>35,988,765</u>
Total liabilities		<u>71,605,021</u>	<u>69,152,273</u>
Shareholder's equity:			
Capital stock	19	1,488,993	1,488,993
Capital surplus	20	4,112,212	4,114,010
Other capital items	21	(1,128,779)	(1,128,779)
Accumulated other comprehensive income	22	447,344	375,281
Retained earnings	23	<u>34,081,059</u>	<u>32,263,528</u>
Equity attributable to the owners of the Parent Company		<u>39,000,829</u>	<u>37,113,033</u>
Non-controlling interests		<u>3,436,457</u>	<u>3,214,669</u>
Total shareholder's equity		<u>42,437,286</u>	<u>40,327,702</u>
Total liabilities and shareholder's equity		<u>₩ 114,042,307</u>	<u>₩ 109,479,975</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

	<u>NOTES</u>	<u>Three months ended March 31,</u>	
		<u>2012</u>	<u>2011</u>
		(In millions of Korean Won, except per share amounts)	
Sales	24,37	₩ 20,164,920	₩ 18,233,361
Cost of sales	29	<u>15,526,045</u>	<u>14,076,461</u>
Gross profit		4,638,875	4,156,900
Selling and administrative expenses	25,29	2,548,097	2,434,347
Other operating income	26	452,192	318,829
Other operating expenses	26,29	<u>260,375</u>	<u>213,911</u>
Operating income		2,282,595	1,827,471
Gain on investments in joint ventures and associates, net	27	779,286	572,017
Finance income	28	273,962	254,032
Finance expenses	28	<u>187,655</u>	<u>188,900</u>
Income before income tax		3,148,188	2,464,620
Income tax expense	31	<u>696,735</u>	<u>587,849</u>
Profit for the period		<u>₩ 2,451,453</u>	<u>₩ 1,876,771</u>
Profit attributable to:			
Owners of the Parent Company		2,300,509	1,751,514
Non-controlling interests		150,944	125,257
Earnings per share attributable to the owners of the Parent Company:	30		
Basic earnings per common share		<u>₩ 8,468</u>	<u>₩ 6,446</u>
Diluted earnings per common share		<u>₩ 8,468</u>	<u>₩ 6,446</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

	Three months ended March 31,	
	<u>2012</u>	<u>2011</u>
	(In millions of Korean Won)	
Profit for the period	₩ 2,451,453	₩ 1,876,771
Other comprehensive income (expenses)		
Gain on valuation of available-for-sale financial assets, net	47,538	143,113
Gain on valuation of cash flow hedge derivatives, net	30,638	78,478
Changes in valuation of equity-accounted investees, net	(26,965)	41,523
Actuarial gain on defined benefit obligations, net	11,104	6,637
Gain (loss) on foreign operations translation, net	<u>31,711</u>	<u>(70,911)</u>
Total other comprehensive income	<u>94,026</u>	<u>198,840</u>
Total comprehensive income	<u>₩ 2,545,479</u>	<u>₩ 2,075,611</u>
Comprehensive income attributable to:		
Owners of the Parent Company	2,369,699	1,921,402
Non-controlling interests	<u>175,780</u>	<u>154,209</u>
Total comprehensive income	<u>₩ 2,545,479</u>	<u>₩ 2,075,611</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

	Capital stock	Capital surplus	Other Capital Items	Accumulated other comprehensive income	Retained earnings	Total	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2011	₩ 1,488,993	₩ 3,900,935	₩ (918,214)	₩ 409,914	₩ 25,216,163	₩30,097,791	₩ 2,790,182	₩32,887,973
Comprehensive income:								
Profit for the period					1,751,514	1,751,514	125,257	1,876,771
Gain on valuation of available-for-sale financial assets, net				143,017		143,017	96	143,113
Gain on valuation of cash flow hedge derivatives, net				50,910		50,910	27,568	78,478
Changes in valuation of equity-accounted investees, net				38,182	3,296	41,478	45	41,523
Actuarial gain on defined benefit obligations, net					6,399	6,399	238	6,637
Gain (loss) on foreign operations translation, net				(71,916)		(71,916)	1,005	(70,911)
Total comprehensive Income				160,193	1,761,209	1,921,402	154,209	2,075,611
Transactions with owners, recorded directly in equity								
Payment of cash dividends					(412,227)	(412,227)	(45,423)	(457,650)
Other					732	732	(546)	186
Total transactions with owners, recorded directly in equity					(411,495)	(411,495)	(45,969)	(457,464)
Balance at March 31, 2011	₩ 1,488,993	₩ 3,900,935	₩ (918,214)	₩ 570,107	₩ 26,565,877	₩31,607,698	₩ 2,898,422	₩34,506,120

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HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

	Capital stock	Capital surplus	Other capital Items	Accumulated other comprehensive income	Retained earnings	Total	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2012	₩ 1,488,993	₩ 4,114,010	₩ (1,128,779)	₩ 375,281	₩ 32,263,528	₩37,113,033	₩ 3,214,669	₩40,327,702
Comprehensive income:								
Profit for the period					2,300,509	2,300,509	150,944	2,451,453
Gain on valuation of available-for-sale financial assets, net				47,265		47,265	273	47,538
Gain on valuation of cash flow hedge derivatives, net				15,547		15,547	15,091	30,638
Changes in valuation of equity-accounted investees, net				(12,974)	(13,981)	(26,955)	(10)	(26,965)
Actuarial gain (loss) on defined benefit obligations, net					11,108	11,108	(4)	11,104
Gain on foreign operations translation, net				22,225		22,225	9,486	31,711
Total comprehensive income				72,063	2,297,636	2,369,699	175,780	2,545,479
Transactions with owners, recorded directly in equity								
Payment of cash dividends					(480,105)	(480,105)	(38)	(480,143)
Increase in subsidiaries' stock		(1,798)				(1,798)	46,046	44,248
Total transactions with owners, recorded directly in equity		(1,798)			(480,105)	(481,903)	46,008	(435,895)
Balance at March 31, 2012	₩ 1,488,993	₩ 4,112,212	₩ (1,128,779)	₩ 447,344	₩ 34,081,059	₩39,000,829	₩ 3,436,457	₩42,437,286

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

	NOTES	Three months ended March 31,	
		2012	2011
(In millions of Korean Won)			
Cash flows from operating activities:			
Cash generated from operations:			
	33		
Profit for the period		₩ 2,451,453	₩ 1,876,771
Adjustments		1,429,089	988,921
Changes in operating assets and liabilities		<u>(1,911,698)</u>	<u>(1,568,940)</u>
		1,968,844	1,296,752
Interest received		154,181	111,185
Interest paid		(416,717)	(102,865)
Dividend received		24,449	106,577
Income tax paid		<u>(137,759)</u>	<u>(447,140)</u>
		<u>1,592,998</u>	<u>964,509</u>
Cash flows from investing activities:			
Cash inflows from investing activities:			
Proceeds from withdrawal of short-term financial instruments		2,106,399	1,670,991
Proceeds from disposal of other financial assets		22,440	2,163
Proceeds from disposal of other receivables		68,580	54,052
Proceeds from disposal of property, plant and equipment		33,587	48,268
Proceeds from disposal of intangible assets		1,478	199
Proceeds from disposal of investments in joint ventures and associates		220,871	-
Other cash receipts from investing activities		<u>1,872</u>	<u>36,623</u>
		<u>2,455,227</u>	<u>1,812,296</u>
Cash outflows from investing activities:			
Purchase of short-term financial instruments		2,641,997	430,802
Acquisition of other financial assets		19,145	143,046
Acquisition of other receivables		69,187	335,217
Purchase of long-term financial instruments		920,000	-
Acquisition of investments in subsidiaries		182,796	-
Acquisition of investments in joint ventures and associates		102,424	10,809
Acquisition of property, plant and equipment		626,882	462,273
Acquisition of intangible assets		145,434	152,703
Other cash payments from investing activities		<u>-</u>	<u>44,078</u>
		<u>(4,707,865)</u>	<u>(1,578,928)</u>
		<u>(2,252,638)</u>	<u>233,368</u>

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HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

	NOTES	Three months ended March 31,	
		2012	2011
(In millions of Korean Won)			
Cash flows from financing activities:			
Cash inflows from financing activities:			
Proceeds from short-term borrowings	₩	9,135,442	₩ 4,945,400
Proceeds from issue of debentures		3,970,769	3,958,457
Proceeds from long-term debt		80,239	79,138
Paid in capital increase in subsidiaries		<u>46,046</u>	<u>-</u>
		<u>13,232,496</u>	<u>8,982,995</u>
Cash outflows from financing activities:			
Repayment of short-term borrowings		8,869,342	5,987,000
Repayment of current portion of long-term debt and debentures		111,378	137,445
Repayment of debentures		2,546,229	1,765,207
Repayment of long-term debt		55,110	138,006
Dividends paid		38	44
Other cash payments from financing activities		<u>4,960</u>	<u>232</u>
		<u>(11,587,057)</u>	<u>(8,027,934)</u>
		<u>1,645,439</u>	<u>955,061</u>
Effect of exchange rate changes on cash and cash equivalents		66,909	(12,193)
Net increase in cash and cash equivalents		1,052,708	2,140,745
Cash and cash equivalents, beginning of the period		<u>6,231,946</u>	<u>6,215,815</u>
Cash and cash equivalents, end of the period	₩	<u>7,284,654</u>	₩ <u>8,356,560</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2011

1. GENERAL:

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

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

As of March 31, 2012, the major shareholders of the Company are Hyundai MOBIS (20.78%) and Chung, Mong Koo (5.17%).

(1) The Company’s consolidated subsidiaries as of March 31, 2012 are as follows:

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	56.47%	
Hyundai Card Co., Ltd.(*)	"	"	31.52%	
Hyundai Rotem Company	Manufacturing	"	57.64%	
Green Air Co., Ltd.	"	"	51.00%	Hyundai Rotem 51.00%
Hyundai Auto Electronics Co., Ltd. (Formerly, Hyundai Carnes Co., Ltd.)	R&D	"	60.00%	
Hyundai Partecs Company Ltd.	Manufacturing	"	56.00%	
Hyundai NGV Tech Co., Ltd.	Engineering	"	53.66%	
Maintrans Co., Ltd.	Services	"	80.00%	Hyundai Rotem 80.00%
Jeonbuk Hyundai Motors FC Co., Ltd.	Football Club	"	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	"	94.30%	HMA 94.30%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	"	100.00%	HMA 100.00%
Hyundai Translead, Inc. (HT)	"	"	100.00%	
Stamped Metal American Research Technology, Inc. (SMARTI)	Holding company	"	72.45%	HMA 72.45%
Stamped Metal American Research Technology LLC	Manufacturing	"	100.00%	SMARTI 100.00%
Hyundai America Technical Center Inc. (HATCI)	R&D	"	100.00%	
Rotem USA Corporation	Manufacturing	"	100.00%	Hyundai Rotem 100.00%
Hyundai Auto Canada Corp. (HAC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Incorporation (HACCI)	Insurance	"	100.00%	HAC 100.00%
Hyundai Motor India (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	"	100.00%	HMI 100.00%
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	"	100.00%	
Beijing Jinxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	"	"	100.00%	BJMSS 100.00%
Beijing Xinhuaqiyuetong Motor China Co., Ltd.	"	"	100.00%	BJMSS 100.00%

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

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	Financing	USA	100.00%	HCA 100%
Hyundai HK Lease, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"

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

(2) Condensed financial information of the Company's major consolidated subsidiaries as of and for the three months ended March 31, 2012 is as follows :

Name of subsidiaries	Assets	Liabilities	Sales	Net income (loss)
	(In millions of Korean Won)			
Hyundai Capital Services, Inc.(*)	₩ 21,942,230	₩ 19,129,466	₩ 916,237	₩ 129,070
Hyundai Card Co., Ltd.(*)	10,872,760	8,796,081	615,422	74,998
Hyundai Rotem Company(*)	3,618,184	2,480,111	675,699	25,142
HCA	16,298,168	14,827,094	601,527	69,843
HMA	6,326,911	3,527,903	4,079,080	117,200
HMMC	3,009,390	1,997,469	1,513,087	149,929
HMMA	2,746,438	1,360,552	1,618,312	95,145
HMI(*)	2,455,982	1,396,589	1,250,871	59,121
HME	1,847,533	1,804,979	1,856,351	537
HMMR	1,440,297	926,503	714,558	91,797
HMCIS	1,071,046	932,811	895,378	69,185
HMD	1,052,642	960,707	383,724	(6,493)
HAC(*)	917,679	520,016	708,369	33,199
HMCA	716,029	487,549	557,948	13,071
HAOSVT	693,350	568,324	322,092	6,415
HMUK	610,292	567,950	309,253	3,163
HT(*)	426,701	303,593	142,589	5,021
HMCI	425,833	401,511	235,109	(439)
HMES	332,859	267,093	139,585	(1,232)
HMF	259,859	188,708	182,184	2,335
HMP	196,694	151,483	66,558	3,657
HMCZ	114,352	82,063	82,234	(440)

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

(3) Changes in consolidated subsidiaries

Subsidiaries newly included in consolidation for the three months ended March 31, 2012 are as follows:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

(1) Basis of consolidated financial statements presentation

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

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

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

- K-IFRS 1107(Revised): ‘Financial Instruments: Disclosures’

The amendment requires to provide the required disclosures for all transferred assets that are not derecognized and for any continuing involvement in a transferred asset. The effect of the amendments related to disclosures is not significant on the Group’s interim consolidated financial statements.

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

- K-IFRS 1019(Revised): ‘Employee Benefits’

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

- K-IFRS 1113(Amendment): ‘Fair Value Measurement’

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

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

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

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

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivables as of March 31, 2012 and December 31, 2011 consist of the following:

Description	March 31, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 4,064,483	₩ 73,398	₩ 3,885,863	₩ 82,628
Allowance for doubtful accounts	(28,988)	-	(40,346)	-
Present value discount accounts	-	(5,105)	-	(5,785)
	<u>₩ 4,035,495</u>	<u>₩ 68,293</u>	<u>₩ 3,845,517</u>	<u>₩ 76,843</u>

(2) Aging analysis of trade notes and accounts receivables

As of March 31, 2012 and December 31, 2011, total trade notes and accounts receivables that are past due but not impaired are ₩327,293 million and ₩293,025 million, respectively; of which trade notes and accounts receivables that are past due less than 90 days but not impaired are ₩248,433 million and ₩235,267 million, respectively. As of March 31, 2012 and December 31, 2011, the impaired trade notes and accounts receivables are ₩29,515 million and ₩40,853 million, respectively.

(3) The changes in allowance for doubtful accounts for the three months ended March 31, 2012 and 2011 are as follows:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Beginning of the period	₩ 40,346	₩ 30,355
Impairment loss	2,922	3,234
Write-off	(18,437)	-
Effect of foreign exchange differences	(1,200)	(499)
Changes in scope of consolidation	5,357	-
End of the period	<u>₩ 28,988</u>	<u>₩ 33,090</u>

4. OTHER RECEIVABLES:

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

Description	March 31, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accounts receivables-other	₩ 1,560,564	₩ 718,228	₩ 1,405,249	₩ 707,051
Due from customers for contract work	851,056	-	762,263	-
Lease and rental deposits	62,086	244,052	64,474	236,347
Deposits	8,432	26,630	8,283	29,354
Other	9,097	17,812	4,389	18,728
Allowance for doubtful accounts	(4,747)	-	(4,176)	-
Present value discount accounts	-	(3,243)	-	(4,273)
	<u>₩ 2,486,488</u>	<u>₩ 1,003,479</u>	<u>₩ 2,240,482</u>	<u>₩ 987,207</u>

5. OTHER FINANCIAL ASSETS:

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

Description	March 31, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Financial assets at fair value through profit or loss	₩ 19,673	₩ 70,804	₩ 18,645	₩ 72,448
Derivative assets that are effective hedging instruments	121,376	156,311	306,791	171,142
Available for sale financial assets	3,477	1,706,447	22,960	1,642,632
Loans	9,439	9,878	8,048	11,721
	<u>₩ 153,965</u>	<u>₩ 1,943,440</u>	<u>₩ 356,444</u>	<u>₩ 1,897,943</u>

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

Description	March 31, 2012			December 31, 2011
	Acquisition cost	Difference	Book value	Book value
(In millions of Korean Won)				
Debt instruments	₩ 5,258	₩ 93	₩ 5,351	₩ 24,739
Equity instruments	668,385	1,036,188	1,704,573	1,640,853
	<u>₩ 673,643</u>	<u>₩ 1,036,281</u>	<u>₩ 1,709,924</u>	<u>₩ 1,665,592</u>

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

Name of company	Ownership percentage (%)	March 31, 2012			December 31, 2011
		Acquisition cost	Difference	Book value	Book value
(In millions of Korean Won)					
Hyundai Heavy Industries Co., Ltd.	2.88	₩ 56,924	₩ 647,161	₩ 704,085	₩ 562,830
Hyundai Glovis Co., Ltd.	4.88	210,688	162,824	373,512	351,540
Korea Aerospace Industries, Co., Ltd.	10.00	151,086	132,079	283,165	385,514
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	76,363	130,097	130,097
Seoul Metro Line Nine Corporation (*)	25.00	41,779	-	41,779	41,779
Hyundai Green Food Co., Ltd.	2.36	15,005	20,072	35,077	37,270
Hyundai Merchant Marine Co., Ltd.	0.48	9,161	12,114	21,275	17,394
Doosan Capital Co., Ltd.	7.14	10,000	6,406	16,406	16,406
Hyundai Development Company	0.60	9,025	2,158	11,183	7,560
Hyundai Finance Corporation	9.29	9,888	906	10,794	10,427
Ubivelo Co., Ltd.	5.65	1,710	5,885	7,595	9,310
KT Corporation	0.09	8,655	(1,104)	7,551	8,559
Hyundai Asan Corporation	2.53	22,500	(18,261)	4,239	4,239
NICE Information Service Co., Ltd.	2.25	3,312	226	3,538	3,189
NICE Holdings Co., Ltd.	1.42	3,491	(949)	2,542	2,497
NESSCAP, Inc.	6.90	1,997	(262)	1,735	2,804
ENOVA Systems, Inc.	0.44	2,204	(2,134)	70	36
Other		57,226	(7,296)	49,930	49,402
		<u>₩ 668,385</u>	<u>₩ 1,036,188</u>	<u>₩ 1,704,573</u>	<u>₩ 1,640,853</u>

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

As of March 31, 2012, the difference between the book value and the acquisition cost of AFS equity instruments includes the cumulative impairment loss of ₩25,557 million.

6. INVENTORIES:

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

Description	March 31,		December 31,	
	2012		2011	
	(In millions of Korean Won)			
Finished goods	₩	4,089,079	₩	3,293,273
Merchandise		249,930		242,583
Semi-finished goods		371,630		332,892
Work in process		298,317		304,958
Raw materials		1,020,108		1,050,361
Supplies		174,438		173,195
Materials in transit		562,057		420,601
Other		370,294		419,889
	₩	<u>7,135,853</u>	₩	<u>6,237,752</u>

7. OTHER ASSETS:

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

Description	March 31, 2012		December 31, 2011	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩	330,688	₩	-
Advanced payments		436,924		-
Prepaid expenses		262,396		1,288
Prepaid value added tax and other		324,386		-
	₩	<u>1,354,394</u>	₩	<u>1,469</u>
			₩	<u>1,137,862</u>
			₩	<u>1,288</u>

8. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment for the three months ended March 31, 2012 are as follows:

Description	Beginning of the period		Acquisition	Acquisition from business combinations	Transfer	Disposal	Depreciation	Other (*)	End of the period							
	(In millions of Korean Won)															
Land	₩	5,637,917	₩	68,332	₩	-	₩	71,951	₩	(7,590)	₩	-	₩	562	₩	5,771,172
Buildings		4,269,581		45,310		-		42,321		(4,891)		(46,508)		16,127		4,321,940
Structures		543,372		853		285		9,758		(459)		(10,138)		4,697		548,368
Machinery and equipment		5,442,619		1,233		1		289,630		(1,551)		(174,812)		13,007		5,570,127
Vehicles		163,287		17,064		11,892		4,315		(3,268)		(8,568)		(648)		184,074
Dies, molds and tools		1,425,188		30,894		-		180,150		(1,584)		(129,884)		10,330		1,515,094
Office equipment		354,913		15,442		808		28,432		(634)		(35,521)		394		363,834
Other		52,412		1,157		4,112		3,069		(161)		(3,590)		(1,609)		55,390
Construction in progress		1,658,759		446,597		-		(629,626)		(2,650)		-		21,925		1,495,005
	₩	<u>19,548,048</u>	₩	<u>626,882</u>	₩	<u>17,098</u>	₩	<u>-</u>	₩	<u>(22,788)</u>	₩	<u>(409,021)</u>	₩	<u>64,785</u>	₩	<u>19,825,004</u>

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

The changes in property, plant and equipment for the three months ended March 31, 2011 are as follows:

Description	Beginning of the period	Acquisition	Transfer	Disposal	Depreciation	Other (*)	End of the period
(In millions of Korean Won)							
Land	₩ 5,667,851	₩ 3,706	₩ 7,477	₩ (40,079)	₩ -	₩ (15,842)	₩ 5,623,113
Buildings	4,335,818	12,680	28,528	(2,233)	(45,370)	(6,770)	4,322,653
Structures	546,936	935	16,102	(933)	(11,260)	6,201	557,981
Machinery and equipment	5,107,741	44,141	181,010	(1,613)	(162,474)	(12,880)	5,155,925
Vehicles	160,430	11,069	1,308	(5,729)	(8,537)	15,942	174,483
Dies, molds and tools	1,364,502	14,960	88,237	(222)	(121,119)	(23)	1,346,335
Office equipment	319,988	12,710	23,886	(272)	(31,964)	(294)	324,054
Other	6,985	4,523	13,963	(482)	(1,905)	549	23,633
Construction in progress	1,003,958	357,549	(360,511)	(858)	-	(2,648)	997,490
	<u>₩ 18,514,209</u>	<u>₩ 462,273</u>	<u>₩ -</u>	<u>₩ (52,421)</u>	<u>₩ (382,629)</u>	<u>₩ (15,765)</u>	<u>₩ 18,525,667</u>

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

9. INVESTMENT PROPERTY:

(1) The changes in investment property for the three months ended March 31, 2012 are as follows:

Description	Beginning of the period	Depreciation	Transfer	Effect of exchange differences	End of the period
(In millions of Korean Won)					
Land	₩ 46,757	₩ -	₩ -	₩ -	₩ 46,757
Buildings	221,334	(2,820)	-	(842)	217,672
Structures	14,336	(101)	-	-	14,235
	<u>₩ 282,427</u>	<u>₩ (2,921)</u>	<u>₩ -</u>	<u>₩ (842)</u>	<u>₩ 278,664</u>

The changes in investment property for the three months ended March 31, 2011 are as follows:

Description	Beginning of the period	Depreciation	Transfer	Effect of exchange differences	End of the period
(In millions of Korean Won)					
Land	₩ 32,159	₩ -	₩ 14,598	₩ -	₩ 46,757
Buildings	220,771	(2,710)	1,436	(1,495)	218,002
Structures	14,186	(98)	548	-	14,636
	<u>₩ 267,116</u>	<u>₩ (2,808)</u>	<u>₩ 16,582</u>	<u>₩ (1,495)</u>	<u>₩ 279,395</u>

(2) Income and expenses related to investment property for the three months ended March 31, 2012 and 2011 are as follows:

Description	Three months ended March 31,	
	2012	2011
(In millions of Korean Won)		
Rental income	₩ 8,016	₩ 6,404
Operating and maintenance expenses	3,108	1,923

10. INTANGIBLES:

(1) The changes in intangibles for the three months ended March 31, 2012 are as follows:

Description	Beginning of the period	Internal development and separate acquisition	Acquisition from business combination	Transfer	Disposal	Amortization	Other changes(*)	End of the period
(In millions of Korean Won)								
Goodwill	₩ 177,154	₩ -	₩ 93,498	₩ -	₩ -	₩ -	₩ 550	₩ 271,202
Development costs	1,848,032	105,728	-	12,641	-	(183,129)	874	1,784,146
Industrial property rights	22,777	24	228	3,290	-	(1,422)	189	25,086
Software	181,716	323	976	4,761	(27)	(13,846)	14,391	188,294
Other	290,099	19,340	-	13,519	(1,486)	(7,866)	780	314,386
Construction in progress	140,331	20,019	-	(34,211)	-	-	(656)	125,483
	<u>₩2,660,109</u>	<u>₩ 145,434</u>	<u>₩ 94,702</u>	<u>₩ -</u>	<u>₩ (1,513)</u>	<u>₩ (206,263)</u>	<u>₩ 16,128</u>	<u>₩ 2,708,597</u>

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

The changes in intangibles for the three months ended March 31, 2011 are as follows:

Description	Beginning of the period	Internal development and separate acquisition	Transfer	Disposal	Amortization	Impairment	Other changes(*)	End of the period
(In millions of Korean Won)								
Goodwill	₩ 177,607	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1,285	₩ 178,892
Development costs	1,943,466	119,251	7,196	-	(138,382)	(79,204)	3,201	1,855,528
Industrial property rights	21,027	3,997	1,721	-	(1,346)	-	42	25,441
Software	137,533	7,969	664	-	(10,576)	-	15,624	151,214
Other	273,778	9,262	-	(37)	(3,644)	-	(1,964)	277,395
Construction in progress	98,157	12,224	(9,581)	-	-	-	(1,241)	99,559
	<u>₩2,651,568</u>	<u>₩ 152,703</u>	<u>₩ -</u>	<u>₩ (37)</u>	<u>₩ (153,948)</u>	<u>₩ (79,204)</u>	<u>₩ 16,947</u>	<u>₩ 2,588,029</u>

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

(2) Research and development expenditure for the three months ended March 31, 2012 and 2011 are as follows:

Description	Three months ended March 31,	
	2012	2011
(In millions of Korean Won)		
Development costs	₩ 105,728	₩ 119,251
Ordinary development (manufacturing cost)	39,208	22,681
Research costs (administrative expenses)	136,385	109,171
	<u>₩ 281,321</u>	<u>₩ 251,103</u>

(3) Impairment test of goodwill

The recoverable amount of the Group's cash - generating unit ("CGU") are measured at its value-in-use. The value-in use are calculated based on cash flow projections of financial budgets for the next five years approved by management. Cash flows projection beyond the next five-year period are extrapolated by using the estimated growth rate which does not exceed the long-term average growth rate of the region to which the CGU belongs. No impairment loss is recognized based on the impairment test for the three months ended March 31, 2012 and 2011, respectively.

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

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

Name of company	Nature of business	Location	Ownership Percentage (%)	March 31,	December 31,
				2012	2011
				Book value	Book value
				(In millions of Korean Won)	
Beijing-Hyundai Motor Company (BHMC) (*3)	Manufacturing	China	50.00	₩ 1,663,256	₩ 1,553,871
Hyundai Motor Group China, Ltd. (HMGC) (*3)	Investment	"	50.00	146,462	128,318
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	"	22.00	84,033	81,260
Beijing Mobis Transmission Co., Ltd. (BMT)	"	"	24.08	65,862	64,575
Hyundai Powertech Manufacturing America (HPMA)	"	U.S.A	30.00	23,452	23,796
Hyundai Powertech (Shandong) Co., Ltd (PTS)	"	China	30.00	22,615	24,495
Innocean Worldwide Americas, LLC. (IWA)	Advertisement	U.S.A	30.00	8,159	11,027
Hyundai Information Service North America (HISNA)	Information technology	"	30.00	2,710	3,476
Global Engine Alliance, LLC. (GEA)	Manufacturing	"	33.33	1,829	1,865
Hyundai Capital Germany GmbH (HCGG)	Financing	Germany	40.01	1,367	1,065
Hyundai Capital Services UK Ltd. (HCUK)	"	UK	39.99	717	-
Hyundai Motor Deutschland GmbH (HMD) (*2)	Sales	Germany	100.00	-	30,026
Kia Motors Corporation	Manufacturing	Korea	33.88	4,860,788	4,565,683
Hyundai engineering & construction Co., Ltd.	Construction	"	20.95	3,018,679	3,011,421
Hyundai HYSCO Co., Ltd.	Manufacturing	"	29.37	570,415	449,438
Hyundai WIA Corporation	"	"	26.79	407,745	482,996
Hyundai Powertech Co., Ltd.	"	"	37.58	275,896	254,066
HMC Investment Securities Co., Ltd.	Securities Brokerage	"	26.27	215,026	210,511
Hyundai Dymos Inc.	Manufacturing	"	47.27	206,242	194,332
KEFICO Corporation (*3)	"	"	50.00	164,917	171,736
Hyundai Commercial Inc.	Financing	"	50.00	118,264	122,364
Eukor Car Carriers Inc. (*1)	Transportation	"	12.00	106,348	111,312
HK Mutual Savings Bank	Financing	"	20.00	47,871	45,735
Hyundai Autoever Corp.	Information technology	"	29.90	45,789	47,215
The Korea Economic Daily Co., Ltd.	Newspaper	"	20.55	32,130	32,220
Iljin Bearing Co., Ltd.	Manufacturing	"	20.00	23,244	22,928
Hyundai M & Soft Co., Ltd.	Information technology	"	31.84	20,895	19,963
HMC Win Win Fund	Investment association	"	33.33	18,589	18,589
Daesung Automotive Co., Ltd.	Manufacturing	"	20.00	16,166	15,841
Korea Credit Bureau Co., Ltd. (*1)	Financing	"	9.00	4,850	4,966
Haevichi Country Club., Ltd	Golf course operation	"	30.00	2,447	-
Seoul Line 9 Operation Co., Ltd.	Metro operation	"	20.00	1,388	1,159
Clair Pixel Co., Ltd. (*1)	Manufacturing	"	19.22	1,378	1,986
HI Network Inc. (*1)	Financing	"	19.99	371	1,003
				<u>₩ 12,179,900</u>	<u>₩ 11,709,238</u>

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

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

(*3) Joint venture.

(2) The changes in investments in joint ventures and associates for the three months ended March 31, 2012 are as follows:

Name of company	Beginning of the period	Acquisition /(Disposition)	Gain (loss) on valuation	Other changes (*)	End of the period
	(In millions of Korean Won)				
BHMC	₩ 1,553,871	₩ -	₩ 126,440	₩ (17,055)	₩ 1,663,256
HMGC	128,318	-	19,637	(1,493)	146,462
WAE	81,260	-	3,673	(900)	84,033
BMT	64,575	-	2,007	(720)	65,862
HPMA	23,796	-	(24)	(320)	23,452
PTS	24,495	-	(1,596)	(284)	22,615
IWA	11,027	-	1,686	(4,554)	8,159
HISNA	3,476	-	205	(971)	2,710
GEA	1,865	-	(12)	(24)	1,829
HCGG	1,065	-	-	302	1,367
HCUK	-	713	-	4	717
HMD	30,026	-	-	(30,026)	-
Kia Motors Corporation	4,565,683	-	397,593	(102,488)	4,860,788
Hyundai engineering & construction Co., Ltd.	3,011,421	-	9,778	(2,520)	3,018,679
Hyundai HYSCO Co., Ltd.	449,438	101,711	24,603	(5,337)	570,415
Hyundai WIA Corporation	482,996	(98,597)	29,522	(6,176)	407,745
Hyundai Powertech Co., Ltd.	254,066	-	21,879	(49)	275,896
HMC Investment Securities Co., Ltd.	210,511	-	1,648	2,867	215,026
Hyundai Dymos Inc.	194,332	-	8,786	3,124	206,242
KEFICO Corporation	171,736	-	3,517	(10,336)	164,917
Hyundai Commercial Inc.	122,364	-	8,216	(12,316)	118,264
Eukor Car Carriers Inc.	111,312	-	3,337	(8,301)	106,348
HK Mutual Savings Bank	45,735	-	2,158	(22)	47,871
Hyundai Autoever Corp.	47,215	-	1,701	(3,127)	45,789
The Korea Economic Daily Co., Ltd.	32,220	-	177	(267)	32,130
Iljin Bearing Co., Ltd.	22,928	-	541	(225)	23,244
Hyundai M & Soft Co., Ltd.	19,963	-	1,043	(111)	20,895
HMC Win Win Fund	18,589	-	-	-	18,589
Daesung Automotive Co., Ltd.	15,841	-	310	15	16,166
Korea Credit Bureau Co., Ltd.	4,966	-	(116)	-	4,850
Haevichi Country Club., Ltd.	-	-	(496)	2,943	2,447
Seoul Line 9 Operation Co., Ltd.	1,159	-	229	-	1,388
Clair Pixel Co., Ltd.	1,986	-	(608)	-	1,378
HI Network Inc.	1,003	-	101	(733)	371
	<u>₩ 11,709,238</u>	<u>₩ 3,827</u>	<u>₩ 665,935</u>	<u>₩ (199,100)</u>	<u>₩ 12,179,900</u>

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

The changes in investments in joint ventures and associates for the three months ended March 31, 2011 are as follows:

Name of company	Beginning of the period	Acquisition /(Disposition)	Gain (loss) on valuation	Other changes (*)	End of the period
(In millions of Korean Won)					
BHMC	₩1,231,700	₩ -	₩ 141,134	₩ (27,159)	₩1,345,675
HMGC	93,822	-	14,457	(2,338)	105,941
WAE	66,215	-	1,813	(1,404)	66,624
BMT	52,340	-	1,553	(1,111)	52,782
HPMA	22,682	-	324	(635)	22,371
PTS	11,004	10,809	-	(367)	21,446
IWA	7,866	-	916	(2,251)	6,531
HISNA	2,892	-	178	(458)	2,612
GEA	1,842	-	-	(51)	1,791
HCGG	1,367	-	-	10	1,377
HMD	34,755	-	(953)	1,126	34,928
KMMG	165,871	-	17,329	(4,821)	178,379
Kia Motors Corporation	3,242,033	-	303,578	(8,582)	3,537,029
Hyundai HYSCO Co., Ltd.	376,298	-	19,185	(5,618)	389,865
Hyundai WIA Corporation	377,072	-	17,239	24,581	418,892
Hyundai Powertech Co., Ltd.	216,242	-	11,731	(379)	227,594
HMC Investment Securities Co., Ltd.	198,317	-	1,855	986	201,158
Hyundai Dymos Inc.	159,887	-	6,619	10,149	176,655
KEFICO Corporation	155,077	-	6,905	(9,607)	152,375
Hyundai Commercial Inc.	90,043	-	9,088	(1,255)	97,876
Eukor Car Carriers Inc.	82,259	-	6,148	(7,047)	81,360
HK Mutual Savings Bank	42,849	-	2,725	103	45,677
Hyundai Autoever Corp.	39,969	-	1,743	(3,012)	38,700
The Korea Economic Daily Co., Ltd.	31,171	-	(427)	-	30,744
Iljin Bearing Co., Ltd.	20,602	-	524	(225)	20,901
Hyundai M & Soft Co., Ltd.	16,378	-	971	(142)	17,207
HMC Win Win Fund	18,131	-	89	-	18,220
Daesung Automotive Co., Ltd.	14,731	-	122	(488)	14,365
Korea Credit Bureau Co., Ltd.	4,514	-	(30)	-	4,484
Seoul Line 9 Operation Co., Ltd.	1,291	-	257	-	1,548
HI Network Inc.	1,054	-	161	(707)	508
Korea Aerospace Industries, Co., Ltd.	129,177	-	6,783	(899)	135,061
	<u>₩ 6,909,451</u>	<u>₩ 10,809</u>	<u>₩ 572,017</u>	<u>₩ (41,601)</u>	<u>₩ 7,450,676</u>

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

(3) Condensed financial information of the joint ventures and associates as of and for the three months ended March 31, 2012 is as follows:

Name of company	Assets	Liabilities	Sales	Net income (loss)
	(In millions of Korean Won)			
BHMC	₩ 6,583,447	₩ 3,216,669	₩ 3,054,081	₩ 251,148
HMGC	560,060	228,637	603,614	45,908
WAE	1,038,513	656,545	247,942	16,120
BMT	406,061	132,549	91,493	8,334
HPMA	379,745	301,028	211,101	(81)
PTS	209,809	134,426	12,086	(3,150)
IWA	289,793	270,679	67,824	3,804
HISNA	24,342	16,257	27,211	539
GEA	13,037	6,265	1,851	8
HCGG	4,072	373	147	78
HCUK	535	-	-	-
Kia Motors Corporation	31,895,966	17,442,225	11,790,039	1,201,259
Hyundai engineering & construction Co., Ltd.	12,258,832	7,785,727	2,705,571	115,634
Hyundai HYSCO Co., Ltd.	4,879,429	3,172,027	2,108,356	94,063
Hyundai WIA Corporation	4,414,894	2,844,703	1,651,567	91,234
Hyundai Powertech Co., Ltd.	2,141,168	1,374,001	737,984	57,449
HMC Investment Securities Co., Ltd. (*)	3,635,764	2,969,629	339,424	6,275
Hyundai Dymos Inc.	1,015,371	574,651	354,616	16,361
KEFICO Corporation	844,721	513,193	362,426	7,034
Hyundai Commercial Inc.	3,681,259	3,333,572	83,721	20,507
Eukor Car Carriers Inc.	2,519,354	1,634,067	757,117	83,383
HK Mutual Savings Bank (*)	2,500,492	2,322,377	96,428	10,791
Hyundai Autoever Corp.	374,853	221,459	166,941	5,949
The Korea Economic Daily Co., Ltd.	204,541	60,987	30,149	1,979
Iljin Bearing Co., Ltd.	159,395	43,175	57,507	2,764
Hyundai M & Soft Co., Ltd.	86,069	20,682	22,778	2,758
HMC Win Win Fund	55,767	-	-	-
Daesung Automotive Co., Ltd.	97,125	16,292	14,538	1,545
Korea Credit Bureau Co., Ltd.	49,196	9,017	8,694	(1,152)
Haevichi Country Club., Ltd	281,235	273,074	851	(1,650)
Seoul Line 9 Operation Co., Ltd.	14,894	7,952	15,428	1,146
Clair Pixel Co., Ltd.	5,240	3,137	811	110
HI Network Inc.	9,011	3,491	3,555	624

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

Condensed financial information of the joint ventures and associates as of and for the three months ended March 31, 2011 is as follows:

Name of company	Assets	Liabilities	Sales	Net income (loss)
	(In millions of Korean Won)			
BHMC	₩ 5,326,449	₩ 2,621,668	₩ 2,933,363	₩ 277,217
HMGC	471,422	231,775	542,125	34,960
WAE	763,986	461,153	219,240	8,240
BMT	304,452	85,258	85,901	6,449
HPMA	312,884	236,387	182,342	1,081
PTS	91,928	20,443	-	-
IWA	193,603	178,546	43,130	3,269
HISNA	18,761	10,993	20,074	433
GEA	20,119	13,561	7,333	54
HCGG	3,287	108	130	12
HMD	379,116	280,154	376,833	1,383
KMMG	2,019,488	1,399,976	1,305,341	85,267
Kia Motors Corporation	28,312,737	17,133,835	10,657,827	953,221
Hyundai HYSCO Co., Ltd.	4,160,862	2,756,066	1,856,461	73,332
Hyundai WIA Corporation	3,844,675	2,547,951	1,496,872	50,273
Hyundai Powertech Co., Ltd.	1,875,668	1,233,425	683,689	30,542
HMC Investment Securities Co., Ltd. (*)	2,737,468	2,112,717	95,543	12,788
Hyundai Dymos Inc.	908,581	571,644	343,607	13,301
KEFICO Corporation	699,637	392,764	281,012	13,809
Hyundai Commercial Inc.	3,021,850	2,827,897	76,397	17,405
Eukor Car Carriers Inc.	2,451,275	1,834,170	547,606	12,622
HK Mutual Savings Bank (*)	2,487,736	2,320,593	88,477	13,626
Hyundai Autoever Corp.	301,844	172,251	138,422	5,831
The Korea Economic Daily Co., Ltd.	191,413	56,673	26,947	(2,079)
Iljin Bearing Co., Ltd.	142,059	37,560	52,756	2,618
Hyundai M & Soft Co., Ltd.	73,773	19,968	18,188	3,051
HMC Win Win Fund	54,660	-	424	266
Daesung Automotive Co., Ltd.	89,547	17,724	14,458	1,157
Korea Credit Bureau Co., Ltd.	42,029	7,066	6,876	(423)
Haevichi Country Club., Ltd.	215,697	262,078	952	(3,560)
Seoul Line 9 Operation Co., Ltd.	18,422	10,735	13,645	1,285
HI Network Inc.	8,641	2,567	5,075	798
Korea Aerospace Industries, Co., Ltd.	1,752,278	1,114,260	323,884	33,438

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

(4) The market price of listed equity securities as of March 31, 2012 is as follows:

Name of company	Price per share	Number of shares	Market value
	(In millions of Korean Won, except price per share)		
Kia Motors Corporation	₩ 74,100	137,318,251	₩ 10,175,282
Hyundai engineering & construction Co., Ltd.	80,800	23,327,400	1,884,854
Hyundai HYSCO Co., Ltd.	40,100	23,554,188	944,523
Hyundai WIA Corporation	138,500	6,893,596	954,763
HMC Investment Securities Co., Ltd.	14,950	7,705,980	115,204

12. FINANCIAL SERVICES RECEIVABLES:

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

Description	March 31, 2012	December 31, 2011
(In millions of Korean Won)		
Loans	₩ 25,740,548	₩ 26,478,053
Card receivables	9,286,367	9,394,236
Financial lease receivables	2,388,078	2,307,352
Other lease receivables	5,275	4,656
	37,420,268	38,184,297
Allowance of doubtful accounts	(707,037)	(729,047)
Loan origination fee	(288,191)	(333,573)
Present value discount accounts	(11,139)	(11,548)
	<u>₩ 36,413,901</u>	<u>₩ 37,110,129</u>

(2) Aging analysis of financial services receivables

As of March 31, 2012 and December 31, 2011, total financial services receivables that are past due but not impaired are ₩1,032,934 million and ₩1,098,415 million, respectively; of which financial services receivables that are past due less than 90 days but not impaired are ₩1,032,934 million and ₩1,098,415 million, respectively. As of March 31, 2012 and December 31, 2011, the impaired financial services receivables are ₩355,947 million and ₩347,906 million, respectively.

(3) The changes in allowance for doubtful accounts of financial services receivables for the three months ended March 31, 2012 and 2011, respectively, are as follows:

Description	Three months ended March 31,	
	2012	2011
(In millions of Korean Won)		
Beginning of the period	₩ 729,047	₩ 615,599
Impairment loss	142,471	157,579
Write-off	(100,447)	(74,859)
Effect of foreign exchange differences	(2,871)	(5,190)
Transfer and other	(61,163)	(33,470)
End of the period	<u>₩ 707,037</u>	<u>₩ 659,659</u>

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

Description	March 31, 2012		December 31, 2011	
	Gross investments in financial lease	Present value of minimum lease receipts	Gross investments in financial lease	Present value of minimum lease receipts
(In millions of Korean Won)				
Less than 1 year	₩ 1,052,734	₩ 881,959	₩ 986,287	₩ 810,018
1 ~ 5 years	1,642,845	1,503,812	1,617,005	1,482,345
More than 5 years	104	103	77	76
	<u>₩ 2,695,683</u>	<u>₩ 2,385,874</u>	<u>₩ 2,603,369</u>	<u>₩ 2,292,439</u>

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

Description	March 31, 2012	December 31, 2011
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 2,695,683	₩ 2,603,369
Net lease investments		
Present value of minimum lease receipts	2,385,874	2,292,439
Present value of unguaranteed residual value	2,204	14,913
	<u>2,388,078</u>	<u>2,307,352</u>
Unearned interest income	<u>₩ 307,605</u>	<u>₩ 296,017</u>

13. OPERATING LEASE ASSETS:

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

Description	March 31, 2012	December 31, 2011
	(In millions of Korean Won)	
Acquisition cost	₩ 6,688,373	₩ 5,922,955
Accumulated depreciation	(767,873)	(618,093)
Accumulated impairment loss	(41,640)	(36,608)
	<u>₩ 5,878,860</u>	<u>₩ 5,268,254</u>

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

Description	March 31, 2012	December 31, 2011
	(In millions of Korean Won)	
Within 1 year	₩ 1,343,228	₩ 1,232,216
Within 5 years more than 1 year	1,461,300	1,339,767
More than 5 years	4	4
	<u>₩ 2,804,532</u>	<u>₩ 2,571,987</u>

14. BORROWINGS AND DEBENTURES:

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

Description	Lender	Annual interest rate	March 31, 2012	March 31, 2012	December 31, 2011
		(%)		(In millions of Korean Won)	
Overdrafts	Citi Bank and other	0.76~2.60	₩	130,261	₩ 107,616
General loans	Kookmin Bank and other	0.37~5.06		3,802,877	3,779,392
Loans on trade receivables collateral	Korea Exchange Bank and other	LIBOR+0.70~0.85		3,429,145	2,034,557
Banker's Usance	Kookmin Bank and other	LIBOR+0.75~1.10		691,097	714,299
Short-term debentures	Woori Bank and other	3.76~5.04		409,817	229,930
Commercial paper	SK Securities and other	3.58~5.55		650,000	920,000
Other	Korea Exchange Bank and other	0.66~2.24		111,543	94,220
				<u>₩ 9,224,740</u>	<u>₩ 7,880,014</u>

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

Description	Lender	Annual interest rate	March 31,	March 31,	December 31,
		March 31, 2012 (%)	2012	2012	2011
General loans	Kookmin Bank and other	1.31~5.72	₩ 1,386,965	₩ 1,369,128	
Facility loan	Korea Development Bank and other	0.99~7.30	1,916,539	2,257,351	
Commercial paper	SK Securities and other	3.95~4.15	210,000	320,000	
Other	Export-Import Bank of Korea and other	1.00~5.50	645,514	640,620	
			4,159,018	4,587,099	
Less: present value discounts			179,129	180,259	
Less: current maturities			818,633	922,713	
			<u>₩ 3,161,256</u>	<u>₩ 3,484,127</u>	

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

Description	Latest maturity date	Annual interest rate	March 31,	March 31,	December 31,
		March 31, 2012 (%)	2012	2012	2011
Guaranteed public debentures	June 8, 2017	3.75~4.50	₩ 1,700,769	₩ 1,726,687	
Guaranteed private debentures	April 25, 2015	5.68	85,335	86,498	
Non-guaranteed public debentures	March 19, 2019	2.90~9.50	21,593,793	20,903,643	
Non-guaranteed private debentures	January 1, 2016	2.46~5.63	2,220,323	2,910,714	
Asset backed securities	May 15, 2018	0.30~5.48	5,579,248	5,494,645	
			31,179,468	31,122,187	
Less: discount on debentures			85,253	70,381	
Less: current maturities			6,978,639	7,397,481	
			<u>₩ 24,115,576</u>	<u>₩ 23,654,325</u>	

15. PROVISIONS:

The changes of provisions for the three months ended March 31, 2012 are as follows:

Description	Warranty	Employee benefit	Other
	(In millions of Korean Won)		
Beginning of the period	₩ 5,850,285	₩ 586,628	₩ 210,240
Accrual	198,763	15,987	18,545
Utilized	(201,021)	(16,002)	(4,371)
Amortization of present value discount	40,281	-	-
Changes in expected reimbursements by third parties	13,567	-	-
Effect of foreign exchange differences	2,376	3	1,315
Changes in scope of consolidation	55,662	185	2,449
End of the period	<u>₩ 5,959,913</u>	<u>₩ 586,801</u>	<u>₩ 228,178</u>

The changes of provisions for the three months ended March 31, 2011 are as follows:

Description	Warranty		Employee benefit		Other	
	(In millions of Korean Won)					
Beginning of the period	₩	5,252,340	₩	431,518	₩	301,720
Accrual		294,664		12,975		11,273
Utilized		(128,816)		(14,651)		(9,137)
Amortization of present value discount		35,796		-		-
Changes in expected reimbursements by third parties		(86,918)		-		-
Effect of foreign exchange differences		(12,956)		(148)		(100)
Other		-		-		17,161
End of the period	₩	<u>5,354,110</u>	₩	<u>429,694</u>	₩	<u>320,917</u>

16. OTHER FINANCIAL LIABILITIES:

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

Description	March 31, 2012		December 31, 2011					
	Current	Non-current	Current	Non-current				
	(In millions of Korean Won)							
Financial liabilities at fair value through profit or loss (*)	₩	412,973	₩	12,342	₩	426,897	₩	16,004
Derivative liabilities that are effective hedging instruments		15,459		49,867		20,482		43,058
Financial lease liabilities		8,742		29,272		8,535		31,390
Other		-		109,745		-		109,745
	₩	<u>437,174</u>	₩	<u>201,226</u>	₩	<u>455,914</u>	₩	<u>200,197</u>

(*) As of March 31, 2012 and December 31, 2011, debentures designated as financial liabilities at fair value through profit of loss ("FVTPL") of ₩404,680 million and ₩404,666 million, respectively, are included.

17. OTHER LIABILITIES:

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

Description	March 31, 2012		December 31, 2011					
	Current	Non-current	Current	Non-current				
	(In millions of Korean Won)							
Advance received	₩	505,212	₩	92,538	₩	482,899	₩	84,173
Withholdings		1,087,687		599,042		963,451		626,011
Accrued expenses		1,625,336		-		1,102,940		-
Unearned income		387,857		302,723		374,175		299,210
Accrued dividends		480,183		-		77		-
Due to customers for contract work		424,330		-		467,868		-
Other		115,462		511,758		85,206		527,609
	₩	<u>4,626,067</u>	₩	<u>1,506,061</u>	₩	<u>3,476,616</u>	₩	<u>1,537,003</u>

18. FINANCIAL INSTRUMENTS:

(1) Categories of financial assets as of March 31, 2012 consist of the following:

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	Derivatives designated as hedging instruments	Book value	Fair value
(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 7,284,654	₩ -	₩ -	₩ 7,284,654	₩ 7,284,654
Short-term and long-term financial instruments	-	10,816,928	-	-	10,816,928	10,816,928
Trade notes and accounts receivable	-	4,103,788	-	-	4,103,788	4,103,788
Other receivables	-	2,638,911	-	-	2,638,911	2,638,911
Other financial assets	90,477	19,317	1,709,924	277,687	2,097,405	2,097,405
Other assets	-	330,688	-	-	330,688	330,688
Financial services receivables	-	36,413,901	-	-	36,413,901	37,016,934
	<u>₩ 90,477</u>	<u>₩ 61,608,187</u>	<u>₩ 1,709,924</u>	<u>₩ 277,687</u>	<u>₩ 63,686,275</u>	<u>₩ 64,289,308</u>

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

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

(2) Categories of financial liabilities as of March 31, 2012 consist of the following:

Description	Financial liabilities at FVTPL	Financial liabilities carried at amortized cost	Derivatives designated as hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 6,941,615	₩ -	₩ 6,941,615	₩ 6,941,615
Other payables	-	3,125,890	-	3,125,890	3,125,890
Borrowings and debentures	-	44,298,844	-	44,298,844	45,031,248
Other financial liabilities	425,315	147,759	65,326	638,400	638,400
Other liabilities	-	2,105,519	-	2,105,519	2,105,519
	<u>₩ 425,315</u>	<u>₩ 56,619,627</u>	<u>₩ 65,326</u>	<u>₩ 57,110,268</u>	<u>₩ 57,842,672</u>

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

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

(3) Fair value estimation

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

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

Fair value measurements of financial instruments by fair-value hierarchy levels as of March 31, 2012 are as follows:

Description	March 31, 2012			
	Level 1	Level 2	Level 3	Total
(In millions of Korean Won)				
Financial Assets:				
Financial assets at FVTPL	₩ -	₩ 90,477	₩ -	₩ 90,477
Derivatives designated as hedging instruments	-	277,687	-	277,687
AFS financial assets	<u>1,451,327</u>	<u>5,351</u>	<u>253,246</u>	<u>1,709,924</u>
	<u>₩ 1,451,327</u>	<u>₩ 373,515</u>	<u>₩ 253,246</u>	<u>₩ 2,078,088</u>
Financial Liabilities:				
Financial liabilities at FVTPL	₩ 404,680	₩ 20,635	₩ -	₩ 425,315
Derivatives designated as hedging instruments	-	65,326	-	65,326
	<u>₩ 404,680</u>	<u>₩ 85,961</u>	<u>₩ -</u>	<u>₩ 490,641</u>

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

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

The changes in financial instruments classified as level 3 for the three months ended March 31, 2012 are as follows:

Description	Beginning of the period	Purchases	Disposals	Valuation	Transfer	End of the period
	(In millions of Korean Won)					
AFS financial assets	₩ 273,070	₩ 830	₩ (21,162)	₩ 508	₩ -	₩ 253,246

The changes in financial instruments classified as Level 3 for the three months ended March 31, 2011 are as follows:

Description	Beginning of the period	Purchases	Disposals	Valuation	Transfer	End of the period
	(In millions of Korean Won)					
AFS financial assets	₩ 109,401	₩ 1,104	₩ (309)	₩ (616)	₩ -	₩ 109,580

(4) Interest income, dividend income and interest expense by category of financial instruments for the three months ended March 31, 2012 and 2011 consist of the following:

Description	Three months ended March 31,					
	2012			2011		
	Interest income	Dividend income	Interest expense	Interest income	Dividend income	Interest expense
(In millions of Korean Won)						
Non-financial services:						
Loans and receivables	₩ 120,688	-	₩ -	₩ 112,116	₩ -	₩ -
Financial assets at FVTPL	-	-	-	3,836	-	-
AFS financial assets	3,769	14,808	-	722	17,750	-
Financial liabilities at FVTPL	-	-	-	-	-	4,186
Financial liabilities carried at amortized cost	-	-	76,489	-	-	72,958
	<u>₩ 124,457</u>	<u>₩ 14,808</u>	<u>₩ 76,489</u>	<u>₩ 116,674</u>	<u>₩ 17,750</u>	<u>₩ 77,144</u>
Financial services:						
Loans and receivables	688,614	-	-	670,413	-	-
Financial liabilities at FVTPL	-	-	6,056	-	-	6,145
Financial liabilities carried at amortized cost	-	-	361,889	-	-	362,989
	<u>₩ 688,614</u>	<u>₩ -</u>	<u>₩ 367,945</u>	<u>₩ 670,413</u>	<u>₩ -</u>	<u>₩ 369,134</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities at FVTPL for the three months ended March 31, 2012 and 2011 are ₩394,453 million and ₩375,956 million, respectively. In addition, the fee expense (cost of sales from financial services) occurring from financial assets or liabilities other than financial assets or liabilities at FVTPL for the three months ended March 31, 2012 and 2011 are ₩184,542 million and ₩172,082 million, respectively.

19. CAPITAL STOCK:

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

- (1) Common stock

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

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

- (2) Preferred stock

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

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

20. CAPITAL SURPLUS:

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

Description	March 31, 2012	December 31, 2011
	(In millions of Korean Won)	
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Other	790,878	792,676
	<u>₩ 4,112,212</u>	<u>₩ 4,114,010</u>

21. OTHER CAPITAL ITEMS:

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

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

22. ACCUMULATED OTHER COMPREHENSIVE INCOME :

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

Description	March 31, 2012	December 31, 2011
	(In millions of Korean Won)	
Gain on valuation of AFS financial assets	₩ 807,463	₩ 760,361
Loss on valuation of AFS financial assets	(2,681)	(2,844)
Gain on valuation of cash flow hedge derivatives	50,574	4,722
Loss on valuation of cash flow hedge derivatives	(65,885)	(35,580)
Gain on valuation of equity-accounted investees	126,247	154,623
Loss on valuation of equity-accounted investees	(215,195)	(230,597)
Loss on foreign operations translation, net	(253,179)	(275,404)
	₩ 447,344	₩ 375,281

23. RETAINED EARNINGS:

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

Description	March 31, 2012	December 31, 2011
	(In millions of Korean Won)	
Legal reserve (*)	₩ 423,124	₩ 375,113
Discretionary reserve	26,531,647	19,046,647
Unappropriated	7,126,288	12,841,768
	₩ 34,081,059	₩ 32,263,528

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

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

24. SALES:

Sales for the three months ended March 31, 2012 and 2011 consist of the following:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Sales of goods	₩ 17,827,240	₩ 16,078,183
Rendering of services	266,306	225,464
Royalties	32,949	34,006
Other	72,707	61,717
Financial services revenue	<u>1,965,718</u>	<u>1,833,991</u>
	<u>₩ 20,164,920</u>	<u>₩ 18,233,361</u>

25. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months ended March 31, 2012 and 2011 consist of the following:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Selling expenses :		
Export expenses	₩ 239,432	₩ 117,615
Overseas market expenses	122,502	122,822
Advertisements and sales promotion	498,262	568,564
Sales commissions	119,567	184,892
Expenses for warranties	224,636	360,555
Transportation expenses	<u>66,291</u>	<u>41,710</u>
	<u>1,270,690</u>	<u>1,396,158</u>
Administrative expenses :		
Salaries	518,608	413,694
Post-employment benefits	35,495	29,780
Welfare expenses	78,538	65,586
Service charges	261,435	192,655
Research	136,385	109,171
Other	<u>246,946</u>	<u>227,303</u>
	<u>1,277,407</u>	<u>1,038,189</u>
	<u>₩ 2,548,097</u>	<u>₩ 2,434,347</u>

26. OTHER OPERATING INCOME AND EXPENSES:

(1) Other operating income for the three months ended March 31, 2012 and 2011 consists of the following:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Gain on foreign exchange transaction	₩ 122,867	₩ 45,240
Gain on foreign currency translation	173,774	52,095
Gain on disposal of property, plant and equipment	17,158	2,615
Commission income	10,744	3,419
Rental income	18,959	18,605
Other	108,690	196,855
	<u>₩ 452,192</u>	<u>₩ 318,829</u>

(2) Other operating expenses for the three months ended March 31, 2012 and 2011 consist of the following:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Loss on foreign exchange transaction	₩ 83,751	₩ 49,178
Loss on foreign currency translation	110,184	35,120
Donations	16,489	6,768
Loss on disposal of property, plant and equipment	6,359	6,768
Impairment loss on intangible assets	-	79,204
Other	43,592	36,873
	<u>₩ 260,375</u>	<u>₩ 213,911</u>

27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the three months ended March 31, 2012 and 2011 consist of the following:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Gain on valuation of equity-accounted investees, net	₩ 665,935	₩ 572,017
Gain on disposal of investments in associates, net	113,351	-
	<u>₩ 779,286</u>	<u>₩ 572,017</u>

28. FINANCIAL INCOME AND EXPENSES:

(1) Financial income for the three months ended March 31, 2012 and 2011 consists of the following:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Interest income	₩ 124,457	₩ 116,674
Gain on foreign exchange transaction	9,525	4,827
Gain on foreign currency translation	97,736	42,216
Dividend income	14,808	17,750
Income on financial guarantee	24	291
Gain on disposal of AFS financial assets	-	2,182
Gain on valuation of derivatives	27,305	67,397
Other	107	2,695
	<u>₩ 273,962</u>	<u>₩ 254,032</u>

(2) Financial expenses for the three months ended March 31, 2012 and 2011 consist of the following:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Interest expenses	₩ 111,023	₩ 137,842
Loss on foreign exchange transaction	7,147	5,527
Loss on foreign currency translation	44,741	2,291
Loss on disposal of receivables	2,631	4,110
Loss on valuation of financial instruments at FVTPL	5,422	7,305
Loss on valuation of derivatives	16,687	31,814
Other	4	11
	<u>₩ 187,655</u>	<u>₩ 188,900</u>

29. EXPENSES BY NATURE:

Expenses by nature for the three months ended March 31, 2012 and 2011 consist of the following:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Changes in inventories	₩ (827,903)	₩ 135,059
Raw materials and merchandise used	11,580,880	9,708,087
Employee benefits	1,769,193	1,396,551
Depreciation	411,942	385,437
Amortization	206,263	153,948
Other	5,194,142	4,945,637
Total (*)	<u>₩ 18,334,517</u>	<u>₩ 16,724,719</u>

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

30. EARNINGS PER COMMON SHARE:

Basic earnings per common share are computed by dividing profit available to common shares by the weighted average number of common shares outstanding during the period. The Group does not compute diluted earnings per common share for the three months ended March 31, 2012 and 2011 as there is no dilutive items during the periods.

Basic earnings per common share for the three months ended March 31, 2012 and 2011 are computed as follows:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won, except per share amounts)	
Profit attributable to owners of the Parent Company	₩ 2,300,509	₩ 1,751,514
Expected dividends on preferred stock	<u>(528,387)</u>	<u>(402,517)</u>
Profit available to common share	1,772,122	1,348,997
Weighted average number of common shares outstanding (*)	<u>209,269,796 shares</u>	<u>209,275,129 shares</u>
Basic earnings per common share	<u>₩ 8,468</u>	<u>₩ 6,446</u>

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

31. INCOME TAX EXPENSE:

Income tax expense for the three months ended March 31, 2012 and 2011 consists of the following:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Income tax currently payable	₩ 643,097	₩ 461,055
Adjustments recognized in the current year in relation to the prior years	(42,829)	(6,608)
Changes in deferred taxes due to:		
Temporary differences	243,352	361,826
Tax credits and deficits	(109,479)	(165,953)
Items directly charged to equity	(39,710)	(67,103)
Effect of foreign exchange differences	6,880	4,632
Changes in scope of consolidation	<u>(4,576)</u>	<u>-</u>
Income tax expense	<u>₩ 696,735</u>	<u>₩ 587,849</u>

32. RETIREMENT BENEFIT PLAN:

- (1) Expenses recognized in relation to defined contribution plans for the three months ended March 31, 2012 and 2011 are as follows:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Paid in cash	₩ 1,161	₩ 1,561
Recognized liability	584	516
	<u>₩ 1,745</u>	<u>₩ 2,077</u>

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

Description	March 31, 2012	December 31, 2011
Discount rate	4.28~8.50%	4.21~8.00%
Expected return on plan assets	4.08~8.50%	4.08~8.25%
Expected rate of salary increase	1.50~5.60%	1.50~5.60%

- (3) Profit and losses in relation to defined benefit plans for the three months ended March 31, 2012 and 2011 are as follows:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Current service cost	₩ 98,979	₩ 80,745
Interest expense	27,399	23,899
Expected return on plan assets	(18,476)	(14,921)
	<u>₩ 107,902</u>	<u>₩ 89,723</u>
Cost of sales (Manufacturing cost)	₩ 58,416	₩ 48,918
Selling and administrative expenses	34,516	28,863
Other	14,970	11,942
	<u>₩ 107,902</u>	<u>₩ 89,723</u>

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

Description	March 31, 2012	December 31, 2011
	(In millions of Korean Won)	
Present value of defined benefit obligation	₩ 2,324,320	₩ 2,249,240
Fair value of plan assets	(1,613,650)	(1,600,601)
Defined benefit obligation	<u>₩ 710,670</u>	<u>₩ 648,639</u>

- (5) Changes in present value of the defined benefit obligation for the three months ended March 31, 2012 and 2011 are as follows:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Beginning of the period	₩ 2,249,240	₩ 1,808,027
Current service cost	98,979	80,745
Interest expense	27,399	23,899
Actuarial gain	(11,334)	(5,227)
Transfer in (out)	1,501	2,476
Benefits paid	(40,266)	(117,559)
Effect of foreign exchange differences and other	(1,199)	(2,404)
End of the period	<u>₩ 2,324,320</u>	<u>₩ 1,789,957</u>

(6) Changes in fair value of the plan assets for the three months ended March 31, 2012 and 2011 are as follows:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Beginning of the period	₩ 1,600,601	₩ 1,318,430
Expected return on plan assets	18,476	14,921
Actuarial gain	7,173	4,755
Transfer in(out)	461	497
Contributions from plan participants	2,737	6,212
Benefits paid	(13,819)	(35,926)
Effect of foreign exchange differences and other	(1,979)	(2,712)
End of the period	<u>₩ 1,613,650</u>	<u>₩ 1,306,177</u>

The actual returns on plan assets for the three months ended March 31, 2012 and 2011 are ₩39,196 million and ₩22,805 million, respectively.

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

Description	March 31, 2012		December 31, 2011	
	(In millions of Korean Won)			
Insurance instruments	₩ 1,431,469	₩ 1,428,546		
Debt instruments	29,827	29,346		
Other	152,354	142,709		
	<u>₩ 1,613,650</u>	<u>₩ 1,600,601</u>		

33. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the three months ended March 31, 2012 and 2011 is as follows:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Profit for the period	₩ 2,451,453	₩ 1,876,771
Addition of items not involving cash outflows:		
Payroll	15,987	12,975
Post-employment	108,486	89,723
Depreciation	411,942	385,437
Amortization of intangible assets	206,263	153,948
Provision for warranties	198,763	294,664
Income tax expense	696,735	587,849
Loss on foreign currency translation	154,925	37,411
Loss on disposal of property, plant and equipment	6,359	6,768
Impairment loss on intangible assets	-	79,204
Interest expense	111,023	137,842
Loss on disposal of trade notes and accounts receivable	2,631	4,110
Loss on valuation of financial instruments at FVTPL	5,422	7,305
Loss on valuation of derivatives	16,687	31,814
Loss on valuation of equity-accounted investees	2,852	1,410
Loss on disposal of investments in associates	11,718	-
Cost of sales from financial services	977,226	542,569
Other	23,174	35,597
	<u>2,950,193</u>	<u>2,408,626</u>
Deduction of items not involving cash inflows:		
Gain on foreign currency translation	271,510	94,311

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Gain on disposal of property, plant and equipment	₩ 17,158	₩ 2,615
Interest income	124,457	116,674
Dividend income	14,808	17,750
Gain on valuation of derivatives	27,305	67,397
Gain on valuation of equity-accounted investees	668,787	573,427
Gain on disposal of investments in associates	125,069	-
Revenue from financial services	256,735	493,919
Other	15,275	53,612
	<u>(1,521,104)</u>	<u>(1,419,705)</u>
Changes in operating assets and liabilities		
Decrease in trade notes and accounts receivable	437,157	163,525
Increase in other receivables	(117,969)	(87,886)
Decrease in other financial assets	11,477	41,371
Increase in inventories	(509,079)	(16,861)
Decrease (increase) in other assets	(108,512)	92,537
Increase (decrease) in trade notes and accounts payable	(115,592)	269,890
Decrease in other payables	(264,755)	(808,308)
Increase in other liabilities	269,615	692,941
Decrease in other financial liabilities	(11,868)	(33,661)
Changes in retirement benefit obligation	(917)	(13,907)
Payment of severance benefits	(26,447)	(81,633)
Decrease in provisions	(220,559)	(152,434)
Changes in financial services assets and liabilities	(1,246,322)	(1,606,429)
Other	(7,927)	(28,085)
	<u>(1,911,698)</u>	<u>(1,568,940)</u>
Cash generated from operations	₩ 1,968,844	₩ 1,296,752

34. RISK MANAGEMENT:

(1) Capital risk management

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

Description	March 31, 2012		December 31, 2011	
	(In millions of Korean Won)			
Total liabilities	₩	71,605,021	₩	69,152,273
Total equity		42,437,286		40,327,702
Debt to equity ratio		168.7%		171.5%

(2) Financial risk management

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

1) Market risk

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

a) Foreign exchange risk management

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

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

The Group's sensitivity to a 5% change in exchange rate of the functional currency against each foreign currencies on income before income tax as of March 31, 2012, is as follows:

Description	Increase by 5%	Decrease by 5%
(In millions of Korean Won)		
USD	₩ (67,400)	₩ 67,400
EUR	(54,675)	54,675
JPY	(12,299)	12,299

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

b) Interest rate risk management

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

The Group's sensitivity to a 1% change in interest rates on income before income tax as of March 31, 2012 is as follows:

Description	Increase by 1%	Decrease by 1%
(In millions of Korean Won)		
Cash and cash equivalents	₩ 1,677	₩ (1,677)
Borrowings and debentures	(44,362)	44,362

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from AFS equity investments. As of March 31, 2012, the amount of AFS equity investments measured at fair value is ₩1,704,573 million.

2) Credit risk

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

3) Liquidity risk

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

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

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of March 31, 2012 is as follows:

Description	Remaining contract period			Total
	Less than 1 year	1 ~ 5 years	More than 5 years	
	(In millions of Korean Won)			
Non interest-bearing liabilities	₩ 12,146,899	₩ 135,434	₩ 436	₩ 12,282,769
Interest-bearing liabilities	18,630,013	26,687,336	2,956,074	48,273,423
Financial guarantee	77,099	74,100	207,449	358,648

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

(3) Derivative instrument

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

As of March 31, 2012 and December 31, 2011, the Group deferred net loss of ₩15,311 million and ₩30,858 million, respectively, as accumulated other comprehensive loss, due to its effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 66 months as of March 31, 2012.

For the three months ended March 31, 2012 and 2011, the Group recognized net loss of ₩11,877 million and ₩87,947 million in profit or loss(before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments.

35. RELATED PARTY TRANSACTIONS:

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

- (1) Significant transactions for the three months ended March 31, 2012 and 2011 between the Group and related parties or affiliates by Monopoly Regulation And Fair Trade Act of the Republic of Korea (“Act”) are as follows:

Description	Three months ended March 31,			
	2012		2011	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions of Korean Won)			
Related parties:				
Entity with significant influence over the Company	₩ 123,406	₩ 2,074,249	₩ 127,337	₩ 1,631,351
Joint ventures and associates	1,032,049	2,229,026	972,220	2,089,509
Other related parties	4,340	292,445	1,360	191,789
Affiliates by Act:	153,929	1,374,002	143,540	771,056

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

Description	March 31, 2012		December 31, 2011	
	Receivables	Payables	Receivables	Payables
	(In millions of Korean Won)			
Related parties:				
Entity with significant influence over the Company	₩ 118,057	₩ 1,288,546	₩ 146,745	₩ 1,238,695
Joint ventures and associates	934,152	1,347,519	923,052	1,282,713
Other related parties	9,679	311,923	7,504	329,323
Affiliates by Act:	100,846	891,265	76,273	866,699

- (3) Compensations for registered and unregistered directors for the three months ended March 31, 2012 and 2011 are as follows:

Description	Three months ended March 31,	
	2012	2011
	(In millions of Korean Won)	
Short-term salaries	₩ 42,309	₩ 31,775
Long-term salaries	74	72
Severance benefits	6,881	6,333
	<u>₩ 49,264</u>	<u>₩ 38,180</u>

36. COMMITMENTS AND CONTINGENCIES:

- (1) As of March 31, 2012, the debt guarantees provided by the Group, excluding the Group's subsidiaries, are as follows:

	<u>Domestic</u>	<u>Overseas (*)</u>
	(In millions of Korean Won)	
Associates and joint ventures	₩ -	₩ 121,176
Others	160,360	288,617
Customer financing and lease financing	<u>61,566</u>	<u>-</u>
	<u>₩ 221,926</u>	<u>₩ 409,793</u>

- (*) The guarantee amounts in foreign currency are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of March 31, 2012.

- (2) As of March 31, 2012, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and other operations. The Group obtains insurances for potential losses which may result from product liabilities and other operations lawsuits. The Group expects that it is currently unable to estimate the outcome or the potential financial impact of such lawsuits and it will likely not have a material effect on its financial statements.

- (3) As of March 31, 2012, the Group's property, plant and equipment are pledged as collateral for various loans up to ₩1,142,716 million. In addition, the Group pledged certain bank deposits, checks, promissory notes and investment securities, including 213,466 shares of Kia Motors Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries such as financial services receivables are pledged as collateral for their borrowings.

- (4) As of March 31, 2012, the Group's subsidiaries have been provided with payment guarantee from other companies as follows:

<u>Subsidiaries</u>	<u>Provider</u>	<u>Amounts of guarantee</u>	
		(In millions of Korean Won and in thousands of other currencies)	
Hyundai Rotem Company	Machinery Financial Cooperative	KRW	864,250
	Korea Defense Industry Association	KRW	200,076
	Seoul Guarantee Insurance Company	KRW	364,040
	Woori Bank	USD	45,860
	"	EUR	15,212
	Export-Import Bank of Korea	USD	372,024
	"	EUR	418,073
	"	SGD	6,409
	"	CNY	37,337
	"	OMR	6,203
	"	TND	2,000
	"	KRW	6
	Korea Exchange Bank	USD	2,946
	"	EUR	2,003
	"	CNY	10,548
	Korea Development Bank	USD	27,984
	Korea Exchange Bank	KRW	2,226
	"	INR	5,114
	Standard Chartered, Seoul Branch	THB	686,000
	MARSH	USD	5,000
BNP Paribas	USD	7,620	
ANZ Bank	NZD	56,916	
SG Bank, Seoul Branch	USD	7,739	
"	KRW	4,995	

Subsidiaries	Provider	Amounts of guarantee	
	SG Bank, Seoul Branch	EUR	1,046
	Daesung Industrial Gases	KRW	57,432
	Hyundai Steel Company	KRW	1,748
	Seoul Guarantee Insurance Company	KRW	4,000
Hyundai Capital Services, Inc.	Hyundai WIA Corporation	KRW	687
	Seoul Guarantee Insurance Company	KRW	179,331
Hyundai Card Co., Ltd.	Seoul Guarantee Insurance Company	KRW	4,916
Hyundai Auto Electronics Co., Ltd.	Korea Exchange Bank	KRW	6,000
	"	USD	300
HAOS	Other	USD	112,184
HMCI	Other	EUR	38,159

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

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

Financial institution	Credit line	
GE Capital Corporation	Euro worth of USD 1,000 million	
Citi Bank, N.A.	USD	200 million
The Bank of Tokyo Mitsubishi UFJ., LTD	USD	200 million
Mizuho Corporate Bank, Seoul Branch	KRW	65,000 million
JP Morgan, Seoul Branch	KRW	110,000 million
Citi Bank, Seoul	KRW	50,000 million
Standard Chartered, Seoul Branch	KRW	50,000 million
Societe Generale, Seoul Branch	KRW	55,000 million
Bank of China, Seoul	KRW	30,000 million
DBS Bank, Seoul	KRW	50,000 million
Credit Agricole, Seoul	KRW	26,000 million
RBS, Seoul	KRW	110,000 million
ING Bank, Seoul	KRW	100,000 million
Kookmin Bank	KRW	200,000 million
Korea Development Bank	KRW	30,000 million
Kyobo life insurance co., ltd	KRW	50,000 million

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

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

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

37. SEGMENT INFORMATION:

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

	For the three months ended March 31, 2012				
	Vehicle	Finance	Other	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 25,940,841	₩ 2,112,344	₩ 941,531	₩ (8,829,796)	₩ 20,164,920
Inter-company sales	(8,692,011)	(29,907)	(107,878)	8,829,796	-
Net sales	<u>17,248,830</u>	<u>2,082,437</u>	<u>833,653</u>	<u>-</u>	<u>20,164,920</u>
Operating income	<u>2,136,333</u>	<u>369,605</u>	<u>54,590</u>	<u>(277,933)</u>	<u>2,282,595</u>

	For the three months ended March 31, 2011				
	Vehicle	Finance	Other	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 20,850,212	₩ 1,904,558	₩ 934,764	₩ (5,456,173)	₩ 18,233,361
Inter-company sales	(5,308,859)	(31,269)	(116,045)	5,456,173	-
Net sales	<u>15,541,353</u>	<u>1,873,289</u>	<u>818,719</u>	<u>-</u>	<u>18,233,361</u>
Operating income	<u>1,506,388</u>	<u>325,449</u>	<u>27,053</u>	<u>(31,419)</u>	<u>1,827,471</u>

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

	As of March 31, 2012				
	Vehicle	Finance	Other	Consolidation Adjustments	Total
	(In millions of Korean Won)				
<u>ASSETS</u>					
Current assets	₩ 35,577,482	₩ 24,657,682	₩ 2,436,735	₩ (10,706,682)	₩ 51,965,217
Non-current assets	<u>41,621,967</u>	<u>24,437,201</u>	<u>2,144,006</u>	<u>(6,126,084)</u>	<u>62,077,090</u>
Total assets	<u>₩ 77,199,449</u>	<u>₩ 49,094,883</u>	<u>₩ 4,580,741</u>	<u>₩ (16,832,766)</u>	<u>₩ 114,042,307</u>
<u>LIABILITIES</u>					
Current liabilities	₩ 26,686,123	₩ 16,338,727	₩ 1,897,099	₩ (9,732,901)	₩ 35,189,048
Borrowings and debentures	5,277,419	11,865,220	795,425	(916,052)	17,022,012
Other	21,408,704	4,473,507	1,101,674	(8,816,849)	18,167,036
Non-current liabilities	<u>8,525,746</u>	<u>26,410,925</u>	<u>1,131,421</u>	<u>347,881</u>	<u>36,415,973</u>
Borrowings and debentures	2,196,650	24,515,860	791,882	(227,560)	27,276,832
Other	<u>6,329,096</u>	<u>1,895,065</u>	<u>339,539</u>	<u>575,441</u>	<u>9,139,141</u>
Total liabilities	<u>₩ 35,211,869</u>	<u>₩ 42,749,652</u>	<u>₩ 3,028,520</u>	<u>₩ (9,385,020)</u>	<u>₩ 71,605,021</u>

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

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

For the three months ended March 31, 2012							
	Korea	North America	Asia	Europe	Other	Consolidation adjustments	Total
(In millions of Korean Won)							
Total sales	₩ 13,138,048	₩ 7,242,325	₩ 1,845,043	₩ 6,769,300	₩ -	₩ (8,829,796)	₩ 20,164,920
Inter-company sales	<u>(3,777,342)</u>	<u>(1,615,043)</u>	<u>(157,525)</u>	<u>(3,279,886)</u>	<u>-</u>	<u>8,829,796</u>	<u>-</u>
Net sales	<u>9,360,706</u>	<u>5,627,282</u>	<u>1,687,518</u>	<u>3,489,414</u>	<u>-</u>	<u>-</u>	<u>20,164,920</u>
Operating income	<u>1,638,688</u>	<u>508,133</u>	<u>96,634</u>	<u>335,071</u>	<u>(17,998)</u>	<u>(277,933)</u>	<u>2,282,595</u>

For the three months ended March 31, 2011							
	Korea	North America	Asia	Europe	Other	Consolidation adjustments	Total
(In millions of Korean Won)							
Total sales	₩ 11,666,230	₩ 6,115,711	₩ 1,832,294	₩ 4,075,299	₩ -	₩ (5,456,173)	₩ 18,233,361
Inter-company sales	<u>(2,368,420)</u>	<u>(1,519,301)</u>	<u>(137,415)</u>	<u>(1,431,037)</u>	<u>-</u>	<u>5,456,173</u>	<u>-</u>
Net sales	<u>9,297,810</u>	<u>4,596,410</u>	<u>1,694,879</u>	<u>2,644,262</u>	<u>-</u>	<u>-</u>	<u>18,233,361</u>
Operating income	<u>1,252,377</u>	<u>464,239</u>	<u>95,629</u>	<u>54,283</u>	<u>(7,638)</u>	<u>(31,419)</u>	<u>1,827,471</u>

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

	March 31, 2012	December 31, 2011
(In millions of Korean Won)		
Korea	₩ 17,245,062	₩ 17,143,139
North America	1,681,840	1,724,270
Asia	1,119,805	1,111,898
Europe	2,293,231	2,175,648
Other	<u>508,692</u>	<u>365,926</u>
	<u>22,848,630</u>	<u>22,520,881</u>
Consolidation adjustments	<u>(36,365)</u>	<u>(30,297)</u>
Total (*)	<u>₩ 22,812,265</u>	<u>₩ 22,490,584</u>

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

- (6) There is no single external customer who has 10% or more of the Group's revenues for the three months ended March 31, 2012.

38. CONSTRUCTION CONTRACTS:

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

Description	March 31, 2012	December 31, 2011
	(In millions of Korean Won)	
Accumulated accrual cost	₩ 3,758,960	₩ 7,356,916
Accumulated income	545,557	1,286,987
Accumulated loss	(177,509)	(164,938)
Accumulated construction in process	4,127,008	8,478,965
Progress billing	3,700,282	8,184,569
Due from customers	851,056	762,263
Due to customers	424,330	467,867

39. BUSINESS COMBINATIONS:

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

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

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

Goodwill amounting to ₩ 93,498 million arising from the acquisition is due to the synergy effects of the increase in sales, resulting from combining operations of the Group and acquired entities.

(3) Sales and net income (loss) for the three months ended March 31, 2012 after the acquisition date included in the consolidated statements of income are as follows:

	<u>HMF</u>	<u>HAS</u>	<u>HAAP</u>	<u>HMD</u>	<u>Total</u>
	(In millions of Korean Won)				
Sales	₩ 182,184	₩ 5,658	₩ 2,891	₩ 383,724	₩ 574,457
Net income (loss)	2,335	635	238	(6,493)	(3,285)

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

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