



Annual Report 2010

HYUNDAI ELEVATOR CO., LTD.

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No. 1 elevator company in Korea

Hyundai Elevator, an affiliate of Hyundai Business Group, is a total solution provider for elevators, escalators, platform screen doors, material handling systems and auto-parking systems.

Since its establishment in 1984, Hyundai Elevator has led the growth of the Korean elevator industry with its steady research and development efforts and high quality products.

Starting with the nation's first elevator without machine room in 1999, Hyundai Elevator has led the market with its outstanding technology in gearless traction machine, which was used in high-speed elevators. And in 2006 we introduced the gearless traction machine in medium-to-low-speed LUXEN(medium speed gearless elevator) elevators.

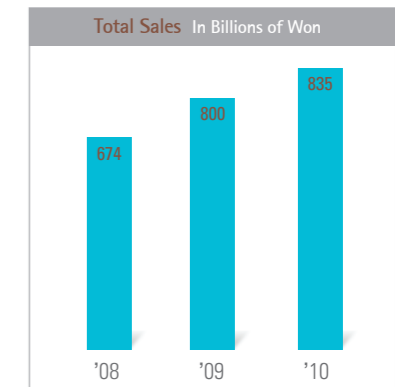
Hyundai Elevator's YZER(elevator without machine room) brand is the industry's top seller for 4th consecutive years. The YZER brand took more than 48% of Korea's machine-room-less elevator market and the LUXEN brand was the industry's first to apply on medium-low speed elevators.

In 2010, Hyundai unveiled the world's fastest elevator with a maximum speed of 18m/sec that can travel up to a distance of 600m.

Last year Hyundai Elevator commands 42.4% domestic market share. In addition, Hyundai exported ten elevators to Venezuela's government complex in the capital city of Caracas - including two with a speed of 8m/sec, four that move 7m/sec and two at 6m/sec.



Financial Highlights



Description	2010		2009	
	Thousand of Korean Won	U.S. Dollars	Thousand of Korean Won	U.S. Dollars
Sales	₩835,389,175	\$722,492,497	₩800,109,040	\$626,848,198
Operating Income	46,522,056	40,234,944	37,192,598	29,138,670
Net Income	139,628,239	120,758,514	△209,111,351	△163,829,012
Total Assets	1,458,334,535	1,280,476,368	1,009,696,016	864,761,918
Stockholders' Equity	624,287,088	548,149,168	440,293,330	377,092,609
Earnings Per Share	20		△30.0	
Dividend Per Share	0.8		0.8	

Message from the CEO



“

Our first priority is our customer, and we will strive to keep our ears and minds open to the needs of our customers and do our very best to satisfy our customers and thereby achieve the business objectives that we have set for ourselves.

”

Dear shareholders

First of all, I would like to express my deepest gratitude for your interest in the management and performance of our company. I am truly happy to have this opportunity to share with you the results of last year's operations and our plans for this year.

Last year Hyundai Elevator successfully developed the world's fastest 18m/sec ultra-high speed elevator and the 10m/sec double deck elevator. Despite the extremely challenging economic environment, we maintained our market share leadership in the domestic elevator industry for the 4th year in a row.

Total revenue for 2010 increased 4% to 835.4 billion won, with 5.6% operating profit of 46.5 billion won. Our debt ratio was 133% and our capital adequacy ratio was 42.9%.

This year, the domestic and global economy is forecasted to grow at a moderate pace. However, inflation and other secondary concerns are expected

to persist, resulting in a high level of uncertainty as we recover from the recent global economic crisis.

In spite of these uncertain market conditions, the entire staff at Hyundai Elevator is committed to achieving our targeted sales growth of 11% to 924.7 billion won. In order to overcome the uncertainty surrounding both the domestic and international markets, we will aggressively focus on three key management objectives: acceleration of entry into global markets, improvements in efficiency and systematic cost discipline, and enhancing leadership in domestic market.

We will also continue to expand our business lines and increase sales by identifying and developing new product categories such as our mechanical bicycle parking systems, auto-foldable canopy, platform safety floor board gap zero, and others.

Our first priority is our customer, and we will strive to keep our ears and minds open to the needs of our customers and do our very best to satisfy our customers and thereby achieve the business objectives that we have set for ourselves.

I would like to thank you once again for your interest and support, and ask that you continue to provide us with your feedback and encouragement.

Sincerely yours,

Martin S H Han
CEO/Representative Director
Hyundai Elevator Co., Ltd.

Report of Independent Auditors

To the Shareholders and Board of Directors of HYUNDAI ELEVATOR CO., LTD.

We have audited the accompanying non-consolidated statements of financial position of HYUNDAI ELEVATOR CO., LTD. (the "Company") as of December 31, 2010 and 2009, and the related non-consolidated statements of operations, appropriation of retained earnings, changes in shareholders' equity and cash flows for the years then ended, 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 Hyundai Merchant Marine Co., Ltd., the investment in which is reflected in the accompanying financial statements using the equity method of accounting. The investment in that equity-method investee amounts to ₩693,976 million (2009: ₩450,302 million) as of December 31, 2010, and the related gain on valuation of equity-method investment amounts to ₩75,895 million (2009: loss of ₩188,656 million) for the year ended December 31, 2010. These statements were audited by other auditors whose report has been furnished us and our opinion, insofar as it relates to the amounts included for the equity-method investee, is based solely on the report of the other auditors.

We conducted our audits in accordance 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 report of other auditor 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 ELEVATOR CO., LTD. as of December 31, 2010 and 2009, and the results of its operations, the changes in its retained earnings, the changes in its shareholders' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

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
March 17, 2011

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This report is effective as of March 17, 2011, 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.

Statements of Income

(Years ended December 31, 2010 and 2009)

Description	Year	2010		2009	
		Thousand of Korean Won	U.S. Dollars	Thousand of Korean Won	U.S. Dollars
Sales		₩835,389,175	\$722,492,497	₩800,109,040	\$626,848,198
Cost of sales		727,887,979	629,519,294	710,660,671	556,769,564
Gross income		107,501,196	92,973,203	89,448,369	70,078,634
Selling and general administrative expenses		60,979,140	52,738,260	52,255,771	40,939,965
Operating Income		46,522,056	40,234,944	37,192,598	29,138,670
Non-operating income		190,133,438	164,438,308	14,445,502	11,317,379
Non-operating losses		63,567,105	54,976,480	306,634,927	240,234,195
Income before income taxes		173,088,389	149,696,771	△254,996,827	△199,778,147
Income tax expenses		33,460,150	28,938,258	△45,885,476	△35,949,135
Net Income		₩139,628,239	\$120,758,514	₩△209,111,351	\$△163,829,012

Note : Amounts in Korean won have been translated into U.S. dollars, solely for the reader's convenience. The exchange rates used for conversion were ₩1,156²⁶ and ₩1,276⁴⁰ per U.S. dollar in 2010 and 2009 respectively, which were the average exchange rates of the Bank of Korea on those years.

Balance Sheets

(Years ended December 31, 2010 and 2009)

Description	2010		2009	
	Thousand of Korean Won	U.S. Dollars	Thousand of Korean Won	U.S. Dollars
Assets				
I . Current assets				
1. Quick assets	₩505,428,621	\$443,786,655	₩323,524,611	\$277,085,141
2. Inventories	9,977,985	8,761,072	8,696,714	7,448,368
(Total current assets)	515,406,606	452,547,727	332,221,325	284,533,509
II . Non-current assets				
1. Investments	756,114,614	663,899,038	500,066,179	428,285,525
2. Tangible assets	146,911,524	128,994,226	145,352,982	124,488,679
3. Intangible assets	1,432	1,257	2,458	2,105
4. Other	39,900,359	35,034,120	32,053,072	27,452,100
(Total non-current assets)	942,927,929	827,928,641	677,474,691	580,228,410
Total Assets	1,458,334,535	1,280,476,368	1,009,696,016	864,761,918
Liabilities				
I . Current liabilities	421,093,290	369,736,843	305,145,336	261,344,070
II . Long-term liabilities	412,954,157	362,590,356	264,257,350	226,325,240
(Total liabilities)	834,047,447	732,327,199	569,402,686	487,669,310
Stockholder's equity				
I . Capital stock	35,662,565	31,313,166	35,662,565	30,543,478
II . Capital surplus	96,025,207	84,313,993	96,025,207	82,241,527
III . Treasury stock	△ 9,092,623	△ 7,983,689	△ 9,092,623	△ 7,787,447
IV . Accumulated other comprehensive income and expenses	138,593,662	121,690,809	88,612,418	75,892,787
V . Retained earnings	363,098,277	318,814,889	229,085,763	196,202,264
(Total stockholders' equity)	624,287,088	548,149,168	440,293,330	377,092,609
Total liabilities & stockholders' equity	₩1,458,334,535	\$1,280,476,368	₩1,009,696,016	\$864,761,918

Note : Amounts in Korean won have been translated into U.S. dollars, solely for the reader's convenience. The exchange rates used for conversion were ₩1,138⁰⁰ and ₩1,167⁰⁰ per U.S. dollar in 2010 and 2009 respectively, which were the exchange rates of the Bank of Korea on December 31, 2010 and 2009.

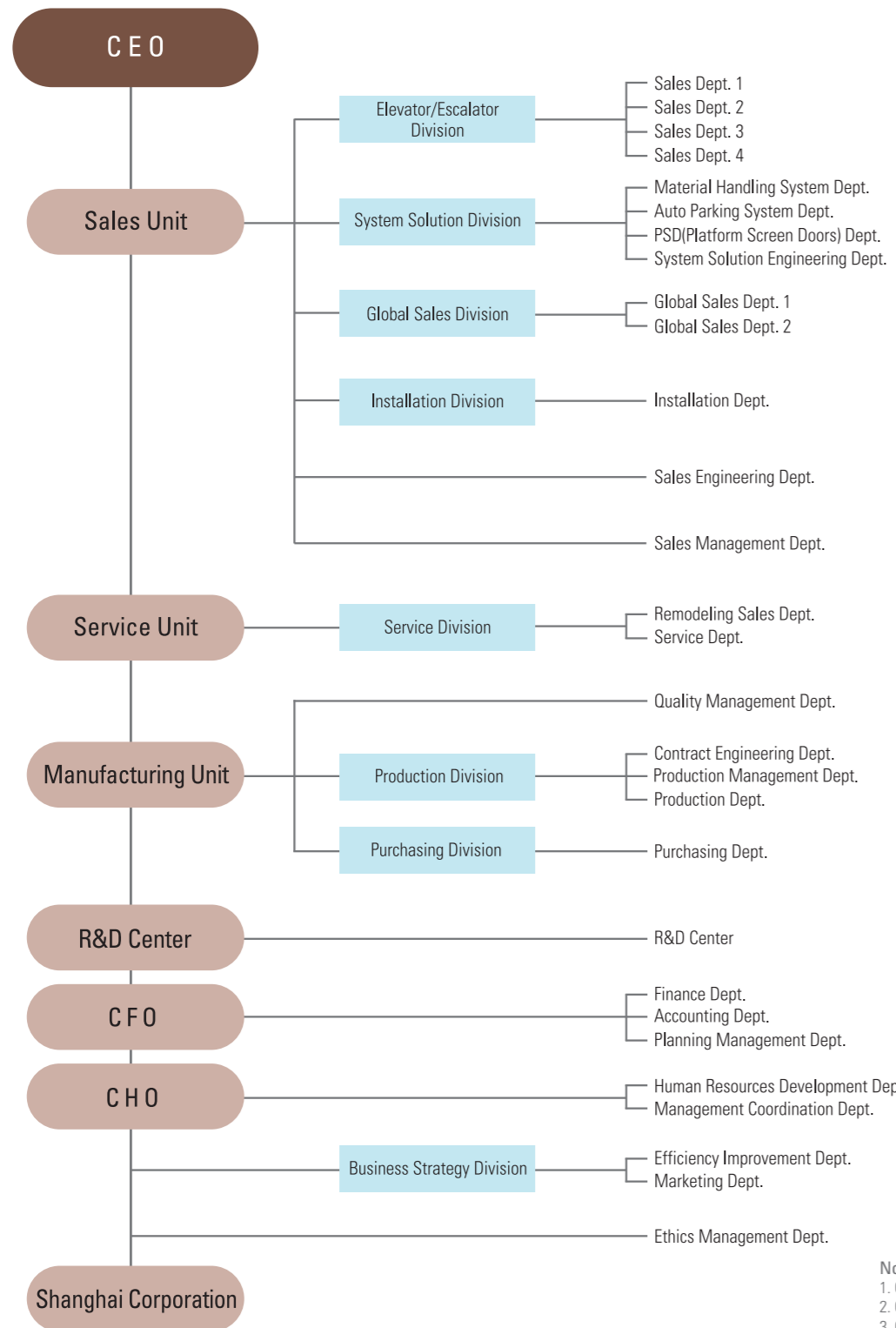
Statements of Appropriations of Retained Earnings

(Years ended December 31, 2010 and 2009)

Description	2010		2009	
	Thousand of Korean Won	U.S. Dollars	Thousand of Korean Won	U.S. Dollars
I . Retained earnings before appropriations				
1. Unappropriated retained earnings carried over from prior years	₩163,618,038	\$143,663,217	₩378,907,114	\$324,517,912
2. Net income	139,628,239	122,599,209	△ 209,111,351	△ 179,095,025
(Sub total)	303,246,277	266,262,426	169,795,763	145,422,887
II . Transfers from discretionary reserve	2,000,000	1,756,080	3,000,000	2,569,373
III . Appropriations of retained earnings				
1. Legal reserve	562,000	493,459	562,000	481,329
2. Dividends	5,615,725	4,930,832	5,615,725	4,809,631
Cash dividend - Dividend ratio(16%) in 2010, (16%) in 2009				
3. Research and human resource development	5,000,000	4,390,201	3,000,000	2,569,373
(Sub total)	11,177,725	9,814,492	9,177,725	7,860,333
IV . Unappropriated retained earnings carried forward to subsequent year	₩294,068,552	\$258,204,014	₩163,618,038	\$140,131,927

Note : Amounts in Korean won have been translated into U.S. dollars, solely for the reader's convenience. The exchange rates used for conversion were ₩1,138⁰⁰ and ₩1,167⁰⁰ per U.S. dollar in 2010 and 2009 respectively, which were the exchange rates of the Bank of Korea on December 31, 2010 and 2009.

Organization



Notes
 1. CEO(Chief Executive Officer)
 2. CFO(Chief Finance Officer)
 3. CHO(Chief Human-Resource Officer)

Corporate Profile

A. Main Products

- Elevators
- Escalators
- Moving Walks
- Material Handling Systems
- Auto Parking Systems
- Platform Screen Doors

B. Capital Structure(2010. 12. 31)

Authorized Capital : Won 100,000,000,000
 Paid-in Capital : Won 35,662,565,000

C. Brief History

- May 1984** Hyundai Elevator Co., Ltd. established.
- Dec 1991** Certificated ISO 9001 certification from DNV
- Aug 1993** Established joint venture in Shanghai, China
- Jul 1996** Listed on the Korea Stock Exchange
- Dec 1996** Certificated After Service Certification from the Ministry of Trade and Commerce
- Apr 1997** Certificated ISO 14001 environmental certification from DNV
- Mar 1998** Certificated ISO 9001 and ISO 14001 certification from DNV for the Auto Parking Systems and Material Handling Systems.
- Aug 1999** Certificated CE Mark from DNV
- Jul 2001** Certificated CE mark for elevators from DNV
- Dec 2004** Certificated ISO 9001 and ISO 14001 Certification from DNV for Platform Screen Doors
- Feb 2005** Selected one of the most admired companies from the Federation of Korean Industries and the Seoul Economic Daily
- Oct 2006** Certificated Korea Productivity Award from Korea Productivity Center
- Dec 2007** Certificated New Excellent Technology for the capacitor-less inverter control for driving elevator from the Ministry of Science and Technology
- Dec 2008** Korean excellent service quality company certification is certificated by the Ministry of Knowledge Economy
- Apr 2009** Produced 100,000 elevators and escalators
 The world's tallest(205m) high-speed elevator test tower was constructed
- May 2010** The world's fastest 18m/sec high-speed elevators at Hyundai Asan Tower was installed.
 The world's fastest 10m/sec double-deck elevators at Hyundai Asan Tower was installed.



Hyundai Asan Tower
 The World Class Elevator Test Tower (Hyundai Asan Tower) stands in Icheon, Korea

D. Corporate Information(2010. 12. 31)

- Date of Establishment : May 23, 1984
- Head Office : San 136-1, Ami-ri, Bubal-eup, Icheon-si, Gyeonggi-do 467-734, Korea
- TEL : 82-2-3670-0653/0665/0673
- Fiscal Year End : December 31st.
- Number of Employees : 1,196
- The Total Number of Outstanding Capital Stocks
 Par value : ₩5,000
 Authorized Number of Shares : 7,132,513 shares
- Total Assets : ₩1,458,334,535 (In thousands), U.S. \$1,280,476,368