

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS ENDED
JUNE 30, 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 the 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 statement of financial position as of June 30, 2013 and the related consolidated statements of income, comprehensive income for the three months and six months ended June 30, 2013 and 2012, respectively, and the related consolidated statements of changes in equity and cash flows for the six months ended June 30, 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 42.4% and 42.3% of the consolidated total assets as of June 30, 2013 and December 31, 2012, respectively, and 49.1% and 49.5% of the consolidated total sales for the six months ended June 30, 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 the other independent accountants, 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 equity and cash flows for the year ended December 31, 2012 (not presented in the accompanying consolidated financial statements), 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 a comparative purpose in the accompanying financial statements does not differ, in all material respects, from 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, changes in equity 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

August 14, 2013

Notice to Readers

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

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS
ENDED JUNE 30, 2013 AND 2012**

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

Kim, Choong Ho
Chief Executive Officer
HYUNDAI MOTOR COMPANY

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2013 AND DECEMBER 31, 2012

ASSETS	NOTES	June 30, 2013	December 31, 2012
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	19	₩ 6,347,530	₩ 6,759,338
Short-term financial instruments	19	15,832,337	12,384,057
Trade notes and accounts receivable	3,19	3,972,000	3,686,824
Other receivables	4,19	2,551,220	2,304,410
Other financial assets	5,19	379,396	109,299
Inventories	6	6,702,016	6,772,864
Other assets	7,19	1,749,896	1,905,445
Current tax assets		49,040	34,575
Financial services receivables	13,19	20,232,441	20,867,467
Non-current assets classified as held for sale	8	22,387	23,307
Total current assets		57,838,263	54,847,586
Non-current assets:			
Long-term financial instruments	19	139,807	1,359
Long-term trade notes and accounts receivable	3,19	44,818	43,801
Other receivables	4,19	1,114,477	1,036,609
Other financial assets	5,19	1,785,147	1,594,464
Other assets	7,19	48,748	44,424
Property, plant and equipment	9,38	21,079,971	20,739,858
Investment property	10,38	282,280	282,832
Intangible assets	11,38	2,858,573	2,883,218
Investments in joint ventures and associates	12	14,044,371	13,117,731
Deferred tax assets		611,221	489,080
Financial services receivables	13,19	19,855,249	18,626,764
Operating lease assets	14	9,997,944	7,830,088
Total non-current assets		71,862,606	66,690,228
Total assets		₩ 129,700,869	₩ 121,537,814

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2013 AND DECEMBER 31, 2012 (CONTINUED)

LIABILITIES AND EQUITY	NOTES	June 30, 2013	December 31, 2012
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	19	₩ 7,520,560	₩ 6,841,326
Other payables	19	3,464,886	4,542,007
Short-term borrowings	15,19	5,871,381	6,781,749
Current portion of long-term debt and debentures	15,19	9,211,652	7,912,341
Income tax payable		763,326	550,847
Provisions	16	1,970,038	1,768,014
Other financial liabilities	17,19	182,949	148,311
Other liabilities	18,19	5,304,051	4,291,104
Total current liabilities		34,288,843	32,835,699
Non-current liabilities:			
Long-term other payables	19	13,909	8,271
Debentures	15,19	27,676,655	26,370,689
Long-term debt	15,19	4,384,499	4,142,473
Net defined benefit liabilities	33	970,967	821,749
Provisions	16	5,490,097	5,240,744
Other financial liabilities	17,19	148,639	356,193
Other liabilities	18,19	1,604,976	1,482,358
Deferred tax liabilities		2,822,952	2,362,063
Total non-current liabilities		43,112,694	40,784,540
Total liabilities		77,401,537	73,620,239
Equity:			
Capital stock	20	1,488,993	1,488,993
Capital surplus	21	4,105,389	4,158,988
Other capital items	22	(1,128,779)	(1,128,779)
Accumulated other comprehensive income	23	19,765	(473,373)
Retained earnings	24	43,828,429	39,993,230
Equity attributable to the owners of the Parent Company		48,313,797	44,039,059
Non-controlling interests		3,985,535	3,878,516
Total equity		52,299,332	47,917,575
Total liabilities and equity		₩ 129,700,869	₩ 121,537,814

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012

	NOTES	2013		2012	
		Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won, except per share amounts)					
Sales	25,38	₩ 23,183,445	₩ 44,550,504	₩ 21,940,191	₩ 42,105,111
Cost of sales	30	17,864,830	34,527,570	16,530,860	32,055,687
Gross profit		5,318,615	10,022,934	5,409,331	10,049,424
Selling and administrative expenses	26,30	2,912,130	5,747,908	2,871,185	5,418,805
Operating income		2,406,485	4,275,026	2,538,146	4,630,619
Gain on investments in joint ventures and associates, net	27	810,800	1,413,193	624,944	1,404,645
Finance income	28	168,894	355,836	240,010	469,516
Finance expenses	28	182,089	308,201	221,826	365,025
Other income	29	325,516	737,451	280,987	619,365
Other expenses	29,30	334,383	533,950	315,864	463,193
Income before income tax		3,195,223	5,939,355	3,146,397	6,295,927
Income tax expense	32	671,687	1,328,015	598,443	1,295,295
Profit for the period		₩ 2,523,536	₩ 4,611,340	₩ 2,547,954	₩ 5,000,632
Profit attributable to:					
Owners of the Parent Company		2,400,887	4,346,152	2,447,007	4,748,717
Non-controlling interests		122,649	265,188	100,947	251,915
Earnings per share attributable to the owners of the Parent Company:	31				
Basic earnings per common share		₩ 8,838	₩ 15,998	₩ 9,008	₩ 17,480
Diluted earnings per common share		₩ 8,838	₩ 15,998	₩ 9,008	₩ 17,480

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012

	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Profit for the period	₩ 2,523,536	₩ 4,611,340	₩ 2,547,954	₩ 5,000,632
Other comprehensive income (expenses):				
Items not to be reclassified subsequently to profit or loss:				
The effect of changes in accounting policies	-	-	(1,222)	(2,447)
Remeasurements of defined benefit plans	7,579	10,736	(12,685)	(1,581)
Changes in retained earnings of equity-accounted investees, net	12,550	(2,778)	13,261	(720)
	<u>20,129</u>	<u>7,958</u>	<u>(646)</u>	<u>(4,748)</u>
Items to be reclassified subsequently to profit or loss:				
Loss on valuation of Available-for-sale (“AFS”) financial assets, net	(2,757)	(104,651)	(85,662)	(38,124)
Gain (loss) on valuation of cash flow hedge derivatives, net	(36,875)	(58,450)	27,221	57,859
Changes in valuation of equity-accounted investees, net	157,384	242,366	(13,300)	(26,284)
Gain (loss) on foreign operations translation, net	139,842	413,548	(242,520)	(210,809)
	<u>257,594</u>	<u>492,813</u>	<u>(314,261)</u>	<u>(217,358)</u>
Total other comprehensive income	<u>277,723</u>	<u>500,771</u>	<u>(314,907)</u>	<u>(222,106)</u>
Total comprehensive income	<u>₩ 2,801,259</u>	<u>₩ 5,112,111</u>	<u>₩ 2,233,047</u>	<u>₩ 4,778,526</u>
Comprehensive income attributable to:				
Owners of the Parent Company	2,683,910	4,849,686	2,137,682	4,507,381
Non-controlling interests	117,349	262,425	95,365	271,145
Total comprehensive income	<u>₩ 2,801,259</u>	<u>₩ 5,112,111</u>	<u>₩ 2,233,047</u>	<u>₩ 4,778,526</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total equity attributable to the owners of the Parent Company	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:								
Effect of changes in accounting policies	-	-	-	-	(2,401)	(2,401)	(46)	(2,447)
Profit for the period	-	-	-	-	4,748,717	4,748,717	251,915	5,000,632
Gain (loss) on valuation of AFS financial assets, net	-	-	-	(38,389)	-	(38,389)	265	(38,124)
Gain on valuation of cash flow hedge derivatives, net	-	-	-	30,851	-	30,851	27,008	57,859
Changes in valuation of equity-accounted investees, net	-	-	-	(25,993)	(720)	(26,713)	(291)	(27,004)
Remeasurements of defined benefit plans	-	-	-	-	(1,228)	(1,228)	(353)	(1,581)
Loss on foreign operations translation, net	-	-	-	(203,456)	-	(203,456)	(7,353)	(210,809)
Total comprehensive income	-	-	-	(236,987)	4,744,368	4,507,381	271,145	4,778,526
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(480,105)	(480,105)	(38)	(480,143)
Increase in subsidiaries' stock	-	49,986	-	-	-	49,986	225,682	275,668
Total transactions with owners, recorded directly in equity	-	49,986	-	-	(480,105)	(430,119)	225,644	(204,475)
Balance at June 30, 2012	<u>₩ 1,488,993</u>	<u>₩ 4,163,996</u>	<u>₩ (1,128,779)</u>	<u>₩ 138,294</u>	<u>₩ 36,527,791</u>	<u>₩ 41,190,295</u>	<u>₩ 3,711,458</u>	<u>₩ 44,901,753</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (CONTINUED)

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total equity attributable to the owners of the Parent Company	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	-	-	-	-	4,346,152	4,346,152	265,188	4,611,340
Gain (loss) on valuation of AFS financial assets, net	-	-	-	(105,042)	-	(105,042)	391	(104,651)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(33,261)	-	(33,261)	(25,189)	(58,450)
Changes in valuation of equity-accounted investees, net	-	-	-	240,928	(2,778)	238,150	1,438	239,588
Remeasurements of defined benefit plans	-	-	-	-	13,174	13,174	(2,438)	10,736
Gain on foreign operations translation, net	-	-	-	390,513	-	390,513	23,035	413,548
Total comprehensive income	-	-	-	493,138	4,356,548	4,849,686	262,425	5,112,111
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(520,832)	(520,832)	(33,177)	(554,009)
Purchase of subsidiaries' stock	-	(53,599)	-	-	-	(53,599)	(121,676)	(175,275)
Other	-	-	-	-	(517)	(517)	(553)	(1,070)
Total transactions with owners, recorded directly in equity	-	(53,599)	-	-	(521,349)	(574,948)	(155,406)	(730,354)
Balance at June 30, 2013	₩ 1,488,993	₩ 4,105,389	₩ (1,128,779)	₩ 19,765	₩ 43,828,429	₩ 48,313,797	₩ 3,985,535	₩ 52,299,332

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

	NOTES	Six months ended June 30,	
		2013	2012
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	34		
Profit for the period		₩ 4,611,340	₩ 5,000,632
Adjustments		3,994,506	3,449,842
Changes in operating assets and liabilities		(3,312,828)	(4,071,253)
		5,293,018	4,379,221
Interest received		390,832	304,232
Interest paid		(697,937)	(851,165)
Dividend received		766,351	630,676
Income tax paid		(808,242)	(1,157,963)
Net cash provided by operating activities		4,944,022	3,305,001
Cash flows from investing activities:			
Purchase of short-term financial instruments, net		(1,984,651)	(1,226,199)
Proceeds from disposals of other financial assets		5,733	25,291
Proceeds from disposals of other receivables		48,096	77,476
Proceeds from disposals of property, plant and equipment		249,815	49,912
Proceeds from disposals of intangible assets		11,568	1,477
Proceeds from disposals of investments in joint ventures and associates		-	220,871
Acquisitions of other financial assets		(64,049)	(5,256)
Acquisitions of other receivables		(54,801)	(80,438)
Purchases of long-term financial instruments		(1,609,134)	(1,160,000)
Acquisitions of property, plant and equipment		(1,252,407)	(1,109,756)
Acquisitions of intangible assets		(364,277)	(325,674)
Acquisitions of investments in subsidiaries		-	(182,796)
Acquisitions of investments in joint ventures and associates		(22,965)	(123,492)
Other cash receipts (payments) from investing activities, net		5,571	(992)
Net cash used in investing activities		(5,031,501)	(3,839,576)

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (CONTINUED)

	NOTES	Six months ended June 30,	
		2013	2012
		(In millions of Korean Won)	
Cash flows from financing activities:			
Repayment of short-term borrowings, net	₩	(1,216,281)	₩ (10,332)
Proceeds from long-term debt and debentures		13,240,921	7,797,342
Paid-in capital increase of subsidiaries		-	277,466
Purchases of subsidiaries' stock		(175,275)	-
Repayment of long-term debt and debentures		(11,680,926)	(5,991,068)
Repayment of other financial liabilities		-	(173,418)
Dividends paid		(554,009)	(480,143)
Other cash payments from financing activities, net		(16,735)	(14,000)
Net cash provided by (used in) financing activities		<u>(402,305)</u>	<u>1,405,847</u>
Effect of exchange rate changes on cash and cash equivalents		77,976	(70,867)
Net increase (decrease) in cash and cash equivalents		(411,808)	800,405
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><u>6,347,530</u></u>	₩ <u><u>7,032,351</u></u>

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 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 June 30, 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 June 30, 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. (*)	"	"	36.96%	
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 Xinhuaqiyuetong 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 100.00%
Hyundai Capital Europe GmbH	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.40%
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	Russia	100.00%	HMCIS B.V 100.00%
Hyundai Capital Services Limited Liability Company	Financing	"	100.00%	Hyundai Capital Europe 100.00%
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	Turkey	89.29%	
Hyundai Eurotem Demiryolu Araclarive Ticaret 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%	
ING Lion Private Equity Security Investment Trust Security No.45	Investment	Korea	100.00%	
Shinhan BNPP Private Corporate Security Investment Trust No.27	"	"	100.00%	
Miraeasset Triumph Private Equity Security Investment Trust No.13	"	"	100.00%	
IBK Panorama Private Equity Security Investment Trust No.50	"	"	100.00%	
Woori Frontier Private Equity Security Investment Trust No.5	"	"	100.00%	
KTB Safe Private Equity Security Investment Trust No.78	"	"	100.00%	
Autopia Thirty-Fifth ~ Thirty-Sixth Asset Securitization Specialty Company (*)	Financing	"	0.90%	Hyundai Capital Services 0.90%
Autopia Forty-Second ~ Forty-Seventh Asset Securitization Specialty Company (*)	"	"	0.90%	"

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Autopia Forty-Ninth~Fiftieth Asset Securitization Specialty Company (*)	Financing	Korea	0.50%	Hyundai Capital Services 0.50%
HB the Third Securitization Specialty Company (*)	"	"	0.90%	Hyundai Capital Services 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%	"
Hyundai Lease Titling Trust	"	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding One, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai Auto Lease Funding, LLC	"	"	100.00%	"
Hyundai ABS Funding Corporation	"	"	100.00%	"
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%	"
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	Financing	Brazil	100.00%	Hyundai Capital Services 100.00%

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

(2) Condensed financial information of the Company's major consolidated subsidiaries as of and for the six months ended June 30, 2013, is as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Net income
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 21,829,728	₩ 18,595,930	₩ 1,835,470	₩ 248,153
Hyundai Card Co., Ltd. (*)	10,769,616	8,493,303	1,307,475	83,316
Hyundai Rotem Company (*)	4,307,166	3,059,024	1,474,012	64,828
Hyundai KEFICO Corporation (*)	862,732	493,400	842,371	47,889
HCA (*)	24,044,720	21,932,625	2,134,102	197,240
HMA	6,912,706	4,184,913	8,551,535	381,356
HMMC	3,019,018	1,568,890	2,777,163	213,708
HMMA	3,339,175	1,677,791	3,851,783	262,233
HMI (*)	2,426,802	1,365,960	2,571,038	108,878
HMMR	1,259,477	626,325	1,402,685	109,484
HME (*)	1,165,357	1,119,768	2,672,591	1,605
HMCIS	929,452	582,346	1,885,686	75,123
HAC (*)	1,060,271	652,309	1,726,941	28,690
HMCA	772,171	613,456	1,186,028	35,986

(*) 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

Subsidiaries newly included in and excluded from consolidation for the six months ended June 30, 2013, are as follows:

Changes	Name of subsidiaries	Description
Included	ING Lion Private Equity Security Investment Trust Security No.45	Acquisition
"	Shinhan BNPP Private Corporate Security Investment Trust No.27	"
"	Miraeasset Triumph Private Equity Security Investment Trust No.13	"
"	IBK Panorama Private Equity Security Investment Trust No.50	"
"	Woori Frontier Private Equity Security Investment Trust No.5	"
"	KTBSafe Private Equity Security Investment Trust No.78	"
"	Autopia Fiftieth Asset Securitization Specialty Company	"
"	Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	"
Excluded	Autopia Thirty-seventh Asset Securitization Specialty Company	Dissolution
"	Autopia Thirty-ninth Asset Securitization Specialty Company	"
"	Autopia Fortieth Asset Securitization Specialty Company	"

(5) Increases in the Company's ownership interests in its subsidiaries and the consequent effects on the equity attributable to the owners of the Parent Company for the six months ended June 30, 2013, are as follows:

Description	Hyundai Card (*)
	(In millions of Korean Won)
Ownership percentage before transaction	31.52%
Ownership percentage after transaction	36.96%
Purchase consideration	₩ 175,275
Changes in non-controlling interests	(121,676)
Changes in capital surplus	(53,599)

(*) The Company acquired 5.44% of shares of Hyundai Card Co., Ltd., a subsidiary of the Company, from Hyundai Steel Company, an affiliate by Monopoly Regulation And Fair Trade Act of the Republic of Korea for the six months ended June 30, 2013.

(6) 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 has 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 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 six months ended June 30, 2013, 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 and revised 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 six months ended June 30, 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 six months ended June 30, 2012, are restated accordingly. As a result of the change in accounting policies, for the six months ended June 30, 2012, cost of sales decreased by ₩2,437 million and selling and administrative expenses, gain on investments in joint ventures and associates and income tax expense increased by ₩585 million, ₩829 million, and ₩234 million, respectively. In addition, for the three months ended June 30, 2012, cost of sales decreased by ₩1,219 million and selling and administrative expenses, gain on investments in joint ventures and associates and income tax expense increased by ₩294 million, ₩414 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 venturer, 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 and revised 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 judgments and key sources of estimation uncertainties

In the preparation of the Group's interim consolidated financial statements, management is required to apply accounting policies and make judgments, estimation and assumptions affecting the carrying amounts of assets and liabilities, income and expenses. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations. The management's significant judgments 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 June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 4,007,928	₩ 49,516	₩ 3,716,367	₩ 48,513
Allowance for doubtful accounts	(35,928)	-	(29,543)	-
Present value discount accounts	-	(4,698)	-	(4,712)
	<u>₩ 3,972,000</u>	<u>₩ 44,818</u>	<u>₩ 3,686,824</u>	<u>₩ 43,801</u>

(2) Aging analysis of trade receivables

As of June 30, 2013 and December 31, 2012, total trade notes and accounts receivable that are past due, but not impaired, amount to ₩271,377 million and ₩390,632 million, respectively; of which ₩215,775 million and ₩335,898 million, respectively, are past due less than 90 days, but not impaired. As of June 30, 2013 and December 31, 2012, the impaired trade notes and accounts receivable amount to ₩35,928 million and ₩29,543 million, respectively.

(3) The changes in allowance for doubtful accounts for the three months and six months ended June 30, 2013 and 2012, are as follows:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Beginning of the period	₩ 35,514	₩ 29,543	₩ 28,988	₩ 40,346
Impairment loss	(142)	5,820	4,255	7,177
Write-off	(36)	(160)	(3,864)	(22,301)
Effect of foreign exchange differences	592	725	632	(568)
Changes in scope of consolidation	-	-	-	5,357
End of the period	<u>₩ 35,928</u>	<u>₩ 35,928</u>	<u>₩ 30,011</u>	<u>₩ 30,011</u>

4. OTHER RECEIVABLES:

Other receivables as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accounts receivables – others	₩ 1,458,055	₩ 820,396	₩ 1,458,809	₩ 761,943
Due from customers for contract work	1,035,924	-	781,136	-
Lease and rental deposits	46,521	276,006	54,924	259,040
Deposits	13,139	24,706	11,293	23,594
Others	3,122	-	3,489	-
Allowance for doubtful accounts	(5,541)	-	(5,241)	-
Present value discount accounts	-	(6,631)	-	(7,968)
	<u>₩ 2,551,220</u>	<u>₩ 1,114,477</u>	<u>₩ 2,304,410</u>	<u>₩ 1,036,609</u>

5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 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"):				
Held for trading non-derivative financial assets	₩ 272,983	₩ -	₩ -	₩ -
Derivative assets	10,835	37,226	67,666	19,486
Financial assets designated as at FVTPL	639	-	-	-
	<u>284,457</u>	<u>37,226</u>	<u>67,666</u>	<u>19,486</u>
Derivative assets that are effective hedging instruments	23,899	86,697	15,060	20,745
Available-for-sale financial assets	56,397	1,423,462	12,394	1,544,141
Held-to-maturity ("HTM") financial assets	-	-	27	35
Loans	14,643	237,762	14,152	10,057
	<u>₩ 379,396</u>	<u>₩ 1,785,147</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 June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013			December 31, 2012
	Acquisition cost	Valuation difference	Book value	Book value
(In millions of Korean Won)				
Debt instruments	₩ 70,238	₩ (1,563)	₩ 68,675	₩ 15,074
Equity instruments	678,289	732,895	1,411,184	1,541,461
	<u>₩ 748,527</u>	<u>₩ 731,332</u>	<u>₩ 1,479,859</u>	<u>₩ 1,556,535</u>

(3) Equity instruments classified into AFS financial assets as of June 30, 2013 and December 31, 2012, consist of the following:

Name of the company	Ownership percentage (%)	June 30, 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	₩ 344,941	₩ 401,865	₩ 529,980
Hyundai Glovis Co., Ltd.	4.88	210,688	143,599	354,287	405,553
Korea Aerospace Industries, Co., Ltd.	10.00	151,086	146,213	297,299	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	26,534	41,539	39,231
Doosan Capital Co., Ltd.	7.14	10,000	3,508	13,508	13,508
Hyundai Development Company	0.60	9,025	2,225	11,250	9,743
Hyundai Finance Corporation	9.29	9,888	676	10,564	11,065
Hyundai Merchant Marine Co., Ltd.	0.45	9,161	818	9,979	16,355
KT Corporation	0.09	8,655	(60)	8,595	8,523
Ubivelo Co., Ltd.	5.19	1,710	5,713	7,423	7,860
NICE Holdings Co., Ltd.	1.30	3,491	1,376	4,867	3,127
NICE Information Service Co., Ltd.	2.25	3,312	581	3,893	3,729
Hyundai Asan Corporation	2.07	22,500	(20,383)	2,117	2,117
NESSCAP, Inc.	4.53	1,997	(1,553)	444	1,199
Others		69,334	(5,049)	64,285	58,229
		<u>₩ 678,289</u>	<u>₩ 732,895</u>	<u>₩ 1,411,184</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 June 30, 2013, the valuation difference between the book value and the acquisition cost of AFS equity instruments includes the cumulative impairment loss of ₩23,164 million.

6. INVENTORIES:

Inventories as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013		December 31, 2012	
	(In millions of Korean Won)			
Finished goods	₩	3,412,010	₩	3,476,869
Merchandise		101,558		294,875
Semi-finished goods		392,617		382,434
Work in progress		395,934		367,896
Raw materials		1,205,477		1,110,764
Supplies		190,161		170,736
Materials in transit		484,868		544,688
Others		519,391		424,602
	₩	6,702,016	₩	6,772,864

7. OTHER ASSETS:

Other assets as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 341,248	₩ 628	₩ 403,645	₩ 329
Advanced payments	819,224	-	517,543	-
Prepaid expenses	296,874	16,464	247,320	44,095
Prepaid value added tax and other	292,550	31,656	736,937	-
	₩ 1,749,896	₩ 48,748	₩ 1,905,445	₩ 44,424

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

Non-current assets classified as held for sale as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013		December 31, 2012	
	(In millions of Korean Won)			
Land	₩	19,995	₩	19,995
Buildings		2,392		3,312
	₩	22,387	₩	23,307

Due to the contract for disposal, the relevant land and buildings are classified as non-current assets held for sale as of June 30, 2013 and the assets will be disposed within 12 months. No impairment loss on non-current assets classified as held for sale has been recognized for the six months ended June 30, 2013.

9. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment for the six months ended June 30, 2013 and 2012, are as follows:

Description	Six months ended June 30,	
	2013	2012
	(In millions of Korean Won)	
Beginning of the period	₩ 20,739,858	₩ 19,548,048
Acquisitions	1,252,407	1,109,756
Acquisitions from business combinations	-	17,098
Disposals	(169,778)	(53,241)
Depreciation	(868,935)	(817,698)
Others (*)	126,419	(153,791)
End of the period	₩ 21,079,971	₩ 19,650,172

(*) Others include the effect of foreign exchange differences and transfers from or to other accounts.

10. INVESTMENT PROPERTY:

(1) The changes in investment property for the six months ended June 30, 2013 and 2012, are as follows:

Description	Six months ended June 30,	
	2013	2012
	(In millions of Korean Won)	
Beginning of the period	₩ 282,832	₩ 282,427
Transfers	423	-
Disposals	(582)	-
Depreciations	(5,825)	(5,862)
Effect of foreign exchange differences	5,432	(424)
End of the period	₩ 282,280	₩ 276,141

(2) Income and expenses related to investment property for the three months and six months ended June 30, 2013 and 2012, are as follows:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Rental income	₩ 8,042	₩ 17,344	₩ 7,232	₩ 15,248
Operating and maintenance expenses	3,516	6,680	3,034	6,142

11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the six months ended June 30, 2013 and 2012, are as follows:

Description	Six months ended June 30,	
	2013	2012
	(In millions of Korean Won)	
Beginning of the period	₩ 2,883,218	₩ 2,660,109
Internal developments and separate acquisitions	364,277	325,674
Acquisitions from business combinations	-	94,702
Disposals	(2,851)	(1,511)
Amortization	(410,736)	(418,283)
Impairment loss	(16,340)	-
Others (*)	41,005	21,766
End of the period	₩ 2,858,573	₩ 2,682,457

(*) Others include the effect of foreign exchange differences and transfers from or to other accounts.

- (2) Research and development expenditure for the three months and six months ended June 30, 2013 and 2012, are as follows:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Development costs	₩ 164,208	₩ 286,164	₩ 137,701	₩ 243,429
Ordinary developments (manufacturing cost)	56,114	119,459	70,370	109,578
Research costs (administrative expenses)	166,282	303,580	155,633	292,018
	<u>₩ 386,604</u>	<u>₩ 709,203</u>	<u>₩ 363,704</u>	<u>₩ 645,025</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 and each time there is any indication that the goodwill may be impaired.

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

- (1) Investments in joint ventures and associates as of June 30, 2013 and December 31, 2012, consist of the following:

Name of the company	Nature of the business	Location	June 30, 2013		December 31, 2012
			Ownership Percentage (%)	Book value (In millions of Korean Won)	Book value
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	₩ 1,676,297	₩ 1,657,185
Hyundai Motor Group China, Ltd. (HMGC) (*1)	Investment	China	50.00	145,488	103,450
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	22.00	132,002	107,253
Kia Motors Corporation	Manufacturing	Korea	33.88	6,225,314	5,638,238
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,037,124	3,023,813
Hyundai HYSCO Co., Ltd.	Manufacturing	Korea	29.37	657,464	615,271
Hyundai WIA Corporation	Manufacturing	Korea	26.79	541,589	484,518
Hyundai Powertech Co., Ltd.	Manufacturing	Korea	37.58	325,043	299,075
Hyundai Dymos Inc.	Manufacturing	Korea	47.27	258,581	233,660
HMC Investment Securities Co., Ltd.	Securities brokerage	Korea	26.27	217,272	217,187
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	147,513	127,881
Hyundai Commercial Inc.	Financing	Korea	50.00	123,499	121,597
Others				557,185	488,603
				<u>₩ 14,044,371</u>	<u>₩ 13,117,731</u>

(*1) Joint ventures.

(*2) As the Group is considered to be able to exercise significant influence by representation in the board of directors of the investee and for 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 six months ended June 30, 2013, are as follows:

Name of the company	Beginning of the period	Acquisitions (Dispositions)	Gain on valuation	Others (*)	End of the period
(In millions of Korean Won)					
BHMC	₩ 1,657,185	₩ -	₩ 489,016	₩ (469,904)	₩ 1,676,297
HMGC	103,450	17,432	12,020	12,586	145,488
WAE	107,253	-	14,620	10,129	132,002
Kia Motors Corporation	5,638,238	-	649,019	(61,943)	6,225,314
Hyundai Engineering & Construction Co., Ltd.	3,023,813	-	31,296	(17,985)	3,037,124
Hyundai HYSCO Co., Ltd.	615,271	-	43,120	(927)	657,464
Hyundai WIA Corporation	484,518	-	50,734	6,337	541,589
Hyundai Powertech Co., Ltd.	299,075	-	23,372	2,596	325,043
Hyundai Dymos Inc.	233,660	-	22,214	2,707	258,581
HMC Investment Securities Co., Ltd.	217,187	-	2,501	(2,416)	217,272
Eukor Car Carriers Inc.	127,881	-	18,390	1,242	147,513
Hyundai Commercial Inc.	121,597	-	7,408	(5,506)	123,499
Others	488,603	5,533	49,483	13,566	557,185
	<u>₩ 13,117,731</u>	<u>₩ 22,965</u>	<u>₩ 1,413,193</u>	<u>₩ (509,518)</u>	<u>₩ 14,044,371</u>

(*) Others consist 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 six months ended June 30, 2012, are as follows:

Name of the company	Beginning of the period	Acquisitions (Dispositions)	Gain on valuation	Others (*)	End of the period
(In millions of Korean Won)					
BHMC	₩ 1,553,871	₩ -	₩ 265,254	₩ (484,798)	₩ 1,334,327
HMGC	128,318	-	33,697	(79,320)	82,695
WAE	81,260	7,331	3,032	(421)	91,202
Kia Motors Corporation	4,565,683	-	759,063	(129,075)	5,195,671
Hyundai Engineering & Construction Co., Ltd.	3,011,421	-	17,206	(11,612)	3,017,015
Hyundai HYSCO Co., Ltd.	449,438	101,711	45,493	(6,369)	590,273
Hyundai WIA Corporation	482,996	(98,597)	55,259	(6,246)	433,412
Hyundai Powertech Co., Ltd.	254,066	-	32,181	32	286,279
Hyundai Dymos Inc.	194,332	-	15,740	3,071	213,143
HMC Investment Securities Co., Ltd.	210,511	-	2,709	1,768	214,988
Eukor Car Carriers Inc.	111,312	-	12,347	(7,303)	116,356
Hyundai Commercial Inc.	122,364	-	18,422	(10,240)	130,546
Others	543,666	14,450	30,891	(65,408)	523,599
	<u>₩ 11,709,238</u>	<u>₩ 24,895</u>	<u>₩ 1,291,294</u>	<u>₩ (795,921)</u>	<u>₩ 12,229,506</u>

(*) Others consist 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 six months ended June 30, 2013, is as follows:

Name of the company	Assets	Liabilities	Sales	Net income
	(In millions of Korean Won)			
BHMC	₩ 7,564,644	₩ 4,159,939	₩ 8,905,952	₩ 986,406
HMGC	508,470	191,397	929,479	34,315
WAE	1,442,629	839,054	774,248	65,481
Kia Motors Corporation	35,778,369	17,136,868	24,197,427	1,964,810
Hyundai Engineering & Construction Co., Ltd.	13,589,858	8,642,770	6,331,918	279,629
Hyundai HYSCO Co., Ltd.	5,648,166	3,648,090	3,876,236	145,640
Hyundai WIA Corporation	4,654,819	2,561,767	3,626,861	192,268
Hyundai Powertech Co., Ltd.	2,015,092	1,116,704	1,564,627	70,849
Hyundai Dymos Inc.	1,510,102	966,096	1,055,462	39,380
HMC Investment Securities Co., Ltd. (*)	5,552,140	4,877,453	504,340	9,521
Eukor Car Carriers Inc.	2,808,090	1,581,001	1,300,958	150,122
Hyundai Commercial Inc.	4,160,540	3,815,632	167,661	21,769

- (*) 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 six months ended June 30, 2012, is as follows:

Name of the company	Assets	Liabilities	Sales	Net income
	(In millions of Korean Won)			
BHMC	₩ 5,687,413	₩ 2,973,988	₩ 5,881,217	₩ 533,278
HMGC	566,445	375,737	1,086,912	60,846
WAE	1,136,351	701,770	498,633	33,235
Kia Motors Corporation	32,794,621	17,313,595	24,340,909	2,300,544
Hyundai Engineering & Construction Co., Ltd.	12,236,813	7,691,213	5,886,916	243,236
Hyundai HYSCO Co., Ltd.	5,018,215	3,248,647	4,332,507	164,653
Hyundai WIA Corporation	4,390,485	2,725,973	3,337,055	185,781
Hyundai Powertech Co., Ltd.	1,933,460	1,139,048	1,485,168	84,478
Hyundai Dymos Inc.	965,047	509,729	719,741	31,071
HMC Investment Securities Co., Ltd. (*)	5,035,937	4,369,945	697,749	10,401
Eukor Car Carriers Inc.	2,499,997	1,531,311	1,542,512	158,467
Hyundai Commercial Inc.	3,824,277	3,479,695	170,315	27,982

- (*) 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 June 30, 2013, is as follows:

Name of the company	Price per share	Total number of shares	Market value
	(In millions of Korean Won, except price per share)		
Kia Motors Corporation	₩ 62,100	137,318,251	₩ 8,527,463
Hyundai Engineering & Construction Co., Ltd.	55,900	23,327,400	1,304,002
Hyundai HYSCO Co., Ltd.	34,250	23,554,188	806,731
Hyundai WIA Corporation	170,000	6,893,596	1,171,911
HMC Investment Securities Co., Ltd.	11,500	7,705,980	88,619

13. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013	December 31, 2012
(In millions of Korean Won)		
Loans	₩ 28,879,790	₩ 27,922,539
Card receivables	9,145,174	9,744,711
Financial lease receivables	2,996,610	2,836,499
Others	38,527	6,951
	<u>41,060,101</u>	<u>40,510,700</u>
Allowance of doubtful accounts	(792,637)	(749,166)
Loan origination fee	(174,430)	(259,716)
Present value discount accounts	(5,344)	(7,587)
	<u>₩ 40,087,690</u>	<u>₩ 39,494,231</u>

(2) Aging analysis of financial services receivables

As of June 30, 2013 and December 31, 2012, total financial services receivables that are past due, but not impaired, amount to ₩1,310,127 million and ₩1,384,125 million, respectively; all of them are past due less than 90 days. As of June 30, 2013 and December 31, 2012, the impaired financial services receivables amount to ₩458,558 million and ₩631,406 million, respectively.

(3) The changes in allowance for doubtful accounts of financial services receivables for the three months and six months ended June 30, 2013 and 2012, are as follows:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Beginning of the period	₩ 780,936	₩ 749,166	₩ 707,037	₩ 729,047
Impairment loss	160,238	308,700	79,976	222,447
Write-off	(105,002)	(206,434)	(97,921)	(198,368)
Effect of foreign exchange differences	6,090	13,395	2,752	(119)
Transfers and others	(49,625)	(72,190)	18,694	(42,469)
End of the period	<u>₩ 792,637</u>	<u>₩ 792,637</u>	<u>₩ 710,538</u>	<u>₩ 710,538</u>

(4) Gross investments in financial lease and their present value of minimum lease receipts as of June 30, 2013 and December 31, 2012, are as follows:

Description	June 30, 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)				
Not later than one year	₩ 1,448,899	₩ 1,235,241	₩ 1,366,499	₩ 1,093,879
Not later than five years and later than one year	1,933,256	1,753,702	1,812,227	1,742,481
Later than five years	195	194	140	139
	<u>₩ 3,382,350</u>	<u>₩ 2,989,137</u>	<u>₩ 3,178,866</u>	<u>₩ 2,836,499</u>

(5) Unearned interest income of financial leases as of June 30, 2013 and December 31, 2012, are as follows:

Description	June 30, 2013	December 31, 2012
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 3,382,350	₩ 3,178,866
Net lease investments:		
Present value of minimum lease receipts	2,989,137	2,836,499
Present value of unguaranteed residual value	7,473	-
	2,996,610	2,836,499
Unearned interest income	₩ 385,740	₩ 342,367

14. OPERATING LEASE ASSETS:

(1) Operating lease assets as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013	December 31, 2012
	(In millions of Korean Won)	
Acquisition cost	₩ 11,509,000	₩ 9,008,006
Accumulated depreciation	(1,437,608)	(1,121,592)
Accumulated impairment loss	(73,448)	(56,326)
	₩ 9,997,944	₩ 7,830,088

(2) Future minimum lease receipts related to operating lease assets as of June 30, 2013 and December 31, 2012, are as follows:

Description	June 30, 2013	December 31, 2012
	(In millions of Korean Won)	
Not later than one year	₩ 1,984,088	₩ 1,643,559
Not later than five years and later than one year	2,266,338	1,842,246
Later than five years	2	2
	₩ 4,250,428	₩ 3,485,807

15. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of June 30, 2013 and December 31, 2012, consist of the following:

Description	Lender	Annual interest rate	June 30, 2013	June 30, 2013	December 31, 2012
		(%)	(In millions of Korean Won)		
Overdrafts	Citi Bank and others	0.52~3.53	₩	231,711	₩ 198,630
General loans	Kookmin Bank and others	0.29~4.20		2,403,679	2,361,415
Loans on trade receivables collateral	Korea Exchange Bank and others	LIBOR+0.23~0.40		1,249,888	1,889,307
Banker's usance	Kookmin Bank and others	LIBOR+0.31~0.45		541,308	596,229
Short-term debentures	SC Securities and others	2.91~3.48		439,946	879,630
Commercial paper	Shinhan Bank and others	2.75~3.69		430,000	730,000
Asset-backed securities and others	HSBC	0.69		574,849	126,538
			₩	5,871,381	₩ 6,781,749

(2) Long-term debt as of June 30, 2013 and December 31, 2012, consists of the following:

Description	Lender	Annual interest rate	June 30, 2013	June 30, 2013	December 31, 2012
		(%)			
(In millions of Korean Won)					
General loans	Shinhan Bank and others	0.97~5.63	₩	2,256,149	₩ 2,265,859
Facility loan	Korea Development Bank and others	1.50~4.45		662,574	796,486
Commercial paper	SC Securities and others	3.07~4.15		343,000	343,000
Asset-backed securities	JP Morgan and others	0.47~0.69		4,294,702	3,369,345
Others	Kookmin Bank and others	0.10~3.00		281,389	290,324
				7,837,814	7,065,014
Less: present value discounts				153,426	158,398
Less: current maturities				3,299,889	2,764,143
			₩	4,384,499	₩ 4,142,473

(3) Debentures as of June 30, 2013 and December 31, 2012, consist of the following:

Description	Latest maturity date	Annual interest rate	June 30, 2013	June 30, 2013	December 31, 2012
		(%)			
(In millions of Korean Won)					
Guaranteed public debentures	June 8, 2017	3.75~4.50	₩	1,723,005	₩ 1,604,827
Guaranteed private debentures	April 25, 2015	5.68		86,228	80,333
Non-guaranteed public debentures	March 22, 2020	2.61~7.47		17,660,588	17,434,701
Non-guaranteed private debentures	October 2, 2017	1.63~5.15		2,630,474	2,613,559
Asset-backed securities	June 17, 2019	0.20~7.04		11,580,808	9,880,999
				33,681,103	31,614,419
Less: discount on debentures				92,685	95,532
Less: current maturities				5,911,763	5,148,198
			₩	27,676,655	₩ 26,370,689

16. PROVISIONS:

The changes in provisions for the six months ended June 30, 2013, are as follows:

Description	Warranty	Other long-term employee benefits		Others
		(In millions of Korean Won)		
Beginning of the period	₩ 5,908,719	₩	609,589	₩ 490,450
Charged	692,411		32,552	74,066
Utilized	(500,895)		(26,179)	(12,559)
Amortization of present value discounts	66,443		-	2,268
Changes in expected reimbursements by third parties	41,270		-	-
Effect of foreign exchange differences	63,501		4	18,495
End of the period	₩ 6,271,449	₩	615,966	₩ 572,720

The changes in provisions for the six months ended June 30, 2012, are as follows:

Description	Warranty		Other long-term employee benefits		Others	
	(In millions of Korean Won)					
Beginning of the period	₩	5,850,285	₩	586,628	₩	210,240
Charged		494,118		31,972		108,572
Utilized		(386,586)		(26,767)		(18,830)
Amortization of present value discounts		85,367		-		-
Changes in expected reimbursements by third parties		32,050		-		-
Effect of foreign exchange differences		(16,028)		(7)		(2,930)
Changes in scope of consolidation		55,662		185		2,449
End of the period	₩	6,114,868	₩	592,011	₩	299,501

17. OTHER FINANCIAL LIABILITIES:

Other financial liabilities as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Financial liabilities at FVTPL	₩ 11,027	₩ 733	₩ 1	₩ 4,161
Derivative liabilities that are effective hedging instruments	47,525	131,676	24,604	331,699
Financial lease liabilities	9,149	16,230	8,458	20,333
Others	115,248	-	115,248	-
	₩ 182,949	₩ 148,639	₩ 148,311	₩ 356,193

18. OTHER LIABILITIES:

Other liabilities as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Advance received	₩ 471,018	₩ 49,469	₩ 412,792	₩ 51,549
Withholdings	1,068,208	516,493	1,402,652	554,677
Accrued expenses	2,622,312	-	1,288,105	-
Unearned income	510,037	371,203	482,160	339,549
Accrued dividends	67	-	77	-
Due to customers for contract work	505,044	-	497,948	-
Others	127,365	667,811	207,370	536,583
	₩ 5,304,051	₩ 1,604,976	₩ 4,291,104	₩ 1,482,358

19. FINANCIAL INSTRUMENTS:

(1) Categories of financial assets as of June 30, 2013, consist of the following:

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	Derivatives designated as hedging instruments	Book value	Fair value
(In millions of Korean Won)						
Cash and cash equivalents	₩ -	₩ 6,347,530	₩ -	₩ -	₩ 6,347,530	₩ 6,347,530
Short-term and long-term financial instruments	-	15,972,144	-	-	15,972,144	15,972,144
Trade notes and accounts receivable	-	4,016,818	-	-	4,016,818	4,016,818
Other receivables	-	2,629,773	-	-	2,629,773	2,629,773
Other financial assets	321,683	252,405	1,479,859	110,596	2,164,543	2,164,543
Other assets	-	341,876	-	-	341,876	341,876
Financial services receivables	-	40,058,391	-	-	40,058,391	40,536,012
	<u>₩ 321,683</u>	<u>₩ 69,618,937</u>	<u>₩ 1,479,859</u>	<u>₩ 110,596</u>	<u>₩ 71,531,075</u>	<u>₩ 72,008,696</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 June 30, 2013, consist of the following:

Description	Financial liabilities at FVTPL	Financial liabilities carried at amortized cost	Derivatives designated as hedging instruments	Book value	Fair value
(In millions of Korean Won)					
Trade notes and accounts payable	₩ -	₩ 7,520,560	₩ -	₩ 7,520,560	₩ 7,520,560
Other payables	-	3,478,795	-	3,478,795	3,478,795
Borrowings and debentures	-	47,144,187	-	47,144,187	47,724,653
Other financial liabilities	-	11,760	140,627	179,201	331,588
Other liabilities	-	-	2,622,379	-	2,622,379
	<u>₩ 11,760</u>	<u>₩ 60,906,548</u>	<u>₩ 179,201</u>	<u>₩ 61,097,509</u>	<u>₩ 61,677,975</u>

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

Description	Financial liabilities		Financial liabilities		Derivatives		Book value	Fair value
	at FVTPL		carried at amortized cost		designated as hedging instruments			
(In millions of Korean Won)								
Trade notes and accounts payable	₩	-	₩	6,841,326	₩	-	₩ 6,841,326	₩ 6,841,326
Other payables		-		4,550,278		-	4,550,278	4,550,278
Borrowings and debentures		-		45,207,252		-	45,207,252	46,237,968
Other financial liabilities		4,162		144,039		356,303	504,504	504,504
Other liabilities		-		1,288,182		-	1,288,182	1,288,182
	₩	4,162	₩	58,031,077	₩	356,303	₩ 58,391,542	₩ 59,422,258

(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 June 30, 2013, are as follows:

Description	June 30, 2013			
	Level 1	Level 2	Level 3	Total
(In millions of Korean Won)				
Financial assets:				
Financial assets at FVTPL	₩ 13,249	₩ 308,434	₩ -	₩ 321,683
Derivatives designated as hedging instruments	-	110,596	-	110,596
AFS financial assets	1,169,324	46,245	264,290	1,479,859
	₩ 1,182,573	₩ 465,275	₩ 264,290	₩ 1,912,138
Financial liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 11,760	₩ -	₩ 11,760
Derivatives designated as hedging instruments	-	179,201	-	179,201
	₩ -	₩ 190,961	₩ -	₩ 190,961

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 six months ended June 30, 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	₩ (284)	₩ (512)	₩ -	₩ 264,290

The changes in financial instruments classified as Level 3 for the six months ended June 30, 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	₩ 4,159	₩ (21,162)	₩ (1,300)	₩ -	₩ 254,767

(4) Interest income, dividend income and interest expenses by categories of financial instruments for the six months ended June 30, 2013 and 2012, consist of the following:

Description	Six months ended June 30, 2013			Six months ended June 30, 2012		
	Interest income	Dividend income	Interest expenses	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)					
Non-financial services:						
Loans and receivables	₩ 277,425	₩ -	₩ -	₩ 266,666	₩ -	₩ -
AFS financial assets	323	11,254	-	3,769	14,808	-
Financial liabilities carried at amortized cost	-	-	128,045	-	-	163,586
	<u>₩ 277,748</u>	<u>₩ 11,254</u>	<u>₩ 128,045</u>	<u>₩ 270,435</u>	<u>₩ 14,808</u>	<u>₩ 163,586</u>
Financial services:						
Loans and receivables	₩ 1,328,110	₩ -	₩ -	₩ 1,338,305	₩ -	₩ -
Financial assets at FVTPL	922	-	-	-	-	-
Financial liabilities at FVTPL	-	-	-	-	-	10,244
Financial liabilities carried at amortized cost	-	-	644,054	-	-	720,625
	<u>₩ 1,329,032</u>	<u>₩ -</u>	<u>₩ 644,054</u>	<u>₩ 1,338,305</u>	<u>₩ -</u>	<u>₩ 730,869</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities at FVTPL for the six months ended June 30, 2013 and 2012, amounts to ₩800,271 million and ₩798,295 million, respectively. In addition, the fee expenses (cost of sales from financial services) occurring from financial assets or liabilities other than financial assets or liabilities at FVTPL for the six months ended June 30, 2013 and 2012, amount to ₩465,730 million and ₩384,066 million, respectively.
- (6) The Group recognizes transfers between levels of the fair-value hierarchy at the date of the event or change in circumstances that caused the transfer. There are no significant transfers between Level 1 and Level 2 for the six months ended June 30, 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.

- Debt instruments including corporate bonds

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

- Unlisted equity securities

Fair value of unlisted equity securities is measured using discounted cash flow projection, and certain assumptions not based on observable market prices or rate, such as sales growth rate, pre-tax 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 :

Description	Fair value at June 30, 2013 (In millions of Korean Won)	Valuation Techniques	Unobservable inputs	Description of interrelationship
Unlisted equity securities	₩ 264,290	Discounted cash flow	Sales growth rate, pre-tax operating income ratio, weighted-average cost of capital	If the sales growth rate and the pre-tax operating income ratio rise or the weighted-average cost of capital declines, the fair value increases.

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

20. CAPITAL STOCK:

The Company's number of authorized shares is 600,000,000 shares. Common stock and preferred stock as of June 30, 2013 and December 31, 2012, consist of the following:

- (1) Common stock

Description	June 30, 2013 (In millions of Korean Won)	December 31, 2012 (In millions of Korean Won, except par value)
Issued	220,276,479 shares	220,276,479 shares
Par value	₩ 5,000	₩ 5,000
Capital stock	1,157,982	1,157,982

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

- (2) Preferred stock

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

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

21. CAPITAL SURPLUS:

Capital surplus as of June 30, 2013 and December 31, 2012, consists of the following:

Description	June 30, 2013	December 31, 2012
	(In millions of Korean Won)	
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	784,055	837,654
	₩ 4,105,389	₩ 4,158,988

22. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of June 30, 2013 and December 31, 2012, are as follows:

Description	June 30, 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 June 30, 2013 and December 31, 2012, consists of the following:

Description	June 30, 2013	December 31, 2012
	(In millions of Korean Won)	
Gain on valuation of AFS financial assets	₩ 575,286	₩ 678,559
Loss on valuation of AFS financial assets	(4,141)	(2,372)
Gain on valuation of cash flow hedge derivatives	837	4,614
Loss on valuation of cash flow hedge derivatives	(35,210)	(5,726)
Gain on valuation of equity-accounted investees	231,112	21,532
Loss on valuation of equity-accounted investees	(255,760)	(287,108)
Loss on foreign operations translation, net	(492,359)	(882,872)
	₩ 19,765	₩ (473,373)

24. RETAINED EARNINGS:

(1) Retained earnings as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013	December 31, 2012
	(In millions of Korean Won)	
Legal reserve (*)	₩ 475,207	₩ 423,124
Discretionary reserve	31,021,647	26,531,647
Unappropriated	12,331,575	13,038,459
	₩ 43,828,429	₩ 39,993,230

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

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

25. SALES:

Sales for the three months and six months ended June 30, 2013 and 2012, consist of the following:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Sales of goods	₩ 20,518,792	₩ 39,386,267	₩ 19,744,270	₩ 37,571,510
Rendering of services	338,672	655,363	332,887	599,193
Royalties	54,176	112,958	33,812	66,761
Others	47,992	87,566	67,611	140,318
Financial services revenue	2,223,813	4,308,350	1,761,611	3,727,329
	<u>₩ 23,183,445</u>	<u>₩ 44,550,504</u>	<u>₩ 21,940,191</u>	<u>₩ 42,105,111</u>

26. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months and six months ended June 30, 2013 and 2012, consist of the following:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Selling expenses :				
Export expenses	₩ 241,600	₩ 483,083	₩ 292,015	₩ 531,447
Overseas market expenses	47,928	123,106	132,870	255,372
Advertisements and sales promotion	530,760	1,033,470	520,984	1,019,246
Sales commissions	158,818	303,142	129,813	249,380
Expenses for warranties	383,903	808,211	353,588	578,224
Transportation expenses	79,525	173,851	80,569	146,860
	<u>1,442,534</u>	<u>2,924,863</u>	<u>1,509,839</u>	<u>2,780,529</u>
Administrative expenses :				
Payroll	582,715	1,122,650	525,838	1,044,446
Post-employment benefits	39,923	79,695	36,382	72,168
Welfare expenses	88,148	176,285	90,671	169,209
Service charges	279,978	525,101	263,789	525,224
Research	166,282	303,580	155,633	292,018
Others	312,550	615,734	289,033	535,211
	<u>1,469,596</u>	<u>2,823,045</u>	<u>1,361,346</u>	<u>2,638,276</u>
	<u>₩ 2,912,130</u>	<u>₩ 5,747,908</u>	<u>₩ 2,871,185</u>	<u>₩ 5,418,805</u>

27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the three months and six months ended June 30, 2013 and 2012, consist of the following:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Gain on valuation of equity-accounted investees, net	₩ 810,800	₩ 1,413,193	₩ 624,944	₩ 1,291,294
Gain on disposals of investments in associates, net	-	-	-	113,351
	<u>₩ 810,800</u>	<u>₩ 1,413,193</u>	<u>₩ 624,944</u>	<u>₩ 1,404,645</u>

28. FINANCE INCOME AND EXPENSES:

(1) Finance income for the three months and six months ended June 30, 2013 and 2012, consist of the following:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Interest income	₩ 141,225	₩ 278,670	₩ 145,978	₩ 270,435
Gain on foreign exchange transactions	14,469	27,828	10,358	25,152
Gain on foreign currency translation	11,516	25,907	13,226	92,160
Dividend income	156	11,254	-	14,808
Gain on valuation of financial liabilities at FVTPL	-	-	31,485	26,063
Gain on disposals of AFS financial assets	339	339	-	-
Gain on valuation of derivatives	432	9,847	38,217	40,022
Others	757	1,991	746	876
	<u>₩ 168,894</u>	<u>₩ 355,836</u>	<u>₩ 240,010</u>	<u>₩ 469,516</u>

(2) Finance expenses for the three months and six months ended June 30, 2013 and 2012, consist of the following:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Interest expenses	₩ 80,640	₩ 168,100	₩ 115,807	₩ 226,830
Loss on foreign exchange transactions	28,424	44,064	13,875	19,209
Loss on foreign currency translation	45,378	72,250	82,124	108,063
Loss on disposals of trade notes and accounts receivable	2,056	5,318	2,933	5,564
Impairment loss on AFS financial assets	-	-	2,123	2,123
Loss on valuation of derivatives	24,558	17,436	4,962	3,231
Others	1,033	1,033	2	5
	<u>₩ 182,089</u>	<u>₩ 308,201</u>	<u>₩ 221,826</u>	<u>₩ 365,025</u>

29. OTHER INCOME AND EXPENSES:

(1) Other income for the three months and six months ended June 30, 2013 and 2012, consist of the following:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Gain on foreign exchange transactions	₩ 124,827	₩ 210,690	₩ 121,155	₩ 200,993
Gain on foreign currency translation	61,850	148,145	25,368	129,125
Gain on disposals of property, plant and equipment	8,148	96,304	6,750	23,908
Gain on disposals of intangible assets	50	9,234	-	-
Commission income	6,876	19,390	1,955	12,699
Rental income	23,486	47,603	23,425	42,384
Others	100,279	206,085	102,334	210,256
	<u>₩ 325,516</u>	<u>₩ 737,451</u>	<u>₩ 280,987</u>	<u>₩ 619,365</u>

(2) Other expenses for the three months and six months ended June 30, 2013 and 2012, consist of the following:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Loss on foreign exchange transaction	₩ 113,503	₩ 176,946	₩ 103,001	₩ 143,723
Loss on foreign currency translation	121,693	195,279	131,134	171,301
Donations	19,625	24,499	8,883	25,372
Loss on disposal of property, plant and equipment	10,980	16,267	20,878	27,237
Impairment loss on intangible assets	7,474	16,340	-	-
Other	61,108	104,619	51,968	95,560
	<u>₩ 334,383</u>	<u>₩ 533,950</u>	<u>₩ 315,864</u>	<u>₩ 463,193</u>

30. EXPENSES BY NATURE:

Expenses by nature for the three months and six months ended June 30, 2013 and 2012, consist of the following:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Changes in inventories	₩ 145,827	₩ 26,638	₩ 370,806	₩ (457,097)
Raw materials and merchandise used	11,978,109	23,580,785	12,351,252	23,932,132
Employee benefits	2,029,435	3,993,013	1,833,607	3,601,873
Depreciation	442,845	874,760	411,618	823,560
Amortization	206,308	410,736	212,020	418,283
Others	6,308,819	11,923,496	4,538,606	9,618,934
Total (*)	<u>₩ 21,111,343</u>	<u>₩ 40,809,428</u>	<u>₩ 19,717,909</u>	<u>₩ 37,937,685</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 did not compute diluted earnings per common share for the three months and six months ended June 30, 2013 and 2012, since there were no dilutive items during the periods.

Basic earnings per common share for the three months and six months ended June 30, 2013 and 2012, are computed as follows:

Description	2013		2012	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won, except per share amounts)			
Profit attributable to the owners of the Parent Company	₩ 2,400,887	₩ 4,346,152	₩ 2,447,007	₩ 4,748,717
Profit available to preferred stock	(551,401)	(998,341)	(561,974)	(1,090,636)
Profit available to common share	1,849,486	3,347,811	1,885,033	3,658,081
Weighted-average number of common shares outstanding	209,269,769 shares	209,269,769 shares	209,269,769 shares	209,269,769 shares
Basic earnings per common share	₩ 8,838	₩ 15,998	₩ 9,008	₩ 17,480

32. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by income before income tax) for the six months ended June 30, 2013 and 2012, are 22.4% and 20.6%, respectively.

33. RETIREMENT BENEFIT PLAN:

(1) Expenses recognized in relation to defined contribution plans for the six months ended June 30, 2013 and 2012, are as follows:

Description	Six months ended June 30,	
	2013	2012
	(In millions of Korean Won)	
Paid in cash	₩ 2,906	₩ 2,613
Recognized liability	674	814
	₩ 3,580	₩ 3,427

(2) The main actuarial assumptions used by the Group as of June 30, 2013 and December 31, 2012, are as follows:

Description	June 30, 2013	December 31, 2012
Discount rate	3.97%	3.74%
Expected rate of salary increase	4.97%	4.74%

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013		December 31, 2012	
	(In millions of Korean Won)			
Present value of defined benefit obligations	₩	3,183,392	₩	2,975,771
Fair value of plan assets		(2,212,425)		(2,154,022)
Net defined benefit liabilities	₩	<u>970,967</u>	₩	<u>821,749</u>

- (4) Changes in net defined benefit liabilities for the six months ended June 30, 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		235,915		-		235,915
Interest expenses (income)		57,779		(41,852)		15,927
		<u>3,269,465</u>		<u>(2,195,874)</u>		<u>1,073,591</u>
Remeasurements:						
Return on plan assets		-		380		380
Actuarial gain from defined benefit obligations		(26,434)		-		(26,434)
		<u>(26,434)</u>		<u>380</u>		<u>(26,054)</u>
Contributions		-		(66,520)		(66,520)
Benefits paid		(80,743)		61,635		(19,108)
Transfers in (out)		2,692		(1,251)		1,441
Effect of foreign exchange differences and others		18,412		(10,795)		7,617
End of the period	₩	<u>3,183,392</u>	₩	<u>(2,212,425)</u>	₩	<u>970,967</u>

- Changes in net defined benefit liabilities for the six months ended June 30, 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		198,578		-		198,578
Interest expenses (income)		53,606		(38,264)		15,342
		<u>2,501,424</u>		<u>(1,638,865)</u>		<u>862,559</u>
Remeasurements:						
Return on plan assets		-		(3,244)		(3,244)
Actuarial gain from defined benefit obligations		6,367		-		6,367
The effect of changes in accounting policies		-		1,852		1,852
		<u>6,367</u>		<u>(1,392)</u>		<u>4,975</u>
Contributions		-		(54,440)		(54,440)
Benefits paid		(61,604)		27,250		(34,354)
Transfers in (out)		642		212		854
Effect of foreign exchange differences and others		4,093		(5)		4,088
End of the period	₩	<u>2,450,922</u>	₩	<u>(1,667,240)</u>	₩	<u>783,682</u>

(5) The fair value of the plan assets as of June 30, 2013 and December 31, 2012, consist of the following:

Description	June 30, 2013	December 31, 2012
	(In millions of Korean Won)	
Insurance instruments	₩ 1,960,208	₩ 1,948,010
Debt instruments	48,760	50,859
Others	203,457	155,153
	₩ 2,212,425	₩ 2,154,022

34. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the six months ended June 30, 2013 and 2012, is as follows:

Description	Six months ended June 30,	
	2013	2012
	(In millions of Korean Won)	
Profit for the period	₩ 4,611,340	₩ 5,000,632
Adjustments:		
Post-employment benefits	251,842	213,920
Depreciation	874,760	823,560
Amortization of intangible assets	410,736	418,283
Provision for warranties	692,411	494,118
Income tax expense	1,328,015	1,295,295
Loss on foreign currency translation, net	93,477	58,079
Loss (gain) on disposals of property, plant and equipment, net	(80,037)	3,329
Interest income, net	(110,570)	(43,605)
Gain on valuation of equity-accounted investees, net	(1,413,193)	(1,291,294)
Gain on disposals of investments in associates, net	-	(113,351)
Cost of sales from financial services, net	1,821,328	1,549,279
Others	125,737	42,229
	3,994,506	3,449,842
Changes in operating assets and liabilities:		
Increase in trade notes and accounts receivable	(51,267)	(558,098)
Decrease in other receivables	401,529	111,274
Decrease in other financial assets	51,441	2,142
Decrease (increase) in inventories	82,923	(278,728)
Decrease (increase) in other assets	41,155	(368,065)
Increase in trade notes and accounts payable	334,138	199,942
Decrease in other payables	(1,852,674)	(218,282)
Increase in other liabilities	1,021,996	1,374,531
Increase (decrease) in other financial liabilities	693	(5,997)
Changes in net defined benefit liabilities	(60,930)	(49,498)
Payment of severance benefits	(19,108)	(34,354)
Decrease in provisions	(539,633)	(432,183)
Changes in financial services receivables	(190,325)	(1,819,770)
Increase in operating lease assets	(2,526,915)	(2,021,195)
Others	(5,851)	27,028
	(3,312,828)	(4,071,253)
Cash generated from operations	₩ 5,293,018	₩ 4,379,221

35. **RISK MANAGEMENT:**

(1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt-to-equity ratio, calculated as total liabilities divided by total equity, is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt-to-equity ratios as of June 30, 2013 and December 31, 2012, are as follows:

Description	June 30, 2013	December 31, 2012
	(In millions of Korean Won)	
Total liabilities	₩ 77,401,537	₩ 73,620,239
Total equity	52,299,332	47,917,575
Debt-to-equity ratio	148.0%	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 currency on income before income tax as of June 30, 2013, would be as follows:

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ (32,030)	₩ 32,030
EUR	(33,440)	33,440
JPY	(5,541)	5,541

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 June 30, 2013, would be as follows:

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 12,038	₩ (12,038)
Short-term and long-term financial instruments	460	(460)
Borrowings and debentures	(60,856)	60,856

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of June 30, 2013, the amounts of held for trading equity instruments and AFS equity instruments measured at fair value is ₩13,249 million and ₩1,411,184 million, respectively.

2) Credit risk

The Group is exposed to credit risk when a counterparty defaults on its contractual obligation resulting in a financial loss for the Group. The Group operates a policy to transact with counterparties who only meet a certain level of credit rating, which was evaluated based on the counterparty's financial conditions, default history, and other factors. The credit risk in the liquid funds and derivative financial instruments is limited as the Group transacts only with financial institutions with high credit ratings assigned by international credit-rating agencies. Except for the guarantee of indebtedness discussed in Note 37, the book value of financial assets 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 June 30, 2013, is as follows:

Description	Remaining contract period			Total
	Not later than one year	Not later than five years and Later than one year	Later than five years	
	(In millions of Korean Won)			
Non-interest-bearing liabilities	₩ 13,723,073	₩ 13,838	₩ 71	₩ 13,736,982
Interest-bearing liabilities	16,135,414	32,920,638	1,049,772	50,105,824
Financial guarantee	944,096	80,247	179,506	1,203,849

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

(3) Derivative instrument

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

As of June 30, 2013 and December 31, 2012, the Group deferred a net loss of ₩34,373 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 51 months as of June 30, 2013.

For the six months ended June 30, 2013 and 2012, the Group recognized a net gain of ₩332,378 million and a net loss of ₩11,538 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 six months ended June 30, 2013 and 2012, between the Group and related parties or affiliates by the Monopoly Regulation And Fair Trade Act of the Republic of Korea (“the Act”) are as follows:

Description	Six months ended June 30,			
	2013		2012	
	Sales/proceeds	Purchases/expense	Sales/proceeds	Purchases/expense
	(In millions of Korean Won)			
Related parties:				
Entity with significant influence over the Company	₩ 967,053	₩ 4,662,276	₩ 227,272	₩ 4,335,024
Joint ventures and associates	2,709,000	4,301,209	2,135,785	4,363,976
Other related parties	5,290	625,610	10,748	652,858
Affiliates by the Act	595,790	3,264,366	361,349	2,826,144

- (2) As of June 30, 2013 and December 31, 2012, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows:

Description	June 30, 2013		December 31, 2012	
	Receivables	Payables	Receivables	Payables
	(In millions of Korean Won)			
Related parties:				
Entity with significant influence over the Company	₩ 438,656	₩ 1,349,057	₩ 227,839	₩ 1,370,080
Joint ventures and associates	1,035,368	1,320,378	1,044,898	1,394,439
Other related parties	5,782	326,245	4,415	368,329
Affiliates by the Act	332,377	1,011,514	383,874	923,755

- (3) Compensation of registered and unregistered directors, who are considered to be the key management personnel, for the six months ended June 30, 2013 and 2012, are as follows:

Description	Six months ended June 30,	
	2013	2012
	(In millions of Korean Won)	
Short-term employee salaries	₩ 65,311	₩ 74,936
Post-employment benefits	15,587	14,333
Other long-term benefits	142	149
	₩ 81,040	₩ 89,418

37. COMMITMENTS AND CONTINGENCIES:

- (1) As of June 30, 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	₩	-	₩	100,599
Others		150,289		989,472
Customer financing and lease financing		36,391		-
	₩	186,680	₩	1,090,071

- (*) The guarantee amounts in foreign currency are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd., as of June 30, 2013.
- (2) As of June 30, 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 others. 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 any material effect on its consolidated financial statements.
- (3) As of June 30, 2013, a substantial portion of the Group's property, plant and equipment is pledged as collateral for various loans up to ₩895,637 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
Société Générale, Seoul Branch	KRW 110,000 million
Bank of China, Seoul	KRW 30,000 million
SMBC, Seoul Branch	KRW 50,000 million
BNP Paribas, Seoul Branch	KRW 100,000 million
Bank of America, N.A, Seoul Branch	KRW 20,000 million
Crédit 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
Kookmin Bank	KRW 160,000 million
Shinhan Bank	KRW 150,000 million
NH Bank	KRW 100,000 million
Citi Bank, Seoul	KRW 50,000 million
Hana Bank	KRW 50,000 million
SC Bank	KRW 30,000 million
Jeonbuk Bank	KRW 30,000 million
Suhyeop Bank	KRW 20,000 million
Korea Development Bank	KRW 10,000 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.

38. SEGMENT INFORMATION:

- (1) The Group has a vehicle segment, a finance segment and other segments. 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 segments include the R&D, train manufacturing and other activities, which cannot be classified in the vehicle segment or in the finance segment.
- (2) Sales and operating income by operating segments for the six months ended June 30, 2013 and 2012 are as follows:

For the six months ended June 30, 2013					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total sales	₩ 52,796,214	₩ 5,273,598	₩ 3,294,230	₩ (16,813,538)	₩ 44,550,504
Intercompany sales	(16,076,059)	(157,643)	(579,836)	16,813,538	-
Net sales	₩ 36,720,155	₩ 5,115,955	₩ 2,714,394	₩ -	₩ 44,550,504
Operating income	₩ 3,427,375	₩ 673,610	₩ 187,607	₩ (13,566)	₩ 4,275,026

For the six months ended June 30, 2012					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total sales	₩ 53,760,911	₩ 4,106,008	₩ 1,971,066	₩ (17,732,874)	₩ 42,105,111
Intercompany sales	(17,438,161)	(64,870)	(229,843)	17,732,874	-
Net sales	₩ 36,322,750	₩ 4,041,138	₩ 1,741,223	₩ -	₩ 42,105,111
Operating income	₩ 4,065,299	₩ 638,841	₩ 76,349	₩ (149,870)	₩ 4,630,619

- (3) Assets and liabilities by operating segments as of June 30, 2013 and December 31, 2012 are as follows:

As of June 30, 2013					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total assets	₩ 81,568,672	₩ 57,143,231	₩ 6,552,702	₩ (15,563,736)	₩ 129,700,869
Total liabilities	32,611,057	49,065,404	4,360,729	(8,635,653)	77,401,537
Borrowings and debentures	4,651,380	43,072,070	2,362,130	(2,941,393)	47,144,187

As of December 31, 2012					
	Vehicle	Finance	Others	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 for the six months ended June 30, 2013 and 2012 are as follows:

	For the six months ended June 30, 2013						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 26,979,882	₩ 16,834,125	₩ 3,821,266	₩ 12,563,560	₩ 1,165,209	₩ (16,813,538)	₩ 44,550,504
Inter-company sales	(7,396,658)	(3,656,336)	(382,000)	(5,378,544)	-	16,813,538	-
Net sales	₩ 19,583,224	₩ 13,177,789	₩ 3,439,266	₩ 7,185,016	₩ 1,165,209	₩ -	₩ 44,550,504

	For the six months ended June 30, 2012						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 26,792,925	₩ 15,666,554	₩ 3,837,314	₩ 13,541,162	₩ 30	₩ (17,732,874)	₩ 42,105,111
Inter-company sales	(7,779,111)	(3,315,432)	(346,924)	(6,291,407)	-	17,732,874	-
Net sales	₩ 19,013,814	₩ 12,351,122	₩ 3,490,390	₩ 7,249,755	₩ 30	₩ -	₩ 42,105,111

- (5) Non-current assets by region where the Group's entities are located in as of June 30, 2013 and December 31, 2012, are as follows:

	June 30, 2013	December 31, 2012
	(In millions of Korean Won)	
Korea	₩ 18,513,985	₩ 18,596,981
North America	1,846,158	1,598,120
Asia	1,196,741	1,127,336
Europe	2,191,823	2,132,063
Others	519,515	491,205
	24,268,222	23,945,705
Consolidation adjustments	(47,398)	(39,797)
Total (*)	₩ 24,220,824	₩ 23,905,908

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

- (6) There is no single external customer who represents 10% or more of the Group's revenue for the six months ended June 30, 2013 and 2012.

39. CONSTRUCTION CONTRACTS:

Cost, income and loss, and claimed construction from construction in progress as of June 30, 2013 and December 31, 2012, are as follows:

Description	June 30, 2013	December 31, 2012
	(In millions of Korean Won)	
Accumulated accrual cost	₩ 5,331,385	₩ 5,980,499
Accumulated income	607,300	660,495
Accumulated construction in process	5,938,685	6,640,994
Progress billing	(5,407,805)	(6,357,806)
Due from customers	1,035,924	781,136
Due to customers	(505,044)	(497,948)

40. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD:

HCA, a subsidiary of the Company, issued on August 9, 2013 two tranches of debentures, each of them amounting to USD 500 million, which will mature in 2016 and 2018, respectively.