

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013,
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 March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months ended March 31, 2014 and 2013, 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 48.8% of the consolidated total sales for the three months ended March 31, 2013. 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, 2013, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended December 31, 2013 (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 6, 2014. The consolidated statement of financial position as of December 31, 2013, 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, 2013.

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 principles and review standards and their application in practice.

Deloitte Anjin LLC

May 15, 2014

Notice to Readers

This report is effective as of May 15, 2014, 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 ENDED MARCH 31, 2014 AND 2013**

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 MARCH 31, 2014 AND DECEMBER 31, 2013

ASSETS	NOTES	March 31, 2014	December 31, 2013
(In millions of Korean Won)			
Current assets:			
Cash and cash equivalents	19	₩ 7,814,514	₩ 6,872,430
Short-term financial instruments	19	16,045,413	14,875,288
Trade notes and accounts receivable	3,19	3,422,681	3,485,345
Other receivables	4,19	3,368,056	3,118,386
Other financial assets	5,19	361,583	507,821
Inventories	6	7,677,782	7,073,116
Current tax assets		79,812	54,845
Financial services receivables	13,19	21,035,899	21,178,591
Non-current assets classified as held for sale	8	22,347	22,347
Other assets	7,19	1,672,563	1,667,936
Total current assets		61,500,650	58,856,105
Non-current assets:			
Long-term financial instruments	19	85,285	35,495
Long-term trade notes and accounts receivable	3,19	46,627	43,309
Other receivables	4,19	1,149,677	1,127,839
Other financial assets	5,19	2,567,030	2,731,884
Property, plant and equipment	9	21,413,931	21,462,587
Investment property	10	332,314	263,984
Intangible assets	11	3,181,276	3,129,090
Investments in joint ventures and associates	12	15,164,777	14,694,995
Deferred tax assets		607,923	521,399
Financial services receivables	13,19	19,858,572	19,835,016
Operating lease assets	14	11,199,555	10,564,876
Other assets	7,19	175,172	154,900
Total non-current assets		75,782,139	74,565,374
Total assets		₩ 137,282,789	₩ 133,421,479

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2014 AND DECEMBER 31, 2013 (CONTINUED)

LIABILITIES AND EQUITY	NOTES	March 31, 2014	December 31, 2013
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	19	₩ 7,588,527	₩ 6,722,740
Other payables	19	3,740,357	4,687,490
Short-term borrowings	15,19	4,611,755	5,292,798
Current portion of long-term debt and debentures	15,19	7,074,619	8,685,254
Income tax payable		647,521	605,280
Provisions	16	1,856,141	1,782,937
Other financial liabilities	17,19	118,647	144,069
Other liabilities	18,19	5,189,942	3,999,114
Total current liabilities		<u>30,827,509</u>	<u>31,919,682</u>
Non-current liabilities:			
Long-term other payables	19	19,583	15,964
Debentures	15,19	32,900,743	29,322,780
Long-term debt	15,19	4,316,190	4,666,030
Net defined benefit liabilities	33	497,228	389,306
Provisions	16	5,154,689	5,122,982
Other financial liabilities	17,19	338,756	440,113
Deferred tax liabilities		3,565,873	3,352,352
Other liabilities	18,19	1,724,492	1,609,481
Total non-current liabilities		<u>48,517,554</u>	<u>44,919,008</u>
Total liabilities		<u>79,345,063</u>	<u>76,838,690</u>
Equity:			
Capital stock	20	1,488,993	1,488,993
Capital surplus	21	4,130,668	4,130,668
Other capital items	22	(1,128,779)	(1,128,779)
Accumulated other comprehensive income	23	(937,351)	(834,036)
Retained earnings	24	49,652,100	48,274,239
Equity attributable to the owners of the Parent Company		<u>53,205,631</u>	<u>51,931,085</u>
Non-controlling interests		<u>4,732,095</u>	<u>4,651,704</u>
Total equity		<u>57,937,726</u>	<u>56,582,789</u>
Total liabilities and equity		<u>₩ 137,282,789</u>	<u>₩ 133,421,479</u>

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

	NOTES	Three months ended March 31,	
		2014	2013
		(In millions of Korean Won, except per share amounts)	
Sales	25,38	₩ 21,649,041	₩ 21,367,059
Cost of sales	30	16,871,105	16,662,740
Gross profit		4,777,936	4,704,319
Selling and administrative expenses	26,30	2,839,544	2,835,778
Operating income		1,938,392	1,868,541
Gain on investments in joint ventures and associates, net	27	648,533	602,393
Finance income	28	187,405	205,918
Finance expenses	28	121,731	145,088
Other income	29	277,086	452,661
Other expenses	29, 30	236,523	240,293
Income before income tax		2,693,162	2,744,132
Income tax expense	32	665,069	656,328
Profit for the period		₩ 2,028,093	₩ 2,087,804
Profit attributable to:			
Owners of the Parent Company		1,928,705	1,945,265
Non-controlling interests		99,388	142,539
Earnings per share attributable to the owners of the Parent Company:	31		
Basic earnings per common share		₩ 7,099	₩ 7,160
Diluted earnings per common share		₩ 7,099	₩ 7,160

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Profit for the period	₩ 2,028,093	₩ 2,087,804
Other comprehensive income (expenses):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	(6,523)	3,157
Changes in retained earnings of equity-accounted investees, net	(8,636)	(15,328)
	<u>(15,159)</u>	<u>(12,171)</u>
Items that may be reclassified subsequently to profit or loss:		
Loss on available-for-sale ("AFS") financial assets, net	(143,421)	(101,894)
Loss on valuation of cash flow hedge derivatives, net	(2,004)	(21,575)
Changes in share of earnings of equity-accounted investees, net	(49,184)	84,982
Gain on foreign operations translation, net	79,311	273,706
	<u>(115,298)</u>	<u>235,219</u>
Total other comprehensive income (loss)	<u>(130,457)</u>	<u>223,048</u>
Total comprehensive income	<u>₩ 1,897,636</u>	<u>₩ 2,310,852</u>
Comprehensive income attributable to:		
Owners of the Parent Company	1,810,915	2,165,776
Non-controlling interests	86,721	145,076
Total comprehensive income	<u>₩ 1,897,636</u>	<u>₩ 2,310,852</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

	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	-	-	-	-	1,945,265	1,945,265	142,539	2,087,804
Gain (loss) on AFS financial assets, net	-	-	-	(102,021)	-	(102,021)	127	(101,894)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(11,700)	-	(11,700)	(9,875)	(21,575)
Changes in valuation of equity-accounted investees, net	-	-	-	84,486	(15,328)	69,158	496	69,654
Remeasurements of defined benefit plans	-	-	-	-	6,149	6,149	(2,992)	3,157
Gain on foreign operations translation, net	-	-	-	258,925	-	258,925	14,781	273,706
Total comprehensive income	-	-	-	229,690	1,936,086	2,165,776	145,076	2,310,852
Transactions with owners, recorded directly in equity:	-	-	-	-	-	-	-	-
Payment of cash dividends	-	-	-	-	(520,832)	(520,832)	(38)	(520,870)
Others	-	-	-	-	(588)	(588)	(533)	(1,121)
Total transactions with owners, recorded directly in equity	-	-	-	-	(521,420)	(521,420)	(571)	(521,991)
Balance at March 31, 2013	<u>₩ 1,488,993</u>	<u>₩ 4,158,988</u>	<u>₩ (1,128,779)</u>	<u>₩ (243,683)</u>	<u>₩ 41,407,896</u>	<u>₩ 45,683,415</u>	<u>₩ 4,023,021</u>	<u>₩ 49,706,436</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013 (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, 2014	₩ 1,488,993	₩ 4,130,668	₩ (1,128,779)	₩ (834,036)	₩ 48,274,239	₩ 51,931,085	₩ 4,651,704	₩ 56,582,789
Comprehensive income:	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	1,928,705	1,928,705	99,388	2,028,093
Gain (loss) on AFS financial assets, net	-	-	-	(143,864)	-	(143,864)	443	(143,421)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(896)	-	(896)	(1,108)	(2,004)
Changes in valuation of equity-accounted investees, net	-	-	-	(49,015)	(8,636)	(57,651)	(169)	(57,820)
Remeasurements of defined benefit plans	-	-	-	-	(5,839)	(5,839)	(684)	(6,523)
Gain (loss) on foreign operations translation, net	-	-	-	90,460	-	90,460	(11,149)	79,311
Total comprehensive Income	-	-	-	(103,315)	1,914,230	1,810,915	86,721	1,897,636
Transactions with owners, recorded directly in equity:	-	-	-	-	-	-	-	-
Payment of cash dividends	-	-	-	-	(534,409)	(534,409)	(6,056)	(540,465)
Others	-	-	-	-	(1,960)	(1,960)	(274)	(2,234)
Total transactions with owners, recorded directly in equity	-	-	-	-	(536,369)	(536,369)	(6,330)	(542,699)
Balance at March 31, 2014	₩ 1,488,993	₩ 4,130,668	₩ (1,128,779)	₩ (937,351)	₩ 49,652,100	₩ 53,205,631	₩ 4,732,095	₩ 57,937,726

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

	NOTES	Three months ended March 31,	
		2014	2013
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	34		
Profit for the period		₩ 2,028,093	₩ 2,087,804
Adjustments		2,075,236	1,984,299
Changes in operating assets and liabilities		(964,231)	(2,347,304)
		<u>3,139,098</u>	<u>1,724,799</u>
Interest received		158,800	159,425
Interest paid		(326,204)	(345,652)
Dividend received		14,998	10,101
Income tax paid		(498,637)	(216,334)
Net cash provided by operating activities		<u>2,488,055</u>	<u>1,332,339</u>
Cash flows from investing activities:			
Proceeds from purchase of short-term financial instruments, net		(80,841)	(614,285)
Proceeds from disposals of other financial assets		11,553	141,631
Receipts from other receivables		13,645	33,289
Proceeds from disposals of property, plant and equipment		14,805	221,436
Proceeds from disposals of intangible assets		6,852	10,598
Proceeds from disposals of investments in subsidiaries		151,499	-
Acquisitions of other financial assets		(18,803)	(107,319)
Increases in other receivables		(19,462)	(41,729)
Purchases of long-term financial instruments		(1,117,602)	(860,000)
Acquisitions of property, plant and equipment		(818,096)	(472,820)
Acquisitions of intangible assets		(215,362)	(159,443)
Acquisitions of investments in joint ventures and associates		(13,023)	(19,561)
Other cash receipts from investing activities, net		<u>2,077</u>	<u>6,060</u>
Net cash used in investing activities		<u>(2,082,758)</u>	<u>(1,862,143)</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013 (CONTINUED)

	NOTES	Three months ended March 31,	
		2014	2013
		(In millions of Korean Won)	
Cash flows from financing activities:			
Repayment of short-term borrowings, net	₩	(692,034)	₩ (680,484)
Proceeds from long-term debt and debentures		7,046,206	5,083,274
Repayment of long-term debt and debentures		(5,804,261)	(4,581,864)
Dividends paid		(38)	(38)
Other cash payments from financing activities, net		(11,334)	(5,831)
Net cash provided (used in) by financing activities		<u>538,539</u>	<u>(184,943)</u>
Effect of exchange rate changes on cash and cash equivalents		(1,752)	66,045
Net increase (decrease) in cash and cash equivalents		942,084	(648,702)
Cash and cash equivalents, beginning of the period		<u>6,872,430</u>	<u>6,759,338</u>
Cash and cash equivalents, end of the period	₩	<u><u>7,814,514</u></u>	₩ <u><u>6,110,636</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 ENDED MARCH 31, 2014 AND 2013

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 Luxembourg Stock Exchange.

As of March 31, 2014, the major shareholders of the Company are Hyundai MOBIS (20.78%) and Chung, Mong Koo (5.17%).

(1) The Company’s consolidated subsidiaries as of March 31, 2014, are as follows:

Subsidiaries	Nature of the business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	56.47%	
Hyundai Card Co., Ltd. (*)	“	“	36.96%	
Hyundai Rotem Company (Hyundai Rotem) (*)	Manufacturing	“	43.36%	
Hyundai KEFICO Corporation (Hyundai KEFICO)	“	“	100.00%	
Green Air Co., Ltd.	“	“	51.00%	Hyundai Rotem 51.00%
Hyundai Auto Electronics Company Ltd.	R&D	“	60.00%	
Hyundai Partecs Co., Ltd.	Manufacturing	“	56.00%	
Hyundai NGV Tech Co., Ltd.	Engineering	“	53.66%	
Maintrans Company.	Services	“	80.00%	Hyundai Rotem 80.00%
Jeonbuk Hyundai Motors FC Co., Ltd.	Football Club	“	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	“	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 Xinhuaixiaiqiyuetong 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 the business	Location	Ownership percentage	Indirect ownership
Rotem Equipments (Beijing) Co., Ltd.	Sales	China	100.00%	Hyundai Rotem 100.00%
KEFICO Automotive Systems (Beijing) Co., Ltd.	Manufacturing	"	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.U. (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 Motor DE Mexico S DE RL DE CV (HMM)	"	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	"	99.99%	HT 99.99%
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
Hyundai Motor Hungary (HMH)	Sales	Hungary	100.00%	
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	Manufacturing	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Rotem Brasil Engineering Services LTD	Sales	"	100.00%	Hyundai Rotem 100.00%
China Millennium Corporations (CMEs)	Holding company	Cayman Islands	59.60%	
Macquarie 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%	
Autopia Thirty-Sixth Asset Securitization Specialty Company (*)	Financing	"	0.90%	Hyundai Capital Services 0.90%
Autopia Forty-Third ~ Forty-Seventh Asset Securitization Specialty Company (*)	"	"	0.90%	"

Subsidiaries	Nature of the business	Location	Ownership percentage	Indirect ownership
Autopia Forty-Ninth ~ Fifty-Second 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%
HB the Fourth Securitization Specialty Company (*)	"	"	0.31%	Hyundai Capital Services 0.31%
Privia the Second ~ Third Securitization Specialty Co., Ltd. (*)	"	"	0.90%	Hyundai Card 0.90%
Hyundai CHA Funding Corporation	"	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	"	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai ABS Funding Corporation	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"

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

(2) Condensed financial position and results of operations of the Company's major consolidated subsidiaries as of and for the three months ended March 31, 2014, are as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Net income (expenses)
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 22,682,237	₩ 19,400,087	₩ 788,949	₩ 30,552
Hyundai Card Co., Ltd. (*)	11,409,131	8,962,325	642,341	82,477
Hyundai Rotem Company (*)	4,569,890	2,780,232	698,388	10,710
Hyundai KEFICO Corporation (*)	895,188	462,102	420,330	19,484
HCA (*)	25,196,096	23,060,861	1,225,484	83,416
HMA	6,836,306	4,337,566	3,994,837	218,570
HMMC	3,339,225	1,619,547	1,451,839	135,494
HMMMA	3,404,225	1,805,481	1,821,050	107,412
HMI (*)	2,178,940	1,158,604	1,072,680	41,383
HMMR	1,308,940	653,273	622,790	26,828
HME (*)	1,210,670	1,161,907	1,681,214	1,467
HMCIS	872,481	579,309	821,519	(23,402)
HAC (*)	927,416	542,438	672,404	(16,470)
HMCA	698,166	534,528	492,880	10,441

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

Condensed financial position and results of operations of the Company's major consolidated subsidiaries as of and for the three months ended March 31, 2013, were as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Net income
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 21,659,388	₩ 18,486,521	₩ 919,582	₩ 152,850
Hyundai Card Co., Ltd. (*)	10,617,656	8,381,078	642,609	47,203
Hyundai Rotem Company (*)	4,028,038	2,812,652	693,185	31,374
Hyundai KEFICO Corporation (*)	823,710	481,618	411,312	24,073
HCA (*)	22,700,906	20,781,847	946,034	72,437
HMA	7,139,107	4,575,009	4,239,173	309,205
HMMC	2,829,174	1,511,212	1,343,992	116,046
HMMA	3,154,324	1,685,303	1,815,278	123,121
HMI (*)	2,352,098	1,269,038	1,260,913	57,131
HMMR	1,552,331	846,752	694,077	58,838
HME (*)	1,091,318	1,048,758	1,266,837	776
HMCIS	892,464	582,230	853,606	31,784
HAC (*)	1,053,220	662,189	735,263	12,661
HMCA	811,756	635,281	565,510	17,470

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

- (3) The financial statements of all subsidiaries, which are used in the preparation of the consolidated financial statements, are prepared for the same reporting periods as the Company's.
- (4) Summarized cash flows of non-wholly owned subsidiaries that have material non-controlling interests to the Group as of March 31, 2014, are as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Cash flows from operating activities	₩ 77,942	₩ 124,456	₩ (211,944)
Cash flows from investing activities	(4,975)	(24,247)	(43,103)
Cash flows from financing activities	336,076	(111,443)	320,408
Effect of exchange rate changes on cash and cash equivalents	(30)	-	1,067
Net increase (decrease) in cash and cash equivalents	₩ 409,013	₩ (11,234)	₩ 66,428

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group as of March 31, 2013, were as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Cash flows from operating activities	₩ 52,702	₩ 585,482	₩ (280,257)
Cash flows from investing activities	170,130	(12,542)	(35,517)
Cash flows from financing activities	(392,510)	(485,124)	310,000
Effect of exchange rate changes on cash and cash equivalents	15	-	(271)
Net increase (decrease) in cash and cash equivalents	₩ (169,663)	₩ 87,816	₩ (6,045)

- (5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of March 31, 2014, are as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Ownership percentage of non-controlling interests	43.53%	63.04%	56.64%
Non-controlling interests	₩ 1,428,561	₩ 1,542,577	₩ 1,089,266
Profit attributable to non-controlling interests	13,239	51,997	6,988
Dividends paid to non-controlling interests	-	-	6,018

Details of non-wholly owned subsidiaries of the Company that had material non-controlling interests as of December 31, 2013, were as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Ownership percentage of non-controlling interests	43.53%	63.04%	56.64%
Non-controlling interests	₩ 1,415,812	₩ 1,491,715	₩ 1,088,548
Profit attributable to non-controlling interests	170,307	105,461	62,686
Dividends paid to non-controlling interests	78,365	-	155

- (6) Changes in consolidated subsidiaries

Subsidiaries newly included in and excluded from consolidation for the three months ended March 31, 2014, are as follows:

Changes	Name of subsidiaries	Description
Included	Hyundai Rotem Brasil Engineering Services LTD	Acquisition
Excluded	IBK Panorama Private Equity Security Investment Trust No.50	Liquidation
"	Woori Frontier Private Equity Security Investment Trust No.5	"
"	KTb Safe Private Equity Security Investment Trust No.78	"
"	Autopia Fourty-Second Asset Securitization Specialty Company	"

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 the 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 the 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 preparation

The Group's condensed consolidated financial statements for the three months ended March 31, 2014 and 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, 2013, 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, 2013, except for the adoption effect of the new and revised accounting standards and interpretations described below.

New and revised standards that have been applied from the year beginning on January 1, 2014, are as follows:

- K-IFRS 1032 (Amendments): '*Financial Instruments: Presentation*'

The amendments to K-IFRS 1032 clarify the existing application issue relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'. The Group's right to offset must not be conditional on the occurrence of future events but enforceable anytime during the contract periods, during the ordinary course of business with counterparty, in the event of default of counterparty and master netting agreement or in some forms of non-recourse debt.

- K-IFRS 1039 (Amendments): '*Financial Instruments: Recognition and Measurement*'

The amendments to K-IFRS 1039 allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty or entity acting in a similar capacity and certain conditions are met.

- K-IFRS interpretation 2121 (Enactment): '*Levies*'

K-IFRS 2121 defines a levy as a payment to a government for which an entity receives no specific goods or services. The interpretation requires that a liability is recognized when the obligating event occurs. The obligating event is the activity that triggers payment of the levy and is typically specified in the legislation that imposes the levy.

And there are some amendments of K-IFRS 1036 related to disclosure requirements for recoverable amounts.

The effect of the above mentioned enactments and amendments are not significant on the Group's interim consolidated financial statements.

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

In the preparation of the Group's interim consolidated financial statements, management is required to apply accounting policies and make judgements, estimation and assumptions affecting the carrying amounts of assets and liabilities, income and expenses. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations. The management's significant judgements about the application of the Group's accounting policies and the main resources of the uncertainty are consistent with those of the annual consolidated financial statements for the year ended December 31, 2013.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 3,479,289	₩ 50,579	₩ 3,531,279	₩ 47,969
Allowance for doubtful accounts	(56,608)	-	(45,934)	-
Present value discount accounts	-	(3,952)	-	(4,660)
	<u>₩ 3,422,681</u>	<u>₩ 46,627</u>	<u>₩ 3,485,345</u>	<u>₩ 43,309</u>

(2) Aging analysis of trade notes and accounts receivable

As of March 31, 2014 and December 31, 2013, total trade notes and accounts receivable that are past due, but not impaired, amount to ₩197,401 million and ₩310,984 million, respectively; of which ₩164,579 million and ₩264,159 million, respectively, are past due less than 90 days, but not impaired. As of March 31, 2014 and December 31, 2013, the impaired trade notes and accounts receivable amount to ₩56,608 million and ₩45,934 million, respectively.

- (3) The changes in allowance for doubtful accounts for the three months ended March 31, 2014 and 2013, are as follows:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Beginning of the period	₩ 45,934	₩ 29,543
Impairment loss	10,575	5,962
Write-off	(26)	(124)
Effect of foreign exchange differences	125	133
End of the period	₩ 56,608	₩ 35,514

4. OTHER RECEIVABLES:

Other receivables as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accounts receivable – others	₩ 1,816,495	₩ 844,227	₩ 1,672,402	₩ 827,510
Due from customers for contract work	1,500,947	-	1,393,555	-
Lease and rental deposits	45,336	283,177	42,784	274,832
Deposits	7,116	21,029	13,699	23,154
Others	5,087	5,517	2,549	7,283
Allowance for doubtful accounts	(6,925)	-	(6,603)	-
Present value discount accounts	-	(4,273)	-	(4,940)
	₩ 3,368,056	₩ 1,149,677	₩ 3,118,386	₩ 1,127,839

5. OTHER FINANCIAL ASSETS:

- (1) Other financial assets as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014		December 31, 2013	
	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	₩ 287,224	₩ -	₩ 414,255	₩ -
Derivative assets	20,675	620	33,045	1,592
	307,899	620	447,300	1,592
Derivative assets that are effective hedging instruments	10,556	22,572	7,558	19,138
AFS financial assets	12,914	2,323,203	21,363	2,494,033
Loans	30,214	220,635	31,600	217,121
	₩ 361,583	₩ 2,567,030	₩ 507,821	₩ 2,731,884

- (2) AFS financial assets that are measured at fair value as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014		December 31, 2013
	Acquisition cost	Valuation difference Book value	Book value
	(In millions of Korean Won)		
Debt instruments	₩ 138,642	₩ 1,820	₩ 140,462
Equity instruments	1,439,609	756,046	2,391,156
	₩ 1,578,251	₩ 757,866	₩ 2,336,117
			₩ 2,515,396

- (3) Equity instruments classified into AFS financial assets as of March 31, 2014 and December 31, 2013, consist of the following:

Name of the company	Ownership percentage (%)	March 31, 2014		December 31, 2013	
		Acquisition cost	Valuation difference (In millions of Korean Won)	Book value	Book value
Hyundai Steel Company	7.87	₩ 791,681	₩ (160,538)	₩ 631,143	₩ 791,681
Hyundai Heavy Industries Co., Ltd.	2.88	56,924	405,166	462,090	562,830
Hyundai Glovis Co., Ltd.	4.88	210,688	231,484	442,172	422,947
Korea Aerospace Industries, Co., Ltd.	10.00	151,086	179,842	330,928	282,678
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	91,789	145,523	145,523
Hyundai Green Food Co., Ltd.	2.36	15,005	24,687	39,692	38,769
Hyundai Finance Corporation	9.29	9,888	185	10,073	10,666
Hyundai Development Company	0.60	9,025	4,475	13,500	10,440
Doosan Capital Co., Ltd.	7.14	10,000	348	10,348	10,348
Hyundai Merchant Marine Co., Ltd.	0.41	9,161	(2,023)	7,138	7,900
KT Corporation	0.09	8,655	(1,560)	7,095	7,575
NICE Holdings Co., Ltd.	1.30	3,491	2,974	6,465	5,801
Ubivelo Co., Ltd.	5.19	1,710	2,922	4,632	4,585
NICE Information Service Co., Ltd.	2.25	3,312	1,694	5,006	4,180
Hyundai Asan Corporation	1.88	22,500	(20,383)	2,117	2,117
Nesscap, Inc.	4.53	1,997	(1,017)	980	1,104
Others		80,752	(3,999)	76,753	82,012
		₩ 1,439,609	₩ 756,046	₩ 2,195,655	₩ 2,391,156

As of March 31, 2014, the valuation difference between the book value and the acquisition cost of AFS equity instruments includes the cumulative impairment loss of ₩25,368 million.

6. INVENTORIES:

Inventories as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014		December 31, 2013	
	(In millions of Korean Won)			
Finished goods	₩	4,455,189	₩	3,771,488
Merchandise		101,517		105,385
Semi-finished goods		423,470		434,834
Work in progress		383,434		410,024
Raw materials		1,097,452		1,138,616
Supplies		216,066		204,657
Materials in transit		573,728		540,666
Others		426,926		467,446
	₩	7,677,782	₩	7,073,116

7. OTHER ASSETS:

Other assets as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 375,395	₩ 473	₩ 362,854	₩ 498
Advanced payments	696,138	-	700,542	-
Prepaid expenses	340,345	114,988	291,282	90,589
Prepaid value added tax and others	260,685	59,711	313,258	63,813
	<u>₩ 1,672,563</u>	<u>₩ 175,172</u>	<u>₩ 1,667,936</u>	<u>₩ 154,900</u>

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

Non-current assets classified as held for sale as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014		December 31, 2013	
	(In millions of Korean Won)			
Land	₩ 13,676	₩ 13,676		
Buildings	8,671	8,671		
	<u>₩ 22,347</u>	<u>₩ 22,347</u>		

As of March 31, 2014, the Group entered into a contract for disposal of other land and buildings, that have been classified as non-current assets held for sale, and the assets will be disposed within 12 months. No impairment loss on the non-current assets classified as held for sale is recognized for the three months ended March 31, 2014.

9. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment ("PP&E") for the three months ended March 31, 2014 and 2013, are as follows:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Beginning of the period	₩ 21,462,587	₩ 20,739,858
Acquisitions	481,090	472,820
Disposals	(15,630)	(138,567)
Depreciation	(460,983)	(429,037)
Others (*)	(53,133)	149,774
End of the period	<u>₩ 21,413,931</u>	<u>₩ 20,794,848</u>

(*) 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 three months ended March 31, 2014 and 2013, are as follows:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Beginning of the period	₩ 263,984	₩ 282,832
Transfers	72,678	1,918
Disposals	-	(582)
Depreciation	(3,837)	(2,878)
Effect of foreign exchange differences	(511)	2,572
End of the period	₩ 332,314	₩ 283,862

(2) Income and expenses related to investment property for the three months ended March 31, 2014 and 2013, are as follows:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Rental income	₩ 11,375	₩ 9,302
Operating and maintenance expenses	3,772	3,164

11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the three months ended March 31, 2014 and 2013, are as follows:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Beginning of the period	₩ 3,129,090	₩ 2,883,218
Internal developments and separate acquisitions	198,238	159,443
Disposals	(4,907)	(1,882)
Amortization	(194,667)	(204,428)
Impairment loss and reversal	20	(8,866)
Others (*)	53,502	29,443
End of the period	₩ 3,181,276	₩ 2,856,928

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

(2) Research and development expenditures for the three months ended March 31, 2014 and 2013, are as follows:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Development costs	₩ 143,745	₩ 121,956
Ordinary developments (manufacturing cost)	67,527	63,345
Research costs (administrative expenses)	171,650	137,298
	₩ 382,922	₩ 322,599

(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 March 31, 2014 and December 31, 2013, consist of the following:

Name of the company	Nature of the business	Location	March 31, 2014		December 31, 2013
			Ownership Percentage (%)	Book value (In millions of Korean Won)	Book value
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	₩ 2,255,724	₩ 2,026,337
Hyundai Motor Group China, Ltd. (HMGC) (*1)	Investment	China	50.00	162,182	153,823
Sichuan Hyundai Motor Company (CHMC) (*1)	Manufacturing	China	50.00	143,543	132,014
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	22.00	135,232	129,783
Kia Motors Corporation	Manufacturing	Korea	33.88	6,927,244	6,748,127
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,049,753	3,050,804
Hyundai WIA Corporation	Manufacturing	Korea	26.79	623,480	600,284
Hyundai Powertech Co., Ltd.	Manufacturing	Korea	37.58	351,782	335,227
Hyundai Dymos Inc.	Manufacturing	Korea	47.27	283,574	270,535
Hyundai HYSCO Co., Ltd.	Manufacturing	Korea	29.37	237,591	236,732
HMC Investment Securities Co., Ltd.	Securities brokerage	Korea	27.49	223,630	217,218
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	147,010	148,866
Hyundai Commercial Inc.	Financing	Korea	50.00	124,684	125,806
Others (*3)				499,348	519,439
				₩ 15,164,777	₩ 14,694,995

- (*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms according to which the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures.
- (*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.
- (*3) As of March 31, 2014 and December 31, 2013, amongst Others, investments in Beijing Hyundai Qiche Financing Company, with a book value of ₩88,346 million and ₩88,760 million, respectively, is categorized as a joint venture although the Group's total ownership percentage is 53.0%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

- (2) The changes in investments in joint ventures and associates for the three months ended March 31, 2014, are as follows:

Name of the company	Beginning of the period	Acquisitions / (disposals)	Share of profits for the period	Dividends	Others (*)	End of the period
(In millions of Korean Won)						
BHMC	₩ 2,026,337	₩ -	₩ 254,886	₩ -	₩ (25,499)	₩ 2,255,724
HMGC	153,823	-	10,152	-	(1,793)	162,182
CHMC	132,014	13,023	(36)	-	(1,458)	143,543
WAE	129,783	-	3,087	-	2,362	135,232
Kia Motors Corporation	6,748,127	-	294,037	(96,123)	(18,797)	6,927,244
Hyundai Engineering & Construction Co., Ltd.	3,050,804	-	9,083	(11,664)	1,530	3,049,753
Hyundai WIA Corporation	600,284	-	29,300	(3,447)	(2,657)	623,480
Hyundai Powertech Co., Ltd.	335,227	-	14,870	-	1,685	351,782
Hyundai Dymos Inc.	270,535	-	12,428	-	611	283,574
Hyundai HYSCO Co., Ltd.	236,732	-	16,741	(2,010)	(13,872)	237,591
HMC Investment Securities Co., Ltd.	217,218	3,636	2,984	-	(208)	223,630
Eukor Car Carriers Inc.	148,866	-	4,260	(7,919)	1,803	147,010
Hyundai Commercial Inc.	125,806	-	4,541	(5,650)	(13)	124,684
Others	519,439	-	19,888	(9,218)	(30,761)	499,348
	<u>₩ 14,694,995</u>	<u>₩ 16,659</u>	<u>₩ 676,221</u>	<u>₩ (136,031)</u>	<u>₩ (87,067)</u>	<u>₩ 15,164,777</u>

- (*) Others consist of changes in accumulated other comprehensive income, changes in ownership percentage, impairment loss on investments in associates and others.

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

Name of the company	Beginning of the period	Acquisitions / (disposals)	Share of profits for the period	Dividends	Others (*)	End of the period
(In millions of Korean Won)						
BHMC	₩ 1,657,185	₩ -	₩ 212,156	₩ -	₩ 74,904	₩ 1,944,245
HMGC	103,450	17,432	10,914	-	5,949	137,745
WAE	107,253	-	7,323	-	4,612	119,188
Kia Motors Corporation	5,638,238	-	258,710	(89,257)	(31,438)	5,776,253
Hyundai Engineering & Construction Co., Ltd.	3,023,813	-	19,184	(11,664)	(6,860)	3,024,473
Hyundai WIA Corporation	484,518	-	21,791	(3,447)	6,986	509,848
Hyundai Powertech Co., Ltd.	299,075	-	5,671	-	1,345	306,091
Hyundai Dymos Inc.	233,660	-	6,796	-	(3,555)	236,901
Hyundai HYSCO Co., Ltd.	615,271	-	23,960	(5,889)	2,116	635,458
HMC Investment Securities Co., Ltd.	217,187	-	2,626	-	(1,333)	218,480
Eukor Car Carriers Inc.	127,881	-	8,389	(8,044)	4,786	133,012
Hyundai Commercial Inc.	121,597	-	3,242	-	1,237	126,076
Others	488,603	2,129	21,631	(10,257)	10,393	512,499
	<u>₩ 13,117,731</u>	<u>₩ 19,561</u>	<u>₩ 602,393</u>	<u>₩ (128,558)</u>	<u>₩ 69,142</u>	<u>₩ 13,680,269</u>

- (*) Others consisted of changes in accumulated other comprehensive income, changes in ownership percentage and others.

(3) Condensed financial information of the Group's major joint ventures and associates as of and for the three months ended March 31, 2014, is as follows:

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHMC	₩ 6,662,010	₩ 2,554,327	₩ 4,567,070	₩ 90,797
HMGC	332,587	147,165	143,740	-
CHMC	316,311	477,846	377,848	129,225
WAE	699,973	767,574	320,306	532,549
Kia Motors Corporation	14,888,128	23,100,061	11,828,434	5,365,330
Hyundai Engineering & Construction Co., Ltd.	11,242,928	3,650,045	6,581,782	3,037,254
Hyundai WIA Corporation	2,985,107	2,117,101	1,683,354	1,011,493
Hyundai Powertech Co., Ltd.	894,172	1,227,497	766,374	393,287
Hyundai Dymos Inc.	977,274	803,644	616,355	561,717
Hyundai HYSCO Co., Ltd.	1,646,094	767,332	1,085,898	606,231
HMC Investment Securities Co., Ltd. (*)	5,839,040	-	5,171,308	-
Eukor Car Carriers Inc.	490,325	2,283,409	314,252	1,236,581
Hyundai Commercial Inc. (*)	4,311,192	-	3,964,475	-

Name of the company	Sales	Profit(loss) for the period from continuing operations	Other comprehensive income (expenses)	Total comprehensive income (expenses)
(In millions of Korean Won)				
BHMC	₩ 5,250,294	₩ 509,067	₩ -	₩ 509,067
HMGC	433,645	13,453	-	13,453
CHMC	102,246	(74)	-	(74)
WAE	424,161	31,381	-	31,381
Kia Motors Corporation	11,925,823	876,300	(53,180)	823,120
Hyundai Engineering & Construction Co., Ltd.	3,290,554	118,909	9,265	128,174
Hyundai WIA Corporation	1,909,239	110,767	1,889	112,656
Hyundai Powertech Co., Ltd.	844,048	38,795	(129)	38,666
Hyundai Dymos Inc.	635,328	20,935	(25)	20,910
Hyundai HYSCO Co., Ltd.	1,067,317	60,396	(35,052)	25,344
HMC Investment Securities Co., Ltd.	115,555	1,529	(793)	736
Eukor Car Carriers Inc.	623,569	38,263	18,003	56,266
Hyundai Commercial Inc.	84,390	7,672	1,922	9,594

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

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

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHMC	₩ 5,446,999	₩ 2,634,509	₩ 4,035,130	₩ 108,708
HMGC	366,837	61,582	142,157	-
WAE	726,139	652,679	379,570	457,485
Kia Motors Corporation	12,584,682	21,177,367	11,452,961	5,026,764
Hyundai Engineering & Construction Co., Ltd.	9,696,295	3,136,468	5,886,640	2,123,146
Hyundai WIA Corporation	2,748,202	1,845,619	1,694,106	926,711
Hyundai Powertech Co., Ltd.	802,315	1,229,859	747,041	441,832
Hyundai Dymos Inc.	845,721	614,848	606,952	328,425
Hyundai HYSCO Co., Ltd.	2,713,542	2,807,144	2,173,751	1,429,379
HMC Investment Securities Co., Ltd. (*1,2)	4,085,141	-	3,405,510	-
Eukor Car Carriers Inc.	554,047	2,199,929	472,913	1,174,817
Hyundai Commercial Inc. (*2)	4,019,591	-	3,674,984	-

Name of the company	Sales	Profit for the period from continuing operations	Other comprehensive income (expenses)	Total comprehensive income (expenses)
(In millions of Korean Won)				
BHMC	₩ 4,711,576	₩ 429,755	₩ -	₩ 429,755
HMGC	473,760	16,777	-	16,777
WAE	405,683	33,289	-	33,289
Kia Motors Corporation	11,084,819	783,928	(86,426)	697,502
Hyundai Engineering & Construction Co., Ltd.	2,861,221	149,688	(26,260)	123,428
Hyundai WIA Corporation	1,780,297	86,824	16,927	103,751
Hyundai Powertech Co., Ltd.	705,656	19,094	3,034	22,128
Hyundai Dymos Inc.	535,416	26,912	6,714	33,626
Hyundai HYSCO Co., Ltd.	1,910,696	74,520	9,215	83,735
HMC Investment Securities Co., Ltd. (*1)	263,031	9,325	(4,573)	4,752
Eukor Car Carriers Inc.	607,956	66,781	44,073	110,854
Hyundai Commercial Inc.	87,158	8,629	3,624	12,253

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

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

- (4) Condensed additional financial information of the Group's major joint ventures as of and for the three months ended March 31, 2014, is as follows:

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current Financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 2,079,551	₩ -	₩ -	₩ 72,524	₩ 6,252	₩ 5,392	₩ 169,689
HMGC	165,890	-	-	503	273	784	4,334
CHMC	99,693	119,769	129,225	1,027	311	23	-

Condensed additional financial information of the Group's major joint ventures as of and for the three months ended March 31, 2013, was as follows:

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current Financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 1,392,910	₩ -	₩ -	₩ 68,755	₩ 987	₩ 11,450	₩ 143,252
HMGC	244,109	-	-	451	918	826	5,518
CHMC	128,549	-	-	109	400	-	-

- (5) The aggregate amounts of the Group's share of profit and comprehensive income of joint ventures and associates that are not individually material, for the three months ended March 31, 2014 and 2013, are as follows:

Description	Three months ended March 31,	
	2014	2013
(In millions of Korean Won)		
Profit for the period	₩ 19,888	₩ 21,633
Other comprehensive income (expenses)	(3,069)	10,391
Total comprehensive income	₩ 16,819	₩ 32,024

- (6) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of March 31, 2014, is as follows:

Name of the company	Group's share of net assets	Goodwill	Unrealized loss and others	Carrying amounts
(In millions of Korean Won)				
BHMC	₩ 2,279,235	₩ -	₩ (23,511)	₩ 2,255,724
HMGC	168,007	-	(5,825)	162,182
CHMC	143,543	-	-	143,543
WAE	135,232	-	-	135,232
Kia Motors Corporation	6,775,891	197,089	(45,736)	6,927,244
Hyundai Engineering & Construction Co., Ltd (*)	1,912,396	1,137,357	-	3,049,753
Hyundai WIA Corporation	627,504	-	(4,024)	623,480
Hyundai Powertech Co., Ltd.	361,486	-	(9,704)	351,782
Hyundai Dymos Inc.	285,351	-	(1,777)	283,574
Hyundai HYSCO Co., Ltd.	211,360	27,172	(941)	237,591
HMC Investment Securities Co., Ltd.	183,578	40,052	-	223,630
Eukor Car Carriers Inc.	146,748	-	262	147,010
Hyundai Commercial Inc.	124,684	-	-	124,684

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

Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2013, was as follows:

Name of the company	Group's share of net assets	Goodwill	Unrealized loss and others	Carrying amounts
(In millions of Korean Won)				
BHMC	₩ 2,050,200	₩ -	₩ (23,863)	₩ 2,026,337
HMGC	163,074	-	(9,251)	153,823
CHMC	132,014	-	-	132,014
WAE	129,783	-	-	129,783
Kia Motors Corporation	6,605,359	197,089	(54,321)	6,748,127
Hyundai Engineering & Construction Co., Ltd (*)	1,913,447	1,137,357	-	3,050,804
Hyundai WIA Corporation	604,486	-	(4,202)	600,284
Hyundai Powertech Co., Ltd.	345,223	-	(9,996)	335,227
Hyundai Dymos Inc.	272,312	-	(1,777)	270,535
Hyundai HYSCO Co., Ltd.	210,104	27,172	(544)	236,732
HMC Investment Securities Co., Ltd.	177,166	40,052	-	217,218
Eukor Car Carriers Inc.	148,604	-	262	148,866
Hyundai Commercial Inc.	125,806	-	-	125,806

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

(7) The market price of listed equity securities as of March 31, 2014, 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	₩ 59,300	137,318,251	₩ 8,142,972
Hyundai Engineering & Construction Co., Ltd.	56,000	23,327,400	1,306,334
Hyundai WIA Corporation	171,000	6,893,596	1,178,805
Hyundai HYSCO Co., Ltd.	55,000	6,698,537	368,420
HMC Investment Securities Co., Ltd.	10,100	8,065,595	81,463

13. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014	December 31, 2013
(In millions of Korean Won)		
Loans	₩ 29,086,562	₩ 29,078,336
Card receivables	9,692,191	9,806,136
Financial lease receivables	2,999,526	3,038,540
Others	12,382	11,348
	41,790,661	41,934,360
Allowance for doubtful accounts	(835,838)	(823,408)
Loan origination fee	(52,846)	(89,881)
Present value discount accounts	(7,506)	(7,464)
	₩ 40,894,471	₩ 41,013,607

(2) Aging analysis of financial services receivables

As of March 31, 2014 and December 31, 2013, total financial services receivables that are past due but not impaired are ₩1,477,480 million and ₩1,288,443 million, respectively; all of them are past due less than 90 days. As of March 31, 2014 and December 31, 2013, the impaired financial services receivables amount to ₩489,591million and ₩530,638 million, respectively.

(3) The changes in allowance for doubtful accounts of financial services receivables for the three months ended March 31, 2014 and 2013, are as follows:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Beginning of the period	₩ 823,408	₩ 749,166
Impairment loss	157,405	148,462
Write-off	(122,824)	(101,432)
Disposals and others	(24,481)	(22,565)
Effect of foreign exchange differences	2,330	7,305
End of the period	₩ 835,838	₩ 780,936

(4) Gross investments in financial lease and their present value of minimum lease receipts as of March 31, 2014 and December 31, 2013, are as follows:

Description	March 31, 2014		December 31, 2013	
	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	₩ 1,399,717	₩ 1,207,728	₩ 1,453,668	₩ 1,257,942
Later than one year and not later than five years	1,953,397	1,787,813	1,944,394	1,776,643
Later than five years	153	152	172	171
	₩ 3,353,267	₩ 2,995,693	₩ 3,398,234	₩ 3,034,756

(5) Unearned interest income of financial lease as of March 31, 2014 and December 31, 2013, are as follows:

Description	March 31, 2014	December 31, 2013
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 3,353,267	₩ 3,398,234
Net lease investments:		
Present value of minimum lease receipts	2,995,693	3,034,756
Present value of unguaranteed residual value	3,833	3,784
	2,999,526	3,038,540
Unearned interest income	₩ 353,741	₩ 359,694

14. OPERATING LEASE ASSETS:

(1) Operating lease assets as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014	December 31, 2013
	(In millions of Korean Won)	
Acquisition cost	₩ 12,697,919	₩ 12,030,614
Accumulated depreciation	(1,426,346)	(1,388,421)
Accumulated impairment loss	(72,018)	(77,317)
	<u>₩ 11,199,555</u>	<u>₩ 10,564,876</u>

(2) Future minimum lease receipts related to operating lease assets as of March 31, 2014 and December 31, 2013, are as follows:

Description	March 31, 2014	December 31, 2013
	(In millions of Korean Won)	
Not later than one year	₩ 2,110,192	₩ 2,018,610
Later than one year and not later than five years	2,337,590	2,270,798
Later than five years	2	1
	<u>₩ 4,447,784</u>	<u>₩ 4,289,409</u>

15. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of March 31, 2014 and December 31, 2013, consist of the following:

Description	Lender	Annual interest rate	March 31, 2014	March 31, 2014	December 31, 2013
		(%)	(In millions of Korean Won)		
Overdrafts	Citi Bank and others	0.40~3.53	₩ 229,275	₩ 211,603	
General loans	Kookmin Bank and others	0.27~7.00	1,311,624	2,468,175	
Loans on trade receivables collateral	Korea Exchange Bank and others	LIBOR+0.23~0.40	1,193,023	997,519	
Banker's Usance	Kookmin Bank and others	LIBOR+0.31~0.40	493,521	439,579	
Commercial paper	Shinhan Bank and others	0.14~3.15	1,004,364	747,375	
Asset-backed securities	HSBC	0.60	379,948	428,547	
			<u>₩ 4,611,755</u>	<u>₩ 5,292,798</u>	

(2) Long-term debt as of March 31, 2014 and December 31, 2013, consists of the following:

Description	Lender	Annual interest rate	March 31, 2014	March 31, 2014	December 31, 2013
		(%)			
(In millions of Korean Won)					
General loans	Shinhan Bank and others	1.08~5.50	₩ 3,165,802	₩ 3,127,981	
Facility loan	Korea Development Bank and others	0.99~7.30	698,270		524,530
Commercial paper	Meritz Securities and others	3.12~4.15	193,000		233,000
Asset-backed securities	JP Morgan and others	0.43~0.65	1,710,437		3,535,460
Others	Woori Bank and others	0.10~2.00	245,411		238,899
			6,012,920		7,659,870
Less: present value discounts			135,476		134,025
Less: current maturities			1,561,254		2,859,815
			₩ 4,316,190	₩ 4,666,030	

(3) Debentures as of March 31, 2014 and December 31, 2013, consist of the following:

Description	Latest maturity date	Annual interest rate	March 31, 2014	March 31, 2014	December 31, 2013
		(%)			
(In millions of Korean Won)					
Guaranteed public debentures	June 8, 2017	3.75~4.50	₩ 1,601,017	₩ 1,583,399	
Guaranteed private debentures	April 25, 2015	5.68	80,160	79,148	
Non-guaranteed public debentures	February 10, 2021	2.61~7.20	21,194,559	20,298,628	
Non-guaranteed private debentures	February 6, 2019	1.45~3.63	4,021,371	2,383,997	
Asset-backed securities	July 15, 2020	0.20~6.52	11,615,099	10,891,176	
			38,512,206	35,236,348	
Less: discount on debentures			98,098	88,129	
Less: current maturities			5,513,365	5,825,439	
			₩ 32,900,743	₩ 29,322,780	

16. PROVISIONS:

The changes in provisions for the three months ended March 31, 2014, are as follows:

Description	Warranty		Other long-term employee benefits		Others	
	(In millions of Korean Won)					
Beginning of the period	₩	5,871,332	₩	624,836	₩	409,751
Charged		277,419		16,507		117,470
Utilized		(253,042)		(23,144)		(80,384)
Amortization of present value discounts		37,990		-		935
Changes in expected reimbursements by third parties		(4,317)		-		-
Effect of foreign exchange differences		11,565		9		3,903
End of the period	₩	5,940,947	₩	618,208	₩	451,675

The changes in provisions for the three months ended March 31, 2013, were 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		360,413		16,366		51,873
Utilized		(237,001)		(16,875)		(2,362)
Amortization of present value discounts		29,730		-		1,115
Changes in expected reimbursements by third parties		31,773		-		-
Effect of foreign exchange differences		28,297		1		13,964
End of the period	₩	6,121,931	₩	609,081	₩	555,040

17. OTHER FINANCIAL LIABILITIES:

Other financial liabilities as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Financial liabilities at FVTPL	₩ 2	₩ 3,404	₩ 2	₩ 3,061
Derivative liabilities that are effective hedging instruments	113,081	327,298	134,974	426,434
Financial lease liabilities	5,564	8,054	9,093	10,618
	₩ 118,647	₩ 338,756	₩ 144,069	₩ 440,113

18. OTHER LIABILITIES:

Other liabilities as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advance received	₩ 369,911	₩ 73,845	₩ 250,886	₩ 48,426
Withholdings	1,007,464	498,570	1,105,380	491,180
Accrued expenses	2,246,166	-	1,663,951	-
Unearned income	431,915	502,120	442,495	458,707
Accrued dividends	540,496	-	68	-
Due to customers for contract work	449,411	-	445,292	-
Others	144,579	649,957	91,042	611,168
	₩ 5,189,942	₩ 1,724,492	₩ 3,999,114	₩ 1,609,481

19. FINANCIAL INSTRUMENTS:

(1) Categories of financial assets as of March 31, 2014, 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	₩ -	₩ 7,814,514	₩ -	₩ -	₩ 7,814,514	₩ 7,814,514
Short-term and long-term financial instruments	-	16,130,698	-	-	16,130,698	16,130,698
Trade notes and accounts receivable	-	3,469,308	-	-	3,469,308	3,469,308
Other receivables	-	3,011,269	-	-	3,011,269	3,011,269
Other financial assets	308,519	250,849	2,336,117	33,128	2,928,613	2,928,613
Other assets	-	375,868	-	-	375,868	375,868
Financial services receivables	-	40,894,471	-	-	40,894,471	41,565,623
	<u>₩ 308,519</u>	<u>₩ 71,946,977</u>	<u>₩ 2,336,117</u>	<u>₩ 33,128</u>	<u>₩ 74,624,741</u>	<u>₩ 75,295,893</u>

Categories of financial assets as of December 31, 2013, consisted 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	₩ -	₩ 6,872,430	₩ -	₩ -	₩ 6,872,430	₩ 6,872,430
Short-term and long-term financial instruments	-	14,910,783	-	-	14,910,783	14,910,783
Trade notes and accounts receivable	-	3,528,654	-	-	3,528,654	3,528,654
Other receivables	-	2,845,387	-	-	2,845,387	2,845,387
Other financial assets	448,892	248,721	2,515,396	26,696	3,239,705	3,239,705
Other assets	-	363,352	-	-	363,352	363,352
Financial services receivables	-	41,013,607	-	-	41,013,607	41,566,247
	<u>₩ 448,892</u>	<u>₩ 69,782,934</u>	<u>₩ 2,515,396</u>	<u>₩ 26,696</u>	<u>₩ 72,773,918</u>	<u>₩ 73,326,558</u>

(2) Categories of financial liabilities as of March 31, 2014, 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	₩ -	₩ 7,588,527	₩ -	₩ 7,588,527	₩ 7,588,527
Other payables	-	3,759,940	-	3,759,940	3,759,940
Borrowings and debentures	-	48,903,307	-	48,903,307	48,848,779
Other financial liabilities	3,406	13,618	440,379	457,403	457,403
Other liabilities	-	2,786,662	-	2,786,662	2,786,662
	₩ 3,406	₩ 63,052,054	₩ 440,379	₩ 63,495,839	₩ 63,441,311

Categories of financial liabilities as of December 31, 2013, consisted 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	₩ -	₩ 6,722,740	₩ -	₩ 6,722,740	₩ 6,722,740
Other payables	-	4,703,454	-	4,703,454	4,703,454
Borrowings and debentures	-	47,966,862	-	47,966,862	48,636,232
Other financial liabilities	3,063	19,711	561,408	584,182	584,182
Other liabilities	-	1,664,019	-	1,664,019	1,664,019
	₩ 3,063	₩ 61,076,786	₩ 561,408	₩ 61,641,257	₩ 62,310,627

(3) Fair value estimation

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

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

Fair value measurements of financial instruments by fair-value hierarchy levels as of March 31, 2014, are as follows:

Description	March 31, 2014			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets at FVTPL	₩ 49,703	₩ 258,816	₩ -	₩ 308,519
Derivatives designated as hedging instruments	-	33,128	-	33,128
AFS financial assets	1,985,694	106,196	244,227	2,336,117
	<u>₩ 2,035,397</u>	<u>₩ 398,140</u>	<u>₩ 244,227</u>	<u>₩ 2,677,764</u>
Financial liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 3,406	₩ -	₩ 3,406
Derivatives designated as hedging instruments	-	440,379	-	440,379
	<u>₩ -</u>	<u>₩ 443,785</u>	<u>₩ -</u>	<u>₩ 443,785</u>

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

Description	December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets at FVTPL	₩ 38,927	₩ 409,965	₩ -	₩ 448,892
Derivatives designated as hedging instruments	-	26,696	-	26,696
AFS financial assets	2,187,434	98,620	229,342	2,515,396
	<u>₩ 2,226,361</u>	<u>₩ 535,281</u>	<u>₩ 229,342</u>	<u>₩ 2,990,984</u>
Financial liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 3,063	₩ -	₩ 3,063
Derivatives designated as hedging instruments	-	561,408	-	561,408
	<u>₩ -</u>	<u>₩ 564,471</u>	<u>₩ -</u>	<u>₩ 564,471</u>

The changes in financial instruments classified as Level 3 for the three months ended March 31, 2014, are as follows:

Description	Beginning of the period	Purchases	Disposals	Valuation	Transfers	End of the period
	(In millions of Korean Won)					
AFS financial assets	₩ 229,342	₩ -	₩ -	₩ (320)	₩ 15,205	₩ 244,227

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

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

- (4) Interest income, dividend income and interest expenses by categories of financial instruments for the three months ended March 31, 2014 and 2013, consist of the following:

Description	Three months ended March 31,					
	2014			2013		
	Interest income	Dividend income	Interest expenses	Interest income	Dividend Income	Interest expenses
	(In millions of Korean Won)					
Non-financial services:						
Loans and receivables	₩ 145,549	₩ -	₩ -	₩ 137,445	₩ -	₩ -
AFS financial assets	310	14,592	-	-	11,098	-
Financial liabilities carried at amortized cost	-	-	52,862	-	-	70,073
	₩ 145,859	₩ 14,592	₩ 52,862	₩ 137,445	₩ 11,098	₩ 70,073
Financial services:						
Loans and receivables	₩ 627,877	₩ -	₩ -	₩ 660,425	₩ -	₩ -
Financial assets at FVTPL	1,678	-	-	-	-	-
Financial liabilities carried at amortized cost	-	-	338,392	-	-	322,085
	₩ 629,555	₩ -	₩ 338,392	₩ 660,425	₩ -	₩ 322,085

- (5) Financial assets and liabilities subject to offsetting, financial instruments subject to an enforceable master netting arrangement or similar agreement as of March 31, 2014, consist of the following:

Description	Gross amounts of recognized financial assets and liabilities set off in the consolidated statement of financial position		Net amounts of financial assets and liabilities presented in the consolidated statement of financial position		Related amounts not set off in the consolidated statement of financial position - Financial instruments		Related amounts not set off in the statement of financial position - Collateral received (pledged)		Net amounts			
	Gross amounts of recognized financial assets and liabilities											
(In millions of Korean Won)												
Financial assets:												
Trade notes and accounts receivable	₩	3,618,951	₩	149,643	₩	3,469,308	₩	-	₩	-	₩	3,469,308
Other receivables		3,248,169		236,900		3,011,269		-		-		3,011,269
Financial assets at FVTPL (*)		21,295		-		21,295		-		-		21,295
Derivative assets that are effective hedging instruments		33,128		-		33,128		30,234		-		2,894
	₩	6,921,543	₩	386,543	₩	6,535,000	₩	30,234	₩	-	₩	6,504,766
Financial liabilities:												
Trade notes and accounts payable	₩	7,830,870	₩	242,343	₩	7,588,527	₩	-	₩	-	₩	7,588,527
Other payables		3,904,140		144,200		3,759,940		-		-		3,759,940
Financial liabilities at FVTPL (*)		3,406		-		3,406		-		-		3,406
Derivative liabilities that are effective hedging instruments		440,379		-		440,379		30,234		-		410,145
	₩	12,178,795	₩	386,543	₩	11,792,252	₩	30,234	₩	-	₩	11,762,018

- (*) There are no derivative assets and liabilities that can be offset as of March 31, 2014. Therefore, derivative assets and liabilities do not meet the criteria for offsetting in K-IFRS 1032, but the Group has a right of offsetting them in the event of default, insolvency or bankruptcy of the counterparty.

Financial assets and liabilities subject to offsetting, financial instruments subject to an enforceable master netting arrangement or similar agreement as of December 31, 2013, consisted of the following:

Description	Gross amounts of recognized financial assets and liabilities	Gross amounts of recognized financial assets and liabilities set off in the consolidated statement of financial position	Net amounts of financial assets and liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position - Financial instruments	Related amounts not set off in the statement of financial position - Collateral received (pledged)	Net amounts
			(In millions of Korean Won)			
Financial assets:						
Trade notes and accounts receivable	₩ 3,590,967	₩ 62,313	₩ 3,528,654	₩ -	₩ -	₩ 3,528,654
Other receivables	3,160,005	314,618	2,845,387	-	-	2,845,387
Financial assets at FVTPL (*)	34,637	-	34,637	-	-	34,637
Derivative assets that are effective hedging instruments	26,696	-	26,696	24,438	-	2,258
	<u>₩ 6,812,305</u>	<u>₩ 376,931</u>	<u>₩ 6,435,374</u>	<u>₩ 24,438</u>	<u>₩ -</u>	<u>₩ 6,410,936</u>
Financial liabilities:						
Trade notes and accounts Payable	₩ 6,972,764	₩ 250,024	₩ 6,722,740	₩ -	₩ -	₩ 6,722,740
Other payables	4,830,361	126,907	4,703,454	-	-	4,703,454
Financial liabilities at FVTPL (*)	3,063	-	3,063	-	-	3,063
Derivative liabilities that are effective hedging instruments	561,408	-	561,408	24,438	-	536,970
	<u>₩ 12,367,596</u>	<u>₩ 376,931</u>	<u>₩ 11,990,665</u>	<u>₩ 24,438</u>	<u>₩ -</u>	<u>₩ 11,966,227</u>

(*) There were no derivative assets and liabilities that could have been offset as of December 31, 2013. Therefore, the derivative assets and liabilities did not meet the criteria for offsetting in K-IFRS 1032, but the Group had a right of offsetting them in the event of default, insolvency or bankruptcy of the counterparty.

- (6) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities at FVTPL for the three months ended March 31, 2014 and 2013, are ₩411,736 million and ₩390,428 million, respectively. In addition, the fee expenses (cost of sales from financial services) occurring from financial assets or liabilities other than financial assets or liabilities at FVTPL for the three months ended March 31, 2014 and 2013, are ₩197,358 million and ₩230,277 million, respectively.
- (7) 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 three months ended March 31, 2014.
- (8) 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 remaining period of derivatives to be measured. If the forward exchange rate, which has the same 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 rates.

As the inputs used to measure fair value of currency forwards and options are supported by observable market data, such as forward exchange rates, 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 discount rate based on business plan and circumstance of industry are used to estimate the future cash flow. The discount rate used to discount the future cash flows, is calculated by applying the Capital Asset Pricing Model, 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.

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

Description	Fair value at March 31, 2014 (In millions of Korean Won)	Valuation Techniques	Unobservable inputs	Description of relationship
Unlisted equity securities	₩ 244,227	Discounted cash flow	Sales growth rate Pre-tax operating income ratio Discount rate	If the sales growth rate and the pre-tax operating income ratio rise or the discount rate declines, the fair value increases.

The Group believes that there have been no significant changes in the fair value of financial instruments categorized within Level 3 fair value measurements of the fair value hierarchy since December 31, 2013.

20. CAPITAL STOCK:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of March 31, 2014 and December 31, 2013, consist of the following:

(1) Common stock

Description	March 31, 2014 (In millions of Korean Won, except par value)	December 31, 2013
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		65,202,146 shares	₩ 331,011	

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

21. CAPITAL SURPLUS:

Capital surplus as of March 31, 2014 and December 31, 2013, consists of the following:

Description	March 31, 2014	December 31, 2013
	(In millions of Korean Won)	
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	809,334	809,334
	₩ 4,130,668	₩ 4,130,668

22. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of March 31, 2014 and December 31, 2013, are as follows:

Description	March 31, 2014	December 31, 2013
	(Number of shares)	
Common stock	11,006,710	11,006,710
1 st preferred stock	1,950,960	1,950,960
2 nd preferred stock	1,000,000	1,000,000

23. ACCUMULATED OTHER COMPREHENSIVE INCOME:

Accumulated other comprehensive income as of March 31, 2014 and December 31, 2013, consists of the following:

Description	March 31, 2014	December 31, 2013
	(In millions of Korean Won)	
Gain on valuation of AFS financial assets	₩ 715,755	₩ 737,234
Loss on valuation of AFS financial assets	(125,235)	(2,850)
Gain on valuation of cash flow hedge derivatives	2,309	2,589
Loss on valuation of cash flow hedge derivatives	(1,998)	(1,382)
Gain on share of the other comprehensive income of equity-accounted investees	31,116	59,833
Loss on share of the other comprehensive income of equity-accounted investees	(406,855)	(386,557)
Loss on foreign operations translation, net	(1,152,443)	(1,242,903)
	₩ (937,351)	₩ (834,036)

24. RETAINED EARNINGS AND DIVIDENDS:

Retained earnings as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014	December 31, 2013
	(In millions of Korean Won)	
Legal reserve (*)	₩ 529,148	₩ 475,707
Discretionary reserve	35,826,647	31,021,647
Unappropriated	13,296,305	16,776,885
	<u>₩ 49,652,100</u>	<u>₩ 48,274,239</u>

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

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

25. SALES:

Sales for the three months ended March 31, 2014 and 2013, consist of the following:

Description	Three months ended March 31, 2014	2013
	(In millions of Korean Won)	
Sales of goods	₩ 19,130,430	₩ 18,867,475
Rendering of services	302,599	316,691
Royalties	57,899	58,782
Financial services revenue	2,097,253	2,084,537
Others	60,860	39,574
	<u>₩ 21,649,041</u>	<u>₩ 21,367,059</u>

26. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months ended March 31, 2014 and 2013, consist of the following:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Selling expenses:		
Export expenses	₩ 253,341	₩ 241,483
Overseas market expenses	90,573	75,178
Advertisements and sales promotion	487,451	502,710
Sales commissions	143,490	144,324
Expenses for warranties	332,383	424,308
Transportation expenses	70,826	94,326
	<u>1,378,064</u>	<u>1,482,329</u>
Administrative expenses:		
Payroll	571,244	539,935
Post-employment benefits	36,443	39,772
Welfare expenses	94,491	88,137
Service charges	280,071	245,123
Research	171,650	137,298
Others	307,581	303,184
	<u>1,461,480</u>	<u>1,353,449</u>
	<u>₩ 2,839,544</u>	<u>₩ 2,835,778</u>

27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the three months ended March 31, 2014 and 2013, consist of the following:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Gain on share of earnings of equity-accounted investees, net	₩ 676,221	₩ 602,393
Impairment loss on investments in associates, net	(27,688)	-
	<u>₩ 648,533</u>	<u>₩ 602,393</u>

28. FINANCE INCOME AND EXPENSES:

(1) Finance income for the three months ended March 31, 2014 and 2013, consist of the following:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Interest income	₩ 148,324	₩ 137,445
Gain on foreign exchange transactions	5,952	13,444
Gain on foreign currency translation	11,748	22,945
Dividend income	14,592	11,098
Income on financial guarantee	649	1,232
Gain on valuation of financial instruments at FVTPL	2,047	-
Gain on disposals of financial instruments at FVTPL	1,655	-
Gain on valuation of derivatives	2,059	19,752
Others	379	2
	<u>₩ 187,405</u>	<u>₩ 205,918</u>

(2) Finance expenses for the three months ended March 31, 2014 and 2013, consist of the following:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Interest expenses	₩ 82,000	₩ 87,460
Loss on foreign exchange transactions	7,691	8,498
Loss on foreign currency translation	27,653	35,426
Loss on disposals of trade notes and accounts receivable	774	3,262
Loss on valuation of financial instruments at FVTPL	1,050	-
Loss on disposals of financial instruments at FVTPL	1,391	-
Loss on valuation of derivatives	778	10,442
Others	394	-
	₩ 121,731	₩ 145,088

29. OTHER INCOME AND EXPENSES:

(1) Other income for the three months ended March 31, 2014 and 2013, consists of the following:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Gain on foreign exchange transactions	₩ 80,997	₩ 88,870
Gain on foreign currency translation	65,213	124,014
Gain on disposals of PP&E	6,239	88,156
Gain on disposals of intangible assets	2,079	9,184
Commission income	14,061	12,514
Rental income	20,057	24,117
Others	88,440	105,806
	₩ 277,086	₩ 452,661

(2) Other expenses for the three months ended March 31, 2014 and 2013, consist of the following:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Loss on foreign exchange transactions	₩ 98,677	₩ 66,450
Loss on foreign currency translation	58,801	111,305
Loss on disposals of PP&E	7,064	5,287
Impairment loss on intangible assets	12	8,866
Donations	11,187	4,874
Others	60,782	43,511
	₩ 236,523	₩ 240,293

30. EXPENSES BY NATURE:

Expenses by nature for the three months ended March 31, 2014 and 2013, consist of the following:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Changes in inventories	₩ (645,747)	₩ (119,189)
Raw materials and merchandise used	12,258,066	11,602,676
Employee benefits	2,108,274	1,963,578
Depreciation	464,820	431,915
Amortization	194,667	204,428
Others	5,567,092	5,655,403
Total (*)	₩ 19,947,172	₩ 19,738,811

(*) 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 ended March 31, 2014 and 2013, since there were no dilutive items during the periods.

Basic earnings per common share for the three months ended March 31, 2014 and 2013, are computed as follows:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won, except per share amounts)	
Profit attributable to the owners of the Parent Company	₩ 1,928,705	₩ 1,945,265
Profit available to preferred stock	(443,145)	(446,940)
Profit available to common share	1,485,560	1,498,325
Weighted-average number of common shares outstanding	209,269,769 shares	209,269,769 shares
Basic earnings per common share	₩ 7,099	₩ 7,160

32. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by income before income tax) for the three months ended March 31, 2014 and 2013, are 24.7% and 23.9%, respectively.

33. RETIREMENT BENEFIT PLAN:

- (1) Expenses recognized in relation to defined contribution plans for the three months ended March 31, 2014 and 2013, are as follows:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Paid in cash	₩ 1,227	₩ 1,228
Recognized liability	333	458
	₩ 1,560	₩ 1,686

- (2) The significant actuarial assumptions used by the Group as of March 31, 2014 and December 31, 2013, are as follows:

Description	March 31, 2014	December 31, 2013
Discount rate	4.40%	4.45%
Rate of expected future salary increase	5.02%	4.97%

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014		December 31, 2013	
	(In millions of Korean Won)			
Present value of defined benefit obligations	₩	3,219,834	₩	3,131,966
Fair value of plan assets		(2,728,123)		(2,749,943)
	₩	491,711	₩	382,023
Net defined benefit liabilities		497,228		389,306
Net defined benefit assets		(5,517)		(7,283)

- (4) Changes in net defined benefit assets and liabilities for the three months ended March 31, 2014, 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	₩	3,131,966	₩	(2,749,943)	₩	382,023
Current service cost		114,113		-		114,113
Interest expenses (income)		34,234		(30,561)		3,673
		3,280,313		(2,780,504)		499,809
Remeasurements:						
Return on plan assets		-		(2,257)		(2,257)
Actuarial gains arising from changes in financial assumptions		12,672		-		12,672
		12,672		(2,257)		10,415
Contributions		-		(2,611)		(2,611)
Benefits paid		(78,114)		59,308		(18,806)
Transfers in (out)		(356)		182		(174)
Effect of foreign exchange differences and others		5,319		(2,241)		3,078
End of the period	₩	3,219,834	₩	(2,728,123)	₩	491,711

Changes in net defined benefit assets and liabilities for the three months ended March 31, 2013, were as follows:

Description	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
	(In millions of Korean Won)		
Beginning of the period	₩ 2,975,771	₩ (2,154,022)	₩ 821,749
Current service cost	118,127	-	118,127
Interest expenses (income)	28,974	(20,803)	8,171
	3,122,872	(2,174,825)	948,047
Remeasurements:			
Return on plan assets	-	(2,066)	(2,066)
Actuarial losses arising from changes in financial assumptions	(8,028)	-	(8,028)
	(8,028)	(2,066)	(10,094)
Contributions	-	(5,746)	(5,746)
Benefits paid	(61,923)	47,996	(13,927)
Transfers in (out)	517	388	905
Effect of foreign exchange differences and others	10,467	(5,759)	4,708
End of the period	₩ 3,063,905	₩ (2,140,012)	₩ 923,893

(5) The fair value of the plan assets as of March 31, 2014 and December 31, 2013, consist of the following:

Description	March 31, 2014	December 31, 2013
	(In millions of Korean Won)	
Insurance instruments	₩ 2,394,427	₩ 2,415,575
Debt instruments	73,078	66,149
Others	260,618	268,219
	₩ 2,728,123	₩ 2,749,943

34. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the three months ended March 31, 2014 and 2013, is as follows:

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Profit for the period	₩ 2,028,093	₩ 2,087,804
Adjustments:		
Post-employment benefits	117,786	126,298
Depreciation	464,820	431,915
Amortization of intangible assets	194,667	204,428
Provision for warranties	277,419	360,413
Income tax expense	665,069	656,328
Loss (gain) on foreign currency translation, net	9,493	(228)
Loss (gain) on disposals of PP&E, net	825	(82,869)
Interest income, net	(66,324)	(49,985)
Gain on share of earnings of equity-accounted investees, net	(676,221)	(602,393)
Cost of sales from financial services, net	1,010,117	911,603
Others	77,585	28,789
	2,075,236	1,984,299
Changes in operating assets and liabilities:		
Decrease in trade notes and accounts receivable	85,244	191,067
Decrease in other receivables	574,933	541,393
Decrease in other financial assets	134,941	23,652
Increase in inventories	(678,415)	(50,674)
Decrease in other assets	22,851	219,965

Description	Three months ended March 31,	
	2014	2013
	(In millions of Korean Won)	
Increase (decrease) in trade notes and accounts payable	₩ 542,680	₩ (152,406)
Decrease in other payables	(1,127,918)	(1,795,500)
Increase in other liabilities	733,608	282,168
Increase (decrease) in other financial liabilities	(12,740)	1,832
Changes in net defined benefit liabilities	(2,785)	(4,841)
Payment of severance benefits	(18,806)	(13,927)
Decrease in provisions	(356,570)	(256,238)
Changes in financial services receivables	(2,664)	(139,415)
Increase in operating lease assets	(934,872)	(1,191,756)
Others	76,282	(2,624)
	(964,231)	(2,347,304)
Cash generated from operations	₩ 3,139,098	₩ 1,724,799

35. **RISK MANAGEMENT:**

(1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt to equity ratios as of March 31, 2014 and December 31, 2013, are as follows:

Description	March 31, 2014		December 31, 2013	
	(In millions of Korean Won)			
Total liabilities	₩	79,345,063	₩	76,838,690
Total equity		57,937,726		56,582,789
Debt-to-equity ratio		136.9%		135.8%

(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 March 31, 2014, would be as follows:

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ 28,521	₩ (28,521)
EUR	(22,323)	22,323
JPY	(5,419)	5,419

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

b) Interest rate risk management

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

The Group's sensitivity to a 1% change in interest rates on income before income tax as of March 31, 2014, would be as follows:

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 8,167	₩ (8,167)
Held for trading non-derivative financial assets	(4,252)	4,412
Short-term financial instruments and other financial assets	433	(433)
Borrowings and debentures	(41,322)	41,322

The Company's subsidiaries, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., operating financial business are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of March 31, 2014 and December 31, 2013, the amounts of interest rate risk measured at VaR are ₩71,757 million and ₩65,863 million, respectively.

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of March 31, 2014, the amounts of held for trading equity instruments and AFS equity instruments measured at fair value are ₩49,703 million and ₩2,195,655 million, respectively.

2) Credit risk

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

3) Liquidity risk

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

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

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of March 31, 2014, is as follows:

Description	Remaining contract period				Total
	Not later than one year	Later than one year and not later than five years	Later than five years		
	(In millions of Korean Won)				
Non interest-bearing liabilities	₩ 14,115,546	₩ 18,516	₩ 1,067	₩	14,135,129
Interest-bearing liabilities	12,752,820	38,391,321	966,334		52,110,475
Financial guarantee	1,164,561	79,952	96,910		1,341,423

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

(3) Derivative instrument

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

As of March 31, 2014 and December 31, 2013, the Group deferred a net income of ₩311 million and ₩1,207 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 60 months as of March 31, 2014.

For the three months ended March 31, 2014 and 2013, the Group recognized a net income of ₩110,598 million and ₩196,015 million in profit or loss(before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments.

36. RELATED-PARTY TRANSACTIONS:

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

- (1) Significant transactions arising from operations for the three months ended March 31, 2014, between the Group and related parties or affiliates by the Monopoly Regulation And Fair Trade Act of the Republic of Korea (“the Act”) are as follows:

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company	Hyundai MOBIS Co., Ltd.	₩ 215,395	₩ 2,567	₩ 1,149,281	₩ 11,036
	Mobis Alabama, LLC	4,785	7,938	318,793	4,223
	Mobis Automotive Czech s.r.o.	2	116	313,031	-
	Mobis India, Ltd.	4,882	4,157	172,378	212
	Mobis Parts America, LLC	6,047	1,064	131,787	342
	Mobis Parts Europe N.V.	1,320	92	48,442	-
	Mobis Brasil Fabricacao De Auto Pecas Ltda	473	-	71,272	-
	Mobis Module CIS, LLC	-	123	56,109	1
	Others	3,959	184	96,662	3,343
		227,243	57,440	49,079	63,839
Joint ventures and associates	Kia Motors Corporation				
	Kia Motors Manufacturing Georgia, Inc.	180,215	467	606,603	-
	Kia Motors Russia LLC	231,074	-	-	899
	Kia Motors Slovakia s.r.o.	34,852	5,106	156,472	210
	BHMC	256,163	10,196	189	-
	HMGC	63,688	-	263	1,681
	Hyundai WIA Corporation	38,789	162	196,934	880
	Hyundai HYSCO Co., Ltd.	1,552	455	19,650	-
Other related parties	Others	97,740	7,130	684,046	340,780
		698	96	182,374	107,729
Affiliates by the Act		157,418	19,499	1,065,347	423,774

Significant transactions arising from operations for the three months ended March 31, 2013 between the Group and related parties or affiliates by the Act were as follows:

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company	Hyundai MOBIS Co., Ltd.	₩ 192,154	₩ 2,218	₩ 1,107,102	₩ 2,636
	Mobis Alabama, LLC	5,904	-	318,376	-
	Mobis Automotive Czech s.r.o.	1	1,659	284,249	-
	Mobis India, Ltd.	5,782	3,741	195,889	6
	Mobis Parts America, LLC	6,588	187,848	124,299	-
	Mobis Parts Europe N.V.	343	41	49,857	2
	Mobis Brasil Fabricacao De Auto Pecas Ltda	8	-	50,814	-
	Mobis Module CIS, LLC	-	143	60,946	-
	Others	3,450	177,939	45,384	763
Joint ventures and associates	Kia Motors Corporation	222,507	49,745	67,766	78,564
	Kia Motors Manufacturing Georgia, Inc.	178,720	39	595,808	-
	Kia Motors Russia LLC	266,090	-	-	509
	Kia Motors Slovakia s.r.o.	32,128	3,481	141,384	301
	BHMC	321,341	6,008	294	-
	HMGC	105,618	-	2,155	1,567
	Hyundai WIA Corporation	29,672	165	260,689	140
	Hyundai HYSCO Co., Ltd.	40,802	528	56,449	-
	Others	89,139	2,725	626,545	290,506
Other related parties		2,329	128	211,287	101,197
Affiliates by the Act		316,778	23,871	1,048,239	493,672

(2) As of March 31, 2014, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows:

Description		Receivables		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company	Hyundai MOBIS Co., Ltd.	₩ 158,817	₩ 29,464	₩ 794,021	₩ 226,399
	Hyundai Life Insurance Co., Ltd.	951	67,623	-	1,491
	Mobis Alabama, LLC	-	1,513	108,825	-
	Mobis Automotive Czech s.r.o.	45	354	135,411	-
	Mobis India, Ltd.	173	14,986	94,460	-
	Mobis Parts America, LLC	2,410	214,293	44,829	-
	Mobis Parts Europe N.V.	227	92	17,209	-
	Mobis Module CIS, LLC	-	47	22,823	-
	Others	4,276	408	46,095	31,451
Joint ventures and associates	Kia Motors Corporation	249,828	201,401	24,899	92,567
	Kia Motors Manufacturing Georgia, Inc.	62,794	12,592	212,196	52
	Kia Motors Russia LLC	93,815	37	-	-
	Kia Motors Slovakia s.r.o.	11,335	6,329	50,616	17,412
	Kia Motors America, Inc.	-	40,364	58	297
	BHMC	199,553	19,176	-	224
	HMGC	21,135	509	-	1,408
	Hyundai WIA Corporation	27,820	26,944	111,911	46,102
	Hyundai HYSCO Co., Ltd.	1,746	6,457	14,111	7,110
	Others	111,377	66,955	399,333	333,475
Other related parties		453	3,876	183,475	133,680
Affiliates by the Act		175,410	14,801	609,197	394,326

As of December 31, 2013, significant balances related to the transactions between the Group and related parties or affiliates by the Act were as follows:

Description		Receivables		Payables	
		Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)					
Entity with significant influence over the Company	Hyundai MOBIS Co., Ltd.	₩ 145,178	₩ 29,937	₩ 816,009	₩ 167,061
	Hyundai Life Insurance Co., Ltd.	1,078	38,369	102	1,398
	Mobis Alabama, LLC	-	1,290	78,629	-
	Mobis Automotive Czech s.r.o.	45	546	98,762	-
	Mobis India, Ltd.	543	10,496	96,200	-
	Mobis Parts America, LLC	2,280	211,572	36,595	-
	Mobis Parts Europe N.V.	682	1,192	22,824	-
	Mobis Module CIS, LLC	-	51	25,484	1
	Others	12,861	3,699	44,554	149
Joint ventures and associates	Kia Motors Corporation	229,225	284,253	51,676	115,888
	Kia Motors Manufacturing Georgia, Inc.	39,286	13,531	145,327	99
	Kia Motors Russia LLC	107,096	-	-	339
	Kia Motors Slovakia s.r.o.	7,181	7,121	42,431	19,673
	Kia Motors America, Inc.	-	49,828	72	382
	BHMC	172,422	9,743	386	214
	HMGC	16,300	2,245	-	1,676
	Hyundai WIA Corporation	37,711	28,591	131,423	43,575
	Hyundai HYSCO Co., Ltd.	1,269	2,354	15,460	4,025
	Others	119,489	40,330	379,266	349,067
Other related parties		699	4,362	158,542	139,193
Affiliates by the Act		148,752	22,116	488,217	430,285

- (3) Significant fund transactions and equity contribution transactions for the three months ended March 31, 2014, between the Group and related parties are as follows:

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of U.S. Dollars)					(In millions of Korean won)
Joint ventures and associates	\$ -	\$ -	\$ -	\$ 85	₩ 16,659

Significant fund transactions and equity contribution transactions for the three months ended March 31, 2013, between the Group and related parties were as follows:

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of U.S. Dollars)					(In millions of Korean won)
Entity with significant influence over the Company	\$ 198,087	\$ -	\$ -	\$ -	₩ -
Joint ventures and associates	-	253	-	70	19,561

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the three months ended March 31, 2014 and 2013, are as follows:

Description	Three months ended March 31,	
	2014	2013
(In millions of Korean Won)		
Short-term employee salaries	₩ 42,190	₩ 32,570
Post-employment benefits	9,808	7,593
Other long-term benefits	110	71
	₩ 52,108	₩ 40,234

37. COMMITMENTS AND CONTINGENCIES:

- (1) As of March 31, 2014, the debt guarantees provided by the Group, excluding the ones provided to the Company's subsidiaries, are as follows:

Description	Domestic	Overseas (*)
	(In millions of Korean Won)	
To associates	₩ -	₩ 73,213
To others	156,822	1,139,629
	₩ 156,822	₩ 1,212,842

- (*) The guarantee amounts in foreign currency are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of March 31, 2014.
- (2) As of March 31, 2014, 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 they will not have any material effect on its consolidated financial statements. Meanwhile, as of March 31, 2014, the Group is currently involved in lawsuits for the scope of ordinary wage and unable to estimate the outcome or the potential financial impact.
- (3) As of March 31, 2014, a substantial portion of the Group's PP&E is pledged as collateral for various loans up to ₩886,494 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) Hyundai Capital Services, Inc., a subsidiary of the Company, has a Revolving Credit Facility Agreement with the following financial institutions.
- 1) Credit Facility Agreement
- Hyundai Capital Services, Inc. made a Credit Facility Agreement with GE Capital European Funding & CO (the "GE Capital") on February 15, 2013. The credit line of the agreement is Euro worth of USD 600 million, as of March 31, 2014. The agreement expires at January 9, 2015.
- 2) Revolving Credit Facility
- Hyundai Capital Services, Inc. has a Revolving Credit Facility Agreement which credit line is USD 200 million and ₩1,495,000 million with Kookmin Bank and 18 other financial institutions, as of March 31, 2014.
- (5) Hyundai Card Co., Ltd, a subsidiary of the Company, has a Revolving Credit Facility Agreement which credit line is ₩980,000 million with Kookmin Bank and 12 other financial institutions, as of March 31, 2014.

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 three months ended March 31, 2014 and 2013, are as follows:

For the three months ended March 31, 2014					
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 26,165,767	₩ 2,655,792	₩ 1,566,578	₩ (8,739,096)	₩ 21,649,041
Inter-company sales	(8,446,464)	(49,222)	(243,410)	8,739,096	-
Net sales	17,719,303	2,606,570	1,323,168	-	21,649,041
Operating income	1,451,634	316,160	60,984	109,614	1,938,392

For the three months ended March 31, 2013					
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 25,299,754	₩ 2,508,251	₩ 1,552,699	₩ (7,993,645)	₩ 21,367,059
Inter-company sales	(7,636,628)	(75,414)	(281,603)	7,993,645	-
Net sales	17,663,126	2,432,837	1,271,096	-	21,367,059
Operating income	1,501,004	295,345	81,341	(9,149)	1,868,541

- (3) Assets and liabilities by operating segments as of March 31, 2014 and December 31, 2013, are as follows:

As of March 31, 2014					
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 84,159,695	₩ 59,596,316	₩ 6,878,573	₩ (13,351,795)	₩ 137,282,789
Total liabilities	32,013,004	51,424,016	4,068,767	(8,160,724)	79,345,063
Borrowings and debentures	4,332,827	44,912,760	2,099,180	(2,441,460)	48,903,307

As of December 31, 2013					
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 80,927,475	₩ 59,157,882	₩ 6,496,797	₩ (13,160,675)	₩ 133,421,479
Total liabilities	29,481,884	51,055,240	3,724,238	(7,422,672)	76,838,690
Borrowings and debentures	4,425,746	44,561,579	1,738,408	(2,758,871)	47,966,862

- (4) Sales by region where the Group's entities are located in for the three months ended March 31, 2014 and 2013, are as follows:

For the three months ended March 31, 2014						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments
	(In millions of Korean Won)					
Total sales	₩ 13,672,113	₩ 7,952,603	₩ 1,593,433	₩ 6,624,112	₩ 545,876	₩ (8,739,096)
Inter-company sales	(3,729,787)	(1,717,292)	(141,504)	(3,150,508)	(5)	8,739,096
Net sales	9,942,326	6,235,311	1,451,929	3,473,604	545,871	-

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

- (5) Non-current assets by region where the Group's entities are located in as of March 31, 2014 and December 31, 2013, are as follows:

	March 31, 2014	December 31, 2013
	(In millions of Korean Won)	
Korea	₩ 19,402,465	₩ 19,428,529
North America	1,944,009	1,882,933
Asia	1,128,145	1,057,874
Europe	2,035,599	2,080,979
Others	478,384	456,797
	24,988,602	24,907,112
Consolidation adjustments	(61,081)	(51,451)
Total (*)	₩ 24,927,521	₩ 24,855,661

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

- (6) There is no single external customer who represents 10% or more of the Group's revenue for the three months ended March 31, 2014 and 2013.

39. CONSTRUCTION CONTRACTS:

Cost, income and loss and claimed construction from construction in progress as of March 31, 2014 and December 31, 2013, are as follows:

Description	March 31, 2014	December 31, 2013
	(In millions of Korean Won)	
Accumulated accrual cost	₩ 6,620,411	₩ 6,201,961
Accumulated income	800,202	739,304
Accumulated construction in process	7,420,613	6,941,265
Progress billing	(6,369,077)	(5,993,002)
Due from customers	1,500,947	1,393,555
Due to customers	(449,411)	(445,292)