

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012,
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

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

We have reviewed the accompanying consolidated financial statements of Hyundai Motor Company (the "Company") and its subsidiaries. The consolidated financial statements consist of the consolidated statements of financial position as of March 31, 2013 and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three months ended March 31, 2013 and 2012, 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 consolidated financial statements 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 consolidated financial statements based on our reviews. We did not review the financial statements of certain subsidiaries, including Hyundai Capital Services, Inc., whose statements reflect 43.2% and 42.3% of the consolidated total assets as of March 31, 2013 and December 31, 2012, respectively, and 48.8% and 41.1% of the consolidated total sales for the three months ended March 31, 2013 and 2012, respectively. Those statements were reviewed by other auditors whose reports have been furnished to us, and our conclusion, insofar as it relates to the amounts included for those entities, is based solely on the conclusions of the other auditors.

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

Review conclusion

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

Others

We audited the consolidated statement of financial position as of December 31, 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows (not presented in the accompanying consolidated financial statements) for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the Republic of Korea. We expressed an unqualified opinion in our independent auditors' report dated on March 7, 2013. The consolidated statement of financial position as of December 31, 2012, presented as comparative purposes in the accompanying financial statements does not differ, in all material respects, with the audited consolidated statement of financial position as of December 31, 2012.

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

Deloitte Anjin LLC

May 14, 2013

Notice to Readers

This report is effective as of May 14, 2013, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the accountants' review report.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES (the “Group”)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

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

Kim, Choong Ho
Chief Executive Officer
HYUNDAI MOTOR COMPANY

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2013 AND DECEMBER 31, 2012

<u>ASSETS</u>	<u>NOTES</u>	<u>March 31, 2013</u>	<u>December 31, 2012</u>
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	19	₩ 6,110,636	₩ 6,759,338
Short-term financial instruments	19	13,750,060	12,384,057
Trade notes and accounts receivable	3,19	3,596,683	3,686,824
Other receivables	4,19	2,945,910	2,304,410
Other financial assets	5,19	150,273	109,299
Inventories	6	6,745,575	6,772,864
Other assets	7,19	1,740,639	1,905,445
Current tax assets		52,880	34,575
Financial services receivables	13,19	20,448,184	20,867,467
Non-current assets held for sale	8	<u>22,696</u>	<u>23,307</u>
Total current assets		<u>55,563,536</u>	<u>54,847,586</u>
Non-current assets:			
Long-term financial instruments	19	141,421	1,359
Long-term trade notes and accounts receivable	3,19	41,540	43,801
Other receivables	4,19	1,082,284	1,036,609
Other financial assets	5,19	1,719,878	1,594,464
Other assets	7,19	47,655	44,424
Property, plant and equipment	9	20,794,848	20,739,858
Investment property	10	283,862	282,832
Intangible assets	11	2,856,928	2,883,218
Investments in joint ventures and associates	12	13,680,269	13,117,731
Deferred tax assets		515,697	489,080
Financial services receivables	13,19	19,477,776	18,626,764
Operating lease assets	14	<u>8,844,446</u>	<u>7,830,088</u>
Total non-current assets		<u>69,486,604</u>	<u>66,690,228</u>
 Total assets		<u>₩ 125,050,140</u>	<u>₩ 121,537,814</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF MARCH 31, 2013 AND DECEMBER 31, 2012

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>NOTES</u>	<u>March 31, 2013</u>	<u>December 31, 2012</u>
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	19	₩ 7,088,769	₩ 6,841,326
Other payables	19	3,468,360	4,542,007
Short-term borrowings	15,19	6,410,340	6,781,749
Current portion of long-term debt and debentures	15,19	8,168,911	7,912,341
Income tax payable		985,298	550,847
Provisions	16	1,871,405	1,768,014
Other financial liabilities	17,19	148,261	148,311
Other liabilities	18,19	<u>5,014,332</u>	<u>4,291,104</u>
Total current liabilities		<u>33,155,676</u>	<u>32,835,699</u>
Non-current liabilities:			
Long-term other payables	19	11,519	8,271
Debentures	15,19	27,720,623	26,370,689
Long-term debt	15,19	3,703,495	4,142,473
Net defined benefit liabilities	33	923,893	821,749
Provisions	16	5,414,647	5,240,744
Other financial liabilities	17,19	209,703	356,193
Other liabilities	18,19	1,669,390	1,482,358
Deferred tax liabilities		<u>2,534,758</u>	<u>2,362,063</u>
Total non-current liabilities		<u>42,188,028</u>	<u>40,784,540</u>
Total liabilities		<u>75,343,704</u>	<u>73,620,239</u>
Shareholders' equity:			
Capital stock	20	1,488,993	1,488,993
Capital surplus	21	4,158,988	4,158,988
Other capital items	22	(1,128,779)	(1,128,779)
Accumulated other comprehensive income	23	(243,683)	(473,373)
Retained earnings	24	<u>41,407,896</u>	<u>39,993,230</u>
Equity attributable to the owners of the Parent Company		<u>45,683,415</u>	<u>44,039,059</u>
Non-controlling interests		<u>4,023,021</u>	<u>3,878,516</u>
Total shareholders' equity		<u>49,706,436</u>	<u>47,917,575</u>
Total liabilities and shareholders' equity		<u>₩ 125,050,140</u>	<u>₩ 121,537,814</u>

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

	NOTES	Three months ended March 31,	
		2013	2012
		(In millions of Korean Won, except per share amounts)	
Sales	25,38	₩ 21,367,059	₩ 20,164,920
Cost of sales	30	<u>16,662,740</u>	<u>15,524,827</u>
Gross profit		4,704,319	4,640,093
Selling and administrative expenses	26,30	<u>2,835,778</u>	<u>2,547,620</u>
Operating income		1,868,541	2,092,473
Gain on investments in joint ventures and associates, net	27	602,393	779,701
Finance income	28	205,918	273,962
Finance expenses	28	145,088	187,655
Other income	29	452,661	451,424
Other expenses	29, 30	<u>240,293</u>	<u>260,375</u>
Income before income tax		2,744,132	3,149,530
Income tax expense	32	<u>656,328</u>	<u>696,852</u>
Profit for the period		<u>₩ 2,087,804</u>	<u>₩ 2,452,678</u>
Profit attributable to:			
Owners of the Parent Company		1,945,265	2,301,710
Non-controlling interests		142,539	150,968
Earnings per share attributable to the owners of the Parent Company:	31		
Basic earnings per common share		<u>₩ 7,160</u>	<u>₩ 8,473</u>
Diluted earnings per common share		<u>₩ 7,160</u>	<u>₩ 8,473</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

	Three months ended March 31,	
	<u>2013</u>	<u>2012</u>
	(In millions of Korean Won)	
Profit for the period	₩ 2,087,804	₩ 2,452,678
Other comprehensive income (expenses):		
Items not to be reclassified subsequently to profit or loss:		
The effect of changes in accounting policies	-	(1,225)
Remeasurements of the net defined benefit liabilities	3,157	11,104
Changes in retained earnings of equity-accounted investees, net	<u>(15,328)</u>	<u>(13,981)</u>
	<u>(12,171)</u>	<u>(4,102)</u>
Items to be reclassified subsequently to profit or loss:		
Gain (loss) on valuation of AFS financial assets, net	(101,894)	47,538
Gain (loss) on valuation of cash flow hedge derivatives, net	(21,575)	30,638
Changes in valuation of equity-accounted investees, net	84,982	(12,984)
Gain on foreign operations translation, net	<u>273,706</u>	<u>31,711</u>
	<u>235,219</u>	<u>96,903</u>
Total other comprehensive income	<u>223,048</u>	<u>92,801</u>
Total comprehensive income	<u>₩ 2,310,852</u>	<u>₩ 2,545,479</u>
Comprehensive income attributable to:		
Owners of the Parent Company	2,165,776	2,369,699
Non-controlling interests	<u>145,076</u>	<u>175,780</u>
Total comprehensive income	<u>₩ 2,310,852</u>	<u>₩ 2,545,479</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2012	₩ 1,488,993	₩ 4,114,010	₩ (1,128,779)	₩ 375,281	₩ 32,263,528	₩ 37,113,033	₩ 3,214,669	₩ 40,327,702
Comprehensive income:								
The effect of changes in accounting policies	-	-	-	-	(1,201)	(1,201)	(24)	(1,225)
Profit for the period	-	-	-	-	2,301,710	2,301,710	150,968	2,452,678
Gain on valuation of AFS financial assets, net	-	-	-	47,265	-	47,265	273	47,538
Gain on valuation of cash flow hedge derivatives, net	-	-	-	15,547	-	15,547	15,091	30,638
Changes in valuation of equity-accounted investees, net	-	-	-	(12,974)	(13,981)	(26,955)	(10)	(26,965)
Remeasurements of the net defined benefit liabilities	-	-	-	-	11,108	11,108	(4)	11,104
Gain on foreign operations translation, net	-	-	-	22,225	-	22,225	9,486	31,711
Total comprehensive income	-	-	-	72,063	2,297,636	2,369,699	175,780	2,545,479
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(480,105)	(480,105)	(38)	(480,143)
Increase in subsidiaries' stock	-	(1,798)	-	-	-	(1,798)	46,046	44,248
Total transactions with owners, recorded directly in equity	-	(1,798)	-	-	(480,105)	(481,903)	46,008	(435,895)
Balance at March 31, 2012	₩ 1,488,993	₩ 4,112,212	₩ (1,128,779)	₩ 447,344	₩ 34,081,059	₩ 39,000,829	₩ 3,436,457	₩ 42,437,286

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2013	₩ 1,488,993	₩ 4,158,988	₩ (1,128,779)	₩ (473,373)	₩ 39,993,230	₩ 44,039,059	₩ 3,878,516	₩ 47,917,575
Comprehensive income:								
Profit for the period	-	-	-	-	1,945,265	1,945,265	142,539	2,087,804
Gain (loss) on valuation of AFS financial assets, net	-	-	-	(102,021)	-	(102,021)	127	(101,894)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(11,700)	-	(11,700)	(9,875)	(21,575)
Changes in valuation of equity-accounted investees, net	-	-	-	84,486	(15,328)	69,158	496	69,654
Remeasurements of the net defined benefit liabilities	-	-	-	-	6,149	6,149	(2,992)	3,157
Gain on foreign operations translation, net	-	-	-	258,925	-	258,925	14,781	273,706
Total comprehensive income	-	-	-	229,690	1,936,086	2,165,776	145,076	2,310,852
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(520,832)	(520,832)	(38)	(520,870)
Other	-	-	-	-	(588)	(588)	(533)	(1,121)
Total transactions with owners, recorded directly in equity	-	-	-	-	(521,420)	(521,420)	(571)	(521,991)
Balance at March 31, 2013	₩ 1,488,993	₩ 4,158,988	₩ (1,128,779)	₩ (243,683)	₩ 41,407,896	₩ 45,683,415	₩ 4,023,021	₩ 49,706,436

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

	NOTES	Three months ended March 31,	
		2013	2012
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	34		
Profit for the period		₩ 2,087,804	₩ 2,452,678
Adjustments		1,984,299	1,427,864
Changes in operating assets and liabilities		<u>(2,347,304)</u>	<u>(1,911,698)</u>
		1,724,799	1,968,844
Interest received		159,425	154,181
Interest paid		(345,652)	(416,717)
Dividend received		10,101	24,449
Income tax paid		<u>(216,334)</u>	<u>(137,759)</u>
Net cash provided by operating activities		<u>1,332,339</u>	<u>1,592,998</u>
Cash flows from investing activities:			
Purchase of short-term financial instruments, net		(614,285)	(535,598)
Proceeds from disposal of other financial assets		141,631	22,440
Proceeds from disposal of other receivables		33,289	68,580
Proceeds from disposal of property, plant and equipment		221,436	33,587
Proceeds from disposal of intangible assets		10,598	1,478
Proceeds from disposal of investments in joint ventures and associates		-	220,871
Acquisition of other financial assets		(107,319)	(19,145)
Acquisition of other receivables		(41,729)	(69,187)
Purchase of long-term financial instruments		(860,000)	(920,000)
Acquisition of property, plant and equipment		(472,820)	(626,882)
Acquisition of intangible assets		(159,443)	(145,434)
Acquisition of investments in subsidiaries		-	(182,796)
Acquisition of investments in joint ventures and associates		(19,561)	(102,424)
Other cash receipts from investing activities, net		<u>6,060</u>	<u>1,872</u>
Net cash used in investing activities		<u>(1,862,143)</u>	<u>(2,252,638)</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

	<u>NOTES</u>	Three months ended March 31,	
		<u>2013</u>	<u>2012</u>
		(In millions of Korean Won)	
Cash flows from financing activities:			
Proceed from (repayment of) short-term borrowings, net	₩	(680,484)	₩ 266,100
Proceeds from long-term debt and debentures		5,083,274	4,051,008
Paid in capital increase in subsidiaries		-	46,046
Repayment of long-term debt and debentures		(4,581,864)	(2,712,717)
Dividends paid		(38)	(38)
Other cash payments from financing activities, net		<u>(5,831)</u>	<u>(4,960)</u>
Net cash (used in) provided by financing activities		<u>(184,943)</u>	<u>1,645,439</u>
Effect of exchange rate changes on cash and cash equivalents		66,045	66,909
Net increase (decrease) in cash and cash equivalents		(648,702)	1,052,708
Cash and cash equivalents, beginning of the period		<u>6,759,338</u>	<u>6,231,946</u>
Cash and cash equivalents, end of the period	₩	<u>6,110,636</u>	₩ <u>7,284,654</u>

(Continued)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

1. GENERAL:

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

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

As of March 31, 2013, the major shareholders of the Company are Hyundai MOBIS (20.78%) and Chung, Mong Koo (5.17%).

(1) The Company’s consolidated subsidiaries as of March 31, 2013, are as follows:

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	56.47%	
Hyundai Card Co., Ltd. (*)	"	"	31.52%	
Hyundai Rotem Company	Manufacturing	"	57.64%	
Hyundai KEFICO Corporation	"	"	100.00%	
Green Air Co., Ltd.	"	"	51.00%	Hyundai Rotem 51.00%
Hyundai Autron Co., Ltd.	R&D	"	60.00%	
Hyundai Partecs Co., Ltd.	Manufacturing	"	56.00%	
Hyundai NGV Tech Co., Ltd.	Engineering	"	53.66%	
Maintrans Co., Ltd.	Services	"	80.00%	Hyundai Rotem 80.00%
Jeonbuk Hyundai Motors FC Co., Ltd.	Football Club	"	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	"	85.00%	HMA 85.00%
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%	
Rotem USA Corporation	Manufacturing	"	100.00%	Hyundai Rotem 100.00%
Hyundai Auto Canada Corp. (HAC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	"	100.00%	HAC 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%
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 Xinhuaixiaiqiyetong Motor Chain Co., Ltd.	"	"	100.00%	"
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	"	99.00%	CMEs 99.00%

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Rotem Equipments (Beijing) Co., Ltd.	Manufacturing	China	100.00%	Hyundai Rotem 100.00%
KEFICO Automotive Systems (Beijing) Co., Ltd.	"	"	100.00%	Hyundai KEFICO 100.00%
KEFICO VIETNAM COMPANY LIMITED	"	Vietnam	100.00%	"
Hyundai Motor Company Australia Pty Limited (HMCA)	Sales	Australia	100.00%	
Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)	Manufacturing	Czech	100.00%	
Hyundai Motor Czech s.r.o (HMCZ)	Sales	"	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and Sales	Germany	100.00%	
Hyundai Motor Deutschland GmbH (HMD)	Sales	"	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	"	100.00%	
Hyundai Motor Sport GmbH (HMSG)	Marketing	"	100.00%	HME 100%
Hyundai Capital Europe GmbH	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.40%
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	Russia	100.00%	HMCIS B.V 100.00%
Hyundai Capital Services Limited Liability Company	Financing	"	100.00%	Hyundai Capital Europe 100.00%
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	Turkey	89.29%	
Eurotem DEMIRYOLU ARACLARI SAN. VE TIC A.S	"	"	50.50%	Hyundai Rotem 50.50%
Hyundai Motor UK Limited (HMUK)	Sales	UK	100.00%	
Hyundai Motor Company Italy S.r.l (HMCI)	"	Italy	100.00%	
Hyundai Motor Espana. S.L (HMES)	"	Spain	100.00%	
Hyundai Motor France SAS (HMF)	"	France	100.00%	
Hyundai Motor Poland Sp. Zo.O (HMP)	"	Poland	100.00%	
Hyundai Motor Norway AS (HMN)	"	Norway	100.00%	
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	Mexico	99.99%	HT 99.99%
Hyundai Motor Hungary (HMH)	Sales	Hungary	100.00%	
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	Manufacturing	Brazil	100.00%	
China Millennium Corporations (CMEs)	Holding company	Cayman Islands	59.60%	
Autopia Thirty-Fifth ~ Thirty-Sixth Asset Securitization Specialty Company (*)	Financing	Korea	0.90%	Hyundai Capital Services 0.90%
Autopia Thirty-Ninth ~ Fortieth Asset Securitization Specialty Company (*)	"	"	0.90%	"
Autopia Forty-Second ~ Forty-Seventh Asset Securitization Specialty Company (*)	"	"	0.90%	"
Autopia Forty-Ninth Asset Securitization Specialty Company (*)	"	"	0.90%	"
HB the Third Securitization Specialty Company (*)	"	"	0.90%	"
Privia the Second ~ Third Securitization Specialty Co., Ltd. (*)	"	"	0.90%	Hyundai Card 0.90%
Hyundai BC Funding Corporation	"	USA	100.00%	HCA 100.00%
Hyundai CHA Funding Corporation	"	"	100.00%	"

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Lease Titling Trust	Financing	USA	100.00%	HCA 100.00%
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding One, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai Auto Lease Funding, LLC	"	"	100.00%	"
Hyundai ABS Funding Corporation	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"

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

(2) Condensed financial information of the Company's major consolidated subsidiaries as of and for the three months ended March 31, 2013, is as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Net income
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 21,659,388	₩ 18,486,521	₩ 921,024	₩ 152,850
Hyundai Card Co., Ltd. (*)	10,617,656	8,381,078	642,609	47,203
Hyundai Rotem Company (*)	4,028,037	2,812,652	693,185	31,374
Hyundai KEFICO Corporation (*)	823,710	481,618	411,312	24,073
HCA (*)	22,700,906	20,781,847	946,034	72,437
HMA	7,139,107	4,575,009	4,239,173	309,205
HMMC	2,829,174	1,511,212	1,343,992	116,046
HMMA	3,154,324	1,685,303	1,815,278	123,121
HMI (*)	2,352,098	1,269,038	1,260,913	57,131
HMMR	1,552,331	846,752	694,077	58,838
HME (*)	1,091,318	1,048,758	1,266,837	776
HMCIS	892,464	582,230	853,606	31,784
HAC (*)	1,053,220	662,189	735,263	12,661
HMCA	811,756	635,281	565,510	17,470

(*) 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) Changes in consolidated subsidiaries

In 2013, Autopia Thirty-Seventh Asset Securitization Specialty Company was excluded from consolidated subsidiaries due to dissolution.

(5) In 2013, HAOSVT, a subsidiary of the Company, changed its functional currency from USD to EUR since it considered that the currency in the primary economic environment in which the entity operates changed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

(1) Basis of consolidated financial statements presentation

The Group’s condensed consolidated financial statements for the three months ended March 31, 2013 and 2012, 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, 2012, 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, 2012, except for the adoption effect of the new accounting standards and interpretations described below.

1) New standards that have been applied from the year beginning on January 1, 2013, are as follows:

- K-IFRS 1001(Amendment): ‘Presentation of Financial Statements’

The amendments to K-IFRS 1001 require that other comprehensive income shall be presented and classified by “items not to be reclassified subsequently to profit or loss” and “items to be reclassified subsequently to profit or loss”. The amendments have an effect on only presentation of consolidated financial statements and no effect on the financial position and results of operations. The consolidated financial statements for the three months ended March 31, 2012, are restated to apply the impact of the amendment.

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

The amendments to K-IFRS 1019 require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of K-IFRS 1019 and accelerate the recognition of past service costs. Interest income on plan assets is calculated using the rate used to discount the defined benefit obligation. The Group was required to apply the impact of the amendment retrospectively, and hence the consolidated financial statements for the three months ended March 31, 2012, are restated accordingly. As a result of the change in accounting policies, for the three months ended March 31, 2012, cost of sales decreased by ₩1,218 million and selling and administrative expenses, gain on investments in joint ventures and associates and income tax expense increased by ₩291 million, ₩415 million, and ₩117 million, respectively.

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

The amendments to K-IFRS 1107 require the disclosures about offsetting of financial assets and financial liabilities, and require to disclose the information related to the offsetting arrangements or similar agreements, irrespective of whether they are set off in accordance with K-IFRS 1032. The effect of the amendments is not significant on the Group’s interim consolidated financial statements.

- K-IFRS 1110(Enactment): ‘Consolidated Financial Statements’

K-IFRS 1110 provides a single basis to determine control with three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s return. The effect of the amendments is not significant on the Group’s interim consolidated financial statements.

- K-IFRS 1111(Enactment): 'Joint Arrangements'

K-IFRS 1111 classifies joint arrangements of which two or more parties have joint control into two types, joint operations and joint ventures depending on the rights and obligations of the parties to the arrangements. If the Group is a joint operator, the Group is to recognize assets, liabilities, revenues and expenses proportionally to its investment and if the Group is a joint ventures, the Group is to account for that investment using the equity method accounting. The effect of the amendments is not significant on the Group's interim consolidated financial statements.

- K-IFRS 1112(Enactment): 'Disclosure of Interests in Other Entities'

K-IFRS 1112 is the standard which requires disclosures of entities that have an interest in a subsidiary, an associate, a joint arrangement or an unconsolidated structured entity. The effect of the amendments is not significant on the Group's interim consolidated financial statements.

- K-IFRS 1113(Enactment): 'Fair Value Measurement'

K-IFRS 1113 provides a single source of guidance for fair value measurements and defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. K-IFRS 1113 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability under current market conditions. For fair value measurements according to K-IFRS 1113, the Group is required to determine the particular asset or liability being measured, the market in which an orderly transaction would take place for the asset or liability and the appropriate valuation techniques to use when measuring fair value. In addition, K-IFRS 1113 provides extensive disclosures regarding fair value measurements. The effect of the amendments is not significant on the Group's interim consolidated financial statements.

- 2) New standards that have been issued but are not yet effective for the year beginning on January 1, 2013, and that have not been applied earlier by the Group are as follows:

- K-IFRS 1032(Amendment): 'Financial Instruments: Presentation'

The amendments to K-IFRS 1032 clarify existing application issue relating to the offset of financial assets and financial liabilities requirements. The Group's right of set-off must not be contingent upon any future events, but enforceable anytime during the contract period in all of the circumstances; in the event of default, insolvency or bankruptcy of the entity or the counterparties, as well as in the ordinary course of business. The amendments to K-IFRS 1032 are effective for annual periods beginning on or after January 1, 2014. The Group does not anticipate that amendments will have any significant effect on the Group's interim consolidated financial statements.

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

In the preparation of the Group's interim consolidated financial statements, management is required to apply accounting policies and make 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, 2012.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 3,632,197	₩ 46,024	₩ 3,716,367	₩ 48,513
Allowance for doubtful accounts	(35,514)	-	(29,543)	-
Present value discount accounts	-	(4,484)	-	(4,712)
	<u>₩ 3,596,683</u>	<u>₩ 41,540</u>	<u>₩ 3,686,824</u>	<u>₩ 43,801</u>

(2) Aging analysis of trade receivables

As of March 31, 2013 and December 31, 2012, total trade notes and accounts receivable that are past due, but not impaired, are ₩473,684 million and ₩390,632 million, respectively; of which trade notes and accounts receivable that are past due less than 90 days, but not impaired, are ₩409,070 million and ₩335,898 million, respectively. As of March 31, 2013 and December 31, 2012, the impaired trade notes and accounts receivable are ₩35,514 million and ₩29,543 million, respectively.

(3) The changes in allowance for doubtful accounts for the three months ended March 31, 2013 and 2012, are as follows:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Beginning of the period	₩ 29,543	₩ 40,346
Impairment loss	5,962	2,922
Write-off	(124)	(18,437)
Effect of foreign exchange differences	133	(1,200)
Changes in scope of consolidation	-	5,357
End of the period	<u>₩ 35,514</u>	<u>₩ 28,988</u>

4. OTHER RECEIVABLES:

Other receivables as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accounts receivables-other	₩ 1,943,306	₩ 796,514	₩ 1,458,809	₩ 761,943
Due from customers for contract work	936,022	-	781,136	-
Lease and rental deposits	53,646	269,509	54,924	259,040
Deposits	15,219	23,323	11,293	23,594
Other	3,251	-	3,489	-
Allowance for doubtful accounts	(5,534)	-	(5,241)	-
Present value discount accounts	-	(7,062)	-	(7,968)
	<u>₩ 2,945,910</u>	<u>₩ 1,082,284</u>	<u>₩ 2,304,410</u>	<u>₩ 1,036,609</u>

5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Financial assets at fair value through profit or loss (“FVTPL”)	₩ 36,216	₩ 38,008	₩ 67,666	₩ 19,486
Derivative assets that are effective hedging instruments	17,930	28,395	15,060	20,745
AFS financial assets	81,646	1,425,068	12,394	1,544,141
Held-to-maturity (“HTM”) financial assets	16	35	27	35
Loans	14,465	228,372	14,152	10,057
	<u>₩ 150,273</u>	<u>₩ 1,719,878</u>	<u>₩ 109,299</u>	<u>₩ 1,594,464</u>

(2) Available-for-sale (“AFS”) financial assets that are measured at fair value as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013		December 31, 2012	
	Acquisition cost	Valuation difference	Book value	Book value
(In millions of Korean Won)				
Debt instruments	₩ 96,942	₩ 459	₩ 97,401	₩ 15,074
Equity instruments	679,306	730,007	1,409,313	1,541,461
	<u>₩ 776,248</u>	<u>₩ 730,466</u>	<u>₩ 1,506,714</u>	<u>₩ 1,556,535</u>

(3) Equity instruments classified into AFS financial assets as of March 31, 2013 and December 31, 2012, consist of the following:

Name of company	Ownership percentage (%)	March 31, 2013		December 31, 2012	
		Acquisition cost	Valuation difference	Book value	Book value
(In millions of Korean Won)					
Hyundai Heavy Industries Co., Ltd.	2.88	₩ 56,924	₩ 405,166	₩ 462,090	₩ 529,980
Hyundai Glovis Co., Ltd.	4.88	210,688	134,444	345,132	405,553
Korea Aerospace Industries, Co., Ltd.	10.00	151,086	100,400	251,486	251,973
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	83,756	137,490	137,490
Seoul Metro Line Nine Corporation (*)	25.00	41,779	-	41,779	41,779
Hyundai Green Food Co., Ltd.	2.36	15,005	23,534	38,539	39,231
Doosan Capital Co., Ltd.	7.14	10,000	3,508	13,508	13,508
Hyundai Development Company	0.60	9,025	2,518	11,543	9,743
Hyundai Finance Corporation	9.29	9,888	742	10,630	11,065
Hyundai Merchant Marine Co., Ltd.	0.45	9,161	992	10,153	16,355
KT Corporation	0.09	8,655	(180)	8,475	8,523
Ubivelox Co., Ltd.	5.20	1,710	5,604	7,314	7,860
NICE Holdings Co., Ltd.	1.42	3,491	481	3,972	3,127
NICE Information Service Co., Ltd.	2.25	3,312	226	3,538	3,729
Hyundai Asan Corporation	2.07	22,500	(20,383)	2,117	2,117
NESSCAP, Inc.	4.53	1,997	(1,276)	721	1,199
Other		70,351	(9,525)	60,826	58,229
		<u>₩ 679,306</u>	<u>₩ 730,007</u>	<u>₩ 1,409,313</u>	<u>₩ 1,541,461</u>

(*) Investments are not accounted for using the equity method, as the Group is considered not to have significant influence over the investee, despite the fact that its ownership percentage exceeds 20 percent.

As of March 31, 2013, the valuation difference between the book value and the acquisition cost of AFS equity instruments includes the cumulative impairment loss of ₩27,680 million.

6. INVENTORIES:

Inventories as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Finished goods	₩ 3,510,371	₩ 3,476,869
Merchandise	101,694	294,875
Semifinished goods	397,254	382,434
Work in progress	438,763	367,896
Raw materials	1,174,497	1,110,764
Supplies	183,290	170,736
Materials in transit	530,520	544,688
Other	409,186	424,602
	₩ 6,745,575	₩ 6,772,864

7. OTHER ASSETS:

Other assets as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 411,440	₩ 444	₩ 403,645	₩ 329
Advanced payments	744,955	-	517,543	-
Prepaid expenses	288,055	14,608	247,320	44,095
Prepaid value added tax and other	296,189	32,603	736,937	-
	₩ 1,740,639	₩ 47,655	₩ 1,905,445	₩ 44,424

8. NON-CURRENT ASSETS HELD FOR SALE:

Non-current assets held for sale as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Land	₩ 19,995	₩ 19,995
Buildings	2,701	3,312
	₩ 22,696	₩ 23,307

Due to the contract for disposal, the relevant land and buildings are classified as non-current assets held for sale as of March 31, 2013 and the assets will be disposed within 12 months. No impairment loss on non-current assets held for sale is recognized for the three months ended March 31, 2013.

9. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment for the three months ended March 31, 2013 and 2012, are as follows:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Beginning of the period	₩ 20,739,858	₩ 19,548,048
Acquisition	472,820	626,882
Acquisition from business combinations	-	17,098
Disposal	(138,567)	(22,788)
Depreciation	(429,037)	(409,021)
Other (*)	149,774	64,785
End of the period	₩ 20,794,848	₩ 19,825,004

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

10. INVESTMENT PROPERTY:

(1) The changes in investment property for the three months ended March 31, 2013 and 2012, are as follows:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Beginning of the period	₩ 282,832	₩ 282,427
Transfer	1,918	-
Disposal	(582)	-
Depreciation	(2,878)	(2,921)
Effect of exchange differences	2,572	(842)
End of the period	₩ 283,862	₩ 278,664

(2) Income and expenses related to investment property for the three months ended March 31, 2013 and 2012, are as follows:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Rental income	₩ 9,302	₩ 8,016
Operating and maintenance expenses	3,164	3,108

11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the three months ended March 31, 2013 and 2012, are as follows:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Beginning of the period	₩ 2,883,218	₩ 2,660,109
Internal development and separate acquisition	159,443	145,434
Acquisition from business combinations	-	94,702
Disposal	(1,882)	(1,513)
Amortization	(204,428)	(206,263)
Impairment	(8,866)	-
Other (*)	29,443	16,128
End of the period	₩ 2,856,928	₩ 2,708,597

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

- (2) Research and development expenditure for the three months ended March 31, 2013 and 2012, are as follows:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Development costs	₩ 121,956	₩ 105,728
Ordinary development (manufacturing cost)	63,345	39,208
Research costs (administrative expenses)	137,298	136,385
	<u>₩ 322,599</u>	<u>₩ 281,321</u>

- (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.

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

- (1) Investments in joint ventures and associates as of March 31, 2013 and December 31, 2012, consist of the following:

Name of company	Nature of business	Location	Ownership Percentage (%)	March 31,	December 31,
				2013	2012
				Book value	Book value
				(In millions of Korean Won)	
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	₩ 1,944,245	₩ 1,657,185
Hyundai Motor Group China, Ltd. (HMGC) (*1)	Investment	China	50.00	137,745	103,450
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	22.00	119,188	107,253
Kia Motors Corporation	Manufacturing	Korea	33.88	5,776,253	5,638,238
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,024,473	3,023,813
Hyundai HYSKO Co., Ltd.	Manufacturing	Korea	29.37	635,458	615,271
Hyundai WIA Corporation	Manufacturing	Korea	26.79	509,848	484,518
Hyundai Powertech Co., Ltd.	Manufacturing	Korea	37.58	306,091	299,075
Hyundai Dymos Inc.	Manufacturing	Korea	47.27	236,901	233,660
HMC Investment Securities Co., Ltd.	Securities brokerage	Korea	26.27	218,480	217,187
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	133,012	127,881
Hyundai Commercial Inc.	Financing	Korea	50.00	126,076	121,597
Other				512,499	488,603
				<u>₩ 13,680,269</u>	<u>₩ 13,117,731</u>

(*1) Joint venture.

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

(2) The changes in investments in joint ventures and associates for the three months ended March 31, 2013, are as follows:

Name of company	Beginning of the period	Acquisition /(Disposition)	Gain on valuation	Other (*)	End of the period
(In millions of Korean Won)					
BHMC	₩ 1,657,185	₩ -	₩ 212,156	₩ 74,904	₩ 1,944,245
HMGC	103,450	17,432	10,914	5,949	137,745
WAE	107,253	-	7,323	4,612	119,188
Kia Motors Corporation	5,638,238	-	258,710	(120,695)	5,776,253
Hyundai Engineering & Construction Co., Ltd	3,023,813	-	19,184	(18,524)	3,024,473
Hyundai HYSCO Co., Ltd.	615,271	-	23,960	(3,773)	635,458
Hyundai WIA Corporation	484,518	-	21,791	3,539	509,848
Hyundai Powertech Co., Ltd.	299,075	-	5,671	1,345	306,091
Hyundai Dymos Inc.	233,660	-	6,796	(3,555)	236,901
HMC Investment Securities Co., Ltd.	217,187	-	2,626	(1,333)	218,480
Eukor Car Carriers Inc.	127,881	-	8,389	(3,258)	133,012
Hyundai Commercial Inc.	121,597	-	3,242	1,237	126,076
Other	488,603	2,129	21,631	136	512,499
	₩ 13,117,731	₩ 19,561	₩ 602,393	₩ (59,416)	₩ 13,680,269

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

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

Name of company	Beginning of the period	Acquisition /(Disposition)	Gain on valuation	Other (*)	End of the period
(In millions of Korean Won)					
BHMC	₩ 1,553,871	₩ -	₩ 126,440	₩ (17,055)	₩ 1,663,256
HMGC	128,318	-	19,637	(1,493)	146,462
WAE	81,260	-	3,673	(900)	84,033
Kia Motors Corporation	4,565,683	-	398,067	(102,962)	4,860,788
Hyundai Engineering & Construction Co., Ltd.	3,011,421	-	9,722	(2,464)	3,018,679
Hyundai HYSCO Co., Ltd.	449,438	101,711	24,599	(5,333)	570,415
Hyundai WIA Corporation	482,996	(98,597)	29,517	(6,171)	407,745
Hyundai Powertech Co., Ltd.	254,066	-	21,890	(60)	275,896
Hyundai Dymos Inc.	194,332	-	8,779	3,131	206,242
HMC Investment Securities Co., Ltd.	210,511	-	1,648	2,867	215,026
Eukor Car Carriers Inc.	111,312	-	3,337	(8,301)	106,348
Hyundai Commercial Inc.	122,364	-	8,215	(12,315)	118,264
Other	543,666	713	10,826	(48,459)	506,746
	₩ 11,709,238	₩ 3,827	₩ 666,350	₩ (199,515)	₩ 12,179,900

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

(3) Condensed financial information of the Group's major joint ventures and associates as of and for the three months ended March 31, 2013, is as follows:

Name of company	Assets	Liabilities	Sales	Net income
(In millions of Korean Won)				
BHMC	₩ 8,081,508	₩ 4,143,838	₩ 4,711,576	₩ 429,755
HMGC	428,419	142,157	473,760	16,777
WAE	1,378,818	837,055	405,683	33,289
Kia Motors Corporation	33,762,049	16,479,725	11,084,819	783,928
Hyundai Engineering & Construction Co., Ltd.	12,832,763	8,009,786	2,861,221	149,688
Hyundai HYSKO Co., Ltd.	5,520,687	3,603,129	1,910,696	74,520
Hyundai WIA Corporation	4,593,821	2,620,817	1,780,297	86,824
Hyundai Powertech Co., Ltd.	2,032,174	1,188,873	705,656	19,094
Hyundai Dymos Inc.	1,460,569	935,377	535,416	26,912
HMC Investment Securities Co., Ltd. (*)	4,085,141	3,405,510	263,031	9,325
Eukor Car Carriers Inc.	2,753,976	1,647,730	607,956	66,781
Hyundai Commercial Inc.	4,019,591	3,674,984	87,158	8,629

(*) Although the closing date of the fiscal year of HMC Investment Securities Co., Ltd., is March 31, the financial statements, used for applying the equity method, are prepared for the same reporting periods as the Company's.

Condensed financial information of the Group's major joint ventures and associates as of and for the three months ended March 31, 2012, is as follows:

Name of company	Assets	Liabilities	Sales	Net income
(In millions of Korean Won)				
BHMC	₩ 6,583,447	₩ 3,216,669	₩ 3,054,081	₩ 251,148
HMGC	560,060	228,637	603,614	45,908
WAE	1,038,513	656,545	247,942	16,120
Kia Motors Corporation	31,895,966	17,442,225	11,790,039	1,201,259
Hyundai Engineering & Construction Co., Ltd.	12,258,832	7,785,727	2,705,571	115,634
Hyundai HYSKO Co., Ltd.	4,879,429	3,172,027	2,108,356	95,464
Hyundai WIA Corporation	4,414,894	2,844,703	1,651,567	91,234
Hyundai Powertech Co., Ltd.	2,141,168	1,374,001	737,984	57,478
Hyundai Dymos Inc.	1,015,371	574,651	354,616	16,361
HMC Investment Securities Co., Ltd. (*)	3,635,764	2,969,629	339,424	6,361
Eukor Car Carriers Inc.	2,519,354	1,634,067	757,117	83,383
Hyundai Commercial Inc.	3,681,259	3,333,572	83,721	20,507

(*) Although the closing date of the fiscal year of HMC Investment Securities Co., Ltd., is March 31, the financial statements, used for applying the equity method, are prepared for the same reporting periods as the Company's.

(4) The market price of listed equity securities as of March 31, 2013, is as follows:

Name of company	Price per share	Number of shares	Market value
	(In millions of Korean Won, except price per share)		
Kia Motors Corporation	₩ 55,600	137,318,251	₩ 7,634,895
Hyundai Engineering & Construction Co., Ltd.	66,900	23,327,400	1,560,603
Hyundai HYSCO Co., Ltd.	33,400	23,554,188	786,710
Hyundai WIA Corporation	164,000	6,893,596	1,130,550
HMC Investment Securities Co., Ltd.	13,100	7,705,980	100,948

13. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Loans	₩ 29,024,868	₩ 27,922,539
Card receivables	9,004,420	9,744,711
Financial lease receivables	2,915,178	2,836,499
Other lease receivables	7,960	6,951
	40,952,426	40,510,700
Allowance of doubtful accounts	(780,936)	(749,166)
Loan origination fee	(239,916)	(259,716)
Present value discount accounts	(5,614)	(7,587)
	<u>₩ 39,925,960</u>	<u>₩ 39,494,231</u>

(2) Aging analysis of financial services receivables

As of March 31, 2013 and December 31, 2012, total financial services receivables that are past, due but not impaired, are ₩1,129,711 million and ₩1,384,125 million, respectively; of which financial services receivables that are past due less than 90 days, but not impaired, are ₩1,129,711 million and ₩1,384,125 million, respectively. As of March 31, 2013 and December 31, 2012, the impaired financial services receivables are ₩488,058 million and ₩631,406 million, respectively.

(3) The changes in allowance for doubtful accounts of financial services receivables for the three months ended March 31, 2013 and 2012, are as follows:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Beginning of the period	₩ 749,166	₩ 729,047
Impairment loss	148,462	142,471
Write-off	(101,432)	(100,447)
Effect of foreign exchange differences	7,305	(2,871)
Transfer and other	(22,565)	(61,163)
End of the period	<u>₩ 780,936</u>	<u>₩ 707,037</u>

- (4) Gross investments in financial lease and its present value of minimum lease receipts as of March 31, 2013 and December 31, 2012, are as follows:

Description	March 31, 2013		December 31, 2012	
	Gross investments in financial lease	Present value of minimum lease receipts	Gross investments in financial lease	Present value of minimum lease receipts
	(In millions of Korean Won)			
Within one year	₩ 1,404,169	₩ 1,188,026	₩ 1,366,499	₩ 1,093,879
Within five years more than one year	1,869,961	1,719,874	1,812,227	1,742,481
More than five years	82	81	140	139
	<u>₩ 3,274,212</u>	<u>₩ 2,907,981</u>	<u>₩ 3,178,866</u>	<u>₩ 2,836,499</u>

- (5) Unearned interest income of financial leases as of March 31, 2013 and December 31, 2012, are as follows:

Description	March 31, 2012	December 31, 2011
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 3,274,212	₩ 3,178,866
Net lease investments:		
Present value of minimum lease receipts	2,907,981	2,836,499
Present value of unguaranteed residual value	7,197	-
	<u>2,915,178</u>	<u>2,836,499</u>
Unearned interest income	<u>₩ 359,034</u>	<u>₩ 342,367</u>

14. OPERATING LEASE ASSETS:

- (1) Operating lease assets as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Acquisition cost	₩ 10,199,190	₩ 9,008,006
Accumulated depreciation	(1,290,433)	(1,121,592)
Accumulated impairment loss	(64,311)	(56,326)
	<u>₩ 8,844,446</u>	<u>₩ 7,830,088</u>

- (2) Future minimum lease receipts related to operating lease assets as of March 31, 2013 and December 31, 2012, are as follows:

Description	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Within one year	₩ 1,807,317	₩ 1,643,559
Within five years more than one year	2,066,032	1,842,246
More than five years	3	2
	<u>₩ 3,873,352</u>	<u>₩ 3,485,807</u>

15. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of March 31, 2013 and December 31, 2012, consist of the following:

Description	Lender	Annual interest rate	March 31,	March 31,	December 31,
		March 31, 2013	2013	2012	
		(%)	(In millions of Korean Won)		
Overdrafts	Citi Bank and other	0.52~1.25	₩	317,307	₩ 198,630
General loans	Kookmin Bank and other	0.30~4.69		2,164,535	2,361,415
Loans on trade receivables collateral	Korea Exchange Bank and other	LIBOR+0.30~0.55		1,741,751	1,889,307
Banker's Usance	Kookmin Bank and other	LIBOR+0.30~0.60		563,080	596,229
Short-term debentures	SC Securities and other	2.91~3.59		679,801	879,630
Commercial paper	Dongbu Securities and other	2.96~3.83		550,000	730,000
Asset-backed securities and other	HSBC	0.70		393,866	126,538
				<u>₩ 6,410,340</u>	<u>₩ 6,781,749</u>

(2) Long-term debt as of March 31, 2013 and December 31, 2012, consists of the following:

Description	Lender	Annual interest rate	March 31,	March 31,	December 31,
		March 31, 2013	2013	2012	
		(%)	(In millions of Korean Won)		
General loans	Shinhan Bank and other	0.97~5.63	₩	2,184,937	₩ 2,265,859
Facility loan	Korea Development Bank and other	1.26~4.45		697,722	796,486
Commercial paper	SK Securities and other	3.07~4.15		343,000	343,000
Asset-backed securities	JP Morgan and other	0.50~0.72		2,863,759	3,369,345
Other	Kookmin Bank and other	2.00~2.70		285,103	290,324
				6,374,521	7,065,014
Less present value discounts				161,366	158,398
Less current maturities				2,509,660	2,764,143
				<u>₩ 3,703,495</u>	<u>₩ 4,142,473</u>

(3) Debentures as of March 31, 2013 and December 31, 2012, consist of the following:

Description	Latest maturity date	Annual interest rate	March 31,	March 31,	December 31,
		March 31, 2013	2013	2012	
		(%)	(In millions of Korean Won)		
Guaranteed public debentures	June 8, 2017	3.75~4.50	₩	1,665,261	₩ 1,604,827
Guaranteed private debentures	April 25, 2015	5.68		83,408	80,333
Non-guaranteed public debentures	March 22, 2020	2.72~8.76		17,431,779	17,434,701
Non-guaranteed private debentures	October 2, 2017	1.63~5.15		2,628,208	2,613,559
Asset-backed securities	June 17, 2019	0.20~3.15		11,666,671	9,880,999
				33,475,327	31,614,419
Less discount on debentures				95,453	95,532
Less current maturities				5,659,251	5,148,198
				<u>₩ 27,720,623</u>	<u>₩ 26,370,689</u>

16. PROVISIONS:

The changes in provisions for the three months ended March 31, 2013, are as follows:

Description	Warranty		Other long-term employee benefit		Other	
	(In millions of Korean Won)					
Beginning of the period	₩	5,908,719	₩	609,589	₩	490,450
Charged		360,413		16,366		51,873
Utilized		(237,001)		(16,875)		(2,362)
Amortization of present value discounts		29,730		-		1,115
Changes in expected reimbursements by third parties		31,773		-		-
Effect of foreign exchange differences		28,297		1		13,964
End of the period	₩	<u>6,121,931</u>	₩	<u>609,081</u>	₩	<u>555,040</u>

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

Description	Warranty		Other long-term employee benefit		Other	
	(In millions of Korean Won)					
Beginning of the period	₩	5,850,285	₩	586,628	₩	210,240
Charged		198,763		15,987		17,898
Utilized		(201,021)		(16,002)		(3,724)
Amortization of present value discounts		40,281		-		-
Changes in expected reimbursements by third parties		13,567		-		-
Effect of foreign exchange differences		2,376		3		1,315
Changes in scope of consolidation		55,662		185		2,449
End of the period	₩	<u>5,959,913</u>	₩	<u>586,801</u>	₩	<u>228,178</u>

17. OTHER FINANCIAL LIABILITIES:

Other financial liabilities as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013		December 31, 2012					
	Current	Non-current	Current	Non-current				
(In millions of Korean Won)								
Financial liabilities at FVTPL	₩	1,539	₩	2,845	₩	1	₩	4,161
Derivative liabilities that are effective hedging instruments		22,867		188,878		24,604		331,699
Financial lease liabilities		8,607		17,980		8,458		20,333
Other		115,248		-		115,248		-
	₩	<u>148,261</u>	₩	<u>209,703</u>	₩	<u>148,311</u>	₩	<u>356,193</u>

18. OTHER LIABILITIES:

Other liabilities as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advance received	₩ 529,963	₩ 48,907	₩ 412,792	₩ 51,549
Withholdings	1,040,697	538,410	1,402,652	554,677
Accrued expenses	1,789,775	126,875	1,288,105	-
Unearned income	508,261	351,773	482,160	339,549
Accrued dividends	520,910	-	77	-
Due to customers for contract work	472,549	-	497,948	-
Other	152,177	603,425	207,370	536,583
	<u>₩ 5,014,332</u>	<u>₩ 1,669,390</u>	<u>₩ 4,291,104</u>	<u>₩ 1,482,358</u>

19. FINANCIAL INSTRUMENTS:

(1) Categories of financial assets as of March 31, 2013, consist of the following:

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	HTM financial assets	Derivatives designated as hedging instruments	Book value	Fair value
	(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 6,110,636	₩ -	₩ -	₩ -	₩ 6,110,636	₩ 6,110,636
Short-term and long-term financial instruments	-	13,891,481	-	-	-	13,891,481	13,891,481
Trade notes and accounts receivable	-	3,638,223	-	-	-	3,638,223	3,638,223
Other receivables	-	3,092,172	-	-	-	3,092,172	3,092,172
Other financial assets	74,224	242,837	1,506,714	51	46,325	1,870,151	1,870,151
Other assets	-	411,884	-	-	-	411,884	411,884
Financial services receivables	-	39,925,960	-	-	-	39,925,960	39,131,460
	<u>₩ 74,224</u>	<u>₩ 67,313,193</u>	<u>₩ 1,506,714</u>	<u>₩ 51</u>	<u>₩ 46,325</u>	<u>₩ 68,940,507</u>	<u>₩ 68,146,007</u>

Categories of financial assets as of December 31, 2012, consist of the following:

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	HTM financial assets	Derivatives designated as hedging instruments	Book value	Fair value
	(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 6,759,338	₩ -	₩ -	₩ -	₩ 6,759,338	₩ 6,759,338
Short-term and long-term financial instruments	-	12,385,416	-	-	-	12,385,416	12,385,416
Trade notes and accounts receivable	-	3,730,625	-	-	-	3,730,625	3,730,625
Other receivables	-	2,559,883	-	-	-	2,559,883	2,559,883
Other financial assets	87,152	24,209	1,556,535	62	35,805	1,703,763	1,703,763
Other assets	-	403,974	-	-	-	403,974	403,974
Financial services receivables	-	39,494,231	-	-	-	39,494,231	39,894,670
	<u>₩ 87,152</u>	<u>₩ 65,357,676</u>	<u>₩ 1,556,535</u>	<u>₩ 62</u>	<u>₩ 35,805</u>	<u>₩ 67,037,230</u>	<u>₩ 67,437,669</u>

(2) Categories of financial liabilities as of March 31, 2013, consist of the following:

Description	Financial liabilities		Financial liabilities		Derivatives designated as hedging instruments	Book value	Fair value
	at FVTPL		carried at amortized cost				
(In millions of Korean Won)							
Trade notes and accounts payable	₩	-	₩	7,088,769	₩	-	₩ 7,088,769
Other payables		-		3,479,879		-	3,479,879
Borrowings and debentures		-		46,003,369		-	46,003,369
Other financial liabilities		4,384		141,835		211,745	357,964
Other liabilities		-		2,437,560		-	2,437,560
	₩	<u>4,384</u>	₩	<u>59,151,412</u>	₩	<u>211,745</u>	₩ <u>60,351,785</u>

Categories of financial liabilities as of December 31, 2012, consist of the following:

Description	Financial liabilities		Financial liabilities		Derivatives designated as hedging instruments	Book value	Fair value
	at FVTPL		carried at amortized cost				
(In millions of Korean Won)							
Trade notes and accounts payable	₩	-	₩	6,841,326	₩	-	₩ 6,841,326
Other payables		-		4,550,278		-	4,550,278
Borrowings and debentures		-		45,207,252		-	45,207,252
Other financial liabilities		4,162		144,039		356,303	504,504
Other liabilities		-		1,288,182		-	1,288,182
	₩	<u>4,162</u>	₩	<u>58,031,077</u>	₩	<u>356,303</u>	₩ <u>59,422,258</u>

(3) Fair value estimation

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

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

Fair value measurements of financial instruments by fair-value hierarchy levels as of March 31, 2013, are as follows:

Description	March 31, 2013			
	Level 1	Level 2	Level 3	Total
(In millions of Korean Won)				
Financial Assets:				
Financial assets at FVTPL	₩ -	₩ 74,224	₩ -	₩ 74,224
Derivatives designated as hedging instruments	-	46,325	-	46,325
AFS financial assets	1,204,820	37,241	264,653	1,506,714
HTM financial assets	-	51	-	51
	<u>₩ 1,204,820</u>	<u>₩ 157,841</u>	<u>₩ 264,653</u>	<u>₩ 1,627,314</u>
Financial Liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 4,384	₩ -	₩ 4,384
Derivatives designated as hedging instruments	-	211,745	-	211,745
	<u>₩ -</u>	<u>₩ 216,129</u>	<u>₩ -</u>	<u>₩ 216,129</u>

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

Description	December 31, 2012			
	Level 1	Level 2	Level 3	Total
(In millions of Korean Won)				
Financial Assets:				
Financial assets at FVTPL	₩ -	₩ 87,152	₩ -	₩ 87,152
Derivatives designated as hedging instruments	-	35,805	-	35,805
AFS financial assets	1,287,409	5,023	264,103	1,556,535
HTM financial assets	-	62	-	62
	<u>₩ 1,287,409</u>	<u>₩ 128,042</u>	<u>₩ 264,103</u>	<u>₩ 1,679,554</u>
Financial Liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 4,162	₩ -	₩ 4,162
Derivatives designated as hedging instruments	-	356,303	-	356,303
	<u>₩ -</u>	<u>₩ 360,465</u>	<u>₩ -</u>	<u>₩ 360,465</u>

The changes in financial instruments classified as Level 3 for the three months ended March 31, 2013, are as follows:

Description	Beginning of the period	Purchases	Disposals	Valuation	Transfer	End of the period
	(In millions of Korean Won)					
AFS financial assets	₩ 264,103	₩ 983	₩ -	₩ (433)	₩ -	₩ 264,653

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

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

- (4) Interest income, dividend income and interest expenses by categories of financial instruments for the three months ended March 31, 2013 and 2012, consist of the following:

Description	Three months ended March 31,					
	2013			2012		
	Interest income	Dividend income	Interest expenses	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)					
Non-financial services:						
Loans and receivables	₩ 137,445	₩ -	₩ -	₩ 120,688	₩ -	₩ -
AFS financial assets	-	11,098	-	3,769	14,808	-
Financial liabilities carried at amortized cost	-	-	70,073	-	-	76,489
	<u>₩ 137,445</u>	<u>₩ 11,098</u>	<u>₩ 70,073</u>	<u>₩ 124,457</u>	<u>₩ 14,808</u>	<u>₩ 76,489</u>
Financial services:						
Loans and receivables	660,425	-	-	688,614	-	-
Financial liabilities at FVTPL	-	-	-	-	-	6,056
Financial liabilities carried at amortized cost	-	-	322,085	-	-	361,889
	<u>₩ 660,425</u>	<u>₩ -</u>	<u>₩ 322,085</u>	<u>₩ 688,614</u>	<u>₩ -</u>	<u>₩ 367,945</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities at FVTPL for the three months ended March 31, 2013 and 2012, is ₩390,428 million and ₩394,453 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 three months ended March 31, 2013 and 2012, are ₩230,277 million and ₩184,542 million, respectively.
- (6) The Group recognizes transfers between levels of the fair value hierarchy at 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 three months ended March 31, 2013.
- (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 and options

Fair value of currency forwards and options is measured based on forward exchange rate quoted in the current market at the end of the reporting period, which has the same period with remaining period of derivatives to be measured. If the forward exchange rate, which has the same period with remaining period of currency forward and option 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 rate.

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

- Unlisted equity securities

Fair value of unlisted equity securities is measured using discounted cash flow projection, and certain assumptions not based on observable market prices or rate, such as sales growth rate, pretax operating income ratio and the weighted-average cost of capital based on business plan and circumstance of industry are used to estimate the future cash flow. The weighted-average cost of capital used to discount the future cash flows, is calculated by applying the Capital Asset Pricing Model, 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 interrelationships between significant unobservable inputs and the fair value measurement are as follows :

<u>Description</u>	<u>Fair value at March 31, 2013</u> (In millions of Korean Won)	<u>Valuation Techniques</u>	<u>Unobservable inputs</u>	<u>Description of interrelationship</u>
Unlisted equity securities	₩ 264,653	Discounted cash flow	Sales growth rate Pretax operating income ratio Weighted-average cost of capital	If the sales growth rate and the pretax operating income ratio rise or the weighted-average cost of capital declines, the fair value increase.

The Group believes that there have been no significant changes in the fair value of financial instruments categorized within Level 3 fair value measurements of the fair value hierarchy since December 31, 2012.

20. CAPITAL STOCK:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of March 31, 2013 and December 31, 2012, consist of the following:

(1) Common stock

<u>Description</u>	<u>March 31, 2013</u> (In millions of Korean Won, except par value)	<u>December 31, 2012</u> (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

<u>Description</u>	<u>Par value</u>	<u>Issued</u>	<u>Korean Won</u> (In millions of Korean Won)	<u>Dividend rate</u>
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	Dividend rate of common stock + 2%
3 rd preferred stock	"	2,478,299 shares	12,392	Dividend rate of common stock + 1%
Total		65,202,146 shares	₩ 331,011	

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.

21. CAPITAL SURPLUS:

Capital surplus as of March 31, 2013 and December 31, 2012, consists of the following:

Description	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Other	837,654	837,654
	<u>₩ 4,158,988</u>	<u>₩ 4,158,988</u>

22. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of March 31, 2013 and December 31, 2012, are as follows:

Description	March 31, 2013	December 31, 2012
	(Number of shares)	
Common stock	11,006,710	11,006,710
1 st preferred stock	1,950,960	1,950,960
2 nd preferred stock	1,000,000	1,000,000

23. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Accumulated other comprehensive income as of March 31, 2013 and December 31, 2012, consists of the following:

Description	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Gain on valuation of AFS financial assets	₩ 577,005	₩ 678,559
Loss on valuation of AFS financial assets	(2,839)	(2,372)
Gain on valuation of cash flow hedge derivatives	150	4,614
Loss on valuation of cash flow hedge derivatives	(12,962)	(5,726)
Gain on valuation of equity-accounted investees	119,481	21,532
Loss on valuation of equity-accounted investees	(300,571)	(287,108)
Loss on foreign operations translation, net	(623,947)	(882,872)
	<u>₩ (243,683)</u>	<u>₩ (473,373)</u>

24. RETAINED EARNINGS:

(1) Retained earnings as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Legal reserve (*)	₩ 475,207	₩ 423,124
Discretionary reserve	31,021,647	26,531,647
Unappropriated	9,911,042	13,038,459
	<u>₩ 41,407,896</u>	<u>₩ 39,993,230</u>

(*) 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 ended March 31, 2013 and 2012, consist of the following:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Sales of goods	₩ 18,867,475	₩ 17,827,240
Rendering of services	316,691	266,306
Royalties	58,782	32,949
Other	39,574	72,707
Financial services revenue	<u>2,084,537</u>	<u>1,965,718</u>
	<u>₩ 21,367,059</u>	<u>₩ 20,164,920</u>

26. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months ended March 31, 2013 and 2012, consist of the following:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Selling expenses:		
Export expenses	₩ 241,483	₩ 239,432
Overseas market expenses	75,178	122,502
Advertisements and sales promotion	502,710	498,262
Sales commissions	144,324	119,567
Expenses for warranties	424,308	224,636
Transportation expenses	<u>94,326</u>	<u>66,291</u>
	<u>1,482,329</u>	<u>1,270,690</u>
Administrative expenses:		
Payroll	539,935	518,608
Post-employment benefits	39,772	35,786
Welfare expenses	88,137	78,538
Service charges	245,123	261,435
Research	137,298	136,385
Other	<u>303,184</u>	<u>246,178</u>
	<u>1,353,449</u>	<u>1,276,930</u>
	<u>₩ 2,835,778</u>	<u>₩ 2,547,620</u>

27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the three months ended March 31, 2013 and 2012, consist of the following:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Gain on valuation of equity-accounted investees, net	₩ 602,393	₩ 666,350
Gain on disposal of investments in associates, net	-	<u>113,351</u>
	<u>₩ 602,393</u>	<u>₩ 779,701</u>

28. FINANCIAL INCOME AND EXPENSES:

(1) Finance income for the three months ended March 31, 2013 and 2012, consist of the following:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Interest income	₩ 137,445	₩ 124,457
Gain on foreign exchange transaction	13,444	9,525
Gain on foreign currency translation	22,945	97,736
Dividend income	11,098	14,808
Income on financial guarantee	1,232	24
Gain on valuation of derivatives	19,752	27,305
Other	<u>2</u>	<u>107</u>
	<u>₩ 205,918</u>	<u>₩ 273,962</u>

(2) Finance expenses for the three months ended March 31, 2013 and 2012, consist of the following:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Interest expenses	₩ 87,460	₩ 111,023
Loss on foreign exchange transaction	8,498	7,147
Loss on foreign currency translation	35,426	44,741
Loss on disposal of trade notes and accounts receivable	3,262	2,631
Loss on valuation of financial liabilities at FVTPL	-	5,422
Loss on valuation of derivatives	10,442	16,687
Other	<u>-</u>	<u>4</u>
	<u>₩ 145,088</u>	<u>₩ 187,655</u>

29. OTHER INCOME AND EXPENSES:

(1) Other income for the three months ended March 31, 2013 and 2012, consist of the following:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Gain on foreign exchange transaction	₩ 88,870	₩ 122,867
Gain on foreign currency translation	124,014	173,774
Gain on disposal of property, plant and equipment	88,156	17,158
Gain on disposal of intangible assets	9,184	-
Commission income	12,514	10,744
Rental income	24,117	18,959
Other	<u>105,806</u>	<u>107,922</u>
	<u>₩ 452,661</u>	<u>₩ 451,424</u>

(2) Other expenses for the three months ended March 31, 2013 and 2012, consist of the following:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Loss on foreign exchange transaction	₩ 66,450	₩ 83,751
Loss on foreign currency translation	111,305	110,184
Donations	4,874	16,489
Loss on disposal of property, plant and equipment	5,287	6,359
Impairment loss on intangible assets	8,866	-
Other	<u>43,511</u>	<u>43,592</u>
	<u>₩ 240,293</u>	<u>₩ 260,375</u>

30. EXPENSES BY NATURE:

Expenses by nature for the three months ended March 31, 2013 and 2012, consist of the following:

<u>Description</u>	Three months ended March 31,	
	<u>2013</u>	<u>2012</u>
	(In millions of Korean Won)	
Changes in inventories	₩ (119,189)	₩ (827,903)
Raw materials and merchandise used	11,602,676	11,580,880
Employee benefits	1,963,578	1,768,266
Depreciation	431,915	411,942
Amortization	204,428	206,263
Other	<u>5,655,403</u>	<u>5,193,374</u>
Total (*)	<u>₩ 19,738,811</u>	<u>₩ 18,332,822</u>

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

31. EARNINGS PER COMMON SHARE:

Basic earnings per common share are computed by dividing profit available to common shares by the weighted-average number of common shares outstanding during the period. The Group does not compute diluted earnings per common share for the three months ended March 31, 2013 and 2012, as there are no dilutive items during the periods.

Basic earnings per common share for the three months ended March 31, 2013 and 2012, are computed as follows:

<u>Description</u>	Three months ended March 31,	
	<u>2013</u>	<u>2012</u>
	(In millions of Korean Won, except per share amounts)	
Profit attributable to owners of the Parent Company	₩ 1,945,265	₩ 2,301,710
Profit available to preferred stock	<u>(446,940)</u>	<u>(528,662)</u>
Profit available to common share	1,498,325	1,773,048
Weighted-average number of common shares outstanding (*)	<u>209,269,769 shares</u>	<u>209,269,769 shares</u>
Basic earnings per common share	<u>₩ 7,160</u>	<u>₩ 8,473</u>

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

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 three months ended March 31, 2013 and 2012, are 23.9% and 22.1%, respectively.

33. RETIREMENT BENEFIT PLAN:

- (1) Expenses recognized in relation to defined contribution plans for the three months ended March 31, 2013 and 2012, are as follows:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Paid in cash	₩ 1,228	₩ 1,161
Recognized liability	458	584
	<u>₩ 1,686</u>	<u>₩ 1,745</u>

- (2) Actuarial assumptions used by the Group as of March 31, 2013 and December 31, 2012, are as follows:

Description	March 31, 2013	December 31, 2012
Discount rate	3.95%	3.74%
Expected rate of salary increase	4.96%	4.74%

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Present value of defined benefit obligations	₩ 3,063,905	₩ 2,975,771
Fair value of plan assets	(2,140,012)	(2,154,022)
Net defined benefit liabilities	<u>₩ 923,893</u>	<u>₩ 821,749</u>

- (4) Changes in net defined benefit liabilities for the three months ended March 31, 2013, 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	₩ 2,975,771	₩ (2,154,022)	₩ 821,749
Current service cost	118,127	-	118,127
Interest expenses (income)	28,974	(20,803)	8,171
	<u>3,122,872</u>	<u>(2,174,825)</u>	<u>948,047</u>
Remeasurements:			
Return on plan assets	-	(2,066)	(2,066)
Actuarial gain from defined benefit obligations	(8,028)	-	(8,028)
	<u>(8,028)</u>	<u>(2,066)</u>	<u>(10,094)</u>
Contributions	-	(5,746)	(5,746)
Benefits paid	(61,923)	47,996	(13,927)
Transfer in	517	388	905
Effect of foreign exchange differences and other	10,467	(5,759)	4,708
End of the period	<u>₩ 3,063,905</u>	<u>₩ (2,140,012)</u>	<u>₩ 923,893</u>

Changes in net defined benefit liabilities for the three months ended March 31, 2012, 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	₩ 2,249,240	₩ (1,600,601)	₩ 648,639
Current service cost	98,979	-	98,979
Interest expenses (income)	27,399	(19,403)	7,996
	<u>2,375,618</u>	<u>(1,620,004)</u>	<u>755,614</u>
Remeasurements:			
Return on plan assets	-	(7,173)	(7,173)
Actuarial gain from defined benefit obligations	(11,334)	-	(11,334)
The effect of changes in accounting policies	-	927	927
	<u>(11,334)</u>	<u>(6,246)</u>	<u>(17,580)</u>
Contributions	-	(2,737)	(2,737)
Benefits paid	(40,266)	13,819	(26,447)
Transfer in (out)	1,501	(461)	1,040
Effect of foreign exchange differences and other	(1,199)	1,979	780
End of the period	<u>₩ 2,324,320</u>	<u>₩ (1,613,650)</u>	<u>₩ 710,670</u>

(5) Fair value of the plan assets as of March 31, 2013 and December 31, 2012, consist of the following:

Description	March 31, 2013	December 31, 2012
(In millions of Korean Won)		
Insurance instruments	₩ 1,924,412	₩ 1,948,010
Debt instruments	50,501	50,859
Other	165,099	155,153
	<u>₩ 2,140,012</u>	<u>₩ 2,154,022</u>

34. **CASH GENERATED FROM OPERATIONS:**

Cash generated from operations for the three months ended March 31, 2013 and 2012, is as follows:

Description	Three months ended March 31,	
	2013	2012
(In millions of Korean Won)		
Profit for the period	₩ 2,087,804	₩ 2,452,678
Adjustments:		
Post-employment benefits	126,298	107,559
Depreciation	431,915	411,942
Amortization of intangible assets	204,428	206,263
Provision for warranties	360,413	198,763
Income tax expense	656,328	696,852
Gain on foreign currency translation, net	(228)	(116,585)
Gain on disposal of property, plant and equipment, net	(82,869)	(10,799)
Interest income, net	(49,985)	(13,434)
Gain on valuation of equity-accounted investees, net	(602,393)	(666,350)
Gain on disposal of investments in associates, net	-	(113,351)
Cost of sales from financial services, net	911,603	720,491
Other	28,789	6,513
	<u>1,984,299</u>	<u>1,427,864</u>

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Changes in operating assets and liabilities:		
Decrease in trade notes and accounts receivable	₩ 191,067	₩ 437,157
Decrease (increase) in other receivables	541,393	(117,969)
Decrease in other financial assets	23,652	11,477
Increase in inventories	(50,674)	(509,079)
Decrease (increase) in other assets	219,965	(108,512)
Decrease in trade notes and accounts payable	(152,406)	(115,592)
Decrease in other payables	(1,795,500)	(264,755)
Increase in other liabilities	282,168	269,615
Increase (decrease) in other financial liabilities	1,832	(11,868)
Changes in net defined benefit liabilities	(4,841)	(917)
Payment of severance benefits	(13,927)	(26,447)
Decrease in provisions	(256,238)	(220,559)
Changes in financial services receivables	(139,415)	(313,868)
Increase in operating lease assets	(1,191,756)	(932,454)
Other	(2,624)	(7,927)
	<u>(2,347,304)</u>	<u>(1,911,698)</u>
Cash generated from operations	<u>₩ 1,724,799</u>	<u>₩ 1,968,844</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 March 31, 2013 and December 31, 2012, are as follows:

Description	March 31, 2013		December 31, 2012	
	(In millions of Korean Won)			
Total liabilities	₩	75,343,704	₩	73,620,239
Total equity		49,706,436		47,917,575
Debt-to-equity ratio		151.6%		153.6%

(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 currency 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 basically prohibited.

The Group's sensitivity to a 5% change in exchange rate of the functional currency against each foreign currencies on income before income tax as of March 31, 2013, is as follows:

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ (2,429)	₩ 2,429
EUR	(25,931)	25,931
JPY	(9,780)	9,780

The sensitivity analysis includes the Group's monetary assets and liabilities and derivative assets and 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. To manage the interest rate risk, the Group maintains an appropriate balance between borrowings with fixed and variable interest rates for short-term borrowings and has a policy to borrow funds with fixed interest rates to avoid the future cash flow fluctuation risk for long-term debt if possible. The Group manages its interest rate risk through regular assessments of the change in 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 March 31, 2013, is as follows:

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 9,274	₩ (9,274)
Short-term and long-term financial instruments	524	(524)
Borrowings and debentures	(54,417)	54,417

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from AFS equity instruments. As of March 31, 2013, the amount of AFS equity instruments measured at fair value is ₩1,409,313 million.

2) Credit risk

The Group is exposed to credit risk when a counterparty defaults on its contractual obligation resulting in financial loss to the Group. The Group operates a policy to transact with counterparties who only meet a certain level of credit rating, which was evaluated based on the counterparty's financial conditions, default history, and other factors. The credit risk in the liquid funds and derivative financial instruments is limited as the Group transacts only with financial institutions with high credit ratings assigned by international credit-rating agencies. Except for the guarantee of indebtedness discussed in Note 37, the book value of financial assets on 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 March 31, 2013, is as follows:

Description	Remaining contract period			Total
	Within one year	Within five years more than one year	More than five years	
(In millions of Korean Won)				
Non-interest-bearing liabilities	₩ 12,983,062	₩ 137,284	₩ 1,110	₩ 13,121,456
Interest-bearing liabilities	15,497,979	31,640,481	1,849,401	48,987,861
Financial guarantee	735,201	77,623	172,337	985,161

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

(3) Derivative instrument

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

As of March 31, 2013 and December 31, 2012, the Group deferred a net loss of ₩12,812 million and ₩1,112 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 54 months as of March 31, 2013.

For the three months ended March 31, 2013 and 2012, the Group recognized a net gain of ₩196,015 million and a net loss of ₩11,877 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) Significant transactions arising from operations for the three months ended March 31, 2013 and 2012, between the Group and related parties or affiliates by Monopoly Regulation And Fair Trade Act of the Republic of Korea (“Act”) are as follows:

Description	Three months ended March 31,			
	2013		2012	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions of Korean Won)			
Related parties:				
Entity with significant influence over the Company	₩ 587,820	₩ 2,240,322	₩ 123,406	₩ 2,074,249
Joint ventures and associates	1,348,707	2,122,678	1,032,049	2,229,026
Other related parties	2,458	312,483	4,340	292,445
Affiliates by Act	340,649	1,541,911	153,929	1,374,002

- (2) As of March 31, 2013 and December 31, 2012, significant balances related to the transactions between the Group and related parties or affiliates by Act are as follows:

Description	March 31, 2013		December 31, 2012	
	Receivables	Payables	Receivables	Payables
	(In millions of Korean Won)			
Related parties:				
Entity with significant influence over the Company	₩ 445,194	₩ 1,220,937	₩ 227,839	₩ 1,370,080
Joint ventures and associates	1,197,881	1,308,866	1,044,898	1,394,439
Other related parties	11,795	334,854	4,415	368,329
Affiliates by Act	374,342	962,780	383,874	923,755

- (3) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the three months ended March 31, 2013 and 2012, are as follows:

Description	Three months ended March 31,	
	2013	2012
	(In millions of Korean Won)	
Short-term employee salaries	₩ 32,570	₩ 42,309
Post-employment benefits	7,593	6,881
Other long-term benefits	71	74
	<u>₩ 40,234</u>	<u>₩ 49,264</u>

37. COMMITMENTS AND CONTINGENCIES:

- (1) As of March 31, 2013, the debt guarantees provided by the Group, excluding the Company's subsidiaries, are as follows:

Description	Domestic	Overseas (*)
	(In millions of Korean Won)	
Associates	₩ -	₩ 97,309
Others	145,503	973,997
Customer financing and lease financing	<u>39,202</u>	<u>-</u>
	<u>₩ 184,705</u>	<u>₩ 1,071,306</u>

- (*) The guarantee amounts in foreign currency are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd., as of March 31, 2013.
- (2) As of March 31, 2013, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and other. The Group obtains insurances for potential losses, which may result from product liabilities and other lawsuits. The Group is currently unable to estimate the outcome or the potential financial impact of such lawsuits, but expects it will not have a material effect on its consolidated financial statements.
- (3) As of March 31, 2013, the Group's property, plant and equipment are pledged as collateral for various loans up to ₩721,911 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) In 2006, the Group sold 10,658,367 shares of Hyundai Rotem Company, a subsidiary of the Company, to MSPE Metro Investment AB and entered into a shareholders' agreement. MSPE Metro Investment AB is entitled to a put option to sell those shares back to the Group in certain events (as defined) in accordance with the agreement. In relation to the agreement, the present value of exercise price of the put option is recognized as a liability (other financial liability) by the Group.
- (5) Hyundai Capital Services, Inc., a subsidiary of the Company, has a Revolving Credit Facility Agreement with the following financial institutions:

Financial institutions	Credit line
GE Capital European Funding & Co.	Euro worth of USD 700 million
Citi Bank, N.A.	USD 200 million
The Bank of Tokyo Mitsubishi UFJ., LTD.	USD 200 million
Mizuho Corporate Bank, Seoul Branch	KRW 65,000 million
JP Morgan, Seoul Branch	KRW 110,000 million
Citi Bank, Seoul	KRW 50,000 million
Standard Chartered, Seoul Branch	KRW 50,000 million
Societe Generale, Seoul Branch	KRW 110,000 million
Bank of China, Seoul	KRW 30,000 million
DBS Bank, Seoul	KRW 100,000 million
Credit Agricole, Seoul	KRW 100,000 million
RBS, Seoul	KRW 110,000 million
ING Bank, Seoul	KRW 100,000 million
Kookmin Bank	KRW 200,000 million
Korea Development Bank	KRW 60,000 million
Kyobo life insurance co., ltd.	KRW 50,000 million
Suhyeop Bank	KRW 20,000 million

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

Financial institutions	Credit line
GE Capital European Funding & Co.	Euro worth of USD 100 million
Woori Bank	KRW 200,000 million
Kookmin Bank	KRW 160,000 million
Shinhan Bank	KRW 100,000 million
NH Bank	KRW 100,000 million
Citi Bank, Seoul	KRW 50,000 million
Hana Bank	KRW 50,000 million
Suhyeop Bank	KRW 20,000 million

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

38. SEGMENT INFORMATION:

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

- (2) Sales and operating income by operating segments are as follows:

	For the three months ended March 31, 2013				
	Vehicle	Finance	Other	Consolidation adjustments	Total
(In millions of Korean Won)					
Total sales	₩ 25,299,754	₩ 2,508,251	₩ 1,552,699	₩ (7,993,645)	₩ 21,367,059
Intercompany sales	(7,636,628)	(75,414)	(281,603)	7,993,645	-
Net sales	₩ 17,663,126	₩ 2,432,837	₩ 1,271,096	₩ -	₩ 21,367,059
Operating income	₩ 1,501,004	₩ 295,345	₩ 81,341	₩ (9,149)	₩ 1,868,541
	For the three months ended March 31, 2012				
	Vehicle	Finance	Other	Consolidation adjustments	Total
(In millions of Korean Won)					
Sales	₩ 25,940,841	₩ 2,112,344	₩ 941,531	₩ (8,829,796)	₩ 20,164,920
Intercompany sales	(8,692,011)	(29,907)	(107,878)	8,829,796	-
Net sales	₩ 17,248,830	₩ 2,082,437	₩ 833,653	₩ -	₩ 20,164,920
Operating income	₩ 1,902,915	₩ 371,498	₩ 40,024	₩ (221,964)	₩ 2,092,473

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

	As of March 31, 2013				
	Vehicle	Finance	Other	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 79,608,476	₩ 54,977,868	₩ 6,068,117	₩ (15,604,321)	₩ 125,050,140
Total liabilities	32,890,010	47,646,537	3,977,018	(9,169,861)	75,343,704
Borrowings and debentures	5,155,133	42,019,803	2,043,069	(3,214,636)	46,003,369

	As of December 31, 2012				
	Vehicle	Finance	Other	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 77,264,305	₩ 53,424,342	₩ 5,742,620	₩ (14,893,453)	₩ 121,537,814
Total liabilities	31,596,447	46,410,502	3,729,628	(8,116,338)	73,620,239
Borrowings and debentures	5,424,506	40,721,836	1,875,225	(2,814,315)	45,207,252

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

	For the three months ended March 31, 2013						
	Korea	North America	Asia	Europe	Other	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 13,041,289	₩ 7,983,270	₩ 1,856,513	₩ 5,952,851	₩ 526,781	₩ (7,993,645)	₩ 21,367,059
Intercompany sales	(3,520,229)	(1,717,443)	(184,471)	(2,571,502)	-	7,993,645	-
Net sales	₩ 9,521,060	₩ 6,265,827	₩ 1,672,042	₩ 3,381,349	₩ 526,781	₩ -	₩ 21,367,059

	For the three months ended March 31, 2012						
	Korea	North America	Asia	Europe	Other	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 13,138,048	₩ 7,242,325	₩ 1,845,043	₩ 6,769,300	₩ -	₩ (8,829,796)	₩ 20,164,920
Intercompany sales	(3,777,342)	(1,615,043)	(157,525)	(3,279,886)	-	8,829,796	-
Net sales	₩ 9,360,706	₩ 5,627,282	₩ 1,687,518	₩ 3,489,414	₩ -	₩ -	₩ 20,164,920

(5) Non-current assets by region where the Group's entities are located in as of March 31, 2013 and December 31, 2012, are as follows:

	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Korea	₩ 18,386,911	₩ 18,596,981
North America	1,734,683	1,598,120
Asia	1,191,968	1,127,336
Europe	2,125,021	2,132,063
Other	536,687	491,205
	23,975,270	23,945,705
Consolidation adjustments	(39,632)	(39,797)
Total (*)	₩ 23,935,638	₩ 23,905,908

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

(6) There is no single external customer who has 10% or more of the Group's revenues for the three months ended March 31, 2013 and 2012.

39. CONSTRUCTION CONTRACTS:

Cost, income and loss and claimed construction from construction in progress as of March 31, 2013 and December 31, 2012, are as follows:

Description	March 31, 2013	December 31, 2012
	(In millions of Korean Won)	
Accumulated accrual cost	₩ 4,982,697	₩ 5,980,499
Accumulated income	598,454	660,495
Accumulated construction in process	5,581,151	6,640,994
Progress billing	(5,117,678)	(6,357,806)
Due from customers	936,022	781,136
Due to customers	(472,549)	(497,948)

40. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD:

The Company acquired shares of Hyundai Card Co., Ltd., a subsidiary of the Company, additionally on April 26, 2013. The Company's ownership percentage is 37.0% after the acquisition.