

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED
MARCH 31, 2019 AND 2018 (Unaudited)**

ATTACHMENT: INDEPENDENT AUDITORS' REVIEW REPORT

HYUNDAI MOTOR COMPANY

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Independent Auditors' Review Report

The Board of Directors and Shareholders
Hyundai Motor Company:

Reviewed financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of Hyundai Motor Company and its subsidiaries (the "Group"), which comprise the condensed consolidated statement of financial position as of March 31, 2019, the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2019 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' review responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

Other matters

The accompanying condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2018 were reviewed by other auditors, whose report thereon dated May 15, 2018, expressed that nothing came to their attention that caused them to believe that those condensed consolidated interim financial information as of March 31, 2018 was not prepared, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

The consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by other auditors, whose report thereon dated March 6, 2019, expressed an unqualified opinion. The accompanying statement of financial position as of December 31, 2018, presented for comparative purposes, is not different from that audited by other auditors in all material respects.

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.

KPMG Samjong Accounting Corp.

Seoul, Korea
May 15, 2019

This report is effective as of May 15, 2019, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED
MARCH 31, 2019 AND 2018**

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

Lee, Won Hee
Chief Executive Officer
HYUNDAI MOTOR COMPANY

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

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2019 AND DECEMBER 31, 2018

ASSETS	NOTES	March 31, 2019	December 31, 2018
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	20	₩ 8,952,687	₩ 9,113,625
Short-term financial instruments	20	9,060,557	7,936,319
Other financial assets	5,20	8,661,913	9,755,725
Trade notes and accounts receivable	3,20	3,831,813	3,595,993
Other receivables	4,20	3,366,913	3,291,847
Inventories	6	11,316,839	10,714,858
Current tax assets		95,929	97,271
Financial services receivables	14,20	26,488,383	25,864,589
Non-current assets classified as held for sale	8	-	867,192
Other assets	7,20	1,893,492	1,770,682
Total current assets		73,668,526	73,008,101
Non-current assets:			
Long-term financial instruments	20	117,905	112,394
Other financial assets	5,20	2,534,425	2,223,358
Long-term trade notes and accounts receivable	3,20	135,178	136,777
Other receivables	4,20	767,201	755,088
Property, plant and equipment	9,40	30,540,394	30,545,608
Investment property	10,40	179,837	189,334
Intangible assets	11,40	4,915,408	4,921,383
Investments in joint ventures and associates	13	17,552,816	17,143,239
Deferred tax assets		1,963,687	1,846,330
Financial services receivables	14,20	28,462,595	28,637,075
Operating lease assets	15	20,456,051	20,425,766
Right-of-use assets	2,12	635,848	-
Other assets	7,20	735,581	711,299
Total non-current assets		108,996,926	107,647,651
Total assets		₩ 182,665,452	₩ 180,655,752

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2019 AND DECEMBER 31, 2018

<u>LIABILITIES AND EQUITY</u>	<u>NOTES</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	20	₩ 7,891,927	₩ 7,655,630
Other payables	20	4,041,715	5,425,460
Short-term borrowings	16,20	11,857,712	12,249,850
Current portion of long-term debt and debentures	16,20	13,549,388	14,104,927
Income tax payable		351,381	150,802
Provisions	17	3,337,998	3,291,868
Other financial liabilities	18,20	22,319	44,288
Non-current liabilities classified as held for sale	8	-	719,396
Lease liabilities	2,12,20	128,927	-
Other liabilities	19,20	7,279,252	5,796,193
Total current liabilities		48,460,619	49,438,414
Non-current liabilities:			
Long-term other payables	20	20,746	20,319
Debentures	16,20	38,568,737	36,956,114
Long-term debt	16,20	10,463,073	9,985,250
Net defined benefit liabilities	35	499,483	433,247
Provisions	17	3,501,620	3,508,036
Other financial liabilities	18,20	204,364	297,506
Deferred tax liabilities		3,377,152	3,320,346
Lease liability	2,12,20	541,897	-
Other liabilities	19,20	2,819,847	2,800,510
Total non-current liabilities		59,996,919	57,321,328
Total liabilities		108,457,538	106,759,742
Equity:			
Capital stock	21	1,488,993	1,488,993
Capital surplus	22	4,194,911	4,201,214
Other capital items	23	(1,389,074)	(1,155,244)
Accumulated other comprehensive loss	24	(2,618,613)	(3,052,198)
Retained earnings	25	66,509,122	66,490,082
Equity related to assets classified as held for sale	8,24	-	1,122
Equity attributable to the owners of the Company		68,185,339	67,973,969
Non-controlling interests		6,022,575	5,922,041
Total equity		74,207,914	73,896,010
Total liabilities and equity		₩ 182,665,452	₩ 180,655,752

(Concluded)

See accompanying notes to consolidated financial statements

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

	NOTES	Three-month period ended March 31,	
		2019	2018
		(In millions of Korean Won, except per share amounts)	
Sales	27,40	₩ 23,987,079	₩ 22,436,561
Cost of sales	32	20,074,417	18,969,048
Gross profit		3,912,662	3,467,513
Selling and administrative expenses	28,32	3,087,791	2,786,222
Operating profit		824,871	681,291
Gain on investments in joint ventures and associates, net	29	286,703	242,495
Finance income	30	246,546	203,829
Finance expenses	30	133,344	116,464
Other income	31	298,323	266,571
Other expenses	31,32	306,298	351,836
Income before income tax		1,216,801	925,886
Income tax expense	34	263,016	194,251
Profit for the period		₩ 953,785	₩ 731,635
Profit attributable to:			
Owners of the Company		829,477	668,014
Non-controlling interests		124,308	63,621
Earnings per share attributable to the owners of the Company:	33		
Basic earnings per share:			
Common stock		₩ 3,142	₩ 2,482
1st preferred stock		₩ 3,154	₩ 2,494
Diluted earnings per share:			
Common stock		₩ 3,142	₩ 2,482
1st preferred stock		₩ 3,154	₩ 2,494

See accompanying notes to consolidated financial statements

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Profit for the period	₩ 953,785	₩ 731,635
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to profit or loss:		
Gain(loss) on financial assets measured at FVOCI, net	(3,699)	5,885
Remeasurements of defined benefit plans	538	(2,114)
Changes in retained earnings of equity-accounted investees, net	(12,108)	391
Changes in share of earnings of equity-accounted investees, net	3,995	7,171
	<u>(11,274)</u>	<u>11,333</u>
Items that may be reclassified subsequently to profit or loss:		
Gain (loss) on financial assets measured at FVOCI, net	5,116	(3,595)
Gain (loss) on valuation of cash flow hedge derivatives, net	14,289	(56,466)
Changes in share of earnings of equity-accounted investees, net	156,062	124,690
Gain(loss) on foreign operations translation, net	308,182	(9,621)
	<u>483,649</u>	<u>55,008</u>
Total other comprehensive income	<u>472,375</u>	<u>66,341</u>
Total comprehensive income	<u>₩ 1,426,160</u>	<u>₩ 797,976</u>
Comprehensive income attributable to:		
Owners of the Company	1,251,789	749,498
Non-controlling interests	174,371	48,478
Total comprehensive income	<u>₩ 1,426,160</u>	<u>₩ 797,976</u>

See accompanying notes to consolidated financial statements

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

	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, 2018	₩ 1,488,993	₩ 4,201,214	₩ (1,640,096)	₩ (2,278,955)	₩ 67,332,328	₩ 69,103,484	₩ 5,653,870	₩ 74,757,354
Changes in accounting standards	-	-	-	(327,495)	191,152	(136,343)	(77,022)	(213,365)
Balances after adjustments	1,488,993	4,201,214	(1,640,096)	(2,606,450)	67,523,480	68,967,141	5,576,848	74,543,989
Comprehensive income:								
Profit for the period	-	-	-	-	668,014	668,014	63,621	731,635
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	(12,271)	14,700	2,429	(139)	2,290
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(32,511)	-	(32,511)	(23,955)	(56,466)
Changes in valuation of equity-accounted investees, net	-	-	-	126,405	391	126,796	5,456	132,252
Remeasurements of defined benefit plans	-	-	-	-	(2,530)	(2,530)	416	(2,114)
Gain (loss) on foreign operations translation, net	-	-	-	(12,700)	-	(12,700)	3,079	(9,621)
Total comprehensive income	-	-	-	68,923	680,575	749,498	48,478	797,976
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(810,851)	(810,851)	(50,727)	(861,578)
Acquisitions of subsidiaries	-	-	-	-	-	-	10	10
Others	-	-	-	-	(247)	(247)	(61)	(308)
Total transactions with owners, recorded directly in equity	-	-	-	-	(811,098)	(811,098)	(50,778)	(861,876)
Balance at March 31, 2018	₩ 1,488,993	₩ 4,201,214	₩ (1,640,096)	₩ (2,537,527)	₩ 67,392,957	₩ 68,905,541	₩ 5,574,548	₩ 74,480,089

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

	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, 2019	₩ 1,488,993	₩ 4,201,214	₩ (1,155,244)	₩ (3,051,076)	₩ 66,490,082	₩ 67,973,969	₩ 5,922,041	₩ 73,896,010
Comprehensive income:								
Profit for the period	-	-	-	-	829,477	829,477	124,308	953,785
Gain (loss) on financial assets measured at FVOCI, net	-	-	-	(626)	(32)	(658)	2,075	1,417
Loss on valuation of cash flow hedge derivatives, net	-	-	-	6,698	-	6,698	7,591	14,289
Changes in valuation of equity-accounted investees, net	-	-	-	154,872	(12,108)	142,764	5,185	147,949
Remeasurements of defined benefit plans	-	-	-	-	1,989	1,989	(1,451)	538
Gain on foreign operations translation, net	-	-	-	271,519	-	271,519	36,664	308,183
Total comprehensive income	-	-	-	432,463	819,326	1,251,789	174,372	1,426,161
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(800,301)	(800,301)	(58,403)	(858,704)
Increase in subsidiaries' stock	-	-	-	-	-	-	1,421	1,421
Disposal of subsidiaries' stock	-	-	-	-	-	-	(33,068)	(33,068)
Purchases of treasury stocks	-	-	(233,830)	-	-	(233,830)	-	(233,830)
Others	-	(6,303)	-	-	15	(6,288)	16,212	9,924
Total transactions with owners, recorded directly in equity	-	(6,303)	(233,830)	-	(800,286)	(1,040,419)	(73,838)	(1,114,257)
Balance at March 31, 2019	₩ 1,488,993	₩ 4,194,911	₩ (1,389,074)	₩ (2,618,613)	₩ 66,509,122	₩ 68,185,339	₩ 6,022,575	₩ 74,207,914

(Concluded)

See accompanying notes to consolidated financial statements

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

	NOTES	Three-month period ended March 31,	
		2019	2018
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	36		
Profit for the period		₩ 953,785	₩ 731,635
Adjustments		3,410,208	3,062,030
Changes in operating assets and liabilities		(2,920,624)	(1,959,780)
		<u>1,443,369</u>	<u>1,833,885</u>
Interest received		166,591	113,352
Interest paid		(535,641)	(494,174)
Dividend received		10,704	27,847
Income tax paid		(150,033)	(180,687)
Net cash provided by operating activities		<u>934,990</u>	<u>1,300,223</u>
Cash flows from investing activities:			
Changes in short-term financial instruments		(1,121,670)	943,297
Decreases in other financial assets (current), net		1,389,045	71,999
Decreases in other financial assets (non-current)		1,223	41,443
Collection of other receivables		13,173	59,594
Disposals of long-term financial instruments		84	1
Proceeds from disposals of property, plant and equipment		11,560	25,859
Proceeds from disposals of intangible assets		2,131	4
Acquisitions of subsidiaries		-	10
Increases in other financial assets (non-current)		(288,992)	(40,773)
Increases in other receivables		(12,290)	(22,932)
Purchases of long-term financial instruments		(4,512)	(4,605)
Acquisitions of property, plant and equipment		(1,047,311)	(914,470)
Acquisitions of intangible assets		(278,677)	(288,282)
Acquisitions of investments in joint ventures and associates		(46,508)	-
Other cash receipts from investing activities, net		<u>51,614</u>	<u>16</u>
Net cash used in investing activities		<u>(1,331,130)</u>	<u>(128,839)</u>

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

	NOTES	Three-month period ended March 31,	
		2019	2018
		(In millions of Korean Won)	
Cash flows from financing activities:			
Repayment of short-term borrowings, net	₩	(602,529)	₩ (676,996)
Proceeds from long-term debt and debentures		6,135,686	4,855,315
Paid-in capital increase of subsidiaries		1,421	-
Repayment of long-term debt and debentures		(5,157,336)	(5,771,043)
Repayment of lease liabilities		(32,544)	-
Purchases of treasury stocks		(233,830)	-
Dividends paid		(3,780)	(4,068)
Other cash receipts (payments) from financing activities, net		(18,258)	(12,442)
Net cash provided by (used in) financing activities		<u>88,830</u>	<u>(1,609,234)</u>
Effect of exchange rate changes on cash and cash equivalents		146,372	9,290
Net decrease in cash and cash equivalents		(160,938)	(428,560)
Cash and cash equivalents, beginning of the period		<u>9,113,625</u>	<u>8,821,529</u>
Cash and cash equivalents, end of the period	₩	<u>8,952,687</u>	₩ <u>8,392,969</u>

(Concluded)

See accompanying notes to consolidated financial statements

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018

1. GENERAL:

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

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

As of March 31, 2019, the major shareholders of the Company are Hyundai MOBIS (45,782,023 shares, 21.43%) and Chung, Mong Koo (11,395,859 shares, 5.33%).

(1) The Company’s consolidated subsidiaries as of March 31, 2019 are as follows.

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	59.68%	
Hyundai Card Co., Ltd. (*1)	“	“	36.96%	
Hyundai Rotem Company (Hyundai Rotem) (*2)	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%	
Genesis Motor America LLC	Sales	“	100.00%	HMA 100.00%
Hyundai 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%	“
Hyundai Capital Canada Inc. (HCCA)	Financing	“	70.00%	Hyundai Capital Services 20.00%
Hyundai Capital Lease Inc. (HCLI)	“	“	100.00%	HCCA 100.00%
HK Lease Funding LP	“	“	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	“	“	100.00%	HCLI 100.00%
Hyundai Motor India Limited (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	“	100.00%	HMI 100.00%
Hyundai Capital India Private Limited (HCI)	Financing	“	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	"	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	"	"	100.00%	BJMSS 100.00%
Genesis Motor Sales(Shanghai) Co. Ltd.	"	"	100.00%	
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	"	99.00%	CMEs 99.00%
Rotem equipments (Beijing) Co., Ltd.	Sales	"	100.00%	Hyundai Rotem 100.00%
KEFICO Automotive Systems (Beijing) Co., Ltd.	Manufacturing	"	100.00%	Hyundai KEFICO 100.00%
KEFICO Automotive Systems (Chongqing) Co., Ltd.	"	"	90.00%	Hyundai KEFICO 90.00%
KEFICO VIETNAM COMPANY LIMITED	"	Vietnam	100.00%	Hyundai KEFICO 100.00%
HYUNDAI THANH CONG VIETNAM AUTO MANUFACTURING CORPORATION (HTMV) (*1)	"	"	50.00%	
Hyundai Thanh cong Commercial Vehicle Joint Stock Company (HTCV) (*1)	"	"	50.00%	
Hyundai Motor Company Australia Pty Limited (HMCA)	Sales	Australia	100.00%	
Hyundai Capital Australia Pty Limited	Financing	"	100.00%	Hyundai Capital Services 100.00%
HR Mechanical Services Limited	Services	New Zealand	100.00%	Hyundai Rotem 100.00%
Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)	Manufacturing	Czech	100.00%	
Hyundai Motor Czech s.r.o (HMCZ)	Sales	"	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and sales	Germany	100.00%	
Hyundai Motor Deutschland GmbH (HMD)	Sales	"	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	"	100.00%	
Hyundai Motor Sport GmbH (HMSG)	Marketing	"	100.00%	HME 100.00%
Hyundai Capital Europe GmbH	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.40%
Hyundai Motor Netherlands B.V. (HMNL)	Sales	"	100.00%	
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	"	100.00%	HMCIS B.V 100.00%
Hyundai Capital Services Limited Liability Company	Financing	"	100.00%	Hyundai Capital Europe 100.00%
Hyundai Truck And Bus Rus LLC (HTBR)	Sales	"	100.00%	
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	Turkey	70.00%	
Hyundai EURotem Demiryolu Araclari Sanayi ve Ticaret A.S.	"	"	50.50%	Hyundai Rotem 50.50%
Hyundai Rotem Company – Hyundai EURotem Demiryolu Araclari SAN. VE TIC. A.S ORTAK GIRISIMI	Sales	"	100.00%	Hyundai Rotem 65.00%, Hyundai EURotem A.S. 35.00%
Hyundai Rotem Company – Hyundai EURotem Mahmutbey Projesi ORTAK GIRISIMI	"	"	100.00%	Hyundai Rotem 85.00%, Hyundai EURotem A.S. 15.00%
HYUNDAI ROTEM MALAYSIA SDN BHD	"	Malaysia	100.00%	Hyundai Rotem 100.00%
Hyundai Motor UK Limited (HMUK)	"	UK	100.00%	
Hyundai Motor Company Italy S.r.l (HMCI)	"	Italy	100.00%	
Hyundai Motor Espana. S.L.U. (HMES)	"	Spain	100.00%	
Hyundai Motor France SAS (HMF)	"	France	100.00%	
Hyundai Motor Poland Sp. Zo. O (HMP)	"	Poland	100.00%	

Name of subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
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	Mexico	99.99%	HT 99.99%
HYUNDAI KEFICO MEXICO S DE RL DE CV	"	"	100.00%	Hyundai KEFICO 100.00%
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 Industria E Comercio De Trens Ltda.	Manufacturing	"	100.00%	Hyundai Rotem 100.00%
HMB Holding Participacoes Financeiras Ltda.	Holding company	"	99.99%	HMB 99.99%
		Cayman Islands		
China Millennium Corporations (CMEs)	"		59.60%	
China Mobility Fund, L.P.	Investment	"	72.00%	
KyoboAXA Private Tomorrow Securities Investment Trust No.12	Investment	Korea	100.00%	
Shinhan BNPP Private Corporate Security Investment Trust No.34	"	"	100.00%	
KB Leaders Private Corporate Security Investment Trust(*3)	"	"	100.00%	
Samsung ETF Private Equity Security Investment Trust(*3)	"	"	100.00%	
ZER01NE Accelerator Investment Fund No.1	"	"	99.00%	
Autopia Fifty-Sixth~ Sixty-Sixth Asset Securitization				
Specialty Company (*1)	Financing	"	0.50%	Hyundai Capital Services 0.50%
Super Series First ~ SixthSecuritization Specialty Co., Ltd. (*1)	"	"	0.50%	Hyundai Card 0.50%
Bluewalnut Co., Ltd.	"	"	100.00%	Hyundai Card 100.00%
Hyundai CHA Funding, LLC	"	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	"	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai HK Funding Three, LLC	"	"	100.00%	"
Hyundai HK Funding Four, LLC	"	"	100.00%	"
Hyundai ABS Funding, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"
Extended Term Amortizing Program, LLC	"	"	100.00%	"
Hyundai Asset Backed Lease, LLC	"	"	100.00%	"
HCA Exchange, 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%	"

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

(*2) Even though the shareholding ratio of ownership is less than half, the Group has de facto control over the entity due to the relative size of the voting rights held and the degree of share dispersion of other voting rights holders.

(*3) Name of company has changed due to change of fund managing company for the three-month period ended March 31, 2019.

- (2) Summarized financial position and results of operations of the Company's major consolidated subsidiaries as of and for the three-month period ended March 31, 2019 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 30,619,354	₩ 26,469,969	₩ 833,627	₩ 99,154
Hyundai Card Co., Ltd. (*)	15,978,436	12,757,538	611,418	64,173
Hyundai Rotem Company (*)	4,098,081	2,986,386	590,231	7,423
Hyundai KEFICO Corporation (*)	1,759,659	1,130,445	488,788	11,468
HCA (*)	37,994,780	33,396,006	2,508,105	83,227
HMA	6,932,067	5,753,047	3,658,465	(102,515)
HMMA	4,657,178	1,906,427	1,817,995	70,679
HMI (*)	3,814,196	1,523,322	1,673,540	106,977
HMMC	3,790,398	1,578,552	1,400,542	107,508
HME (*)	1,784,489	1,755,988	2,318,478	1,324
HMMR	1,595,484	929,403	776,211	50,716
HAOSVT	1,232,703	844,883	568,193	4,948
HACC (*)	1,308,459	778,492	707,157	3,808
HMB	1,194,156	766,271	483,576	473
HMCA	676,850	528,345	390,880	(904)

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

Summarized financial position and results of operations of the Company's major consolidated subsidiaries as of and for the three-month period ended March 31, 2018 are as follows.

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
	(In millions of Korean Won)			
Hyundai Capital Services, Inc. (*)	₩ 27,859,795	₩ 23,856,302	₩ 738,818	₩ 81,488
Hyundai Card Co., Ltd. (*)	15,413,425	12,626,687	735,271	26,086
Hyundai Rotem Company (*)	3,948,541	2,554,956	524,505	(11,922)
Hyundai KEFICO Corporation (*)	1,517,124	920,910	407,174	6,932
HCA (*)	36,913,637	32,779,384	2,310,036	65,512
HMA	6,426,928	5,047,079	3,464,686	(147,397)
HMMA	4,106,880	1,575,563	1,334,472	31,433
HMMC	3,850,680	1,564,797	1,593,602	94,751
HMI (*)	3,275,692	1,418,603	1,658,803	100,564
HME (*)	1,621,588	1,596,916	2,231,576	1,794
HAOSVT	1,602,065	1,224,944	723,966	(4,740)
HMMR	1,392,363	824,895	745,071	44,347
HMB	1,165,132	724,581	504,986	42,563
HACC (*)	1,144,639	678,933	543,826	(10,647)
HMCA	658,681	500,094	434,130	(567)

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

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

- (4) Summarized cash flows of non-wholly owned subsidiaries that have material non-controlling interests to the Group for the three-month period ended March 31, 2019 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	₩ (721,066)	₩ (12,256)	₩ (103,526)
Cash flows from investing activities	(41,829)	(3,634)	13,559
Cash flows from financing activities	700,619	27,885	116,954
Effect of exchange rate changes on cash and cash equivalents	-	-	(2,551)
Net increase (decrease) in cash and cash equivalents	₩ (62,276)	₩ 11,995	₩ 24,436

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group for the three-month period ended March 31, 2018 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	₩ 148,237	₩ (134,326)	₩ (10,366)
Cash flows from investing activities	(11,199)	(22,310)	(301)
Cash flows from financing activities	222,192	377,160	(22,403)
Effect of exchange rate changes on cash and cash equivalents	-	-	(840)
Net increase (decrease) in cash and cash equivalents	₩ 359,230	₩ 220,524	₩ (33,910)

- (5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of March 31, 2019 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Ownership percentage of non-controlling interests	40.32%	63.04%	56.64%
Accumulated non-controlling interests	₩ 1,679,940	₩ 2,137,327	₩ 688,210
Profit attributable to non-controlling interests	39,551	40,457	1,853
Dividends paid to non-controlling interests	35,200	22,944	3,733

Details of non-wholly owned subsidiaries of the Company that had material non-controlling interests as of December 31, 2018 are as follows.

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
	(In millions of Korean Won)		
Ownership percentage of non-controlling interests	40.32%	63.04%	56.64%
Accumulated non-controlling interests	₩ 1,676,205	₩ 2,119,846	₩ 689,977
Profit (loss) attributable to non-controlling interests	124,719	94,454	(177,600)
Dividends paid to non-controlling interests	34,319	19,099	4,120

(6) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the three-month period ended March 31, 2019 are as follows.

Changes	Name of subsidiaries	Description
Included	Super Series Sixth Securitization Specialty Co., Ltd	Acquisition
"	Autopia Sixty-Sixth Asset Securitization Specialty Company	"
Excluded	Autopia Fifty-Fifth Asset Securitization Specialty Company	Liquidation
"	Hyundai Capital Bank Europe GmbH	Disposition

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of consolidated financial statements preparation

The Group's condensed consolidated interim financial statements as of March 31, 2019 and for the three-month periods ended March 31, 2019 and 2018, respectively, are prepared in accordance with K-IFRS 1034, *Interim Financial Reporting*. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with K-IFRS.

The significant accounting policies used for the preparation of the condensed consolidated interim financial statements are consistent with those applied to the annual consolidated financial statements for the year ended December 31, 2018, except for the adoption effect of the new accounting standards and interpretations described below.

Changes in accounting policies are expected to be reflected in the Group's consolidated financial statements for the year ending December 31, 2019. The Group applied K-IFRS 1116 for the first time on January 1, 2019. There are other accounting standards effective from January 1, 2019, but these standards do not have a material impact on the Group's financial statements.

K-IFRS 1116 introduces a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under K-IFRS 2104 Determining *Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under K-IFRS 1116, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to K-IFRS 1116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied K-IFRS 1116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under K-IFRS 1017 and K-IFRS 2104 were not reassessed. Therefore, the definition of a lease under K-IFRS 1116 has been applied only to contracts entered into or changed on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2) As a lessee

The Group leases many assets, including land, buildings and others.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under K-IFRS 1116, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets are as below.

Description	Land	Buildings and others	Total
	(In millions of Korean Won)		
Balance at March 31, 2019	₩ 7,477	₩ 628,371	₩ 635,848

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

① Significant accounting policies

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

② Transition

At transition, for leases classified as operating leases under K-IFRS 1017, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019.

Right-of-use assets are measured at :

– an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all leases. The comparative financial information has been applied in accordance with K-IFRS No. 1017 as reported previously and it has not been restated.

The Group used the following practical expedients when applying K-IFRS 1116 to leases previously classified as operating leases under K-IFRS 1017.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under K-IFRS 1017. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The Group is not required to make any adjustments on transition to K-IFRS 1116 for leases in which it acts as a lessor.

4) Impacts on financial statements

① Impacts on transition

On transition to K-IFRS 1116, the Group recognized right-of-use assets, lease liabilities and other assets. There is no impact on retained earnings. The recognized amount of right-of-use and lease liabilities when transition to K-IFRS 1116 are as follows.

Description	January 1, 2019	
	(In millions of Korean Won)	
Right-of-use assets	₩	634,207
Lease liabilities		649,150

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average discount rate applied is 3.78%.

② Impacts for the period

As a result of initially applying K-IFRS 1116, in relation to the leases that were previously classified as operating leases, the Group recognized ₩635,848 million won of right-of-use assets and ₩670,824 million of lease liabilities as at 31 March, 2019.

Also in relation to those leases under K-IFRS 1116, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the three-month period ended March 31, 2019, the Group recognized ₩38,924 million of depreciation expenses and ₩6,437 million of interest costs from these leases.

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

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that cannot be identified from other sources. 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. Significant judgments made by management on the Group's application of accounting policies and the major sources of estimation uncertainty for the preparation of financial statements to be the same as the annual consolidated financial statements for the year ended December 31, 2018, except for matters related to the adoption of K-IFRS 1116 Leases.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) Trade notes and accounts receivable as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019		December 31, 2018	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 3,901,166	₩ 139,218	₩ 3,665,356	₩ 143,496
Loss allowance	(69,353)	-	(69,363)	-
Present value discount accounts	-	(4,040)	-	(6,719)
	<u>₩ 3,831,813</u>	<u>₩ 135,178</u>	<u>₩ 3,595,993</u>	<u>₩ 136,777</u>

(2) Aging analysis of trade notes and accounts receivable

As of March 31, 2019 aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

Description	Not overdue	Overdue Within 90days	Overdue	Overdue	Total amounts	Allowance for trade note and accounts receivables
			Within 180days More than 90days	More than 181 days		
(In millions of Korean Won)						
Total trade note and accounts receivable	₩ 3,730,981	₩ 182,289	₩ 44,506	₩ 82,608	₩ 4,040,384	₩ 69,353

As of December 31, 2018 aging analysis of total trade notes and accounts receivable that are past due, but not impaired are as follows.

Description	Not overdue	Overdue Within 90days	Overdue	Overdue	Total amounts	Allowance for trade note and accounts receivables
			Within 180days More than 90days	More than 181 days		
(In millions of Korean Won)						
Total trade note and accounts receivable	₩ 3,460,604	₩ 219,070	₩ 41,207	₩ 87,971	₩ 3,808,852	₩ 69,363

(3) The changes in allowance for trade note and account receivable for the three-month period ended 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
(In millions of Korean Won)		
Beginning of the period	₩ 69,363	₩ 65,167
Impairment loss (reversal)	55	(221)
Write-off	(109)	(161)
Effect of foreign exchange differences	44	535
End of the period	₩ 69,353	₩ 65,320

4. OTHER RECEIVABLES:

(1) Other receivables as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019		December 31, 2018	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Accounts receivable - others	₩ 2,220,475	₩ 407,582	₩ 2,161,565	₩ 392,400
Due from customers for contract work	1,137,289	-	1,110,972	-
Lease and rental deposits	19,110	308,436	28,826	310,194
Deposits	2,683	43,801	2,591	42,381
Others	2,596	7,382	1,719	10,113
Allowance for other receivables	(15,240)	-	(13,826)	-
	₩ 3,366,913	₩ 767,201	₩ 3,291,847	₩ 755,088

- (2) The changes in allowance for other receivables for the three-month period ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Beginning of the period	₩ 13,826	₩ 11,128
Impairment loss	1,652	352
Write-off	(246)	(258)
Effect of foreign exchange differences	8	(5)
End of the period	₩ 15,240	₩ 11,217

5. OTHER FINANCIAL ASSETS:

- (1) Other financial assets as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019	
	Current	Non-current
	(In millions of Korean Won)	
Financial assets measured at fair value through profit or loss (“FVPL”)	₩ 8,530,916	₩ 502,880
Derivative assets that are effective hedging instruments	5,177	56,409
Financial assets measured at fair value through other comprehensive income (“FVOCI”)	26,226	1,966,708
Financial assets measured at amortised cost	99,594	8,428
	₩ 8,661,913	₩ 2,534,425

Description	December 31, 2018	
	Current	Non-current
	(In millions of Korean Won)	
Financial assets measured at fair value through profit or loss (“FVPL”)	₩ 9,644,865	₩ 286,286
Derivative assets that are effective hedging instruments	4,855	27,393
Financial assets measured at fair value through other comprehensive income (“FVOCI”)	9,683	1,901,038
Financial assets measured at amortised cost	96,322	8,641
	₩ 9,755,725	₩ 2,223,358

- (2) Financial assets measured at FVOCI as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019		December 31, 2018	
	Acquisition cost	Book value	Book value	
	(In millions of Korean Won)			
Debt instruments	₩ 341,940	₩ 342,564	₩	236,031
Equity instruments (*)	1,514,033	1,650,370		1,674,690
	₩ 1,855,973	₩ 1,992,934	₩	1,910,721

- (*) The Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading at the date of initial application of K-FIRS 1109.

- (3) Equity instruments classified into financial assets measured at FVOCI as of March 31, 2019 and December 31, 2018 are as follows.

Name of the company	Ownership percentage (%)	March 31, 2019		December 31, 2018	
		Acquisition		Book value	
		cost	Book value	Book value	Book value
(In millions of Korean Won)					
Hyundai Steel Company (*1)	6.87	₩ 903,897	₩ 512,098	₩ 516,090	
Hyundai Glovis Co., Ltd.	4.88	210,688	235,276	236,191	
Hyundai Oilbank Co., Ltd.	4.35	53,734	204,392	204,392	
Hyundai Heavy Industries Co., Ltd.	2.31	42,443	194,310	209,823	
Korea Aerospace Industries, Ltd. (*2)	-	73,331	167,242	150,920	
Hyundai Heavy Industries Holdings Co., Ltd.	2.13	9,018	115,536	120,046	
Hyundai Green Food Co., Ltd.	2.36	15,005	33,000	33,000	
NICE Information Service Co., Ltd.	2.25	3,312	17,347	14,957	
Hyundai M Partners Co., Ltd.	9.29	9,888	12,186	12,119	
NICE Holdings Co., Ltd.	1.30	3,491	9,808	8,825	
KT Corporation	0.09	8,655	6,578	7,155	
Hyundai Asan Corporation	1.88	22,500	2,117	2,117	
Hyundai Merchant Marine Company	0.03	9,161	360	366	
Others		148,910	140,120	158,689	
		₩ 1,514,033	₩ 1,650,370	₩ 1,674,690	

(*1) The Group entered into a total return swap agreement to transfer 2,231,716 shares out of total 11,405,311 shares to a third party.

(*2) The Group entered into a total return swap agreement to transfer total shares to a third party.

6. INVENTORIES:

Inventories as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019		December 31, 2018	
(In millions of Korean Won)				
Finished goods	₩	6,648,539	₩	6,486,616
Merchandise		64,344		52,717
Semifinished goods		521,922		515,084
Work in progress		398,276		400,850
Raw materials		1,464,592		1,363,298
Supplies		308,704		306,670
Materials in transit		715,436		665,246
Others		1,195,026		924,377
Total (*)	₩	11,316,839	₩	10,714,858

(*) As of March 31, 2019 and December 31, 2018, the Group recognised a valuation allowance in the amount of ₩113,069 million and ₩130,989 million, respectively.

7. OTHER ASSETS:

Other assets as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019		December 31, 2018	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 330,978	₩ 1,235	₩ 318,306	₩ 1,293
Advanced payments	706,640	-	658,460	-
Prepaid expenses	491,500	690,876	445,601	672,814
Prepaid value-added tax and others	364,374	43,470	348,315	37,192
	<u>₩ 1,893,492</u>	<u>₩ 735,581</u>	<u>₩ 1,770,682</u>	<u>₩ 711,299</u>

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

Non-current assets classified as held for sale as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019		December 31, 2018	
	(In millions of Korean Won)			
Land(*1)	₩	-	₩	3,454
Buildings(*1)		-		7,963
Vehicles(*2)		-		16,023
Subsidiaries(*3)		-		839,752
Total	₩	-	₩	867,192
Non-current liabilities classified as held for sale(*3)	₩	-	₩	719,396

(*1) Hyundai Card Co., Ltd and Hyundai Capital Services Inc., which are subsidiaries of the Company completed the process of disposal for office located in Gwang-ju for the three-month period ended March 31, 2019.

(*2) The Group completed the process of disposal for the three-month period ended March 31, 2019. In prior year, the Group recognised an impairment loss of ₩13,045 million, the difference between the expected sale price and the book value of it.

(*3) All Hyundai Capital Bank Europe GmbH's shares the company held and a portion of Hyundai Capital services's shares held, which were classified as held for sales as of December 31, 2018, were disposed for the three-month period ended March 31, 2019.

9. PROPERTY, PLANT AND EQUIPMENT:

The changes in property, plant and equipment ("PP&E") for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Beginning of the period	₩ 30,545,608	₩ 29,827,142
Acquisitions	544,962	429,347
Disposals	(35,618)	(62,781)
Depreciation	(602,758)	(567,935)
Others (*)	88,200	7,000
End of the period	<u>₩ 30,540,394</u>	<u>₩ 29,632,773</u>

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

10. INVESTMENT PROPERTY:

(1) The changes in investment property for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Beginning of the period	₩ 189,334	₩ 199,498
Transfers (*)	-	94
Disposals	(9,671)	-
Depreciation	(2,664)	(2,712)
Effect of foreign exchange differences	2,838	975
End of the period	₩ 179,837	₩ 197,855

(*) Transferred amount from PP&E

(2) Income and expenses related to investment property for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Rental income	₩ 11,173	₩ 12,030
Operating and maintenance expenses	4,136	4,282

11. INTANGIBLE ASSETS:

(1) The changes in intangible assets for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Beginning of the period	₩ 4,921,383	₩ 4,809,336
Internal developments and external acquisitions	274,547	276,397
Disposals	(3,014)	(128)
Amortization	(314,367)	(343,700)
Impairment loss	-	(6,977)
Others (*)	36,859	28,252
End of the period	₩ 4,915,408	₩ 4,763,180

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

(2) Research and development expenditures for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Development costs (intangible assets)	₩ 231,735	₩ 245,667
Research and development costs (*1)	279,864	233,606
Total (*2)	₩ 511,599	₩ 479,273

(*1) Presented in manufacturing costs, administrative expenses and other expenses.

(*2) Presented in amortization of development costs is not included.

12. LEASES:

(1) The changes in right-of-use assets for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Beginning of the period	₩ -	₩ -
Impact on transition to K-IFRS 1116	634,207	-
Acquisitions	34,581	-
Disposals	(1,095)	-
Depreciation	(38,924)	-
Others (*)	7,079	-
End of the period	₩ 635,848	₩ -

(*) Others include the effect of foreign exchange differences

(2) Lease liabilities as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019		December 31, 2018	
	(In millions of Korean Won)			
Undiscounted lease liabilities	₩ 878,222	₩ -	₩ -	-
Discounted lease liabilities	670,824	-	-	-
Current	128,927	-	-	-
Non-current	541,897	-	-	-

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) Investments in joint ventures and associates as of March 31, 2019 and December 31, 2018 are as follows.

Name of the company	Nature of business	Location	Ownership percentage (%)	March 31, 2019		December 31, 2018	
				Book value (In millions of Korean Won)		Book value	
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	₩ 1,544,210	₩ 1,484,794	-	-
Beijing Hyundai Qiche Financing Company (BHAF) (*1,3)	Financing	China	53.00	557,638	530,161	-	-
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	22.00	160,143	151,248	-	-
Hyundai Powertech (Shandong) Co., Ltd (PTS)	Manufacturing	China	30.00	101,906	100,754	-	-
Kia Motors Corporation	Manufacturing	Korea	33.88	9,124,599	9,001,505	-	-
Hyundai Engineering & Construction Co.,Ltd.	Construction	Korea	20.95	2,823,989	2,801,084	-	-
Hyundai Transys Inc. (Formal. Hyundai Dymos Inc.) (*5)	Manufacturing	Korea	41.13	977,819	430,571	-	-
Hyundai WIA Corporation	Manufacturing	Korea	25.35	683,205	674,651	-	-
Hyundai Motor Securities Co., Ltd (*4)	Securities brokerage	Korea	27.49	268,051	265,711	-	-
Hyundai Commercial Inc.	Financing	Korea	37.50	232,105	218,983	-	-
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	164,356	159,699	-	-
Hyundai Autoever Corp.	IT service	Korea	28.48	134,152	129,173	-	-
Haevichi Hotels & Resorts Co., Ltd	Hotelkeeping	Korea	41.90	103,003	104,009	-	-
Hyundai Powertech Co., Ltd.(*5)	Manufacturing	Korea	-	-	561,688	-	-
Others (*6)				677,640	529,208	-	-
				₩ 17,552,816	₩ 17,143,239	-	-

- (*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms stating that the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions, which require consent from the director who is designated by the other investors, for certain transactions, such as payment of dividend.
- (*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and other reasons, although the total ownership percentage is less than 20%, the investment is accounted for using the equity method.
- (*3) 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) Name of the company has been changed from HMC investment Securities Co., Ltd. to Hyundai Motor Securities Co., Ltd. in prior year.
- (*5) Hyundai Dymos Inc. merged with Hyundai Powertech Co., Ltd., and changed the name of company to Hyundai Transys Co., Ltd. as of January 1, 2019.
- (*6) The Group has stopped recognising its share of losses of the Sichuan Hyundai Motor Company (CHMC) and unrecognized share of losses of a joint venture, for the three-month period ended March 31, 2019 and cumulatively are ₩8,470 million and ₩105,148 million, respectively.

- (2) The changes in investments in joint ventures and associates for the three-month period ended March 31, 2019 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of			End of the period
			profits (losses) for the period	Dividends	Others (*1)	
			(In millions of Korean Won)			
BHMC	₩ 1,484,794	₩ -	₩ 3,151	₩ -	₩ 56,265	₩ 1,544,210
BHAF	530,161	-	10,275	-	17,202	557,638
WAE	151,248	10,138	3,294	(10,138)	5,601	160,143
PTS	100,754	-	(2,516)	-	3,668	101,906
Kia Motors Corporation	9,001,505	-	209,614	(123,586)	37,066	9,124,599
Hyundai Engineering & Construction Co., Ltd.	2,801,084	-	19,265	(11,664)	15,304	2,823,989
Hyundai Transys Inc. (*2)	992,259	334	1,785	-	(16,559)	977,819
Hyundai WIA Corporation	674,651	-	6,025	(4,136)	6,665	683,205
Hyundai Motor Securities Co., Ltd	265,711	-	5,932	(3,630)	38	268,051
Hyundai Commercial Inc.	218,983	-	7,184	-	5,938	232,105
Eukor Car Carriers Inc.	159,699	-	1,106	-	3,551	164,356
Hyundai Autoever Corp.	129,173	-	2,578	(413)	2,814	134,152
Haevichi Hotels & Resorts Co., Ltd.	104,009	-	(1,006)	-	-	103,003
Others	529,208	36,036	6,794	(1,974)	107,576	677,640
	<u>₩ 17,143,239</u>	<u>₩ 46,508</u>	<u>₩ 273,481</u>	<u>₩ (155,541)</u>	<u>₩ 245,129</u>	<u>₩ 17,552,816</u>

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

(*2) Hyundai Dymos Inc. merged with Hyundai Powertech Co., Ltd., and changed the name of company to Hyundai Transys Co., Ltd. as of January 1, 2019.

The changes in investments in joint ventures and associates for the three-month period ended March 31, 2018 are as follows.

Name of the company	Beginning of the period	Acquisitions (disposals)	Share of			End of the period
			profits (losses) for the period	Dividends	Others (*)	
(In millions of Korean Won)						
BHMC	₩ 1,456,579	₩ -	₩ 32,778	₩ -	₩ 55,785	₩ 1,545,142
BHAF	480,353	-	17,557	-	17,816	515,726
WAE	167,805	-	3,523	-	6,206	177,534
PTS	120,256	-	7,484	-	4,481	132,221
Kia Motors Corporation	8,882,325	-	144,785	(109,855)	1,580	8,918,835
Hyundai Engineering & Construction Co., Ltd.	2,959,910	-	16,294	(11,664)	(60,743)	2,903,797
Hyundai WIA Corporation	794,150	-	(5,155)	(4,136)	1,939	786,798
Hyundai Powertech Co., Ltd.	547,295	-	5,331	-	1,113	553,739
Hyundai Dymos Inc.	399,724	-	8,156	-	3,620	411,500
Hyundai Commercial Inc.	373,797	-	7,910	(10,000)	30,796	402,503
Hyundai Motor Securities Co., Ltd	254,766	-	4,754	(3,226)	(439)	255,855
Eukor Car Carriers Inc.	160,255	-	1,051	(8,976)	(1,285)	151,045
Hyundai Autoever Corp.	119,162	-	2,741	(4,126)	96	117,873
Haevichi Hotels & Resorts Co., Ltd.	106,531	-	(1,626)	-	6	104,911
Others	429,430	-	(3,246)	(3,721)	7,489	429,952
	<u>₩ 17,252,338</u>	<u>₩ -</u>	<u>₩ 242,337</u>	<u>₩ (155,704)</u>	<u>₩ 68,460</u>	<u>₩ 17,407,431</u>

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

- (3) Summarized financial information of the Group's major joint ventures and associates as of and for the three month period ended March 31, 2019 are as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
	(In millions of Korean Won)			
BHMC	₩ 4,848,684	₩ 4,149,402	₩ 5,309,842	₩ 509,608
BHAF (*)	5,258,284	-	4,206,137	-
WAE	763,655	690,775	418,945	307,562
PTS	591,619	375,249	375,285	257,725
Kia Motors Corporation	20,729,864	32,390,092	16,397,035	9,064,797
Hyundai Engineering & Construction Co., Ltd.	13,625,563	4,819,624	6,933,678	3,074,122
Hyundai WIA Corporation	3,975,587	3,235,486	2,146,062	2,003,386
Hyundai Transys Inc.	2,247,052	2,677,035	1,782,786	1,107,759
Hyundai Motor Securities Co., Ltd (*)	8,105,000	-	7,275,695	-
Hyundai Commercial Inc. (*)	9,173,748	-	7,967,643	-
Eukor Car Carriers Inc.	348,939	3,301,736	496,984	1,786,238
Hyundai Autoever Corp.	729,476	208,430	418,466	55,484
Haevichi Hotels & Resorts Co., Ltd.	30,806	427,392	217,965	66,283

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
	(In millions of Korean Won)			
BHMC	₩ 2,069,856	₩ 1,868	₩ -	₩ 1,868
BHAF (*)	52,657	20,080	-	20,080
WAE	324,123	14,974	(28,919)	(13,945)
PTS	210,244	(14,137)	-	(14,137)
Kia Motors Corporation	12,444,350	649,104	126,394	775,498
Hyundai Engineering & Construction Co., Ltd.	3,877,659	155,986	98,600	254,586
Hyundai WIA Corporation	1,849,437	13,778	26,853	40,631
Hyundai Transys Inc.	1,769,673	44,336	(663)	43,673
Hyundai Motor Securities Co., Ltd (*)	203,353	20,386	(64,799)	(44,413)
Hyundai Commercial Inc. (*)	124,259	20,006	14,100	34,106
Eukor Car Carriers Inc.	417,704	13,652	24,973	38,625
Hyundai Autoever Corp.	306,819	9,215	958	10,173
Haevichi Hotels & Resorts Co., Ltd.	26,647	(2,165)	(1)	(2,166)

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

Summarized financial information of the Group's major joint ventures and associates as of and for the three month period ended March 31, 2018 are as follows.

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
(In millions of Korean Won)				
BHMC	₩ 4,296,808	₩ 4,228,214	₩ 4,493,405	₩ 828,338
BHAF (*)	4,984,142	-	4,011,075	-
WAE	781,642	763,803	321,122	417,350
PTS	805,229	246,742	525,352	85,882
Kia Motors Corporation	22,199,249	30,616,975	15,813,564	10,028,045
Hyundai Engineering & Construction Co., Ltd.	13,102,785	5,119,950	7,252,190	2,847,563
Hyundai WIA Corporation	3,761,744	3,292,975	1,615,285	2,324,738
Hyundai Powertech Co., Ltd.	973,769	1,652,042	833,367	317,585
Hyundai Dymos Inc.	1,433,668	1,055,209	1,124,452	480,288
Hyundai Commercial Inc. (*)	8,026,966	-	7,136,201	-
Hyundai Motor Securities Co., Ltd (*)	7,926,685	-	7,077,464	-
Eukor Car Carriers Inc.	390,586	2,535,913	541,476	1,128,500
Hyundai Autoever Corp.	637,558	123,670	342,982	6,687
Haevichi Hotels & Resorts Co., Ltd.	21,835	431,626	193,886	86,390

Name of the company	Sales	Profit (loss) for the period from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
(In millions of Korean Won)				
BHMC	₩ 2,712,349	₩ 21,256	₩ -	₩ 21,256
BHAF (*)	70,325	33,126	-	33,126
WAE	320,804	16,014	28,211	44,225
PTS	239,724	24,948	-	24,948
Kia Motors Corporation	12,562,201	431,958	2,225	434,183
Hyundai Engineering & Construction Co., Ltd.	3,538,167	140,151	(120,870)	19,281
Hyundai WIA Corporation	1,740,854	(17,232)	12,767	(4,465)
Hyundai Powertech Co., Ltd.	628,088	1,668	2,998	4,666
Hyundai Dymos Inc.	966,993	18,814	2,660	21,474
Hyundai Commercial Inc. (*)	108,647	15,022	(14,784)	238
Hyundai Motor Securities Co., Ltd (*)	144,778	17,197	(1,186)	16,011
Eukor Car Carriers Inc.	390,489	3,090	(5,945)	(2,855)
Hyundai Autoever Corp.	294,565	9,706	345	10,051
Haevichi Hotels & Resorts Co., Ltd.	25,726	(1,674)	(2)	(1,676)

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

(4) Summarized additional financial information of the Group's major joint ventures as of and for the three-month period ended March 31, 2019 are 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	₩ 981,143	₩ 1,152,864	₩ 59,059	₩ 108,398	₩ 21,292	₩ 43,766	₩ (14)
BHAF(*)	713,197	3,813,185	-	1,591	100,161	47,011	6,727

(*) 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 its financial statements.

Summarized additional financial information of the Group's major joint ventures as of and for the three-month period ended March 31, 2018 are 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	₩ 537,607	₩ 402,142	₩ 237,213	₩ 112,475	₩ 3,966	₩ 34,834	₩ 593
BHAF(*)	610,661	3,367,390	-	1,215	115,028	46,048	11,042

(*) 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 its financial statements.

(5) The aggregate amounts of the Group's share of the joint ventures and associates, that are not individually material, loss and comprehensive income (loss) and for the three months period ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
(In millions of Korean Won)		
Profit(loss) for the period	₩ 6,794	₩ (3,246)
Other comprehensive income	9,394	7,489
Total comprehensive income	₩ 16,188	₩ 4,243

(6) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of March 31, 2019 are as follows.

Name of the company	Group's share of net assets	Unrealised profit (loss) and others		Carrying amounts
		Goodwill		
(In millions of Korean Won)				
BHMC	₩ 1,588,241	₩ -	₩ (44,031)	₩ 1,544,210
BHAF	557,638	-	-	557,638
WAE	160,143	-	-	160,143
PTS	101,906	-	-	101,906
Kia Motors Corporation	8,989,046	197,089	(61,536)	9,124,599
Hyundai Engineering & Construction Co., Ltd. (*)	2,092,615	731,362	12	2,823,989
Hyundai Transys Inc. (*)	977,519	-	300	977,819
Hyundai WIA Corporation	775,911	-	(92,706)	683,205
Hyundai Motor Securities Co., Ltd	227,999	40,052	-	268,051
Hyundai Commercial Inc.	230,080	-	2,025	232,105
Eukor Car Carriers Inc.	164,094	-	262	164,356
Hyundai Autoever Corp.	130,506	-	3,646	134,152
Haevichi Hotels & Resorts Co., Ltd. (*)	99,426	3,576	1	103,003

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

Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2018 are as follows.

Name of the company	Group's share of net assets	Goodwill	Unrealised profit (loss) and others		Carrying amounts
			(In millions of Korean Won)		
BHMC	₩ 1,531,042	₩ -	₩ (46,248)	₩ 1,484,794	
BHAF	530,161	-	-	530,161	
WAE	151,248	-	-	151,248	
PTS	100,754	-	-	100,754	
Kia Motors Corporation	8,874,379	197,089	(69,963)	9,001,505	
Hyundai Engineering & Construction Co., Ltd. (*)	2,069,714	731,362	8	2,801,084	
Hyundai WIA Corporation	767,679	-	(93,028)	674,651	
Hyundai Powertech Co., Ltd.	562,551	-	(863)	561,688	
Hyundai Dymos Inc.	432,944	-	(2,373)	430,571	
Hyundai Motor Securities Co., Ltd	225,659	40,052	-	265,711	
Hyundai Commercial Inc.	218,983	-	-	218,983	
Eukor Car Carriers Inc.	159,437	-	262	159,699	
Hyundai Autoever Corp.	129,173	-	-	129,173	
Haevichi Hotels & Resorts Co., Ltd. (*)	100,433	3,576	-	104,009	

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

(7) The market price of listed equity securities as of March 31, 2019 are as follows.

Name of the company	Price per share	Total number of shares		Market value
		(In millions of Korean Won, except price per share)		
Kia Motors Corporation	₩ 35,350	137,318,251	₩ 4,854,200	
Hyundai Engineering & Construction Co., Ltd.	53,400	23,327,400	1,245,683	
Hyundai Autoever Corp.	82,100	5,980,000	490,958	
Hyundai WIA Corporation	40,500	6,893,596	279,191	
Hyundai Motor Securities Co., Ltd	9,430	8,065,595	76,059	

14. FINANCIAL SERVICES RECEIVABLES:

(1) Financial services receivables as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31,		December 31,	
	2019		2018	
	(In millions of Korean Won)			
Loan obligations	₩	40,652,895	₩	40,075,564
Card receivables		13,126,055		13,311,195
Financial lease receivables		2,628,452		2,588,890
Others		46,100		43,775
		<u>56,453,502</u>		<u>56,019,424</u>
Loss allowance		(1,341,387)		(1,368,759)
Loan origination fee		(143,656)		(133,394)
Present value discount accounts		(17,481)		(15,607)
	₩	<u>54,950,978</u>	₩	<u>54,501,664</u>

(2) The changes in allowance for financial services receivables for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Beginning of the period	₩ 1,368,759	₩ 1,133,967
Changes in accounting standards	-	170,597
Impairment loss	197,602	182,950
Write-off	(77,269)	(104,968)
Disposals and others	(152,422)	(59,238)
Effect of foreign exchange differences	4,717	(1,278)
End of the period	<u>₩ 1,341,387</u>	<u>₩ 1,322,030</u>

(3) Gross investments in financial leases and their present value of minimum lease receipts as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019		December 31, 2018	
	Gross investments in financial leases	Present value of minimum lease payment receivable	Gross investments in financial leases	Present value of minimum lease payment receivable
	(In millions of Korean Won)			
Not later than one year	₩ 1,170,297	₩ 1,038,786	₩ 1,182,648	₩ 1,055,082
Later than one year and not later than five years	1,708,651	1,582,697	1,648,493	1,528,204
Later than five years	2,543	2,502	3,045	2,986
	<u>₩ 2,881,491</u>	<u>₩ 2,623,985</u>	<u>₩ 2,834,186</u>	<u>₩ 2,586,272</u>

(4) Unearned interest income of financial leases as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019	December 31, 2018
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 2,881,491	₩ 2,834,186
Net lease investments:		
Present value of minimum lease payment receivable	2,623,985	2,586,272
Present value of unguaranteed residual value	4,467	2,618
	₩ 2,628,452	₩ 2,588,890
Unearned interest income	253,039	245,296

15. **OPERATING LEASE ASSETS:**

(1) Operating lease assets as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019	December 31, 2018
	(In millions of Korean Won)	
Acquisition cost	₩ 24,789,296	₩ 24,686,189
Accumulated depreciation	(4,209,991)	(4,126,513)
Accumulated impairment loss	(123,254)	(133,910)
	₩ 20,456,051	₩ 20,425,766

(2) Future minimum lease payment receivable related to operating lease assets as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019	December 31, 2018
	(In millions of Korean Won)	
Not later than one year	₩ 3,815,861	₩ 3,801,164
Later than one year and not later than five years	3,587,701	3,574,970
Later than five years	7	8
	₩ 7,403,569	₩ 7,376,142

16. **BORROWINGS AND DEBENTURES:**

(1) Short-term borrowings as of March 31, 2019 and December 31, 2018 are as follows.

Description	Lender	Annual interest rate	March 31, 2019	March 31, 2019	December 31, 2018
		(%)	(In millions of Korean Won)		
Overdrafts	Citi Bank and others	0.10~2.87	₩	266,149	₩ 271,814
General loans	Woori Bank and others	0.02~5.04		4,511,783	4,687,667
Loans on trade receivables collateral	KEB Hana Bank and others	LIBOR + 0.16~0.30		2,157,793	2,169,253
Banker's Usance	KEB Hana Bank and others	LIBOR + 0.25~0.40		334,677	210,398
Commercial paper	Shinhan Bank and others	2.05~2.90		4,017,287	4,332,409
Asset-backed securities	RBC and others	2.12~2.21		570,023	578,309
			₩	11,857,712	₩ 12,249,850

(2) Long-term debt as of March 31, 2019 and December, 2018 consists of the following:

Description	Lender	Annual interest rate	March 31, 2019	March 31, 2019	December 31, 2018
		(%)			
General loans	Mizuho Bank and others	0.41~14.20		₩ 6,131,007	₩ 5,814,705
Facility loan	Korea Development Bank and others	0.70~7.96		342,836	215,052
Commercial paper	KTB Investment & Securities and others	2.06~2.24		2,570,000	2,620,000
Asset-backed securities	JP Morgan and others	2.93~3.36		5,015,623	4,337,962
Others(*)	NH Investment & Securities and others			435,607	435,607
				14,495,073	13,423,326
Less: present value discounts				(111,697)	(112,977)
Less: current maturities				(3,920,303)	(3,325,099)
				₩ 10,463,073	₩ 9,985,250

(*) The Group transferred a portion of its voting shares to a third party with the total revenue swap agreement. However, the Group still recognizes it as the financial asset because the group still own to the majority of the risks and rewards of ownership of the transferred shares. Also the Group recognized the amount received from disposal as borrowing.

(3) Debentures as of March 31, 2019 and December, 2018 are as follows.

Description	Latest maturity date	Annual interest rate	March 31, 2019	March 31, 2019	December 31, 2018
		(%)			
Non-guaranteed public debentures	February 28, 2029	1.44~4.15		₩ 26,465,636	₩ 25,853,095
Non-guaranteed private debentures	September 27, 2026	1.75~4.30		10,865,990	10,901,475
Asset-backed securities	March 18, 2025	1.29~3.31		10,957,352	11,070,462
				48,288,978	47,825,032
Less: discount on debentures				(91,156)	(89,090)
Less: current maturities				(9,629,085)	(10,779,828)
				₩ 38,568,737	₩ 36,956,114

17. PROVISIONS:

The changes in provisions for the three-month period ended March 31, 2019 are as follows.

Description	Other long-term employee benefits		
	Warranty		Others
	(In millions of Korean Won)		
Beginning of the period	₩ 5,177,128	₩ 703,526	₩ 919,250
Charged	490,262	16,631	297,170
Utilized	(473,180)	(27,689)	(302,702)
Effect of foreign exchange differences	26,106	152	12,964
End of the period	₩ 5,220,316	₩ 692,620	₩ 926,682

The changes in provisions for the three-month period ended March 31, 2018 are as follows.

Description	Warranty		Other long-term employee benefits		Others	
	(In millions of Korean Won)					
Beginning of the period	₩	5,226,297	₩	636,380	₩	791,764
Charged		378,586		15,855		168,367
Utilized		(413,333)		(21,545)		(223,819)
Effect of foreign exchange differences		8,145		45		31,473
End of the period	₩	5,199,695	₩	630,735	₩	767,785

18. OTHER FINANCIAL LIABILITIES:

(1) Other financial liabilities as of March 31, 2019 are as follows.

Description	March 31, 2019	
	Current	Non-current
(In millions of Korean Won)		
Financial liabilities measured at FVPL	₩ 1,081	₩ 19,854
Derivative liabilities that are effective hedging instruments	21,238	184,510
	₩ 22,319	₩ 204,364

(2) Other financial liabilities as of December 31, 2018 are as follows.

Description	December 31, 2018	
	Current	Non-current
(In millions of Korean Won)		
Financial liabilities measured at FVPL	₩ 151	₩ 9,060
Derivative liabilities that are effective hedging instruments	44,137	288,446
	₩ 44,288	₩ 297,506

19. OTHER LIABILITIES:

Other liabilities as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019		December 31, 2018	
	Current	Non-current	Current	Non-current
(In millions of Korean Won)				
Advances received	₩ 1,103,036	₩ 142,531	₩ 796,552	₩ 125,269
Withholdings	1,039,502	221,599	1,005,768	233,297
Accrued expenses	2,851,246	-	2,669,315	-
Unearned income	414,386	1,344,696	393,405	1,280,571
Due to customers for contract work	585,060	-	546,256	-
Others	1,286,022	1,111,021	384,897	1,161,373
	₩ 7,279,252	₩ 2,819,847	₩ 5,796,193	₩ 2,800,510

20. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of March 31, 2019 are as follows.

Description	Financial assets measured at		Financial assets measured at		Derivative assets that are effective hedging instruments		Book value	Fair value		
	FVPL		amortised cost		FVOCI					
(In millions of Korean Won)										
Cash and cash equivalents	₩	-	₩	8,952,687	₩	-	₩	8,952,687	₩	8,952,687
Short-term and long-term financial instruments		-		9,178,462		-		9,178,462		9,178,462
Trade notes and accounts receivable		-		3,966,991		-		3,966,991		3,966,991
Other receivables		-		2,989,443		-		2,989,443		2,989,443
Other financial assets		9,033,796		108,022		1,992,934		61,586		11,196,338
Other assets		-		332,213		-		-		332,213
Financial services receivables		-		54,950,978		-		-		54,950,978
	₩	9,033,796	₩	80,478,796	₩	1,992,934	₩	61,586	₩	91,567,112
									₩	91,320,293

Financial assets by categories as of December 31, 2018 are as follows.

Description	Financial assets measured at		Financial assets measured at		Derivative assets that are effective hedging instruments		Book value	Fair value		
	FVPL		amortised cost		FVOCI					
(In millions of Korean Won)										
Cash and cash equivalents	₩	-	₩	9,113,625	₩	-	₩	9,113,625	₩	9,113,625
Short-term and long-term financial instruments		-		8,048,713		-		8,048,713		8,048,713
Trade notes and accounts receivable		-		3,732,770		-		3,732,770		3,732,770
Other receivables		-		2,925,850		-		2,925,850		2,925,850
Other financial assets		9,931,151		104,963		1,910,721		32,248		11,979,083
Other assets		-		319,599		-		-		319,599
Financial services receivables		-		54,501,664		-		-		54,501,664
	₩	9,931,151	₩	78,747,184	₩	1,910,721	₩	32,248	₩	90,621,304
									₩	90,920,113

(2) Financial liabilities by categories as of March 31, 2019 are as follows.

Description	Financial liabilities measured at		Financial liabilities measured at		Derivative liabilities that are effective hedging instruments		Book value	Fair value		
	FVPL		amortised cost		FVOCI					
(In millions of Korean Won)										
Trade notes and accounts payable	₩	-	₩	7,891,927	₩	-	₩	7,891,927	₩	7,891,927
Other payables		-		4,062,461		-		4,062,461		4,062,461
Borrowings and debentures		-		74,438,910		-		74,438,910		74,594,693
Other financial liabilities		20,935		-		205,748		226,683		226,683
Lease liabilities		-		670,824		-		670,824		670,824
Other liabilities		-		3,751,418		-		3,751,418		3,751,418
	₩	20,935	₩	90,815,540	₩	205,748	₩	91,042,223	₩	91,198,006

Financial liabilities by categories as of December 31, 2018 are as follows.

Description	Financial liabilities measured at FVPL		Financial liabilities measured at amortised cost		Derivative liabilities that are effective hedging instruments		Book value	Fair value
	₩	- ₩	₩	- ₩	₩	- ₩	₩	₩
(In millions of Korean Won)								
Trade notes and accounts payable	₩	- ₩	₩	7,655,630	₩	- ₩	₩ 7,655,630	₩ 7,655,630
Other payables		-		5,445,779		-	5,445,779	5,445,779
Borrowings and debentures		-		73,296,141		-	73,296,141	73,296,748
Other financial liabilities		9,211		-		332,583	341,794	341,794
Other liabilities		-		2,723,827		-	2,723,827	2,723,827
	₩	9,211	₩	89,121,377	₩	332,583	₩ 89,463,171	₩ 89,463,778

(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: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in 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: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements of financial instruments by fair value hierarchy levels as of March 31, 2019 are as follows.

Description	March 31, 2019			
	Level 1	Level 2	Level 3	Total
(In millions of Korean Won)				
Financial assets:				
Financial assets measured at FVPL	₩ 120,063	₩ 8,464,151	₩ 449,582	₩ 9,033,796
Derivative assets that are effective hedging instruments	-	61,586	-	61,586
Financial assets measured at FVOCI	1,301,373	333,090	358,471	1,992,934
	₩ 1,421,436	₩ 8,858,827	₩ 808,053	₩ 11,088,316
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 20,935	₩ -	₩ 20,935
Derivative liabilities that are effective hedging instruments	-	205,748	-	205,748
	₩ -	₩ 226,683	₩ -	₩ 226,683

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2018 are as follows.

Description	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets measured at FVPL	₩ 90,292	₩ 9,612,287	₩ 228,572	₩ 9,931,151
Derivative assets that are effective hedging instruments	-	32,248	-	32,248
Financial assets measured at FVOCI	1,306,912	226,823	376,986	1,910,721
	<u>₩ 1,397,204</u>	<u>₩ 9,871,358</u>	<u>₩ 605,558</u>	<u>₩ 11,874,120</u>
Financial liabilities:				
Financial liabilities measured at FVPL	₩ -	₩ 9,211	₩ -	₩ 9,211
Derivative liabilities that are effective hedging instruments	-	332,583	-	332,583
	<u>₩ -</u>	<u>₩ 341,794</u>	<u>₩ -</u>	<u>₩ 341,794</u>

The changes in financial instruments classified as Level 3 for the three-month period ended March 31, 2019 are as follows.

Description	Beginning of the period	Purchases	Disposals	Valuation	Transfers	Others	End of the period
	(In millions of Korean Won)						
Financial assets measured at FVPL	₩ 228,572	₩ 200,912	₩ (1,278)	₩ (5,504)	₩ -	₩ 26,880	₩ 449,582
Financial assets measured at FVOCI	376,986	7,641	(44)	768	-	(26,880)	358,471

The changes in financial instruments classified as Level 3 for the three-month period ended March 31, 2018 are as follows.

Description	Beginning of the period (*)	Purchases	Disposals	Valuation	Transfers	End of the period
	(In millions of Korean Won)					
Financial assets measured at FVPL	₩ 210,162	₩ 500	₩ (9,210)	₩ 2,080	₩ -	₩ 203,532
Financial assets measured at FVOCI	273,883	24,791	(6,134)	(172)	-	292,368

(*) The beginning amount consists of AFS financial assets and financial assets at FVPL, due to changes in accounting standards.

- (4) Interest income, dividend income and interest expenses by categories of financial instruments for the three month period ended March 31, 2019 are as follows.

Description	Three-month period ended March 31, 2019		
	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)		
Non-financial services:			
Financial assets measured at amortised cost	₩ 101,067	₩ -	₩ -
Financial assets (liabilities) measured at FVPL	32,186	-	3,437
Financial assets measured at FVOCI	-	35,582	-
Financial liabilities measured at amortised cost	-	-	71,774
	<u>₩ 133,253</u>	<u>₩ 35,582</u>	<u>₩ 75,211</u>
Financial services:			
Financial assets measured at amortised cost	₩ 898,294	₩ -	₩ -
Financial assets measured at FVPL	2,030	1,373	-
Financial assets measured at FVOCI	70	-	-
Financial liabilities measured at amortised cost	-	-	428,876
	<u>₩ 900,394</u>	<u>₩ 1,373</u>	<u>₩ 428,876</u>

Interest income, dividend income and interest expenses by categories of financial instruments for the three-month period ended March 31, 2018 are as follows.

Description	Three-month period ended March 31, 2018		
	Interest income	Dividend income	Interest expenses
	(In millions of Korean Won)		
Non-financial services:			
Financial assets measured at amortised cost	₩ 68,797	₩ -	₩ -
Financial assets (liabilities) measured at FVPL	48,249	-	3,910
Financial assets measured at FVOCI	-	28,872	-
Financial liabilities measured at amortised cost	-	-	54,661
	<u>₩ 117,046</u>	<u>₩ 28,872</u>	<u>₩ 58,571</u>
Financial services:			
Financial assets measured at amortised cost	₩ 878,319	₩ -	₩ -
Financial assets measured at FVPL	8,233	6,955	-
Financial assets measured at FVOCI	56	-	-
Financial liabilities measured at amortised cost	-	-	369,875
	<u>₩ 886,608</u>	<u>₩ 6,955</u>	<u>₩ 369,875</u>

- (5) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities measured at FVPL for the three-month periods ended March 31, 2019 and 2018 are ₩212,052 million and ₩455,762 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 measured at FVPL for the three-months period ended March 31, 2019 and 2018 are ₩94,757 million and ₩266,161 million, respectively.
- (6) The Group recognizes transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There are no significant transfers between Level 1 and Level 2 for the three-month period ended March 31, 2019.
- (7) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are as follows.

- Currency forwards, options and swap

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

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

- Interest rate swap

The discount rate and forward interest rate used to measure the fair value of interest rate swap are determined based on an applicable yield curve derived from interest quoted in the current market at the end of the reporting period. The fair value of interest rate swap was measured as a discount on the estimated future cash flows of interest rate swap based on forward interest rates derived from the above method at an appropriate discount rate.

As the inputs used to measure fair value of interest rate swap are supported by observable market data, such as yield curves, the Group classifies the estimates of fair value measurements of the interest rate swap as Level 2 of the fair value hierarchy.

- Debt instruments including corporate bonds

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

- Unlisted equity securities

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

- Total return swap (Derivatives)

The fair value of total revenue swaps (derivatives) is measured based on the stock price volatility up to the fair value, exercise price, maturity and maturity of the underlying asset, using the binomial option pricing model. The discount rate used in the binomial option pricing model is based on the risk-free interest rate, which corresponds to the remaining maturity, and the stock price volatility up to maturity uses the historical volatility of the financial sector over the past two years. The fair value of the underlying assets is measured using the cash flow discount model. In order to estimate the future cash flows, the estimated fair value of the underlying assets is estimated based on assumptions and assumptions about sales growth rate, pre-tax profit margin. Some assumptions are not based on percentage or percentage. The discount rate used to discount future cash flows was calculated by applying the capital asset pricing model (CAPM) using data from similar listed companies. The Group classifies the fair value measurement of total revenue swap (derivatives) as Level 3 in the fair value hierarchy based on the assumption that the effect of the above assumptions and estimates on the fair value of the total revenue swap classified.

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

Description	Fair value at March 31, 2019 (In millions of Korean Won)	Valuation techniques	Unobservable inputs	Description of relationship
Unlisted equity Securities, Total Return Swap	₩ 763,707	Discounted cash flow and others	Sales growth rate Pre-tax operating income margin Discount rate	If the sales growth rate and the pre-tax operating profit ratio rise or the discount rate declines, the fair value increases.

The group doesn't believe that the reasonably possible changes at March 31, 2019 to one of the significant unobservable inputs, holding other inputs constant, would have significant impact on the fair value.

21. CAPITAL STOCK:

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of March 31, 2019 and December 31, 2018 are as follows.

- (1) Common stock

Description	March 31, 2019	December 31, 2018
	(In millions of Korean Won, except par value)	
Issued	213,668,187 shares	213,668,187 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, 1,320,000 common shares and 6,608,292 common shares as of March 5, 2001, May 4, 2004 and July 27, 2018 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	Amounts	Dividend rate
			(In millions of Korean Won)	
1 st preferred stock	₩ 5,000	24,356,685 shares	₩ 125,550	Dividend rate of common stock + 1%
2 nd preferred stock	"	36,485,451 shares	193,069	The lowest stimulated dividend rate : 2%
3 rd preferred stock	"	2,428,735 shares	12,392	The lowest stimulated dividend rate : 1%
		<u>63,270,871 shares</u>	<u>₩ 331,011</u>	

As of March 5, 2001, the Company retired 1,000,000 second preferred shares and as of July 27, 2018, the Company retired 753,297 first preferred shares, 1,128,414 second preferred shares and 49,564 third preferred shares. Due to the stock retirement, the total face value of outstanding stock differs from the capital stock amount.

22. CAPITAL SURPLUS:

Capital surplus as of March 31, 2019 and December 31, 2018 consists of the following:

Description	March 31, 2019	December 31, 2018
	(In millions of Korean Won)	
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	873,577	879,880
	<u>₩ 4,194,911</u>	<u>₩ 4,201,214</u>

23. OTHER CAPITAL ITEMS:

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019	December 31, 2018
	(Number of shares)	
Common stock	10,953,667	9,387,581
1 st preferred stock	1,943,427	1,759,942
2 nd preferred stock	988,716	696,445
3 rd preferred stock	24,287	9,050

24. ACCUMULATED OTHER COMPREHENSIVE LOSS:

(1) Accumulated other comprehensive loss as of March 31, 2019 consists of the following:

Description	March 31, 2019
	(In millions of Korean Won)
Gain on valuation of financial assets measured at FVOCI	₩ 406,231
Loss on valuation of financial assets measured at FVOCI	(310,356)
Gain on valuation of cash flow hedge derivatives	724
Loss on valuation of cash flow hedge derivatives	(56,979)
Gain on share of the other comprehensive income of equity-accounted investees	158,847
Loss on share of the other comprehensive income of equity-accounted investees	(960,393)
Loss on foreign operations translation, net	(1,856,687)
	<u>₩ (2,618,613)</u>

(2) Accumulated other comprehensive loss as of December 31, 2018 consists of the following:

Description	December 31, 2018	
	(In millions of Korean Won)	
Gain on valuation of financial assets measured at FVOCI (*)	₩	406,191
Loss on valuation of financial assets measured at FVOCI (*)		(309,690)
Gain on valuation of cash flow hedge derivatives		3,153
Loss on valuation of cash flow hedge derivatives		(66,106)
Gain on share of the other comprehensive income of equity-accounted investees (*)		22,632
Loss on share of the other comprehensive income of equity-accounted investees (*)		(979,050)
Loss on foreign operations translation, net		(2,128,206)
	₩	(3,051,076)

(*) It is cumulative gain or loss excluding the amount reclassified to retained earnings at the time of disposal. In accordance with initial application of K-IFRS 1109, it reflects ₩340,268 million won, the effect of adjustment in opening balance as of January 1, 2018 including the reclassification of the impairment recognized in the past.

25. RETAINED EARNINGS:

Retained earnings as of March 31, 2019 and December 31, 2018 consist of the following:

Description	March 31, 2019	December 31, 2018
	(In millions of Korean Won)	
Legal reserve (*)	₩ 744,836	₩ 744,836
Discretionary reserve	46,591,397	48,328,847
Unappropriated	19,172,889	17,416,399
	₩ 66,509,122	₩ 66,490,082

(*) 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.

26. HYBRID BOND:

(1) Hyundai Card Co., Ltd., a subsidiary of the Company, issued hybrid bond and the Group classified it as equity (non-controlling interests). As of March 31, 2019, hybrid bond are as follows.

Description	Issue date	Maturity date	Annual interest rate	March 31, 2019	
			(%)	(In millions of Korean Won)	
The 731st Hybrid Tier 1 (Private)	July 5, 2018	July 5, 2048	4.70	₩	300,000
Issue cost					(760)
				₩	299,240

- (2) As of March 31, 2019, the condition of hybrid bond that Hyundai Card Co., Ltd., a subsidiary of the Company issued are as follows.

	Description
Maturity	Thirty years (Maturity extension is possible according to the issuer's decision upon maturity)
Interest rate	Issue date ~ July 5, 2023 : An annual fixed interest rate 4.7% Increase of 2% after five years in accordance with Step-up clause at one time only
Interest payment condition	Three months, optional postponement of payment
Others	Repayment before maturity by issuer is available after five years from issue date

27. SALES:

Sales for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Sales of goods	₩ 20,133,083	₩ 18,623,084
Rendering of services	529,513	491,542
Royalties	18,777	21,595
Financial services revenue	2,640,487	2,705,075
Revenue related to construction contracts	577,514	516,211
Others	87,705	79,054
	₩ 23,987,079	₩ 22,436,561

As of March 31, 2019, the aggregate transaction price allocated to the unrealized (or partially unrealized) performance obligation that is expected to be recognized as revenue in future periods are as follows.

Description	Not later than one year		Later than one year	
	(In millions of Korean Won)			
Deferred Revenue and others	₩	755,282	₩	1,107,580

28. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Selling expenses:		
Export expenses	₩ 21,879	₩ 23,125
Overseas market expenses	94,969	40,001
Advertisements and sales promotion	555,070	551,684
Sales commissions	197,037	169,155
Expenses for warranties	510,823	408,147
Transportation expenses	28,382	26,490
	<u>1,408,160</u>	<u>1,218,602</u>
Administrative expenses:		
Payroll	637,302	616,208
Retirement benefits costs	45,447	41,681
Welfare expenses	107,644	97,427
Service charges	296,754	311,298
Research	245,756	201,778
Others	346,728	299,228
	<u>1,679,631</u>	<u>1,567,620</u>
	<u>₩ 3,087,791</u>	<u>₩ 2,786,222</u>

29. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Gain on share of earnings of equity-accounted investees, net	₩ 273,481	₩ 242,337
Gain on disposals of investments in associates	13,222	158
	<u>₩ 286,703</u>	<u>₩ 242,495</u>

30. FINANCE INCOME AND EXPENSES:

(1) Finance income for the three-month periods ended March 31, 2019 and 2018 consists of the following:

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Interest income	₩ 133,253	₩ 117,046
Gain on foreign exchange transactions	15,629	11,100
Gain on foreign currency translation	54,164	33,159
Dividend income	35,582	28,872
Gain on derivatives	6,680	4,619
Others	1,238	9,033
	<u>₩ 246,546</u>	<u>₩ 203,829</u>

(2) Finance expenses for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Interest expenses	₩ 83,157	₩ 73,926
Loss on foreign exchange transactions	10,814	11,291
Loss on foreign currency translation	30,455	29,411
Loss on derivatives	8,916	1,835
Others	2	1
	₩ 133,344	₩ 116,464

31. OTHER INCOME AND EXPENSES:

(1) Other income for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Gain on foreign exchange transactions	₩ 94,196	₩ 79,233
Gain on foreign currency translation	75,748	66,269
Gain on disposals of PP&E	2,953	5,535
Commission income	20,970	17,271
Rental income	21,708	19,823
Others	82,748	78,440
	₩ 298,323	₩ 266,571

(2) Other expenses for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Loss on foreign exchange transactions	₩ 65,833	₩ 84,999
Loss on foreign currency translation	61,309	81,744
Loss on disposals of PP&E	27,011	42,457
Donations	8,078	36,769
Others	144,067	105,867
	₩ 306,298	₩ 351,836

32. EXPENSES BY NATURE:

Expenses by nature for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Changes in inventories	₩ (166,187)	₩ (104,550)
Raw materials and merchandise used	14,071,926	12,686,020
Employee benefits	2,245,808	2,090,323
Depreciation	605,422	570,647
Amortization	314,367	343,700
Others	6,397,170	6,520,966
Total (*)	₩ 23,468,506	₩ 22,107,106

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

33. 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. The Group does not compute diluted earnings per common stock for the three-month periods ended March 31, 2019 and 2018, since there are no dilutive items during the period.

Basic earnings per common stock and preferred stock for the three-month periods ended March 31, 2019 and 2018 are computed as follows.

Description	Three-month period ended March 31,					
	2019			2018		
	Profit attributable to the stock	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	₩ 638,348	203,153,648	₩ 3,142	₩ 513,904	207,053,965	₩ 2,482
1 st Preferred stock (*2)	70,860	22,463,411	3,154	57,143	22,907,923	2,494
2 nd Preferred stock	112,667	35,585,102	3,166	90,847	36,237,727	2,507
3 rd Preferred stock	7,602	2,408,096	3,157	6,120	2,453,517	2,494

(*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'.

34. INCOME TAX EXPENSE:

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by income before income tax) for the three-month periods ended March 31, 2019 and 2018 are 21.6% and 21.0%, respectively.

35. RETIREMENT BENEFIT PLAN:

- (1) Expenses recognised in relation to defined contribution plans for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Paid-in cash	₩ 1,868	₩ 1,516
Recognized liabilities	1,318	843
	₩ 3,186	₩ 2,359

- (2) The significant actuarial assumptions used by the Group as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019	December 31, 2018
Discount rate	3.24%	3.39%
Rate of expected future salary increase	4.23%	4.29%

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

- (3) The amounts recognised in the consolidated statements of financial position related to defined benefit plans as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019		December 31, 2018	
	(In millions of Korean Won)			
Present value of defined benefit obligations	₩	5,895,752	₩	5,931,464
Fair value of plan assets		(5,403,651)		(5,508,329)
	₩	492,101	₩	423,135
Net defined benefit liabilities		499,483		433,247
Net defined benefit assets		(7,382)		(10,112)

- (4) Changes in net defined benefit assets and liabilities for the three-month period ended March 31, 2019 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	₩	5,931,464	₩	(5,508,329)	₩	423,135
Current service cost		150,958		-		150,958
Interest expenses (income)		39,113		(37,516)		1,597
		6,121,535		(5,545,845)		575,690
Remeasurements:						
Return on plan assets		-		(16,172)		(16,172)
Actuarial gains and losses arising from changes in financial assumptions		16,230		-		16,230
		16,230		(16,172)		58
Contributions		-		(52,146)		(52,146)
Benefits paid		(251,375)		213,933		(37,442)
Transfers in (out)		580		(386)		194
Effect of foreign exchange differences and others		8,782		(3,035)		5,747
End of the period	₩	5,895,752	₩	(5,403,651)	₩	492,101

Changes in net defined benefit assets and liabilities for the three-month period ended March 31, 2018 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	₩ 5,321,580	₩ (5,179,426)	₩ 142,154
Current service cost	138,229	-	138,229
Interest expenses (income)	41,035	(41,051)	(16)
	<u>5,500,844</u>	<u>(5,220,477)</u>	<u>280,367</u>
Remeasurements:			
Return on plan assets	-	8,957	8,957
Actuarial gains and losses arising from changes in financial assumptions	(16,475)	-	(16,475)
	<u>(16,475)</u>	<u>8,957</u>	<u>(7,518)</u>
Contributions	-	(1,721)	(1,721)
Benefits paid	(153,755)	117,154	(36,601)
Transfers in (out)	1,226	(457)	769
Effect of foreign exchange differences and others	1,394	1,375	2,769
End of the period	<u>₩ 5,333,234</u>	<u>₩ (5,095,169)</u>	<u>₩ 238,065</u>

(5) The fair value of the plan assets as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019	December 31, 2018
(In millions of Korean Won)		
Insurance instruments	₩ 5,075,866	₩ 5,203,146
Debt instruments	132,858	123,766
Others	194,927	181,417
	<u>₩ 5,403,651</u>	<u>₩ 5,508,329</u>

36. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Profit for the period	₩ 953,785	₩ 731,635
Adjustments:		
Retirement benefit costs	153,873	139,056
Depreciation	605,422	570,647
Amortization of intangible assets	314,367	343,700
Provision for warranties	468,141	366,595
Income tax expense	263,016	194,251
Loss (gain) on foreign currency translation, net	(38,148)	11,727
Loss on disposals of PP&E, net	24,058	36,922
Interest income, net	(50,096)	(43,120)
Gain on share of earnings of equity-accounted investees, net	(273,481)	(242,337)
Cost of sales from financial services, net	1,668,404	1,581,371
Others	274,652	103,218
	<u>3,410,208</u>	<u>3,062,030</u>
Changes in operating assets and liabilities:		
Decrease(increase) in trade notes and accounts receivable	(127,060)	498,036
Decrease in other receivables	170,379	189,403
Decrease (increase) in other financial assets	(262,643)	1,185,901
Increase in inventories	(443,351)	(181,445)
Increase in other assets	(174,462)	(38,178)
Increase in trade notes and accounts payable	113,350	505,237
Decrease in other payables	(896,433)	(945,578)
Increase (decrease) in other liabilities	662,504	(812,617)
Decrease in other financial liabilities	(1,677)	(42)
Changes in net defined benefit liabilities	(49,004)	1,594
Payment of severance benefits	(37,442)	(36,601)
Decrease in provisions	(803,571)	(658,697)
Changes in financial services receivables	(443,773)	(930,719)
Increase in operating lease assets	(642,494)	(821,891)
Others	15,053	85,817
	<u>(2,920,624)</u>	<u>(1,959,780)</u>
Cash generated from operations	<u>₩ 1,443,369</u>	<u>₩ 1,833,885</u>

37. RISK MANAGEMENT:

(1) Capital risk management

The Group manages its capital to maintain an optimal capital structure for maximizing profit of its shareholder and reducing the cost of capital. Debt to equity ratio calculated as total liabilities divided by total equity is used as an index to manage the Group's capital. The overall capital risk management policy is consistent with that of the prior period. Debt to equity ratios as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019	December 31, 2018
	(In millions of Korean Won)	
Total liabilities	₩ 108,457,538	₩ 106,759,742
Total equity	74,207,914	73,896,010
Debt-to-equity ratio	146.2%	144.5%

(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 March 31, 2019 would be as follows.

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ (5,804)	₩ 5,804
EUR	(10,967)	10,967
JPY	(6,020)	6,020

b) Interest rate risk management

The Group has borrowings with fixed or variable interest rates. Also, the Group is exposed to interest rate risk arising from financial instruments with variable interest rates. To manage the interest rate risk, the Group maintains an appropriate balance between borrowings with fixed and variable interest rates for short-term borrowings and has a policy to borrow funds with fixed interest rates to avoid the future cash flow fluctuation risk for long-term debt if possible. The Group manages its interest rate risk through regular assessments of the change in market conditions and the adjustments in nature of its interest rates.

The Group's sensitivity to a 1% change in interest rates on income before income tax as of March 31, 2019 would be as follows.

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 11,608	₩ (11,608)
Financial assets measured at FVPL	(5,938)	6,177
Short-term and long-term financial Instruments	5,026	(5,026)
Borrowings and debentures	(130,160)	130,160

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 March 31, 2019 and December 31, 2018, the amounts of interest rate risk measured at VaR are ₩140,611 million and ₩134,366 million, respectively.

c) Price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of March 31, 2019, the amounts of financial assets measured at FVPL and financial assets measured at FVOCI are ₩120,063 million and ₩1,650,370 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 39, 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.

The Group retains an appropriate level of deposit to cope with uncertainty caused by the inherent nature of the industry which is sensitive to economic fluctuation and to invest in R&D constantly.

In addition, the Group has agreements with financial institutions in related to trade financing and overdraft to mitigate any significant unexpected market deterioration. Also, the Group continues to strengthen its credit rates to secure a stable financing capability.

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of March 31, 2019 are as follows.

Description	Remaining contract period			Total
	Not later than one year	Later than one year and not later than five years	Later than five years	
	(In millions of Korean Won)			
Non-interest-bearing liabilities	₩ 15,685,061	₩ 21,380	₩ -	₩ 15,706,441
Interest-bearing liabilities	27,210,038	48,308,130	3,944,976	79,463,144
Financial guarantee	1,051,107	20,053	528	1,071,688

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 instruments

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

As of March 31, 2019 and December 31, 2018, the Group recognized an accumulative net loss of ₩56,255 million and ₩62,953 million, respectively, in accumulated other comprehensive loss, for effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 101 months as of March 31, 2019.

For the three-month periods ended March 31, 2019 and 2018, the Group recognizes a net profit of ₩99,740 million and a loss of ₩14,726 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.

38. 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 three-month period ended March 31, 2019, significant transactions arising from operations between the Group and related parties or affiliates by the Monopoly Regulation And Fair Trade Act of the Republic of Korea (“the Act”) are as follows.

Description	Sales/proceeds		Purchases/expenses	
	Sales	Others	Purchases	Others
	(In millions of Korean Won)			
Entity with significant influence over the Company and its subsidiaries	₩	₩	₩	₩
Hyundai MOBIS Co., Ltd.	222,925	2,568	1,546,787	1,956
Mobis Alabama, LLC	26,330	2,451	338,683	6,889
Mobis Automotive Czech s.r.o.	-	123	343,782	-
Mobis India, Ltd.	2,790	719	271,344	579
Mobis Parts America, LLC	12,262	804	198,729	171
Mobis Parts Europe N.V.	4,213	96	84,519	11,624
Mobis Brasil Fabricacao De Auto Pecas Ltda	1,891	-	62,500	-
Mobis Module CIS, LLC	-	85	100,156	-
Others	4,898	269	155,540	4,933
Joint ventures and associates	272,167	72,770	50,573	134,344
Kia Motors Corporation				
Kia Motors Manufacturing Georgia, Inc.	111,427	273	7	5,330
Kia Motors Russia LLC	232,865	-	-	-
Kia Motors Slovakia s.r.o.	30,137	2	103,326	-
BHMC	123,245	8,343	20,084	-
HMGC	704	-	8,899	1,041
Hyundai WIA Corporation	31,957	115	297,350	82
Others	121,051	11,803	922,864	408,005
Other related parties	408	1,474	24	1
Affiliates by the Act	241,334	44,612	1,623,270	305,530

For the three-month period ended March 31, 2018, significant transactions arising from operations between the Group and related parties or affiliates by the Act are as follows.

Description	Sales/proceeds		Purchases/expenses	
	Sales	Others	Purchases	Others
(In millions of Korean Won)				
Entity with significant influence over the Company and its subsidiaries	₩ 197,861	₩ 3,263	₩ 1,201,077	₩ 4,736
Hyundai MOBIS Co., Ltd.				
Mobis Alabama, LLC	27,744	-	210,806	-
Mobis Automotive Czech s.r.o.	-	131	380,247	108
Mobis India, Ltd.	2,035	599	269,295	2,618
Mobis Parts America, LLC	7,297	744	186,543	123
Mobis Parts Europe N.V.	4,267	68	101,725	8,290
Mobis Brasil Fabricacao De Auto Pecas Ltda	1,529	-	84,505	-
Mobis Module CIS, LLC	-	97	104,374	-
Others	5,816	546	179,347	897
Joint ventures and associates	261,132	87,889	32,961	91,844
Kia Motors Corporation				
Kia Motors Manufacturing Georgia, Inc.	101,991	100	236,411	18,367
Kia Motors Russia LLC	260,102	-	-	798
Kia Motors Slovakia s.r.o.	26,917	2	146,184	-
BHMC	122,245	9,525	214	-
HMGC	800	-	574	1,484
Hyundai WIA Corporation	49,732	180	325,993	1,115
Others	100,700	14,442	766,890	366,719
Other related parties	594	1,623	41	1
Affiliates by the Act	198,073	38,676	1,527,724	317,510

(2) As of March 31, 2019, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description	Receivables (*1,2)		Payables	
	Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
(In millions of Korean Won)				
Entity with significant influence over the Company and its subsidiaries	₩ 173,358	₩ 19,043	₩ 1,058,311	₩ 353,890
Hyundai MOBIS Co., Ltd.				
Mobis Alabama, LLC	52	-	113,534	-
Mobis Automotive Czech s.r.o.	46	196	175,174	-
Mobis India, Ltd.	983	3	160,960	22
Mobis Parts America, LLC	9,529	704	69,763	-
Mobis Parts Europe N.V.	1,782	46	32,126	-
Mobis Module CIS, LLC	-	34	43,430	-
Others	5,068	486	83,511	4,751
Joint ventures and associates	303,473	242,651	70,697	235,591
Kia Motors Corporation				
Kia Motors Manufacturing Georgia, Inc.	35,639	13,949	2	108
Kia Motors Russia LLC	97,532	82	-	-
Kia Motors Slovakia s.r.o.	9,349	126	44,717	817
Kia Motors America, Inc.	-	87,858	2	19,891
BHMC	169,478	66,066	2,187	208
HMGC	245	13,499	6,593	1,119
Hyundai WIA Corporation	30,327	23,425	168,002	35,822
Others	233,161	138,495	511,317	514,116
Other related parties	99	576	10	-
Affiliates by the Act	175,451	34,570	1,021,240	318,380

(*1) The Group has recognized the loss allowance for the related parties' receivables in the amount of ₩25,527 million as of March 31, 2019 and the impairment loss is recognized in the amount of ₩535 million for the three-month period ended March 31, 2019.

(*2) As of March 31, 2019, outstanding payment of ₩13,688 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. are included. For the three-month period ended March 31, 2019, amount used and repayment of agreement are ₩74,815 million and ₩79,140 million, respectively.

As of December 31, 2018, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows.

Description	Receivables (*1,2)		Payables		
	Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others	
(In millions of Korean Won)					
Entity with significant influence over the Company and its subsidiaries	Hyundai MOBIS Co., Ltd.	₩ 157,633	₩ 11,050	₩ 1,161,047	₩ 279,775
	Mobis Alabama, LLC	13,694	-	97,661	33
	Mobis Automotive Czech s.r.o.	2	210	128,210	-
	Mobis India, Ltd.	1,061	3	148,002	15
	Mobis Parts America, LLC	7,568	93	64,274	-
	Mobis Parts Europe N.V.	1,671	3,317	42,412	-
	Mobis Module CIS, LLC	-	33	39,281	-
	Others	4,152	143	61,323	4,770
Joint ventures and associates	Kia Motors Corporation	358,664	313,353	36,681	178,582
	Kia Motors Manufacturing Georgia, Inc.	26,594	11,698	7	-
	Kia Motors Russia LLC	104,433	103	-	-
	Kia Motors Slovakia s.r.o.	9,253	131	20,711	282
	Kia Motors America, Inc.	-	77,713	1,212	19,478
	BHMC	170,547	62,236	-	30
	HMGC	-	13,021	8,716	6,619
	Hyundai WIA Corporation	34,382	17,306	189,044	71,059
	Others	203,992	108,678	517,426	739,730
Other related parties		404	558	9	2
Affiliates by the Act		223,834	25,370	928,550	333,227

(*1) The Group has recognised the loss allowance for the related parties' receivables in the amount of ₩24,993 million as of December 31, 2018 and the impairment loss is recognised in the amount of ₩2,974 million for the year ended December 31, 2018.

(*2) As of December 31, 2018, outstanding payment of ₩18,013 million of corporate purchase card agreement provided by Hyundai Card Co., Ltd. are included. For the year ended December 31, 2018, amount used and repayment of agreement are ₩283,929 million and ₩278,863 million, respectively.

(3) Significant fund transactions and equity contribution transactions for the three-month period ended March 31, 2019, between the Group and related parties are as follows.

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of U.S. Dollars, Chinese Yuan)					(In millions of Korean won)
Joint ventures and associates	-	-	-	-	₩ 46,508

There are no significant fund transactions and equity contribution transactions with related parties for the three-month period ended March 31, 2018.

For the three-month period ended March 31, 2019, the Group has transaction that trading in other financial assets of ₩973,700 million with Hyundai Motor Securities Co., Ltd., an associate of the Group. The Group has other financial assets of ₩1,403,700 million in the consolidated statement of financial position as of March 31, 2019.

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the three-month periods ended March 31, 2019 and 2018 are as follows.

Description	Three-month period ended March 31,	
	2019	2018
	(In millions of Korean Won)	
Short-term employee salaries	₩ 49,323	₩ 54,043
Retirement benefit costs	10,860	8,777
Other long-term benefits	258	82
	₩ 60,441	₩ 62,902

39. COMMITMENTS AND CONTINGENCIES:

- (1) As of March 31, 2019, the debt guarantees provided by the Group, excluding the ones provided to the Company's subsidiaries are as follows.

Description	Domestic		Overseas (*)	
	(In millions of Korean Won)			
To associates	₩ 1,428	₩ 141,588		
To others	138,837	922,391		
	₩ 140,265	₩ 1,063,979		

(*) The guarantee amounts in foreign currencies are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of March 31, 2019.

- (2) As of March 31, 2019, 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 March 31, 2019, 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. In addition, as of March 31, 2019 the Group is under investigation by related organizations in relation to the theta 2 engine recall, and its results and impacts are unpredictable.
- (3) As of March 31, 2019, a substantial portion of the Group's PP&E is pledged as collateral for various loans and leasehold deposits up to ₩827,156 million. In addition, the Group pledged certain bank deposits, checks and promissory notes, including 213,466 shares of Kia Motors Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries, such as financial services receivables are pledged as collateral for their borrowings.
- (4) As of March 31, 2019, the Group has overdrafts, general loans, and trade-financing agreements with numerous financial institutions including Kookmin Bank.
- (5) As of March 31, 2019, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. have entered into agreements for certain borrowings including trigger clauses for the purpose of credit enhancement. If the credit rating of Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd. falls below a certain level, this may result in early repayment of the borrowings or termination of the contracts.
- (6) As of March 31, 2019, Hyundai Capital Services, Inc. and Hyundai Card Co., Ltd, the subsidiaries of the Company are able to exercise the priority purchasing rights for the leased office building when the lessor wants to sell the building or after 4 years and 5 months from the lease contract commencement date.
- (7) As of March 31, 2019, the Company entered into a total return swap contract for stocks of Hyundai Capital Services, Inc., the subsidiary of the Company, held by other investors of a third parties.
- (8) As of March 31, 2019, the Company has a shareholder agreement with investors of third parties regarding shares of Hyundai card Co., Ltd and Hyundai Commercial Inc. This includes the Call options that allow the Company to buy shares from the investors and the Put options that allow the investors to dispose of the shares to the Company.

40. SEGMENT INFORMATION:

- (1) The Group has vehicle segment, finance segment and others segment. 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. The others segment include the R&D, train manufacturing and other activities.
- (2) Sales and operating profit by operating segments for the three-month periods ended March 31, 2019 and 2018 are as follows.

For the three-month period ended March 31, 2019					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total sales	₩ 28,711,061	₩ 4,046,768	₩ 1,886,272	₩ (10,657,022)	₩ 23,987,079
Inter-company sales	(10,104,853)	(198,738)	(353,431)	10,657,022	-
Net sales	18,606,208	3,848,030	1,532,841	-	23,987,079
Operating profit	507,367	266,572	59,462	(8,530)	824,871

For the three-month period ended March 31, 2018					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total sales	₩ 26,102,093	₩ 3,867,591	₩ 1,521,162	₩ (9,054,285)	₩ 22,436,561
Inter-company sales	(8,713,149)	(89,255)	(251,881)	9,054,285	-
Net sales	17,388,944	3,778,336	1,269,281	-	22,436,561
Operating profit	399,823	172,893	38,498	70,077	681,291

- (3) Assets and liabilities by operating segments as of March 31, 2019 and December 31, 2018 are as follows.

March 31, 2019					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total assets	₩ 102,024,902	₩ 86,521,278	₩ 8,184,137	₩ (14,064,865)	₩ 182,665,452
Total liabilities	38,346,578	73,909,160	5,222,990	(9,021,190)	108,457,538
Borrowings and debentures	7,426,030	66,454,578	2,713,486	(2,155,184)	74,438,910

December 31, 2018					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total assets	₩ 100,302,183	₩ 85,725,929	₩ 7,930,963	₩ (13,303,323)	₩ 180,655,752
Total liabilities	36,885,305	73,323,028	5,041,081	(8,489,672)	106,759,742
Borrowings and debentures	6,995,268	65,215,856	2,547,523	(1,462,506)	73,296,141

- (4) Sales by region based on where the Group's entities are located in for the three-month periods ended March 31, 2019 and 2018 are as follows.

For the three-month period ended March 31, 2019							
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 14,039,464	₩ 9,320,149	₩ 2,376,101	₩ 8,260,218	₩ 648,169	₩ (10,657,022)	₩ 23,987,079
Inter-company sales	(4,807,054)	(1,792,483)	(67,134)	(3,990,237)	(114)	10,657,022	-
Net sales	9,232,410	7,527,666	2,308,967	4,269,981	648,055	-	23,987,079

For the three-month period ended March 31, 2018							
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 12,266,195	₩ 8,105,873	₩ 2,270,198	₩ 8,165,743	₩ 682,837	₩ (9,054,285)	₩ 22,436,561
Inter-company sales	(3,562,258)	(1,288,676)	(85,540)	(4,117,811)	-	9,054,285	-
Net sales	8,703,937	6,817,197	2,184,658	4,047,932	682,837	-	22,436,561

- (5) Non-current assets by region where the Group's entities are located in as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019	December 31, 2018
	(In millions of Korean Won)	
Korea	₩ 30,049,233	₩ 30,267,888
North America	2,327,165	2,175,054
Asia	1,159,726	1,106,064
Europe	1,869,837	1,891,626
Others	430,465	410,601
	35,836,426	35,851,233
Consolidation adjustments	(200,787)	(194,908)
Total (*)	₩ 35,635,639	₩ 35,656,325

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

- (6) There is no single external customer who represents 10% or more of the Group's revenue for the three-month periods ended March 31, 2019 and 2018.

41. **CONSTRUCTION CONTRACTS:**

- (1) Cost, income and loss and claimed construction from construction in progress as of March 31, 2019 and December 31, 2018 are as follows.

Description	March 31, 2019	December 31, 2018
	(In millions of Korean Won)	
Accumulated cost	₩ 8,413,692	₩ 9,305,321
Accumulated income	407,478	591,321
Accumulated construction in process	8,821,170	9,896,642
Progress billing	(8,268,941)	(9,331,926)
Due from customers	1,137,289	1,110,972
Due to customers	(585,060)	(546,256)
Reserve (*)	78,957	71,729

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

- (2) Effects on profit or loss of current and future periods, due from customers related to changes in accounting estimates of total contract revenue and total contract costs of ongoing contracts of Hyundai Rotem, a subsidiary of the Company, as of March 31, 2019 are as follows.

Description	March 31, 2019	
	(In millions of Korean Won)	
Changes in accounting estimates of total contract revenue	₩	152,953
Changes in accounting estimates of total contract costs		<u>77,178</u>
Effects on profit or loss of current period		5,699
Effects on profit or loss of future periods		<u>70,076</u>
Changes in due from customers		16,278
Provision for construction loss		168,150

Effects on profit or loss of current and future periods were calculated with estimated total contract costs and estimated total contract revenue based on factors that are considered to be relevant from commencement of the contract to March 31, 2019. Total contract revenue and costs may change in future periods.

- (3) There is no contract more than 5% of the Group's revenue in the prior period that is recognized in the current period by the stage of completion method for basis of the percentage of total costs incurred to date bear to the estimated total contract costs instruments for the three-month period ended March 31, 2019.