

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS ENDED
JUNE 30, 2015 AND 2014**

ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW REPORT

HYUNDAI MOTOR COMPANY

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of Independent Accountants' Review Report Originally Issued in Korean on August 13, 2015

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

We have reviewed the accompanying condensed consolidated financial statements of Hyundai Motor Company (the "Company") and its subsidiaries. The condensed consolidated financial statements consist of the condensed consolidated statement of financial position as of June 30, 2015, the related condensed consolidated statements of income and comprehensive income, for the three months and six months ended June 30, 2015 and 2014, respectively, and the related condensed consolidated statements of changes in equity and cash flows for the six months ended June 30, 2015 and 2014, respectively, all expressed in Korean Won, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Independent Accountants' Responsibility

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

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

Review Conclusion

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

Others

We audited the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended December 31, 2014 (not presented in the accompanying consolidated financial statements), in accordance with Korean Standards on Auditing ("KSAs") . We expressed an unqualified opinion in our independent auditors' report dated on March 3, 2015. The consolidated statement of financial position as of December 31, 2014, presented as a comparative purpose in the accompanying consolidated financial statements does not differ, in all material respects, from the audited consolidated statement of financial position as of December 31, 2014.

Deloitte Anjin LLC

August 13, 2015

Notice to Readers

This report is effective as of August 13, 2015, the independent accountants' review report date. Certain subsequent events or circumstances may have occurred between the independent accountants' review report date and the time the independent accountants' review report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the independent accountants' review report.

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND SIX MONTHS
ENDED JUNE 30, 2015 AND 2014**

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

Kim, Choong Ho
Chief Executive Officer
HYUNDAI MOTOR COMPANY

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2015 AND DECEMBER 31, 2014

ASSETS	NOTES	June 30, 2015	December 31, 2014
(In millions of Korean Won)			
Current assets:			
Cash and cash equivalents	19	₩ 6,113,196	₩ 7,096,513
Short-term financial instruments	19	3,890,651	4,002,506
Other financial assets	5,19	13,597,816	14,884,434
Trade notes and accounts receivable	3,19	4,172,587	3,750,092
Other receivables	4,19	3,988,461	3,722,109
Inventories	6	9,564,411	7,417,239
Current tax assets		37,460	32,869
Financial services receivables	13,19	22,036,869	22,498,584
Non-current assets classified as held for sale	8	47,643	47,643
Other assets	7,19	1,516,925	1,573,695
Total current assets		64,966,019	65,025,684
Non-current assets:			
Long-term financial instruments	19	89,878	99,044
Other financial assets	5,19	2,636,275	2,520,119
Long-term trade notes and accounts receivable	3,19	57,265	51,534
Other receivables	4,19	1,098,892	1,039,157
Property, plant and equipment	9	25,847,526	22,542,259
Investment property	10	311,499	322,207
Intangible assets	11	3,960,299	3,821,656
Investments in joint ventures and associates	12	16,188,895	16,157,334
Deferred tax assets		757,206	649,850
Financial services receivables	13,19	22,402,859	21,496,004
Operating lease assets	14	15,018,667	13,265,616
Other assets	7,19	280,869	234,653
Total non-current assets		88,650,130	82,199,433
Total assets		₩ 153,616,149	₩ 147,225,117

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2015 AND DECEMBER 31, 2014 (CONTINUED)

LIABILITIES AND EQUITY	NOTES	June 30, 2015	December 31, 2014
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	19	₩ 7,098,729	₩ 7,041,529
Other payables	19	3,554,264	4,686,473
Short-term borrowings	15,19	8,139,854	6,845,920
Current portion of long-term debt and debentures	15,19	9,571,363	9,679,498
Income tax payable		846,465	656,201
Provisions	16	1,793,621	1,844,780
Other financial liabilities	17,19	70,055	223,303
Other liabilities	18,19	5,768,525	4,201,969
Total current liabilities		<u>36,842,876</u>	<u>35,179,673</u>
Non-current liabilities:			
Long-term other payables	19	2,361	2,339
Debentures	15,19	33,669,728	30,302,085
Long-term debt	15,19	5,481,719	7,430,429
Net defined benefit liabilities	33	843,942	594,058
Provisions	16	4,994,404	4,882,090
Other financial liabilities	17,19	150,411	210,528
Deferred tax liabilities		4,140,708	4,051,203
Other liabilities	18,19	2,132,052	1,952,147
Total non-current liabilities		<u>51,415,325</u>	<u>49,424,879</u>
Total liabilities		<u>88,258,201</u>	<u>84,604,552</u>
Equity:			
Capital stock	20	1,488,993	1,488,993
Capital surplus	21	4,134,595	4,134,550
Other capital items	22	(1,588,697)	(1,273,752)
Accumulated other comprehensive loss	23	(1,244,522)	(1,344,826)
Retained earnings	24	57,417,625	54,649,863
Equity attributable to the owners of the Company		<u>60,207,994</u>	<u>57,654,828</u>
Non-controlling interests		<u>5,149,954</u>	<u>4,965,737</u>
Total equity		<u>65,357,948</u>	<u>62,620,565</u>
Total liabilities and equity		<u>₩ 153,616,149</u>	<u>₩ 147,225,117</u>

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

		2015		2014	
	NOTES	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won, except per share amounts)					
Sales	25,38	₩ 22,821,627	₩ 43,764,383	₩ 22,752,608	₩ 44,401,649
Cost of sales	30	18,179,439	34,790,414	17,910,698	34,781,803
Gross profit		4,642,188	8,973,969	4,841,910	9,619,846
Selling and administrative expenses	26,30	2,891,280	5,635,033	2,754,695	5,594,239
Operating income		1,750,908	3,338,936	2,087,215	4,025,607
Gain on investments in joint ventures and associates, net	27	478,029	1,094,217	702,261	1,350,794
Finance income	28	325,618	502,338	249,640	432,267
Finance expenses	28	261,379	330,829	138,573	255,526
Other income	29	387,671	670,360	346,197	549,741
Other expenses	29,30	311,162	584,334	320,301	483,282
Income before income tax		2,369,685	4,690,688	2,926,439	5,619,601
Income tax expense	32	579,268	916,986	576,579	1,241,648
Profit for the period		₩ 1,790,417	₩ 3,773,702	₩ 2,349,860	₩ 4,377,953
Profit attributable to:					
Owners of the Company		1,702,717	3,611,616	2,244,624	4,173,329
Non-controlling interests		87,700	162,086	105,236	204,624
Earnings per share attributable to the owners of the Company:	31				
Basic earnings per share:					
Common stock		₩ 6,333	₩ 13,426	₩ 8,262	₩ 15,361
1st preferred stock		₩ 6,346	₩ 13,449	₩ 8,275	₩ 15,386
Diluted earnings per share:					
Common stock		₩ 6,333	₩ 13,426	₩ 8,262	₩ 15,361
1st preferred stock		₩ 6,346	₩ 13,449	₩ 8,275	₩ 15,386

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Profit for the period	₩ 1,790,417	₩ 3,773,702	₩ 2,349,860	₩ 4,377,953
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	17,085	1,005	(13,770)	(20,293)
Changes in retained earnings of equity-accounted investees, net	17,867	(29,773)	(31,383)	(40,019)
	<u>34,952</u>	<u>(28,768)</u>	<u>(45,153)</u>	<u>(60,312)</u>
Items that may be reclassified subsequently to profit or loss:				
Gain (loss) on available-for-sale ("AFS") financial assets, net	84,679	203,924	2,180	(141,241)
Loss on valuation of cash flow hedge derivatives, net	(5,636)	(3,674)	(25,711)	(27,715)
Changes in share of earnings of equity-accounted investees, net	39,898	(38,525)	(115,962)	(165,146)
Gain (loss) on foreign operations translation, net	304,562	(51,105)	(482,124)	(402,813)
	<u>423,503</u>	<u>110,620</u>	<u>(621,617)</u>	<u>(736,915)</u>
Total other comprehensive income (loss)	<u>458,455</u>	<u>81,852</u>	<u>(666,770)</u>	<u>(797,227)</u>
Total comprehensive income	<u>₩ 2,248,872</u>	<u>₩ 3,855,554</u>	<u>₩ 1,683,090</u>	<u>₩ 3,580,726</u>
Comprehensive income attributable to:				
Owners of the Company	2,142,270	3,685,980	1,624,415	3,435,330
Non-controlling interests	106,602	169,574	58,675	145,396
Total comprehensive income	<u>₩ 2,248,872</u>	<u>₩ 3,855,554</u>	<u>₩ 1,683,090</u>	<u>₩ 3,580,726</u>

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 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	-	-	-	-	4,173,329	4,173,329	204,624	4,377,953
Gain (loss) on AFS financial assets, net	-	-	-	(141,731)	-	(141,731)	490	(141,241)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(13,981)	-	(13,981)	(13,734)	(27,715)
Changes in valuation of equity-accounted investees, net	-	-	-	(163,084)	(40,019)	(203,103)	(2,062)	(205,165)
Remeasurements of defined benefit plans	-	-	-	-	(12,930)	(12,930)	(7,363)	(20,293)
Loss on foreign operations translation, net	-	-	-	(366,254)	-	(366,254)	(36,559)	(402,813)
Total comprehensive income (loss)	-	-	-	(685,050)	4,120,380	3,435,330	145,396	3,580,726
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(534,409)	(534,409)	(51,553)	(585,962)
Increase in subsidiaries' stock	-	(952)	-	-	-	(952)	133,215	132,263
Purchases of subsidiaries' stock	-	-	-	-	-	-	5,649	5,649
Others	-	-	-	-	(5,971)	(5,971)	242	(5,729)
Total transactions with owners, recorded directly in equity	-	(952)	-	-	(540,380)	(541,332)	87,553	(453,779)
Balance at June 30, 2014	₩ 1,488,993	₩ 4,129,716	₩ (1,128,779)	₩ (1,519,086)	₩ 51,854,239	₩ 54,825,083	₩ 4,884,653	₩ 59,709,736

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014 (CONTINUED)

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non- controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2015	₩ 1,488,993	₩ 4,134,550	₩ (1,273,752)	₩ (1,344,826)	₩ 54,649,863	₩ 57,654,828	₩ 4,965,737	₩ 62,620,565
Comprehensive income:								
Profit for the period	-	-	-	-	3,611,616	3,611,616	162,086	3,773,702
Gain on AFS financial assets, net	-	-	-	202,377	-	202,377	1,547	203,924
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(1,777)	-	(1,777)	(1,897)	(3,674)
Changes in valuation of equity-accounted investees, net	-	-	-	(38,391)	(29,773)	(68,164)	(134)	(68,298)
Remeasurements of defined benefit plans	-	-	-	-	3,833	3,833	(2,828)	1,005
Gain (loss) on foreign operations translation, net	-	-	-	(61,905)	-	(61,905)	10,800	(51,105)
Total comprehensive income	-	-	-	100,304	3,585,676	3,685,980	169,574	3,855,554
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(817,317)	(817,317)	(221)	(817,538)
Increase in subsidiaries' stock	-	-	-	-	-	-	15,646	15,646
Purchases of treasury stock	-	-	(314,945)	-	-	(314,945)	-	(314,945)
Others	-	45	-	-	(597)	(552)	(782)	(1,334)
Total transactions with owners, recorded directly in equity	-	45	(314,945)	-	(817,914)	(1,132,814)	14,643	(1,118,171)
Balance at June 30, 2015	₩ 1,488,993	₩ 4,134,595	₩ (1,588,697)	₩ (1,244,522)	₩ 57,417,625	₩ 60,207,994	₩ 5,149,954	₩ 65,357,948

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	NOTES	Six months ended June 30,	
		2015	2014
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	34		
Profit for the period		₩ 3,773,702	₩ 4,377,953
Adjustments		4,237,266	3,744,300
Changes in operating assets and liabilities		(5,709,672)	(3,930,129)
		2,301,296	4,192,124
Interest received		431,287	343,085
Interest paid		(530,145)	(708,895)
Dividend received		1,128,564	977,315
Income tax paid		(871,961)	(860,823)
Net cash provided by operating activities		2,459,041	3,942,806
Cash flows from investing activities:			
Proceeds from withdrawal (purchase) of short-term financial instruments, net		121,150	(1,598,710)
Proceeds from disposals of other financial assets (Current), net		906,563	29,423
Proceeds from disposals of other financial assets (Non-current)		80,448	882
Receipts from other receivables		42,801	19,546
Disposals of long-term financial instruments		151	-
Proceeds from disposals of property, plant and equipment		33,267	20,543
Proceeds from disposals of intangible assets		860	6,532
Proceeds from disposals of investments in subsidiaries		99,013	151,499
Proceeds from disposals of investments in joint ventures and associates		-	18,056
Acquisitions of other financial assets (Non-current)		(98,072)	(33,139)
Increases in other receivables		(62,677)	(26,280)
Purchases of long-term financial instruments		(36,034)	(1,496,566)
Acquisitions of property, plant and equipment		(4,732,984)	(1,332,093)
Acquisitions of intangible assets		(483,886)	(449,379)
Cash outflows from business combinations		(86,613)	-
Acquisitions of investments in joint ventures and associates		(9,389)	(23,561)
Other cash receipts from investing activities, net		2,004	1,862
Net cash used in investing activities		(4,223,398)	(4,711,385)

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014 (CONTINUED)

	NOTES	Six months ended June 30,	
		2015	2014
		(In millions of Korean Won)	
Cash flows from financing activities:			
Proceeds from (repayment of) short-term borrowings, net	₩	1,208,706	₩ (739,345)
Proceeds from long-term debt and debentures		14,207,395	14,002,298
Paid-in capital increase of subsidiaries		15,646	132,263
Purchases of subsidiaries' stock		-	5,649
Repayment of long-term debt and debentures		(13,368,860)	(11,521,814)
Purchases of treasury stock		(314,945)	-
Dividends paid		(817,452)	(585,962)
Other cash payments from financing activities, net		(18,135)	(19,759)
Net cash provided by financing activities		<u>912,355</u>	<u>1,273,330</u>
Effect of exchange rate changes on cash and cash equivalents		(131,315)	(139,383)
Net increase (decrease) in cash and cash equivalents		(983,317)	365,368
Cash and cash equivalents, beginning of the period		<u>7,096,513</u>	<u>6,872,430</u>
Cash and cash equivalents, end of the period	₩	<u>6,113,196</u>	₩ <u>7,237,798</u>
(Concluded)			

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

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 June 30, 2015, the major shareholders of the Company are Hyundai MOBIS (20.78%) and Chung, Mong Koo (5.17%).

(1) The Company’s consolidated subsidiaries as of June 30, 2015, 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	“	80.00%	HMA 80.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	“	100.00%	HMA 100.00%
Hyundai Translead, Inc. (HT)	“	“	100.00%	
Stamped Metal American Research Technology, Inc. (SMARTI)	Holding company	“	72.45%	HMA 72.45%
Stamped Metal American Research Technology LLC	Manufacturing	“	100.00%	SMARTI 100.00%
Hyundai America Technical Center, Inc. (HATCI)	R&D	“	100.00%	
Rotem USA Corporation	Manufacturing	“	100.00%	Hyundai Rotem 100.00%
Hyundai Auto Canada Corp. (HACC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	“	100.00%	HMA 100.00%
Hyundai Capital Canada Inc. (HCCA)	Financing	“	60.00%	
Hyundai Capital Lease Inc. (HCLI)	“	“	100.00%	HCCA 100.00%
HK Lease Funding LP	“	“	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	“	“	100.00%	HCLI 100.00%
Hyundai Motor India Limited (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	“	100.00%	HMI 100.00%
Hyundai Capital India Private Limited (HCI)	Financing	“	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	

Subsidiaries	Nature of the business	Location	Ownership percentage	Indirect ownership
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	Japan	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	"	"	100.00%	BJMSS 100.00%
Beijing Xinhuaixiaqiyuetong Motor Chain Co., Ltd.	"	"	100.00%	"
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	"	99.00%	CMEs 99.00%
Rotem equipments (Beijing) Co., Ltd.	Sales	"	100.00%	Hyundai Rotem 100.00%
KEFICO Automotive Systems (Beijing) Co., Ltd.	Manufacturing	"	100.00%	Hyundai KEFICO 100.00%
KEFICO 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 Netherlands B.V. (HMNL)	Sales	"	100.00%	
Hyundai Motor Commonwealth of Independent States (HMCIS)	"	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	83.91%	
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 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 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 Servicos de Engenharia Ltda.	Sales	"	100.00%	Hyundai Rotem 100.00%
China Millennium Corporations (CMEs)	Holding company	Cayman Islands	59.60%	
KyoboAXA Private Tomorrow Securities Investment Trust No.12	Investment	Korea	100.00%	
UBS Hana Dynamic Balance Private Investment Trust 1	"	"	100.00%	

Subsidiaries	Nature of the business	Location	Ownership percentage	Indirect ownership
Shinhan BNPP Private Corporate Security Investment Trust No.34	Investment	Korea	100.00%	
Miraeasset Triumph Private Equity Security Investment Trust No.15	"	"	100.00%	
Autopia Forty-Third ~ Forty-Seventh Asset Securitization Specialty Company (*)	Financing	"	0.90%	Hyundai Capital Services 0.90%
Autopia Forty-Ninth ~ Fifty-Second Asset Securitization Specialty Company (*)	"	"	0.50%	Hyundai Capital Services 0.50%
Autopia Fifty-Fourth ~ Fifty-Sixth Asset Securitization Specialty Company (*)	"	"	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 Third Securitization Specialty Co., Ltd. (*)	"	"	0.90%	Hyundai Card 0.90%
Privia the Fourth ~ Fifth Securitization Specialty Co., Ltd. (*)	"	"	0.50%	Hyundai Card 0.50%
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 HK Funding Three, LLC	"	"	100.00%	"
Hyundai ABS Funding Corporation	"	"	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 Services, LLC	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"
Power Protect Extended Services, Inc.	"	"	100.00%	"
Power Protect Extended Services Florida, Inc.	"	"	100.00%	"

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

- (2) Summarized financial positions and results of operations of the Company's major consolidated subsidiaries as of and for the six months ended June 30, 2015, are as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
		(In millions of Korean Won)		
Hyundai Capital Services, Inc. (*)	₩ 22,744,644	₩ 19,134,755	₩ 1,541,731	₩ 171,559
Hyundai Card Co., Ltd. (*)	12,128,610	9,466,909	1,285,532	110,827
Hyundai Rotem Company (*)	5,050,506	3,345,910	1,681,043	(32,306)
Hyundai KEFICO Corporation (*)	1,058,354	516,480	882,594	41,323
HCA (*)	32,667,590	29,960,240	3,333,781	121,481
HMA	7,265,874	4,582,938	7,777,932	(103,512)
HMMA	3,594,575	1,500,044	3,430,050	136,029
HMMC	3,029,033	1,352,298	2,636,821	168,144
HMI (*)	2,293,210	1,119,744	2,356,599	69,663
HME (*)	1,484,298	1,474,726	3,585,252	3,741
HAC (*)	1,133,857	730,182	1,378,702	(36,057)
HMMR	955,579	591,063	879,944	22,777
HMCA	814,725	610,927	957,249	14,241

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

Summarized financial positions and results of operations of the Company's major consolidated subsidiaries as of and for the six months ended June 30, 2014, were as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
		(In millions of Korean Won)		
Hyundai Capital Services, Inc. (*)	₩ 22,098,239	₩ 18,788,187	₩ 1,564,664	₩ 85,149
Hyundai Card Co., Ltd. (*)	11,917,767	9,432,223	1,302,208	136,958
Hyundai Rotem Company (*)	4,536,042	2,720,400	1,458,189	37,215
Hyundai KEFICO Corporation (*)	975,572	528,336	868,446	39,394
HCA (*)	25,478,601	23,245,938	2,631,437	163,137
HMA	6,302,110	3,923,514	7,989,304	224,352
HMMA	3,179,299	1,575,205	3,567,660	195,241
HMMC	2,966,703	1,497,908	2,903,850	263,811
HMI (*)	2,006,411	1,002,468	2,223,728	80,322
HME (*)	1,269,499	1,222,090	3,566,763	2,974
HAC (*)	888,303	508,206	1,517,945	(14,844)
HMMR	1,104,361	550,182	1,244,384	70,935
HMCA	771,292	599,436	1,046,334	24,283

(*) 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 June 30, 2015, 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	₩ 29,266	₩ 570,702	₩ (420,654)
Cash flows from investing activities	(20,427)	(35,970)	(14,225)
Cash flows from financing activities	108,708	(435,129)	590,941
Effect of exchange rate changes on cash and cash equivalents	(9)	-	(1,805)
Net increase in cash and cash equivalents	₩ 117,538	₩ 99,603	₩ 154,257

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group as of June 30, 2014, 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	₩ 21,406	₩ (90,097)	₩ (229,324)
Cash flows from investing activities	(25,232)	(44,934)	(27,095)
Cash flows from financing activities	(130,005)	313,721	326,765
Effect of exchange rate changes on cash and cash equivalents	(30)	-	(702)
Net increase (decrease) in cash and cash equivalents	₩ (133,861)	₩ 178,690	₩ 69,644

- (5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of June 30, 2015, 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	₩ 1,571,158	₩ 1,678,036	₩ 1,037,127
Profit (loss) attributable to non-controlling interests	75,196	69,869	(17,794)
Dividends paid to non-controlling interests	-	-	174

Details of non-wholly owned subsidiaries of the Company that had material non-controlling interests as of December 31, 2014, 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	₩ 1,496,716	₩ 1,611,007	₩ 1,056,862
Profit (loss) attributable to non-controlling interests	104,053	140,912	(11,870)
Dividends paid to non-controlling interests	-	-	6,984

(6) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the six months ended June 30, 2015, are as follows:

Changes	Name of subsidiaries	Description
Included	Autopia Fifty-Sixth Asset Securitization Specialty Company	Acquisition
"	HK Lease Funding LP	"
"	HCCA Funding Inc.	"
Excluded	Shinyoung Private Securities Investment Trust WB-1	Liquidation

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

(1) Basis of consolidated financial statements preparation

The Group's condensed consolidated financial statements for the six months ended June 30, 2015 and 2014, 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, 2014, 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, 2014, except for the adoption effect of the new and revised accounting standards and interpretations described below.

1) New and revised standards that have been applied from the period beginning on January 1, 2015, are as follows:

- K-IFRS 1019 (Amendment): 'Employee Benefits'

The amendments to K-IFRS 1019 permit to recognize amount of contributions as a reduction in the service cost in the period in which the related service is rendered if the amount of the contributions are independent of the number of years of service.

- Annual Improvements to K-IFRS 2010-2012 Cycle

The amendments to K-IFRS 1102 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definition for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to K-IFRS 1103 clarify the classification and measurement of the contingent consideration in business combination. The amendments to K-IFRS 1108 clarify that a reconciliation of the total of the reportable segments' assets should only be provided if the segment assets are regularly provided to the chief operating decision maker.

- Annual Improvements to K-IFRS 2011-2013 Cycle

The amendments to K-IFRS 1103 clarify the scope of the portfolio exception for measuring the fair values of the group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself. The amendments to K-IFRS 1113 'Fair Value Measurement' and K-IFRS 1040 'Investment Property' exist.

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

- 2) New and revised standards that have been issued but are not yet effective as of June 30, 2015, and that have not been applied earlier by the Group are as follows:

- K-IFRS 1016 (Amendment): 'Property, Plant and Equipment'

The amendments to K-IFRS 1016 prohibit from using a revenue-based depreciation method for items of property, plant and equipments. The amendments to K-IFRS 1016 are effective for the annual periods beginning on or after January 1, 2016.

- K-IFRS 1038 (Amendment): 'Intangible Assets'

The amendments to K-IFRS 1038 do not allow presumption that revenue is an appropriate basis for the amortization of intangible assets, which the presumption can only be limited when the intangible asset expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. The amendments to K-IFRS 1038 are effective for the annual periods beginning on or after January 1, 2016.

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

The amendments to K-IFRS 1111 provide guidance on how to account for the acquisition of joint operation that constitutes a business as defined in K-IFRS 1103 'Business Combintations'. A joint operator is also required to disclose the relevant information required by K-IFRS 1103 and other standards for business combinations. The amendments to K-IFRS 1111 are effective for the annual periods beginning on or after January 1, 2016.

The Group does not anticipate that the above mentioned enactments and amendments will have any significant effect on the Group's consolidated financial statements.

- (2) New accounting policies that have been applied by the Group about the emission right and emission liability with regard to 'Emmision Trading System & Allocation of Emmision Rights' from the period beginning on January 1, 2015, are as follows:

The Group classifies the emission right as intangible assets and measures the value of it as zero when government allocates it to the Group for free of charge. When the Group purchases the emission right from the government, the value of emission right is recorded at acquisition cost. Also, the Group measures emission liability as zero if the allowances which are provided for free of charge from the government are equal or larger than the obligation amounts which are calculated based on volume of emission. However, if the obligation amounts arose from emission exceeds the amount of allowances, the emission liability is measured with the best estimation of the expenditure required to settle the present obligation at the end of the reporting period.

- (3) 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, 2014.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 4,230,762	₩ 62,414	₩ 3,808,798	₩ 57,100
Allowance for doubtful accounts	(58,175)	-	(58,706)	-
Present value discount accounts	-	(5,149)	-	(5,566)
	<u>₩ 4,172,587</u>	<u>₩ 57,265</u>	<u>₩ 3,750,092</u>	<u>₩ 51,534</u>

(2) Aging analysis of trade notes and accounts receivable

As of June 30, 2015 and December 31, 2014, total trade notes and accounts receivable that are past due, but not impaired, amount to ₩296,172 million and ₩311,979 million, respectively; of which ₩269,109 million and ₩282,969 million, respectively, are past due less than 90 days, but not impaired. As of June 30, 2015 and December 31, 2014, the impaired trade notes and accounts receivable amount to ₩58,175 million and ₩58,706 million, respectively.

(3) The changes in allowance for doubtful accounts for the six months ended June 30, 2015 and 2014, are as follows:

Description	Six months ended June 30,	
	2015	2014
	(In millions of Korean Won)	
Beginning of the period	₩ 58,706	₩ 45,934
Impairment loss	510	2,170
Write-off	(463)	(57)
Effect of foreign exchange differences	(578)	(718)
End of the period	<u>₩ 58,175</u>	<u>₩ 47,329</u>

4. OTHER RECEIVABLES:

Other receivables as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accounts receivable – others	₩ 2,025,029	₩ 754,439	₩ 2,083,571	₩ 719,888
Due from customers for contract work	1,944,641	-	1,617,221	-
Lease and rental deposits	26,810	319,347	28,119	298,401
Deposits	2,483	26,466	2,820	23,998
Others	209	-	93	119
Allowance for doubtful accounts	(10,711)	-	(9,715)	-
Present value discount accounts	-	(1,360)	-	(3,249)
	<u>₩ 3,988,461</u>	<u>₩ 1,098,892</u>	<u>₩ 3,722,109</u>	<u>₩ 1,039,157</u>

5. OTHER FINANCIAL ASSETS:

(1) Other financial assets as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Financial assets at fair value through profit or loss ("FVTPL")	₩ 13,318,372	₩ 106	₩ 14,853,071	₩ 4,652
Derivative assets that are effective hedging instruments	20,579	79,558	13,373	25,629
AFS financial assets	8,664	2,551,405	1,950	2,264,116
Loans	250,201	5,206	16,040	225,722
	<u>₩ 13,597,816</u>	<u>₩ 2,636,275</u>	<u>₩ 14,884,434</u>	<u>₩ 2,520,119</u>

(2) AFS financial assets that are measured at fair value as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015			December 31, 2014
	Acquisition cost	Valuation difference	Book value	Book value
	(In millions of Korean Won)			
Debt instruments	₩ 181,862	₩ 3,453	₩ 185,315	₩ 159,347
Equity instruments	1,455,147	919,607	2,374,754	2,106,719
	₩ 1,637,009	₩ 923,060	₩ 2,560,069	₩ 2,266,066

(3) Equity instruments classified into AFS financial assets as of June 30, 2015 and December 31, 2014, consist of the following:

Name of the company	Ownership percentage (%)	June 30, 2015			December 31, 2014
		Acquisition cost	Valuation difference		Book value
					Book value
(In millions of Korean Won)					
Korea Aerospace Industries, Co., Ltd.	10.00	₩ 151,086	₩ 623,841	₩ 774,927	₩ 387,951
Hyundai Steel Co., Ltd.	7.87	791,681	(170,629)	621,052	582,523
Hyundai Glovis Co., Ltd.	4.88	210,688	159,162	369,850	533,719
Hyundai Heavy Industries Co., Ltd.	2.88	56,924	186,166	243,090	251,850
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	84,555	138,289	138,289
Hyundai Green Food Co., Ltd.	2.36	15,005	33,687	48,692	43,731
Hyundai Development Company	0.60	9,025	20,765	29,790	17,415
NICE Information Service Co., Ltd.	2.25	3,312	10,074	13,386	6,461
NICE Holdings Co., Ltd.	1.30	3,491	6,317	9,808	7,497
Hyundai Finance Corporation	9.29	9,888	(147)	9,741	10,365
Doosan Capital Co., Ltd.	7.14	10,000	(2,744)	7,256	7,256
KT Corporation	0.09	8,655	(1,824)	6,831	7,503
Hyundai Merchant Marine Co., Ltd.	0.32	9,161	(4,379)	4,782	6,930
Hyundai Asan Corporation	1.88	22,500	(20,383)	2,117	2,117
Nesscap, Inc.	3.62	1,997	(1,079)	918	1,199
Others		98,000	(3,775)	94,225	101,913
		₩ 1,455,147	₩ 919,607	₩ 2,374,754	₩ 2,106,719

As of June 30, 2015, the valuation difference between the book value and the acquisition cost of AFS equity instruments includes the cumulative impairment loss of ₩24,968 million.

6. INVENTORIES:

Inventories as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015		December 31, 2014	
	(In millions of Korean Won)			
Finished goods	₩	6,028,387	₩	4,178,587
Merchandise		63,288		108,428
Semi-finished goods		440,529		428,282
Work in progress		449,420		360,888
Raw materials		1,234,643		1,232,731
Supplies		244,597		236,715
Materials in transit		494,011		437,564
Others		609,536		434,044
Total (*)	₩	9,564,411	₩	7,417,239

(*) As of June 30, 2015 and December 31, 2014, valuation allowance in amount of ₩73,569 million and ₩69,434 million, respectively, is included.

7. OTHER ASSETS:

Other assets as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 315,993	₩ 8,723	₩ 424,478	₩ 10,003
Advanced payments	620,359	-	568,905	-
Prepaid expenses	322,426	263,632	295,665	201,836
Prepaid value added tax and others	258,147	8,514	284,647	22,814
	₩ 1,516,925	₩ 280,869	₩ 1,573,695	₩ 234,653

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

Non-current assets classified as held for sale as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Vehicles	₩ 47,643	₩ 47,643

The Group has been committed to a plan to sell vehicles that were classified as held for sale as of June 30, 2015 and an active programme to complete the plan has been initiated. 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 six months ended June 30, 2015.

9. PROPERTY, PLANT AND EQUIPMENT:

- (1) The changes in property, plant and equipment (“PP&E”) for the six months ended June 30, 2015 and 2014, are as follows:

Description	Six months ended June 30,	
	2015	2014
	(In millions of Korean Won)	
Beginning of the period	₩ 22,542,259	₩ 21,462,587
Acquisitions	4,486,843	958,501
Disposals	(34,623)	(32,324)
Depreciation	(958,266)	(917,659)
Others (*)	(188,687)	(302,583)
End of the period	₩ 25,847,526	₩ 21,168,522

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

- (2) The Group had entered into a real estate purchase contract with the Korea Electric Power Corporation for the year ended December 31, 2014 and the amount of the contractual commitment for acquisition of the real estate is ₩5,802,500 million.

10. INVESTMENT PROPERTY:

- (1) The changes in investment property for the six months ended June 30, 2015 and 2014, are as follows:

Description	Six months ended June 30,	
	2015	2014
	(In millions of Korean Won)	
Beginning of the period	₩ 322,207	₩ 263,984
Transfers	(5,359)	65,153
Depreciation	(6,662)	(6,692)
Effect of foreign exchange differences	1,313	(5,208)
End of the period	₩ 311,499	₩ 317,237

- (2) Income and expenses related to investment property for the three months and six months ended June 30, 2015 and 2014, are as follows:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Rental income	₩ 7,034	₩ 19,240	₩ 9,216	₩ 20,591
Operating and maintenance expenses	1,796	7,050	3,564	7,336

11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the six months ended June 30, 2015 and 2014, are as follows:

Description	Six months ended June 30,	
	2015	2014
	(In millions of Korean Won)	
Beginning of the period	₩ 3,821,656	₩ 3,129,090
Internal developments and separate acquisitions	462,253	432,000
Disposals	(1,304)	(5,124)
Amortization	(372,130)	(374,934)
Impairment loss	-	(4,703)
Others (*)	49,824	53,481
End of the period	₩ 3,960,299	₩ 3,229,810

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

(2) Research and development expenditures for the three months and six months ended June 30, 2015 and 2014, are as follows:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Development costs	₩ 228,444	₩ 425,192	₩ 182,126	₩ 325,871
Research and development (manufacturing cost and administrative expenses)	233,603	442,718	256,827	496,004
Total (*)	₩ 462,047	₩ 867,910	₩ 438,953	₩ 821,875

(*) Amortization of development costs is not included.

(3) Impairment test of goodwill

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

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

- (1) Investments in joint ventures and associates as of June 30, 2015 and December 31, 2014, consist of the following:

Name of the company	Nature of the business	Location	June 30, 2015		December 31, 2014
			Ownership percentage	Book value	Book value
			(%)	(In millions of Korean Won)	
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	₩ 1,610,895	₩ 2,179,636
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	China	53.00	212,617	193,624
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	22.00	192,213	164,090
Hyundai Motor Group China, Ltd. (HMG) (*1)	Investment	China	50.00	156,507	158,287
Sichuan Hyundai Motor Company (CHMC) (*1)	Manufacturing	China	50.00	140,808	155,573
Kia Motors Corporation	Manufacturing	Korea	33.88	7,737,366	7,482,972
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,139,429	3,130,886
Hyundai WIA Corporation	Manufacturing	Korea	25.35	773,743	707,713
Hyundai Powertech Co., Ltd.	Manufacturing	Korea	37.58	430,710	380,815
Hyundai HYSCO Co., Ltd.	Manufacturing	Korea	29.37	302,697	302,058
Hyundai Dymos Inc.	Manufacturing	Korea	47.27	300,962	289,369
HMC Investment Securities Co., Ltd.	Securities brokerage	Korea	27.49	232,536	225,332
Hyundai Commercial Inc.	Financing	Korea	50.00	204,135	196,471
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	182,098	170,132
Haevichi Hotels & Resorts Co., Ltd. (*4)	Hotelkeeping	Korea	41.90	110,460	-
Others				461,719	420,376
				<u>₩ 16,188,895</u>	<u>₩ 16,157,334</u>

- (*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. Also, there are restrictions which require consent from the director who is designated by the other investors, for certain transactions such as payment of dividend.
- (*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.
- (*3) As of June 30, 2015, the entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.
- (*4) As of June 30, 2015, the investment is accounted for using the equity method as the ownership percentage is more than 20% due to the acquisition of share through contribution in kind.

(2) The changes in investments in joint ventures and associates for the six months ended June 30, 2015, 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	₩ 2,179,636	₩ -	₩ 298,148	₩ (936,483)	₩ 69,594	₩ 1,610,895
BHAF	193,624	-	17,055	-	1,938	212,617
WAE	164,090	8,745	16,409	(1,447)	4,416	192,213
HMGC	158,287	-	(5,780)	-	4,000	156,507
CHMC	155,573	-	(18,112)	-	3,347	140,808
Kia Motors Corporation	7,482,972	-	545,677	(137,318)	(153,965)	7,737,366
Hyundai Engineering & Construction Co., Ltd.	3,130,886	-	25,600	(11,664)	(5,393)	3,139,429
Hyundai WIA Corporation	707,713	-	65,728	(5,515)	5,817	773,743
Hyundai Powertech Co., Ltd.	380,815	-	50,248	-	(353)	430,710
Hyundai HYSCO Co., Ltd.	302,058	-	13,417	(2,010)	(10,768)	302,697
Hyundai Dymos Inc.	289,369	-	11,230	-	363	300,962
HMC Investment Securities Co., Ltd.	225,332	-	7,986	(1,210)	428	232,536
Hyundai Commercial Inc.	196,471	-	10,471	(3,850)	1,043	204,135
Eukor Car Carriers Inc.	170,132	-	13,892	(7,920)	5,994	182,098
Haevichi Hotels & Resorts Co., Ltd.	-	110,460	-	-	-	110,460
Others	420,376	-	42,248	(4,663)	3,758	461,719
	<u>₩ 16,157,334</u>	<u>₩ 119,205</u>	<u>₩ 1,094,217</u>	<u>₩ (1,112,080)</u>	<u>₩ (69,781)</u>	<u>₩ 16,188,895</u>

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

The changes in investments in joint ventures and associates for the six months ended June 30, 2014, 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	₩ 2,026,337	₩ -	₩ 479,361	₩ (815,497)	₩ (140,715)	₩ 1,549,486
WAE	129,783	-	13,603	-	(8,694)	134,692
HMGC	153,823	-	16,185	(25,590)	(10,343)	134,075
CHMC	132,014	13,023	4,846	-	(9,246)	140,637
Kia Motors Corporation	6,748,127	-	628,397	(96,123)	(81,559)	7,198,842
Hyundai Engineering & Construction Co., Ltd.	3,050,804	-	26,065	(11,664)	29,565	3,094,770
Hyundai WIA Corporation	600,284	-	60,724	(3,447)	(8,190)	649,371
Hyundai Powertech Co., Ltd.	335,227	-	35,829	-	(1,529)	369,527
Hyundai Dymos Inc.	270,535	-	14,719	-	(2,812)	282,442
Hyundai HYSCO Co., Ltd.	236,732	-	33,976	(2,010)	(19,090)	249,608
HMC Investment Securities Co., Ltd.	217,218	3,636	5,817	-	(928)	225,743
Hyundai Commercial Inc.	125,806	-	9,586	(5,650)	62,859	192,601
Eukor Car Carriers Inc.	148,866	-	10,028	(7,920)	(5,041)	145,933
Others	519,439	(10,254)	37,879	(25,042)	(66,683)	455,339
	<u>₩ 14,694,995</u>	<u>₩ 6,405</u>	<u>₩ 1,377,015</u>	<u>₩ (992,943)</u>	<u>₩ (262,406)</u>	<u>₩ 14,823,066</u>

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

(3) Summarized financial information of the Group's major joint ventures and associates as of and for the six months ended June 30, 2015, is as follows:

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHMC	₩ 5,915,885	₩ 2,879,034	₩ 5,184,504	₩ 330,731
BHAF(*)	2,870,406	-	2,463,251	-
WAE	727,025	1,009,240	323,700	548,103
HMGC	490,584	356,280	377,016	130,928
CHMC	479,268	636,628	282,474	551,806
Kia Motors Corporation	18,729,548	25,968,763	14,470,262	6,954,577
Hyundai Engineering & Construction Co., Ltd.	14,208,921	4,981,540	8,314,329	3,789,170
Hyundai WIA Corporation	3,606,722	2,799,125	1,882,338	1,458,168
Hyundai Powertech Co., Ltd.	841,017	1,351,154	654,149	391,988
Hyundai Dymos Inc.	1,170,249	818,754	788,124	556,153
Hyundai HYSCO Co., Ltd.	1,544,043	947,928	1,004,873	562,408
HMC Investment Securities Co., Ltd. (*)	6,628,011	-	5,927,883	-
Hyundai Commercial Inc.(*)	5,094,259	-	4,589,977	-
Eukor Car Carriers Inc.	481,149	2,918,778	287,609	1,597,018
Haevichi Hotels & Resorts Co., Ltd.	17,084	432,787	126,753	156,657

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	₩ 8,807,757	₩ 607,614	₩ -	₩ 607,614
BHAF(*)	153,321	32,156	-	32,156
WAE	870,599	65,587	-	65,587
HMGC	509,564	(7,201)	-	(7,201)
CHMC	108,253	(27,785)	-	(27,785)
Kia Motors Corporation	23,618,777	1,649,734	(309,858)	1,339,876
Hyundai Engineering & Construction Co., Ltd.	8,758,753	255,792	(37,072)	218,720
Hyundai WIA Corporation	3,992,932	226,226	11,492	237,718
Hyundai Powertech Co., Ltd.	1,802,457	114,443	4,507	118,950
Hyundai Dymos Inc.	1,528,100	35,144	1,131	36,275
Hyundai HYSCO Co., Ltd.	1,928,306	28,798	(56,426)	(27,628)
HMC Investment Securities Co., Ltd. (*)	295,643	29,048	1,557	30,605
Hyundai Commercial Inc.(*)	183,773	24,059	1,325	25,384
Eukor Car Carriers Inc.	1,185,864	127,531	34,059	161,590
Haevichi Hotels & Resorts Co., Ltd.	29,185	268	-	268

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

Summarized financial information of the Group's major joint ventures and associates as of and for the six months ended June 30, 2014, was as follows:

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHMC	₩ 5,241,208	₩ 2,510,994	₩ 4,521,408	₩ 82,717
WAE	681,930	734,367	197,322	605,105
HMGC	335,251	161,711	215,748	-
CHMC	281,488	468,912	281,446	187,680
Kia Motors Corporation	15,507,788	23,376,234	11,761,285	5,509,831
Hyundai Engineering & Construction Co., Ltd.	12,378,520	4,772,425	7,260,221	3,276,153
Hyundai WIA Corporation	3,033,302	2,182,964	1,559,370	1,162,751
Hyundai Powertech Co., Ltd.	813,574	1,220,845	629,702	396,350

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
		(In millions of Korean Won)		
Hyundai Dymos Inc.	970,575	788,816	571,189	582,500
Hyundai HYSCO Co., Ltd.	1,582,325	762,817	1,037,880	542,565
HMC Investment Securities Co., Ltd. (*)	7,162,686	-	6,487,269	-
Hyundai Commercial Inc. (*)	4,518,187	-	4,039,119	-
Eukor Car Carriers Inc.	474,735	2,262,654	264,070	1,259,392

Name of the company	Sales	Profit for the period from continuing operations	Other comprehensive income (expenses)	Total comprehensive income
		(In millions of Korean Won)		
BHMC	₩ 9,794,329	₩ 960,102	₩ -	₩ 960,102
WAE	828,031	63,538	-	63,538
HMGC	844,714	26,861	-	26,861
CHMC	198,168	9,693	-	9,693
Kia Motors Corporation	23,980,312	1,900,058	(258,458)	1,641,600
Hyundai Engineering & Construction Co., Ltd.	7,993,442	275,835	(64,489)	211,346
Hyundai WIA Corporation	3,839,870	220,417	(24,668)	195,749
Hyundai Powertech Co., Ltd.	1,700,252	89,386	(4,361)	85,025
Hyundai Dymos Inc.	1,296,615	29,396	(6,480)	22,916
Hyundai HYSCO Co., Ltd.	2,130,462	120,460	(51,717)	68,743
HMC Investment Securities Co., Ltd. (*)	241,792	11,832	(3,411)	8,421
Hyundai Commercial Inc. (*)	170,080	15,722	6,924	22,646
Eukor Car Carriers Inc.	1,279,580	86,328	(39,035)	47,293

(*) Operating finance business of which total assets (liabilities) were included in current assets (liabilities) as the companies did 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 six months ended June 30, 2015, is as follows:

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
			(In millions of Korean Won)				
BHMC	₩ 1,555,541	₩ -	₩ 253,526	₩ 156,391	₩ 25,927	₩ 45,899	₩ 202,538
BHAF(*)	388,399	2,161,254	-	992	148,391	56,944	10,736
HMGC	35,972	198,316	130,928	4,130	144	7,835	581
CHMC	64,257	18,957	551,806	11,607	1,277	9,463	-

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

Condensed additional financial information of the Group's major joint ventures as of and for the six months ended June 30, 2014, 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	₩ 751,135	₩ -	₩ -	₩ 137,520	₩ 17,208	₩ 29,447	₩ 320,034
HMGC	99,241	-	-	934	541	1,517	8,685
CHMC	82,134	65,877	187,680	1,706	711	1,852	-

- (5) The aggregate amounts of the Group's share of the joint ventures' and associates', that are not individually material, profit and comprehensive income for the six months ended June 30, 2015 and 2014, are as follows:

Description	Six months ended June 30,	
	2015	2014
	(In millions of Korean Won)	
Profit for the period	₩ 42,248	₩ 37,879
Other comprehensive income (expenses)	3,758	(15,646)
Total comprehensive income	₩ 46,006	₩ 22,233

- (6) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of June 30, 2015, is as follows:

Name of the company	Group's share of net assets	Unrealized loss and others		Carrying amounts
		Goodwill		
		(In millions of Korean Won)		
BHMC	₩ 1,639,842	₩ -	₩ (28,947)	₩ 1,610,895
BHAF	212,617	-	-	212,617
WAE	192,213	-	-	192,213
HMGC	169,460	-	(12,953)	156,507
CHMC	140,808	-	-	140,808
Kia Motors Corporation	7,575,428	197,089	(35,151)	7,737,366
Hyundai Engineering & Construction Co., Ltd (*)	2,002,072	1,137,357	-	3,139,429
Hyundai WIA Corporation	776,294	-	(2,551)	773,743
Hyundai Powertech Co., Ltd.	431,869	-	(1,159)	430,710
Hyundai HYSCO Co., Ltd.	276,393	27,172	(868)	302,697
Hyundai Dymos Inc.	302,387	-	(1,425)	300,962
HMC Investment Securities Co., Ltd.	192,484	40,052	-	232,536
Hyundai Commercial Inc.	204,135	-	-	204,135
Eukor Car Carriers Inc.	181,836	-	262	182,098
Haevichi Hotels & Resorts Co., Ltd. (*)	106,884	3,576	-	110,460

- (*) 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 Group's share 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, 2014, was as follows:

Name of the company	Group's share of net assets	Unrealized loss and others		Carrying amounts
		Goodwill		
		(In millions of Korean Won)		
BHMC	₩ 2,202,923	₩ -	₩ (23,287)	₩ 2,179,636
BHAF	193,624	-	-	193,624
WAE	164,090	-	-	164,090
HMGC	169,048	-	(10,761)	158,287
CHMC	155,573	-	-	155,573
Kia Motors Corporation	7,328,393	197,089	(42,510)	7,482,972
Hyundai Engineering & Construction Co., Ltd (*)	1,993,529	1,137,357	-	3,130,886
Hyundai WIA Corporation	710,123	-	(2,410)	707,713
Hyundai Powertech Co., Ltd.	386,574	-	(5,759)	380,815
Hyundai HYSCO Co., Ltd.	275,529	27,172	(643)	302,058
Hyundai Dymos Inc.	290,812	-	(1,443)	289,369
HMC Investment Securities Co., Ltd.	185,280	40,052	-	225,332
Hyundai Commercial Inc.	196,471	-	-	196,471
Eukor Car Carriers Inc.	169,870	-	262	170,132

(*) 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 Group's share of net assets.

(7) The market price of listed equity securities as of June 30, 2015, is as follows:

Name of the company	Price per share	Total number of	Market value
		shares	
(In millions of Korean Won, except price per share)			
Kia Motors Corporation	₩ 45,300	137,318,251	₩ 6,220,517
Hyundai Engineering & Construction Co., Ltd.	41,050	23,327,400	957,590
Hyundai WIA Corporation	103,000	6,893,596	710,040
Hyundai HYSCO Co., Ltd.	57,600	6,698,537	385,836
HMC Investment Securities Co., Ltd.	11,250	8,065,595	90,738

13. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30,	December 31,
	2015	2014
(In millions of Korean Won)		
Loans	₩ 32,259,695	₩ 31,464,943
Card receivables	10,276,997	10,601,341
Financial lease receivables	2,700,538	2,730,188
Others	19,937	16,755
	45,257,167	44,813,227
Allowance for doubtful accounts	(872,407)	(845,566)
Loan origination fee	63,762	35,682
Present value discount accounts	(8,794)	(8,755)
	₩ 44,439,728	₩ 43,994,588

(2) Aging analysis of financial services receivables

As of June 30, 2015 and December 31, 2014, total financial services receivables that are past due, but not impaired, amount to ₩1,633,924 million and ₩1,751,712 million, respectively; all of them are past due less than 90 days. As of June 30, 2015 and December 31, 2014, the impaired financial services receivables amount to ₩465,139 million and ₩513,128 million, respectively.

(3) The changes in allowance for doubtful accounts of financial services receivables for the three months and six months ended June 30, 2015 and 2014, are as follows:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Beginning of the period	₩ 866,609	₩ 845,566	₩ 835,838	₩ 823,408
Impairment loss	131,425	265,924	154,161	311,566
Write-off	(111,774)	(210,113)	(115,805)	(238,629)
Disposals and others	(17,194)	(33,230)	(26,053)	(50,534)
Effect of foreign exchange differences	3,341	4,260	(9,014)	(6,684)
End of the period	₩ 872,407	₩ 872,407	₩ 839,127	₩ 839,127

- (4) Gross investments in financial leases and their present value of minimum lease receipts as of June 30, 2015 and December 31, 2014, are as follows:

Description	June 30, 2015		December 31, 2014	
	Gross investments in financial leases	Present value of minimum lease receipts	Gross investments in financial leases	Present value of minimum lease receipts
	(In millions of Korean Won)			
Not later than one year	₩ 1,287,003	₩ 1,123,961	₩ 1,284,279	₩ 1,117,016
Later than one year and not later than five years	1,696,893	1,571,999	1,743,890	1,609,391
Later than five years	947	943	229	227
	<u>₩ 2,984,843</u>	<u>₩ 2,696,903</u>	<u>₩ 3,028,398</u>	<u>₩ 2,726,634</u>

- (5) Unearned interest income of financial leases as of June 30, 2015 and December 31, 2014, are as follows:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Gross investments in financial leases	₩ 2,984,843	₩ 3,028,398
Net lease investments:		
Present value of minimum lease receipts	2,696,903	2,726,634
Present value of unguaranteed residual value	3,635	3,554
	<u>2,700,538</u>	<u>2,730,188</u>
Unearned interest income	<u>₩ 284,305</u>	<u>₩ 298,210</u>

14. OPERATING LEASE ASSETS:

- (1) Operating lease assets as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Acquisition cost	₩ 17,186,634	₩ 15,136,720
Accumulated depreciation	(2,098,387)	(1,804,291)
Accumulated impairment loss	(69,580)	(66,813)
	<u>₩ 15,018,667</u>	<u>₩ 13,265,616</u>

- (2) Future minimum lease receipts related to operating lease assets as of June 30, 2015 and December 31, 2014, are as follows:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Not later than one year	₩ 2,768,419	₩ 2,474,411
Later than one year and not later than five years	3,092,057	2,674,220
Later than five years	2	-
	<u>₩ 5,860,478</u>	<u>₩ 5,148,631</u>

15. BORROWINGS AND DEBENTURES:

(1) Short-term borrowings as of June 30, 2015 and December 31, 2014, consist of the following:

Description	Lender	Annual interest rate	June 30, 2015	June 30, 2015	December 31, 2014
		(%)			
(In millions of Korean Won)					
Overdrafts	Citi Bank and others	0.15~1.60	₩	93,133	₩ 189,121
General loans	Kookmin Bank and others	0.43~7.46		3,138,390	3,274,955
Loans on trade receivables collateral	Korea Exchange Bank and others	LIBOR+0.21~0.40		1,564,585	1,100,610
Banker's Usance	Kookmin Bank and others	LIBOR+0.31~0.40		450,034	433,510
Short-term debentures		1.72~1.86		89,956	19,997
Commercial paper	Shinhan Bank and others	0.38~2.30		2,803,756	1,827,727
			₩	8,139,854	₩ 6,845,920

(2) Long-term debt as of June 30, 2015 and December 31, 2014, consists of the following:

Description	Lender	Annual interest rate	June 30, 2015	June 30, 2015	December 31, 2014
		(%)			
			(In millions of Korean Won)		
General loans	Shinhan Bank and others	0.10~7.46	₩	3,743,835	₩ 3,283,340
Facility loan	Korea Development Bank and others	1.00~5.85		341,332	383,072
Commercial paper	Hana Daetoo Securities			-	73,000
Asset-backed securities	JP Morgan and others	0.48~0.71		3,569,227	5,607,169
Others	Shinhan Bank	3.03		5,000	239,260
				7,659,394	9,585,841
Less: present value discounts				120,948	125,375
Less: current maturities				2,056,727	2,030,037
			₩	5,481,719	₩ 7,430,429

(3) Debentures as of June 30, 2015 and December 31, 2014, consist of the following:

Description	Latest maturity date	Annual interest rate	June 30, 2015	June 30, 2015	December 31, 2014
		(%)			
			(In millions of Korean Won)		
Guaranteed public debentures	June 8, 2017	3.75~4.00	₩	1,124,100	₩ 1,648,312
Guaranteed private debentures				-	82,440
Non-guaranteed public debentures	April 23, 2023	1.80~6.53		22,053,730	21,247,129
Non-guaranteed private debentures	March 19, 2020	1.45~2.88		5,108,450	4,079,019
Asset-backed securities	July 15, 2022	0.24~4.42		12,985,559	10,976,262
				41,271,839	38,033,162
Less: discount on debentures				87,475	81,616
Less: current maturities				7,514,636	7,649,461
			₩	33,669,728	₩ 30,302,085

16. PROVISIONS:

The changes in provisions for the six months ended June 30, 2015, are as follows:

Description	Warranty		Other long-term employee benefits		Others	
	(In millions of Korean Won)					
Beginning of the period	₩	5,613,785	₩	674,397	₩	438,688
Charged		464,921		33,609		158,771
Utilized		(532,532)		(24,786)		(94,740)
Amortization of present value discounts		56,095		-		1,400
Changes in expected reimbursements by third parties		15,203		-		-
Effect of foreign exchange differences		(9,649)		(32)		(7,105)
End of the period	₩	5,607,823	₩	683,188	₩	497,014

The changes in provisions for the six months ended June 30, 2014, were 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		368,537		32,939		111,954
Utilized		(513,040)		(32,104)		(70,020)
Amortization of present value discounts		74,121		-		1,709
Changes in expected reimbursements by third parties		(60,476)		-		-
Effect of foreign exchange differences		(51,942)		(22)		(9,054)
End of the period	₩	5,688,532	₩	625,649	₩	444,340

17. OTHER FINANCIAL LIABILITIES:

Other financial liabilities as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Financial liabilities at FVTPL	₩ 10,849	₩ 1,093	₩ 10,139	₩ 192
Derivative liabilities that are effective hedging instruments	53,640	149,318	204,438	209,591
Financial lease liabilities	5,566	-	8,726	745
	₩ 70,055	₩ 150,411	₩ 223,303	₩ 210,528

18. OTHER LIABILITIES:

Other liabilities as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advances received	₩ 633,568	₩ 94,453	₩ 412,851	₩ 87,526
Withholdings	1,088,033	435,670	994,554	460,593
Accrued expenses	3,111,075	-	1,954,263	-
Unearned income	399,575	728,073	402,145	640,578
Due to customers for contract work	414,413	-	290,827	-
Others	121,861	873,856	147,329	763,450
	<u>₩ 5,768,525</u>	<u>₩ 2,132,052</u>	<u>₩ 4,201,969</u>	<u>₩ 1,952,147</u>

19. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of June 30, 2015, are as follows:

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	₩	-	₩	6,113,196	₩	-	₩	-	₩	6,113,196	₩	6,113,196
Short-term and long-term financial instruments		-		3,980,529		-		-		3,980,529		3,980,529
Trade notes and accounts receivable		-		4,229,852		-		-		4,229,852		4,229,852
Other receivables		-		3,142,712		-		-		3,142,712		3,142,712
Other financial assets		13,318,478		255,407		2,560,069		100,137		16,234,091		16,234,091
Other assets		-		324,716		-		-		324,716		324,716
Financial services receivables		-		44,439,728		-		-		44,439,728		43,923,903
	₩	13,318,478	₩	62,486,140	₩	2,560,069	₩	100,137	₩	78,464,824	₩	77,948,999

Financial assets by categories as of December 31, 2014, were as follows:

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	₩	-	₩	7,096,513	₩	-	₩	-	₩	7,096,513	₩	7,096,513
Short-term and long-term financial instruments		-		4,101,550		-		-		4,101,550		4,101,550
Trade notes and accounts receivable		-		3,801,626		-		-		3,801,626		3,801,626
Other receivables		-		3,143,926		-		-		3,143,926		3,143,926
Other financial assets		14,857,723		241,762		2,266,066		39,002		17,404,553		17,404,553
Other assets		-		434,481		-		-		434,481		434,481
Financial services receivables		-		43,994,588		-		-		43,994,588		44,292,330
	₩	14,857,723	₩	62,814,446	₩	2,266,066	₩	39,002	₩	79,977,237	₩	80,274,979

(2) Financial liabilities by categories as of June 30, 2015, are as follows:

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	₩ -	₩ 7,098,729	₩ -	₩ 7,098,729	₩ 7,098,729
Other payables	-	3,556,625	-	3,556,625	3,556,625
Borrowings and debentures	-	56,862,664	-	56,862,664	57,426,991
Other financial liabilities	11,942	5,566	202,958	220,466	220,466
Other liabilities	-	3,111,234	-	3,111,234	3,111,234
	<u>₩ 11,942</u>	<u>₩ 70,634,818</u>	<u>₩ 202,958</u>	<u>₩ 70,849,718</u>	<u>₩ 71,414,045</u>

Financial liabilities by categories as of December 31, 2014, were as follows:

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	₩ -	₩ 7,041,529	₩ -	₩ 7,041,529	₩ 7,041,529
Other payables	-	4,688,812	-	4,688,812	4,688,812
Borrowings and debentures	-	54,257,932	-	54,257,932	55,033,485
Other financial liabilities	10,331	9,471	414,029	433,831	433,831
Other liabilities	-	1,954,335	-	1,954,335	1,954,335
	<u>₩ 10,331</u>	<u>₩ 67,952,079</u>	<u>₩ 414,029</u>	<u>₩ 68,376,439</u>	<u>₩ 69,151,992</u>

(3) Fair value estimation

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

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

Fair value measurements of financial instruments by fair value hierarchy levels as of June 30, 2015, are as follows:

Description	June 30, 2015			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets at FVTPL	₩ 77,977	₩ 13,240,501	₩ -	₩ 13,318,478
Derivatives designated as hedging instruments	-	100,137	-	100,137
AFS financial assets	2,151,145	160,964	247,960	2,560,069
	<u>₩ 2,229,122</u>	<u>₩ 13,501,602</u>	<u>₩ 247,960</u>	<u>₩ 15,978,684</u>
Financial liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 11,942	₩ -	₩ 11,942
Derivatives designated as hedging instruments	-	202,958	-	202,958
	<u>₩ -</u>	<u>₩ 214,900</u>	<u>₩ -</u>	<u>₩ 214,900</u>

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2014, were as follows:

Description	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets at FVTPL	₩ 106,293	₩ 14,751,430	₩ -	₩ 14,857,723
Derivatives designated as hedging instruments	-	39,002	-	39,002
AFS financial assets	1,877,566	141,017	247,483	2,266,066
	<u>₩ 1,983,859</u>	<u>₩ 14,931,449</u>	<u>₩ 247,483</u>	<u>₩ 17,162,791</u>
Financial liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 10,331	₩ -	₩ 10,331
Derivatives designated as hedging instruments	-	414,029	-	414,029
	<u>₩ -</u>	<u>₩ 424,360</u>	<u>₩ -</u>	<u>₩ 424,360</u>

The changes in financial instruments classified as Level 3 for the six months ended June 30, 2015, are as follows:

Description	Beginning of the period	Purchases	Disposals	Valuation	Transfers	End of the period
	(In millions of Korean Won)					
AFS financial assets	₩ 247,483	₩ 684	₩ (195)	₩ (12)	₩ -	₩ 247,960

The changes in financial instruments classified as Level 3 for the six months ended June 30, 2014, were 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	₩ 2,037	₩ (85)	₩ 315	₩ 15,205	₩ 246,814

- (4) Interest income, dividend income and interest expenses by categories of financial instruments for the six months ended June 30, 2015 and 2014, consist of the following:

Description	Six months ended June 30,					
	2015			2014		
	Interest income	Dividend income	Interest expenses	Interest income	Dividend Income	Interest expenses
(In millions of Korean Won)						
Non-financial services:						
Loans and receivables	₩ 106,709	₩ -	₩ -	₩ 307,692	₩ -	₩ -
Financial assets at FVTPL	169,914	-	-	-	-	-
AFS financial assets	693	13,643	-	645	14,620	-
Financial liabilities carried at amortized cost	-	-	92,969	-	-	106,102
	₩ 277,316	₩ 13,643	₩ 92,969	₩ 308,337	₩ 14,620	₩ 106,102
Financial services:						
Loans and receivables	₩ 1,197,112	₩ -	₩ -	₩ 1,246,038	₩ -	₩ -
Financial assets at FVTPL	13,027	-	-	4,386	-	-
AFS financial assets	601	-	-	596	-	-
Financial liabilities carried at amortized cost	-	-	646,585	-	-	678,299
	₩ 1,210,740	₩ -	₩ 646,585	₩ 1,251,020	₩ -	₩ 678,299

- (5) Financial assets and liabilities subject to offsetting, financial instruments subject to an enforceable master netting arrangement or similar agreement as of June 30, 2015, 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 consolidated statement of financial position - Collateral received (pledged)		Net amounts			
(In millions of Korean Won)												
Financial assets:												
Trade notes and accounts receivable	₩	4,359,845	₩	129,993	₩	4,229,852	₩	-	₩	-	₩	4,229,852
Other receivables		3,398,975		256,263		3,142,712		-		-		3,142,712
Financial assets at FVTPL (*)		1,784		-		1,784		-		-		1,784
Derivative assets that are effective hedging instruments		100,137		-		100,137		84,889		-		15,248
	₩	7,860,741	₩	386,256	₩	7,474,485	₩	84,889	₩	-	₩	7,389,596
Financial liabilities:												
Trade notes and accounts payable	₩	7,355,538	₩	256,809	₩	7,098,729	₩	-	₩	-	₩	7,098,729
Other payables		3,686,072		129,447		3,556,625		-		-		3,556,625
Financial liabilities at FVTPL (*)		11,942		-		11,942		-		-		11,942
Derivative liabilities that are effective hedging instruments		202,958		-		202,958		84,889		-		118,069
	₩	11,256,510	₩	386,256	₩	10,870,254	₩	84,889	₩	-	₩	10,785,365

- (*) There are no derivative assets and liabilities that can be offset as of June 30, 2015. 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, 2014, 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 consolidated statement of financial position - collateral received (pledged)	Net amounts
(In millions of Korean Won)						
Financial assets:						
Trade notes and accounts receivable	₩ 3,917,901	₩ 116,275	₩ 3,801,626	₩ -	₩ -	₩ 3,801,626
Other receivables	3,421,842	277,916	3,143,926	-	-	3,143,926
Financial assets at FVTPL (*)	66,947	-	66,947	-	-	66,947
Derivative assets that are effective hedging instruments	39,002	-	39,002	28,980	-	10,022
	<u>₩ 7,445,692</u>	<u>₩ 394,191</u>	<u>₩ 7,051,501</u>	<u>₩ 28,980</u>	<u>₩ -</u>	<u>₩ 7,022,521</u>
Financial liabilities:						
Trade notes and accounts payable	₩ 7,319,804	₩ 278,275	₩ 7,041,529	₩ -	₩ -	₩ 7,041,529
Other payables	4,804,728	115,916	4,688,812	-	-	4,688,812
Financial liabilities at FVTPL (*)	10,331	-	10,331	-	-	10,331
Derivative liabilities that are effective hedging instruments	414,029	-	414,029	28,980	-	385,049
	<u>₩ 12,548,892</u>	<u>₩ 394,191</u>	<u>₩ 12,154,701</u>	<u>₩ 28,980</u>	<u>₩ -</u>	<u>₩ 12,125,721</u>

- (*) There were no derivative assets and liabilities that could have been offset as of December 31, 2014. 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 six months ended June 30, 2015 and 2014, are ₩825,131 million and ₩816,888 million, respectively. In addition, the fee expenses (cost of sales from financial services) occurring from financial assets or liabilities other than financial assets or liabilities at FVTPL for the six months ended June 30, 2015 and 2014, are ₩397,190 million and ₩385,794 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 six months ended June 30, 2015.
- (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 classifies 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 (CAPM), using the data of similar listed companies. The Group determines that the effect of estimation and assumptions referred above affecting fair value of unlisted equity securities is significant and classifies fair value measurements of unlisted securities as Level 3 of the fair value hierarchy.

- (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 June 30, 2015 (In millions of Korean Won)	Valuation Techniques	Unobservable inputs	Description of relationship
Unlisted equity securities	₩ 225,227	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 of the fair value hierarchy since December 31, 2014.

20. CAPITAL STOCK:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of June 30, 2015 and December 31, 2014, consist of the following:

(1) Common stock

Description	June 30, 2015 (In millions of Korean Won)	December 31, 2014 Won, except par value)
Issued	220,276,479 shares	220,276,479 shares
Par value	₩ 5,000	₩ 5,000
Capital stock	1,157,982	1,157,982

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

(2) Preferred stock

Description	Par value	Issued	Korean Won (In millions of Korean Won)	Dividend rate
1 st preferred stock	₩ 5,000	25,109,982 shares	₩ 125,550	Dividend rate of common stock + 1%
2 nd preferred stock	"	37,613,865 shares	193,069	The lowest stimulated dividend rate : 2%
3 rd preferred stock	"	2,478,299 shares	12,392	The lowest stimulated dividend rate : 1%
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 June 30, 2015 and December 31, 2014, consists of the following:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	813,261	813,216
	₩ 4,134,595	₩ 4,134,550

22. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Numbers of treasury stocks as of June 30, 2015 and December 31, 2014, are as follows:

Description	June 30, 2015	December 31, 2014
	(Number of shares)	
Common stock	13,209,474	11,632,277
1 st preferred stock	2,202,059	1,993,081
2 nd preferred stock	1,376,138	1,053,727
3 rd preferred stock	24,782	5,660

23. ACCUMULATED OTHER COMPREHENSIVE LOSS:

Accumulated other comprehensive loss as of June 30, 2015 and December 31, 2014, consists of the following:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Gain on valuation of AFS financial assets	₩ 846,304	₩ 670,781
Loss on valuation of AFS financial assets	(136,937)	(163,791)
Gain on valuation of cash flow hedge derivatives	-	15
Loss on valuation of cash flow hedge derivatives	(32,140)	(30,378)
Gain on share of the other comprehensive income of equity-accounted investees	255,353	148,672
Loss on share of the other comprehensive income of equity-accounted investees	(540,344)	(395,272)
Loss on foreign operations translation, net	(1,636,758)	(1,574,853)
	₩ (1,244,522)	₩ (1,344,826)

24. RETAINED EARNINGS:

Retained earnings as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Legal reserve (*)	₩ 610,380	₩ 528,648
Discretionary reserve	39,550,647	35,826,647
Unappropriated	17,256,598	18,294,568
	₩ 57,417,625	₩ 54,649,863

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

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

25. SALES:

Sales for the three months and six months ended June 30, 2015 and 2014, consist of the following:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Sales of goods	₩ 20,038,867	₩ 38,378,527	₩ 20,231,381	₩ 39,361,811
Rendering of services	327,812	613,903	304,145	606,744
Royalties	46,778	83,254	45,167	103,066
Financial services revenue	2,326,446	4,537,169	2,098,636	4,195,889
Others	81,724	151,530	73,279	134,139
	₩ 22,821,627	₩ 43,764,383	₩ 22,752,608	₩ 44,401,649

26. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three months and six months ended June 30, 2015 and 2014, consist of the following:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Selling expenses:				
Export expenses	₩ 206,799	₩ 411,012	₩ 245,172	₩ 498,513
Overseas market expenses	81,145	166,522	123,844	214,417
Advertisements and sales promotion	444,563	911,532	533,339	1,020,790
Sales commissions	167,539	309,757	161,260	304,750
Expenses for warranties	343,826	598,480	129,175	461,558
Transportation expenses	63,048	124,621	79,290	150,116
	<u>1,306,920</u>	<u>2,521,924</u>	<u>1,272,080</u>	<u>2,650,144</u>
Administrative expenses:				
Payroll	628,485	1,268,891	590,118	1,161,362
Post-employment benefits	46,877	90,715	36,217	72,660
Welfare expenses	103,406	205,889	88,671	183,162
Service charges	291,236	557,364	305,111	585,182
Research	207,212	374,496	179,761	351,411
Others	307,144	615,754	282,737	590,318
	<u>1,584,360</u>	<u>3,113,109</u>	<u>1,482,615</u>	<u>2,944,095</u>
	<u>₩ 2,891,280</u>	<u>₩ 5,635,033</u>	<u>₩ 2,754,695</u>	<u>₩ 5,594,239</u>

27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the three months and six months ended June 30, 2015 and 2014, consist of the following:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
	(In millions of Korean Won)			
Gain on share of earning of equity-accounted investees, net	₩ 478,029	₩ 1,094,217	₩ 700,794	₩ 1,377,015
Gain on disposals of investments in associates, net	-	-	1,467	1,467
Impairment loss on investments in associates	-	-	-	(27,688)
	<u>₩ 478,029</u>	<u>₩ 1,094,217</u>	<u>₩ 702,261</u>	<u>₩ 1,350,794</u>

28. FINANCE INCOME AND EXPENSES:

- (1) Finance income for the three months and six months ended June 30, 2015 and 2014, consists of the following:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Interest income	₩ 129,747	₩ 277,316	₩ 164,731	₩ 313,055
Gain on foreign exchange transactions	93,692	106,768	13,251	17,510
Gain on foreign currency translation	99,879	96,958	45,988	55,697
Dividend income	46	13,643	28	14,620
Gain on valuation of derivatives	3	2,599	20,340	21,697
Others	2,251	5,054	5,302	9,688
	<u>₩ 325,618</u>	<u>₩ 502,338</u>	<u>₩ 249,640</u>	<u>₩ 432,267</u>

- (2) Finance expenses for the three months and six months ended June 30, 2015 and 2014, consist of the following:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Interest expenses	₩ 55,460	₩ 125,148	₩ 79,142	₩ 161,142
Loss on foreign exchange transactions	88,689	97,185	22,679	28,573
Loss on foreign currency translation	34,236	96,776	32,369	57,983
Loss on disposals of trade notes and accounts receivable	689	1,576	726	1,500
Loss on valuation of derivatives	82,220	10,059	-	-
Others	85	85	3,657	6,148
	<u>₩ 261,379</u>	<u>₩ 330,829</u>	<u>₩ 138,573</u>	<u>₩ 255,526</u>

29. OTHER INCOME AND EXPENSES:

- (1) Other income for the three months and six months ended June 30, 2015 and 2014, consists of the following:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Gain on foreign exchange transactions	₩ 151,907	₩ 265,961	₩ 108,286	₩ 143,268
Gain on foreign currency translation	94,253	126,317	74,379	112,578
Gain on disposals of PP&E	14,530	19,300	2,113	8,352
Gain on disposals of intangible assets	134	134	-	1,566
Commission income	22,582	40,623	10,892	24,953
Rental income	17,085	36,228	18,157	38,214
Others	87,180	181,797	132,370	220,810
	<u>₩ 387,671</u>	<u>₩ 670,360</u>	<u>₩ 346,197</u>	<u>₩ 549,741</u>

- (2) Other expenses for the three months and six months ended June 30, 2015 and 2014, consist of the following:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Loss on foreign exchange transaction	₩ 118,935	₩ 290,065	₩ 150,691	₩ 203,353
Loss on foreign currency translation	96,924	122,045	51,104	82,891
Loss on disposals of PP&E	15,077	18,611	13,069	20,133
Impairment loss on intangible assets	-	-	4,723	4,735
Donations	24,367	31,318	20,113	31,300
Others	55,859	122,295	80,601	140,870
	₩ 311,162	₩ 584,334	₩ 320,301	₩ 483,282

30. EXPENSES BY NATURE:

Expenses by nature for the three months and six months ended June 30, 2015 and 2014, consist of the following:

Description	2015		2014	
	Three months ended June 30,	Six months ended June 30,	Three months ended June 30,	Six months ended June 30,
(In millions of Korean Won)				
Changes in inventories	₩ (1,027,607)	₩ (1,950,579)	₩ 150,822	₩ (494,925)
Raw materials and merchandise used	13,184,342	25,044,509	12,652,404	24,910,470
Employee benefits	2,195,827	4,394,832	2,121,027	4,229,301
Depreciation	488,174	964,928	459,531	924,351
Amortization	189,382	372,130	180,267	374,934
Others	6,351,763	12,183,961	5,421,643	10,915,193
Total (*)	₩ 21,381,881	₩ 41,009,781	₩ 20,985,694	₩ 40,859,324

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

31. EARNINGS PER COMMON STOCK AND PREFERRED STOCK:

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

Basic earnings per common stock and preferred stock for the three months and six months ended June 30, 2015 are computed as follows:

Description	2015					
	Three months ended June 30,			Six months ended June 30,		
	Profit available to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit available to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
(In millions of Korean Won, except per share amounts)						
Common stock	₩ 1,311,379	207,067,005	₩ 6,333	₩ 2,781,668	207,184,813	₩ 13,426
1 st Preferred stock (*2)	145,365	22,907,923	6,346	308,310	22,924,718	13,449
2 nd Preferred stock	230,404	36,237,727	6,358	488,617	36,261,978	13,475
3 rd Preferred stock	15,569	2,453,517	6,346	33,021	2,454,999	13,451

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

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

Basic earnings per common stock and preferred stock for the three months and six months ended June 30, 2014 were computed as follows:

Description	2014					
	Three months ended June 30,			Six months ended June 30,		
	Profit	Weighted-	Basic	Profit	Weighted-	Basic
	available to	average number	earnings	available to	average number	earnings
	share	of shares	per share	share	of shares	per share
		outstanding (*1)			outstanding (*1)	
(In millions of Korean Won, except per share amounts)						
Common stock	₩ 1,729,050	209,269,769	₩ 8,262	₩ 3,214,612	209,269,769	₩ 15,361
1 st Preferred stock (*2)	191,636	23,159,022	8,275	356,327	23,159,022	15,386
2 nd Preferred stock	303,430	36,613,865	8,287	564,260	36,613,865	15,411
3 rd Preferred stock	20,508	2,478,299	8,275	38,130	2,478,299	15,386

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

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

The Group did not compute diluted earnings per common stock for the three and six months ended June 30, 2015 and 2014 since there were no dilutive items during the period.

32. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by income before income tax) for the six months ended June 30, 2015 and 2014, are 19.5% and 22.1%, respectively.

33. RETIREMENT BENEFIT PLAN:

- (1) Expenses recognized in relation to defined contribution plans for the six months ended June 30, 2015 and 2014, are as follows:

Description	Six months ended June 30,	
	2015	2014
	(In millions of Korean Won)	
Paid in cash	₩ 4,883	₩ 2,806
Recognized liability	489	395
	₩ 5,372	₩ 3,201

- (2) The significant actuarial assumptions used by the Group as of June 30, 2015 and December 31, 2014, are as follows:

Description	June 30, 2015	December 31, 2014
Discount rate	3.58%	3.62%
Rate of expected future salary increase	5.06%	5.01%

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Present value of defined benefit obligations	₩ 4,314,191	₩ 4,065,742
Fair value of plan assets	(3,470,249)	(3,471,803)
	₩ 843,942	₩ 593,939
Net defined benefit liabilities	843,942	594,058
Net defined benefit assets	-	(119)

- (4) Changes in net defined benefit assets and liabilities for the six months ended June 30, 2015, are as follows:

Description	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
	(In millions of Korean Won)		
Beginning of the period	₩ 4,065,742	₩ (3,471,803)	₩ 593,939
Current service cost	264,015	-	264,015
Interest expenses (income)	70,406	(60,543)	9,863
	4,400,163	(3,532,346)	867,817
Remeasurements:			
Return on plan assets	-	5,384	5,384
Actuarial gains arising from changes in financial assumptions	(8,276)	-	(8,276)
	(8,276)	5,384	(2,892)
Contributions	-	(4,528)	(4,528)
Benefits paid	(87,548)	65,193	(22,355)
Transfers in (out)	380	285	665
Effect of foreign exchange differences and others	9,472	(4,237)	5,235
End of the period	₩ 4,314,191	₩ (3,470,249)	₩ 843,942

Changes in net defined benefit assets and liabilities for the six months ended June 30, 2014, 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	₩ 3,131,966	₩ (2,749,943)	₩ 382,023
Current service cost	226,697	-	226,697
Interest expenses (income)	68,647	(61,248)	7,399
	3,427,310	(2,811,191)	616,119
Remeasurements:			
Return on plan assets	-	(5,881)	(5,881)
Actuarial gains arising from changes in financial assumptions	23,778	-	23,778
Actuarial gains arising from experience adjustments and others	11,194	-	11,194
	34,972	(5,881)	29,091
Contributions	-	(4,739)	(4,739)
Benefits paid	(102,668)	72,784	(29,884)
Transfers in (out)	(454)	278	(176)
Effect of foreign exchange differences and others	(2,916)	6,978	4,062
End of the period	₩ 3,356,244	₩ (2,741,771)	₩ 614,473

(5) The fair value of the plan assets as of June 30, 2015 and December 31, 2014, consist of the following:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Insurance instruments	₩ 3,220,465	₩ 3,230,405
Debt instruments	100,886	102,734
Others	148,898	138,664
	<u>₩ 3,470,249</u>	<u>₩ 3,471,803</u>

34. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the six months ended June 30, 2015 and 2014, is as follows:

Description	Six months ended June 30,	
	2015	2014
	(In millions of Korean Won)	
Profit for the period	₩ 3,773,702	₩ 4,377,953
Adjustments:		
Post-employment benefits	274,367	234,096
Depreciation	964,928	924,351
Amortization of intangible assets	372,130	374,934
Provision for warranties	464,921	368,537
Income tax expense	916,986	1,241,648
Gain on foreign currency translation, net	(4,454)	(27,401)
Loss (gain) on disposals of PP&E, net	(689)	11,781
Interest income, net	(152,168)	(151,913)
Gain on share of earnings of equity-accounted investees, net	(1,094,217)	(1,377,015)
Gain on disposals of investments in associates, net	-	(1,467)
Cost of sales from financial services, net	2,272,237	2,063,153
Others	223,225	83,596
	<u>4,237,266</u>	<u>3,744,300</u>
Changes in operating assets and liabilities:		
Increase in trade notes and accounts receivable	(812,264)	(220,892)
Decrease (increase) in other receivables	145,831	(40,468)
Decrease (increase) in other financial assets	444,844	(97,335)
Increase in inventories	(2,162,407)	(939,727)
Decrease (increase) in other assets	(112,891)	113,062
Increase in trade notes and accounts payable	351,027	502,136
Decrease in other payables	(906,065)	(891,269)
Increase in other liabilities	1,328,262	1,267,040
Decrease in other financial liabilities	(15,183)	(16,987)
Changes in net defined benefit liabilities	1,215	(4,915)
Payment of severance benefits	(22,355)	(29,884)
Decrease in provisions	(652,058)	(615,164)
Changes in financial services receivables	(609,577)	(1,111,289)
Increase in operating lease assets	(2,700,233)	(1,984,743)
Others	12,182	140,306
	<u>(5,709,672)</u>	<u>(3,930,129)</u>
Cash generated from operations	<u>₩ 2,301,296</u>	<u>₩ 4,192,124</u>

35. RISK MANAGEMENT:

(1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt to equity ratios as of June 30, 2015 and December 31, 2014, are as follows:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Total liabilities	₩ 88,258,201	₩ 84,604,552
Total equity	65,357,948	62,620,565
Debt-to-equity ratio	135.0%	135.1%

(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 prohibited.

The Group's sensitivity to a 5% change in exchange rate of the functional currency against each foreign currency on income before income tax as of June 30, 2015, would be as follows:

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ (43,579)	₩ 43,579
EUR	(6,942)	6,942
JPY	(5,533)	5,533

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 market conditions and the adjustments in nature of its interest rates.

The Group's sensitivity to a 1% change in interest rates on income before income tax as of June 30, 2015, would be as follows:

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 14,427	₩ (14,427)
Financial assets at FVTPL	(6,461)	6,704
Short-term and long-term financial instruments	5,896	(5,896)
Borrowings and debentures	(72,910)	72,910
Financial liabilities at FVTPL	1,329	(1,329)

The Company's subsidiaries, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., that are operating financial business, are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of June 30, 2015 and December 31, 2014, the amounts of interest rate risk measured at VaR are ₩110,035 million and ₩119,847 million, respectively.

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of June 30, 2015, the amounts of held for trading equity instruments and AFS equity instruments measured at fair value are ₩77,977 million and ₩2,374,754 million, respectively.

2) Credit risk

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

3) Liquidity risk

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

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

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of June 30, 2015, is as follows:

Description	Remaining contract period							
	Not later than one year		Later than one year and not later than five years		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	₩	13,764,227	₩	1,635	₩	726	₩	13,766,588
Interest-bearing liabilities		18,867,511		38,886,569		1,969,952		59,724,032
Financial guarantee		1,145,859		169,937		26,450		1,342,246

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 June 30, 2015 and December 31, 2014, the Group deferred a net loss of ₩32,140 million and ₩30,363 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 64 months as of June 30, 2015.

For the six months ended June 30, 2015 and 2014, the Group recognized a net loss of ₩122,791 million and ₩185,576 million in profit or loss (before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments.

36. RELATED-PARTY TRANSACTIONS:

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

- (1) For the six months ended June 30, 2015, significant transactions arising from operations between the Group and related parties or affiliates by the Monopoly Regulation And Fair Trade Act of the Republic of Korea (“the Act”) are as follows:

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company	Hyundai MOBIS Co., Ltd.	₩ 471,920	₩ 3,976	₩ 2,336,086	₩ 25,737
	Mobis Alabama, LLC	9,339	7,855	611,301	167
	Mobis Automotive Czech s.r.o.	14	190	570,809	-
	Mobis India, Ltd.	17,936	461	407,664	792
	Mobis Parts America, LLC	4,751	3,346	303,599	892
	Mobis Parts Europe N.V.	3,502	2,407	122,528	11
	Mobis Brasil Fabricacao De Auto Pecas Ltda	1,545	-	131,560	-
	Mobis Module CIS, LLC	-	154	84,235	1
	Others	29,367	44,746	333,960	10,988
		502,878	186,034	63,223	131,700
Joint ventures and associates	Kia Motors Corporation				
	Kia Motors Manufacturing Georgia, Inc.	328,027	611	1,306,230	98
	Kia Motors Russia LLC	359,813	-	-	2,017
	Kia Motors Slovakia s.r.o.	57,389	11,254	334,490	155
	BHMC	505,884	31,300	240	-
	HMGC	100,047	3	1,326	1,539
	Hyundai WIA Corporation	120,271	488	516,491	418
	Hyundai HYSCO Co., Ltd.	8,372	770	6,855	-
	Others	255,658	16,883	1,518,526	826,151
Other related parties		1,661	12	-	-
Affiliates by the Act		543,909	31,989	2,210,769	824,816

For the six months ended June 30, 2014, significant transactions arising from operations 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.	₩ 437,719	₩ 4,721	₩ 2,425,092	₩ 18,147
	Mobis Alabama, LLC	10,078	3,324	625,599	8,980
	Mobis Automotive Czech s.r.o.	22	229	626,992	-
	Mobis India, Ltd.	10,308	8,245	342,724	213
	Mobis Parts America, LLC	13,310	2,513	254,729	759
	Mobis Parts Europe N.V.	2,262	547	120,025	-
	Mobis Brasil Fabricacao De Auto Pecas Ltda	1,115	-	145,480	-
	Mobis Module CIS, LLC	-	241	113,220	1
	Others	7,277	356	210,030	7,679
Joint ventures and associates	Kia Motors Corporation	485,521	137,779	85,837	117,904
	Kia Motors Manufacturing Georgia, Inc.	333,424	699	1,145,399	-
	Kia Motors Russia LLC	466,912	-	-	1,801
	Kia Motors Slovakia s.r.o.	64,130	11,299	300,352	387
	BHMC	498,225	18,119	186	-
	HMGC	166,047	-	1,243	3,107
	Hyundai WIA Corporation	66,235	163	389,581	5,854
	Hyundai HYSCO Co., Ltd.	9,759	901	36,364	13
	Others	197,242	13,513	1,391,337	786,283
Other related parties		1,163	90	352,931	224,504
Affiliates by the Act		342,166	34,939	2,189,549	741,542

(2) As of June 30, 2015, 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.	₩ 202,298	₩ 27,929	₩ 801,543	₩ 114,459
	Hyundai Life Insurance Co., Ltd.	1,437	128,895	46	719
	Mobis Alabama, LLC	35	1,688	108,805	-
	Mobis Automotive Czech s.r.o.	1	405	143,753	-
	Mobis India, Ltd.	377	4,596	100,311	-
	Mobis Parts America, LLC	96	225,372	57,495	439
	Mobis Parts Europe N.V.	379	211	27,336	5
	Mobis Module CIS, LLC	-	32	20,248	-
	Others	15,836	477	81,482	3,637
Joint ventures and associates	Kia Motors Corporation	274,999	131,994	33,669	87,883
	Kia Motors Manufacturing Georgia, Inc.	52,080	14,261	213,730	1,042
	Kia Motors Russia LLC	81,348	24	1	6,456
	Kia Motors Slovakia s.r.o.	10,399	4,020	70,692	6,226
	Kia Motors America, Inc.	1	77,720	71	-
	BHMC	293,218	56,838	-	245
	HMGC	13,085	368	680	989
	Hyundai WIA Corporation	57,783	13,480	133,894	49,179
	Hyundai HYSCO Co., Ltd.	10,527	3,045	12,896	4,016
	Others	268,480	22,164	453,581	426,038
Other related parties		354	-	-	-
Affiliates by the Act		413,118	15,633	739,708	282,751

As of December 31, 2014, 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.	₩ 168,950	₩ 29,282	₩ 833,602	₩ 173,338
	Hyundai Life Insurance Co., Ltd.	1,950	115,470	67	175
	Mobis Alabama, LLC	48	1,762	102,683	-
	Mobis Automotive Czech s.r.o.	41	283	93,474	-
	Mobis India, Ltd.	402	11,457	95,819	-
	Mobis Parts America, LLC	1,920	220,276	45,899	139
	Mobis Parts Europe N.V.	349	513	32,315	-
	Mobis Module CIS, LLC	-	31	17,969	19
	Others	6,993	325	68,526	2,726
Joint ventures and associates	Kia Motors Corporation	242,152	246,721	32,124	90,703
	Kia Motors Manufacturing Georgia, Inc.	41,110	13,442	239,148	516
	Kia Motors Russia LLC	67,015	23	1	328
	Kia Motors Slovakia s.r.o.	6,827	3,057	44,177	9,490
	Kia Motors America, Inc.	-	105,747	91	20
	BHMC	196,521	27,554	1,056	16
	HMGC	30,573	304	-	1,718
	Hyundai WIA Corporation	71,864	13,978	163,315	47,409
	Hyundai HYSCO Co., Ltd.	5,799	2,109	8,617	4,587
	Others	212,461	31,943	397,362	487,761
Other related parties		1,218	6,468	14,610	149,694
Affiliates by the Act		153,052	6,101	674,701	188,167

- (3) Significant fund transactions and equity contribution transactions for the six months ended June 30, 2015, 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	\$ -	\$ -	\$ -	\$ -	₩ 119,205

Significant fund transactions and equity contribution transactions for the six months ended June 30, 2014, 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)
Joint ventures and associates	\$ -	\$ -	\$ -	\$ 260	₩ 23,561

For the six months ended June 30, 2015, the Group has been trading in other financial assets and others of ₩1,620,000 million with HMC Investment Securities Co., Ltd., an associate of the Group. The amount recognized in the consolidated statements of financial position as of June 30, 2015 is ₩2,240,000 million.

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the six months ended June 30, 2015 and 2014, are as follows:

Description	Six months ended June 30,	
	2015	2014
	(In millions of Korean Won)	
Short-term employee salaries	₩ 82,659	₩ 76,550
Post-employment benefits	18,389	17,495
Other long-term benefits	177	214
	₩ 101,225	₩ 94,259

37. COMMITMENTS AND CONTINGENCIES:

- (1) As of June 30, 2015, 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	₩	-	₩	79,815
To others		125,547		1,153,214
	₩	125,547	₩	1,233,029

- (*) The guarantee amounts in foreign currency are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of June 30, 2015.
- (2) As of June 30, 2015, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. Meanwhile, as of June 30, 2015, the Group is currently involved in lawsuits for ordinary wage, which involves disputes over whether certain elements of remuneration are included in the earnings used for the purposes of calculating overtime, allowances for unused annual paid leave and retirement benefits, and unable to estimate the outcome or the potential consolidated financial impact.
- (3) As of June 30, 2015, a substantial portion of the Group's PP&E is pledged as collateral for various loans up to ₩902,451 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 Revolving Credit Facility Agreements with the following financial institutions.

1) Credit Facility Agreement

Hyundai Capital Services, Inc. entered into a Credit Facility Agreement with GE Capital European Funding & CO (the "GE Capital") on January 9, 2015. The credit line of the agreement is Euro worth of USD 600 million as of June 30, 2015. The agreement expires at January 5, 2018.

2) Revolving Credit Facility

Hyundai Capital Services, Inc. has a Revolving Credit Facility Agreement which credit line is USD 200 million, EUR 10 million and ₩1,995,000 million with Kookmin Bank and 22 other financial institutions, as of June 30, 2015.

- (5) Hyundai Card Co., Ltd., a subsidiary of the Company, has a Revolving Credit Facility Agreement which credit line is ₩490,000 million with Kookmin Bank and 8 other financial institutions, as of June 30, 2015.

38. SEGMENT INFORMATION:

- (1) The Group has a vehicle segment, a finance segment and other segments. The vehicle segment is engaged in the manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Other segments include the R&D, train manufacturing and other activities, which cannot be classified in the vehicle segment or in the finance segment.
- (2) Sales and operating income by operating segments for the six months ended June 30, 2015 and 2014, are as follows:

For the six months ended June 30, 2015					
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 51,503,674	₩ 6,205,167	₩ 3,773,115	₩ (17,717,573)	₩ 43,764,383
Inter-company sales	(17,145,543)	(123,879)	(448,151)	17,717,573	-
Net sales	34,358,131	6,081,288	3,324,964	-	43,764,383
Operating income	2,635,170	556,902	99,145	47,719	3,338,936
For the six months ended June 30, 2014					
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total sales	₩ 53,473,022	₩ 5,495,972	₩ 3,330,603	₩ (17,897,948)	₩ 44,401,649
Inter-company sales	(17,280,348)	(106,685)	(510,915)	17,897,948	-
Net sales	36,192,674	5,389,287	2,819,688	-	44,401,649
Operating income	3,121,670	583,338	125,288	195,311	4,025,607

- (3) Assets and liabilities by operating segments as of June 30, 2015 and December 31, 2014, are as follows:

As of June 30, 2015					
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 90,156,908	₩ 68,310,411	₩ 7,897,806	₩ (12,748,976)	₩ 153,616,149
Total liabilities	32,246,333	58,810,568	4,964,579	(7,763,279)	88,258,201
Borrowings and debentures	4,650,659	51,429,596	2,803,088	(2,020,679)	56,862,664
As of December 31, 2014					
	Vehicle	Finance	Others	Consolidation adjustments	Total
	(In millions of Korean Won)				
Total assets	₩ 85,791,905	₩ 65,894,361	₩ 7,035,554	₩ (11,496,703)	₩ 147,225,117
Total liabilities	30,424,220	56,783,188	4,162,456	(6,765,312)	84,604,552
Borrowings and debentures	4,393,547	49,644,731	2,142,616	(1,922,962)	54,257,932

- (4) Sales by region where the Group's entities are located in for the six months ended June 30, 2015 and 2014, are as follows:

	For the six months ended June 30, 2015						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 27,827,615	₩ 16,730,273	₩ 3,371,633	₩ 12,460,300	₩ 1,092,135	₩ (17,717,573)	₩ 43,764,383
Inter-company sales	(7,702,861)	(3,293,484)	(180,456)	(6,540,725)	(47)	17,717,573	-
Net sales	20,124,754	13,436,789	3,191,177	5,919,575	1,092,088	-	43,764,383
	For the six months ended June 30, 2014						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 27,733,490	₩ 16,284,763	₩ 3,326,712	₩ 13,774,989	₩ 1,179,643	₩ (17,897,948)	₩ 44,401,649
Inter-company sales	(7,611,989)	(3,393,049)	(305,432)	(6,587,478)	-	17,897,948	-
Net sales	20,121,501	12,891,714	3,021,280	7,187,511	1,179,643	-	44,401,649

- (5) Non-current assets by region where the Group's entities are located in as of June 30, 2015 and December 31, 2014, are as follows:

	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Korea	₩ 24,597,191	₩ 21,109,314
North America	2,202,515	2,174,461
Asia	1,207,026	1,129,741
Europe	1,872,572	1,952,153
Others	333,352	399,453
	30,212,656	26,765,122
Consolidation adjustments	(93,332)	(79,000)
Total (*)	₩ 30,119,324	₩ 26,686,122

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

- (6) There is no single external customer who represents 10% or more of the Group's revenue for the six months ended June 30, 2015 and 2014.

39. CONSTRUCTION CONTRACTS:

Cost, income and loss and claimed construction from construction in progress as of June 30, 2015 and December 31, 2014, are as follows:

Description	June 30, 2015	December 31, 2014
	(In millions of Korean Won)	
Accumulated accrual cost	₩ 8,694,982	₩ 7,427,961
Accumulated income	974,665	1,071,348
Accumulated construction in process	9,669,647	8,499,309
Progress billing	(8,139,419)	(7,172,915)
Due from customers	1,944,641	1,617,221
Due to customers	(414,413)	(290,827)

40. BUSINESS COMBINATIONS:

(1) HMNL, a subsidiary of the Company, acquired the business sector of Greenib Car B.V. on January 2, 2015.

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

Description	Amounts	
	(In millions of Korean Won)	
Considerations transferred	₩	86,613
Assets acquired and liabilities assumed:		
Current assets		80,841
Non-current assets		2,344
Current liabilities		(4,283)
Non-current liabilities		(1,600)
Fair value of identifiable net assets		77,302
Goodwill	₩	9,311

2) Sales of ₩89,908 million and net loss of ₩2,417 million arising after the acquisition date are included in the consolidated statement of income. Contractual gross amounts for receivables are ₩1,873 million at the acquisition date and the Group expects to collect full amounts.

41. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD:

The Company declared interim dividend the resolution of the Board of Directors held on July 23, 2015, the details are as follows:

Description	Details
Interim dividend amounts	Dividend per share : ₩1,000 (Gross amounts of dividend : ₩268,666 million)
Dividend yield ratio	0.8% (Common stock criteria)
Base date of dividend	June 30, 2015