

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS ENDED
JUNE 30, 2017 AND 2016**

ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW REPORT

HYUNDAI MOTOR COMPANY

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of Independent Accountants' Review Report Originally Issued in Korean on August 14, 2017

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

We have reviewed the accompanying condensed consolidated financial statements of Hyundai Motor Company (the "Company") and its subsidiaries. The condensed consolidated financial statements consist of the condensed consolidated statement of financial position as of June 30, 2017, the related condensed consolidated statements of income and comprehensive income for the three months and six months ended June 30, 2017 and 2016, respectively, and the related condensed consolidated statements of changes in equity and cash flows for the six months ended June 30, 2017 and 2016, respectively, all expressed in Korean Won, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of the accompanying condensed consolidated financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Accountants' Responsibility

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements based on our reviews.

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

Review Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of the Company and its subsidiaries are not presented fairly, in all material respects, in accordance with K-IFRS 1034, *Interim Financial Reporting*.

Others

We audited the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended December 31, 2016 (not presented in the accompanying consolidated financial statements), in accordance with Korean Standards on Auditing (“KSAs”). We expressed an unqualified opinion in our independent auditors’ report dated on March 2, 2017. The condensed consolidated statement of financial position as of December 31, 2016, presented as a comparative purpose in the accompanying consolidated financial statements does not differ, in all material respects, from the audited consolidated statement of financial position as of December 31, 2016.

Deloitte Anjin LLC

August 14, 2017

Notice to Readers

This report is effective as of August 14, 2017, the independent accountants’ review report date. Certain subsequent events or circumstances may have occurred between the independent accountants’ review report date and the time the independent accountants’ review report is read. Such events or circumstances could significantly affect the accompanying condensed consolidated financial statements and may result in modifications to the independent accountants’ review report.

**HYUNDAI MOTOR COMPANY (the “Company”)
AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS
ENDED JUNE 30, 2017 AND 2016**

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

Lee, Won Hee
Chief Executive Officer
HYUNDAI MOTOR COMPANY

Main Office Address: (Road Name Address) 12, Heolleung-ro, Seocho-gu, Seoul
(Phone Number) 02-3464-1114

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2017 AND DECEMBER 31, 2016

ASSETS	NOTES	June 30, 2017	December 31, 2016
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	19	₩ 7,246,014	₩ 7,890,089
Short-term financial instruments	19	7,668,117	7,361,735
Other financial assets	5,19	12,471,437	12,723,993
Trade notes and accounts receivable	3,19	3,985,955	4,437,552
Other receivables	4,19	3,080,004	3,181,030
Inventories	6	11,997,981	10,523,812
Current tax assets		63,628	46,924
Financial services receivables	13,19	23,814,642	24,865,594
Non-current assets classified as held for sale	8	29,068	29,068
Other assets	7,19	1,563,558	1,389,803
Total current assets		71,920,404	72,449,600
Non-current assets:			
Long-term financial instruments	19	107,368	99,484
Other financial assets	5,19	2,791,716	2,560,550
Long-term trade notes and accounts receivable	3,19	145,197	138,105
Other receivables	4,19	1,274,115	1,301,059
Property, plant and equipment	9	29,372,390	29,405,716
Investment property	10	205,494	211,671
Intangible assets	11	4,575,290	4,586,172
Investments in joint ventures and associates	12	18,332,002	18,070,121
Deferred tax assets		1,201,611	1,116,774
Financial services receivables	13,19	26,892,781	26,918,009
Operating lease assets	14	21,268,063	21,317,260
Other assets	7,19	670,426	661,407
Total non-current assets		106,836,453	106,386,328
Total assets		₩ 178,756,857	₩ 178,835,928

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2017 AND DECEMBER 31, 2016 (CONTINUED)

LIABILITIES AND EQUITY	NOTES	June 30, 2017	December 31, 2016
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	19	₩ 7,576,301	₩ 6,985,942
Other payables	19	3,638,286	4,946,723
Short-term borrowings	15,19	10,438,716	8,760,678
Current portion of long-term debt and debentures	15,19	12,395,092	14,836,967
Income tax payable		615,326	540,909
Provisions	16	2,138,180	1,925,562
Other financial liabilities	17,19	5,922	138,106
Other liabilities	18,19	6,373,872	5,474,906
Total current liabilities		43,181,695	43,609,793
Non-current liabilities:			
Long-term other payables	19	21,474	22,586
Debentures	15,19	37,972,584	36,456,392
Long-term debt	15,19	10,905,508	13,389,983
Net defined benefit liabilities	33	555,488	492,173
Provisions	16	5,023,352	5,047,078
Other financial liabilities	17,19	135,930	23,454
Deferred tax liabilities		4,475,591	4,622,226
Other liabilities	18,19	2,807,222	2,827,665
Total non-current liabilities		61,897,149	62,881,557
Total liabilities		105,078,844	106,491,350
Equity:			
Capital stock	20	1,488,993	1,488,993
Capital surplus	21	4,201,191	4,202,597
Other capital items	22	(1,640,096)	(1,640,096)
Accumulated other comprehensive loss	23	(1,385,232)	(1,223,244)
Retained earnings	24	65,691,816	64,361,408
Equity attributable to the owners of the Company		68,356,672	67,189,658
Non-controlling interests		5,321,341	5,154,920
Total equity		73,678,013	72,344,578
Total liabilities and equity		₩ 178,756,857	₩ 178,835,928

(Concluded)

See accompanying notes to consolidated financial statements

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	NOTES	2017		2016	
		Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won, except per share amounts)					
Sales	25,38	₩ 24,308,002	₩ 47,673,961	₩ 24,676,726	₩ 47,027,350
Cost of sales	30	19,581,166	38,653,822	19,653,471	37,764,823
Gross profit		4,726,836	9,020,139	5,023,255	9,262,527
Selling and administrative expenses	26,30	3,382,366	6,424,908	3,261,416	6,158,297
Operating income		1,344,470	2,595,231	1,761,839	3,104,230
Gain on investments in joint ventures and associates, net	27	143,359	545,782	602,030	1,072,395
Finance income	28	254,255	514,756	187,604	634,887
Finance expenses	28	561,048	649,306	174,053	300,081
Other income	29	349,131	646,448	271,503	614,242
Other expenses	29,30	365,197	730,888	267,336	580,655
Income before income tax		1,164,970	2,922,023	2,381,587	4,545,018
Income tax expense	32	251,344	602,703	617,665	1,012,965
Profit for the period		₩ 913,626	₩ 2,319,320	₩ 1,763,922	₩ 3,532,053
Profit attributable to:					
Owners of the Company		816,877	2,147,443	1,657,957	3,344,989
Non-controlling interests		96,749	171,877	105,965	187,064
Earnings per share attributable to the owners of the Company:	31				
Basic earnings per share:					
Common stock		₩ 3,036	₩ 7,984	₩ 6,167	₩ 12,451
1 st preferred stock		₩ 3,049	₩ 8,009	₩ 6,179	₩ 12,467
Diluted earnings per share:					
Common stock		₩ 3,036	₩ 7,984	₩ 6,167	₩ 12,451
1 st preferred stock		₩ 3,049	₩ 8,009	₩ 6,179	₩ 12,467

See accompanying notes to consolidated financial statements

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Profit for the period	₩ 913,626	₩ 2,319,320	₩ 1,763,922	₩ 3,532,053
Other comprehensive loss:				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	(4,393)	(2,980)	(6,242)	(19,866)
Changes in retained earnings of equity-accounted investees, net	704	(3,786)	(39,749)	(76,719)
	<u>(3,689)</u>	<u>(6,766)</u>	<u>(45,991)</u>	<u>(96,585)</u>
Items that may be reclassified subsequently to profit or loss:				
Gain (loss) on available-for-sale (“AFS”) financial assets, net	339,991	346,938	(90,144)	(277,542)
Gain (loss) on valuation of cash flow hedge derivatives, net	(16,861)	8,947	(18,503)	8,503
Changes in share of earnings of equity-accounted investees, net	227,818	(144,811)	(71,683)	(114,005)
Gain (loss) on foreign operations translation, net	421,656	(402,692)	112,894	131,501
	<u>972,604</u>	<u>(191,618)</u>	<u>(67,436)</u>	<u>(251,543)</u>
Total other comprehensive income (loss)	<u>968,915</u>	<u>(198,384)</u>	<u>(113,427)</u>	<u>(348,128)</u>
Total comprehensive income	<u>₩ 1,882,541</u>	<u>₩ 2,120,936</u>	<u>₩ 1,650,495</u>	<u>₩ 3,183,925</u>
Comprehensive income attributable to:				
Owners of the Company	1,754,563	1,979,275	1,542,743	3,001,806
Non-controlling interests	127,978	141,661	107,752	182,119
Total comprehensive income	<u>₩ 1,882,541</u>	<u>₩ 2,120,936</u>	<u>₩ 1,650,495</u>	<u>₩ 3,183,925</u>

See accompanying notes to consolidated financial statements

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2016	₩ 1,488,993	₩ 3,520,395	₩ (1,588,697)	₩ (1,431,821)	₩ 60,035,088	₩ 62,023,958	₩ 4,857,443	₩ 66,881,401
Comprehensive Income:								
Profit for the period	-	-	-	-	3,344,989	3,344,989	187,064	3,532,053
Loss on AFS financial assets, net	-	-	-	(277,254)	-	(277,254)	(288)	(277,542)
Gain (loss) on valuation of cash flow hedge derivatives, net	-	-	-	16,411	-	16,411	(7,908)	8,503
Changes in valuation of equity-accounted investees, net	-	-	-	(109,629)	(76,719)	(186,348)	(4,376)	(190,724)
Remeasurements of defined benefit plans	-	-	-	-	(18,168)	(18,168)	(1,698)	(19,866)
Gain on foreign operations translation, net	-	-	-	122,176	-	122,176	9,325	131,501
Total comprehensive income (loss)	-	-	-	(248,296)	3,250,102	3,001,806	182,119	3,183,925
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(810,890)	(810,890)	(5,002)	(815,892)
Increase in subsidiaries' stock	-	-	-	-	-	-	24,131	24,131
Purchases of subsidiaries' stock	-	15,664	-	-	-	15,664	(111,868)	(96,204)
Purchases of treasury stock	-	-	(174,820)	-	-	(174,820)	-	(174,820)
Disposals of treasury stock	-	35,108	138,129	-	-	173,237	-	173,237
Total transactions with owners, recorded directly in equity	-	50,772	(36,691)	-	(810,890)	(796,809)	(92,739)	(889,548)
Balance at June 30, 2016	₩ 1,488,993	₩ 3,571,167	₩ (1,625,388)	₩ (1,680,117)	₩ 62,474,300	₩ 64,228,955	₩ 4,946,823	₩ 69,175,778

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016 (CONTINUED)

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2017	₩ 1,488,993	₩ 4,202,597	₩ (1,640,096)	₩ (1,223,244)	₩ 64,361,408	₩ 67,189,658	₩ 5,154,920	₩ 72,344,578
Comprehensive income:								
Profit for the period	-	-	-	-	2,147,443	2,147,443	171,877	2,319,320
Gain on AFS financial assets, net	-	-	-	345,451	-	345,451	1,487	346,938
Gain on valuation of cash flow hedge derivatives, net	-	-	-	630	-	630	8,317	8,947
Changes in valuation of equity-accounted investees, net	-	-	-	(141,095)	(3,786)	(144,881)	(3,716)	(148,597)
Remeasurements of defined benefit plans	-	-	-	-	(2,394)	(2,394)	(586)	(2,980)
Loss on foreign operations translation, net	-	-	-	(366,974)	-	(366,974)	(35,718)	(402,692)
Total comprehensive income (loss)	-	-	-	(161,988)	2,141,263	1,979,275	141,661	2,120,936
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(810,851)	(810,851)	(35,595)	(846,446)
Increase in subsidiaries' stock	-	(1,406)	-	-	-	(1,406)	27,746	26,340
Purchases of subsidiaries' stock	-	-	-	-	-	-	32,609	32,609
Others	-	-	-	-	(4)	(4)	-	(4)
Total transactions with owners, recorded directly in equity	-	(1,406)	-	-	(810,855)	(812,261)	24,760	(787,501)
Balance at June 30, 2017	<u>₩ 1,488,993</u>	<u>₩ 4,201,191</u>	<u>₩ (1,640,096)</u>	<u>₩ (1,385,232)</u>	<u>₩ 65,691,816</u>	<u>₩ 68,356,672</u>	<u>₩ 5,321,341</u>	<u>₩ 73,678,013</u>

(Concluded)

See accompanying notes to consolidated financial statements

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	NOTES	Six months ended June 30,	
		2017	2016
(In millions of Korean Won)			
Cash flows from operating activities:			
Cash generated from operations:	34		
Profit for the period		₩ 2,319,320	₩ 3,532,053
Adjustments		6,769,087	5,299,203
Changes in operating assets and liabilities		(5,905,954)	(7,619,925)
		3,182,453	1,211,331
Interest received		235,010	232,517
Interest paid		(903,150)	(814,033)
Dividend received		206,267	911,039
Income tax paid		(781,005)	(1,263,446)
Net cash provided by operating activities		1,939,575	277,408
Cash flows from investing activities:			
Decrease from purchase of short-term financial instruments, net		(314,640)	(1,003,288)
Proceeds from disposals of other financial assets (current), net		345,601	165,652
Proceeds from disposals of other financial assets (non-current)		22,291	499,865
Receipts from other receivables		120,127	40,692
Disposals of long-term financial instruments		10	28
Proceeds from disposals of property, plant and equipment		64,887	35,618
Proceeds from disposals of intangible assets		459	9,571
Acquisitions of other financial assets (non-current)		(93,380)	(126,700)
Increases in other receivables		(117,956)	(50,321)
Purchases of long-term financial instruments		(11,447)	(54,893)
Acquisitions of property, plant and equipment		(1,429,663)	(1,563,940)
Acquisitions of intangible assets		(585,739)	(605,860)
Cash outflows from business combinations		(13,086)	(2,370)
Acquisitions of investments in joint ventures and associates		(57,400)	(430,448)
Other cash receipts (payments) from investing activities, net		40,467	(479)
Net cash used in investing activities		(2,029,469)	(3,086,873)

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016 (CONTINUED)

	NOTES	Six months ended June 30,	
		2017	2016
		(In millions of Korean Won)	
Cash flows from financing activities:			
Proceeds from (repayment of) short-term borrowings, net	₩	1,917,280	₩ (1,771,997)
Proceeds from long-term debt and debentures		13,931,125	14,427,961
Paid-in capital increase of subsidiaries		26,340	24,131
Purchases of subsidiaries' stock		-	(96,204)
Repayment of long-term debt and debentures		(15,434,537)	(9,753,507)
Purchases of treasury stock		-	(174,820)
Dividends paid		(846,397)	(815,712)
Other cash payments from financing activities, net		(35,572)	(14,682)
Net cash provided by (used in) financing activities		<u>(441,761)</u>	<u>1,825,170</u>
Effect of exchange rate changes on cash and cash equivalents		(112,420)	66,554
Net decrease in cash and cash equivalents		(644,075)	(917,741)
Cash and cash equivalents, beginning of the period		<u>7,890,089</u>	<u>7,331,463</u>
Cash and cash equivalents, end of the period	₩	<u>7,246,014</u>	₩ <u>6,413,722</u>
(Concluded)			

See accompanying notes to consolidated financial statements

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016

1. GENERAL:

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

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

As of June 30, 2017, the major shareholders of the Company are Hyundai MOBIS (45,782,023 shares, 20.78%) and Chung, Mong Koo (11,395,859 shares, 5.17%).

(1) The Company’s consolidated subsidiaries as of June 30, 2017, are as follows:

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	59.68%	
Hyundai Card Co., Ltd. (*)	“	“	36.96%	
Hyundai Rotem Company (Hyundai Rotem) (*)	Manufacturing	“	43.36%	
Hyundai KEFICO Corporation (Hyundai KEFICO)	“	“	100.00%	
Green Air Co., Ltd.	“	“	51.00%	Hyundai Rotem 51.00%
Hyundai Auto Electronics Company Ltd.	R&D	“	60.00%	
Hyundai Partecs Co., Ltd.	Manufacturing	“	56.00%	
Hyundai NGV Tech Co., Ltd.	Engineering	“	53.66%	
Maintrans Company	Services	“	80.00%	Hyundai Rotem 80.00%
Jeonbuk Hyundai Motors FC Co., Ltd.	Football club	“	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	“	80.00%	HMA 80.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	“	100.00%	HMA 100.00%
Hyundai Translead, Inc. (HT)	“	“	100.00%	
Stamped Metal American Research Technology, Inc. (SMARTI)	Holding company	“	72.45%	HMA 72.45%
Stamped Metal American Research Technology LLC	Manufacturing	“	100.00%	SMARTI 100.00%
Hyundai America Technical Center, Inc. (HATCI)	R&D	“	100.00%	
Hyundai Rotem USA Corporation	Manufacturing	“	100.00%	Hyundai Rotem 100.00%
Hyundai Rio Vista, Inc.	Real estate development	“	100.00%	HT 100.00%
Hyundai Auto Canada Corp. (HACC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	“	100.00%	“
Hyundai Capital Canada Inc. (HCCA)	Financing	“	70.00%	Hyundai Capital Services 20.00%
Hyundai Capital Lease Inc. (HCLI)	“	“	100.00%	HCCA 100.00%
HK Lease Funding LP	“	“	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	“	“	100.00%	HCLI 100.00%
Hyundai Motor India Limited (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	“	100.00%	HMI 100.00%
Hyundai Capital India Private Limited (HCI)	Financing	“	100.00%	Hyundai Capital Services 100.00%

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	"	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	"	"	100.00%	BJMSS 100.00%
Beijing Xinhuaixiaqiyuetong Motor Chain Co., Ltd.	"	"	100.00%	"
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	"	99.00%	CMEs 99.00%
Rotem equipments (Beijing) Co., Ltd.	Sales	"	100.00%	Hyundai Rotem 100.00%
KEFICO Automotive Systems (Beijing) Co., Ltd.	Manufacturing	"	100.00%	Hyundai KEFICO 100.00%
KEFICO Automotive Systems (Chongqing) Co., Ltd.	"	"	90.00%	Hyundai KEFICO 90.00%
KEFICO VIETNAM COMPANY LIMITED	"	Vietnam	100.00%	Hyundai KEFICO 100.00%
HYUNDAI THANH CONG VIETNAM AUTO MANUFACTURING CORPORATION (HTMV) (*)	"	"	50.00%	
Hyundai Motor Company Australia Pty Limited (HMCA)	Sales	Australia	100.00%	
Hyundai Capital Australia Pty Limited	Financing	"	100.00%	Hyundai Capital Services 100.00%
HR Mechanical Services Limited	Services	New Zealand	100.00%	Hyundai Rotem 100.00%
Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)	Manufacturing	Czech	100.00%	
Hyundai Motor Czech s.r.o (HMCZ)	Sales	"	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and sales	Germany	100.00%	
Hyundai Motor Deutschland GmbH (HMD)	Sales	"	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	"	100.00%	
Hyundai Motor Sport GmbH (HMSG)	Marketing	"	100.00%	HME 100.00%
Hyundai Capital Europe GmbH	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Capital Bank Europe GmbH	"	"	85.00%	Hyundai Capital Services 65.00%
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.40%
Hyundai Motor Netherlands B.V. (HMNL)	Sales	"	100.00%	
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	"	100.00%	HMCIS B.V 100.00%
Hyundai Capital Services Limited Liability Company	Financing	"	100.00%	Hyundai Capital Europe 100.00%
Hyundai Truck And Bus Rus LLC (HTBR)	Sales	"	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	Turkey	70.00%	
Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S	"	"	50.50%	Hyundai Rotem 50.50%
Hyundai Rotem Company – Hyundai EURotem Demiryolu Araclari SAN. VE TIC. A.S ORTAK GIRISIMI	Sales	"	100.00%	Hyundai Rotem 65.00%, Hyundai EURotem A.S. 35.00%
Hyundai Rotem Company – Hyundai EURotem Mahmutbey Projesi ORTAK GIRISIMI	"	"	100.00%	Hyundai Rotem 85.00%, Hyundai EURotem A.S. 15.00%
Hyundai Motor UK Limited (HMUK)	"	UK	100.00%	
Hyundai Motor Company Italy S.r.l (HMCI)	"	Italy	100.00%	
Hyundai Motor Espana. S.L.U. (HMES)	"	Spain	100.00%	
Hyundai Motor France SAS (HMF)	"	France	100.00%	
Hyundai Motor Poland Sp. Zo. O (HMP)	"	Poland	100.00%	

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Motor DE Mexico S DE RL DE CV (HMM)	Sales	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	"	99.99%	HT 99.99%
HYUNDAI KEFICO MEXICO S DE RL DE CV	"	"	100.00%	Hyundai KEFICO 100.00%
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	"	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Rotem Brasil Industria E Comercio De Trens Ltda.	Manufacturing	"	100.00%	Hyundai Rotem 100.00%
HMB Holding Participacoes Financeiras Ltda.	Holding company	"	99.99%	HMB 99.99%
China Millennium Corporations (CMEs)	"	Cayman Islands	59.60%	
KyoboAXA Private Tomorrow Securities Investment Trust No.12	Investment	Korea	100.00%	
UBS Hana Dynamic Balance Private Investment Trust 1	"	"	100.00%	
Shinhan BNPP Private Corporate Security Investment Trust No.34	"	"	100.00%	
Miraeasset Triumph Private Equity Security Investment Trust No.15	"	"	100.00%	
Autopia Forty-Ninth ~ Fifty-Second Asset Securitization Specialty Company (*)	Financing	"	0.50%	Hyundai Capital Services 0.50%
Autopia Fifty-Fourth ~ Sixty-Third Asset Securitization Specialty Company (*)	"	"	0.50%	"
Privia the Fourth ~ Fifth Securitization Specialty Co., Ltd. (*)	"	"	0.50%	Hyundai Card 0.50%
Super Series First ~ Fourth Securitization Specialty Co., Ltd. (*)	"	"	0.50%	"
Hyundai Rotem First Co., Ltd. (*)	"	"	0.00%	Hyundai Rotem 0.00%
Bluewalnut Co., Ltd.	"	"	100.00%	Hyundai Card 100.00%
Hyundai CHA Funding, LLC	"	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	"	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai HK Funding Three, LLC	"	"	100.00%	"
Hyundai HK Funding Four, LLC	"	"	100.00%	"
Hyundai ABS Funding, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"
Extended Term Amortizing Program, LLC	"	"	100.00%	"
Hyundai Asset Backed Lease, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"
Power Protect Extended Services, Inc.	"	"	100.00%	"
Power Protect Extended Services Florida, Inc.	"	"	100.00%	"

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

- (2) Summarized financial position and results of operations of the Company's major consolidated subsidiaries as of and for the six months ended June 30, 2017 are as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
(In millions of Korean Won)				
Hyundai Capital Services, Inc. (*)	₩ 26,157,413	₩ 22,239,452	₩ 1,581,279	₩ 162,334
Hyundai Card Co., Ltd. (*)	14,315,507	11,488,539	1,521,442	130,804
Hyundai Rotem Company (*)	4,100,865	2,629,515	1,320,412	7,648
Hyundai KEFICO Corporation (*)	1,324,370	714,799	855,260	25,826
HCA (*)	40,256,262	37,299,545	4,585,808	33,250
HMA	8,830,739	6,752,595	8,315,946	(245,385)
HMMA	4,752,952	2,180,629	4,057,010	16,886
HMMC	3,776,229	1,729,416	3,498,235	257,073
HMI (*)	2,991,240	1,316,095	2,917,762	136,805
HAOSVT	1,638,162	1,295,642	1,547,730	3,408
HME (*)	1,554,437	1,530,185	4,475,309	7,046
HACC (*)	1,427,293	989,304	1,339,579	(67,414)
HMMR	1,298,535	840,177	1,422,858	65,085
HMB	1,150,344	768,040	1,086,546	8,397
HMCA	888,928	718,244	1,023,569	(6,233)

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

Summarized financial position and results of operations of the Company's major consolidated subsidiaries as of and for the six months ended June 30, 2016 are as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
(In millions of Korean Won)				
Hyundai Capital Services, Inc. (*)	₩ 25,459,690	₩ 21,756,593	₩ 1,434,060	₩ 227,480
Hyundai Card Co., Ltd. (*)	13,671,152	11,088,862	1,348,720	94,878
Hyundai Rotem Company (*)	4,604,578	3,147,286	1,446,612	24,260
Hyundai KEFICO Corporation (*)	1,243,159	684,420	933,079	41,239
HCA (*)	38,775,577	35,828,980	4,390,410	46,969
HMA	8,115,821	5,600,482	8,920,910	(189,872)
HMMA	4,087,786	1,603,379	4,258,587	170,590
HMMC	3,069,525	1,481,057	3,632,896	221,437
HMI (*)	2,536,046	1,206,760	2,839,163	155,267
HAOSVT	1,578,773	1,234,572	1,742,264	25,683
HME (*)	1,433,898	1,418,190	4,483,249	5,371
HACC (*)	1,163,163	705,905	1,474,977	(34,827)
HMMR	1,132,011	835,842	857,765	4,881
HMB	964,715	551,765	724,466	(10,656)
HMCA	821,250	626,972	978,649	(27,630)

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

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

- (4) Summarized cash flows of non-wholly owned subsidiaries that have material non-controlling interests to the Group for the six months ended June 30, 2017 are as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Cash flows from operating activities	₩ (805,023)	₩ 257,796	₩ 234,700
Cash flows from investing activities	(58,436)	(30,920)	32,944
Cash flows from financing activities	1,031,895	(72,246)	(436,132)
Effect of exchange rate changes on cash and cash equivalents	-	-	(953)
Net increase (decrease) in cash and cash equivalents	₩ 168,436	₩ 154,630	₩ (169,441)

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group for the six months ended June 30, 2016 are as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Cash flows from operating activities	₩ (622,358)	₩ (73,428)	₩ 407,752
Cash flows from investing activities	(287,790)	(25,553)	15,643
Cash flows from financing activities	905,537	225,247	(334,461)
Effect of exchange rate changes on cash and cash equivalents	-	-	2,371
Net increase (decrease) in cash and cash equivalents	₩ (4,611)	₩ 126,266	₩ 91,305

- (5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of June 30, 2017 are as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Ownership percentage of non-controlling interests	40.32%	63.04%	56.64%
Non-controlling interests	₩ 1,579,740	₩ 1,782,226	₩ 903,314
Profit (loss) attributable to non-controlling interests	64,562	82,464	(3,153)
Dividends paid to non-controlling interests	33,438	-	2,110

Details of non-wholly owned subsidiaries of the Company that had material non-controlling interests as of December 31, 2016 are as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Ownership percentage of non-controlling interests	40.32%	63.04%	56.64%
Non-controlling interests	₩ 1,530,795	₩ 1,698,277	₩ 909,309
Profit attributable to non-controlling interests	117,348	119,762	21,782
Dividends paid to non-controlling interests	-	-	4,955

(6) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the six months ended June 30, 2017 are as follows:

Changes	Name of subsidiaries	Description
Included	HR Mechanical Services Limited	Acquisition
"	Super Series Fourth Securitization Specialty Co., Ltd.	"
"	Hyundai HK Funding Four, LLC	"
"	Hyundai Asset Backed Lease, LLC	"
"	HMB Holding Participacoes Financeiras Ltda.	"
"	HYUNDAI THANH CONG VIETNAM AUTO MANUFACTURING CORPORATION (HTMV)	"
Excluded	Autopia Forty-Sixth Asset Securitization Specialty Company	Liquidation

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of consolidated financial statements preparation

The Group's condensed consolidated financial statements for the six months ended June 30, 2017 and 2016, respectively, are prepared in accordance with K-IFRS 1034, Interim Financial Reporting. The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with K-IFRS.

The significant accounting policies used for the preparation of the interim consolidated financial statements are consistent with those applied to the annual consolidated financial statements for the year ended December 31, 2016, except for the adoption effect of the new and revised accounting standards and interpretations described below.

1) New and revised standards that have been applied from the period beginning on January 1, 2017 are as follows:

- K-IFRS 1007 (Amendment): 'Statement of Cash Flows'

The amendments require that changes in liabilities arising from financial activities are disclosed.

- K-IFRS 1012 (Amendment): 'Income Taxes'

The amendments clarify that unrealized losses on fixed-rate debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the holder expects to recover the carrying amount of the debt instrument by sale or by use and that the estimate of probable future taxable profits may include the recovery of some of assets for more than their carrying amount. When the Group assesses whether there will be sufficient taxable profit, the Group should compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences.

The above mentioned changes in accounting policies did not have any significant effect on the Group's interim consolidated financial statements.

- 2) New and revised standards that have been issued but are not yet effective as of June 30, 2017, and that have not been applied earlier by the Group are as follows:

- K-IFRS 1109 (Enactment): ‘Financial Instruments’

The enactments to K-IFRS 1109 contain the requirements for the classification and measurement of financial assets and financial liabilities based on a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and based on the contractual terms that give rise on specified dates to cash flows, impairment methodology based on the expected credit losses, and broadened types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting and the change of the hedge effectiveness test. The enactments are effective for annual periods beginning on or after January 1, 2018.

The general impact of the new standard on the consolidated financial statement is as follows:

A. Classification and measurement of financial assets

When the Group adopts new standard of K-IFRS 1109, the Group classifies financial assets as seen in the table below based on the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset: as measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). If the host contract is determined in a hybrid contract, the Group may classify the entire hybrid contract as a financial asset rather than separating the embedded derivative from the host contract.

Business model	Contractual cash flow characteristic	
	Solely payments of principal and interest	Otherwise
Objective is to hold financial assets in order to collect contractual cash flows	Measured at amortised cost (*1)	
The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets	FVOCI (*1)	FVTPL (*2)
Objective is to sell financial assets and others	FVTPL	

(*1) The Group may designate as measured at FVTPL to eliminate or significantly reduce an accounting mismatch (irrevocable).

(*2) The Group may designate as FVOCI for investments in equity instruments that are not held for trading (irrevocable).

The Group has loans and receivables of ₩73,466,599 million, AFS financial assets of ₩2,586,071 million and financial assets at FVTPL of ₩12,484,219 million in the consolidated statements of financial position as of June 30, 2017.

B. Classification and measurement of financial liabilities.

For financial liabilities designated as at FVTPL using the fair value option, K-IFRS 1109 requires the effects of changes in fair value attributable to the Group’s credit risk to be recognised in other comprehensive income. The amounts presented in other comprehensive income are not subsequently transferred to profit or loss unless this treatment of the credit risk component creates or enlarges a measurement mismatch.

As of June 30, 2017, the Group has financial liabilities measured at amortised cost of ₩86,422,988 million and financial liabilities with changes in fair value recognised in profit or loss of ₩4,735 million.

C. Impairment: Financial assets and contract assets

Under K-IFRS 1039, the impairment is recognised only when there is an objective evidence of impairment based on incurred loss model, but under K-IFRS 1109, impairment is recognised based on expected credit loss model for debt instrument, lease receivables, contract assets, loan contracts and financial guarantee contracts that are measured at amortised cost or fair value through other comprehensive income.

In K-IFRS 1109, financial assets are classified into three stages depending on the extent of increase in the credit risk on financial instruments since initial recognition. The loss allowance is measured at an amount equal to 12-month expected credit losses or the lifetime expected credit losses and therefore credit losses will be recognised earlier than under the incurred loss model of K-IFRS 1039.

	Case	The loss allowance
Stage 1	Non-significant increase in credit risk since initial recognition	12-month expected credit losses : The expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.
Stage 2	Significant increase in credit risk since initial recognition	Lifetime expected credit losses: The expected credit losses that result from all possible default events over the expected life of a financial instrument.
Stage 3	Credit-impaired financial assets	

Under K-IFRS 1109, the Group shall only recognise the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

As of June 30, 2017, the Group has loans, receivables and AFS financial assets and the loss allowance for these assets are ₩1,209,096 million.

D. Hedge Accounting

The new standard, K-IFRS 1109, retains the mechanics of hedge accounting in K-IFRS 1039. Under the new model, it is possible for the Group to reflect its risk management activities on the financial statements by focusing on principle-based hedge effectiveness assessment instead of simply complying with a rule-based approach under the K-IFRS 1039. The new model introduced greater flexibility to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and overhauling the quantitative hedge effectiveness (80 – 125%) test.

In accordance with the transition requirements, the Group with initial application may continue to retain the existing requirements under K-IFRS 1039 as their accounting policy.

As of June 30, 2017, the Group applies hedge accounting and has a deferred net profit of ₩4,352 million in accumulated other comprehensive income in relation to cash flow hedging instruments.

With the introduction of K-IFRS 1109, necessary implementation procedures include preparation of the financial impact analysis, establishment of accounting policies and system and its stabilization. The financial statements of the year of adoption is affected not only by the accounting policies judgements set-forth by the management, but also by the economic conditions of the Group during the period.

The Group is assessing preliminary financial impact of adoption of K-IFRS 1109 on other financial assets, trade notes, accounts receivable and financial services receivables on the consolidated financial statements.

- K-IFRS 1115 (Enactment): ‘Revenue from Contracts with Customers’

The core principle under K-IFRS 1115 is that the Group should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The standard introduces a 5-step approach to revenue recognition and measurement: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, 5) Recognize revenue when (or as) the Group satisfies a performance obligation. This standard will supersede K-IFRS 1011 – ‘Construction Contracts’, K-IFRS 1018 – ‘Revenue’, K-IFRS 2113 – ‘Customer Loyalty Programmes’, K-IFRS 2115 – ‘Agreements for the Construction of Real Estate’, K-IFRS 2118 – ‘Transfers of Assets from Customers’, and K-IFRS 2031 – ‘Revenue-Barter Transactions Involving Advertising Services’. The enactments are effective for annual periods beginning on or after January 1, 2018.

The general impact of the new standard on the consolidated financial statements is as follows:

A. Identify the performance obligations in the contract

The Group manufactures and distributes motor vehicles and parts, operates vehicle financing and credit card processing, and manufactures trains. For the six months ended June 30 2017, sales of vehicle segment is ₩37,010,107 million which is approximately 78% of the Group's total sales.

Upon application of K-IFRS 1115, the Group identifies the performance obligation in the contract with customers which are (1) Vehicle sales, (2) Additional service, (3) Additional warranty and (4) Other services. Timing of the revenue recognition may change depending on when the performance obligation is satisfied, either at a point in time or over time.

B. Allocation of the transaction price

Upon application of K-IFRS 1115, the Group allocates the transaction price of multiple performance obligation identified in one contract based on relative standalone selling price. The Group plans to use an expected cost plus margin approach by estimating the expected costs for each transaction and adding an appropriate profit margin.

C. Variable consideration

Upon application of K-IFRS 1115, the Group estimates the amount of consideration depending on which method the Group expects to better predict the amount of consideration to which it will be entitled—the expected value or the most likely amount. Variable consideration is included in the transaction price only to the extent that it is probable or highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur in the future periods

As of June 30, 2017, the Group has set up a preliminary analysis team in preparation of the adoption of K-IFRS 1115. Based on the information available at the end of the current period, the Group is currently evaluating the potential impact of the K-IFRS 1115 on the financial statements, and specifically, on sales and warranty provision. The Group is planning to disclose the financial impact of the adoption of the standard on the financial statements for the year ended December 31, 2017.

- K-IFRS 1102 (Amendment): 'Share-based Payment'

The amendments include: 1) when measuring the fair value of share-based payment, the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payment should be consistent with the measurement of equity-settled share-based payments, 2) share-based payment transaction in which the Group settles the share-based payment arrangement net by withholding a specified portion of the equity instruments to meet its minimum statutory tax withholding requirements would be classified as equity-settled in its entirety, if the entire award would otherwise be classified as equity settled without the net settlement feature, 3) when a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions, the original liability recognized is derecognized and the equity-settled share-based payment is recognized at the modification date fair value. Any difference between the carrying amount of the liability at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately. The amendments are effective for annual periods beginning on or after January 1, 2018.

- K-IFRS 2122 (Enactment): 'Foreign Currency Transactions and Advance Consideration'

The enactments clarify that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which the Group initially recognizes the payment or receipt of advance consideration in a foreign currency. The enactments are effective for annual periods beginning on or after January 1, 2018.

- Annual Improvements to K-IFRS 2014-2016 cycle

The Annual Improvements include amendments to a number of K-IFRSs. The amendments introduce specific guidance in K-IFRS 1028 'Investments in Associates and Joint Ventures' for when an investment in the Group that is a venture capital organisation, the Group may elect to measure that investment at fair value through profit or loss in accordance separately for each associate or joint venture. Other amendments in the Annual Improvements include K-IFRS 1101 'First-time Adoption of International Financial Reporting Standards'. The amendments are effective for annual periods beginning on or after January 1, 2018.

The Group is currently evaluating the impacts of above mentioned enactments and amendments on the Group's consolidated financial statements.

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

In the preparation of the Group's interim consolidated financial statements, management is required to apply accounting policies and make judgements, estimation and assumptions affecting the carrying amounts of assets and liabilities, income and expenses. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations. The management's significant judgements about the application of the Group's accounting policies and the main resources of the uncertainty are consistent with those of the annual consolidated financial statements for the year ended December 31, 2016.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017		December 31, 2016	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 4,039,751	₩ 152,859	₩ 4,487,352	₩ 146,262
Allowance for doubtful accounts	(53,796)	-	(49,800)	-
Present value discount accounts	-	(7,662)	-	(8,157)
	<u>₩ 3,985,955</u>	<u>₩ 145,197</u>	<u>₩ 4,437,552</u>	<u>₩ 138,105</u>

(2) Aging analysis of trade notes and accounts receivable

As of June 30, 2017 and December 31, 2016, total trade notes and accounts receivable that are past due, but not impaired, amount to ₩229,051 million and ₩335,516 million, respectively; of which ₩203,720 million and ₩298,775 million, respectively, are past due less than 90 days, but not impaired. As of June 30, 2017 and December 31, 2016, the impaired trade notes and accounts receivable amount to ₩53,796 million and ₩49,800 million, respectively.

(3) The changes in allowance for doubtful accounts for the six months ended June 30, 2017 and 2016 are as follows:

Description	Six months ended June 30,	
	2017	2016
	(In millions of Korean Won)	
Beginning of the period	₩ 49,800	₩ 59,530
Impairment loss	4,015	1,021
Write-off	(96)	(2,632)
Effect of foreign exchange differences	77	764
End of the period	<u>₩ 53,796</u>	<u>₩ 58,683</u>

4. OTHER RECEIVABLES:

Other receivables as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017		December 31, 2016	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accounts receivable – others	₩ 1,899,886	₩ 909,582	₩ 1,939,269	₩ 925,524
Due from customers for contract work	1,158,482	-	1,220,582	-
Lease and rental deposits	29,476	329,846	27,957	336,425
Deposits	3,174	35,161	3,366	35,770
Others	1,260	-	557	3,895
Allowance for doubtful accounts	(12,274)	-	(10,701)	-
Present value discount accounts	-	(474)	-	(555)
	<u>₩ 3,080,004</u>	<u>₩ 1,274,115</u>	<u>₩ 3,181,030</u>	<u>₩ 1,301,059</u>

5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017		December 31, 2016	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Financial assets at fair value through profit or loss (“FVTPL”)	₩ 12,324,007	₩ 160,212	₩ 12,454,530	₩ 104,499
Derivative assets that are effective hedging instruments	69,016	49,378	185,114	142,107
AFS financial assets	8,209	2,577,862	3,911	2,308,822
Loans	70,205	4,264	80,438	5,122
	<u>₩ 12,471,437</u>	<u>₩ 2,791,716</u>	<u>₩ 12,723,993</u>	<u>₩ 2,560,550</u>

(2) AFS financial assets that are measured at fair value as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017		December 31, 2016	
	Acquisition cost	Book value	Book value	
	(In millions of Korean Won)			
Debt instruments	₩ 319,972	₩ 320,555	₩ 266,800	
Equity instruments	1,687,770	2,265,516	2,045,933	
	<u>₩ 2,007,742</u>	<u>₩ 2,586,071</u>	<u>₩ 2,312,733</u>	

- (3) Equity instruments classified into AFS financial assets as of June 30, 2017 and December 31, 2016 consist of the following:

Name of the company	Ownership percentage (%)	June 30, 2017		December 31, 2016
		Acquisition		Book value
		Cost	Book value	Book value
(In millions of Korean Won)				
Hyundai Steel Company (*1)	6.87	₩ 1,110,704	₩ 871,720	₩ 798,843
Hyundai Heavy Industries Co., Ltd. (*2)	2.88	42,443	288,200	318,645
Hyundai Glovis Co., Ltd.	4.88	210,688	287,457	282,880
Korea Aerospace Industries, Ltd. (*3)	-	73,331	269,669	316,979
Hyundai Oilbank Co., Ltd.	4.35	53,734	143,957	143,957
Hyundai Robotics Co., Ltd. (*2)	2.88	9,018	134,098	-
Hyundai Green Food Co., Ltd.	2.36	15,005	40,846	35,539
Hyundai Construction Equipment Co., Ltd. (*2)	2.88	2,684	35,527	-
Hyundai Electric & Energy Systems Co., Ltd. (*2)	2.88	2,779	33,302	-
Hyundai Development Company	0.60	9,025	21,128	20,228
Hyundai M Partners Co., Ltd	9.29	9,888	12,658	11,470
NICE Information Service Co., Ltd.	2.25	3,312	11,078	9,466
NICE Holdings Co., Ltd.	1.30	3,491	8,603	8,653
KT Corporation	0.09	8,655	7,827	7,059
Hyundai Asan Corporation	1.88	22,500	2,117	2,117
Hyundai Merchant Marine Company	0.05	9,161	866	669
Others		101,352	96,463	89,428
		<u>₩ 1,687,770</u>	<u>₩ 2,265,516</u>	<u>₩ 2,045,933</u>

(*1) The Group entered into a total return swap agreement to transfer 5,745,741 shares out of total 14,919,336 shares to a third party and partial shares have been disposed of for the year ended December 31, 2016.

(*2) Hyundai Heavy Industries Co., Ltd. was spun off into Hyundai Heavy Industries Co., Ltd., Hyundai Robotics Co., Ltd., Hyundai Construction Equipment Co., Ltd., and Hyundai Electric & Energy Systems Co., Ltd. for the six months ended June 30, 2017.

(*3) The Group entered into a total return swap agreement to transfer total shares to a third party for the year ended December 31, 2016.

6. INVENTORIES:

Inventories as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017		December 31, 2016	
	(In millions of Korean Won)			
Finished goods	₩	7,952,397	₩	6,692,155
Merchandise		65,024		52,133
Semifinished goods		469,829		401,279
Work in progress		367,720		350,295
Raw materials		1,324,335		1,300,218
Supplies		278,450		267,073
Materials in transit		572,548		613,134
Others		967,678		847,525
Total (*)	₩	11,997,981	₩	10,523,812

(*) As of June 30, 2017 and December 31, 2016, the Group recognized a valuation allowance in amount of ₩106,822 million and ₩135,789 million, respectively.

7. OTHER ASSETS:

Other assets as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017		December 31, 2016	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Accrued income	₩ 332,874	₩ 3,545	₩ 315,132	₩ 4,798
Advanced payments	505,321	-	444,872	566
Prepaid expenses	440,015	651,564	402,565	641,132
Prepaid value-added tax and others	285,348	15,317	227,234	14,911
	₩ 1,563,558	₩ 670,426	₩ 1,389,803	₩ 661,407

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE:

Non-current assets classified as held for sale as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017		December 31, 2016	
	(In millions of Korean Won)			
Vehicles	₩	29,068	₩	29,068

The Group has committed to a plan to sell vehicles that were classified as held for sale as of June 30, 2017 and has initiated active programs to complete the plan. The assets will be disposed within 12 months.

9. PROPERTY, PLANT AND EQUIPMENT:

- (1) The changes in property, plant and equipment (“PP&E”) for the six months ended June 30, 2017 and 2016 are as follows:

Description	Six months ended June 30,	
	2017	2016
	(In millions of Korean Won)	
Beginning of the period	₩ 29,405,716	₩ 28,698,927
Acquisitions	1,294,662	1,095,561
Disposals	(141,331)	(41,316)
Depreciation	(1,092,126)	(1,049,466)
Others (*)	(94,531)	101,594
End of the period	₩ 29,372,390	₩ 28,805,300

- (*) Others include the effect of foreign exchange differences, transfers from or to other accounts and acquisitions due to business combination.

10. INVESTMENT PROPERTY:

- (1) The changes in investment property for the six months ended June 30, 2017 and 2016 are as follows:

Description	Six months ended June 30,	
	2017	2016
	(In millions of Korean Won)	
Beginning of the period	₩ 211,671	₩ 291,424
Transfers	300	(66,181)
Depreciation	(5,389)	(6,047)
Effect of foreign exchange differences	(1,088)	(771)
End of the period	₩ 205,494	₩ 218,425

- (2) Income and expenses related to investment property for the three months and six months ended June 30, 2017 and 2016 are as follows:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Rental income	₩ 11,607	₩ 23,106	₩ 11,705	₩ 26,641
Operating and maintenance expenses	3,906	7,668	3,553	7,253

11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the six months ended June 30, 2017 and 2016 are as follows:

Description	Six months ended June 30,	
	2017	2016
	(In millions of Korean Won)	
Beginning of the period	₩ 4,586,172	₩ 4,298,088
Internal developments and separate acquisitions	563,651	581,566
Disposals	(556)	(12,248)
Amortization	(612,703)	(557,186)
Impairment loss	(7,348)	-
Others (*)	46,074	48,341
End of the period	₩ 4,575,290	₩ 4,358,561

(*) Others include the effect of foreign exchange differences, transfers from or to other accounts and acquisitions due to business combination.

(2) Research and development expenditures for the three months and six months ended June 30, 2017 and 2016 are as follows:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Development costs (intangible assets)	₩ 286,671	₩ 503,307	₩ 327,227	₩ 536,796
Research and development (manufacturing cost and administrative expenses)	255,434	491,973	257,191	468,728
Total (*)	₩ 542,105	₩ 995,280	₩ 584,418	₩ 1,005,524

(*) Amortization of development costs is not included.

(3) Impairment test of goodwill

The recoverable amount of the Group's cash-generating unit ("CGU") is being measured at its value in use based on cash flow projections of financial budgets for the next five years approved by management. Cash flows projection beyond the next five-year period is extrapolated by using the estimated growth rate, which does not exceed the long-term average growth rate of the region and industry to which the CGU belongs. The Group performs an impairment test of goodwill annually and whenever events or changes in circumstances indicate that the goodwill may be impaired.

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Investments in joint ventures and associates as of June 30, 2017 and December 31, 2016 consist of the following:

Name of the company	Nature of business	Location	Ownership percentage (%)	June 30,	December 31,
				2017	2016
				Book value	Book value
				(In millions of Korean Won)	
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	₩ 2,041,774	₩ 2,225,824
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	China	53.00	473,172	445,735
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	22.00	177,733	186,929
Hyundai Motor Group China, Ltd. (HMGC) (*1)	Investment	China	50.00	131,512	86,669
Hyundai Powertech (Shandong) Co., Ltd (PTS)	Manufacturing	China	30.00	121,294	111,997
Kia Motors Corporation	Manufacturing	Korea	33.88	8,988,394	8,811,840
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,265,612	3,267,243
Hyundai WIA Corporation	Manufacturing	Korea	25.35	826,496	821,861
Hyundai Powertech Co., Ltd.	Manufacturing	Korea	37.58	549,505	502,891
Hyundai Dymos Inc.	Manufacturing	Korea	47.27	398,906	371,499
Hyundai Commercial Inc.	Financing	Korea	50.00	393,059	256,078
HMC Investment Securities Co., Ltd.	Securities brokerage	Korea	27.49	249,206	245,501
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	167,781	174,100
Hyundai Autoever Corp.	IT Service	Korea	28.96	110,468	107,382
Haevichi Hotels & Resorts Co., Ltd.	Hotelkeeping	Korea	41.90	107,099	108,082
Others				329,991	346,490
				₩ 18,332,002	₩ 18,070,121

(*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.

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

(*3) As of June 30, 2017, the entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

(2) The changes in investments in joint ventures and associates for the six months ended June 30, 2017 are as follows:

Name of the company	Beginning of the period	Acquisitions	Share of			End of the period
			profits (losses) for the period	Dividends	Others (*)	
(In millions of Korean Won)						
BHMC	₩ 2,225,824	₩ -	₩ (110,889)	₩ -	₩ (73,161)	₩ 2,041,774
BHAF	445,735	-	41,173	-	(13,736)	473,172
WAE	186,929	-	(3,268)	-	(5,928)	177,733
HMGC	86,669	56,330	(9,904)	-	(1,583)	131,512
PTS	111,997	-	12,729	-	(3,432)	121,294
Kia Motors Corporation	8,811,840	-	374,938	(151,050)	(47,334)	8,988,394
Hyundai Engineering & Construction Co., Ltd.	3,267,243	-	20,130	(11,664)	(10,097)	3,265,612
Hyundai WIA Corporation	821,861	-	17,326	(7,583)	(5,108)	826,496
Hyundai Powertech Co., Ltd.	502,891	-	50,457	-	(3,843)	549,505
Hyundai Dymos Inc.	371,499	-	26,105	-	1,302	398,906
Hyundai Commercial Inc.	256,078	-	112,111	-	24,870	393,059
HMC Investment Securities Co., Ltd.	245,501	-	6,642	(3,226)	289	249,206
Eukor Car Carriers Inc.	174,100	-	4,901	-	(11,220)	167,781
Hyundai Autoever Corp.	107,382	-	7,605	(4,126)	(393)	110,468
Haevichi Hotels & Resorts Co., Ltd.	108,082	-	(909)	-	(74)	107,099
Others	346,490	1,070	(3,365)	(9,149)	(5,055)	329,991
	<u>₩ 18,070,121</u>	<u>₩ 57,400</u>	<u>₩ 545,782</u>	<u>₩ (186,798)</u>	<u>₩ (154,503)</u>	<u>₩ 18,332,002</u>

(*) Others consist of changes in accumulated other comprehensive income and others.

The changes in investments in joint ventures and associates for the six months ended June 30, 2016 are as follows:

Name of the company	Beginning of the period	Acquisitions	Share of			End of the period
			profits (losses) for the period	Dividends	Others (*)	
(In millions of Korean Won)						
BHMC	₩ 2,189,321	₩ 242,434	₩ 321,440	₩ (666,208)	₩ (92,520)	₩ 1,994,467
BHAF	220,475	188,014	30,597	-	(10,698)	428,388
WAE	184,255	-	7,078	-	(4,129)	187,204
HMGC	135,000	-	(7,645)	-	(2,729)	124,626
PTS	93,998	-	10,067	-	(2,329)	101,736
Kia Motors Corporation	8,047,548	-	584,280	(151,050)	(90,969)	8,389,809
Hyundai Engineering & Construction Co., Ltd.	3,180,493	-	29,842	(11,664)	8,939	3,207,610
Hyundai WIA Corporation	814,413	-	11,299	(7,583)	(2,897)	815,232
Hyundai Powertech Co., Ltd.	433,088	-	52,607	-	(1,075)	484,620
Hyundai Dymos Inc.	326,439	-	7,658	-	(2,116)	331,981
Hyundai Commercial Inc.	242,507	-	21,159	(8,950)	(3,228)	251,488
HMC Investment Securities Co., Ltd.	238,001	-	8,384	(3,630)	1,869	244,624
Eukor Car Carriers Inc.	191,468	-	2,557	(14,520)	2,258	181,763
Haevichi Hotels & Resorts Co., Ltd.	110,312	-	(1,358)	-	-	108,954
Others	502,625	-	(5,570)	(12,621)	(8,864)	475,570
	<u>₩ 16,909,943</u>	<u>₩ 430,448</u>	<u>₩ 1,072,395</u>	<u>₩ (876,226)</u>	<u>₩ (208,488)</u>	<u>₩ 17,328,072</u>

(*) Others consist of changes in accumulated other comprehensive income and others.

(3) Summarized financial information of the Group's major joint ventures and associates as of and for the six months ended June 30, 2017 is as follows:

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHMC	₩ 4,929,060	₩ 4,077,192	₩ 3,983,631	₩ 800,104
BHAF (*)	5,029,651	-	4,136,874	-
WAE	716,659	825,412	215,453	518,741
HMGC	219,397	489,998	308,307	138,060
PTS	643,208	214,074	354,080	98,889
Kia Motors Corporation	22,781,863	30,026,851	17,060,611	8,597,849
Hyundai Engineering & Construction Co., Ltd.	13,864,805	5,100,728	7,976,043	2,762,074
Hyundai WIA Corporation	3,627,939	3,270,111	1,440,317	2,205,893
Hyundai Powertech Co., Ltd.	1,376,270	1,608,623	1,206,457	311,874
Hyundai Dymos Inc.	1,417,938	1,027,511	1,093,715	493,057
Hyundai Commercial Inc. (*)	6,868,623	-	5,980,587	-
HMC Investment Securities Co., Ltd. (*)	8,110,956	-	7,285,637	-
Eukor Car Carriers Inc.	436,032	2,886,742	461,509	1,465,270
Hyundai Autoever Corp.	605,445	101,405	311,704	10,317
Haevichi Hotels & Resorts Co., Ltd.	30,570	429,319	187,951	99,048

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
(In millions of Korean Won)				
BHMC	₩ 4,570,971	₩ (210,038)	₩ -	₩ (210,038)
BHAF (*)	162,344	77,685	-	77,685
WAE	453,768	(14,854)	(26,946)	(41,800)
HMGC	167,761	(23,214)	-	(23,214)
PTS	739,844	42,430	-	42,430
Kia Motors Corporation	26,422,339	1,154,976	(143,122)	1,011,854
Hyundai Engineering & Construction Co., Ltd.	8,347,504	259,389	(39,161)	220,228
Hyundai WIA Corporation	3,685,096	42,278	(19,809)	22,469
Hyundai Powertech Co., Ltd.	1,803,155	136,857	(10,229)	126,628
Hyundai Dymos Inc.	2,031,493	53,855	(3,064)	50,791
Hyundai Commercial Inc. (*)	216,461	224,910	7,316	232,226
HMC Investment Securities Co., Ltd. (*)	263,817	23,970	(3,125)	20,845
Eukor Car Carriers Inc.	882,958	36,210	(86,365)	(50,155)
Hyundai Autoever Corp.	660,305	26,848	-	26,848
Haevichi Hotels & Resorts Co., Ltd.	59,554	884	31	915

(*) The companies operate financial business and their total assets (liabilities) are included in current assets (liabilities) as the companies do not distinguish current and non-current portion in their separate financial statements.

Summarized financial information of the Group's major joint ventures and associates as of and for the six months ended June 30, 2016 is as follows:

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
	(In millions of Korean Won)			
BHMC	₩ 5,133,264	₩ 3,607,623	₩ 4,344,591	₩ 304,944
BHAF (*)	4,336,696	-	3,528,417	-
WAE	738,646	946,985	297,889	536,814
HMGC	590,119	450,563	504,539	267,787
PTS	747,165	240,156	505,439	142,762
Kia Motors Corporation	20,119,918	29,309,773	15,832,410	8,331,074
Hyundai Engineering & Construction Co., Ltd.	14,652,436	4,977,041	8,621,849	3,297,631
Hyundai WIA Corporation	3,832,038	3,129,284	1,837,869	1,893,734
Hyundai Powertech Co., Ltd.	1,152,094	1,446,337	771,929	533,200
Hyundai Dymos Inc.	1,386,356	991,161	1,107,936	552,894
Hyundai Commercial Inc. (*)	5,667,437	-	5,061,040	-
HMC Investment Securities Co., Ltd. (*)	7,548,933	-	6,804,841	-
Eukor Car Carriers Inc.	371,516	2,995,130	282,951	1,571,184
Haevichi Hotels & Resorts Co., Ltd.	14,935	435,806	120,045	160,604

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
	(In millions of Korean Won)			
BHMC	₩ 9,598,864	₩ 669,661	₩ -	₩ 669,661
BHAF (*)	242,560	57,732	-	57,732
WAE	709,009	22,828	-	22,828
HMGC	292,797	(21,328)	-	(21,328)
PTS	1,042,619	32,964	-	32,964
Kia Motors Corporation	27,099,348	1,770,270	(262,907)	1,507,363
Hyundai Engineering & Construction Co., Ltd.	8,974,461	254,713	72,422	327,135
Hyundai WIA Corporation	3,787,373	107,133	(11,380)	95,753
Hyundai Powertech Co., Ltd.	1,798,084	140,185	(2,855)	137,330
Hyundai Dymos Inc.	1,961,779	40,790	(6,695)	34,095
Hyundai Commercial Inc. (*)	185,820	45,236	975	46,211
HMC Investment Securities Co., Ltd. (*)	299,685	30,497	6,785	37,282
Eukor Car Carriers Inc.	871,293	26,991	13,257	40,248
Haevichi Hotels & Resorts Co., Ltd.	35,180	372	-	372

(*) The companies operate financial business and their total assets (liabilities) are included in current assets (liabilities) as the companies do not distinguish current and non-current portion in their separate financial statements.

- (4) Summarized additional financial information of the Group's major joint ventures as of and for the six months ended June 30, 2017 is as follows:

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 1,733,409	₩ 1,107,414	₩ 2,347	₩ 195,943	₩ 16,338	₩ 77,951	₩ 79,786
BHAF (*)	981,105	2,969,392	-	1,887	244,429	86,727	25,942
HMGC	115,961	230,191	74,506	39,173	402	7,559	1,230

- (*) Operating finance business of which total assets (liabilities) are included in current financial liabilities as BHAF does not distinguish current and non-current portion in separate financial statements.

Summarized additional financial information of the Group's major joint ventures as of and for the six months ended June 30, 2016 is as follows:

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 225,196	₩ -	₩ 244,538	₩ 178,621	₩ 9,504	₩ 53,705	₩ 222,305
BHAF (*)	508,021	3,370,734	-	1,542	232,896	80,231	19,251
HMGC	57,840	199,124	167,555	11,193	330	9,746	177

- (*) Operating finance business of which total assets (liabilities) are included in current financial liabilities as BHAF does not distinguish current and non-current portion in separate financial statements.

- (5) The aggregate amounts of the Group's share of the joint ventures' and associates', that are not individually material, loss and comprehensive loss for the six months ended June 30, 2017 and 2016 are as follows:

Description	Six months ended June 30,	
	2017	2016
(In millions of Korean Won)		
Loss for the period	₩ (3,365)	₩ (5,570)
Other comprehensive loss	(5,055)	(8,864)
Total comprehensive loss	<u>₩ (8,420)</u>	<u>₩ (14,434)</u>

- (6) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of June 30, 2017 is as follows:

Name of the company	Group's share of net assets	Goodwill		Unrealized profit (loss) and others	Carrying amounts
		(In millions of Korean Won)			
BHMC	₩ 2,111,259	₩ -	₩ (69,485)	₩ 2,041,774	
BHAF	473,172	-	-	473,172	
WAE	177,733	-	-	177,733	
HMGC	131,511	-	1	131,512	
PTS	121,294	-	-	121,294	
Kia Motors Corporation	8,840,359	197,089	(49,054)	8,988,394	
Hyundai Engineering & Construction Co., Ltd. (*)	2,128,255	1,137,357	-	3,265,612	
Hyundai WIA Corporation	830,176	-	(3,680)	826,496	
Hyundai Powertech Co., Ltd.	551,033	-	(1,528)	549,505	
Hyundai Dymos Inc.	401,366	-	(2,460)	398,906	
Hyundai Commercial Inc.	393,059	-	-	393,059	
HMC Investment Securities Co., Ltd.	209,154	40,052	-	249,206	
Eukor Car Carriers Inc.	167,519	-	262	167,781	
Hyundai Autoever Corp.	110,468	-	-	110,468	
Haevichi Hotels & Resorts Co., Ltd. (*)	103,523	3,576	-	107,099	

- (*) The difference between the carrying amount and the fair value of the investee's identifiable assets and liabilities as of the acquisition date is included in the amount of net assets.

Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2016 is as follows:

Name of the company	Group's share of net assets	Goodwill		Unrealized profit (loss) and others	Carrying amounts
		(In millions of Korean Won)			
BHMC	₩ 2,289,817	₩ -	₩ (63,993)	₩ 2,225,824	
BHAF	445,735	-	-	445,735	
WAE	186,929	-	-	186,929	
PTS	111,997	-	-	111,997	
Kia Motors Corporation	8,667,785	197,089	(53,034)	8,811,840	
Hyundai Engineering & Construction Co., Ltd. (*)	2,129,886	1,137,357	-	3,267,243	
Hyundai WIA Corporation	825,700	-	(3,839)	821,861	
Hyundai Powertech Co., Ltd.	504,501	-	(1,610)	502,891	
Hyundai Dymos Inc.	373,593	-	(2,094)	371,499	
Hyundai Commercial Inc.	256,078	-	-	256,078	
HMC Investment Securities Co., Ltd.	205,449	40,052	-	245,501	
Eukor Car Carriers Inc.	173,838	-	262	174,100	
Haevichi Hotels & Resorts Co., Ltd. (*)	104,506	3,576	-	108,082	
Hyundai Autoever Corp.	107,382	-	-	107,382	

- (*) The difference between the carrying amount and the fair value of the investee's identifiable assets and liabilities as of the acquisition date is included in the amount of net assets.

- (7) The market price of listed equity securities as of June 30, 2017 is as follows:

Name of the company	Price per share	Total number of shares		Market value
		(In millions of Korean Won, except price per share)		
Kia Motors Corporation	₩ 38,200	137,318,251	₩ 5,245,557	
Hyundai Engineering & Construction Co., Ltd.	46,050	23,327,400	1,074,227	
Hyundai WIA Corporation	69,800	6,893,596	481,173	
HMC Investment Securities Co., Ltd.	13,150	8,065,595	106,063	

13. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30,		December 31,	
	2017		2016	
	(In millions of Korean Won)			
Loan obligations	₩	37,384,997	₩	38,156,062
Card receivables		12,097,308		12,223,581
Financial lease receivables		2,304,845		2,422,222
Others		33,398		29,061
		<u>51,820,548</u>		<u>52,830,926</u>
Allowance for doubtful accounts		(1,125,509)		(1,078,002)
Loan origination fee		23,825		40,628
Present value discount accounts		(11,441)		(9,949)
	₩	<u>50,707,423</u>	₩	<u>51,783,603</u>

(2) Aging analysis of financial services receivables

As of June 30, 2017 and December 31, 2016, total financial services receivables that are past due, but not impaired, amount to ₩1,614,311 million and ₩1,421,906 million, respectively; among them, financial services receivables past due less than 90 days are ₩1,614,146 million and ₩1,421,802 million, respectively. As of June 30, 2017 and December 31, 2016, the impaired financial services receivables amount to ₩543,827 million and ₩538,961 million, respectively.

(3) The changes in allowance for doubtful accounts of financial services receivables for the three months and six months ended June 30, 2017 and 2016 are as follows:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Beginning of the period	₩ 1,103,052	₩ 1,078,002	₩ 940,718	₩ 938,300
Impairment loss	173,766	378,144	163,171	306,014
Write-off	(106,186)	(216,135)	(119,176)	(241,057)
Disposals and others	(51,764)	(99,291)	(15,586)	(30,670)
Effect of foreign exchange differences	6,641	(15,211)	1,779	(1,681)
End of the period	<u>₩ 1,125,509</u>	<u>₩ 1,125,509</u>	<u>₩ 970,906</u>	<u>₩ 970,906</u>

(4) Gross investments in financial leases and their present value of minimum lease receipts as of June 30, 2017 and December 31, 2016 are as follows:

Description	June 30, 2017		December 31, 2016	
	Gross investments in financial leases	Present value of minimum lease receipts	Gross investments in financial leases	Present value of minimum lease receipts
	(In millions of Korean Won)			
Not later than one year	₩ 1,143,596	₩ 1,027,090	₩ 1,140,416	₩ 1,029,983
Later than one year and not later than five years	1,370,620	1,275,065	1,492,004	1,390,070
Later than five years	336	334	81	80
	<u>₩ 2,514,552</u>	<u>₩ 2,302,489</u>	<u>₩ 2,632,501</u>	<u>₩ 2,420,133</u>

(5) Unearned interest income of financial leases as of June 30, 2017 and December 31, 2016 is as follows:

Description	June 30, 2017	December 31, 2016
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 2,514,552	₩ 2,632,501
Net lease investments:		
Present value of minimum lease receipts	2,302,489	2,420,133
Present value of unguaranteed residual value	2,356	2,089
	2,304,845	2,422,222
Unearned interest income	₩ 209,707	₩ 210,279

14. OPERATING LEASE ASSETS:

(1) Operating lease assets as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017	December 31, 2016
	(In millions of Korean Won)	
Acquisition cost	₩ 24,852,268	₩ 24,829,330
Accumulated depreciation	(3,479,632)	(3,360,559)
Accumulated impairment loss	(104,573)	(151,511)
	₩ 21,268,063	₩ 21,317,260

(2) Future minimum lease receipts related to operating lease assets as of June 30, 2017 and December 31, 2016 are as follows:

Description	June 30, 2017	December 31, 2016
	(In millions of Korean Won)	
Not later than one year	₩ 3,852,255	₩ 3,839,810
Later than one year and not later than five years	4,190,707	4,246,435
Later than five years	7	7
	₩ 8,042,969	₩ 8,086,252

15. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of June 30, 2017 and December 31, 2016 consist of the following:

Description	Lender	Annual interest rate	June 30, 2017	June 30, 2017	December 31, 2016
		(%)	(In millions of Korean Won)		
Overdrafts	Citi Bank and others	0.10~0.72	₩	295,896	₩ 223,992
General loans	Kookmin Bank and others	0.62~16.00		3,501,377	2,949,149
Loans on trade receivables collateral	Citi Bank and others	LIBOR + 0.15~0.40		2,167,511	1,472,786
Banker's Usance	Citi Bank and others	LIBOR + 0.30~0.35		426,710	429,493
Short-term debentures		1.63		69,960	159,890
Commercial paper	Shinhan Bank and others	1.18~1.93		3,449,392	3,007,411
Asset-backed securities	RBC and others	1.70		527,870	517,957
			₩	10,438,716	₩ 8,760,678

(2) Long-term debt as of June 30, 2017 and December 31, 2016 consists of the following:

Description	Lender	Annual interest rate	June 30, 2017	June 30, 2017	December 31, 2016
		June 30, 2017			
		(%)		(In millions of Korean Won)	
General loans	Mizuho Bank and others	0.10~15.40	₩	5,980,717	₩ 6,253,057
Facility loan	Korea Development Bank and others	0.36~8.70		276,912	296,821
Commercial paper	KTB Investment & Securities and others	1.62~2.01		1,070,000	790,000
Asset-backed securities	JP Morgan and others	1.51~1.78		5,852,450	8,595,052
Others	NH Investment & Securities and others			567,125	567,125
				13,747,204	16,502,055
Less: present value discounts				110,171	112,050
Less: current maturities				2,731,525	3,000,022
				₩ 10,905,508	₩ 13,389,983

(3) Debentures as of June 30, 2017 and December 31, 2016 consist of the following:

Description	Latest maturity date	Annual interest rate	June 30, 2017	June 30, 2017	December 31, 2016
		June 30, 2017			
		(%)		(In millions of Korean Won)	
Guaranteed public debentures			₩	-	₩ 604,250
Non-guaranteed public debentures	May 19, 2027	1.44~6.53		22,580,246	22,685,513
Non-guaranteed private debentures	September 27, 2026	1.45~3.10		10,212,435	10,027,427
Asset-backed securities	November 15, 2023	0.67~3.32		14,942,501	15,074,314
				47,735,182	48,391,504
Less: discount on debentures				99,031	98,167
Less: current maturities				9,663,567	11,836,945
				₩ 37,972,584	₩ 36,456,392

16. PROVISIONS:

The changes in provisions for the six months ended June 30, 2017 are as follows:

Description	Other long-term		
	Warranty	employee benefits	Others
	(In millions of Korean Won)		
Beginning of the period	₩ 5,612,978	₩ 641,193	₩ 718,469
Charged	935,713	32,181	317,106
Utilized	(728,383)	(32,153)	(322,826)
Amortization of present value discounts	45,721	-	4,951
Changes in expected reimbursements by third parties	(16,141)	-	-
Effect of foreign exchange differences and others	(42,185)	17	(5,109)
End of the period	₩ 5,807,703	₩ 641,238	₩ 712,591

The changes in provisions for the six months ended June 30, 2016 are as follows:

Description	Warranty		Other long-term employee benefits		Others	
	(In millions of Korean Won)					
Beginning of the period	₩	5,639,595	₩	643,274	₩	459,031
Charged		723,840		30,053		141,263
Utilized		(659,706)		(35,746)		(121,347)
Amortization of present value discounts		51,943		-		1,184
Changes in expected reimbursements by third parties		16,728		-		-
Effect of foreign exchange differences and others		8,455		9		14,128
End of the period	₩	5,780,855	₩	637,590	₩	494,259

17. OTHER FINANCIAL LIABILITIES:

Other financial liabilities as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017		December 31, 2016					
	Current	Non-current	Current	Non-current				
(In millions of Korean Won)								
Financial liabilities at FVTPL	₩	4,735	₩	-	₩	18,068	₩	21
Derivative liabilities that are effective hedging instruments		1,187		135,930		120,038		23,433
	₩	5,922	₩	135,930	₩	138,106	₩	23,454

18. OTHER LIABILITIES:

Other liabilities as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017		December 31, 2016					
	Current	Non-current	Current	Non-current				
(In millions of Korean Won)								
Advances received	₩	991,095	₩	104,352	₩	604,420	₩	123,424
Withholdings		959,391		333,664		1,240,641		337,667
Accrued expenses		3,474,902		-		2,752,047		-
Unearned income		302,594		1,133,221		299,916		1,114,407
Due to customers for contract work		428,574		-		319,801		-
Others		217,316		1,235,985		258,081		1,252,167
	₩	6,373,872	₩	2,807,222	₩	5,474,906	₩	2,827,665

(2) Financial liabilities by categories as of June 30, 2017 are as follows:

Description	Financial liabilities at FVTPL		Financial liabilities carried at amortized cost		Derivative liabilities that are effective hedging instruments		Book value	Fair value
	(In millions of Korean Won)							
Trade notes and accounts payable	₩	-	₩	7,576,301	₩	-	₩ 7,576,301	₩ 7,576,301
Other payables		-		3,659,760		-	3,659,760	3,659,760
Borrowings and debentures		-		71,711,900		-	71,711,900	71,723,095
Other financial liabilities		4,735		-		137,117	141,852	141,852
Other liabilities		-		3,475,027		-	3,475,027	3,475,027
	₩	4,735	₩	86,422,988	₩	137,117	₩ 86,564,840	₩ 86,576,035

Financial liabilities by categories as of December 31, 2016 are as follows:

Description	Financial liabilities at FVTPL		Financial liabilities carried at amortized cost		Derivative liabilities that are effective hedging instruments		Book value	Fair value
	(In millions of Korean Won)							
Trade notes and accounts payable	₩	-	₩	6,985,942	₩	-	₩ 6,985,942	₩ 6,985,942
Other payables		-		4,969,309		-	4,969,309	4,969,309
Borrowings and debentures		-		73,444,020		-	73,444,020	73,573,334
Other financial liabilities		18,089		-		143,471	161,560	161,560
Other liabilities		-		2,752,118		-	2,752,118	2,752,118
	₩	18,089	₩	88,151,389	₩	143,471	₩ 88,312,949	₩ 88,442,263

(3) Fair value estimation

The Group categorizes the assets and liabilities measured at fair value into the following three-level fair value hierarchy in accordance with the inputs used for fair value measurement.

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

Fair value measurements of financial instruments by fair value hierarchy levels as of June 30, 2017 are as follows:

Description	June 30, 2017			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets at FVTPL	₩ 90,391	₩ 12,393,828	₩ -	₩ 12,484,219
Derivative assets that are effective hedging instruments	-	118,394	-	118,394
AFS financial assets	2,023,308	294,322	268,441	2,586,071
	<u>₩ 2,113,699</u>	<u>₩ 12,806,544</u>	<u>₩ 268,441</u>	<u>₩ 15,188,684</u>
Financial liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 4,735	₩ -	₩ 4,735
Derivative liabilities that are effective hedging instruments	-	137,117	-	137,117
	<u>₩ -</u>	<u>₩ 141,852</u>	<u>₩ -</u>	<u>₩ 141,852</u>

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2016 are as follows:

Description	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets at FVTPL	₩ 82,512	₩ 12,476,517	₩ -	₩ 12,559,029
Derivative assets that are effective hedging instruments	-	327,221	-	327,221
AFS financial assets	1,810,323	244,250	258,160	2,312,733
	<u>₩ 1,892,835</u>	<u>₩ 13,047,988</u>	<u>₩ 258,160</u>	<u>₩ 15,198,983</u>
Financial liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 18,089	₩ -	₩ 18,089
Derivative liabilities that are effective hedging instruments	-	143,471	-	143,471
	<u>₩ -</u>	<u>₩ 161,560</u>	<u>₩ -</u>	<u>₩ 161,560</u>

The changes in financial instruments classified as Level 3 for the six months ended June 30, 2017 are as follows:

Description	Beginning of the year	Purchases	Disposals	Valuation	Transfers	End of the period
		(In millions of Korean Won)				
AFS financial assets	₩ 258,160	₩ 11,377	₩ (2,387)	₩ 1,291	₩ -	₩ 268,441

The changes in financial instruments classified as Level 3 for the six months ended June 30, 2016 are as follows:

Description	Beginning of the year	Purchases	Disposals	Valuation	Transfers	End of the period
		(In millions of Korean Won)				
AFS financial assets	₩ 232,557	₩ 11,039	₩ (3,267)	₩ 1,471	₩ -	₩ 241,800

- (4) Interest income, dividend income and interest expenses by categories of financial instruments for the six months ended June 30, 2017 and 2016 consist of the following:

Description	Six months ended June 30,					
	2017		2016			
	Interest income	Dividend income	Interest expenses	Interest income	Dividend income	Interest expenses
(In millions of Korean Won)						
Non-financial services:						
Loans and receivables	₩ 124,497	₩ -	₩ -	₩ 107,485	₩ -	₩ -
Financial assets (liabilities) at FVTPL	81,751	-	5,981	74,122	-	2,578
AFS financial assets	-	16,343	-	-	35,135	-
Financial liabilities carried at amortized cost	-	-	117,627	-	-	105,712
	<u>₩ 206,248</u>	<u>₩ 16,343</u>	<u>₩ 123,608</u>	<u>₩ 181,607</u>	<u>₩ 35,135</u>	<u>₩ 108,290</u>
Financial services:						
Loans and receivables	₩ 1,709,656	₩ -	₩ -	₩ 1,604,045	₩ -	₩ -
Financial assets at FVTPL	11,377	1,292	-	11,703	1,198	-
AFS financial assets	601	2,192	-	601	2,333	-
Financial liabilities carried at amortized cost	-	-	700,360	-	-	689,231
	<u>₩ 1,721,634</u>	<u>₩ 3,484</u>	<u>₩ 700,360</u>	<u>₩ 1,616,349</u>	<u>₩ 3,531</u>	<u>₩ 689,231</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities at FVTPL for the six months ended June 30, 2017 and 2016 are ₩895,624 million and ₩873,772 million, respectively. In addition, the fee expenses (cost of sales from financial services) occurring from financial assets or liabilities other than financial assets or liabilities at FVTPL for the six months ended June 30, 2017 and 2016 are ₩465,788 million and ₩428,831 million, respectively.
- (6) The Group recognizes transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There are no significant transfers between Level 1 and Level 2 for the six months ended June 30, 2017.
- (7) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are as follows:

- Currency forwards, options and swap

Fair value of currency forwards, options and swap is measured based on forward exchange rate quoted in the current market at the end of the reporting period, which has the same remaining period of derivatives to be measured. If the forward exchange rate, which has the same remaining period of currency forwards, options and swap, is not quoted in the current market, fair value is measured using estimates of similar period of forward exchange rate by applying interpolation method with quoted forward exchange rates.

As the inputs used to measure fair value of currency forwards, options and swap are supported by observable market data, such as forward exchange rates, the Group classifies the estimates of fair value measurements of the currency forwards, options and swap as Level 2 of the fair value hierarchy.

- Debt instruments including corporate bonds

Fair value of debt instruments including corporate bonds is measured applying discounted cash flow method. The rate used to discount cash flows is determined based on swap rate and credit spreads of debt instruments, which have the similar credit rating and period quoted in the current market with those of debt instruments including corporate bonds that should be measured. The Group classifies fair value measurements of debt instruments including corporate bonds as Level 2 of the fair-value hierarchy since the rate, which has significant effects on fair value of debt instruments including corporate bonds, is based on observable market data.

- Unlisted equity securities

Fair value of unlisted equity securities is measured using discounted cash flow projection and others, and certain assumptions not based on observable market prices or rate, such as sales growth rate, pre-tax operating income ratio and discount rate based on business plan and circumstance of industry are used to estimate the future cash flow. The discount rate used to discount the future cash flows, is calculated by applying the Capital Asset Pricing Model (CAPM), using the data of similar listed companies. The Group determines that the effect of estimation and assumptions referred above affecting fair value of unlisted equity securities is significant and classifies fair value measurements of unlisted securities as Level 3 of the fair value hierarchy.

- (8) The quantitative information about significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy and the description of relationships of significant unobservable inputs to the fair value are as follows:

Description	Fair value at June 30, 2017 (In millions of Korean Won)	Valuation techniques	Unobservable inputs	Description of relationship
Unlisted equity securities	₩ 242,208	Discounted cash flow and others	Sales growth rate Pre-tax operating income margin Discount rate	If the sales growth rate and the pre-tax operating income ratio rise or the discount rate declines, the fair value increases.

The Group believes that there have been no significant changes in the fair value of financial instruments categorized within Level 3 of the fair value hierarchy since December 31, 2016.

20. CAPITAL STOCK:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of June 30, 2017 and December 31, 2016 consist of the following:

(1) Common stock

Description	June 30, 2017	December 31, 2016
	(In millions of Korean Won, except par value)	
Issued	220,276,479 shares	220,276,479 shares
Par value	₩ 5,000	₩ 5,000
Capital stock	1,157,982	1,157,982

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

(2) Preferred stock

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

As of March 5, 2001, the Company retired 1,000,000 second preferred shares. Due to the stock retirement, the total face value of outstanding stock differs from the capital stock amount. The preferred stocks are non-cumulative, participating and non-voting.

21. CAPITAL SURPLUS:

Capital surplus as of June 30, 2017 and December 31, 2016 consists of the following:

Description	June 30, 2017	December 31, 2016
	(In millions of Korean Won)	
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	879,857	881,263
	₩ 4,201,191	₩ 4,202,597

22. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of June 30, 2017 and December 31, 2016 are as follows:

Description	June 30, 2017	December 31, 2016
	(Number of shares)	
Common stock	13,222,514	13,222,514
1 st preferred stock	2,202,059	2,202,059
2 nd preferred stock	1,376,138	1,376,138
3 rd preferred stock	24,782	24,782

23. ACCUMULATED OTHER COMPREHENSIVE LOSS:

Accumulated other comprehensive loss as of June 30, 2017 and December 31, 2016 consists of the following:

Description	June 30, 2017	December 31, 2016
	(In millions of Korean Won)	
Gain on valuation of AFS financial assets	₩ 641,655	₩ 535,812
Loss on valuation of AFS financial assets	(2,240)	(241,848)
Gain on valuation of cash flow hedge derivatives	15,990	37,966
Loss on valuation of cash flow hedge derivatives	(11,638)	(34,244)
Gain on share of the other comprehensive income of equity-accounted investees	150,512	172,722
Loss on share of the other comprehensive income of equity-accounted investees	(659,379)	(540,494)
Loss on foreign operations translation, net	(1,520,132)	(1,153,158)
	₩ (1,385,232)	₩ (1,223,244)

24. RETAINED EARNINGS:

Retained earnings as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30,		December 31,	
	2017		2016	
	(In millions of Korean Won)			
Legal reserve (*)	₩	744,836	₩	718,336
Discretionary reserve		46,848,647		43,874,647
Unappropriated		18,098,333		19,768,425
	₩	65,691,816	₩	64,361,408

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

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

25. SALES:

Sales for the three months and six months ended June 30, 2017 and 2016 consist of the following:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Sales of goods	₩ 20,618,388	₩ 39,826,255	₩ 20,964,443	₩ 39,542,278
Rendering of services	364,824	708,692	377,813	734,478
Royalties	31,381	66,641	56,099	103,574
Financial services revenue	2,522,608	5,583,879	2,447,182	4,990,866
Revenue related to construction contracts	652,590	1,269,395	712,538	1,431,855
Others	118,211	219,099	118,651	224,299
	₩ 24,308,002	₩ 47,673,961	₩ 24,676,726	₩ 47,027,350

26. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months and six months ended June 30, 2017 and 2016 consist of the following:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Selling expenses:				
Export expenses	₩ 212,543	₩ 375,873	₩ 192,908	₩ 355,797
Overseas market expenses	92,162	181,432	127,115	210,254
Advertisements and sales promotion	610,861	1,172,803	551,314	1,101,566
Sales commissions	173,761	333,706	172,704	327,657
Expenses for warranties	588,815	1,002,345	515,567	812,588
Transportation expenses	67,630	131,983	61,930	119,561
	<u>1,745,772</u>	<u>3,198,142</u>	<u>1,621,538</u>	<u>2,927,423</u>
Administrative expenses:				
Payroll	615,796	1,227,866	634,688	1,259,031
Post-employment benefits	42,074	84,403	44,149	88,106
Welfare expenses	97,948	202,356	104,119	209,655
Service charges	308,056	598,203	290,128	585,804
Research	224,775	431,966	229,857	419,635
Others	347,945	681,972	336,937	668,643
	<u>1,636,594</u>	<u>3,226,766</u>	<u>1,639,878</u>	<u>3,230,874</u>
	<u>₩ 3,382,366</u>	<u>₩ 6,424,908</u>	<u>₩ 3,261,416</u>	<u>₩ 6,158,297</u>

27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the three months and six months ended June 30, 2017 and 2016 consist of the following:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Gain on share of earnings of equity-accounted investees, net	₩ 143,359	₩ 545,782	₩ 602,030	₩ 1,072,395

28. FINANCE INCOME AND EXPENSES:

- (1) Finance income for the three months and six months ended June 30, 2017 and 2016 consists of the following:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Interest income	₩ 103,237	₩ 206,248	₩ 88,251	₩ 181,607
Gain on foreign exchange transactions	73,567	116,019	31,811	50,277
Gain on foreign currency translation	35,164	103,273	62,773	89,506
Dividend income	3,241	16,343	358	35,135
Gain on valuation of derivatives	37,692	68,500	2,887	12,358
Gain on disposals of AFS financial assets and others	1,354	4,373	1,524	266,004
	<u>₩ 254,255</u>	<u>₩ 514,756</u>	<u>₩ 187,604</u>	<u>₩ 634,887</u>

- (2) Finance expenses for the three months and six months ended June 30, 2017 and 2016 consist of the following:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Interest expenses	₩ 83,593	₩ 170,768	₩ 69,437	₩ 137,191
Loss on foreign exchange transactions	59,921	78,714	44,061	65,656
Loss on foreign currency translation	106,447	83,122	33,559	59,426
Loss on valuation of derivatives	5,864	4,776	12,306	7,057
Impairment loss on AFS financial assets	240,478	240,478	-	7,630
Loss on valuation of financial assets at FVTPL and others	64,745	71,448	14,690	23,121
	<u>₩ 561,048</u>	<u>₩ 649,306</u>	<u>₩ 174,053</u>	<u>₩ 300,081</u>

29. OTHER INCOME AND EXPENSES:

- (1) Other income for the three months and six months ended June 30, 2017 and 2016 consists of the following:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Gain on foreign exchange transactions	₩ 81,623	₩ 256,763	₩ 110,374	₩ 262,042
Gain on foreign currency translation	146,093	129,421	51,982	117,062
Gain on disposals of PP&E	4,481	11,715	5,540	9,596
Commission income	28,502	58,435	25,423	47,278
Rental income	19,364	40,883	19,278	41,558
Others	69,068	149,231	58,906	136,706
	<u>₩ 349,131</u>	<u>₩ 646,448</u>	<u>₩ 271,503</u>	<u>₩ 614,242</u>

(2) Other expenses for the three months and six months ended June 30, 2017 and 2016 consist of the following:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Loss on foreign exchange transactions	₩ 69,118	₩ 269,189	₩ 113,985	₩ 270,052
Loss on foreign currency translation	141,237	158,878	38,711	88,364
Loss on disposals of PP&E	68,419	88,159	10,015	15,294
Impairment loss on non-current assets classified as held for sale	-	-	-	18,575
Donations	13,827	32,202	20,060	37,816
Others	72,596	182,460	84,565	150,554
	<u>₩ 365,197</u>	<u>₩ 730,888</u>	<u>₩ 267,336</u>	<u>₩ 580,655</u>

30. EXPENSES BY NATURE:

Expenses by nature for the three months and six months ended June 30, 2017 and 2016 consist of the following:

Description	2017		2016	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Changes in inventories	₩ (1,133,657)	₩ (1,346,217)	₩ (114,129)	₩ (1,472,445)
Raw materials and merchandise used	14,444,199	27,653,419	13,699,470	26,942,228
Employee benefits	2,182,700	4,372,595	2,227,807	4,444,974
Depreciation	551,923	1,097,515	526,467	1,055,513
Amortization	306,957	612,703	284,350	557,186
Others	6,976,607	13,419,603	6,558,258	12,976,319
Total (*)	<u>₩ 23,328,729</u>	<u>₩ 45,809,618</u>	<u>₩ 23,182,223</u>	<u>₩ 44,503,775</u>

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

31. EARNINGS PER COMMON STOCK AND PREFERRED STOCK:

Basic earnings per common stock and preferred stock are computed by dividing profit available to common stock and preferred stock by the weighted-average number of common stock and preferred stock outstanding during the period.

Basic earnings per common stock and preferred stock for the three months and six months ended June 30, 2017 are computed as follows:

Description	Three months ended June 30,			Six months ended June 30,		
	Profit available to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit available to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
	(In millions of Korean Won, except per share amounts)					
Common stock	₩ 628,633	207,053,965	₩ 3,036	₩ 1,653,173	207,053,965	₩ 7,984
1 st Preferred stock (*2)	69,837	22,907,923	3,049	183,476	22,907,923	8,009
2 nd Preferred stock	110,927	36,237,727	3,061	291,143	36,237,727	8,034
3 rd Preferred stock	7,480	2,453,517	3,049	19,651	2,453,517	8,009

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

(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in K-IFRS 1033 'Earnings per Share'.

Basic earnings per common stock and preferred stock for the three months and six months ended June 30, 2016 are computed as follows:

Description	Three months ended June 30,			Six months ended June 30,		
	Profit available to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit available to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
(In millions of Korean Won, except per share amounts)						
Common stock	₩ 1,276,864	207,054,165	₩ 6,167	₩ 2,576,136	206,894,123	₩ 12,451
1 st Preferred stock (*2)	141,555	22,907,923	6,179	285,589	22,907,923	12,467
2 nd Preferred stock	224,377	36,237,727	6,192	452,676	36,237,727	12,492
3 rd Preferred stock	15,161	2,453,517	6,179	30,588	2,453,517	12,467

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

(*2) 1st preferred stock meets the definition of 'ordinary shares' as defined in K-IFRS 1033 'Earnings per Share'.

The Group does not compute diluted earnings per common stock for the three months and six months ended June 30, 2017 and 2016, since there are no dilutive items during the period.

32. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by income before income tax) for the six months ended June 30, 2017 and 2016 are 20.6% and 22.3%, respectively.

33. RETIREMENT BENEFIT PLAN:

(1) Expenses recognized in relation to defined contribution plans for the six months ended June 30, 2017 and 2016 are as follows:

Description	Six months ended June 30,	
	2017	2016
(In millions of Korean Won)		
Paid in cash	₩ 3,544	₩ 3,519
Recognized liability	1,052	680
	₩ 4,596	₩ 4,199

(2) The significant actuarial assumptions used by the Group as of June 30, 2017 and December 31, 2016 are as follows:

Description	June 30, 2017	December 31, 2016
Discount rate	3.32%	3.42%
Rate of expected future salary increase	4.21%	4.21%

Employee turnover and mortality assumptions used for actuarial valuation are based on the economic conditions and statistical data of each country where entities within the Group are located.

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of June 30, 2017 and December 31, 2016 consist of the following:

Description	June 30, 2017		December 31, 2016	
	(In millions of Korean Won)			
Present value of defined benefit obligations	₩	5,143,038	₩	4,937,999
Fair value of plan assets		(4,587,550)		(4,449,721)
	₩	555,488	₩	488,278
Net defined benefit liabilities		555,488		492,173
Net defined benefit assets		-		(3,895)

- (4) Changes in net defined benefit liabilities for the six months ended June 30, 2017 are as follows:

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	4,937,999	₩	(4,449,721)	₩	488,278
Current service cost		272,237		-		272,237
Interest expenses (income)		71,395		(66,487)		4,908
		5,281,631		(4,516,208)		765,423
Remeasurements:						
Return on plan assets		-		(12,974)		(12,974)
Actuarial gains and losses arising from changes in financial assumptions		18,456		-		18,456
Actuarial gains and losses arising from experience adjustments and others		(1,092)		-		(1,092)
		17,364		(12,974)		4,390
Contributions		-		(190,392)		(190,392)
Benefits paid		(147,517)		119,954		(27,563)
Transfers in (out)		121		(82)		39
Effect of foreign exchange differences and others		(8,561)		12,152		3,591
End of the period	₩	5,143,038	₩	(4,587,550)	₩	555,488

- Changes in net defined benefit liabilities for the six months ended June 30, 2016 are as follows:

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	4,464,399	₩	(3,859,966)	₩	604,433
Current service cost		267,962		-		267,962
Interest expenses (income)		66,479		(58,142)		8,337
		4,798,840		(3,918,108)		880,732
Remeasurements:						
Return on plan assets		-		(9,254)		(9,254)
Actuarial gains and losses arising from changes in financial assumptions		42,817		-		42,817
Actuarial gains and losses arising from experience adjustments and others		(1,232)		-		(1,232)
		41,585		(9,254)		32,331
Contributions		-		(279,839)		(279,839)
Benefits paid		(136,559)		119,048		(17,511)
Transfers in (out)		2,041		(625)		1,416
Effect of foreign exchange differences and others		3,501		1,678		5,179
End of the period	₩	4,709,408	₩	(4,087,100)	₩	622,308

(5) The fair value of the plan assets as of June 30, 2017 and December 31, 2016 consists of the following:

Description	June 30, 2017		December 31, 2016	
	(In millions of Korean Won)			
Insurance instruments	₩	4,326,837	₩	4,192,438
Debt instruments		116,322		111,003
Others		144,391		146,280
	<u>₩</u>	<u>4,587,550</u>	<u>₩</u>	<u>4,449,721</u>

34. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the six months ended June 30, 2017 and 2016 is as follows:

Description	Six months ended June 30,			
	2017		2016	
	(In millions of Korean Won)			
Profit for the period	₩	2,319,320	₩	3,532,053
Adjustments:				
Post-employment benefits		278,197		276,979
Depreciation		1,097,515		1,055,513
Amortization of intangible assets		612,703		557,186
Provision for warranties		935,713		723,840
Income tax expense		602,703		1,012,965
Loss (gain) on foreign currency translation, net		9,306		(58,778)
Loss on disposals of PP&E, net		76,444		5,698
Interest income, net		(35,480)		(44,416)
Gain on disposals of AFS financial assets, net		(144)		(244,742)
Gain on share of earnings of equity-accounted investees, net		(545,782)		(1,072,395)
Cost of sales from financial services, net		3,052,255		2,847,894
Others		685,657		239,459
		<u>6,769,087</u>		<u>5,299,203</u>
Changes in operating assets and liabilities:				
Decrease in trade notes and accounts receivable		501,477		205,317
Decrease in other receivables		126,731		660,238
Increase in other financial assets		(296,499)		(812,603)
Increase in inventories		(1,926,911)		(1,647,012)
Decrease (increase) in other assets		(157,417)		60,155
Increase (decrease) in trade notes and accounts payable		729,783		(327,497)
Decrease in other payables		(1,075,458)		(724,386)
Increase in other liabilities		1,053,400		719,905
Decrease in other financial liabilities		(10,567)		(9,475)
Changes in net defined benefit liabilities		(185,548)		(274,096)
Payment of severance benefits		(27,563)		(17,511)
Decrease in provisions		(1,083,362)		(816,799)
Changes in financial services receivables		(522,895)		(1,514,951)
Increase in operating lease assets		(3,027,566)		(3,091,357)
Others		(3,559)		(29,853)
		<u>(5,905,954)</u>		<u>(7,619,925)</u>
Cash generated from operations	<u>₩</u>	<u>3,182,453</u>	<u>₩</u>	<u>1,211,331</u>

35. RISK MANAGEMENT:

(1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt to equity ratios as of June 30, 2017 and December 31, 2016 are as follows:

Description	June 30, 2017		December 31, 2016	
	(In millions of Korean Won)			
Total liabilities	₩	105,078,844	₩	106,491,350
Total equity		73,678,013		72,344,578
Debt-to-equity ratio		142.6%		147.2%

(2) Financial risk management

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

1) Market risk

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

a) Foreign exchange risk management

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

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

The Group's sensitivity to a 5% change in exchange rate of the functional currency against each foreign currency on income before income tax as of June 30, 2017 would be as follows:

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ 12,746	₩ (12,746)
EUR	(23,563)	23,563
JPY	(9,534)	9,534

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

b) Interest rate risk management

The Group has borrowings with fixed or variable interest rates. Also, the Group is exposed to interest rate risk arising from financial instruments with variable interest rates. The Group manages its interest rate risk through regular assessments of the change in market conditions and the adjustments in nature of its interest rates.

The Group's sensitivity to a 1% change in interest rates on income before income tax as of June 30, 2017 would be as follows:

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 14,816	₩ (14,816)
Financial assets at FVTPL	1,230	(938)
Short-term and long-term financial instruments	10,947	(10,947)
Borrowings and debentures	(117,082)	117,082

The Company's subsidiaries, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., that are operating financial business, are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of June 30, 2017 and December 31, 2016, the amounts of interest rate risk measured at VaR are ₩169,018 million and ₩180,341 million, respectively.

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of June 30, 2017, the amounts of held for trading equity instruments and AFS equity instruments measured at fair value are ₩90,391 million and ₩2,265,516 million, respectively.

2) Credit risk

The Group is exposed to credit risk when a counterparty defaults on its contractual obligation resulting in a financial loss for the Group. The Group operates a policy to transact with counterparties who only meet a certain level of credit rating which was evaluated based on the counterparty's financial conditions, default history, and other factors. The credit risk in the liquid funds and derivative financial instruments is limited as the Group transacts only with financial institutions with high credit-ratings assigned by international credit-rating agencies. Except for the guarantee of indebtedness discussed in Note 37, the book value of financial assets in the consolidated financial statements represents the maximum amounts of exposure to credit risk.

3) Liquidity risk

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

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

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of June 30, 2017 is as follows:

Description	Remaining contract period			Total
	Not later than one year	Later than one year and not later than five years	Later than five years	
	(In millions of Korean Won)			
Non interest-bearing liabilities	₩ 14,689,615	₩ 22,601	₩ -	₩ 14,712,216
Interest-bearing liabilities	24,098,132	48,709,314	2,000,163	74,807,609
Financial guarantee	1,093,578	8,690	20,687	1,122,955

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

(3) Derivative instrument

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

As of June 30, 2017 and December 31, 2016, the Group deferred a net income of ₩4,352 million and ₩3,722 million, respectively, in accumulated other comprehensive loss, on its effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 56 months as of June 30, 2017.

For the six months ended June 30, 2017 and 2016, the Group recognizes a net loss of ₩171,357 million and ₩49,361 million in profit or loss (before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments.

36. RELATED-PARTY TRANSACTIONS:

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

- (1) For the six months ended June 30, 2017, significant transactions arising from operations between the Group and related parties or affiliates by the Monopoly Regulation And Fair Trade Act of the Republic of Korea (“the Act”) are as follows:

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 452,231	₩ 5,775	₩ 2,502,794	₩ 17,925
	Mobis Alabama, LLC	61,116	220	696,207	36
	Mobis Automotive Czech s.r.o.	-	246	815,994	1,385
	Mobis India, Ltd.	20,369	1,422	500,417	89
	Mobis Parts America, LLC	18,445	1,551	385,415	443
	Mobis Parts Europe N.V.	7,697	616	172,860	2
	Mobis Brasil Fabricacao De Auto Pecas Ltda	3,079	-	166,733	-
	Mobis Module CIS, LLC	-	160	188,214	1
	Others	7,134	1,464	357,623	7,106
	Joint ventures and associates	Kia Motors Corporation	491,694	187,674	72,557
Kia Motors Manufacturing Georgia, Inc.		305,053	640	961,496	1,361
Kia Motors Russia LLC		511,882	97	301	-
Kia Motors Slovakia s.r.o.		60,216	1,371	362,393	-
BHMC		341,070	37,261	154	-
HMGC		1,664	-	472	1,500
Hyundai WIA Corporation		121,908	953	560,163	1,141
Others		194,835	23,656	1,360,211	1,020,688
Other related parties		1,252	2,937	447	-
Affiliates by the Act	383,540	72,830	2,956,458	858,281	

For the six months ended June 30, 2016, significant transactions arising from operations between the Group and related parties or affiliates by the Act are as follows:

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 499,636	₩ 4,271	₩ 2,281,026	₩ 7,448
	Mobis Alabama, LLC	31,252	3,340	753,152	7,658
	Mobis Automotive Czech s.r.o.	1	233	866,775	-
	Mobis India, Ltd.	21,208	978	488,075	1,241
	Mobis Parts America, LLC	18,488	3,603	371,723	243
	Mobis Parts Europe N.V.	6,601	7,108	147,549	27
	Mobis Brasil Fabricacao De Auto Pecas Ltda	1,887	-	112,428	-
	Mobis Module CIS, LLC	131	157	94,173	-
	Others	21,528	1,314	370,954	1,330
	Joint ventures and associates	Kia Motors Corporation	482,961	193,592	76,412
Kia Motors Manufacturing Georgia, Inc.		392,479	948	1,546,680	1,826
Kia Motors Russia LLC		387,800	27	-	-
Kia Motors Slovakia s.r.o.		65,071	6,467	432,041	3
BHMC		729,685	36,372	231	-
HMGC		5,792	1	312	1,670
Hyundai WIA Corporation		91,078	325	437,288	248
Others		229,759	18,570	1,325,484	896,779
Other related parties		1,091	1,165	-	-
Affiliates by the Act	396,753	49,701	2,739,012	866,364	

(2) As of June 30, 2017, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows:

Description		Receivables		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 198,069	₩ 18,454	₩ 894,552	₩ 112,749
	Mobis Alabama, LLC	47	14,312	131,269	-
	Mobis Automotive Czech s.r.o.	46	703	180,905	-
	Mobis India, Ltd.	386	25,492	119,106	1
	Mobis Parts America, LLC	8,716	155	69,127	2,593
	Mobis Parts Europe N.V.	1,378	91	30,855	-
	Mobis Module CIS, LLC	-	28	42,396	10
	Others	9,664	630	84,184	1,548
Joint ventures and associates	Kia Motors Corporation	264,017	134,634	53,478	143,822
	Kia Motors Manufacturing Georgia, Inc.	61,208	9,427	234,178	22
	Kia Motors Russia LLC	70,154	96	-	-
	Kia Motors Slovakia s.r.o.	10,978	1,464	63,802	2,792
	Kia Motors America, Inc.	-	112,082	-	19,430
	BHMC	204,934	61,976	-	970
	HMGC	271	63	-	1,113
	Hyundai WIA Corporation	39,411	14,455	150,447	50,753
	Others	145,799	84,185	431,562	459,921
	Other related parties	115	739	209	-
Affiliates by the Act	150,895	940,230	938,027	316,106	

As of December 31, 2016, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows:

Description		Receivables		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 182,335	₩ 20,482	₩ 844,228	₩ 176,459
	Mobis Alabama, LLC	44	8,254	91,761	-
	Mobis Automotive Czech s.r.o.	40	691	135,290	-
	Mobis India, Ltd.	325	16,733	127,908	5
	Mobis Parts America, LLC	5,250	168	64,287	2,369
	Mobis Parts Europe N.V.	10,576	1,812	40,473	-
	Mobis Module CIS, LLC	-	74	26,611	-
	Others	19,378	181	63,496	3,786
Joint ventures and associates	Kia Motors Corporation	247,612	319,371	44,337	115,044
	Kia Motors Manufacturing Georgia, Inc.	52,670	9,936	150,402	7,395
	Kia Motors Russia LLC	103,534	1	-	-
	Kia Motors Slovakia s.r.o.	7,554	1,264	49,762	169
	Kia Motors America, Inc.	-	115,296	79	20,758
	BHMC	280,352	43,284	-	11,329
	HMGC	-	48	-	1,164
	Hyundai WIA Corporation	40,008	55,003	151,169	84,713
	Others	157,606	88,864	389,176	670,383
	Other related parties	456	474	9	-
Affiliates by the Act	197,930	869,441	914,777	383,664	

- (3) Significant fund transactions and equity contribution transactions for the six months ended June 30, 2017, between the Group and related parties are as follows:

Description	Loans		Borrowings		Acquisition	Equity contribution (In millions of Korean won)
	Lending	Collection	Borrowing	Repayment		
(In thousands of U.S. Dollars)						
Joint ventures and associates	\$ -	\$ -	\$ -	\$ -	\$ -	₩ 57,400

Significant fund transactions and equity contribution transactions for the six months ended June 30, 2016, between the Group and related parties are as follows:

Description	Loans		Borrowings		Acquisition	Equity contribution (In millions of Korean won)
	Lending	Collection	Borrowing	Repayment		
(In thousands of U.S. Dollars)						
Entities with significant influence over the Company and its subsidiaries	\$ -	\$ 140,000	\$ -	\$ -	\$ -	₩ -
Joint ventures and associates	\$ -	\$ -	\$ -	\$ -	\$ 19,181	₩ 430,448

For the six months ended June 30, 2017, the Group traded in other financial assets and others of ₩1,669,960 million with HMC Investment Securities Co., Ltd., an associate of the Group. The Group has other financial assets of ₩2,004,980 million in the consolidated statement of financial position as of June 30, 2017.

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the six months ended June 30, 2017 and 2016 are as follows:

Description	Six months ended June 30,	
	2017	2016
(In millions of Korean Won)		
Short-term employee salaries	₩ 83,365	₩ 83,904
Post-employment benefits	17,823	17,685
Other long-term benefits	136	497
	<u>₩ 101,324</u>	<u>₩ 102,086</u>

37. COMMITMENTS AND CONTINGENCIES:

- (1) As of June 30, 2017, the debt guarantees provided by the Group, excluding the ones provided to the Company's subsidiaries are as follows:

Description	Domestic		Overseas (*)	
	(In millions of Korean Won)			
To associates	₩ 1,327	₩ 19,505		
To others	8,873	1,116,463		
	<u>₩ 10,200</u>	<u>₩ 1,135,968</u>		

(*) The guarantee amounts in foreign currencies are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of June 30, 2017.

- (2) As of June 30, 2017, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. Meanwhile, as of June 30, 2017, the Group is currently involved in lawsuits for ordinary wage, which involves disputes over whether certain elements of remuneration are included in the earnings used for the purposes of calculating overtime, allowances for unused annual paid leave and retirement benefits, and unable to estimate the outcome or the potential consolidated financial impact.

- (3) As of June 30, 2017, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to ₩858,004 million. In addition, the Group pledged certain bank deposits, checks, promissory notes and investment securities, including 213,466 shares of Kia Motors Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries, such as financial services receivables are pledged as collateral for their borrowings.
- (4) As of June 30, 2017, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank.

38. SEGMENT INFORMATION:

- (1) The Group has a vehicle segment, a finance segment and other segments. The vehicle segment is engaged in manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Other segments include the R&D, train manufacturing and other activities, which cannot be classified in the vehicle segment or in the finance segment.
- (2) Sales and operating income by operating segments for the six months ended June 30, 2017 and 2016 are as follows:

	For the six months ended June 30, 2017				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 57,294,983	₩ 7,827,758	₩ 3,605,671	₩ (21,054,451)	₩ 47,673,961
Inter-company sales	(20,284,876)	(159,295)	(610,280)	21,054,451	-
Net sales	<u>37,010,107</u>	<u>7,668,463</u>	<u>2,995,391</u>	<u>-</u>	<u>47,673,961</u>
Operating income	<u>1,960,267</u>	<u>392,216</u>	<u>187,711</u>	<u>55,037</u>	<u>2,595,231</u>
	For the six months ended June 30, 2016				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 56,548,167	₩ 7,241,199	₩ 3,828,401	₩ (20,590,417)	₩ 47,027,350
Inter-company sales	(19,888,523)	(150,912)	(550,982)	20,590,417	-
Net sales	<u>36,659,644</u>	<u>7,090,287</u>	<u>3,277,419</u>	<u>-</u>	<u>47,027,350</u>
Operating income	<u>2,440,262</u>	<u>458,601</u>	<u>255,749</u>	<u>(50,382)</u>	<u>3,104,230</u>

(3) Assets and liabilities by operating segments as of June 30, 2017 and December 31, 2016 are as follows:

	As of June 30, 2017				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 103,069,529	₩ 82,474,001	₩ 7,471,053	₩ (14,257,726)	₩ 178,756,857
Total liabilities	38,575,485	72,143,103	4,427,095	(10,066,839)	105,078,844
Borrowings and debentures	7,759,042	64,215,262	2,390,890	(2,653,294)	71,711,900

	As of December 31, 2016				
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 100,011,029	₩ 84,586,904	₩ 7,882,397	₩ (13,644,402)	₩ 178,835,928
Total liabilities	36,631,454	74,467,009	4,877,520	(9,484,633)	106,491,350
Borrowings and debentures	7,244,070	66,007,607	2,856,737	(2,664,394)	73,444,020

(4) Sales by region where the Group's entities are located in for the six months ended June 30, 2017 and 2016 are as follows:

	For the six months ended June 30, 2017						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 27,738,397	₩ 19,387,849	₩ 4,025,853	₩ 16,188,731	₩ 1,387,582	₩ (21,054,451)	₩ 47,673,961
Inter-company sales	(8,578,841)	(3,907,630)	(225,823)	(8,342,157)	-	21,054,451	-
Net sales	19,159,556	15,480,219	3,800,030	7,846,574	1,387,582	-	47,673,961

	For the six months ended June 30, 2016						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 27,304,336	₩ 20,044,500	₩ 3,882,035	₩ 15,418,476	₩ 968,420	₩ (20,590,417)	₩ 47,027,350
Inter-company sales	(8,103,003)	(4,101,494)	(209,451)	(8,176,405)	(64)	20,590,417	-
Net sales	19,201,333	15,943,006	3,672,584	7,242,071	968,356	-	47,027,350

(5) Non-current assets by region where the Group's entities are located in as of June 30, 2017 and December 31, 2016 are as follows:

Description	June 30, 2017	December 31, 2016
(In millions of Korean Won)		
Korea	₩ 28,446,274	₩ 28,390,134
North America	2,210,944	2,415,983
Asia	1,131,443	1,046,491
Europe	2,097,435	2,011,233
Others	427,045	489,727
	34,313,141	34,353,568
Consolidation adjustments	(159,967)	(150,009)
Total (*)	₩ 34,153,174	₩ 34,203,559

(*) Sum of PP&E, intangible assets and investment property.

(6) There is no single external customer who represents 10% or more of the Group's revenue for the six months ended June 30, 2017 and 2016.

39. CONSTRUCTION CONTRACTS:

- (1) Cost, income and loss and claimed construction from construction in progress as of June 30, 2017 and December 31, 2016 are as follows:

Description	June 30, 2017	December 31, 2016
	(In millions of Korean Won)	
Accumulated accrual cost	₩ 9,253,312	₩ 10,871,107
Accumulated income	634,931	984,358
Accumulated construction in process	9,888,243	11,855,465
Progress billing	(9,158,335)	(10,954,684)
Due from customers	1,158,482	1,220,582
Due to customers	(428,574)	(319,801)
Reserve (*)	70,248	62,090

(*) Reserve is recognized as long-term trade notes and accounts receivable in the consolidated financial statements.

- (2) Effects on profit or loss of current and future periods, due from customers related to changes in accounting estimates of total contract revenue and total contract costs of ongoing contracts of Hyundai Rotem, an other operating segment of the Group, as of June 30, 2017 are as follows:

Description	June 30, 2017
	(In millions of Korean Won)
Changes in accounting estimates of total contract revenue	₩ 58,662
Changes in accounting estimates of total contract costs	(33,532)
Effects on profit or loss of current period	23,158
Effects on profit or loss of future periods	69,036
Changes in due from customers	(9,447)
Provision for construction loss	60,961

Effects on profit or loss of current and future periods were calculated by total contract costs estimated based on the situation occurred since the commencement of the contract to June 30, 2017 and the estimates of contract revenue as of June 30, 2017. Total contract revenue and costs are subject to change in future periods.

- (3) There is no contract more than 5% of the Group's revenue in the prior period that is recognized in the current period by the stage of completion method for basis of the percentage of total costs incurred to date bear to the estimated total contract costs instruments for the six months ended June 30, 2017.

40. BUSINESS COMBINATIONS:

The Company acquired 50% of the shares in HTMV from THANH CONG and obtained control over HTMV on March 29, 2017.

Considerations for acquisition and the fair value of the assets acquired at the acquisition date are as follows:

Description	Amounts
	(In millions of Korean Won)
Considerations transferred	₩ 32,609
Assets and liabilities acquired :	
Current assets	34,647
Non-current assets	41,393
Current liabilities	959
Non-current liabilities	9,863
Fair value of identifiable net assets	65,218
Goodwill	₩ -

The Group recognized sales of ₩43,283 million and incurred net profit of ₩985 million arising from the acquisition for the six months ended June 30, 2017.

41. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD:

- (1) The Company declared interim dividend by the resolution of the Board of Directors held on July 26, 2017, the details are as follows:

<u>Description</u>	<u>Contents</u>
Interim dividend amounts	Dividend per share : ₩1,000 (Gross amounts of dividend : ₩268,653 million)
Dividend yield ratio	0.6% (Common stock criteria)
Base date of dividend	June 30, 2017

- (2) Hyundai Rotem, a subsidiary of the Company, issued non-guaranteed debentures of ₩120,000 million on July 7, 2017 in accordance with the Board of Directors held on June 26, 2017.