

HYUNDAI CORPORATION

Non-Consolidated Financial Statements

December 31, 2009 and 2008

HYUNDAI CORPORATION
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December 31, 2009 and 2008

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Report of Independent Auditors

To the Shareholders and Board of Directors of
HYUNDAI CORPORATION

We have audited the accompanying non-consolidated statements of financial position of HYUNDAI CORPORATION (the "Company") as of December 31, 2009 and 2008, and the related non-consolidated statements of operations, appropriations of retained earnings, changes in shareholders' equity and cash flows for the years ended December 31, 2009 and 2008, expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain subsidiaries accounted for under the equity method of accounting. The investments in these subsidiaries amount to ₩27,722 million as of December 31, 2009. These statements were audited by other auditors whose reports have been furnished us and our opinion, insofar as it relates to the amounts included for the subsidiaries, is based solely on the reports of the other auditors.

We conducted our audits in conformity with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of HYUNDAI CORPORATION as of December 31, 2009 and 2008, and the results of its operations, the changes in its retained earnings and shareholders' equity and its cash flows for the years ended December 31, 2009 and 2008, in conformity with accounting principles generally accepted in the Republic of Korea.

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As discussed in Notes 28 and 29 to the financial statements, on December 10, 2009, the creditors of the Company sold their shareholdings to the consortium led by Hyundai Heavy Industries Co., Ltd. As a result, Hyundai Heavy Industries Co., Ltd. became the largest shareholder with 22.36% ownership. On January 20, 2010, the Company completed its rehabilitation based on the debt-workout plan.

As discussed in Note 30 to the financial statements, on February 4, 2010, the Company received a tax assessment from the Seoul Regional Tax Office regarding its VAT-related investigation of the Company's purchases of gold bars in 2003 and 2004. In accordance to SKFAS No. 6, *Events Subsequent to Statement of Financial Position Date*, a loss of approximately ₩52 billion was accrued in the financial statements for the year ended December 31, 2009, to recognize the tax assessment.

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

Seoul, Korea
February 22, 2010

This report is effective as of February 22, 2010, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

HYUNDAI CORPORATION
Non-Consolidated Statements of Financial Position
December 31, 2009 and 2008

<i>(in thousands of Korean won)</i>	Korean Won		U.S. Dollars (Note 3)
	2009	2008	2009
Assets			
Current assets			
Cash and cash equivalents, net (Note 4)	₩ 119,573,073	₩ 78,013,336	\$ 102,408
Short-term financial instruments	6,739,476	17,243,290	5,772
Short-term investments (Note 5)	900	18,910	1
Trade accounts receivable, net (Note 23)	202,988,033	214,257,429	173,851
Other accounts receivable, net (Note 23)	9,413,049	10,458,161	8,062
Accrued income, net (Note 23)	4,112,050	4,671,165	3,522
Advance payments, net (Note 23)	35,031,281	46,839,466	30,003
Prepaid expenses	778,043	653,059	666
Guarantee deposits	989,192	1,308,198	847
Deferred income tax assets (Note 14)	1,955,603	7,948,091	1,675
Inventories, net	151,601,291	81,573,895	129,840
Firm commitment assets (Note 25)	157,302	-	135
Derivative assets (Note 25)	537,431	2,510,209	460
Others	418,632	790,702	360
Total current assets	534,295,356	466,285,911	457,602
Long-term financial instruments (Note 4)	148,226	90,606	127
Long-term investments (Notes 6 and 8)	9,178,104	6,008,315	7,861
Equity method investments (Notes 7 and 8)	63,956,489	62,287,400	54,776
Investments in petroleum development projects (Notes 8 and 23)	96,151,572	102,161,696	82,350
Long-term loans receivable, net (Notes 8 and 23)	36,641,305	39,516,769	31,382
Property, plant and equipment, net (Note 9)	657,675	869,553	563
Intangible assets, net (Note 10)	44,974,229	47,939,197	38,519
Deposits provided	5,797,198	5,626,325	4,965
Long-term prepaid expenses	4,881,674	5,173,233	4,181
Deferred income tax assets (Note 14)	12,097,222	17,034,777	10,361
Total other assets	274,483,694	286,707,871	235,085
Total assets	₩ 808,779,050	₩ 752,993,782	\$ 692,687
Liabilities and Shareholders' Equity			
Current liabilities			
Trade accounts and notes payable (Note 23)	₩ 338,831,405	₩ 265,294,083	\$ 290,195
Other accounts payable (Note 23)	89,748,522	19,322,604	76,866
Advances from customers (Note 23)	27,978,892	48,659,431	23,963
Withholdings (Note 23)	959,418	679,975	822
Deposits received (Note 23)	443,014	357,531	379
Accrued expenses	1,552,841	3,384,932	1,330
Dividends payable	26,668	26,668	23
Derivative liabilities (Note 25)	181,821	21,689	156
Product warranty liabilities	877,813	-	752
Current portion of long-term liabilities, net of discount of ₩49,344 thousand (Notes 11 and 12)	133,631,764	-	114,450
Total current liabilities	594,232,158	337,746,913	508,936
Debentures, net (Note 11)	-	60,507,585	-
Long-term borrowings, net (Note 12)	65,616,909	149,918,770	56,198
Accrued severance benefits, net (Note 13)	2,237,532	2,748,488	1,916
Total liabilities	662,086,599	550,921,756	567,050
Commitments and Contingencies (Note 26)			

HYUNDAI CORPORATION
Non-Consolidated Statements of Financial Position
December 31, 2009 and 2008

<i>(in thousands of Korean won)</i>	Korean Won		U.S. Dollars
	2009	2008	(Note 3)
			2009
Shareholders' equity			
Capital stock			
Common stock (Note 1)	₩ 111,649,010	₩ 111,649,010	\$ 95,623
Capital adjustments			
Treasury stock (Note 16)	(215)	(215)	-
Others	(15,172,088)	(9,048,225)	(12,994)
Accumulated other comprehensive income and expense			
Gain on valuation of long-term investments	4,914	-	4
Accumulated comprehensive income of equity method investees	12,367,859	10,818,529	10,593
Accumulated comprehensive expense of equity method investees	(4,351,562)	(6,103,667)	(3,727)
Retained earnings			
Unappropriated retained earnings	42,194,533	94,756,594	36,138
Total shareholders' equity	<u>146,692,451</u>	<u>202,072,026</u>	<u>125,637</u>
Total liabilities and shareholders' equity	<u>₩ 808,779,050</u>	<u>₩ 752,993,782</u>	<u>\$ 692,687</u>

The accompanying notes are an integral part of these financial statements.

HYUNDAI CORPORATION
Non-Consolidated Statements of Operations
Years ended December 31, 2009 and 2008

	Korean Won		U.S. Dollars (Note 3)
	2009	2008	2009
<i>(in thousands of Korean won, except per share amounts)</i>			
Sales (Note 23 and 24)	₩ 2,577,548,511	₩ 2,837,242,933	\$ 2,207,561
Cost of sales (Notes 17 and 23)	2,464,628,195	2,728,885,923	2,110,850
Gross profit	112,920,316	108,357,010	96,711
Selling and administrative expenses (Note 18)	51,076,599	56,646,742	43,745
Operating income	61,843,717	51,710,268	52,966
Non-operating income			
Interest income	3,410,400	5,412,001	2,921
Dividend income (Note 8)	11,938,467	17,038,439	10,225
Gain on foreign currency transactions	91,491,760	114,154,222	78,359
Gain on foreign currency translation (Note 15)	16,368,177	63,491,464	14,019
Gain on disposal of property, plant and equipment	1,252	101,709	1
Gain on valuation of equity-method investments (Note 7)	23,350,015	28,617,783	19,998
Gain on disposal of equity-method investments	-	1,547,353	-
Gain on derivative transactions	9,676,416	11,892,993	8,287
Gain on valuation of derivatives (Note 25)	537,431	2,510,209	460
Gain valuation of firm commitment (Note 25)	157,302	-	135
Reversal of allowance for doubtful accounts	5,614,568	117,957	4,809
Gain on disposal of long-term investments	34,943	19,837	30
Reversal of loss on impairment of long-term investments (Note 6)	587,999	-	504
Others	915,678	3,680,836	784
	164,084,408	248,584,803	140,532
Non-operating expenses			
Interest expense	9,583,023	11,658,167	8,207
Loss on foreign currency transactions	95,543,507	124,671,285	81,829
Loss on foreign currency translation (Note 15)	18,970,032	54,958,275	16,247
Donations	814	650	1
Loss on disposal of long-term investments	2	5	-
Loss on disposal of equity-method investments	-	281,593	-
Loss on valuation of equity-method investments (Note 7)	61,313,662	36,796,448	52,513
Loss on derivative transactions	5,134,329	28,976,921	4,397
Loss on valuation of derivatives (Note 25)	181,821	-	156
Loss on valuation of firm commitment (Note 25)	-	21,689	-
Loss on disposal of trade accounts and notes receivable	13,942,381	18,966,154	11,941
Loss on disposal of property, plant and equipment	169	8	-
Loss on impairment of long-term investments (Note 6)	478,628	659,541	410
Loss on impairment of investments	-	6,959,729	-
Others	62,351,210	1,770,652	53,401
	267,499,578	285,721,117	229,102
Income before income tax expense	(41,571,453)	14,573,954	(35,604)
Income tax expense (Note 14)	10,990,608	4,201,755	9,413
Net income (loss)	₩ (52,562,061)	₩ 10,372,199	\$ (45,017)
Basic (diluted) earnings (loss) per share (Note 21)	₩ (2,354)	₩ 465	\$ (2)

The accompanying notes are an integral part of these financial statements.

HYUNDAI CORPORATION

Statements of Appropriations of Retained Earnings

Years ended December 31, 2009 and 2008

(Dates of Appropriations: March 5, 2010, and March 6, 2009 for the years ended December 31, 2009 and 2008, respectively)

<i>(in thousands of Korean won)</i>	Korean Won		U.S. Dollars
	2009	2008	(Note 3)
			2009
Retained earnings before appropriations			
Unappropriated retained earnings carried over from prior year	₩ 94,756,594	₩ 83,807,792	\$ 81,155
Cumulative effect of accounting changes	-	576,603	-
Net income	<u>(52,562,061)</u>	<u>10,372,199</u>	<u>(45,017)</u>
	<u>42,194,533</u>	<u>94,756,594</u>	<u>36,138</u>
Unappropriated retained earnings carried forward to subsequent year	<u>₩ 42,194,533</u>	<u>₩ 94,756,594</u>	<u>\$ 36,138</u>

The accompanying notes are an integral part of these financial statements.

HYUNDAI CORPORATION
Non-Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2009 and 2008

(in thousands of Korean won)

	Capital stock	Capital adjustment	Accumulated other comprehensive Income and expense	Retained earnings	Total	U.S. Dollars (Note 3)
Balance as of January 1, 2008	₩ 111,649,010	₩ (215)	₩ (7,552,575)	₩ 83,807,792	₩ 187,904,012	\$ 160,932
Cumulative effect of changes in accounting policy	-	-	-	576,603	576,603	494
Retained earnings after appropriation	-	-	-	84,384,395	188,480,615	161,426
Net income	-	-	-	10,372,199	10,372,199	8,883
Increase in capital adjustment	-	(9,048,225)	-	-	(9,048,225)	(7,749)
Changes in equity method investees with accumulated comprehensive income	-	-	7,175,930	-	7,175,930	6,146
Changes in equity method investees with accumulated comprehensive expense	-	-	5,091,507	-	5,091,507	4,361
Balances as of December 31, 2008	<u>₩ 111,649,010</u>	<u>₩ (9,048,440)</u>	<u>₩ 4,714,862</u>	<u>₩ 94,756,594</u>	<u>₩ 202,072,026</u>	<u>\$ 173,066</u>
Balance as of January 1, 2009	₩ 111,649,010	₩ (9,048,440)	₩ 4,714,862	₩ 94,756,594	₩ 202,072,026	\$ 173,066
Net income	-	-	-	(52,562,061)	(52,562,061)	(45,017)
Increase in capital adjustment	-	(6,123,863)	-	-	(6,123,863)	(5,245)
Gain on valuation of long-term investments	-	-	4,914	-	4,914	4
Changes in equity method investees with accumulated comprehensive income	-	-	1,549,330	-	1,549,330	1,327
Changes in equity method investees with accumulated comprehensive expense	-	-	1,752,105	-	1,752,105	1,502
Balances as of December 31, 2009	<u>₩ 111,649,010</u>	<u>₩ (15,172,303)</u>	<u>₩ 8,021,211</u>	<u>₩ 42,194,533</u>	<u>₩ 146,692,451</u>	<u>\$ 125,637</u>

The accompanying notes are an integral part of these financial statements.

HYUNDAI CORPORATION
Non-Consolidated Statements of Cash Flows
Years ended December 31, 2009 and 2008

<i>(in thousands of Korean won)</i>	Korean Won		U.S. Dollars (Note 3)
	2009	2008	2009
Cash flows from operating activities			
Net income (loss)	₩ (52,562,061)	₩ 10,372,199	\$ (45,017)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation	389,114	379,139	333
Amortization of intangible assets	3,037,401	2,749,949	2,601
Provision for severance benefits	1,740,091	2,056,885	1,490
Bad debts expense	1,950,387	13,812,017	1,670
Interest expense	105,551	79,818	90
Loss on valuation of equity-method investments	61,313,662	36,796,448	52,513
Loss on disposal of equity-method investments	-	281,593	-
Loss on disposal of long-term investments	2	5	-
Loss on impairment of long-term investments	478,628	659,541	410
Loss on impairment of investments	-	6,959,729	-
Loss on disposal of property, plant and equipment	169	8	-
Loss on valuation of derivatives	181,821	-	156
Loss on valuation of firm commitment	-	21,689	-
Loss on foreign currency translation	18,965,792	54,954,170	16,243
Loss on disposal of trade accounts and notes receivable	13,942,381	18,966,154	11,941
Gain on disposal of long-term investments	(34,943)	(19,837)	(30)
Reversal of loss on impairment of long-term investments	(587,999)	-	(504)
Gain on valuation of equity-method investments	(23,350,015)	(28,617,783)	(19,998)
Gain on disposal of equity-method investments	-	(1,547,353)	-
Gain on disposal of property, plant and equipment	(1,252)	(101,709)	(1)
Gain on valuation of derivatives	(537,431)	(2,510,209)	(460)
Gain on valuation of firm commitment	(157,302)	-	(135)
Gain on foreign currency translation	(16,366,840)	(63,491,464)	(14,018)
Reversal of allowance for doubtful accounts	(5,614,568)	(117,957)	(4,809)
	<u>55,454,649</u>	<u>41,310,833</u>	<u>47,492</u>

HYUNDAI CORPORATION
Non-Consolidated Statements of Cash Flows
Years ended December 31, 2009 and 2008

<i>(in thousands of Korean won)</i>	Korean Won		U.S. Dollars
	2009	2008	(Note 3)
			2009
Changes in operating assets and liabilities			
Increase in inventories	(70,027,397)	(30,002,828)	(59,976)
Increase in trade accounts and notes receivable	(23,565,244)	(94,235,561)	(20,183)
Decrease in deferred tax assets	10,991,994	4,201,755	9,414
Decrease in derivatives assets	2,510,209	-	2,150
Increase in other accounts receivable	(9,062,077)	(4,903,004)	(7,761)
Decrease in accrued income	256,411	570,991	220
Decrease (Increase) in advance payments	11,808,184	(39,908,743)	10,113
Increase in prepaid expenses	(61,876)	(64,711)	(53)
Decrease (increase) in guarantee deposits	310,329	(1,171,755)	266
Decrease in notes receivable for deferred payment	-	722,195	-
Decrease in long-term prepaid expenses	228,450	176,244	196
Increase in trade accounts and notes payable	77,949,660	78,657,705	66,761
Payment of severance benefits	(980,579)	(1,328,760)	(840)
Decrease in deposits for severance benefit	(1,283,554)	(572,563)	(1,099)
Decrease in contribution to National Pension Plan	13,087	12,731	11
Increase (decrease) in product warranty liabilities	877,813	(10,847)	752
Decrease in derivatives liabilities	(21,689)	(15,483)	(19)
Increase (decrease) in other accounts payable	71,397,070	(3,490,910)	61,149
Increase (decrease) in advances from customers	(20,680,539)	33,774,703	(17,712)
Increase (decrease) in withholdings	279,443	(627,471)	239
Increase in deposits received	85,483	264,504	73
Increase (decrease) in accrued expenses	(1,832,091)	799,372	(1,569)
Others	19,160,969	25,634,415	16,411
	<u>68,354,056</u>	<u>(31,518,021)</u>	<u>58,543</u>
Net cash provided by operating activities	<u>71,246,644</u>	<u>20,165,011</u>	<u>61,018</u>

HYUNDAI CORPORATION
Non-Consolidated Statements of Cash Flows
Years ended December 31, 2009 and 2008

<i>(in thousands of Korean won)</i>	Korean Won		U.S. Dollars (Note 3)
	2009	2008	2009
Cash flows from investing activities			
Proceeds from disposal of short-term financial instruments	₩ 10,503,813	₩ 42,744,890	\$ 8,996
Proceeds from disposal of short-term investments	18,910	7,000	16
Proceeds from disposal of long-term investments	44,037	2,719,838	38
Proceeds from disposal of equity-method investments	-	4,871,567	-
Decrease in investments in petroleum development projects	-	34,357,295	-
Collection of long-term loans	-	9,038,066	-
Proceeds from disposal of property, plant and equipment	1,252	585,147	1
Acquisition of long-term financial instruments	(57,620)	(57,620)	(49)
Acquisition of long-term investments	(2,336,800)	(1,836,800)	(2,001)
Acquisition of equity-method investments	(36,159,900)	(28,319,280)	(30,969)
Increase in investments in petroleum development projects	(19,801)	(23,152,342)	(17)
Long-term loans provided	(13,573)	(67,057)	(12)
Acquisition of property, plant and equipment	(177,405)	(723,893)	(152)
Acquisition of intangible assets	(72,433)	(21,127,899)	(62)
Increase in deposits provided	(205,534)	(144,484)	(176)
Net cash provided by (used in) investing activities	(28,475,054)	18,894,428	(24,387)
Cash flows from financing activities			
Issuance of debentures	52,427,520	-	44,902
Issuance of long-term borrowings	655,998	25,336,221	562
Payment of debentures	(52,480,000)	(2,194,960)	(44,947)
Payment of long-term borrowings	(1,815,371)	(14,954,094)	(1,555)
Net cash provided by financing activities	(1,211,853)	8,187,167	(1,038)
Net increase in cash and cash equivalents	41,559,737	47,246,606	35,593
Cash and cash equivalents			
Beginning of the year	78,013,336	30,766,730	66,815
End of the year	₩ 119,573,073	₩ 78,013,336	\$ 102,408

The accompanying notes are an integral part of these financial statements.

HYUNDAI CORPORATION

Notes to Non-Consolidated Financial Statements

December 31, 2009 and 2008

1. The Company

HYUNDAI CORPORATION (the "Company") was established on December 8, 1976, under the Commercial Code of the Republic of Korea to engage mainly in export and import goods. In December 1, 1977, the Company's shares of stock were listed in the Korean Stock Exchange. The Company has been designated as a general trading company by the government of the Republic of Korea since February 11, 1978.

As of December 31, 2009, the Company has seven overseas subsidiaries, associates and 25 overseas branches. The Company mainly exports vehicles, steel products, machinery, electronic goods, and exports vessels and plants on a deferred payment basis. During the past several years, the Company has been actively engaged in the overseas exploration of petroleum and minerals.

The Company is authorized to issue 1.5 billion shares with a par value of ₩5,000 per share and its initial paid in capital amounted to ₩50 million. As of December 31, 2009, it has 22,329,802 common shares issued and outstanding, and its capital stock amounts to ₩111,649,010 thousand after several capital increases, conversions of bonds and capital reduction.

As of December 31, 2009 and 2008, the Company's major shareholders are as follows:

Shareholders	2009		Shareholders	2008	
	Number of shares	Percentage of ownership (%)		Number of shares	Percentage of ownership (%)
Hyundai Heavy Industries Co., Ltd.	4,992,782	22.36	Woori Bank	5,069,666	22.70
KCC	2,679,576	12.00	The Korea Development Bank	5,031,733	22.53
The Korea Development Bank	2,191,387	9.81	Korea Exchange Bank	3,157,266	14.14
Chung Mong-hyuk	1,652,694	7.40	Korea Credit Guarantee Fund	2,318,332	10.38
Woori Bank	1,080,000	4.84	NongHyup	2,238,266	10.02
Korea Exchange Bank	1,048,852	4.70	The Export-Import Bank of Korea	1,031,600	4.62
Others	8,684,502	38.88	Others	3,482,930	15.60
Treasury stock	9	0.01	Treasury stock	9	0.01
	<u>22,329,802</u>	<u>100.00</u>		<u>22,329,802</u>	<u>100.00</u>

HYUNDAI CORPORATION

Notes to Non-Consolidated Financial Statements

December 31, 2009 and 2008

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its interim non-consolidated financial statements are summarized below:

Basis of Financial Statement Presentation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements.

Revenue Recognition

Revenue is the gross inflow of economic benefits arising in the ordinary course of the Company's activities and is measured as the fair value of the consideration received or receivable for the sale of goods and services in the said ordinary course of the Company's activities. Revenue is shown as net of value-added tax, sales discounts and sales returns. The Company recognizes revenue when the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow into the Company.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the buyer.

Cash and Cash Equivalent

Cash and cash equivalents include cash on hand and in banks, and financial instruments with maturity of three months or less at the time of purchase. These financial instruments are readily convertible into cash without significant transaction costs and bear low risks from changes in value due to interest rate fluctuations.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts and notes receivable. Allowances are calculated based on the estimates made through a reasonable and objective method.

Inventories

The costs of inventories are determined using the specific-identification method. Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense. Replacement cost is used for the estimate of net realizable value of raw materials. If, however, the circumstances which caused the valuation loss cease to exist, the valuation loss is reversed up to the original carrying amount before valuation. The said reversal is deducted from cost of sales.

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Investments in Securities

Costs of securities are determined using the gross average method. Investments in equity securities or debt securities are classified into trading securities, available-for-sale securities and held-to-maturity securities, depending on the acquisition and holding purpose. Investments in equity securities of companies, over which the Company exercises a significant control or influence, are recorded using the equity method of accounting. Trading securities are classified as current assets while available-for-sale securities and held-to-maturity securities are classified as long-term investments, excluding those securities that mature or are certain to be disposed of within one year, which are then classified as current assets.

Held-to-maturity securities are measured at amortized cost while available-for-sale and trading securities are measured at fair value. However, non-marketable securities, classified as available-for-sale securities, are carried at cost when the fair values are not readily determinable.

Gains and losses related to trading securities are recognized in the income statement, while unrealized gains and losses of available-for-sale securities are recognized under other comprehensive income and expense. Realized gains and losses on available-for-sale securities are recognized in the income statement.

Equity-Method Investments

Investees over which the Company can exercise significant influence should reflect any changes in equity after the initial purchase date. Under the equity method, the Company records changes in its proportionate ownership in the book value of the investee in current operations, as capital adjustments or as adjustments to retained earnings, depending on the nature of the underlying change in the book value of the investee. All other changes in equity should be accounted for under other comprehensive income and expense.

If the equity method investee is a consolidated subsidiary, the Company's proportionate share in the net income and net assets in the non-consolidated financial statements of the parent company should be equal to the net income and net assets of the parent company's consolidated financial statements, except in cases where the equity method of accounting has been suspended due to a zero balance in the investment account balance.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use.

Property, plant and equipment are stated net of accumulated depreciation calculated based on the following depreciation method and estimated useful lives:

	Estimated Useful Lives	Depreciation Methods
Buildings	30 years	Straight-line method
Vehicles	4 years	Fixed rate method
Machinery and equipment	4 years	Fixed rate method
Leasehold improvements	4 years	Fixed rate method
Property subject to lease	5 years	Straight-line method

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Expenditures incurred after the acquisition or completion of assets are capitalized if they enhance the value of the related assets over their recently appraised value or extend the useful life of the related assets. Routine maintenance and repairs are charged to expense as incurred.

Intangible Assets

Intangible assets are stated at cost, which includes acquisition cost, production cost and other costs required to prepare the asset for its intended use. Intangible assets are stated net of accumulated amortization calculated based on using the following depreciation method and estimated useful lives:

	<u>Estimated Useful Lives</u>	<u>Amortization Methods</u>
Mining rights	-	Unit of production method
Other intangible assets	5~20 years	Straight-line method

Non-Capitalization of Interest Expense

The Company expenses interest incurred on borrowings used to finance the cost of manufacturing, acquisition, and construction of inventory and property, plant, and equipment that require more than one year to complete from the initial date of manufacture, acquisition, and construction.

Impairment of Assets

When the book value of an asset is significantly greater than its recoverable value due to obsolescence, physical damage or an abrupt decline in the market value of the asset, the said decline in value is deducted from the book value to agree with recoverable amount and is recognized as an asset impairment loss for the period. When the recoverable value subsequently exceeds the book value, the impairment amount is recognized as gain for the period to the extent that the revised book value does not exceed the book value that would have been recorded without the impairment. Reversal of impairment of goodwill is not allowed.

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Derivatives

All derivative instruments are accounted for at their fair value according to the rights and obligations associated with the derivative contracts. The resulting changes in fair value of derivative instruments are recognized either under the income statement or shareholders' equity, depending on whether the derivative instruments qualify as a cash flow hedge. Fair value hedge accounting is applied to a derivative instrument purchased with the purpose of hedging the exposure to changes in the fair value of an asset or a liability or a firm commitment that is attributable to a particular risk. The resulting changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized under the shareholders' equity under accumulated other comprehensive income and expense.

Income Tax and Deferred Income Tax

Income tax expense includes the current income tax under the relevant income tax law and the changes in deferred tax assets or liabilities. Deferred tax assets and liabilities represent temporary differences between financial reporting and the tax bases of assets and liabilities. Deferred tax assets are recognized for temporary differences which will decrease future taxable income or operating loss to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred tax effects applicable to items in the shareholders' equity are directly reflected in the shareholders' equity.

Discounts on Debentures

Discounts on debentures are amortized over the term of the debentures using the effective interest rate method. Amortization of the discount is recorded as part of interest expense.

Accrued Severance Benefits

Employees and directors with at least one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Company based on their length of service and rate of pay at the time of termination. Accrued severance benefits represent the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the date of statement of financial position. The Company has a defined benefit pension plan, and accrues severance benefits for current employees and pension payables for retired employees.

Pension plan assets are presented as a deduction from the total accrued severance benefits and pension payables. The excess of pension plan assets over pension plan liabilities is recorded as investment assets. The Company deposits certain portion severance benefits to National Pension Service according to National Pension Law. The deposit amount is recorded as a deduction from accrued severance benefits.

Provisions and Contingent Liabilities

When there is a probability that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and whose amount is reasonably estimable, a corresponding amount of provision is recognized in the financial statements. However, when such outflow is dependent upon a future event, is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements.

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Translation of Assets and Liabilities Denominated in Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Korean won at the rates of exchange in effect at the date of the statement of financial position, and the resulting translation gains and losses are recognized in current operations.

Currency Translation for Foreign Operations

Assets and liabilities of a foreign branch or company subject to the equity method of accounting for investments are translated into Korean won at the rates of exchange in effect at the date of the statement of financial position, while their equity is translated at the exchange rate at the time of transaction, and income statement accounts at the average rate over the period. Resulting translation gains and losses are recorded as accumulated other comprehensive income and expense. Corresponding gains and losses are recognized as gain or loss when the foreign branch or company is liquidated or sold.

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3. United States Dollar Amounts

The Company operates primarily in Korean won and its accounting records are maintained in Korean won. The U.S. dollar amounts, provided herein, represent supplementary information, solely for the convenience of the reader. All won amounts are expressed in U.S. dollars at US\$1 : ₩1,167.6, the exchange rate in effect on December 31, 2009. Such presentation is not in accordance with generally accepted financial accounting standards in either the Republic of Korea or the United States, and should not be construed as a representation that the won amounts shown could be readily converted, realized or settled in U.S. dollars at this or any other rate.

4. Restricted Financial Instruments

As of December 31, 2009 and 2008, restricted financial instruments are as follows:

<i>(in thousands of Korean won)</i>	2009		2008		Remarks
Cash and cash equivalents	₩	-	₩	10,200,000	Guarantee deposits for L/C
Short-term financial instruments		439,476		-	Pledged
Long-term financial instruments		18,581		18,581	Maintaining deposit for checking accounts
	₩	<u>458,057</u>	₩	<u>10,218,581</u>	

5. Short-Term Investments

Short-term investments as of December 31, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	2009		2008	
Government bonds	₩	<u>900</u>	₩	<u>18,910</u>

6. Long-term Investments

Long-term investments as of December 31, 2009 and 2008, consist of the following:

<i>(in thousands of Korean won)</i>	2009		2008	
Available-for-sale	₩	5,170,122	₩	4,169,713
Held-to-maturity		4,007,982		1,838,602
	₩	<u>9,178,104</u>	₩	<u>6,008,315</u>

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Available-for-sale securities as of December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

	Percentage of Ownership (%)	Number of shares	Acquisition cost	2009		2008	
				Net asset value	Book value	Book value	Book value
Marketable equity securities							
Daewoo Shipbuilding & Marine Engineering Co., Ltd ¹	0.07	42,000	₩ 728,700	₩ 735,000	₩ 735,000	₩ -	₩ -
			<u>728,700</u>	<u>735,000</u>	<u>735,000</u>	<u>-</u>	<u>-</u>
Non-marketable equity securities							
@ Data Co., Ltd.	4.41	102,069	285,793	668,417	285,793	285,793	285,793
Hyundai Asan	2.62	361,290	13,564,500	3,396,562	500,001	1	1
Korea Ras Laffan LNG Ltd.	8.00	2,226,667	3,490,050	4,590,875	3,490,050	3,490,050	3,490,050
SEGINIAGA(M) SDN. BHD.	4.39	550,800	159,247	107,753	159,247	159,246	159,246
H.D. STMC	10.00	-	224,110	-	1	224,110	224,110
Others	-	-	29,754,150	2,412,664	30	10,513	10,513
			<u>47,477,850</u>	<u>11,176,271</u>	<u>4,435,122</u>	<u>4,169,713</u>	<u>4,169,713</u>
			<u>₩ 48,206,550</u>	<u>₩ 11,911,271</u>	<u>₩ 5,170,122</u>	<u>₩ 4,169,713</u>	<u>₩ 4,169,713</u>

¹ As of December 31, 2009, the difference between the fair market value and acquisition cost is accounted for as gain on valuation of long-term investments, which amounts to ₩6,300 thousand, before income tax effect.

The fair values of non-marketable equity securities could not be reliably estimated due to the lack of financial information of the said companies. Accordingly, these equities were presented at their acquisition cost. When the recoverable value is less than the acquisition cost, impairment losses are recognized in the statements of operations.

The maturities of debt securities as of December 31, 2009 and 2008, are over one year and within five years, and the details of debt securities are as follows:

(in thousands of Korean won)

	2009		2008	
Government and public bonds	₩	900	₩	1,800
Subordinated debt securities ¹		<u>4,007,082</u>		<u>1,836,802</u>
	₩	<u>4,007,982</u>	₩	<u>1,838,602</u>

¹ The subordinated debt securities are pledged as collaterals for the non-guaranteed 36th debentures (Note 11).

In 2009, the Company recognized impairment losses amounting to ₩224,109 thousand for the H.D. STMC available-for-sale securities, and ₩254,519 thousand for subordinated debt securities in Korea Credit Guarantee Fund classified as held-to-maturity investments. The Company recognized reversal of loss on impairments amounting to ₩587,999 thousand for subordinated debt securities classified as held-to-maturity investments.

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7. Equity-Method Investments

Equity-method investments as of December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

Investee	Number of shares	Percentage of Ownership (%)	2009		2008		
			Acquisition cost	Net asset value	Book value	Acquisition cost	Book value
Hyundai Corp. USA	236,180	100	₩ 27,186,393	₩ 7,536,224	₩ 7,199,884	₩ 27,186,393	₩ 5,776,302
Hyundai Australia Pty., Ltd.	14,570,951	100	11,813,429	5,253,444	5,253,444	11,813,429	3,532,966
Hyundai Japan Co., Ltd.	23,276	100	21,026,480	8,516,190	8,229,108	21,026,480	9,563,821
Hyundai Canada Inc.	20,962	100	1,739,443	3,755,971	3,723,401	1,739,443	2,745,332
Hyundai Corp. U.K., Ltd.	24,032,362	100	45,222,394	313,019	313,019	45,222,394	313,019
Hyundai Corp. Europe GMBH	-	100	80,296,417	11,551,598	10,793,698	80,296,417	10,381,763
Hyundai Sangsa H.K., Ltd.	13,806,090	100	19,658,652	14,604,091	14,455,361	19,658,652	14,217,379
Korea LNG Limited	2,400	20	2,141	2,748,638	2,748,638	2,141	3,291,918
POS-Hyundai Steel MFG.(I) PVT. Ltd.	-	71	6,277,489	9,601,966	9,543,039	6,277,489	10,968,909
PTHD Inti. Deve.	-	55	2,905,778	1,696,897	1,696,897	2,905,778	1,495,991
Qingdao H.D Shipbuilding Co., Ltd. ¹	-	94	81,379,580	(32,997,790)	-	45,219,680	-
Hyundai Yemen LNG Company Limited ²	6,120	51	5,887	(178,194)	-	5,887	-
			<u>₩ 297,514,083</u>	<u>₩ 32,402,054</u>	<u>₩ 63,956,489</u>	<u>₩ 261,354,183</u>	<u>₩ 62,287,400</u>

¹ The non-recognized change in equity of Qingdao Hyundai Shipbuilding Co., Ltd. amounting to ₩33,157,729 thousand was recognized as allowance for doubtful accounts in 2009.

² The non-recognized change in equity of Hyundai Yemen LNG Company Limited amounting to ₩178,194 thousand was recognized as allowance for doubtful accounts in 2009.

Details of the elimination of unrealized gain or loss arising from intercompany transactions according to the equity method of accounting are as follows:

(in thousands of Korean won)

	2009		2008	
Inventories	₩	1,255,509	₩	2,933,688
Others		525,978		534,113
	<u>₩</u>	<u>1,781,487</u>	<u>₩</u>	<u>3,467,801</u>

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Changes in equity-method investments for the years ended December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

Investee	2009				
	Beginning	Acquisition cost	Valuation gain(loss)	Others ¹	Ending
Hyundai Corp. USA	₩ 5,776,303	₩ -	₩ 2,022,165	₩ (598,584)	₩ 7,199,884
Hyundai Australia Pty., Ltd.	3,532,966	-	963,272	757,206	5,253,444
Hyundai Japan Co., Ltd.	9,563,821	-	(413,261)	(921,452)	8,229,108
Hyundai Canada INC.	2,745,332	-	819,088	158,981	3,723,401
Hyundai Corp. U.K., Ltd.	313,019	-	-	-	313,019
Hyundai Corp. Europe GMBH	10,381,762	-	1,094,237	(682,301)	10,793,698
Hyundai Sangsa H.K., Ltd.	14,217,378	-	1,246,911	(1,008,928)	14,455,361
Korea LNG Limited	3,291,918	-	15,382,402	(15,925,682)	2,748,638
POS-Hyundai Steel MFG. (I) PVT.Ltd.	10,968,910	-	1,093,688	(2,519,559)	9,543,039
PTHD INTI. DEVE.	1,495,991	-	728,252	(527,346)	1,696,897
Qindgao H.D Shipbuilding Co.,Ltd.	-	36,159,900	(60,814,562)	24,654,662	-
Hyundai Yemen LNG Company Limited	-	-	(85,839)	85,839	-
	₩ 62,287,400	₩ 36,159,900	₩ (37,963,647)	₩ 3,472,836	₩ 63,956,489

¹ Other changes include adjustments for impairments, changes in equity method investees, and payments of dividends.

(in thousands of Korean won)

Investee	2008				
	Beginning	Acquisition (disposal) cost	Valuation gain(loss)	Others	Ending
Hyundai Corp. USA	₩ 3,075,691	₩ -	₩ 1,025,526	₩ 1,675,086	₩ 5,776,303
Hyundai Australia Pty., Ltd.	3,285,183	-	99,957	147,826	3,532,966
Hyundai Japan Co., Ltd.	5,817,883	-	(245,492)	3,991,430	9,563,821
Hyundai Canada INC.	1,731,543	-	857,479	156,310	2,745,332
Hyundai Corp. U.K., Ltd.	4,003,448	(3,690,429)	-	-	313,019
Hyundai Corp. Europe GMBH	9,023,621	-	(912,497)	2,270,638	10,381,762
Hyundai Sangsa H.K., Ltd.	10,689,599	-	(264,216)	3,791,995	14,217,378
Hyundai SGP PTE., Ltd.	2,375,699	(2,375,699)	-	-	-
Korea LNG Limited	2,162,903	-	25,559,950	(24,430,935)	3,291,918
POS Metal Co., Ltd.	1,323,353	(1,323,353)	-	-	-
POS-Hyundai Steel MFG. (I) PVT.Ltd.	9,529,989	-	475,628	963,293	10,968,910
PTHD INTI. DEVE.	1,162,322	-	599,243	(265,574)	1,495,991
Qindgao H.D Shipbuilding Co.,Ltd.	9,398,550	28,319,280	(35,292,161)	(2,425,669)	-
Hyundai Yemen LNG Company Limited	-	-	(82,082)	82,082	-
	₩ 63,579,784	₩ 20,929,799	₩ (8,178,665)	₩ (14,043,518)	₩ 62,287,400

HYUNDAI CORPORATION
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Summary of financial information of major equity method investees follows:

(in thousands of Korean won)

2009	Total Assets	Total Liabilities	Revenue	Net Income (Loss)
Hyundai Corp. USA	₩ 145,279	₩ 137,743	₩ 365,638	₩ 627
Hyundai Australia Pty., Ltd.	8,183	2,929	24,519	885
Hyundai Japan Co., Ltd.	30,791	22,275	95,588	(355)
Hyundai Canada INC.	17,092	13,336	59,229	986
Hyundai Corp. U.K., Ltd.	313	-	-	-
Hyundai Corp. Europe GMBH	37,426	25,875	29,762	1,572
Hyundai Sangsa H.K., Ltd.	14,907	303	36,466	524
Korea LNG Limited	21,216	7,473	78,945	76,982
POS-Hyundai Steel MFG. (I) PVT.Ltd.	20,326	6,707	23,442	1,431
PTHD INTI. DEVE.	3,283	198	2,859	1,366
Qindgao Hyundai Shipbuilding Co.,LTD	128,582	163,580	149,626	(67,838)
Hyundai Yemen LNG Company Limited	251,409	251,758	-	(168)

2008	Total Assets	Total Liabilities	Revenue	Net Income (Loss)
Hyundai Corp. USA	₩ 224,593	₩ 217,021	₩ 292,858	₩ 1,669
Hyundai Australia Pty., Ltd.	10,016	6,483	22,365	301
Hyundai Japan Co., Ltd.	69,478	59,585	185,134	(64)
Hyundai Canada INC.	48,821	45,904	63,683	981
Hyundai Corp. U.K., Ltd.	313	-	-	-
Hyundai Corp. Europe GMBH	35,277	24,799	8,999	(104)
Hyundai Sangsa H.K., Ltd.	20,133	5,567	69,547	(149)
Korea LNG Limited	27,980	11,520	129,885	127,798
POS-Hyundai Steel MFG. (I) PVT.Ltd.	20,799	5,011	22,842	783
PTHD INTI. DEVE.	3,331	611	2,651	1,124
Qindgao Hyundai Shipbuilding Co.,LTD	176,785	185,322	76,634	(43,445)
Hyundai Yemen LNG Company Limited	270,601	270,811	-	(17)

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8. Investments in Exploration of Resources

The Company's investments in resource exploration projects as of December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

Project name	Accounts	2009	2008	Mass production status
Vietnam (11-2 prospect)	Mining rights	₩ 25,943,168	₩ 27,756,746	Commenced in 2007
Yemen LNG ¹	Investments in petroleum Development projects	88,284,923	94,295,047	Commenced in 2009
	Long-term loans	36,775,385	39,580,724	
West Kamchatka Prospect ²	Investments in petroleum Development projects	4,786,493	4,786,493	Exploration ended in 2008
Oman LNG(KOLNG)	Equity method investments	2,748,638	3,291,918	Commenced in 2000
Katar LNG(KORAS)	Long-term investments	3,490,050	3,490,050	Commenced in 1999
Peru prospect	Investments in petroleum development projects	3,080,156	3,080,156	Under liquidation

¹ The Company entered into a sales contract with Korea Gas Corporation, Suez LNG Trading S.A. and Total Gas & Power Ltd., through Hyundai Yemen LNG Company Limited, whose production started on October 15, 2009.

² The long-term investments and the investments in petroleum development projects for the investment related to the oilfield in West Kamchatka (Russia) are valued at their recoverable value (Note 6).

The revenues from investments in resource exploration for the years ended December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

Project name	Description	2009	2008
Vietnam (11-2 prospect)	Sales	₩ 11,389,690	₩ 12,381,245
Yemen LNG ¹	Equity method investments	-	-
Oman LNG(KOLNG)	Equity method investments	15,382,402	25,559,950
Katar LNG(KORAS)	Dividend income	11,938,467	17,038,439
		<u>₩ 38,710,559</u>	<u>₩ 54,979,634</u>

¹ Yemen LNG commenced in 2009, equity method of accounting has been suspended due to its cumulated loss as of December 31, 2009.

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The percentages of ownership in investments in the exploration of resources as of December 31, 2009, are as follows:

	Percentage of ownership of consortium in investments	Percentage of ownership of the Company in consortium
Vietnam (11-2 prospect)	100.00%	4.90%
Yemen LNG	5.90%	51.00%
Oman LNG(KOLNG)	5.00%	20.00%
Qatar LNG(KORAS)	5.00%	8.00%

9. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

		2009				
		Buildings	Vehicles	Machinery and equipment	Others	Total
Beginning balance	₩	275,201	₩ 326,907	₩ 267,301	₩ 144	₩ 869,553
Acquisition		-	44,508	132,897	-	177,405
Disposal		-	-	(169)	-	(169)
Depreciation		(16,497)	(183,778)	(188,695)	(144)	(389,114)
Ending balance	₩	258,704	₩ 187,637	₩ 211,334	₩ -	₩ 657,675
Acquisition cost	₩	2,334,180	₩ 1,057,330	₩ 9,546,307	₩ 176,005	₩ 13,113,822
Accumulated depreciation		(236,191)	(869,693)	(9,334,973)	(176,005)	(10,616,862)
Accumulated impairment		(1,839,285)	-	-	-	(1,839,285)
		2008				
		Buildings	Vehicles	Machinery and equipment	Others	Total
Beginning balance	₩	291,698	₩ 97,818	₩ 127,558	₩ 491,170	₩ 1,008,244
Acquisition		-	394,347	329,547	-	723,894
Disposal		-	(4,206)	-	(479,240)	(483,446)
Depreciation		(16,497)	(161,052)	(189,804)	(11,786)	(379,139)
Ending balance	₩	275,201	₩ 326,907	₩ 267,301	₩ 144	₩ 869,553
Acquisition cost	₩	2,334,180	₩ 1,012,822	₩ 9,540,027	₩ 176,005	₩ 13,063,034
Accumulated depreciation		(219,694)	(685,915)	(9,272,727)	(175,861)	(10,354,197)
Accumulated impairment		(1,839,285)	-	-	-	(1,839,285)

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10. Intangible Assets

Changes in intangible assets for the years ended December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

		2009		
		Mining rights	Other intangible assets	Total
Beginning balance	₩	27,756,746	₩ 20,182,451	₩ 47,939,197
Acquisition		-	72,433	72,433
Amortization		(1,813,578)	(1,223,823)	(3,037,401)
Ending balance	₩	25,943,168	₩ 19,031,061	₩ 44,974,229
Acquisition cost	₩	30,634,784	₩ 21,751,155	₩ 52,385,939
Accumulated depreciation		(4,691,616)	(2,720,094)	(7,411,710)

		2008		
		Mining rights	Other intangible assets	Total
Beginning balance	₩	29,173,832	₩ 387,416	₩ 29,561,248
Acquisition		131,288	20,996,610	21,127,898
Amortization		(1,548,374)	(1,201,575)	(2,749,949)
Ending balance	₩	27,756,746	₩ 20,182,451	₩ 47,939,197
Acquisition cost	₩	30,634,784	₩ 21,678,722	₩ 52,313,506
Accumulated depreciation		(2,878,038)	(1,496,271)	(4,374,309)

Details of intangible assets as of December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

		2009	2008
Mining rights	Vietnam (11-2 prospect)	₩ 25,943,168	₩ 27,756,746
Other intangible assets	Trademark ¹	18,630,000	19,665,000
	Others	401,061	517,451
		₩ 44,974,229	₩ 47,939,197

¹ On December 26, 2007, the Company purchased the "HYUNDAI" trademark which Hynix Semiconductor Inc. owned with exclusive usage right for ₩20.7 billion. The trademark is amortized over 20 years using the straight-line method.

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11. Debentures

Details of debentures as of December 31, 2009 and 2008, are as follows:

<i>(in thousands of Korean won)</i>	Series	Interest rate	2009		2008	
Non-guaranteed debentures	31 st	6.30%	₩	8,130,000	₩	8,130,000
Non-guaranteed debentures	35 th	7.83%		-		52,480,000
Non-guaranteed debentures	36 th	5.90%		52,480,000		-
				<u>60,610,000</u>		<u>60,610,000</u>
Less : Current portion of long-term liabilities				(60,610,000)		-
Discount				-		(102,415)
			₩	<u>-</u>	₩	<u>60,507,585</u>

The Company provides subordinated debt securities and short-term financial instruments as collaterals for the 36th non-guaranteed bond (Notes 4 and 6).

12. Long-Term Borrowings

Long-term borrowings as of December 31, 2009 and 2008, consist of the following:

Creditor	Purpose	Interest rate(%)	2009				2008			
			U.S. dollar	Korean won equivalent (in thousands)	U.S. dollar	Korean won equivalent (in thousands)				
Korea National Oil Corporation	Investments in petroleum development projects	3.75~7.00	USD	25,324,654	₩	28,818,530	USD	26,234,495	₩	31,575,856
Korea Exchange Bank	Operational borrowings	Libor (1month)+3		8,831,000		10,311,076		8,831,000		11,104,983
Woori Bank	Operational borrowings	Libor (3month)+3		20,703,000		24,172,823		20,703,000		26,034,023
The Korea Development Bank	Operational borrowings	Libor (3month)+3		19,861,946		23,190,808		19,873,052		24,990,363
NH Bank	Operational borrowings	Libor (3month)+3		7,509,575		8,768,180		7,509,575		9,443,291
Societe Generale	Financial investments in overseas ¹	Libor (6month)+0.8		37,193,045		43,426,600		37,193,045		46,770,254
				<u>119,423,220</u>		<u>138,688,017</u>		<u>120,344,167</u>		<u>149,918,770</u>
Less : Current portion of long-term liabilities				(62,582,312)		(73,071,108)				
			USD	<u>56,840,908</u>	₩	<u>65,616,909</u>	USD	<u>120,344,167</u>	₩	<u>149,918,770</u>

¹ As of December 31, 2009, Korea Export Insurance Corporation has provided guarantees of up to a maximum amount of US\$ 90 million for the Company's borrowings from Societe Generale.

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The payment schedule of long-term borrowings as of December 31, 2009, is as follows:

(In thousands of Korean won)

Maturity	
January 1, 2011 ~ December 31, 2011	₩ 6,628,222
January 1, 2012 ~ December 31, 2012	6,628,222
January 1, 2013 ~ December 31, 2013	6,628,222
January 1, 2014 ~ December 31, 2014	6,628,222
Thereafter ¹	39,104,021
	₩ 65,616,909

¹ The borrowings of ₩7,866,649 thousand will not be repaid if the overseas resource exploration project turns out to be failed.

13. Accrued Severance Benefits

Changes in accrued severance benefits for the years ended December 31, 2009 and 2008, are as follows:

<i>(in thousands of Korean won)</i>	2009	2008
Beginning balance	₩ 8,374,009	₩ 7,645,884
Payment	(980,579)	(1,328,760)
Increase	1,740,091	2,056,885
	9,133,521	8,374,009
Severance benefit fund deposits	(6,822,558)	(5,539,003)
Cumulative deposits to the National Pension Fund	(73,431)	(86,518)
Ending balance	₩ 2,237,532	₩ 2,748,488

The Company has a contract with four banks, including The Korea Development Bank, to manage the Company's defined benefit pension plan. Severance benefit fund deposits as of December 31, 2009, consist of the following:

(in thousands of Korean won)

Cash	₩ 1,928
Bank deposits	6,018,722
Beneficiary certificates	801,908
	₩ 6,822,558

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14. Income Tax

The income tax expense for the years ended December 31, 2009 and 2008, consists of the following:

<i>(in thousands of Korean won)</i>	2009	2008
Current income tax	₩ -	₩ -
Deferred income tax due to temporary differences	10,930,044	3,475,232
Items charged directly to shareholders' equity	60,564	149,920
Cumulative effect of accounting change	-	576,603
Income tax expense	<u>₩ 10,990,608</u>	<u>₩ 4,201,755</u>

Deferred income taxes charged directly to the shareholders' equity are as follows:

<i>(in thousands of Korean won)</i>	2009	2008
Accumulated comprehensive expense of equity method investees	₩ 123,096	₩ 233,228
Accumulated comprehensive income of equity method investees	(61,146)	(83,308)
Gain on valuation of long-term investments	(1,386)	-
	<u>₩ 60,564</u>	<u>₩ 149,920</u>

Reconciliation between income before income taxes and income tax expense for the years ended as of December 31, 2009 and 2008, follows:

<i>(in thousands of Korean won)</i>	2009	2008
Net income (loss) before tax	<u>₩ (41,571,453)</u>	<u>₩ 14,573,954</u>
Income tax (benefit) based on statutory rate	₩ (10,060,292)	₩ 4,007,837
Adjustments		
Non-taxable income / Non-deductible expense	26,414,697	112,401
Others	(5,363,797)	81,517
Income tax expense	<u>₩ 10,990,608</u>	<u>₩ 4,201,755</u>

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Details of deferred income tax assets (liabilities) as of December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

	2009				Deferred income tax assets (liabilities)
	Beginning	Increases	Decreases	Ending	
Allowance for doubtful accounts	₩ (77,366,873)	₩ (106,104,370)	₩ (77,390,701)	₩ (106,080,542)	₩ 23,337,719
Accrued severance benefits	(6,150,653)	(880,092)	(561,479)	(6,469,266)	1,423,239
Deposit for retirement insurance	5,539,003	1,491,742	561,479	6,469,266	(1,423,239)
Investments in petroleum development projects	(2,652,403)	-	-	(2,652,403)	583,529
Impairment of long-term investments	(52,228,186)	109,372	(2,970,568)	(49,148,246)	10,812,614
Other accounts payable	(1,846,008)	-	-	(1,846,008)	406,122
Gain (loss) on foreign currency translation	6,843,612	891,789	6,843,613	891,788	(215,813)
Impairment of investments	(6,959,729)	-	-	(6,959,729)	1,531,140
Equity-method investments	(201,835,260)	(36,213,189)	-	(238,048,449)	52,370,659
Impairment of equity-method investments	(2,870,509)	-	-	(2,870,509)	631,512
Accrued income	449,473	292,301	449,473	292,301	(70,737)
Others	(2,458,553)	(10,332,620)	2,465,036	(15,256,209)	3,393,816
	<u>(341,536,086)</u>	<u>(150,745,067)</u>	<u>(70,603,147)</u>	<u>(421,678,006)</u>	<u>92,780,561</u>
Net accumulated comprehensive income of equity method investees	10,901,837	(26,625,414)	(3,211,264)	(12,512,313)	2,752,709
Net accumulated comprehensive expense of equity method investees	(6,336,895)	13,233,316	2,188,535	4,707,886	(1,035,735)
Other capital adjustments	(9,048,225)	24,220,312	-	15,172,087	(3,337,859)
Gain on valuation of long-term investments	-	(6,300)	-	(6,300)	1,386
	<u>(4,483,283)</u>	<u>10,821,914</u>	<u>(1,022,729)</u>	<u>7,361,360</u>	<u>(1,619,499)</u>
Net operating loss carryforwards	<u>(102,490,344)</u>	<u>158,201</u>	<u>(81,493,061)</u>	<u>(20,839,082)</u>	<u>4,584,598</u>
	<u>₩ (448,509,713)</u>	<u>₩ (139,764,952)</u>	<u>₩ (153,118,937)</u>	<u>₩ (435,155,728)</u>	<u>95,745,660</u>
Unutilized deferred income tax assets					(81,692,835)
Recognized deferred income tax assets					<u>₩ 14,052,825</u>

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	2008				Deferred income tax assets (liabilities)
	Beginning	Increases	Decreases	Ending	
Allowance for doubtful accounts	₩ (65,057,711)	₩ (77,366,873)	₩ (65,057,711)	₩ (77,366,873)	₩ 17,020,712
Accrued severance benefits	(5,126,720)	(1,354,075)	(330,142)	(6,150,653)	1,353,144
Deposit for retirement insurance	4,966,441	902,704	330,142	5,539,003	(1,218,581)
Investments in petroleum development projects	(2,652,403)	-	-	(2,652,403)	583,529
Impairment of long-term investments	(108,732,226)	(659,541)	(57,163,581)	(52,228,186)	11,490,201
Other accounts payable	(1,890,968)	-	(44,960)	(1,846,008)	406,122
Gain (loss) on foreign currency translation	(1,702,567)	8,533,189	(12,990)	6,843,612	(1,505,595)
Impairment of investments	(334,999)	(6,959,729)	(334,999)	(6,959,729)	1,531,140
Equity-method investments	(203,785,767)	1,648,638	(301,869)	(201,835,260)	44,403,757
Impairment of equity-method investments	(2,870,509)	-	-	(2,870,509)	631,512
Accrued income	915,188	449,473	915,188	449,473	(98,884)
Others	(4,269,791)	1,305,169	(506,069)	(2,458,553)	540,882
	<u>(390,542,032)</u>	<u>(73,274,264)</u>	<u>(122,280,210)</u>	<u>(341,536,086)</u>	<u>75,137,939</u>
Net operating loss carryforwards	(72,175,166)	(30,315,178)	-	(102,490,344)	21,954,280
	<u>₩ (462,717,198)</u>	<u>₩ (103,589,442)</u>	<u>₩ (122,280,210)</u>	<u>₩ (444,026,430)</u>	<u>97,092,219</u>
Unutilized deferred income tax assets					(72,109,351)
Recognized deferred income tax assets					<u>₩ 24,982,868</u>

The gross balances of deferred tax assets and liabilities are as follows:

(in thousands of Korean won)

	2009	
	Deferred tax assets	Deferred tax liabilities
Current	₩ 2,366,277	₩ 410,674
Non - current	<u>13,385,168</u>	<u>1,287,946</u>
	<u>₩ 15,751,445</u>	<u>₩ 1,698,620</u>

To determine the realizability of deferred income tax assets, all available positive and negative evidences are considered, including the Company's performance, the market environment in which the Company operates, forecasts of future profitability, the utilization period of past tax credits and tax loss carryforwards, and other factors. As of December 31, 2009, the Company has recognized the deferred income tax assets related to temporary differences, excluding the tax loss carryforwards of ₩81,693 million that are deemed to be not realizable. The balance of the deferred income tax assets is subject to change in accordance with changes in estimates for future taxable income.

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Unexpired net loss carryforwards as of December 31, 2009, are as follows:

(in thousands of Korean won)

Year incurred	Amounts	Expiration
2008	₩ 20,839,082	2013

15. Monetary assets and liabilities Denominated in Foreign Currencies

As of December 31, 2009 and 2008, monetary assets and liabilities denominated in foreign currencies, are as follows:

	2009		2008	
	Foreign currency	Korean won equivalent (in thousands)	Foreign currency	Korean won equivalent (in thousands)
Assets				
Cash and cash equivalents	USD 17,616,872	₩ 20,569,460	USD 1,251,152	₩ 1,573,324
Short-term financial instruments	-	-	7,234,286	9,097,115
Trade accounts and notes receivable	192,335,487	224,570,915	209,345,484	263,251,946
Other accounts receivable	13,439,074	15,691,463	10,666,910	13,413,639
Accrued income	3,285,666	3,836,344	3,370,407	4,238,287
Guarantee deposits	82,369	96,174	87,864	110,489
Deposits provided	268,769	313,814	296,877	373,323
Investments in petroleum development projects	67,073,696	78,315,247	67,073,696	84,345,173
Long-term loans receivable	31,348,055	36,601,989	31,376,900	39,456,452
	<u>USD 325,449,988</u>	<u>₩ 379,995,406</u>	<u>USD 330,703,576</u>	<u>₩ 415,859,748</u>
Liabilities				
Trade accounts and notes payable	USD 290,127,025	₩ 338,752,315	USD 210,886,312	₩ 265,189,537
Other accounts payable	23,209,158	27,099,013	13,567,451	17,061,070
Accrued expenses	201,351	235,098	393,756	495,149
Current portion of long-term borrowings	56,840,908	65,616,909	120,344,167	149,918,770
Long-term borrowings	62,582,312	73,071,108	-	-
	<u>USD 432,960,754</u>	<u>₩ 504,774,443</u>	<u>USD 345,191,686</u>	<u>₩ 432,664,526</u>

For the year ended December 31, 2009, translation gain amounts to ₩16,368,177 thousand (2008: ₩63,491,464 thousand) and translation loss amounts to ₩18,970,032 thousand (2008: ₩54,958,275 thousand).

16. Treasury Stock

As of December 31, 2009, the Company has nine treasury shares, which it plans to dispose of in the future.

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17. Cost of Sales

Cost of sales for 2009 and 2008, consists of:

(in thousands of Korean won)

	2009		2008
Inventory, beginning	₩ 81,598,936	₩	51,596,109
Net purchase and others	2,534,655,592		2,758,888,750
	<u>2,616,254,528</u>		<u>2,810,484,859</u>
Inventory, ending	(151,626,333)		(81,598,936)
Cost of sales	<u>₩ 2,464,628,195</u>	<u>₩</u>	<u>2,728,885,923</u>

18. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

	2009		2008
Wages	₩ 16,084,863	₩	14,988,482
Provision for severance benefits	1,740,091		2,056,885
Welfare expenses	1,738,987		1,566,953
Education and training expense	110,779		164,426
Travel and transportation	1,940,962		1,750,620
Communication expense	434,441		436,422
Supplies expense	48,360		70,053
Books and periodicals	253,977		185,504
Utility expenses	820,643		780,555
Taxes and dues	718,479		646,521
Entertainment expenses	1,075,029		1,048,586
Expenses of overseas branches	12,233,582		8,521,579
Vehicles maintenance expense	161,374		153,238
Repairs expense	928		30,069
Depreciation	389,114		367,515
Amortization of intangible assets	1,223,823		1,201,575
Freight expense	60,813		51,742
Rental expense	2,176,919		2,021,518
Commissions	3,882,246		2,504,877
Advertising expenses	77,311		160,892
Foreign market development costs	1,027,096		1,164,657
Bad debts expense	1,950,387		13,812,017
Insurance premium	346,864		341,595
Electrical expenses	2,399,363		2,372,416
Others	180,168		248,045
	<u>₩ 51,076,599</u>	<u>₩</u>	<u>56,646,742</u>

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19. Value Added Information

Accounts for computing value added for the years ended December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

		2009		2008
Wages	₩	16,084,863	₩	14,988,482
Provision for severance benefits		1,740,091		2,056,885
Welfare expenses		1,738,987		1,566,953
Rental expenses		2,176,919		2,021,518
Depreciation		389,114		379,139
Taxes and dues		718,479		646,521
	₩	<u>22,848,453</u>	₩	<u>21,659,498</u>

20. Comprehensive Income (Expense)

Comprehensive income (expense) for the years ended December 31, 2009 and 2008, consists of:

(in thousands of Korean won)

		2009		2008
Net income (loss)	₩	(52,562,061)	₩	10,372,199
Cumulative effect of accounting change		-		576,603
Other comprehensive income and expense				
Accumulated comprehensive income of equity method investees, net of tax of ₩(61,146) thousand (2008: ₩(83,308))		1,549,330		7,175,930
Accumulated comprehensive expense of equity method investees, net of tax of ₩(123,096) thousand (2008: ₩233,228)		1,752,105		5,091,507
Gain on valuation of long-term investments, net of tax of ₩(1,386) thousand (2008: nil)		4,914		-
Comprehensive income (expense)	₩	<u>(49,255,712)</u>	₩	<u>23,216,239</u>

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21. Earnings Per Share

Earnings per share for the years ended December 31, 2009 and 2008, is computed as follows:

<i>(in thousands of Korean won)</i>		2009		2008
Net income attributable to common stock	₩	(52,562,061)	₩	10,372,199
Weighted average number of common stocks outstanding ¹		22,329,793		22,329,793
Earnings (loss) per share	₩	(2,354)	₩	465

¹Weighted average number of common stock is as follows:

		2009		2008
Number of shares issued		22,329,802		22,329,802
Treasury shares held		(9)		(9)
Weighted average number of common stock outstanding		<u>22,329,793</u>		<u>22,329,793</u>

As there are no diluted securities outstanding as of December 31, 2009 and 2008, diluted earnings per share are identical to basic earnings per share.

22. Supplemental Cash Flow Information

Significant transactions not affecting cash flows are as follows:

<i>(in thousands of Korean won)</i>		2009		2008
Reclassification to long-term financial instruments from trade receivables	₩	728,700	₩	-
Reclassification to short-term investments from long-term investments		900		18,910
Reclassification to pension plan assets from severance insurance deposits		-		3,257,853
Reclassification to current portion from debentures		60,610,000		-
Reclassification to current portion from long-term borrowings		73,071,108		-

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23. Related Party Transactions

Details of the subsidiaries as of December 31, 2009, are as follows:

(in thousands of Korean won)

	Capital stock	Number of shares owned	Percentage of ownership (%)	Location	Reporting date
Hyundai Corp. USA	₩ 27,138,658	236,180	100.00	USA	31-Dec
Hyundai Sangsa H.K., Ltd.	19,658,652	13,806,090	100.00	Hong Kong	31-Dec
Hyundai Corp. Europe GMBH	80,296,417	Certificates of contribution	100.00	Germany	31-Dec
Hyundai Canada Inc.	1,739,443	20,962	100.00	Canada	31-Dec
Hyundai Japan Co., Ltd.	11,096,775	23,276	100.00	Japan	31-Dec
Hyundai Australia Pty., Ltd.	11,813,429	14,570,951	100.00	Australia	31-Dec
Qingdao Hyundai Shipbuilding Co., Ltd.	84,567,580	Certificates of contribution	94.29	China	31-Dec
POS-Hyundai Steel MFG. (I) PVT. Ltd.	8,904,240	Certificates of contribution	70.50	India	31-Mar
Hyundai Yemen LNG Company Limited	11,544	6,120	51.00	Bermuda	31-Dec
PTHD INTL. DEVE.	5,283,233	Certificates of contribution	55.00	Indonesia	31-Dec
Hyundai Corp. U.K., Ltd. ¹	313,019	24,032,362	100.00	United Kingdom	31-Dec

¹ In the process of liquidation.

Significant transactions with related parties for the years ended December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

	Sales		Purchases	
	2009	2008	2009	2008
Subsidiaries	₩ 384,093,656	₩ 4,973,604	₩ 619,108,941	₩ 2,369,259
Equity method investees	15,382,401	-	25,436,723	-
	<u>₩ 399,476,057</u>	<u>₩ 4,973,604</u>	<u>₩ 644,545,664</u>	<u>₩ 2,369,259</u>

Significant receivables and payables with related parties as of December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

	Receivables		Payables	
	2009	2008	2009	2008
Subsidiaries	₩ 248,339,562	₩ 16,474,692	₩ 279,235,522	₩ 20,096,040
Equity method investees	1,471,176	-	2,263,500	-
	<u>₩ 249,810,738</u>	<u>₩ 16,474,692</u>	<u>₩ 281,499,022</u>	<u>₩ 20,096,040</u>

As of December 31, 2009, the Company has financial instruments of ₩101,531 million as well as borrowings of ₩57,675 million from the same financial institution. For the year ended December 31, 2009, ₩14 million of those borrowings were repaid.

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For the years ended December 31, 2009 and 2008, the Company recorded wages of ₩958,410 thousand and ₩891,745 thousand, respectively, and severance benefits of ₩279,426 thousand and ₩191,869 thousand, respectively, as key management compensation. Key management consists of executive officers who have the authority and responsibility in the planning, directing and control of the Company's operations.

Allowance for doubtful accounts with related parties as of December 31, 2009, amounted to ₩50,807 million.

The Company offers a guarantee of US\$ 314,254 thousand to related parties as of December 31, 2009 (Note 26).

24. Segment Information

The Company's business is segmented into machinery and plant, steel, chemicals, electricity and electronics and others based on the kinds of merchandise of the Company. The major customers of the machinery and plant segment are foreign shipbuilding companies, foreign national transportation ministries, electric power companies, transportation companies, construction companies and others. The major customers of the steel segment are foreign car-making companies, national oil and gas companies, construction companies, domestic and foreign shipbuilding companies and others. For the chemical segment, domestic and foreign oil refining companies and chemical companies are the major customers. The major customers of electricity and electronics segment are foreign IT companies and others.

The Company's financial information by segments is as follows:

	2009		2008	
	Sales	Operating income	Sales	Operating income
Machinery and plant	₩ 935,849,085	₩ 22,071,633	₩ 810,191,137	₩ 14,238,550
Steel	1,340,019,505	32,437,306	1,761,112,955	26,069,829
Chemicals	173,103,599	146,950	66,552,983	341,652
Electricity and electronics	17,567,042	6,268,570	19,571,564	4,674,262
Others	111,009,280	919,258	179,814,294	6,385,975
	₩ 2,577,548,511	₩ 61,843,717	₩ 2,837,242,933	₩ 51,710,268

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25. Derivatives

Details of the changes in valuation gain or loss on derivatives for the years ended December 31, 2009 and 2008, are as follows:

(in thousands of Korean won)

	2009		2008	
	Gains	Losses	Gains	Losses
Foreign currency forward	₩ 537,431	₩ 24,519	₩ 2,488,520	₩ -
Commodity futures	-	157,302	21689	-
	<u>₩ 537,431</u>	<u>₩ 181,821</u>	<u>₩ 2,510,209</u>	<u>₩ -</u>

The Company enters into foreign currency forward contracts with Korea Exchange Bank to manage the exposure to changes in currency exchange rates in accordance with its foreign currency risk management policy. Details of foreign currency exchange contracts as of December 31, 2009, are as follows:

(in thousands of Korean won)

Position	Contract amounts	Contract rate	Gain(loss) on valuation of
Selling	USD 698,624	1,181.00	₩ 9,362
Selling	USD 299,410	1,167.40	(60)
Selling	USD 1,460,710	1,167.50	(1,045)
Selling	USD 881,530	1,167.60	(1,241)
Selling	USD 2,170,323	1,230.50	132,361
Buying	USD 548,630	1,207.90	(21,001)
Selling	USD 590,800	1,167.70	(1,173)
Selling	USD 2,170,324	1,229.00	125,297
Buying	USD 1,500,000	1,170.30	2,795
Selling	EUR 1,050,000	1,758.58	86,248
Selling	EUR 1,050,000	1,759.75	86,077
Selling	EUR 1,050,000	1,761.16	85,809
Selling	EUR 2,074,061	1,677.52	4,202
Selling	EUR 2,607,178	1,677.52	5,281
			<u>₩ 512,912</u>

The Company has an aluminum futures contract, which was recorded as firm commitment assets (2008: commitment liabilities) and gain on valuation of firm commitment (2008: loss on valuation of firm commitment) of ₩157,302 thousand (2008: ₩21,689 thousand) each, as of December 31, 2009.

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26. Commitments and Contingencies

As of December 31, 2009, the Company is contingently liable for guarantees of its overseas subsidiaries and associated companies amounting to approximately US\$ 314,254 thousand for local financial transactions including US\$ 301,281 thousand for Qingdao Hyundai Shipbuilding Co., Ltd.

As a participant of Yemen LNG project, the Company offers a guarantee of US\$ 92,670 thousand to the Korea Gas Corporation.

On December 31, 2009, the Company provided notes and checks, including 20 blank notes as collaterals for the Company's various borrowings and guarantees of indebtedness. As of December 31, 2009, the Company is in the process of nullifying of one note and 20 checks due to differences between the statement of issued notes and checks from banks, and the records of the Company.

As of December 31, 2009, the Company has filed five suits claiming US\$ 9,648 thousand and ₩308 million in damages. As of December 31, 2009, the Company has not reflected the financial effect of the case because the outcome of these cases cannot be reasonably determined.

The Company sells notes receivable issued by its customers at a discount, of which US\$ 153,132 thousand and US\$ 235,611 thousand have not matured as of December 31, 2009 and 2008, respectively.

Commitments for trade financial transactions with Korea Exchange Bank and others as of December 31, 2009, are as follows:

<i>(in thousands of US dollars)</i>	Limit amount		Used amount	
D/A, D/P	USD	352,795	USD	153,132
Import L/C		62,312		34,599
Local L/C		71,226		65,829
Bonds		155,118		102,421
R/G		140,810		140,810
	<u>USD</u>	<u>782,261</u>	<u>USD</u>	<u>496,791</u>

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27. Interim Results

Operating results for the three-month periods ended December 31, 2009 and 2008, are as follows:

<i>(in thousands of Korean won, except per share amounts)</i>		Fourth quarter of 2009		Fourth quarter of 2009
Sales	₩	671,765,479	₩	696,882,355
Operating income		8,656,090		5,258,111
Net loss		(64,578,492)		(25,738,715)
Loss per share		(2,892)		(1,153)

28. Change in Majority Shareholder

On December 10, 2009, the creditors of the Company sold their shareholdings to the consortium led by Hyundai Heavy Industries Co., Ltd. As a result, Hyundai Heavy Industries Co., Ltd. became the largest shareholder with 22.36% ownership.

29. Completion of Debt Workout Plan

On January 20, 2010, the Company completed its rehabilitation based on the debt-workout plan.

30. Subsequent Event

On February 4, 2010, the Company received a tax assessment from the Seoul Regional Tax Office regarding its VAT-related investigation of the Company's purchases of gold bars in 2003 and 2004. In Accordance to SKFAS No. 6, *Events Subsequent to Statement of Financial Position Date*, a loss of approximately ₩52 billion was accrued in the financial statements for the year ended December 31, 2009, to recognize the tax assessment.

31. Progress of K-IFRS Adoption

From the fiscal year 2011, based on the roadmap of the adoption of International Financial Reporting Standards announced in March 2007, the Company has to prepare its financial statements in accordance with the K-IFRS. The Company has organized a task force for its K-IFRS adoption and has appointed external consultants in May 2009. The Company is also currently analyzing the effects of the adoption, with the Company personnel tasked with the implementation receiving internal and external training on K-IFRS and financial infra implementation is in progress. According to the K-IFRS introduction, there are a few issues that would have material impact on the Company such as accrued severance benefits, discount on trade receivables, and others.

Report of Independent Accountants'
Review of Internal Accounting Control System

To the President of
HYUNDAI CORPORATION CO., LTD.

We have reviewed the accompanying management's report on the operations of the Internal Accounting Control System ("IACS") of HYUNDAI CORPORATION CO., LTD. (the "Company") as of December 31, 2009. The Company's management is responsible for designing and operating IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review the management's report on the operations of the IACS and issue a report based on our review. The management's report on the operations of the IACS of the Company states that "based on its assessment of the operations of the IACS as of December 31, 2009, the Company's IACS has been designed and is operating effectively as of December 31, 2009, in all material respects, in accordance with the IACS standards established by the Internal Accounting Control System Operations Committee (IACSOC) of the Korea Listed Companies Association."

Our review was conducted in accordance with the IACS review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of management's report on the operations of the IACS to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company's IACS and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit.

A company's IACS is a system to monitor and operate those policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting-principles generally accepted in the Republic of Korea. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that management's report on the operations of the IACS, referred to above, is not presented fairly, in all material respects, in accordance with the IACS standards established by IACSOC.

Our review is based on the Company's IACS as of December 31, 2009, and we did not review management's assessment of its IACS subsequent to December 31, 2009. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in Korea and may not be appropriate for other purposes or for other users.

Samil PricewaterhouseCoopers
February 22, 2010

Report on the Operations of the Internal Accounting Control System

To the Board of Directors and Auditor of HYUNDAI CORPORATION CO., LTD.

I, as the Internal Accounting Control Officer (“IACO”) of HYUNDAI CORPORATION CO., LTD. (“the Company”), assessed the status of the design and operations of the Company’s internal accounting control system (“IACS”) for the year ended December 31, 2009.

The Company’s management including IACO is responsible for designing and operating IACS. I, as the IACO, assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external purposes. I, as the IACO, applied the IACS standards for the assessment of design and operations of the IACS.

Based on the assessment on the operation of the IACS, the Company’s IACS has been effectively designed and is operating as of December 31, 2009, in all material respect, in accordance with the IACS standards.

February 9, 2010

Ha Myung Ho, Internal Accounting Control Officer

Kim Young Nam, Chief Executive Officer