

HYUNDAI MOTOR COMPANY
ANNUAL REPORT 2013

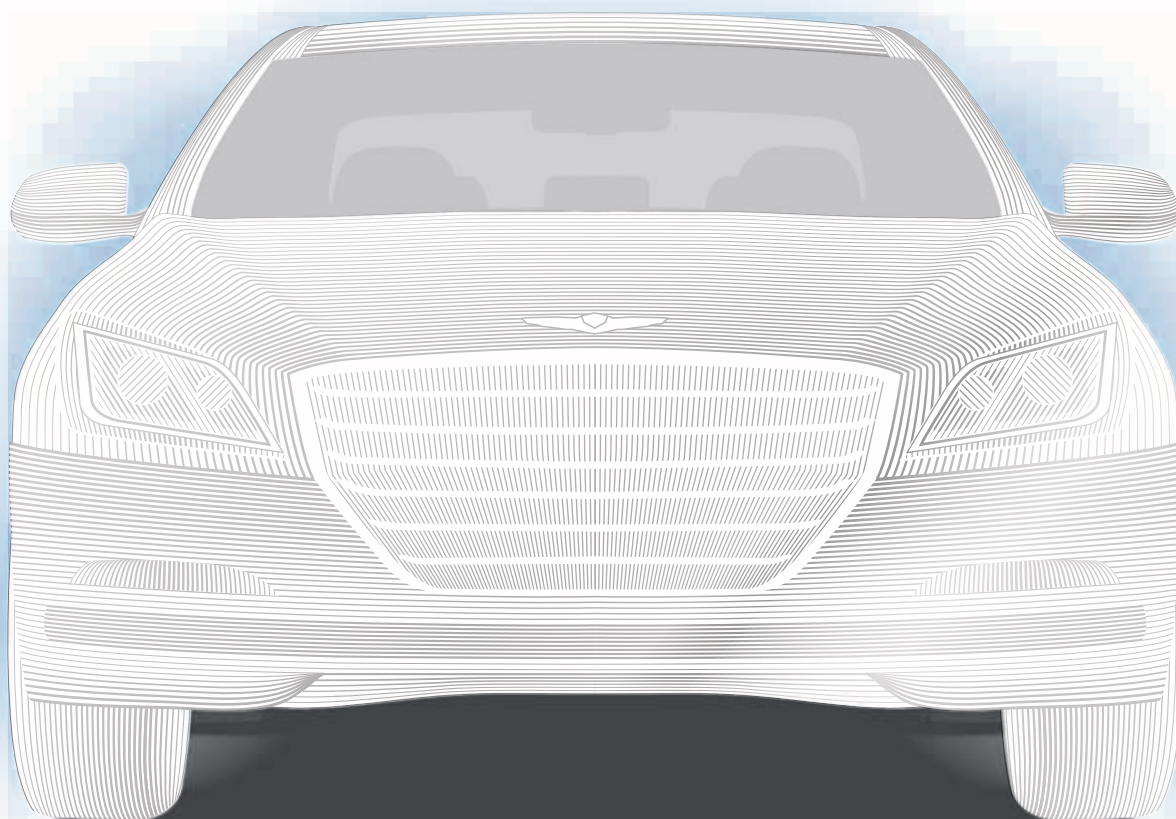


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2014 HYUNDAI BLUE WAVES





THE MOST BELOVED AUTO BRAND

Hyundai Motor's brand direction, "Modern Premium," is about providing to more customers new values and experiences that go beyond what they expect through ways that are unique to the brand. The brand slogan, "New Thinking. New Possibilities.," reflects the Company's will to move forward in its effort to create "Modern Premium" values and experiences through innovative thinking. The Live Brilliant global campaign, embodying the brand direction, features moving stories about people's life experiences shared with Hyundai Motor vehicles. Hyundai Motor will continue to strive to make the brand the most trusted and loved by customers worldwide.

SALES REVENUE (Unit : KRW Million)

87,307,636



GLOBAL RETAIL SALES (Unit : 1,000 vehicles)

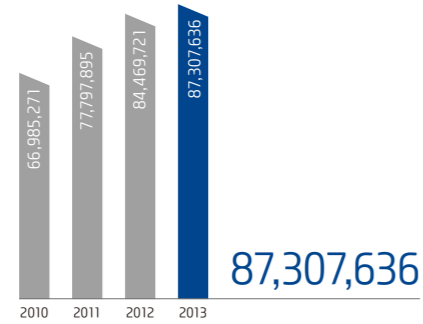
4,621



FINANCIAL HIGHLIGHTS

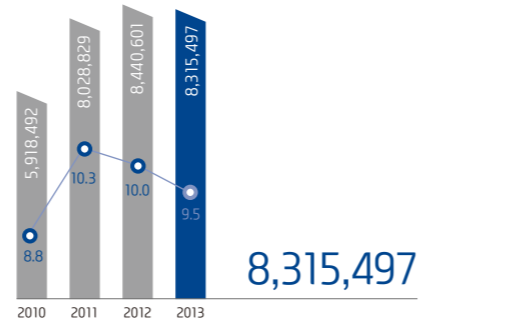
SALES REVENUE

(Unit : KRW Million)



OPERATING INCOME

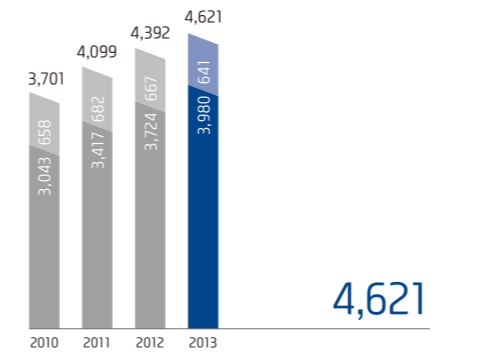
(Unit : KRW Million)



BUSINESS HIGHLIGHTS

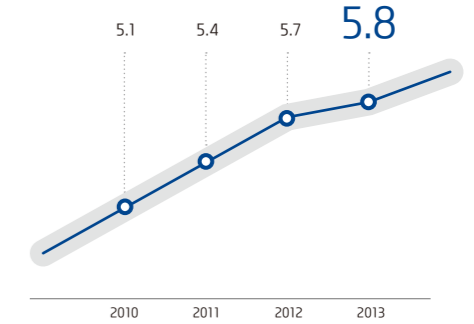
GLOBAL RETAIL SALES

(Unit : 1,000 vehicles)



GLOBAL MARKET SHARE

(Unit : %)



* Source : IHS Global Demand July '13

CONSOLIDATED STATEMENTS OF INCOME

(Unit : KRW Million)

For the Year	2010	2011	2012	2013
Sales Revenue*	66,985,271	77,797,895	84,469,721	87,307,636
Operating Income	5,918,492	8,028,829	8,440,601	8,315,497
Margin (%)	8.8%	10.3%	10.0%	9.5%
Net Income**	6,001,182	8,104,863	9,061,132	8,993,497
Margin (%)	9.0%	10.4%	10.7%	10.3%
Basic EPS (KRW)***	20,516	28,200	31,532	31,441

* Business results of BHMC is accounted in equity income accounting

** Net income includes non-controlling interest

*** Basic earnings per common share attributable to the owners of the Parent Company

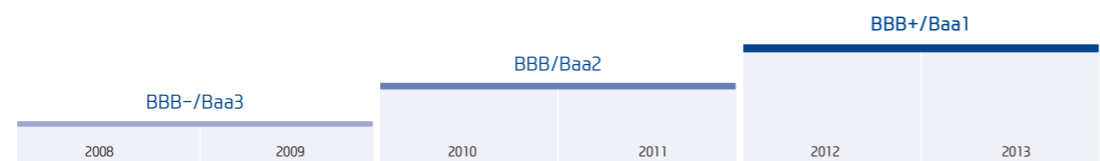
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unit : KRW Million)

At Year End	2010	2011	2012	2013
Assets	94,714,131	109,479,975	121,537,814	133,421,479
Liabilities	61,826,158	69,152,273	73,620,239	76,838,690
Shareholder's Equity	32,887,973	40,327,702	47,917,575	56,582,789
Liab. to Eq. Ratio(%)	188.0%	171.5%	153.6%	135.8%

CREDIT RATING

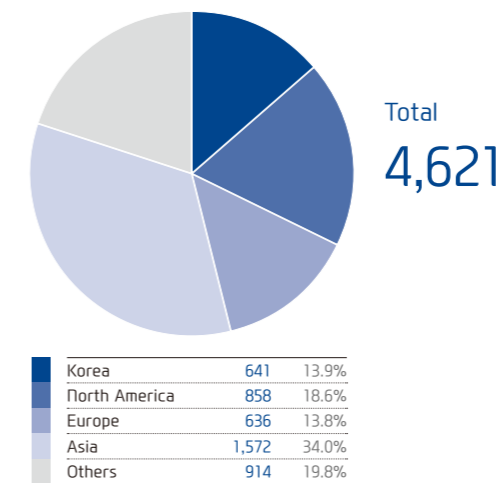
*S&P/Moody's



		2008	2009	2010	2011	2012	2013
Domestic	KIS	AA	AA	AA+	AA+	AAA	AAA
	NICE	AA	AA	AA+	AA+	AAA	AAA
	Korea Rating	AA	AA	AA+	AA+	AAA	AAA
Overseas	S&P	BBB-	BBB-	BBB	BBB	BBB+	BBB+
	Moody's	Baa3	Baa3	Baa2	Baa2	Baa1	Baa1

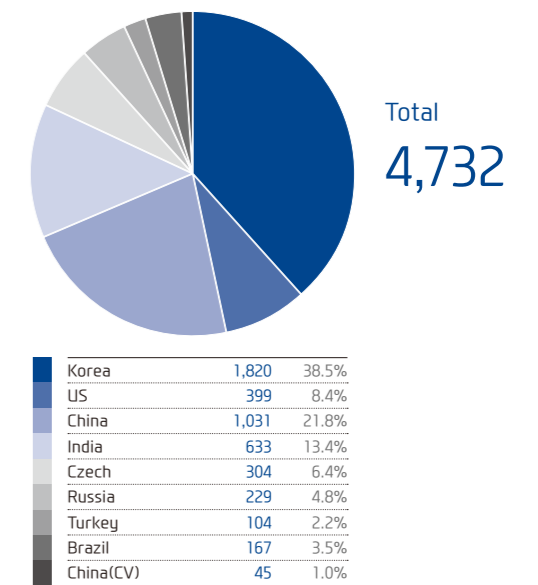
SALES BY REGION

(Unit : 1,000 vehicles)



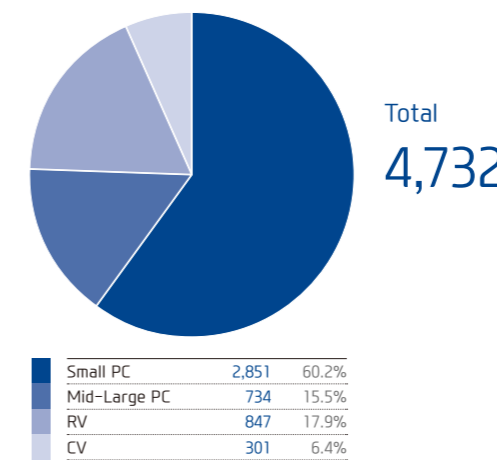
SALES BY PLANT

(Unit : 1,000 vehicles)



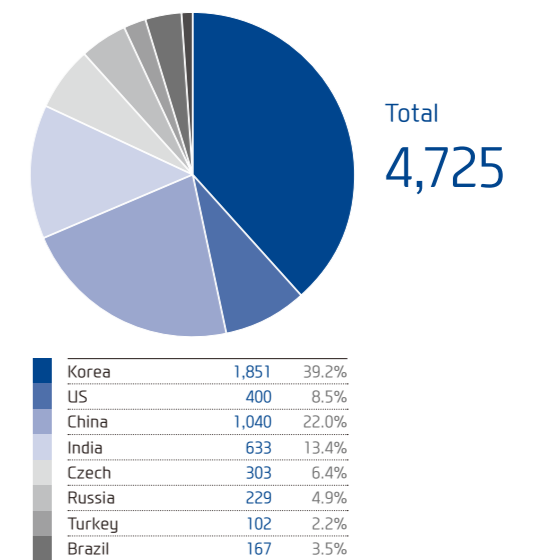
SALES BY SEGMENT

(Unit : 1,000 vehicles)



PRODUCTION BY PLANT

(Unit : 1,000 vehicles)



MESSAGE FROM THE CEO

PROLOGUE

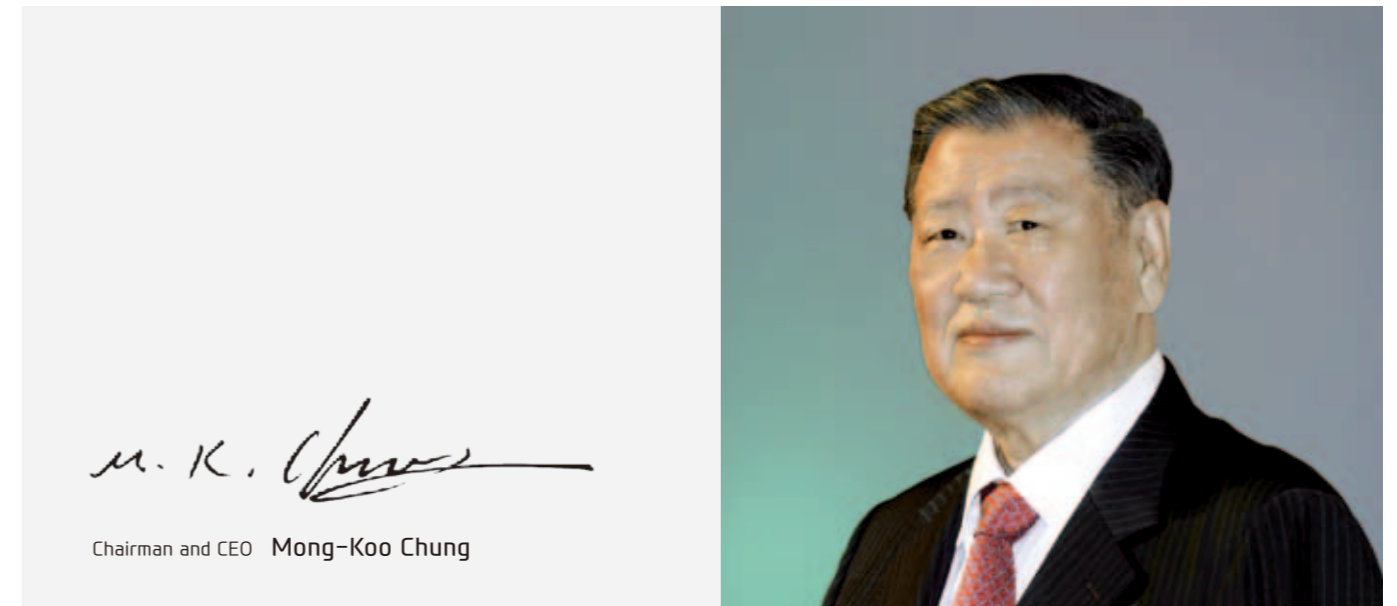
HYUNDAI MOTOR WILL FOCUS ALL EFFORTS ON DEVELOPING ENGINES OF NEW GROWTH TO BENEFIT OUR CUSTOMERS AND PAVE A BRIGHT FUTURE.

Hyundai Motor grew continuously in 2013 despite fierce competition. In 2014, it will put new, future growth engines in place by enacting innovations of its global management system, reorganizing its business framework, and developing innovative technologies.

Three years ago, Hyundai Motor announced its new brand slogan "New Thinking. New Possibilities" and set out on a new direction with firm determination. After applying it faithfully across all sectors in 2013, the company is a step closer to realizing its vision of becoming a "Lifetime partner in automobiles and beyond." For the first time, it made it to the ranks of the Top 50 Global Brands, climbing 10 notches to No. 43 in Interbrand's Best Global Brands 2013, and sold 4.62 million vehicles worldwide, a 5.2 percent increase in sales from the previous year. In particular, the world's first mass production of hydrogen fuel cell cars (ix35 Fuel cell)

was a monumental milestone that demonstrated Hyundai Motor's commitment to develop environmentally friendly vehicles and showcase its competitive technology to the world. This year, the All-new Genesis, completely reborn after seven years, will make its debut in the global luxury car market, reaffirming Hyundai's brand value once again.

2014 will be a meaningful year for Hyundai Motor in which the company will reflect on its success and set the stage to drive new growth for the future. First, it will strengthen its global network and management system to make the organization more efficient and dynamic in order to respond more quickly and flexibly to changes in the internal and external business environment. Second, it will further systematize its business framework and mid to long-term growth strategies and focus on the development of more innovative products and advanced technologies. In particular, it will enhance vehicles' fuel economy and safety



Chairman and CEO Mong-Koo Chung

performance, and boost investment in the development of innovative technologies such as environmentally friendly green cars and smart cars equipped with cutting-edge technologies. Hyundai Motor will also make the utmost efforts to secure necessary R&D human resources. From the design of vehicles to maximizing efficiency and recycling in the production cycle, the company will not skimp on long-term investment and the promotion of environmental friendliness. Moreover, it will strengthen communication and cooperation not only among the different company divisions, but also with partners and diverse stakeholders to achieve genuinely mutual growth.

Finally, Hyundai Motor will step up to its responsibilities as a model corporate citizen and support the greater good of the nation and its people. It will provide care for the underprivileged, especially during times of difficulty, and champion efforts to promote mutual growth with partner

companies to contribute to the country and its people. As the world is the Company's market, Hyundai Motor will also turn its eyes to the underprivileged in other parts of the world to fulfill its duty as a true global corporate citizen. Each and every year, Hyundai Motor will pour its time and resources not only to enhance brand value, but also to become a brand worthy of the growing trust and love placed by customers and to provide more people with the opportunity to experience Hyundai's Modern Premium.

Thank you for your continuous interest and support.

MESSAGE FROM THE CEO

PROLOGUE

Dear honorable shareholders,

Thank you for attending the 46th Annual Shareholders Meeting.

Undeterred by the lingering effects of the global financial crisis, Hyundai Motor was able to overcome many difficulties and challenges, selling 4.73 million vehicles and solidifying its position as the world's sixth largest global automotive company in 2013. As you may all know, the Korean domestic market has become a much contested arena for the world's top 22 automakers, including domestic brands. 2013 was a particularly tough year due to aggressive pricing by foreign brands, driven by favorable foreign exchange rates and FTA policies, and was made worse by static industrial demand. Nevertheless, Hyundai Motor strengthened its market leadership even more with the launch of the All-new Genesis, a vehicle that rivals the finest cars in Europe, the launch of Grandeur Hybrid, with dramatically improved fuel economy, and the expansion of customer-oriented services, such as Blue Members.

In the wake of the global financial crisis, the global automotive market continued to show a slow recovery last year. The U.S. market showed strong buoyancy, recovering to almost pre-crisis levels, but the European market declined for six consecutive years and industrial demand in India declined for the first time in 15 years. In the meantime, emerging markets, with the exception of China, recorded negative growth. Despite this difficult market environment, Hyundai Motor was

able to enjoy customers' preference in advanced countries as well as in emerging markets. Cumulative sales surpassed 8 million units in the U.S. and 5 million units in China, and Hyundai Motor hit the 1 million annual sales mark in record time in China, only 12 years after it ventured into the country. Moreover, Hyundai Motor outshined Europe's most prestigious automotive brands, such as Mercedes Benz and BMW, by landing in second place in the 2013 Quality Report by AutoBild, the most prestigious car magazine in Germany, home of the automobile. In addition, Hyundai Motor came in at Number 43 in Interbrand's Best Global Brands 100, joining the top 50 for the first time and elevating Hyundai Motor's stature worldwide. Hyundai Motor knows that these feats were made possible by the support and encouragement that shareholders have given to the company, and it hopes to reciprocate through a better performance this year.

Distinguished shareholders, the automotive market environment is expected to remain turbulent in 2014 with tapering of economic stimulus in the U.S., the continuation of regional disputes, and economic instability in emerging markets. Competition in the global automotive market is expected to intensify as a result of aggressive promotional activities by Japanese companies empowered by Abenomics and the recovery of competitiveness by U.S. auto makers. In spite of this, Hyundai Motor plans to pay back shareholders' support and build a strong foundation for sustainable growth by selling 4.9 million vehicles in 2014 and growing 3.6% versus year ago by pursuing the following strategies:



President and CEO Choong Ho Kim



First, we will solidify our leadership in the domestic market. Abiding by the principle of "Customers First," we will satisfy customers' diverse needs by supplying customer-oriented products such as new models and expanding the availability of diesel engines in passenger cars. In addition, we will dramatically improve our service environment by establishing integrated centers where customers can receive multiple services in a single location. We will make sure that Hyundai Motor emerges as a brand that is even more beloved by customers in Korea.

Second, we will reinforce our localization strategy in the global market by launching differentiated vehicles for advanced countries as well as for emerging markets. We will expand sales and maintain profitability in key markets such as North America and Korea with the All-new Genesis and the seventh-generation Sonata, our representative midsize sedan. In addition, Hyundai Motor will increase sales further by actively responding to the needs of local customers in Europe, where economic recovery is expected, with the All-new i10 and i20, and in China, through Mingtu, the strategic China-only midsize sedan that was launched late last year.

Third, we will actively support the growth in sales by expanding production capacity at our key global production sites. We will execute measures such as building the 150,000-unit China 3 factory, increasing capacity by 100,000 units at the Turkey plant, building a new 150,000 vehicle commercial plant in China, and implementing the three-shift system in overseas factories.

Fourth, to strengthen our future growth potential, we will further expand investment in research and development for eco-friendly cars, technology to enhance fuel efficiency, electronic controls, and safety technology. We will continue to strengthen our technological competitiveness by nurturing exceptional human talent.

Moreover, as an official sponsor of the 2014 FIFA World Cup Brazil, we will implant our brand in the minds of customers worldwide, and we will promote our technological prowess and upgrade Hyundai Motors' brand image by participating in the world famous World Rally Championship (WRC). As a leader in the global automotive industry, Hyundai Motor will continue to be in the forefront of new technologies and trends. It will do its best to contribute to the development of Korea and the development of local communities in the countries where it operates.

I ask for your continued interest in Hyundai Motor in 2014, and I promise that the company will do its best to reciprocate by increasing shareholder value.

Thank you.



HYUNDAI MOTOR GROUP WILL LEAD THE WAY TO A BETTER FUTURE.

HYUNDAI MOTOR GROUP MANAGEMENT CONCEPT

Hyundai Motor Group has continued in its path of success by upholding and practicing the spirit and values handed down from the company's founders. As such, the Management Concept, which reflects the company's future-oriented values and the direction of its evolution, serves to bring everyone together in the making of new history. By sharing its management philosophy, vision, and core values with everyone involved, Hyundai promises to deliver concrete results.

HYUNDAI, REALIZING THE DREAMS OF HUMANITY

The management philosophy is what guides all our management activities and the reason for Hyundai's existence. Hyundai is spreading its management philosophy of "realizing the dream of humanity by creating a new future through ingenuity and continuous challenge of new frontiers" in order to become a great company that is respected worldwide and that contributes to society.

FIVE CORE VALUES, THE DNA THAT WILL ENSURE HYUNDAI MOTOR'S CONTINUED LEGENDARY SUCCESS

Hyundai Motor recognizes the importance and impact that automobiles have on society and mankind. It strives to play a role that extends beyond being a simple car manufacturer to become customers' lifetime companion. It will build connections with customers by fulfilling its vision to become a "lifetime partner in automobiles and beyond" and participate in working "together for a better future" as a constituent of Hyundai Motor Group.

NEW VISION FOR THE FUTURE: "LIFETIME PARTNER IN AUTOMOBILES AND BEYOND"

Hyundai Motor Group established a new vision, "Together for a better future," in order to fulfill its role and responsibility as a trusted global firm. Hyundai Motor Company defined its vision of being a "Lifetime partner in automobiles and beyond" to come one step closer to its customers and become their beloved brand. A car is no longer simply a means of transportation that links people to people; it has become a life space that occupies a central role in people's lives. As such, Hyundai Motor seeks to become a lifetime partner in the everyday lives of customers. At this very moment, It is developing eco-friendly and human-oriented technologies for the future and setting up optimized global management systems in order to provide the best experience to its customers.

CUSTOMER FIRST

We promote a customer-driven corporate culture by providing the best quality and impeccable service with all of our efforts aimed at satisfying our customers.



CUSTOMER

CHALLENGING PERFORMANCE

We refuse to be complacent, embrace every opportunity for greater challenge, and are confident in achieving our goals with unwavering passion and ingenuity.



CHALLENGE

COMMUNICATION AND COOPERATION

We create synergy through a sense of "togetherness" that is fostered by mutual communication and cooperation within the company and with our business partners.



COLLABORATION

RESPECT FOR TALENT

We believe that the future of our organization lies in the hearts and capabilities of individual members and will help them develop their potential by creating a corporate culture that respects talent.



PEOPLE

GLOBAL ORIENTATION

We respect the diversity of cultures and customs, aspire to be the world's best at what we do, and strive to become a respected global corporate citizen.



GLOBALITY



HYUNDAI MOTOR GROUP MAIN AFFILIATE COMPANIES

AUTOMOBILE



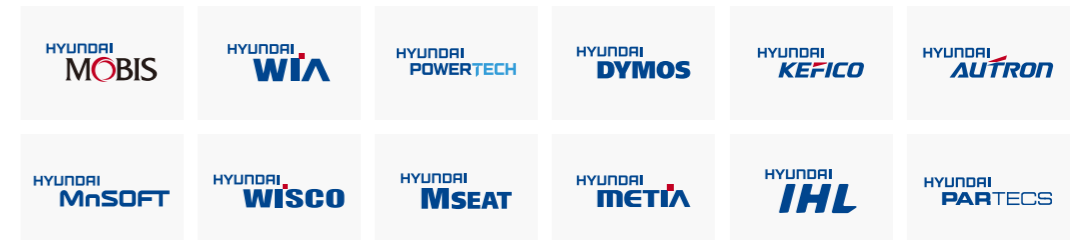
STEEL



CONSTRUCTION



PARTS



FINANCE



OTHER



HISTORY

PROLOGUE

PASSION AND DETERMINATION
BUILT TODAY'S HYUNDAI MOTOR.
INNOVATIONS AND BIGGER
TRANSFORMATIONS WILL CREATE
TOMORROW'S HYUNDAI MOTOR.



1
DEBUT OF PONY, THE FIRST PASSENGER CAR DEVELOPED IN KOREA Developed entirely in Korea, Pony was launched in 1976 and elevated the international standing of Korea's automotive industry.



2
DEVELOPMENT OF HIGH PERFORMANCE ENGINES Autonomous development of the Alpha (1991), Epsilon (1997), and V6 Delta (1998) engines demonstrated Hyundai Motor's engineering prowess to the world.



3
INAUGURATION OF PLANTS IN TURKEY AND INDIA Hyundai Motor inaugurated a plant in Turkey that strategically connected Europe, Africa, and the Middle East and a vertically integrated plant in India with capabilities ranging from R&D to sales.



4
ESTABLISHMENT OF A GLOBAL NETWORK Hyundai Motor has been expanding its global network by establishing the Hyundai Design & Engineering Center in California (2002), the Europe Technical Research Center (2003), and the U.S. Technical Center and manufacturing plant in Alabama (2005).



5
PRESENTATION OF STATE-OF-THE-ART CONCEPT CARS AT THE WORLD'S MOST PRESTIGIOUS MOTOR SHOWS Hyundai Motor continuously unveils innovative concept cars such as i-Mode and the 3rd-generation fuel cell i-Blue at the world's best-known motor shows.

1967~1990

- 1967**
- Incorporation of Hyundai Motor Company
- 1968**
- Mass production of Cortina begins
- 1976**
- Launch of Hyundai Pony, the first Korean passenger car
- 1983**
- Incorporation of the Canadian subsidiary HMC
- 1984**
- Launch of Excel
- 1985**
- Incorporation of the U.S. subsidiary HMA
- 1986**
- Launch of Grandeur, Hyundai Motor's large-size luxury car
- Exports of Excel to the U.S. begin
- 1987**
- Excel is the best selling imported compact car in the U.S. for 3 consecutive years
- 1988**
- Launch of Sonata, Hyundai Motor's midsize luxury sedan
- 1989**
- Overseas exports of Excel surpass 1 million units
- 1990**
- Launch of Elantra and Scoupe

1991~1998

- 1991**
- Alpha engine, the first engine created in Korea, developed
- Electric car developed
- Launch of Galloper
- 1992**
- Unveiling of HCD-I, Korea's first concept car
- 1993**
- Launch of Sonata II
- Unveiling of the HCD-II concept car
- 1994**
- Annual production surpasses 1 million units
- Launch of Accent
- Solar-powered and fuel cell electric vehicles developed
- 1995**
- Launch of Avante
- Unveiling of the HCD-III concept car
- 1996**
- Cumulative production surpasses 10 million units
- Inauguration of the Pamyang Technology Research Center
- Launch of Dynasty and Tiburon
- 1997**
- Inauguration of the Turkey plant
- Epsilon engine independently developed
- 1998**
- Acquisition of Kia Motors
- Inauguration of the India plant
- Launch of Grandeur XG and EF Sonata
- 2nd solar-powered vehicle developed
- World-class, high performance V6 Delta engine independently developed

1999~2002

- 1999**
- Korea's first automotive fuel cell battery developed
- Launch of Equus (Hyundai's ultra-large sedan), Verna, and Trajet XG
- Debut of the Santa Fe SUV at the North American International Auto Show
- 2000**
- Korea's first passenger diesel engine and large commercial engine developed
- Korea's first fuel cell electric vehicle Santa Fe developed
- Launch of Santa Fe and Avante XD
- Official sponsor of the UEFA Euro 2000
- 2001**
- Launch of Tuscani (Hyundai's sports coupe), Terracan, and Lavita
- Santa Fe ranked No. 1 in U.S. customer satisfaction survey
- HMA receives J.D. Power's Chairman's Award
- Unveiling of Korea's first fuel cell electric vehicle Santa Fe
- Unveiling of the HCD-VI concept car at the Chicago Auto Show
- 2002**
- Launch of Chinese-made Elantra
- Sonata receives J.D. Power's APEAL Award
- Inauguration of the California Design & Technical Center
- Official sponsor of the 2002 FIFA World Cup Korea/Japan
- Unveiling of the HCD-7 concept car at the Chicago Auto Show

2003~2004

- 2003**
- Exports surpass 1 million units and USD 10 billion
- Inauguration of the Europe Technical Center
- First in the automotive industry to proclaim Global Environmental Management
- Production of Elantra (Avante) and Sonata surpasses 2 million and 2.5 million units respectively
- Inauguration of the U.S. Design Center
- The world's first ultra high pressure hydrogen storage system for fuel cell electric vehicles developed
- 2004**
- Joint venture plant for commercial vehicles in China established
- 2nd generation fuel cell electric vehicle Tucson developed
- Chairman Mong-Koo Chung named as the Best CEO of 2004 by Business Week
- Official sponsor of UEFA Euro 2004

2005~2006

- 2005**
- Click is selected as India's Best Car of 2005
- Inauguration of the U.S. proving ground, Technical Center and Alabama plant
- Unveiling of New Grandeur and HED-1 at the Geneva International Motor Show
- Official partner of FIFA from 2007 to 2014
- Exports to Africa and the Middle East surpass 1 million units
- Chairman Mong-Koo Chung named Top Automotive CEO in Asia by Automotive
- Debut in Interbrand's 100 Best Global Brands
- Inauguration of the eco-friendly Vehicle Recycling Center
- 2006**
- Annual sales surpass KRW 1 trillion
- No. 1 Non-Premium Nameplate in J.D. Power's Initial Quality Study (IQS)
- Total production reaches No. 6 in the world
- Cumulative exports to Central and South America surpass 1 million units
- World-class V6 diesel S-engine independently developed
- Unveiling of the Hellion, Arnejs, Genus, and Talus concept cars
- Selected as Interbrand's 100 Best Global Brands for a 2nd consecutive year
- Official sponsor of 2006 FIFA World Cup Germany

2007~2008

- 2007**
- Verna awarded Best Car of the Year by India's Overdrive magazine
- Unveiling of the HED-IV (QarmaQ) concept car at the Geneva International Motor Show
- Unveiling of the HND-III (Veloster) concept car at the Seoul Motor Show
- Azera (Grandeur) ranks No. 1 in J.D. Power's Customer Satisfaction Survey for a 2nd consecutive year
- Cumulative sales in the U.S. surpass 5 million units
- Inauguration of the Brazilian CKD plant
- Unveiling of the 3rd generation fuel cell concept car i-Blue at the International Automobile Ausstellung
- Launch of the next-generation compact car i10 by Hyundai Motor India (HMI)
- i30 selected as Australia's Car of the Year and Green Car of the Year
- 2008**
- Launch of Genesis, Genesis Coupe, and i30cw
- Hyundai Beijing hits 1 million vehicle production milestone in record time
- Unveiling of the eco-friendly concept car i-Mode at the Geneva International Motor Show
- Inauguration of the 2nd plant in Beijing
- Next-generation eco-friendly passenger diesel R-engine developed
- Tau engine named 10 Best Engines Winners by Ward's Auto
- Official sponsor of UEFA Euro 2008

HISTORY

PROLOGUE



1
DEVELOPMENT OF THE TUCSON FUEL CELL ELECTRIC VEHICLE
Hyundai Motor developed Tucson fuel cell electric vehicle, a next generation, eco-friendly hydrogen fuel cell electric vehicle (FCEV) with world-class efficiency and performance and over 90% domestic parts.



2
NEW BRAND SLOGAN FOR HYUNDAI MOTOR
Announcement of the new brand slogan, "New Thinking. New Possibilities.," that embodies the Company's new direction and determination.



3
INAUGURATION OF THE BRAZIL PLANT
Getting ready to produce 3 models simultaneously in record time and winning the Car of the Year award in Brazil with HB20, a strategic regional compact car, Hyundai Motor's new Brazil factory has already achieved



4
LAUNCH OF THE ALL-NEW GENESIS
Five years after debuting under great enthusiasm and setting new standards for premium cars across the globe, Genesis is expected to join the ranks of the world's finest cars once again with a completely new look.



5
PARTICIPATION IN THE FIA WORLD RALLY CHAMPIONSHIP (WRC)
The world's leading car makers showcase their high-performance technology racing their cars at WRC. The i20 rally car surpassed all expectations from its very first race.

2009

- Main sponsor of the U.S. Super Bowl
- Unveiling of i20 3-door and the ix-onic concept car at the Geneva International Motor Show
- Genesis named North American Car of the Year
- Best automotive company in China's warranty service satisfaction survey
- Cumulative exports to Africa surpass 1 million units
- Hyundai ranks No. 1 of J.D. Power's Initial Quality Study (IQS)
- Elantra (Avante) named No. 1 compact car in J.D. Power's Vehicle Launch Index
- Genesis ranked No. 1 in J.D. Power's Vehicle Launch Index
- Unveiling of ix-Metro and ix35 at the International Automobile Ausstellung
- No. 69 in Global Brand Value as published by Business Week
- Inauguration of the Czech plant with annual production capacity of 300,000 units
- Unveiling of the independently developed, next generation high performance Theta GDI engine
- Tau engine named 10 Best Engines Winners by Ward's Auto for a 2nd consecutive year and winner of the Presidential Prize at the 2009 Korean Technology Awards

2010

- Unveiling of the HED-VII hybrid concept car at the Geneva International Motor Show
- No.1 in J.D. Power's Vehicle Dependability Study (VDS) for 3 consecutive years and in the Initial Quality Study (IQS) for sub-compact cars.
- Launch of Sonata Hybrid at the New York International Auto Show
- Genesis and Tucson named No.1 in AutoPacific's Vehicle Satisfaction Awards
- Sonata awarded the highest safety ratings by the National Highway Traffic Safety Agency in the U.S.
- Cumulative sales of Sonata surpass 5 million units
- Official sponsor of the 2010 FIFA World Cup South Africa
- Chairman Mong-Koo Chung selected as the Top Automotive Industry CEO in Asia
- Launch of the eco-friendly electric car BlueOn
- Inauguration of the Russia plant
- Launch of ix20 small minivan at the Paris Motor Show
- Unveiling of the independently-developed Nu-Tau GDI engines and RWD 8-speed automatic transmission
- Official car sponsor of the G20 Summit
- Tau engine named 10 Best Engines Winners by Ward's Auto for a 3rd consecutive year
- Annual sales in the U.S. surpass 500,000 units
- Tucson fuel cell electric vehicle developed

2011

- Blue Link introduced at the 2011 International Consumer Electronics Show (CES) in the U.S.
- Launch of Veloster and the HCD-12 concept car at the North American International Auto Show
- Unveiling of the new brand direction and slogan "New Thinking. New Possibilities." at the North American International Auto Show
- Launch of the 5th generation Azera (Grandeur)
- First official car partner of the International Cricket Council (ICC) from 2011 to 2015
- Launch of i40 wagon
- ix20 awarded Euro NCAP's highest five-star rating
- Unveiling of the D-segment i40 sedan at the Barcelona International Motor Show
- Launch of Genesis Prada
- Cumulative sales in Europe surpass 5 million units
- No. 11 in Interbrand's 50 Best Global Green Brands
- Launch of EON by the Indian subsidiary HMI
- i40 awarded the EuroCarBody Golden Award
- Cumulative exports to Central and South America surpass 2 million units
- Unveiling of Genesis Coupe
- Top position in Autobil's Quality Report for the 2nd consecutive year
- Gamma engine named 10 Best Engines Winners by Ward's Auto

2012

- Launch of New Santa Fe, i40 Saloon, and Veloster Turbo
- Inauguration of the Brazil plant
- Unveiling of CLUV HB20X
- Santa Fe ranked best in class at 56.8% in ALG's Residual Value Award in the U.S.
- Tucson fuel cell electric vehicles supplied to Denmark and Norway
- Sonata Hybrid tops AutoPacific's Vehicle Satisfaction Award in the U.S.
- Chairman Mong-Koo Chung named 2011 Top Manager in the World by Italy's Inter Auto News
- Unveiling of the i-oniq electric concept car at the Geneva International Motor Show
- Named the most fuel efficient and least CO₂ emitting brand by the U.S. Environmental Protection Agency
- Sonata named Top Picks in the medium-size car segment by Consumer Reports
- Azera (Grandeur) awarded the ALG Residual Value Award in the full-size segment
- Solaris (Accent) awarded Best Auto and Car of the Year in Russia
- Genesis tops J.D. Power's Vehicle Dependability Study (VDS) in the premium car segment in the U.S.
- Elantra (Avante) awarded North American Car of the Year
- No.1 in J.D. Power's Customer Retention Study
- Official sponsor of UEFA Euro 2012

2013

- World Rally Championship (WRC) Team launched
- Launch of Grandeur Hybrid
- No. 2 in Autobil's (Germany) 2013 Quality Satisfaction Report
- i10 awarded Indian Car of the Year 2014
- Beijing Hyundai sales in China surpass 1 million units/year
- Launch of All-new Genesis
- Two Hyundai models ranked highest in the Residual Value Awards in the U.S.
- Ranked Most Valuable Car Brand in the U.S.
- Launch of New i20 at the International Automobile Ausstellung
- ix35 (Tucson) fuel cell electric vehicles supplied to the City of Copenhagen
- Hyundai's Centennial named Best Luxury Full-Sized Car for 2 years in a row
- Genesis ranked No. 1 in Vehicle Satisfaction Awards (Auto Pacific) - Aspirational Luxury Car in the U.S.
- Launch of MISTRA at the 2013 Shanghai International Automobile Industry Exhibition
- Sonata ranked Most Dependable Midsize Car in the U.S.
- World's 1st mass production of ix35 (Tucson) fuel cell electric vehicles
- Santa Fe selected as the 2013 Canadian Utility Vehicle of the Year
- Unveiling of HCD-14, premium sports sedan concept car at the North American International Auto Show
- Unveiling of HND-6, next generation smart car concept car at the CES
- Named No. 1 brand and No. 1 car in 4 vehicle categories (Equus, Genesis Coupe, etc.) in Strategic Vision's Total Value Awards

2014

- All-new Genesis wins a 2014 iF Design Award
- Official sponsor of the 2014 FIFA World Cup Brazil
- Unveiling of HED-9 Intrado at the Geneva International Motor Show
- Participation of i20 in the WRC, achieving 3rd place in the Mexico Rally
- All-new Genesis and i10 win a Red Dot Design Award
- Launch of the All-new Sonata



BLUE WAVES IN HYUNDAI

What is BLUE WAVES? Wanting to create a novel, extraordinary automotive experience...
 Dreaming to become the world's most beloved brand... Passionately developing a car with zero CO₂ emissions...
 Finding ways to harmonize a car's life cycle with nature... BLUE WAVES is the huge, overflowing energy that drives Hyundai Motors. Its potential is priceless and has no end.

BEST VALUE

BLUE WAVES IN HYUNDAI

EACH AND EVERY SATISFIED CUSTOMER CONTRIBUTES TO BUILDING THE HYUNDAI MOTOR BRAND AND TO RAISE ANTICIPATION FOR WHAT LIES IN THE FUTURE.

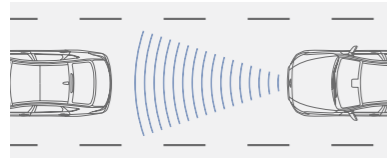
HYUNDAI MOTOR'S UNIQUE QUALITY AND VALUE

Hyundai Motor's brand image has evolved from "dependable quality" to "the most satisfying brand." Brand value grew 20.5% in 2013 to USD9 billion versus 2012, surging 10 notches to No. 43 in Interbrand Best Global Brands 100 and joining the top 50 for the first time. Four models, including Equus and Genesis Coupe, set a record in Strategic Vision's Total Value Awards' 18 year-old history by coming in at first place for their respective categories. This gave Hyundai Motor the distinction of occupying the top

overall position and reasserted its brand value. In 2014, Hyundai Motor will once again compete with the world's finest cars with the launch of the All-new Genesis. The All-new Genesis features the Company's latest state-of-the-art technology to provide design, driving experience, safety performance, and comfort features that are a level above, promising to be yet another driving force that will increase Hyundai Motor's brand value.

SMART CRUISE CONTROL

Sensor fusion calculates distance from the car in front and maintains safe distance without having to step on the brakes.



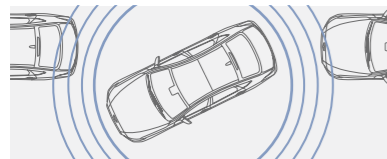
HEAD-UP DISPLAY

Driving information projected on the windshield allows the driver to grasp information while keeping eyes on the road.



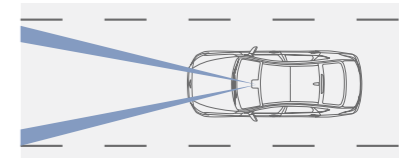
AROUND VIEW MONITORING SYSTEM (AVM)

360 degree camera view enables the driver to see the front, rear, side, and blind spots around the vehicle.



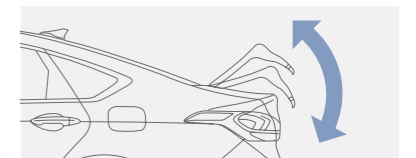
LANE KEEPING ASSIST SYSTEM

Security system activates warning light, alarm, and pre-safe seatbelt to alert driver of a lane departure.



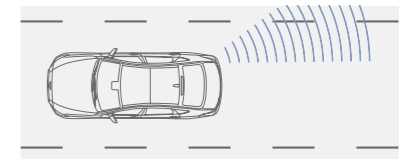
POWER TRUNK

Trunk lid opens automatically by standing near the trunk with the smart key for 3 seconds.



BLIND SPOT DETECTION (BSD)

Automatically detects and alerts the driver about cars in blind spots and cars that approach the back or side of the vehicle.





3,000~4,000 cc

Average lung capacity of FIFA World Cup players who play full-time matches

40 bpm / min

Average heart rate of the record holder for most goals scored at FIFA World Cup

HIGH PERFORMANCE

BLUE WAVES IN HYUNDAI

WITH WORLD-CLASS ENGINE TECHNOLOGY THAT PROVIDES A NEW LEVEL OF DRIVING EXPERIENCE, HYUNDAI MOTOR WILL INVENT YET ANOTHER "DREAM ENGINE."



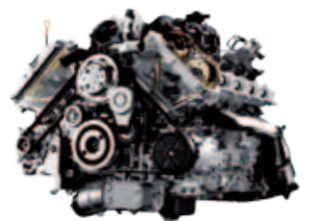
140 ps / 6,300 rpm

Max. output of the 1.6 Gamma GDi engine

17.1 kg·m / 4,850 rpm

Max. torque of the 1.6 Gamma GDi engine

TAU AND GAMMA NAMED 10 BEST ENGINES WINNERS BY AMERICA'S WARD'S AUTO
Hyundai Motor's engine technology is one of the best in the world. Its V8 Tau gasoline engine used primarily in large-size cars, won the distinction of "10 Best Engines," the Oscar of automobile engines, from Ward's Auto for 3 consecutive years from 2009 to 2011, and the 1.6 Gamma GDi engine, used in small-size cars, won the same distinction once again in 2012. Hyundai Motor's comprehensive portfolio of small to large world-class engines is testimony of its engine development technology. Hyundai Motor will continue to passionately pursue the development of an ultimate "dream engine" that will take the world by surprise.



• Tau Engine

THE NAME FOR SATISFACTION

BLUE WAVES IN HYUNDAI

HYUNDAI MOTOR'S DIVERSE CAR MODELS DO NOT CEASE TO IMPRESS AND WIN THE HEARTS OF SATISFIED CUSTOMERS

THE SIGNIFICANCE OF WINNING CONSUMER SATISFACTION AWARDS Every year, new models flood the global automotive market and customers assess vehicles with ever more stringent criteria. Their opinion is not only reflected in the number of vehicles sold, but also through the numerous honors and awards that are given. 2013 was a very prolific year for Hyundai Motor, as the company won many awards in diverse categories in many countries across the world. The Company promises to reciprocate customers' affection by producing even better cars.



ELANTRA (AVANTE), A BEST-SELLING CAR RACING TO BECOME A MILLION-SELLER

Launched in 1990 and now in its fifth generation, Elantra (Avante) is a perennial favorite among customers all over the world. Voted Top Picks 2013 (Best Budget Car) in the U.S. by Consumer Reports and No. 1 Small Car in Strategic Vision's 2013 Total Value Awards, Elantra (Avante) has demonstrated its success as a best-seller with other awards such as 2012 North American Car of the Year and Canadian Car of the Year.



SONATA, CONSISTENTLY DELIVERING HIGH QUALITY SATISFACTION

Sonata was the No. 1 midsize car in Strategic Vision's 2013 Total Value Awards that measures the overall value of a vehicle based on customer satisfaction among new car buyers. It was also the No. 1 midsize car in J.D. Power's 2013 Vehicle Dependability Study (VDS). The new Sonata is expected to continue the legacy that spans six generations.



CENTENNIAL (EQUUS), HYUNDAI MOTOR'S FLAGSHIP SEDAN

With state-of-the-art convenience features, a high performance engine, and premium design, Centennial (Equus) not only received the distinction of Saloon of the Year for 2013 in the Middle East, but also Strategic Vision's Total Value Awards, Top Safety Pick by America's Insurance Institute for Highway Safety (IIHS), and AutoPacific's 2013 Ideal Vehicle Award.

GENESIS, REDEFINING THE STANDARD OF PREMIUM SEDANS

Since its North American Car of the Year title in 2009, Genesis has garnered one recognition after another including the top spot in Strategic Vision's 2013 Total Quality Index (TQI) in the near-luxury car segment, AutoPacific's Vehicle Satisfaction Awards, and J.D. Power's Initial Quality Study (IQS). The new Genesis won a German iF Design Award and a Red Dot Design Award as soon as it was launched in 2014, raising expectations worldwide once again.



THE NAME FOR SATISFACTION

BLUE WAVES IN HYUNDAI

BECAUSE HYUNDAI MOTOR WANTS TO SATISFY THE WISHES OF EVERY CUSTOMER, IT OFFERS LOCALIZED MODELS TAILORED TO LOCAL LIFESTYLES AND NEEDS

CARS DEVELOPED TO MEET LOCAL CUSTOMERS' NEEDS Hyundai Motor takes into consideration the lifestyle, climate, terrain, and driving habits of local customers and determines what kind of car to develop based on customers' point-of-view. It carefully matches design, performance, and convenience features with customers' needs, which has led to many awards, such as Car of the Year, in many geographies. From development to production, sales, and after service, Hyundai Motor pursues localization to maximize customer satisfaction.



AZERA (GRANDEUR), KOREA'S PREMIUM SEDAN THAT CAPTIVATED THE WORLD

With a premium design that won a Good Design Award in the U.S. in 2012, Azera (Grandeur) has proven its steadfast quality and safety by winning the No. 2 position in J.D. Power's 2013 Initial Quality Study (IQS) and being named Top Safety Pick by America's Insurance Institute for Highway Safety (IIHS).

ix20 AND i20, MADE TO MATCH EUROPEAN LIFESTYLES

The versatile and compact MVP ix20 not only ranked at the top in the 2013 Value-for-Money Car Survey by the U.K. consumer group, Which, but also received five-star Euro NCAP ratings in crash tests. With high scores in J.D. Power Asia Pacific's 2012 India Vehicle Dependability Study (VDS) in the premium compact segment, i20 will be born again soon to capture the hearts of European customers one more time.



SANTA FE AND TUCSON (ix35) REAFFIRM THE POPULARITY OF HYUNDAI MOTOR'S SUVs

Named SUV of the Year in the U.S., U.K., and Canada in 2013, Santa Fe's popularity continues with such distinctions as Automotive Lease Guide's 2014 Residual Value Award in the U.S. Tucson (ix35), loved for quality and affordability, ranked No. 2 in Strategic Vision's Total Value Index for compact SUVs in 2012, and reconfirmed its reliability in 2013 with high marks in the customer satisfaction survey by U.K.'s leading consumer organization, Which.



ix30 AND i40, CAR OF THE YEAR ACROSS EUROPE

Named Car of the Year in England, Chile, Scotland, and Australia in 2012 and in Turkey and Australia in 2013, ix30 is a popular European model that also earned Euro NCAP's safety rating and five-star ANCAP safety ratings in Australia. i40 also enjoys increasing popularity in Europe as shown by its title of 2013 Russian Car of the Year Category Winner.



ACCENT AND VELOSTER SHOW CUSTOMERS ALWAYS COME FIRST

Accent was awarded the 2014 Residual Value Award by the Automotive Lease Guide (ALG) in the U.S., and also highly praised in J.D. Power's 2013 Initial Quality Survey (IQS). Known as Solaris in Russia, it won the Annual National Award Car of the Year in 2013. Veloster, which embodies Hyundai Motor's creative imagination, also continued to demonstrate its unique value with such recognitions as AutoPacific's Vehicle Satisfaction Award for Sporty Cars.



i10, NEW AND STILL POPULAR

With an upgrade in style, interior space, and economy, the new i10 has been basking in popularity with local customers since its launch. It was named Best City Car by U.K.'s car magazine, What Car?, and Car of the Year: Best City Car by CarBuyer. The same goes for India, where it was named 2014 Automobile of the Year by Car India and Compact Car of the Year at the ND TV Awards.



NEW DIMENSION OF DRIVING

BLUE WAVES IN HYUNDAI

HYUNDAI MOTOR'S AUTOMOTIVE TECHNOLOGY CONTINUES TO EVOLVE, AIMING TO CREATE MOVING EXPERIENCES AND TO BUILD TRUST.

AEB

Protects drivers from crashes by automatically halting the car in case of emergencies



HTRAC

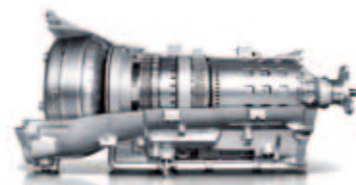
Electronic system that automatically distributes braking power and traction between the 4 wheels according road conditions.

ATCC

Improves agility when making turns at high speeds

Drive mode Control system

Driving system with a choice of 4 driving modes



STATE-OF-THE-ART TECHNOLOGY FOR STABILITY AND THE ULTIMATE DRIVING EXPERIENCE. Hyundai Motor works endlessly to deliver unique driving performance and stability. HTRAC is Hyundai Motor's state-of-the-art driving technology developed to provide the ultimate driving experience. It is a preview of exciting technology that is coming ahead. HTRAC distributes braking power between the left and right wheels of the vehicle according to speed and road conditions. It automatically allocates power between the front and back wheels while cornering or driving on slippery, wet roads to ensure safe driving. In addition, Hyundai Motor has other cutting-edge technologies to deliver the ultimate driving experience, such as Advanced Traction Cornering Control (ATCC), which provides agility and stability when turning, and Autonomous Emergency Braking System (AEB), which protects the driver by automatically halting the car to avoid crashes in emergency situations. Hyundai Motor will stay in the forefront of bringing new ideas into reality and make its dreams come true.



Support

Effective redirection of the body upon sudden changes of direction

Agility

Instantaneous change of direction and quick shooting

Stability

Outstanding defense and stable turning

Braking

Momentaneous bearing of heavy weight on one leg to provide great power and precision in a free kick



THE FUTURE & FUTURE CARS

BLUE WAVES IN HYUNDAI

HYUNDAI MOTOR'S CONCEPT CARS OPEN A WORLD OF IMAGINATION ABOUT THE CARS OF THE FUTURE.

HED-9 INTRADO

MEET TOMORROW'S CARS TODAY

Hyundai Motor's concept cars have a unique code name that ties each car to its origin: HED for the Europe Design Center, HCD for the North American Design Center, and HND for the Namyang Design Center. Vehicles are developed with distinctive concepts that capture unique characteristics and needs of each region while integrating Hyundai's unique design philosophy and forward-looking technology to ensure that every vehicle carries the same DNA. Even at this moment, a wide range of concept cars on display at leading motor shows across the world are demonstrating Hyundai Motor's future competitiveness.



HCD-9: Talus (U.S.)



HCD-10: Hellion (U.S.)



HED-2: GENUS (Europe)

2006



HND-3: Veloster (Namyang)



i-Blue (Japan)



HED-4: QarmarQ (Europe)

2007



HED-5: i-Mode (Europe)

2008



HED-6: ix-onic (Europe)



HND-5: ix-Metro (Namyang)



HND-4: Blue-Will (Namyang)



HCD-11: Nuvis (U.S.)

2009



HED-7: i-flow (Europe)

2010



HCD-12: Curb (U.S.)



HND-6: Blue² (Namyang)

2011



HND-7: Hexa Space (Namyang)



HED-8: i-oniq (Europe)

2012



HND-9: Venace (Namyang)



HCD-14: Genesis (U.S.)

2013



HED-9: Intrado (Europe)

2014



WITH BLUE DRIVE, HYUNDAI MOTOR IS GOING BEYOND REDUCING CO₂ TO ACHIEVE ZERO EMISSIONS.

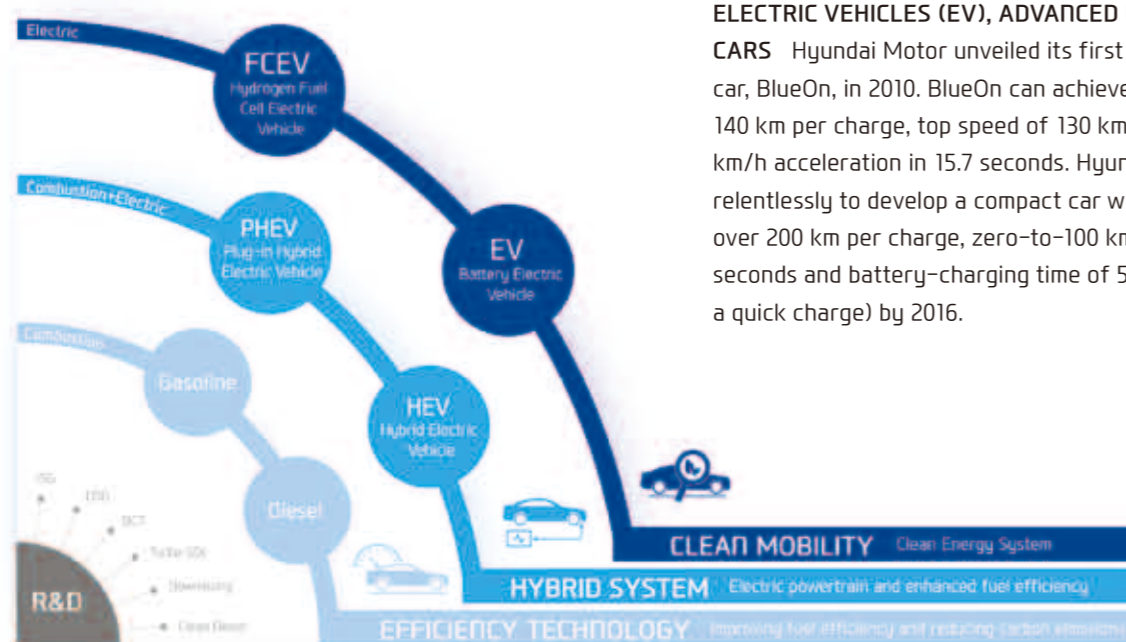
Blue Drive is Hyundai Motor's low-carbon, green technology strategy to reduce automotive CO₂ emissions. The vision is to improve vehicles' fuel efficiency short term, while developing eco-friendly cars, such as biofuel, hybrid, electric, and hydrogen fuel cell vehicles, with the ultimate goal of developing zero CO₂ emission vehicles .



TECHNOLOGY TO PRODUCE ECO-FRIENDLY CARS Hyundai Motor is steadily developing technologies to achieve zero emissions and improve eco-friendliness of its cars. It is using direct injection systems that improve efficiency and reduce emissions in gasoline engines, high-efficiency transmissions that deliver excellent fuel economy, and advanced high strength steels that reduce the weight of vehicles.

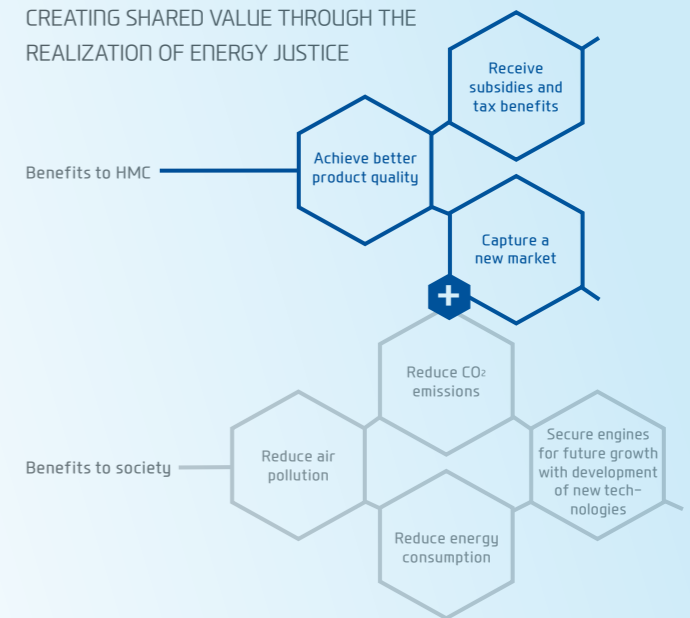
HYBRID VEHICLES (HEV): THE BEST OF A GASOLINE ENGINE AND AN ELECTRIC MOTOR Since unveiling its first hybrid concept car in 1995, Hyundai Motor has won numerous awards, including Sonata Hybrid's AutoPacific Customer Satisfaction Award in 2012, for its hybrid models. Azera Hybrid (Grandeur Hybrid) was launched in 2013 with a Class 1 fuel economy rating, and in 2015, Hyundai Motor plans to launch a plug-in hybrid car that can be charged using external power supply.

ELECTRIC VEHICLES (EV), ADVANCED POLLUTION-FREE CARS Hyundai Motor unveiled its first high-speed electric car, BlueOn, in 2010. BlueOn can achieve a driving distance of 140 km per charge, top speed of 130 km/h, and zero-to-100 km/h acceleration in 15.7 seconds. Hyundai Motor is working relentlessly to develop a compact car with a driving distance of over 200 km per charge, zero-to-100 km/h acceleration in 11.5 seconds and battery-charging time of 5 hours (23 minutes for a quick charge) by 2016.



Because it is our duty to pass-on a clean environment to our next generation, global automotive companies need to develop eco-friendly cars and reduce carbon emissions. Hyundai Motor will stay in the forefront of environmental issues and spearhead efforts to realize zero emissions.

CREATING SHARED VALUE THROUGH THE REALIZATION OF ENERGY JUSTICE



THE WORLD'S FIRST SUCCESSFUL MASS PRODUCTION OF A HYDROGEN FUEL CELL VEHICLE

HYDROGEN FUEL CELL VEHICLES, TESTIMONY OF HYUNDAI MOTOR'S ECO-FRIENDLY TECHNOLOGY

Starting with the development of fuel cells in 1998, Hyundai Motor successfully developed a proprietary world-class stack and a hydrogen fuel cell engine that performed comparably to internal combustion engines. After creating modules for critical components and developing low-cost materials, Hyundai Motor succeeded in the world's first mass production of hydrogen fuel cell vehicles in 2013 with ix35 Fuel cell. This vehicle was promoted in Europe starting in 2012 and was chosen to participate in a European Union pilot project in March 2013. It will be sold in the U.S. and Korea starting in 2014 to introduce customers to the world of hydrogen fuel cell vehicles and bring Hyundai Motor's eco-friendly technology to the limelight.

PREPARING FOR THE FUTURE OF HYDROGEN FUEL CELL VEHICLES

The environmental-friendliness of FCEVs is proven, but the challenge of expanding and establishing a market remains. Currently, there are only 13 hydrogen filling stations in Korea, but because it takes less than 3 minutes to charge a vehicle, the impact of FCEVs could be tremendous if the technology catches on and infrastructure is expanded. The U.S. and European countries are already preparing diverse policies to promote the expansion of FCEVs, and consumer groups representing the hydrogen industry are being formed. In Korea, the first private sector hydrogen industry association was established in January 2014. Hyundai Motor will actively support these efforts and promote the values of this vehicle-of-the-future.

POLLUTION-FREE HYDROGEN FUEL CELL VEHICLES (FCEV)

FCEV motors are powered with electricity that is generated when hydrogen reacts with airborne oxygen. FCEVs are the ultimate eco-friendly cars as their by-product is 100% water. ix35 Fuel cell, the world's first mass-produced FCEV, has a top speed of 160 km/h and driving distance of up to 594 km with a single charge that takes less than 3 minutes. With the start of full-fledged sales in 2014 in the U.S., the world's largest auto market, Hyundai Motor is expected to solidify its position as a next generation, eco-friendly car brand.





HYUNDAI MOTOR MONITORS GREENHOUSE GAS EMISSIONS AT ALL OF ITS WORKPLACES IN KOREA TO CREATE A LOW-CARBON CULTURE.

GREENHOUSE GAS REDUCTION IN FACTORIES

Hyundai Motor is actively responding to global climate change by strictly managing greenhouse gas emissions at all of its domestic worksites. In particular, it is pursuing more effective measures in factories, which account for more than 85% of emissions. In spite of an 8.4% increase in vehicle production in 2013 versus a year ago, Hyundai Motor was able to reduce greenhouse gas emissions per vehicle produced to 0.512 tons/unit, or 6.4% versus year ago.

PRINCIPAL FACTORIES AND RESEARCH CENTERS The Jeonju plant is leading diverse efforts to reduce greenhouse gas emissions through its Energy TFT, while the Ulsan Plant reduced emissions per unit-produced by 3% and for plant operations by 5.4% versus year ago by changing energy sources, investing in high efficiency equipment, and improving production processes. Employees at the Namyang Technology Research Center voluntarily reduced peak-time energy consumption by 11,307 kW and invested KRW7.1 billion on innovative, high efficiency technology to reduce emissions by 5,210 tons. The center plans to reduce emissions further by 28,000 tons by 2020.

THE WORLD'S SECOND-LARGEST SOLAR POWER SYSTEM AT THE ASAN FACTORY The Asan plant, which produced 277,550 vehicles in 2013, invested in diverse high efficiency equipment to reduce greenhouse gas emissions by 1.9% per unit-produced and 7.7% for plant operations versus year ago. It plans to reduce CO₂ further by 2,340 tons in 2014. The factory installed a large-scale, solar power plant over a 213,000 m² area of its roof to minimize damage to nature and generate 11.5 million kW of power per year, enough for 3,800 households and the equivalent to planting 1.12 million pine trees, reducing CO₂ emissions by 5,600 tons per year.

GREENHOUSE GAS EMISSIONS/UNIT IN 2013



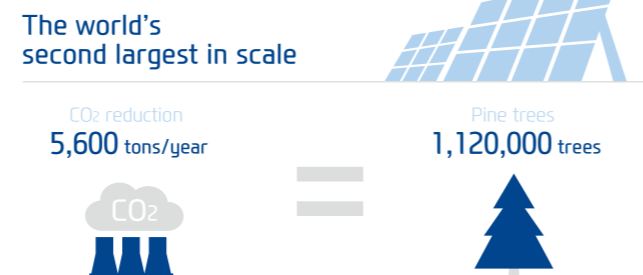
GREENHOUSE GAS EMISSIONS/UNIT AT THE ULSAN PLANT IN 2013



GREENHOUSE GAS EMISSIONS/UNIT AT THE ASAN PLANT IN 2013



THE SOLAR POWER PLANT AT THE ASAN PLANT



TECHNOLOGY TO COLLECT AND REUSE GREENHOUSE GASES TO REDUCE 40,000 TONS OF EMISSIONS

Hyundai Motor began construction of a plant at the Namyang Technology Research Center to help validate and demonstrate technology to collect and recycle greenhouse gases. The plant is expected to process 18 tons of CO₂ per year, and the respective technology is currently undergoing validation, which is expected to be completed by June 2014. This technology, which can reduce greenhouse gas emissions by about 40,000 tons a year, is not only expected to be used to reduce emissions from the Company and subsidiaries, but also to facilitate the application of biomaterial raw material conversion technology to automotive parts as well as the creation of other value-added benefits.



The Solar Power Plant at the Asan plant

Hyundai Motors strives to minimize greenhouse gas emissions from the operation and production of cars. By carefully planning design, disposal and recycling, it aims to create a vehicle lifecycle that is more eco-friendly.

MEASURES TO COPE WITH THE TRADE OF NATIONAL AND INTERNATIONAL EMISSIONS RIGHTS

With the implementation of national emissions trading schemes in Europe and the U.S., Hyundai Motor is actively addressing emissions trading issues at its overseas operations. The Czech plant (HMMC) is participating in the EU Emissions Trading Scheme since 2013, and the China operation (BHMC) began a pilot program in 2013 that is expected to be rolled out in 2014. Emissions trading is expected to come into effect in Korea in 2015, and Hyundai Motor will implement a dependable system at every site.

FACILITATING DESIGN, SCRAPPING, AND RECYCLING FOR THE FULL RECYCLING OF RESOURCES

Hyundai Motor verifies the recyclability of new vehicles starting from design stages using 3D drawings. It builds and dismantles test vehicles to assess the ease of disassembly and identifies means to improve parts design, such as developing fastening elements that can expedite the dismantling of a vehicle. It also develops technologies to facilitate vehicle scrapping, such as reducing time to disassemble an airbag and developing devices to discharge lithium-ion batteries. In addition, it is pursuing a pilot project for the modernization of scrap car recycling, organized by the Ministry of Environment, and devised means to maximize recycling of scrap cars and reducing greenhouse gas emissions by collecting coolants. In addition, it eased the recycling of 132,000 vehicles and created a network of more than 100 junk car recycling operations, laying the foundation to fulfill a legal requirement of 95% recycling by 2015. Hyundai Motor continues to operate recycling centers for the eco-friendly disposal of scrap cars and to develop recycling technology that will result in a circular system for vehicle production, disposal and recycling.

BRAND INNOVATION THROUGH
QUALITY

SERVICE THAT MOVES
CUSTOMERS

ONGOING RESEARCH AND
DEVELOPMENT

EIGHT PRODUCTION SITES

SALES NETWORK OF 6,000
SHOWROOMS WORLDWIDE

CONNECTING WITH
CUSTOMERS

SOCIAL CONTRIBUTION
ACTIVITIES THAT ORIGINATE
FROM THE HEART



BLUE WAVES IN THE WORLD

What are the BLUE WAVES that ripple around the world? Capturing customers' needs more accurately through regional car models... Leveraging a rich, global network to directly convey Modern Premium... Building meaningful connections through sports... Reaching out to marginalized people and fulfilling social responsibility... BLUE WAVES are permeating to convey Hyundai Motor's wholeheartedness to build a competitive global automotive company.

QUALITY MANAGEMENT

GENUINE AUTOMOTIVE COMPANIES AND BEST BUY BRANDS ARE CREATED BY SUPERB, CUSTOMER-ORIENTED QUALITY.

Superb quality, the reason-for-being of today's Hyundai Motor, is the basis of customer satisfaction and the driving force behind the brand's sustainable growth. Hyundai Motor implemented customer-centric, quality-focused management since it was founded. We will continue to do so at all customer contact points to establish itself as customers' most desired brand.



ONGOING EFFORTS TO MANAGE QUALITY

Hyundai Motors made a full-fledged roll-out of quality management in 1999. To reinforce its commitment, it established the Hyundai-Kia Quality Department that reports directly to the Chairman in September 2002, to improve global customer satisfaction, it integrated the maintenance and quality control operations and established a quality control organization overseas. A 24-hour, 365-days-a-year "Global Quality Situation Room" was established in 2004 to enable the Company to respond in real time to diverse quality problems that may arise anywhere in the world. Moreover, top managers from every department gather to discuss quality-related issues in a Quality Meeting held twice a month. The Company believes that supplying zero-fault vehicles is a basic responsibility and fundamental requirement to build customer satisfaction. This is why it makes ongoing efforts to conduct quality-driven management.

BRAND INNOVATION DRIVEN BY QUALITY

Putting into practice the Chairman's belief that no compromises must be made when it comes to quality, Hyundai Motor is reinforcing transparency and ethics in quality management. It embraces customer-centric thinking and conducts practical onsite quality-control activities to be a step closer to offering the quality standards that customers demand. Moreover, through ongoing communication with customers at all contact points, the Company is conducting market-driven quality management that encourages customers to feel pride about the brand. Hyundai will continue to prioritize quality in management to become a Best Buy Brand that customers desire.

SERVICE MANAGEMENT

WE TAILOR OUR SERVICES TO CUSTOMERS' NEEDS TO ENSURE THAT EVERY MOMENT WITH HYUNDAI MOTOR IS SPECIAL.

Hyundai Motor's attentive and innovative services are founded on the belief that "great service originates from the heart, not from technology." The company analyzes customers' needs and expectations and develops systems and technologies that ensure that every experience with Hyundai Motor will be refreshing and special.

CUSTOMER-CENTRIC SMART SERVICES

As part of ongoing efforts to furnish customer-friendly services and to increase the credibility and efficiency of maintenance, Hyundai Motor began to automate its service centers across the world in 2014. From the time of arrival until departure, every procedure is managed electronically to facilitate communication and offer customer-oriented services. Separately, to improve fundamental vehicle maintenance services that are provided, the Company developed and deployed the world's first next generation diagnostic equipment on a mobile platform with enhanced speed and diagnostic capabilities to detect faults. It reinforced management of its Global Service Support Center (GSSC) and implemented high-tech, remote diagnostic technology to resolve difficult repair problems in real-time so that it can guarantee complete vehicle maintenance services to customers worldwide.

CUSTOMER SATISFACTION THROUGH DIFFERENTIATED VALUE

Hyundai Motor provides world-class services through its global service network to customers across the world. It is making extensive efforts such as launching the automotive industry's first "Before Service" (free vehicle inspections before breakdowns) to more than four million people worldwide, and expanding "Home-to-Home Service" to facilitate maintenance by offering customers convenient vehicle pick-up and delivery services. Hyundai Motor has maintained the highest level of customer satisfaction among domestic and international companies every year. It pays attention to services that enhance customer satisfaction, such as standardizing the Hyundai Customer Care Center's (HCCC) innovative processes to respond quickly to customers' requests and providing free car washes to customers that visit showrooms and service centers.



1	2
3	4

1. Service center automation
2. Global Service Support Center (GSSC)
3. Hyundai Customer Care Center (HCCC)
4. "Before Service" campaign

R&D NETWORK

TECHNICAL RESEARCH AND DESIGN CENTERS ARMED WITH FIRST CLASS TALENT AND CUTTING-EDGE FACILITIES ARE DEVELOPING TECHNOLOGIES TAILORED TO MEET LOCAL MARKETS' NEEDS AND BUILD THE COMPANY'S FUTURE COMPETITIVENESS.

The ability to accurately identify local trends and customer needs and to incorporate them rapidly into products is a competitive advantage that a global company must cultivate. Hyundai Motor's technical research and design centers operate in vital locations worldwide to stay in the forefront of automotive trends and strategically develop regional vehicles that can expand the Company's global customer base. Hyundai Motor does not spare resources when it comes to developing new technologies that will lead to better automotive experiences in the future.

TECHNICAL RESEARCH CENTERS, OUR BASE CAMP FOR GLOBAL LEADERSHIP

PAMYANG TECHNOLOGY RESEARCH CENTER, KOREA

The Pamyang Technology Research Center in Hwaseong City, Gyeonggi Province, is a world-class integrated research complex equipped with a planning center, design center, power train center, wind tunnel facilities, collision testing facilities, and a comprehensive proving ground. Over 10,000 researchers are working to develop the world's best vehicles in terms of performance, quality, and eco-friendliness.



KOREA CENTRAL RESEARCH INSTITUTE

The Korea Central Research Institute in Uiwang City, Gyeonggi Province, develops frontier and new growth engine technologies. It focuses on research related to the environment, energy, intelligent safety, human engineering, and cutting-edge materials.



MABUK ENVIRONMENTAL TECHNOLOGY CENTER, KOREA

Through the development of hydrogen fuel cell cars, the Mabuk Environmental Technology Center in Yongin City, Gyeonggi Province, is making all efforts to conceive technology that will lead the eco-friendly automotive market.



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1. Pamyang Technical Research Center, Korea
 2. Korea Central Research Institute
 3. Mabuk Environmental Technology Center, Korea



CHINA TECHNICAL RESEARCH CENTER

The China Technical Research Center in Yantai was registered in February 2013 as a center to develop vehicles tailored to the Chinese market, which is rapidly emerging as the biggest automotive market in the world. The Center, being built on a 1,840,000 m² lot, is expected to serve as a global R&D hub that will take Hyundai and Kia's presence in China to the next level.

JAPAN TECHNICAL RESEARCH CENTER

The Japan Technical Research Center in Yokohama focuses on advanced technologies, such as cutting-edge electronics and hybrid technology.

INDIA TECHNICAL RESEARCH CENTER

Located in India's "IT city," Hyderabad, the India Technical Research Center actively supports the design and analytical research of automobiles, as well as the development of products tailored to the local market.

EUROPE TECHNICAL RESEARCH CENTER

The Europe Technical Research Center is a high-tech multifunctional building located on a 49,721 m² lot near Frankfurt, Germany, that includes an engineering center for the development of quality automobiles as well as engines that meet European environmental regulations.

U.S. TECHNICAL RESEARCH CENTER

With headquarters in Ann Arbor, Michigan, and a technical research center and proving ground in California, the U.S. Technical Research Center is a cutting-edge research institution that oversees the development of automotive technology suitable for the American market.

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4. Visual Reality Driving Simulator
 5. U.S. Technical Research Center
 6. Europe Technical Research Center





1. The Hyundai Design Center at the Namyang Technology Research Center
 2. Namyang Technology Research Center Proving Ground, Korea
 3. California Proving Ground, U.S.

DESIGN CENTERS, CREATORS OF GLOBAL TRENDS

PAMYANG DESIGN CENTER

The Hyundai Design Center at the Namyang Technology Research Center is amassing world-class design capabilities to improve the quality of design so that the Company can gain leadership in the world's automotive market and make a leap to become a premium brand. Building on the vibrant forms inspired by nature of the Fluidic Sculpture design philosophy, it develops vehicle interiors and exteriors using computer-based digital design. In addition, it is opening a new chapter as a global trend leader by incorporating new materials and new technologies into designs and enabling customers to experience the value of Modern Premium through the use of more elegant colors and advanced materials.

GLOBAL DESIGN NETWORK

The Hyundai Design Center is a design network centered around the comprehensive global design center at the Namyang Technology Research Center that extends to Europe, USA, India, China and Japan. It leverages this network to grasp customers' lifestyle trends and to develop differentiated design strategies for each region. The North America and Europe Design Centers are developing competitive models that support Hyundai's regional development strategies, and design studios in India, China and other emerging

markets are showcasing designs that reflect the needs of local consumers to deliver the unique value of Modern Premium to customers.

DRIVING TEST CENTERS: RIGOROUS TESTING THROUGH SCIENTIFIC EQUIPMENT

PAMYANG TECHNOLOGY RESEARCH CENTER PROVING GROUND, KOREA

The Namyang Technology Research Center Proving Ground is a testing facility of world-class scale built on a 1,815,000 m² area with 38 distinct test tracks totaling 70 km in length that include tracks to evaluate high-speed handling and ride, as well as the main 4.5 km high speed circuit.

CALIFORNIA PROVING GROUND, U.S.

The California proving ground located in the Mohave Desert is a USD60 million facility sprawling over 17,680,000 m² with more than 116 km of tracks that is 10 times the size of the Namyang facility. The largest high speed circuit has a 10.4 km long elliptical three-lane track, on which cars can be driven at speeds of up to 250 km/hr. and is actively used for diverse high speed and durability tests, including maximum speed testing.

ULSAN PROVING GROUND, KOREA

This comprehensive proving ground in Ulsan, the first of its kind in Korea, has 19 tracks and high speed circuits on an area of 660,000 m².



INCREASING CUSTOMER SATISFACTION WITH CARS DEVELOPED AND PRODUCED TO MEET LOCAL NEEDS

Hyundai has built production plants in every major automotive market around the world with systems and capacity that are optimized to fit the local environment in order to quickly produce and supply vehicles that are preferred by local customers so that it can raise customer satisfaction to the next level while contributing to regional development. Hyundai will continue to roll out this localization strategy and produce and supply the best quality cars to customers from nearby locations.

UNITS PRODUCED COMPARED TO THE PREVIOUS YEAR

+8.4%

WORLD'S BEST WORKING ENVIRONMENT, RIGHT HERE IN KOREA

THE ULSAN FACTORY: THE WORLD'S SINGLE LARGEST FACTORY

Known as "the factory in a forest" for having over 590,000 trees, the Ulsan Factory is Hyundai Motor's main factory comprising of five independent manufacturing facilities on a 5,050,000 m² site that employs over 34,000 employees and capacity to produce 1.5 million vehicles/year. It has a dedicated pier where three 50,000 ton ships can dock at once.

THE ASAN FACTORY: GOOD WORKING CONDITIONS TRANSLATE INTO GOOD CARS

The Asan Factory is a self-sufficient factory that produces 300,000 high-quality midsize and full-size cars, such as Sonata and Azera(Grandeur), every year. It is famous for its user and eco-friendly work environment.

THE JEONJU FACTORY: THE WORLD'S BIGGEST PRODUCTION CENTER FOR COMMERCIAL VEHICLES

With annual capacity to produce 100,000 vehicles/year, the Jeonju factory specializes in the production of commercial vehicles such as trucks, buses, and specially equipped vehicles.

LOCAL FACTORIES OPERATING IN THE MAJOR CENTERS OF THE WORLD

THE ALABAMA FACTORY: PROTAGONIST IN THE EXPANSION INTO THE U.S. MARKET

Inaugurated in May 2005, the prestigious Alabama factory in the U.S. has won numerous awards for quality and productivity. After ranking No. 10 in quality among 37 factories in North America in its first year, the press factory topped the Harbor Report's North American automaker productivity survey for 5 years in a row since 2009 and the engine factory topped the survey for 4 years in a row since 2010. The Alabama Factory produced 1 million units of Sonata in 2011 and 2 million units cumulatively in 2012. In 2013, it set a new annual production record of 399,500 units, proving its critical role in Hyundai Motor's global success.

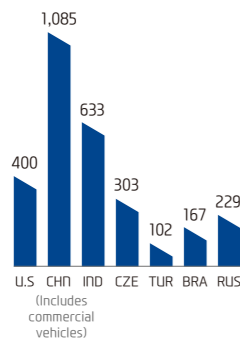


4. Asan factory
 5. Czech factory



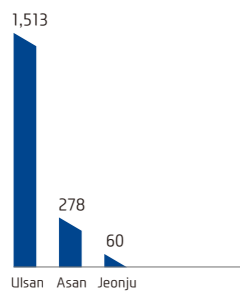
2013 production (overseas factories)

*Unit: 1,000 vehicles



2013 production (Korea factories)

*Unit: 1,000 vehicles



THE CHINA FACTORIES: PRODUCTION INFRASTRUCTURE OPTIMIZED FOR THE CHINESE MARKET

Hyundai's factories in China sold 1,076,000 vehicles in 2013, making China the biggest market for Hyundai. With annual production capacity of 1.05 million units, Beijing Hyundai is paving the road to long-term growth through exceptional quality, sales service, and marketing.

THE INDIA FACTORIES: WORLD-CLASS PRODUCTION HUB FOR COMPACT CARS

Hyundai's two vehicle factories and proprietary engine factory in India produce vehicles tailored to meet local needs. Vertically integrated, they are equipped to independently conduct R&D, testing, and vehicle production. The India factories' Grand i10 was awarded 2014 Indian Car of the Year. The factories produced 633,006 vehicles in 2013, supplying the EON, i10, and i20 to the Indian market and 120 countries across the globe.

THE CZECH FACTORY: EUROPEAN PRODUCTION BASE FOR OVERSEAS MARKET DIVERSIFICATION

The Czech factory exports vehicles to 56 countries, including non-European countries like South Africa, Australia, and the Middle East. In recognition of its outstanding quality, the Czech-made ix35 was selected as "Car of the Year" by UK's Honest John and "Australia's Best Car" in 2013. The i30, which began exports to Australia in October 2012, scored 848 points in ABC's testing of 17 models, earning the Australia's Best Car title. This year, Hyundai Motor will continue to drive market expansion by raising awareness of the Czech factory's outstanding product quality.

TURKEY FACTORY: PREPARING FOR EXPANSION INTO EUROPE

With the expansion of production capacity from 100,000 to 200,000 units, the Turkey Plant is a

strategic production hub that connects Europe, Africa, and the Middle East. It currently makes the new i10 and is expected to play a bigger role as a production base for strategic European models and the new i20. The Turkey Plant is contributing greatly to export growth and economic development in the region.

BRAZIL FACTORY: HB20, THE NEW STANDARD FOR COMPACT CARS IN BRAZIL

The Brazil factory began production in 2012 and swept 14 consecutive media awards for the first time in Brazil's history. Its HB20 is setting new standards in the nation's compact car segment and sold 167,000 units in 2013, surpassing its 150,000 unit goal. In 2014, Hyundai Motor will actively leverage the 2014 FIFA World Cup in Brazil, which the Company officially sponsors, and conduct marketing and CSR activities that will help the brand become a "brand that customers love most."

THE RUSSIA FACTORY: THE FASTEST GROWING CAR FACTORY IN RUSSIA

Hyundai Motor Manufacturing Rus plant, which began operation in January 2011 with an annual production capacity of 150,000 units to mass-produce the Solaris (Accent) model, has increased capacity to 200,000 units to meet ever increasing demands. In 2012, the factory emerged as the largest car manufacturing plant in the northwest region of Russia, operating 10 percent above its stated capacity. Also, with respect to production efficiency and quality, it was recognized in 2012 as the best plant within Hyundai Motor. At present, this factory produces four models specifically developed to meet the needs and demands of Russian customers. The Solaris (Accent) model, in particular, has sold more than 300,000 units in the past three years to become the most loved foreign brand car in the country, and was also chosen as the 2012 and 2013 Russia Car of the Year.



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1. Turkey factory
2. Russia factory

GLOBAL SALES

STRENGTHENING OUR SALES NETWORK SO CUSTOMERS CAN EXPERIENCE MODERN PREMIUM

In addition to producing region-specific, localized models, Hyundai Motor has also been strengthening its global sales network through diverse efforts such as creating exclusive showrooms for premium luxury cars such as the Genesis and Centennial (Equus), opening showrooms at prime locations in major cities such as New York, London, Beijing, and Moscow, remodeling showrooms worldwide based on new, global dealership design standards, and reinforcing training of employees at the frontlines. Hyundai Motor will continue to upgrade its dealerships and to provide differentiated services to customers to boost satisfaction.

TOTAL SALES

473

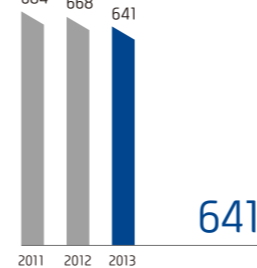
A GLOBAL SALES NETWORK THAT IS EXPANDING TO EVERY CORNER OF THE WORLD

Hyundai offers a diverse lineup of products with world-class competitiveness to customers in over 200 countries through more than 6,000 dealers and overseas regional sales and production subsidiaries. It is actively pursuing local markets by

establishing production bases in key international markets. Hyundai will continue to create and build a more effective R&D, sales, and production network to expand its global market presence.

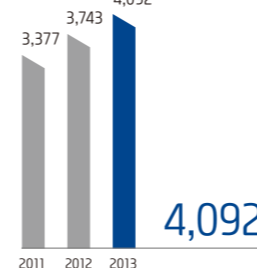
Domestic sales

*Unit: 1,000 vehicles



Overseas sales

*Unit: 1,000 vehicles

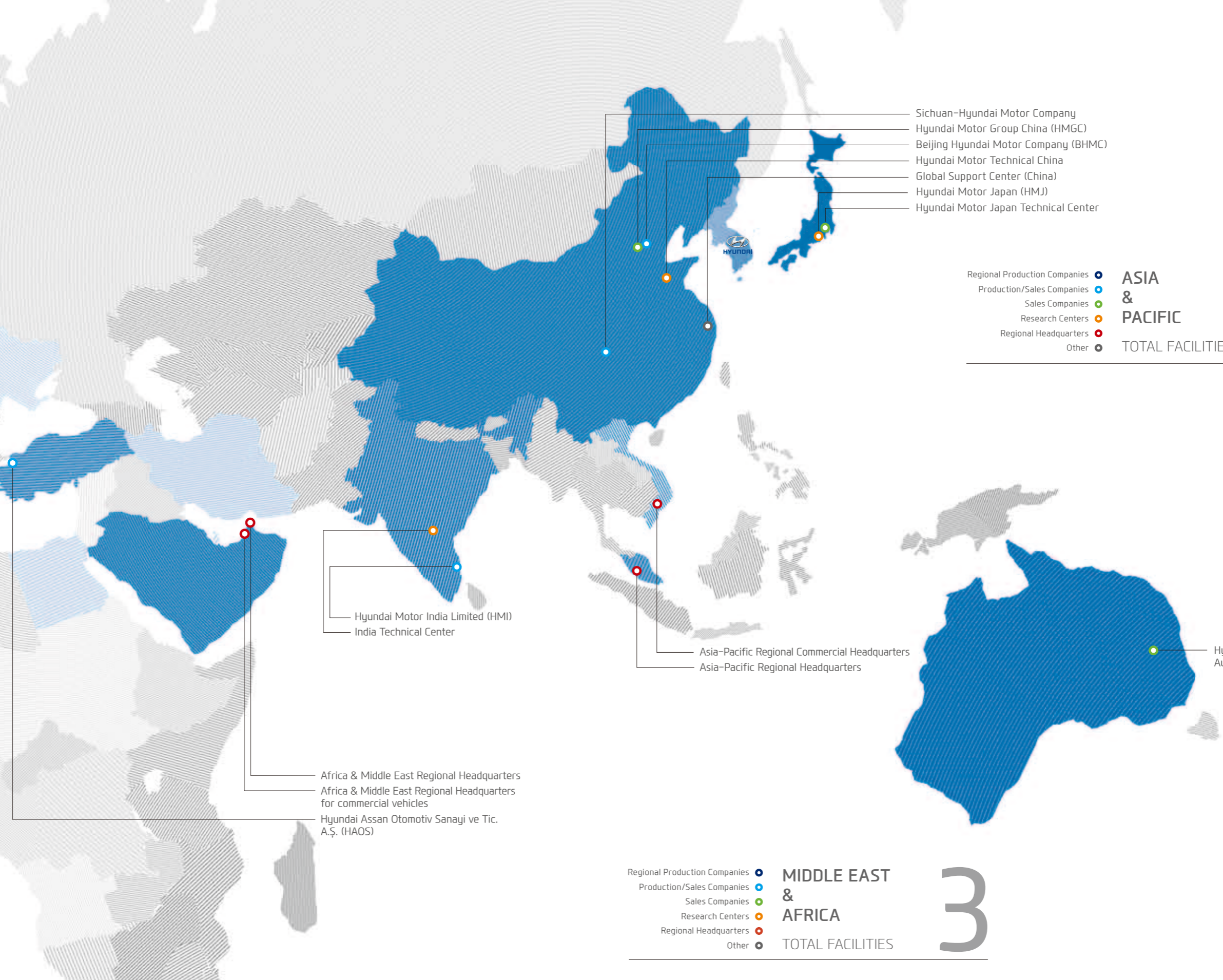


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1. Europe-specific model, ix20
2. Brazil-specific model, HB20
3. India-specific model, EON



WORLDWIDE NETWORK



- Sichuan-Hyundai Motor Company
- Hyundai Motor Group China (HMGC)
- Beijing Hyundai Motor Company (BHMC)
- Hyundai Motor Technical China
- Global Support Center (China)
- Hyundai Motor Japan (HMJ)
- Hyundai Motor Japan Technical Center

Regional Production Companies ● ASIA & PACIFIC
 Production/Sales Companies ●
 Sales Companies ●
 Research Centers ●
 Regional Headquarters ●
 Other ● TOTAL FACILITIES

12

- Hyundai Motor India Limited (HMI)
- India Technical Center

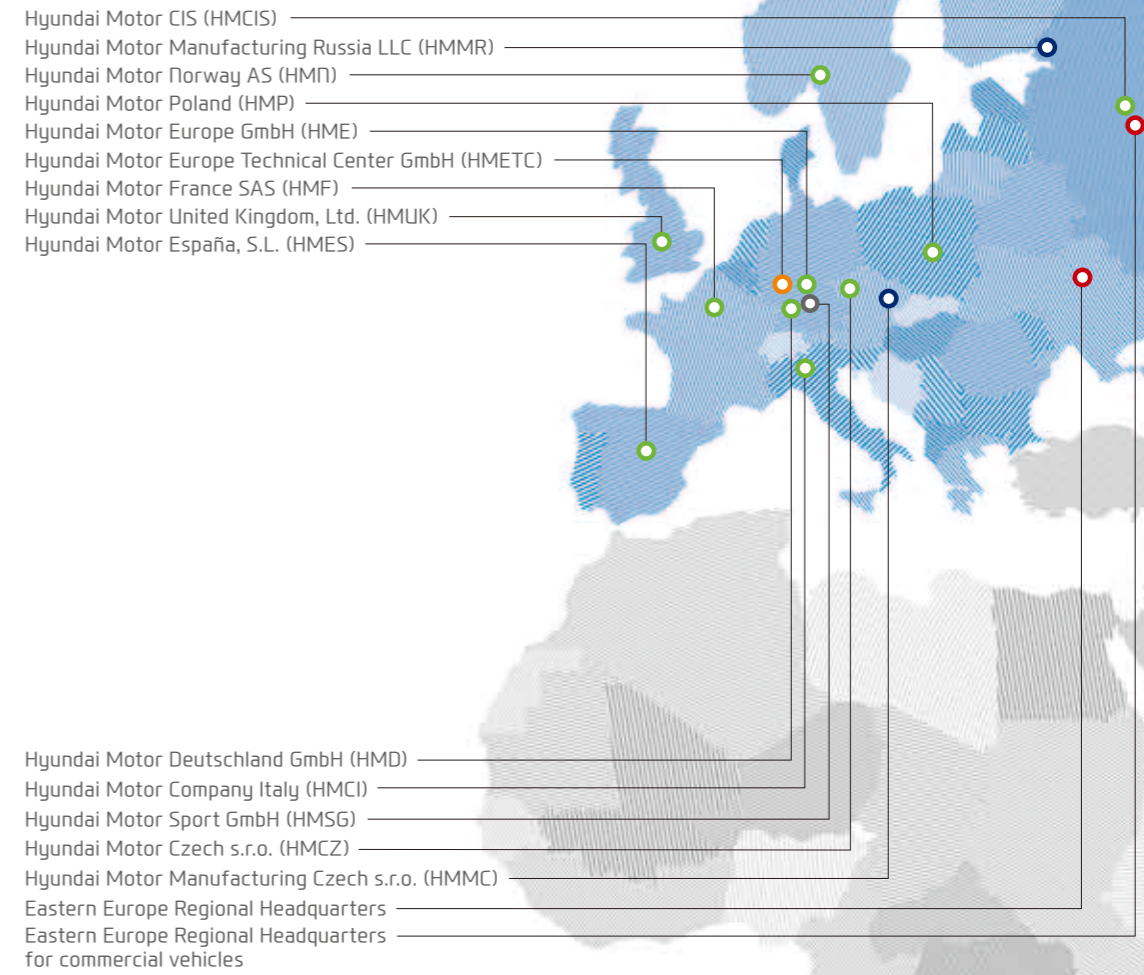
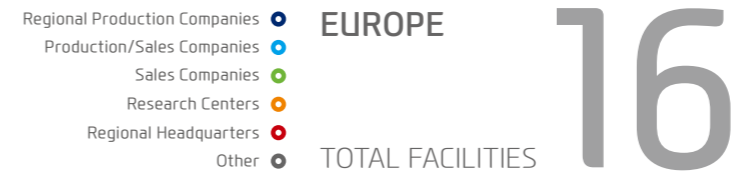
- Asia-Pacific Regional Commercial Headquarters
- Asia-Pacific Regional Headquarters

- Africa & Middle East Regional Headquarters
- Africa & Middle East Regional Headquarters for commercial vehicles
- Hyundai Assan Otomotiv Sanayi ve Tic. A.Ş. (HAOS)

- Hyundai Motor Company Australia (HMCA)

Regional Production Companies ● MIDDLE EAST & AFRICA
 Production/Sales Companies ●
 Sales Companies ●
 Research Centers ●
 Regional Headquarters ●
 Other ● TOTAL FACILITIES

3



2014 FIFA WORLD CUP BRAZIL™



GLOBAL MARKETING

HYUNDAI MOTOR IS AT THE EPICENTER OF VENUES WHERE THE WORLD'S DREAMS AND PASSIONS COME TOGETHER

Whether it is football, golf, cricket, or ski jumping, Hyundai Motor will come together and connect with people from all over the world.



SPONSORING GLOBAL CELEBRATIONS: INTERNATIONAL FOOTBALL EVENTS

Hyundai Motor has been actively supporting the world's global sports celebration, football events. After establishing ties with FIFA and UEFA in 1999, it has sponsored and conducted extensive promotional activities at international football tournaments such as the 2002 World Cup Korea-Japan, 2006 World Cup Germany, 2010 World Cup South Africa, and Euro 2000, 2004, 2008, and 2012. Hyundai Motor sponsored the FIFA Confederations Cup Brazil 2013 and staged FIFA Confederations Cup street cheering rallies under the slogan "Concentra!" (Come together!) in key cities in Brazil, where television ads were aired on large screens and onsite interactive games and events helped to build connections with customers. Hyundai Motor supplied 302 passenger cars and vans to eight participating teams, officials, and personnel to support the competition. It also produced and distributed a viral video series called "Road to 2013" featuring the Company's strategic Brazil vehicle HB20 together with the Brazilian National Team striker Fred Chavez. Finally, a large-scale, ticket promotion targeting Hyundai

Motor buyers ramped up interest in Hyundai Motors and the tournament among football fans around the world.

In 2014, as an official sponsor of 2014 FIFA World Cup Brazil, Hyundai Motor is planning diverse marketing activities that can strengthen communication and connection with customers to convey the image of Modern Premium. Under the concept of "Social World Cup," the Company is planning to hold a World Cup celebration that brings together people from all over the world with Hyundai Motor based on digital social networking, advertising, and promotions. The Company will build exclusive, large-scale, street cheering venues, known as Hyundai Fan Parks, in Korea and major cities across Europe in countries like Germany, Spain, and Bosnia. In addition, it will conduct competitions where fans from around the world will create cheers rooting for their team's victory and the global "Test-drive a Hyundai to World Cup Brazil" campaign to invite 200 winners to watch a qualifying match at FIFA World Cup Brazil.



◀ Ricardo Kaká
(Brazil)

Oscar (Brazil) ▶

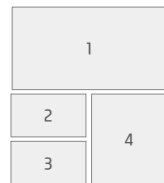
Iker Casillas ▶
(Spain)

HYUNDAI MOTOR BRAND AMBASSADORS

THREE SUPERSTARS WILL CONVEY THE EXCITEMENT OF WORLD CUP AND THE HYUNDAI MOTOR BRAND NAME.

Hyundai Motor signed Spain's Casillas and Brazil's Kaka and Oscar to be brand ambassadors for the 2014 FIFA World Cup Brazil. Casillas, Kaka, and Oscar, key players in the Spanish and Brazilian teams which are top contenders to win the 2014 FIFA World Cup Brazil, are "stars among stars" that are currently active in the world-renowned Spanish Primera Liga, the Italian Serie A, and Britain's Premier League. Hyundai Motor is confident that the three players will boost the brand's worldwide awareness and raise the tournament's excitement.

Hyundai Motor will conduct a variety of TV, magazine, and online advertising and marketing activities, and leverage the three players to imprint Hyundai Motor's brand image in the minds of soccer fans around the world. In addition to conveying the fervor of World Cup through Casillas, Kaka, and Oscar, Hyundai Motor will actively support the tournament as an official sponsor of FIFA World Cup. Hyundai Motor has been an official sponsor of FIFA World Cup since 1999 and has supported every national FIFA tournament. In 2010, it extended its sponsorship agreement until 2022, reaffirming its ongoing commitment to global football to strengthen its brand image.



1. Sponsorship of the FIS Ski-Flying World Championships
2. Sponsorship of the Ski Jumping World Cup
3. Sponsorship of the Hyundai Tournament of Champions
4. Sponsorship of the India Cricket World Cup

DIVERSIFYING SPORTS SPONSORSHIPS: FROM GOLF AND CRICKET TO SKI JUMPING

Recently, Hyundai Motor diversified its sports sponsorships to include golf, cricket, and ski jumping. From 2011, Hyundai Motor has been the title sponsor of the Hyundai Tournament of Champions, a U.S. PGA season opening competition that pitches the previous year's PGA tour winners to compete against one another. The 2014 tournament, held from January 3 to 6 in Hawaii, communicated Hyundai Motor's brand direction, Modern Premium, and eco-friendly corporate image by featuring its luxury and eco-friendly cars. On the other hand, Hyundai Motor has been supporting the International Cricket Council (ICC) starting with the sponsorship of the India Cricket World Cup in 2011, the Sri Lanka World T20 and Australia Under-19 Championship in 2012, to the India Women's Cricket World Cup and ICC Champions Trophy England & Wales in 2013. In particular, during the ICC Champions Trophy 2013 England & Wales held in June, the Company operated Hyundai Fan Parks in 7 major cities in India and staged

various promotions to connect with customers, such as the Good-Wish Ball promotion where customers recorded their cheering messages on cricket balls. In 2014, Hyundai Motor sponsored the Cricket T20 World Cup held in Bangladesh, obtaining great response in countries like India, where cricket is immensely popular and 1.3 million fans came together at Hyundai Fan Parks. In addition, Hyundai Motor began to support the International Ski Federation's (FIS) ski jumping championships in 2012 by sponsoring the 2012 and 2014 FIS Ski-Flying World Championships and the 2012-2013 and 2013-2014 Ski Jumping World Cup seasons. It provided 37 vehicles to support the Nordic World Ski Championships held in February 2013 in Fiemme, Italy, and helped the smooth completion of diverse FIS events by supplying a total of 335 vehicles. Hyundai Motor will continue to excite customers and promote the value of the brand by supporting a greater variety of sports disciplines.



5. 2014 Geneva International Motor Show
6. 2014 North American International Auto Show (Detroit)
7. 2013 International Automobile Ausstellung (Frankfurt)



MOTOR SHOWS, THE HOTTEST SHOWS FOR AUTOMOBILE BRANDS

Hyundai Motor actively participates in major international auto shows in the U.S., Europe, and China, as well as emerging markets, to allow its global audience to experience the value of the Hyundai Motor brand. Hyundai Motor greeted visitors at the Geneva International Motor Show in March 2013 and the International Automobile Ausstellung in Frankfurt in September with a sophisticated, three-dimensional booth and the Brilliant Wall that awed viewers with its amazing and innovative LED effects. It launched the New i10 in Frankfurt, focusing attention on its Europe-specific new models. Hyundai Motor affirmed its commitment to the Chinese market by launching Grand Santa Fe, its China-only Mistra sedan, and Sonata Hybrid at Auto Shanghai in April and Auto Guangzhou in November. The Company also participated in the largest motor show in the Middle East, the Dubai Motor Show, in November 2013. Taking into con-

sideration the importance of luxury car models in the Middle East, it unveiled HCD-14, concept car of the All-new Genesis, raising further anticipation for the new vehicle that was launched in 2014. In 2014, Hyundai Motor will continue to participate in various international motor shows to connect with customers across the globe. In January, the Company launched the All-new Genesis at the North American International Auto Show in Detroit, and in March, it unveiled the HED-9 Intrado concept car at the Geneva International Motor Show with its next generation hydrogen fuel cell powertrain, providing a glimpse into Hyundai Motor's innovative technology. In April, the Company unveiled its China-specific ix25 premium compact SUV at the Beijing International Automobile Exhibition. Hyundai Motor will continue to offer diverse content in 2014 that will convey its new and exciting brand value to customers across the world.

WORLD RALLY CHAMPIONSHIP

HYUNDAI MOTOR IS ZOOMING THROUGH WRC, THE TOUGHEST COMPETITION GROUND FOR THE WORLD'S AUTOMAKERS.

Already in its 42nd year since it began in 1973, the FIA World Rally Championship (WRC) is a battling ground where the world's major automakers equip their cars to race in a fierce competition. Together with F1, a competition of non-commercial vehicles, WRC is considered to be the pinnacle of car racing. Starting with Rallye Monte Carlo (Monaco) in January, WRC is held in 13 countries around the world and has a significant impact improving brand awareness and increasing foreign sales.



1. WRC Rally Guanajuato Mexico
2. WRC Rally Sweden
3. WRC Rally de Portugal

THE AMBITIOUS DREAMS OF THE I20 WRC RALLY CAR

After unveiling its converted i20 world rally car at the Paris Motor Show in 2012, Hyundai Motor established the Hyundai Motor Sports subsidiary in Germany and embarked on a year of preparations for WRC 2014. i20 is Hyundai Motor's strategic supermini car for Europe whose overall length, wheelbase and specifications qualify for WRC. The i20 World Rally Car (i20WRC) is equipped to deliver the highest level of power and performance with a 300 hp, 1,600 cc engine and turbocharger, 6-speed sequential transmission, and a 4-wheel-drive system. It also has a newly developed suspension system that will deliver optimum driving performance on a variety of road surfaces. In particular, the dedicated engineers from Namyang Technology Research Center and professional rally

car engineers from Europe cooperated in every step of the rally car's development to ensure durability and performance in extreme driving conditions and to optimize the vehicle's aerodynamic design. Starting from the opening race in January in Monaco to the Rally Sweden in February and the notoriously difficult Rally Guanajuato Mexico, the i20WRC performed remarkably. It set a historical record by landing at No. 3 in only its third race, demonstrating Hyundai Motor's prowess as a global car maker, its state-of-the-art technology, and durability. Hyundai Motor aims to complement its high-quality image with a new high-level-performance image by participating at the World Rally Championship.

MOVING THE WORLD TOGETHER

JUST AS HYUNDAI MOTOR TRIES TO MOVE CUSTOMERS' HEARTS WITH ITS PRODUCTS, IT WILL DO ITS BEST TO TOUCH PEOPLE'S HEARTS THROUGH CORPORATE SOCIAL RESPONSIBILITY

The role of Hyundai Motor as a global automotive leader is not only to develop eco-friendly cars of the highest quality, but also to study ways to improve the overall well-being of people in our society. Hyundai Motor will strive to do its best to facilitate the well-being of our global community by contributing in ways that best match the character and strengths of the Company.



SOCIAL CONTRIBUTION SYMBOL AND SLOGAN

As a slogan that summarizes the Company's entire social contribution philosophy, "Moving the World Together" expresses Hyundai Motor's desire to make changes for the better together with its neighbors through love and actions. "Moving" represents the desire for continuous change and development, "world" represents the hopes and dreams of the world, and "together" represents the harmonious partnership with society. To strengthen the company's resolve to make "Moving the World Together" a reality, the slogan has been translated into 23 languages.



SAFE MOVE

Hyundai Motor is spreading a culture of traffic safety through its Safe Move campaign under the motto "Making Safe Streets Together." It incorporates initiatives such as organizing car accident prevention classes for children, implementing preventive measures against car crashes, and supporting car accident victims.





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1. Signing ceremony to air the "Traffic Safety with Robo-car Poli" animation on CCTV in China.
2. Three-leaf Clover "Find a Dream" camp.
3. SONATA The brilliant Sound Project

PROMOTING TRAFFIC SAFETY

In 2013, Hyundai Motor expanded the Safe Move campaign to promote traffic safety overseas. It produced and broadcasted the "Traffic Safety with Robo-car Poli" animation on CCTV in China and CTC in Russia, and conducted numerous experiential education programs to teach children about traffic safety. In Korea, Hyundai Motor conducted Robo-car Poli Traffic Safety classes in 140 primary schools and ran a special exhibition at the "Seoul Character Licensing Fair" to teach traffic safety to children. Last year, Hyundai Motor bolstered its Three-leaf Clover program for children orphaned by car accidents. In addition to material and monetary support, the Company launched the "Find a Dream" mentoring program to help children realize their dreams. In 2013, it granted the wishes of 1,266 children and helped them find their dreams and happiness. Separately, to lower the number of over 300,000 wild animal road kills nationwide every year and the surge in secondary traffic accidents, Hyundai Motor supported the establishment of Korea's first organization for the prevention of road kill. Hyundai Motor plans to embark on more diverse efforts to promote traffic safety and to build a safer community.

SHARING SOUNDS WITH THE HEARING-IMPAIRED THROUGH MUSIC SEATS

Hyundai Motor created and distributed the "SONATA Touchable Music Seats" in 2013 as part of its "SONATA The brilliant Sound Project" to enable the hearing-impaired to enjoy music. Based on the insight that the hearing-impaired have a heightened sense of touch, Hyundai Motor's Pamyang Technology Research Center and the Sogang University Graduate School of Media co-developed chairs that enable the hearing-impaired to listen to music, not through sounds, but through vibrations on their skin. The Company ran an online donation program for every 1,000 participants to donate 1 seat. To garner support, Music Seats were placed in cafes in downtown Seoul for hands-on experience. Going a step further, Hyundai Motor created precious memories for hearing impaired children by installing Music Seats in a concert hall and making it possible for them to experience a concert for the very first time. As a result of these efforts, over 50,000 people participated in the "SONATA The brilliant Sound Project" and Hyundai Motor donated 5 Music Seats and a multimedia audio-visual studio to 10 schools for the deaf nationwide. The project offered shining moments in people's lives by using state-of-the-art technology to create experiences that otherwise would not have been possible.

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5	6

4. Employees personally plan and direct volunteer activities under the H-Volunteer Designer program.
5. Employees and their children together with foreign college student volunteers at the H-Family Workcamp.
6. Employees and their families with disabled children at the H-Family Volunteer Program.



CORPORATE RESPONSIBILITY THROUGH SINCERE VOLUNTEER ACTIVITIES

In 2013, Hyundai Motor focused on expanding volunteer activities prompted by genuine interest in the cause. In addition to regular volunteer activities related to sisterhood facilities, holidays and New Year, and 1-to-1 rural village outreach programs, the Company supported 165 H-Volunteer Designer programs in which employees voluntarily selected a goal and location and initiated social programs, such repairing vehicles for the disabled or teaching Korean and Korean culture to migrant workers. In addition, through the H-Family Volunteer program, the Company enabled disabled children to relax and enjoy new experiences with employees and their families, such as cooking contests, traditional culture, and mini sports competitions. Separately, the Company ran the H-Family Workcamp, a camp for foreign college student volunteers, employees, and their children to contribute to rural communities. For 3 nights and 4 days at Youngwol in the Gangwon province, volunteers repainted local children's center facilities, harvested crops, made kimchi, and cleaned-up a local river. Finally, at the H-Volunteer Festival, the Company recapped the year's worth of volunteer and social contribution activities and held cultural performances for the underprivileged. In the future, Hyundai Motor will continue to explore ways to connect with people in need through volunteer activities that emanate from the heart.

STRENGTHENING OUR TOP 3 INITIATIVES TO ESTABLISH A TRAFFIC SAFETY CULTURE

The focus of Hyundai Motor's 2014 social contribution programs is to reinforce its 3 main traffic safety initiatives: Traffic Safety with Robo-car Poli, Three-leaf Clover, and support for the Korea National Society for the Prevention of Road Kill. Hyundai Motor will increase the scope and scale of Robo-car Poli Traffic Safety Classes and implement the program overseas. It will stand in the forefront of efforts to prevent traffic accidents involving children by distributing the road safety animation series worldwide. In addition, it will scale up the Three-leaf Clover "Find a Dream" mentoring program and conduct diverse activities, such as Dream Finding Mentoring, career counseling presentations and meet-and-greet sessions with professionals, to fulfill its role as a dependable companion to children orphaned in traffic accidents and as an enabler that helps their dreams come true. Hyundai Motor will continue to support the Korea National Society for the Prevention of Road Kill by advocating road kill prevention and the construction of wildlife pathways. Hyundai Motor will fulfill its responsibility and duties as a car manufacturer through extensive, multifaceted efforts.

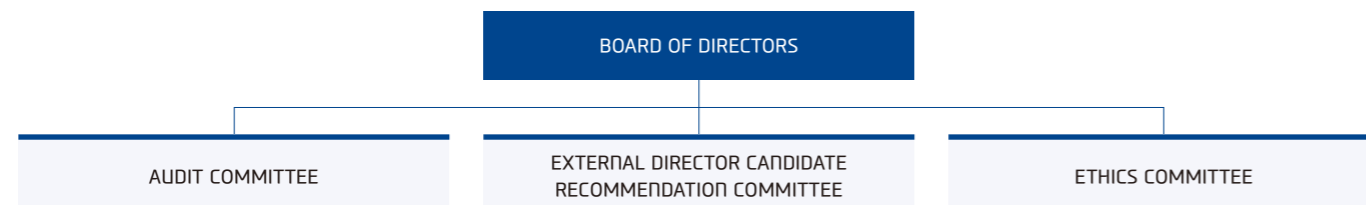
CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

BLUE WAVES IN HYUNDAI

HMC HAS BOARD OF DIRECTORS AND THREE SUBCOMMITTEES INCLUDING AUDIT COMMITTEE, EXTERNAL DIRECTOR CANDIDATE RECOMMENDATION COMMITTEE AND ETHICS COMMITTEE UNDER THE BOARD OF DIRECTORS.

THE BOARD OF DIRECTORS

The BOD makes decisions on matters stipulated by law and the Articles of Incorporation, as well as issues delegated to it through shareholders' meetings. The BOD sets guidelines for the company's management and makes important decisions related to the execution of projects. The BOD supervises the work of executives and management. The BOD consists of four internal and five external directors. The BOD convenes regular board meetings as well as extraordinary meetings whenever necessary.



BOD Members (as of end April 2014)

	Name	Title/Affiliation	Joint Positions Held		
			External Director Candidate Recommendation Committee	Audit Committee	Ethics Committee
Internal	Mong-Koo Chung	Chairman & CEO	○	-	-
	Eui Sun Chung	Vice Chairman	-	-	-
	Choong Ho Kim	President & CEO	○	-	○
	Gap Han Yoon	President & CEO	-	-	-
External	Il Hyung Kang	Representative Tax Accountant, Daeun Tax Corporation	○	○	-
	Se Bin Oh	Lawyer, Dong In Law Group	○	○	○
	Young Chul Yim	Lawyer, Shin & Kim	-	○	○
	Sung Il Nam	Professor of Economics, Sogang University	○	○	-
	You Jae Yi	Professor of Business Administration, Seoul National University	-	-	○

* Detailed information on the directors can be found at HMC's homepage (Korean: <http://pr.hyundai.com>; English: http://worldwide.hyundai.com/worldwide_index.html) or the Financial Supervisory Service(FSS)'s electronic disclosure system (<http://dart.fss.or.kr>).

Key Activities of the BOD in 2013

Meetings	Date	Agenda	Resolution
1 st General	Jan. 24, 2013	• Approval of financial statements for the 45th fiscal year and 6 other items	Approved
Extraordinary	Feb. 21, 2013	• Approval of agenda items for the 45th General Shareholders' meeting and 1 other item	Approved
Extraordinary	Mar. 15, 2013	• Approval of an appointment of CEO and 4 other items	Approved
2 nd General	Apr. 25, 2013	• Approval of a transaction with a company that has the same majority shareholder and 2 other items	Approved
3 rd General	Jul. 25, 2013	• Approval of a transaction with a company that has the same majority shareholder and 1 other item	Approved
4 th General	Oct. 24, 2013	• Approval of a transaction with a company that has the same majority shareholder and 2 other items	Approved

* Detailed information can be found at HMC's homepage (<http://pr.hyundai.com>) or the FSS's electronic disclosure system (<http://dart.fss.or.kr>).

THE AUDIT COMMITTEE AND THE EXTERNAL DIRECTOR CANDIDATE RECOMMENDATION COMMITTEE

The Audit Committee consists of four external directors. Its duties include auditing the company's management and accounting, requesting business reports from executives, and monitoring the company's financial status. The Audit Committee can raise discussions on matters related to general shareholders' meetings, directors and the BOD, and auditing issues. Internal systems to enable members' access to management information necessary for proper auditing are in place.

The External Director Candidate Recommendation Committee consists of two internal directors and three external directors. All external directors are appointed after being recommended by the Recommendation Committee. Compensation for directors was capped at KRW 15 billion at the 2013 General Shareholders' Meeting. Total compensation for internal and external directors from 1 January to 31 December 2013 amounted to KRW 9.7 billion. Average compensation for internal directors was KRW 2.3 billion and KRW 87 million for external directors.

Key Activities of the Audit Committee in 2013

Meetings	Date	Agenda	Resolution
1 st General	Jan. 24, 2013	• Approval of financial statements for the 45th fiscal year and 2 other items	Approved
Extraordinary	Feb. 21, 2013	• Approval of agenda items for the 45th General Shareholders' Meeting and 1 other item	Approved
Extraordinary	Mar. 15, 2013	-	-
2 nd General	Apr. 25, 2013	-	-
3 rd General	Jul. 25, 2013	-	-
4 th General	Oct. 24, 2013	-	-

* Detailed information can be found at the FSS's electronic disclosure system (<http://dart.fss.or.kr>).

THE ETHICS COMMITTEE

Hyundai Motor Company established the Ethics Committee in 2007 to improve transparency of internal transactions and to ensure ethical management of the company. Ethical management and internal transaction restrictions were further reinforced in 2012 when the Committee was reorganized as a sub-committee of the BOD. The Ethics Committee consists of three external directors and one internal director. The chairmanship is held by an external director.

Key Activities of the Ethics Committee in 2013

Meetings	Date	Agenda	Resolution
1 st General	Jan. 24, 2013	• Approval of key social contribution plans for 2013 and 2 other items	Approved
2 nd General	Apr. 25, 2013	• Approval of a transaction with a company that has the same majority shareholder and 2 other items	Approved
3 rd General	Jul. 25, 2013	• Approval of a transaction with a company that has the same majority shareholder and 1 other item	Approved
4 th General	Oct. 24, 2013	• Approval of a transaction with a company that has the same majority shareholder and 2 other items	Approved

* Detailed information can be found at the FSS's electronic disclosure system (<http://dart.fss.or.kr>).

FINANCIAL STATEMENTS

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

INDEPENDENT AUDITORS' REPORT

ENGLISH TRANSLATION OF A REPORT ORIGINALLY ISSUED IN KOREAN

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF HYUNDAI MOTOR COMPANY:

We have audited the accompanying consolidated financial statements of Hyundai Motor Company (the "Company") and its subsidiaries. The financial statements consist of the consolidated statements of financial position as of December 31, 2013 and 2012, respectively, and the related consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows, for the years then ended, respectively, all expressed in Korean won. The Company's management is responsible for the preparation and fair presentation of the consolidated financial statements and our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain subsidiaries, including Hyundai Capital Services, Inc., whose statements reflect 42.3% and 42.3% of the consolidated total assets as of December 31, 2013 and 2012, respectively, and 49.0% and 49.9% of the consolidated total sales for the years then ended, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2013 and 2012, respectively, and the results of its operations and its cash flows for the years then ended, respectively, in conformity with Korean International Financial Reporting Standards ("K-IFRS").

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

March 6, 2014

Deloitte Anjin LLC

NOTICE TO READERS

This report is effective as of March 6, 2014, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the auditors' report.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2013
AND 2012

ASSETS	In millions of Korean Won	
	December 31, 2013	December 31, 2012
Current assets:		
Cash and cash equivalents (Note 19)	₩ 6,872,430	₩ 6,759,338
Short-term financial instruments (Note 19)	14,875,288	12,384,057
Trade notes and accounts receivable (Note 3, 19)	3,485,345	3,686,824
Other receivables (Note 4, 19)	3,118,386	2,304,410
Other financial assets (Note 5, 19)	507,821	109,299
Inventories (Note 6)	7,073,116	6,772,864
Current tax assets	54,845	34,575
Financial services receivables (Note 13, 19)	21,178,591	20,867,467
Non-current assets classified as held for sale (Note 8)	22,347	23,307
Other assets (Note 7, 19)	1,667,936	1,905,445
Total current assets	58,856,105	54,847,586
Non-current assets:		
Long-term financial instruments (Note 19)	35,495	1,359
Long-term trade notes and accounts receivable (Note 3, 19)	43,309	43,801
Other receivables (Note 4, 19)	1,127,839	1,036,609
Other financial assets (Note 5, 19)	2,731,884	1,594,464
Property, plant and equipment (Note 9)	21,462,587	20,739,858
Investment property (Note 10)	263,984	282,832
Intangible assets (Note 11)	3,129,090	2,883,218
Investments in joint ventures and associates (Note 12)	14,694,995	13,117,731
Deferred tax assets (Note 32)	521,399	489,080
Financial services receivables (Note 13, 19)	19,835,016	18,626,764
Operating lease assets (Note 14)	10,564,876	7,830,088
Other assets (Note 7, 19)	154,900	44,424
Total non-current assets	74,565,374	66,690,228
Total assets	₩ 133,421,479	₩ 121,537,814

(Continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2013
AND 2012

LIABILITIES AND EQUITY	In millions of Korean Won	
	December 31, 2013	December 31, 2012
Current liabilities:		
Trade notes and accounts payable (Note 19)	₩ 6,722,740	₩ 6,841,326
Other payables (Note 19)	4,687,490	4,542,007
Short-term borrowings (Note 15, 19)	5,292,798	6,781,749
Current portion of long-term debt and debentures (Note 15, 19)	8,685,254	7,912,341
Income tax payable	605,280	550,847
Provisions (Note 16)	1,782,937	1,768,014
Other financial liabilities (Note 17, 19)	144,069	148,311
Other liabilities (Note 18, 19)	3,999,114	4,291,104
Total current liabilities	31,919,682	32,835,699
Non-current liabilities:		
Long-term other payables (Note 19)	15,964	8,271
Debentures (Note 15, 19)	29,322,780	26,370,689
Long-term debt (Note 15, 19)	4,666,030	4,142,473
Net defined benefit liabilities (Note 33)	389,306	821,749
Provisions (Note 16)	5,122,982	5,240,744
Other financial liabilities (Note 17, 19)	440,113	356,193
Deferred tax liabilities (Note 32)	3,352,352	2,362,063
Other liabilities (Note 18, 19)	1,609,481	1,482,358
Total non-current liabilities	44,919,008	40,784,540
Total liabilities	76,838,690	73,620,239
Equity:		
Capital stock (Note 20)	1,488,993	1,488,993
Capital surplus (Note 21)	4,130,668	4,158,988
Other capital items (Note 22)	(1,128,779)	(1,128,779)
Accumulated other comprehensive income (Note 23)	(834,036)	(473,373)
Retained earnings (Note 24)	48,274,239	39,993,230
Equity attributable to the owners of the Parent Company	51,931,085	44,039,059
Non-controlling interests	4,651,704	3,878,516
Total equity	56,582,789	47,917,575
Total liabilities and equity	₩ 133,421,479	₩ 121,537,814

(Concluded)

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

	In millions of Korean Won, except per share amounts	
	2013	2012
Sales (Note 25, 38)	₩ 87,307,636	₩ 84,469,721
Cost of sales (Note 30)	67,859,491	64,967,273
Gross profit	19,448,145	19,502,448
Selling and administrative expenses (Note 26, 30)	11,132,648	11,061,847
Operating income	8,315,497	8,440,601
Gain on investments in joint ventures and associates, net (Note 27)	3,057,109	2,581,564
Finance income (Note 28)	805,261	969,726
Finance expenses (Note 28)	552,709	624,473
Other income (Note 29)	1,138,001	1,231,360
Other expenses (Note 29, 30)	1,066,453	988,336
Income before income tax	11,696,706	11,610,442
Income tax expense (Note 32)	2,703,209	2,549,310
Profit for the year	₩ 8,993,497	₩ 9,061,132
Profit attributable to:		
Owners of the Parent Company	8,541,834	8,566,568
Non-controlling interests	451,663	494,564
Earnings per share attributable to the owners of the Parent Company: (Note 31)		
Basic earnings per common share	₩ 31,441	₩ 31,532
Diluted earnings per common share	₩ 31,441	₩ 31,532

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

	In millions of Korean Won	
	2013	2012
Profit for the year	₩ 8,993,497	₩ 9,061,132
Other comprehensive income (expenses):		
Items that will not be reclassified subsequently to profit or loss:		
Effect of changes in accounting policies	-	(4,855)
Remeasurements of defined benefit plans	249,790	(247,197)
Changes in retained earnings of equity-accounted investees, net	13,206	(102,759)
	262,996	(354,811)
Items that may be reclassified subsequently to profit or loss:		
Gain (loss) on available-for-sale ("AFS") financial assets, net	59,155	(80,693)
Gain on valuation of cash flow hedge derivatives, net	6,263	55,471
Changes in share of earnings of equity-accounted investees, net	(60,746)	(190,728)
Loss on foreign operations translation, net	(383,309)	(636,824)
	(378,637)	(852,774)
Total other comprehensive loss	(115,641)	(1,207,585)
Total comprehensive income	₩ 8,877,856	₩ 7,853,547
Comprehensive income attributable to:		
Owners of the Parent Company	8,441,925	7,378,454
Non-controlling interests	435,931	475,093

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

In millions of Korean Won

	Capital Stock	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total equity attributable to the owners of the Parent Company	Non-controlling interests	Total equity
Balance at January 1, 2012	₩ 1,488,993	₩ 4,114,010	₩ (1,128,779)	₩ 375,281	₩ 32,263,528	₩ 37,113,033	₩ 3,214,669	₩ 40,327,702
Comprehensive income:								
Effect of changes in accounting policies	-	-	-	-	(4,743)	(4,743)	(112)	(4,855)
Profit for the year	-	-	-	-	8,566,568	8,566,568	494,564	9,061,132
Gain (loss) on AFS financial assets, net	-	-	-	(81,330)	-	(81,330)	637	(80,693)
Gain on valuation of cash flow hedge derivatives, net	-	-	-	29,746	-	29,746	25,725	55,471
Changes in valuation of equity-accounted investees, net	-	-	-	(189,602)	(102,759)	(292,361)	(1,126)	(293,487)
Remeasurements of defined benefit plans	-	-	-	-	(231,958)	(231,958)	(15,239)	(247,197)
Loss on foreign operations translation, net	-	-	-	(607,468)	-	(607,468)	(29,356)	(636,824)
Total comprehensive income	-	-	-	(848,654)	8,227,108	7,378,454	475,093	7,853,547
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(480,105)	(480,105)	(43,262)	(523,367)
Increase in subsidiaries' stock	-	42,866	-	-	-	42,866	232,050	274,916
Disposals of subsidiaries' stock	-	2,112	-	-	-	2,112	(10)	2,102
Others	-	-	-	-	(17,301)	(17,301)	(24)	(17,325)
Total transactions with owners, recorded directly in equity	-	44,978	-	-	(497,406)	(452,428)	188,754	(263,674)
Balance at December 31, 2012	₩ 1,488,993	₩ 4,158,988	₩ (1,128,779)	₩ (473,373)	₩ 39,993,230	₩ 44,039,059	₩ 3,878,516	₩ 47,917,575

(Continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

In millions of Korean Won

	Capital Stock	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total equity attributable to the owners of the Parent Company	Non-controlling interests	Total equity
Balance at January 1, 2013	₩ 1,488,993	₩ 4,158,988	₩ (1,128,779)	₩ (473,373)	₩ 39,993,230	₩ 44,039,059	₩ 3,878,516	₩ 47,917,575
Comprehensive income:								
Profit for the year	-	-	-	-	8,541,834	8,541,834	451,663	8,993,497
Gain on AFS financial assets, net	-	-	-	58,197	-	58,197	958	59,155
Gain on valuation of cash flow hedge derivatives, net	-	-	-	2,319	-	2,319	3,944	6,263
Changes in valuation of equity-accounted investees, net	-	-	-	(61,148)	13,206	(47,942)	402	(47,540)
Remeasurements of defined benefit plans	-	-	-	-	247,548	247,548	2,242	249,790
Loss on foreign operations translation, net	-	-	-	(360,031)	-	(360,031)	(23,278)	(383,309)
Total comprehensive income	-	-	-	(360,663)	8,802,588	8,441,925	435,931	8,877,856
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(520,832)	(520,832)	(111,697)	(632,529)
Purchase of subsidiaries' stock	-	(53,599)	-	-	-	(53,599)	(121,676)	(175,275)
Increase in subsidiaries' stock	-	25,279	-	-	-	25,279	571,225	596,504
Others	-	-	-	-	(747)	(747)	(595)	(1,342)
Total transactions with owners, recorded directly in equity	-	(28,320)	-	-	(521,579)	(549,899)	337,257	(212,642)
Balance at December 31, 2013	₩ 1,488,993	₩ 4,130,668	₩ (1,128,779)	₩ (834,036)	₩ 48,274,239	₩ 51,931,085	₩ 4,651,704	₩ 56,582,789

See accompanying notes to consolidated financial statements.

(Concluded)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012

	In millions of Korean Won	
	2013	2012
Cash flows from operating activities:		
Cash generated from operations: (Note 34)		
Profit for the year	₩ 8,993,497	₩ 9,061,132
Adjustments	7,332,779	7,118,536
Changes in operating assets and liabilities	(13,217,233)	(8,311,579)
	3,109,043	7,868,089
Interest received	703,243	617,736
Interest paid	(1,444,092)	(1,660,401)
Dividend received	787,804	744,132
Income tax paid	(1,947,532)	(2,229,870)
Net cash provided by operating activities	1,208,466	5,339,686
Cash flows from investing activities:		
Proceeds from withdrawal (purchase) of short-term financial instruments, net	224,284	(1,900,099)
Proceeds from disposals of other financial assets	71,693	448,109
Receipts from other receivables	76,395	93,261
Proceeds from disposals of property, plant and equipment	306,471	69,230
Proceeds from disposals of intangible assets	26,673	1,935
Proceeds from disposals of investments in joint ventures and associates	1,504	241,806
Acquisitions of other financial assets	(107,515)	(539,551)
Increases in other receivables	(96,776)	(97,098)
Purchases of long-term financial instruments	(2,854,853)	(1,160,000)
Acquisitions of property, plant and equipment	(3,171,093)	(3,000,038)
Acquisitions of intangible assets	(991,064)	(798,607)
Acquisitions of investments in subsidiaries	-	(290,989)
Acquisitions of investments in joint ventures and associates	(131,088)	(275,104)
Other cash receipts from investing activities, net	24,637	8,012
Net cash used in investing activities	(6,620,732)	(7,199,133)
Cash flows from financing activities:		
Repayment of short-term borrowings, net	(864,251)	(1,363,213)
Proceeds from long-term debt and debentures	23,632,277	23,448,538
Paid-in capital increase of subsidiaries	476,493	277,476
Purchase of subsidiaries' stock	(175,275)	-
Repayment of long-term debt and debentures	(16,669,654)	(18,890,467)
Repayment of other financial liabilities	-	(341,484)
Dividends paid	(632,529)	(523,367)
Other cash payments from financing activities, net	(51,611)	(34,652)
Net cash provided by financing activities	5,715,450	2,572,831
Effect of exchange rate changes on cash and cash equivalents	(190,092)	(185,992)
Net increase in cash and cash equivalents	113,092	527,392
Cash and cash equivalents, beginning of the year	6,759,338	6,231,946
Cash and cash equivalents, end of the year	₩ 6,872,430	₩ 6,759,338

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS
ENDED DECEMBER 31, 2013
AND 2012

1. GENERAL:

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

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

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

(1) THE COMPANY'S CONSOLIDATED SUBSIDIARIES AS OF DECEMBER 31, 2013, ARE AS FOLLOWS:

Subsidiaries	Nature of the business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	56.47%	
Hyundai Card Co., Ltd. (*)	-	-	36.96%	
Hyundai Rotem Company (Hyundai Rotem) (*)	Manufacturing	-	43.36%	
Hyundai KEFICO Corporation (Hyundai KEFICO)	-	-	100.00%	
Green Air Co., Ltd.	-	-	51.00%	Hyundai Rotem 51.00%
Hyundai Auto Electronics Company Ltd.	R&D	-	60.00%	
Hyundai Partecs Co., Ltd.	Manufacturing	-	56.00%	
Hyundai NGV Tech Co., Ltd.	Engineering	-	53.66%	
Maintrans Co., Ltd.	Services	-	80.00%	Hyundai Rotem 80.00%
Jeonbuk Hyundai Motors FC Co., Ltd.	Football Club	-	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	-	85.00%	HMA 85.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	-	100.00%	HMA 100.00%
Hyundai Translead, Inc. (HT)	-	-	100.00%	
Stamped Metal American Research Technology, Inc. (SMARTI)	Holding company	-	72.45%	HMA 72.45%
Stamped Metal American Research Technology LLC	Manufacturing	-	100.00%	SMARTI 100.00%
Hyundai America Technical Center, Inc. (HATCI)	R&D	-	100.00%	
Rotem USA Corporation	Manufacturing	-	100.00%	Hyundai Rotem 100.00%
Hyundai Auto Canada Corp. (HAC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	-	100.00%	HAC 100.00%
Hyundai Motor India Limited (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	-	100.00%	HMI 100.00%
Hyundai Capital India Private Limited (HCI)	Financing	-	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	-	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	-	-	100.00%	BJMSS 100.00%
Beijing Xinhuaixiaiquetong Motor Chain Co., Ltd.	-	-	100.00%	-
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	-	99.00%	CMEs 99.00%
Rotem Equipments (Beijing) Co., Ltd.	Sales	-	100.00%	Hyundai Rotem 100.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Subsidiaries	Nature of the business	Location	Ownership percentage	Indirect ownership
KEFICO Automotive Systems (Beijing) Co., Ltd.	Manufacturing	China	100.00%	Hyundai KEFICO 100.00%
KEFICO VIETNAM COMPANY LIMITED	-	Vietnam	100.00%	-
Hyundai Motor Company Australia Pty Limited (HMCA)	Sales	Australia	100.00%	-
Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)	Manufacturing	Czech	100.00%	-
Hyundai Motor Czech s.r.o (HMCZ)	Sales	-	100.00%	-
Hyundai Motor Europe GmbH (HME)	Marketing and Sales	Germany	100.00%	-
Hyundai Motor Deutschland GmbH (HMD)	Sales	-	100.00%	-
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	-	100.00%	-
Hyundai Motor Sport GmbH (HMSG)	Marketing	-	100.00%	HME 100.00%
Hyundai Capital Europe GmbH	Financing	-	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	-
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.40%
Hyundai Motor Commonwealth of Independent States (HMCIS)	Sales	Russia	100.00%	HMCIS B.V 100.00%
Hyundai Capital Services Limited Liability Company	Financing	-	100.00%	Hyundai Capital Europe 100.00%
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	Turkey	89.29%	-
Hyundai EURotem Demiryolu Araclarive Ve Ticaret A.S.	-	-	50.50%	Hyundai Rotem 50.50%
Hyundai Motor UK Limited (HMIUK)	Sales	UK	100.00%	-
Hyundai Motor Company Italy S.r.l (HMI)	-	Italy	100.00%	-
Hyundai Motor Espana. S.L (HMES)	-	Spain	100.00%	-
Hyundai Motor France SAS (HMF)	-	France	100.00%	-
Hyundai Motor Poland Sp. Zo.O (HMP)	-	Poland	100.00%	-
Hyundai Motor Norway AS (HMP)	-	Norway	100.00%	-
Hyundai Motor De Mexico (HMM)	-	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	-	99.99%	HT 99.99%
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
Hyundai Motor Hungary (HMH)	Sales	Hungary	100.00%	-
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	Manufacturing	Brazil	100.00%	-
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	Financing	-	100.00%	Hyundai Capital Services 100.00%
China Millennium Corporations (CMEs)	Holding company	Cayman Islands	59.60%	-
Macquarie Lion Private Equity Security Investment Trust No.45	Investment	Korea	100.00%	-
Shinhan BPPP Private Corporate Security Investment Trust No.27	-	-	100.00%	-
Miraeasset Triumph Private Equity Security Investment Trust No.13	-	-	100.00%	-
IBK Panorama Private Equity Security Investment Trust No.50	-	-	100.00%	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Subsidiaries	Nature of the business	Location	Ownership percentage	Indirect ownership
Woori Frontier Private Equity Security Investment Trust No.5	Investment	Korea	100.00%	-
KTB Safe Private Equity Security Investment Trust No.78	-	-	100.00%	-
Autopia Thirty-Sixth Asset Securitization Specialty Company (*)	Financing	-	0.90%	Hyundai Capital Services 0.90%
Autopia Forty-Second ~ Forty-Seventh Asset Securitization Specialty Company (*)	-	-	0.90%	-
Autopia Forty-Ninth ~ Fifty-Second Asset Securitization Specialty Company (*)	-	-	0.50%	Hyundai Capital Services 0.50%
HB the Third Securitization Specialty Company (*)	-	-	0.90%	Hyundai Capital Services 0.90%
HB the Fourth Securitization Specialty Company (*)	-	-	0.31%	Hyundai Capital Services 0.31%
Privia the Second ~ Third Securitization Specialty Co., Ltd. (*)	-	-	0.90%	Hyundai Card 0.90%
Hyundai CHA Funding Corporation	-	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	-	-	100.00%	-
Hyundai HK Funding, LLC	-	-	100.00%	-
Hyundai HK Funding Two, LLC	-	-	100.00%	-
Hyundai ABS Funding Corporation	-	-	100.00%	-
Hyundai Capital Insurance Services, LLC	-	-	100.00%	-
HK Real Properties, LLC	-	-	100.00%	-
Hyundai Auto Lease Offering, LLC	-	-	100.00%	-
Hyundai HK Lease, LLC	-	-	100.00%	-
Hyundai Protection Plan, Inc.	Insurance	-	100.00%	-
Hyundai Protection Plan Florida, Inc.	-	-	100.00%	-
Hyundai Capital Insurance Company	-	-	100.00%	-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(2) CONDENSED FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE COMPANY'S MAJOR CONSOLIDATED SUBSIDIARIES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013, ARE AS FOLLOWS:

In millions of Korean Won

Name of subsidiaries	Assets	Liabilities	Sales	Net income
Hyundai Capital Services, Inc. (*)	₩ 22,389,046	₩ 19,136,092	₩ 3,222,235	₩ 391,427
Hyundai Card Co., Ltd. (*)	11,520,878	9,154,730	2,527,479	163,210
Hyundai Rotem Company (*)	4,274,897	2,485,374	3,299,370	126,076
Hyundai KEFICO Corporation (*)	894,606	481,021	1,666,971	98,432
HCA (*)	24,787,736	22,762,022	4,403,250	285,406
HMA	6,382,182	3,756,767	16,592,560	490,250
HMMC	3,050,239	1,480,611	5,450,412	374,303
HMMA	3,031,145	1,294,805	7,385,302	479,606
HMI (*)	1,904,660	968,802	4,736,902	220,593
HMMR	1,285,326	606,948	2,750,925	209,710
HME (*)	1,130,991	1,084,122	5,531,337	4,164
HMCI	923,966	583,367	3,742,285	96,107
HAC (*)	908,415	497,106	3,145,661	73,997
HMCA	687,001	541,674	2,272,191	40,010

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

CONDENSED FINANCIAL POSITION AND RESULTS OF OPERATIONS OF THE COMPANY'S MAJOR CONSOLIDATED SUBSIDIARIES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012, WERE AS FOLLOWS:

In millions of Korean Won

Name of subsidiaries	Assets	Liabilities	Sales	Net income
Hyundai Capital Services, Inc. (*)	₩ 21,907,264	₩ 18,867,513	₩ 3,541,681	₩ 436,663
Hyundai Card Co., Ltd. (*)	11,252,264	9,059,973	2,525,635	194,299
Hyundai Rotem Company (*)	3,670,360	2,487,134	3,116,629	99,384
Hyundai KEFICO Corporation (*)	946,741	631,845	1,524,399	71,950
HCA (*)	20,262,576	18,485,874	2,817,208	256,454
HMA	6,062,965	3,478,837	17,106,517	469,676
HMMC	2,743,127	1,548,297	5,310,664	399,834
HMMA	2,640,184	1,186,305	6,992,135	420,798
HMI (*)	2,233,585	1,253,787	5,096,544	226,660
HMMR	1,429,631	790,793	2,854,886	263,061
HME (*)	1,165,291	1,123,765	6,042,851	2,267
HMCI	876,788	601,754	3,900,218	219,958
HAC (*)	895,104	468,638	3,426,476	87,167
HMCA	742,880	590,751	2,325,213	28,334

(*) 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(4) SUMMARIZED CASH FLOWS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS TO THE GROUP AS OF DECEMBER 31, 2013, ARE AS FOLLOWS:

In millions of Korean Won

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
Cash flows from operating activities	₩ (140,669)	₩ 103,169	₩ (408,594)
Cash flows from investing activities	69,086	(105,453)	(24,474)
Cash flows from financing activities	272,041	176,192	440,503
Effect of exchange rate changes on cash and cash equivalents	(20)	-	(4,183)
Net increase in cash and cash equivalents	₩ 200,438	₩ 173,908	₩ 3,252

SUMMARIZED CASH FLOWS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAD MATERIAL NON-CONTROLLING INTERESTS TO THE GROUP AS OF DECEMBER 31, 2012, WERE AS FOLLOWS:

In millions of Korean Won

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
Cash flows from operating activities	₩ 449,551	₩ 57,047	₩ 24,706
Cash flows from investing activities	(301,935)	(94,867)	(124,698)
Cash flows from financing activities	(300,881)	(655)	24,212
Effect of exchange rate changes on cash and cash equivalents	(6)	-	(4,227)
Net increase in cash and cash equivalents	₩ (153,271)	₩ (38,475)	₩ (80,007)

(5) DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES OF THE COMPANY THAT HAVE MATERIAL NON-CONTROLLING INTERESTS AS OF DECEMBER 31, 2013, ARE AS FOLLOWS:

In millions of Korean Won

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

DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES OF THE COMPANY THAT HAD MATERIAL NON-CONTROLLING INTERESTS AS OF DECEMBER 31, 2012, WERE AS FOLLOWS:

In millions of Korean Won

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
Ownership percentage of non-controlling interests	43.53%	68.48%	42.36%
Non-controlling interests	₩ 1,324,355	₩ 1,502,917	₩ 452,698
Profit attributable to non-controlling interests	190,783	142,532	48,847
Dividends paid to non-controlling interests	43,224	-	-

(6) FINANCIAL SUPPORT PROVIDED TO CONSOLIDATED STRUCTURED ENTITIES

As of December 31, 2013, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., subsidiaries of the Company, have agreements which provide counterparties with rights to claim themselves in the event of default on the derivatives relating to asset-backed securities issued by consolidated structured entities, Privia the Second and the Third Securitization Specialty Co., Ltd, Autopia Forty-Fourth, Forty-Fifth, Forty-Sixth, Forty-Ninth and Fifty-Second Asset Securitization Specialty Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(7) THE NATURE AND THE RISKS ASSOCIATED WITH INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

1) Nature of interests in an unconsolidated structured entity, which belongs to Hyundai Capital Services, Inc., as of December 31, 2013, are as follows:

In millions of Korean Won

Name of the company	Nature	Purpose	Nature of business	Method of funding	Total assets
Autopia Fifty-Third Asset Securitization Specialty Company	Asset securitization SPC	Fund raising through asset-securitization	Fund collection	Corporate Bond and others	₩ 396,497

2) Risks associated with interests in an unconsolidated structured entity, which belongs to Hyundai Capital Services, Inc., as of December 31, 2013, are as follows:

In millions of Korean Won

Name of the company	Interest in the structured entity		Financial support provided to the structured entity		Maximum amount of exposure to loss of the structured entity
	Account	Book value	method	purpose	
Autopia Fifty-Third Asset Securitization Specialty Company	AFS financial assets	₩ 30,223	Mezzanine debt	Credit facility	₩ 30,223

(8) SIGNIFICANT RESTRICTIONS OF THE SUBSIDIARIES

1) As of December 31, 2013, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., subsidiaries of the Company have significant restrictions that require them to obtain consent from directors appointed by non-controlling shareholders in the event of merger, investment in stocks, transfer of the whole or a significant part of assets, borrowing, guarantee or disposal of assets beyond a certain amount, acquirement of treasury stock, payment of dividend and so on.

2) As of December 31, 2013, Hyundai Rotem Company, subsidiary of the Company, is required to obtain consent from directors appointed by non-controlling shareholders in the event of significant change in the capital structure of the entity, excluding transactions according to the business plan or the regulation of the Board of Directors, such as issue, disposal, repurchase or retirement of stocks or options, increase or decrease of capital, and so on.

(9) CHANGES IN CONSOLIDATED SUBSIDIARIES

Subsidiaries newly included in and excluded from consolidation for the year ended December 31, 2013, are as follows:

Changes	Name of subsidiaries	Description
Included	Hyundai Motor De Mexico (HMM)	Acquisition
-	Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	-
-	Macquarie Lion Private Equity Security Investment Trust No.45	-
-	Shinhan BPPP Private Corporate Security Investment Trust No.27	-
-	Miraeasset Triumph Private Equity Security Investment Trust No.13	-
-	IBK Panorama Private Equity Security Investment Trust No.50	-
-	Woori Frontier Private Equity Security Investment Trust No.5	-
-	KTB Safe Private Equity Security Investment Trust No.78	-
-	Autopia Fiftieth Asset Securitization Specialty Company	-
-	Autopia Fifty-First Asset Securitization Specialty Company	-
-	Autopia Fifty-Second Asset Securitization Specialty Company	-
-	HB the Fourth Securitization Specialty Company	-
Excluded	Autopia Thirty-Fifth Asset Securitization Specialty Company	Dissolution
-	Autopia Thirty-Seventh Asset Securitization Specialty Company	-
-	Autopia Thirty-Ninth Securitization Specialty Company	-
-	Autopia Fortieth Asset Securitization Specialty Company	-
-	Hyundai BC Funding Corporation	-
-	Hyundai HK Funding One, LLC	-
-	Hyundai Auto Lease Funding, LLC	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(10) INCREASE IN THE COMPANY'S OWNERSHIP INTERESTS IN ONE OF ITS SUBSIDIARY AND THE CONSEQUENT EFFECTS ON THE EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY FOR THE YEAR ENDED DECEMBER 31, 2013, IS AS FOLLOWS:

In millions of Korean Won

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

(*) The Company acquired 5.44% of shares of Hyundai Card Co., Ltd., a subsidiary of the Company, from Hyundai Steel Company, an affiliate by Monopoly Regulation And Fair Trade Act of the Republic of Korea, during the year ended December 31, 2013.

(11) DECREASE IN THE COMPANY'S OWNERSHIP INTERESTS IN ONE OF ITS SUBSIDIARY AND THE CONSEQUENT EFFECTS ON THE EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY FOR THE YEAR ENDED DECEMBER 31, 2013, IS AS FOLLOWS:

In millions of Korean Won

Description	Hyundai Rotem Company (*)
Ownership percentage before transaction	57.64%
Ownership percentage after transaction	43.36%
Increase in paid-in capital by public offering	₩ 476,493
Decrease of financial liabilities by abandonment of put option	120,011
Changes in non-controlling interests	571,225
Changes in capital surplus	25,279

(*) The ownership percentage of the Company in its subsidiary decreased as a result of not participating in a public offering that occurred during the year ended December 31, 2013.

(12) IN 2013, HAOSVT, A SUBSIDIARY OF THE COMPANY, CHANGED ITS FUNCTIONAL CURRENCY FROM USD TO EUR SINCE IT CONSIDERED THAT THE CURRENCY IN THE PRIMARY ECONOMIC ENVIRONMENT IN WHICH THE ENTITY OPERATES HAS CHANGED.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

(1) BASIS OF CONSOLIDATED FINANCIAL STATEMENTS PREPARATION

The Group has prepared the consolidated financial statements in accordance with K-IFRS for the annual periods beginning on January 1, 2011.

The significant accounting policies used for the preparation of the consolidated financial statements are summarized below. These accounting policies are consistent with those applied to the consolidated financial statements for the year ended December 31, 2012, except for the adoption effect of the new accounting standards and interpretations described below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

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

The amendments to K-IFRS 1001 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss. Other than this presentation change, the application of the amendments to K-IFRS 1001 does not result in any impact on the Group’s financial position and financial performance. The amendments have been applied retrospectively for the comparative period, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

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

The amendments to K-IFRS 1019 require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of K-IFRS 1019, and accelerate the recognition of past service costs. The interest cost and expected return on plan assets used in the previous version of K-IFRS 1019 are replaced with a ‘net interest’ amount under K-IFRS 1019 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liabilities or assets. The Group was required to apply the impact of the amendment retrospectively, and hence the consolidated financial statement for the year ended December 31, 2012, has been restated accordingly. As a result of the change in accounting policies, for the year ended December 31, 2012, cost of sales decreased by ₩4,872 million and selling and administrative expenses, gain on investments in joint ventures and associates and income tax expense increased by ₩1,218 million, ₩1,658 million, and ₩457 million, respectively.

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

The amendments to K-IFRS 1107 are mainly focusing on presentation of the offset between financial assets and financial liabilities and require the Group to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement, irrespective of whether they would meet the offsetting criteria under K-IFRS 1032. The amendments have been applied retrospectively for the comparative period, and hence the information about the offset between financial assets and financial liabilities has been disclosed to reflect the amendment.

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

K-IFRS 1110 establishes a single basis for consolidation. Under K-IFRS 1110, an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The effect of the enactments is not significant on the Group’s consolidated financial statements.

– K-IFRS 1111 (Enactment): ‘Joint Arrangements’

K-IFRS 1111 deals with how a joint arrangement of which two or more parties have joint control should be classified either as a joint operation or a joint venture. The classification of joint arrangements under K-IFRS 1111 is determined based on the rights and obligations of parties to the joint arrangements. If the Group is a joint operator, the Group is to recognize assets, liabilities, revenues and expenses in relation to its interest in a joint operation and if the Group is a joint venturers, the Group is to account for that investment using the equity method. The effect of the enactments is not significant on the Group’s consolidated financial statements.

– K-IFRS 1112 (Enactment): ‘Disclosure of Interests in Other Entities’

K-IFRS 1112 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates, or unconsolidated structured entities. The effect of the enactments is not significant on the Group’s consolidated financial statements.

– K-IFRS 1113 (Enactment): ‘Fair Value Measurement’

K-IFRS 1113 establishes a single source of guidance for fair value measurements and disclosure about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. K-IFRS 1113 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured by taking into account the characteristics of the asset or liability that market participants would take when pricing the asset or liability at the measurement date. A fair value measurement under K-IFRS 1113 requires the Group to determine the particular asset or liability that is subject of the measurement, the principal or most advantageous market for the asset or liability, and the valuation techniques appropriate for the measurement. In addition, K-IFRS 1113 requires extensive disclosures about fair value measurements. The effect of the enactments is not significant on the Group’s consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

– K-IFRS 1032 (Amendment): ‘Financial Instruments: Presentation’

The amendments to K-IFRS 1032 clarify existing application issue relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realization and settlement’. The Group’s right to offset must not be conditional on the occurrence of future events but enforceable anytime during the contract periods, during the ordinary course of business with counterparty, a default of counterparty and master netting agreement or in some forms of non-recourse debt. The amendments to K-IFRS 1032 are effective for annual periods beginning on or after January 1, 2014.

– K-IFRS 1039 (Amendment): ‘Financial Instruments: Recognition and Measurement’

The amendments to K-IFRS 1039 allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty or entity acting in a similar capacity and certain conditions are met. The amendment to K-IFRS 1039 is effective for annual periods beginning on or after January 1, 2014.

– K-IFRS interpretation 2121 (Enactment): ‘Levies’

K-IFRS 2121 defines a levy as a payment to a government for which an entity receives no specific goods or services. The interpretation requires that a liability is recognized when the obligating event occurs. The obligating event is the activity that triggers payment of the levy and is typically specified in the legislation that imposes the levy. The interpretations are effective for annual periods beginning on or after January 1, 2014.

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

(2) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except otherwise stated in the accounting policies below. Historical cost is usually measured at the fair value of the consideration given to acquire the assets.

(3) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (or its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the Company. The carrying amount of non-controlling interests consists of the amount of those non-controlling interests at the initial recognition and the changes in shares of the non-controlling interests in equity since the date of the acquisition. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if the non-controlling interest has a deficit balance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS
ENDED DECEMBER 31, 2013
AND 2012

Changes in the Group's ownership interests in subsidiaries, without a loss of control, are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable K-IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under K-IFRS 1039 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(4) BUSINESS COMBINATION

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The consideration includes any asset or liability resulting from a contingent consideration arrangement and is measured at fair value. Acquisition-related costs are recognized in profit or loss as incurred. When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at its fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Prior to the acquisition date, the amount resulting from changes in the value of its equity interest in the acquiree that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were directly disposed of.

(5) REVENUE RECOGNITION

1) Sale of goods

The Group recognizes revenue from sale of goods when all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group

The Group grants award credits which the customers can redeem for awards such as free or discounted goods or services. The fair value of the award credits is estimated by considering the fair value of the goods granted, the expected rate and period of collection. The fair value of the consideration received or receivable from the customer is allocated to award credits and sales transaction. The consideration allocated to the award credits is deferred and recognized as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

2) Rendering of services

The Group recognizes revenue from rendering of services based on the percentage of completion when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

3) Royalties

The Group recognizes revenue from royalties on an accrual basis in accordance with the substance of the relevant agreement.

4) Dividend and interest income

Revenues arising from dividends are recognized when the right to receive payment is established. Interest income is recognized using the effective interest method as time passes.

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5) Construction contracts

Where the outcome of a construction contract can be estimated reliably, the contract revenue and contract costs associated with the construction contract are recognized as revenue and expenses, respectively by reference to the stage of completion of the contract activity at the end of reporting period.

The percentage of completion of a contract activity is reliably measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, by surveys of work performed or by completion of a physical proportion of the contract work. Variations in contract work, claim and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

(6) FOREIGN CURRENCY TRANSLATION

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the individual entities, transactions occurring in currencies other than their functional currency (foreign currencies) are recorded using the exchange rate on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using the exchange rate at the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences resulting from settlement of assets or liabilities and translation of monetary items denominated in foreign currencies are recognized in profit or loss in the period in which they arise except for some exceptions.

For the purpose of presenting the consolidated financial statements, assets and liabilities in the Group's foreign operations are translated into Won, using the exchange rates at the end of reporting period. Income and expense items are translated at the average exchange rate for the period, unless the exchange rate during the period has significantly fluctuated, in which case the exchange rates at the dates of the transactions are used. The exchange differences arising, if any, are recognized in equity as other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the end of reporting period.

Foreign exchange gains or losses are classified in finance income (expenses) or other income (expenses) by the nature of the transaction or event.

(7) FINANCIAL ASSETS

The Group classifies financial assets into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM") financial assets, loans and receivables and available-for-sale ("AFS") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1) Financial assets at FVTPL

FVTPL includes financial assets classified as held for trading and financial assets designated at FVTPL upon initial recognition. A financial asset is classified as FVTPL, if it has been acquired principally for the purpose of selling or repurchasing in near term. All derivative assets, except for derivatives that are designated and effective hedging instruments, are classified as held for trading financial assets which are measured at fair value through profit or loss. Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

2) HTM financial assets

HTM financial assets are non-derivative financial instruments with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. HTM financial assets are presented at amortized cost using the effective interest rate less accumulated impairment loss, and interest income is recognized using the effective interest rate method.

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3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and measured at amortized cost. Interest income is recognized using the effective interest rate method except for short-term receivables for which the discount effect is not material.

4) AFS financial assets

AFS financial assets are those non-derivative financial assets that are designated as AFS or are not classified as loans and receivables, HTM financial assets nor financial assets at FVTPL. AFS financial assets are measured at fair value. However, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

A gain or loss on changes in fair value of AFS financial assets is recognized in other comprehensive income, except for impairment loss, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets. Accumulated other comprehensive income is reclassified to profit or loss from equity at the time of impairment recognition or elimination of related financial assets. Dividends on an AFS equity instrument are recognized in profit or loss when the Group's right to receive payment is established.

(8) IMPAIRMENT OF FINANCIAL ASSETS

1) Financial assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the Group determines the amount of any impairment loss. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate computed at initial recognition. The carrying amount of the asset is reduced either directly or through use of an allowance account and the amount of the loss is recognized in profit or loss.

Certain financial assets such as trade receivables and financial services receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. The objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

2) Financial assets carried at cost

The amount of the impairment loss on financial assets that are carried at cost because their fair value cannot be reliably measured is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

3) AFS financial assets

If there is objective evidence of impairment on AFS financial assets, the cumulative loss that has been recognized in other comprehensive income less any impairment loss previously recognized in profit or loss is reclassified from equity to profit or loss. Impairment losses recognized in profit or loss for investments in equity instruments classified as AFS are not reversed through profit or loss. Meanwhile, if, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

(9) DERECOGNITION OF FINANCIAL ASSETS

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither retains substantially all the risks and rewards of ownership nor transfers and continues to control the transferred asset, the Group recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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(10) INVENTORY

Inventory is measured at the lower of cost or net realizable value. Inventory cost including the fixed and variable manufacturing overhead cost, is calculated, using the moving average method except for the cost for inventory in transit which is determined by the identified cost method.

(11) INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The investment in an associate or a joint venture is initially recognized at cost and accounted for using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or the joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. The entire carrying amount of the investment including goodwill is tested for impairment and presented at the amount less accumulated impairment losses. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Upon disposal of an associate or a joint venture that results in the Group losing significant influence over that associate or joint venture, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS 1039. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis we would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when it loses significant influence over that associate or joint venture.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies K-IFRS 1105 to a portion of investment in an associate or a joint venture that meets the criteria to be classified as held for sale.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

Unrealized gains from transactions between the Group and its associates or joint ventures are eliminated up to the shares in associate(joint venture) stocks. Unrealized losses are also eliminated unless evidence of impairment in assets transferred is produced. If the accounting policy of associates or joint ventures differs from the Group, financial statements are adjusted accordingly before applying equity method of accounting. If the Group's ownership interest in an associate or a joint venture is reduced, but the significant influence is continued, the Group reclassifies to profit or loss only a proportionate amount of the gain or loss previously recognized in other comprehensive income.

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(12) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is to be recognized if, and only if it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. After the initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. In addition, in case the recognition criteria are met, the subsequent costs will be added to the carrying amount of the asset or recognized as a separate asset, and the carrying amount of what was replaced is derecognized.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Estimated useful lives (years)
Buildings and structures	2 - 50
Machinery and equipment	2 - 25
Vehicles	3 - 20
Dies, molds and tools	2 - 15
Office equipment	2 - 20
Other	2 - 30

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

(13) INVESTMENT PROPERTY

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost and transaction costs are included in the initial measurement. After initial recognition, the book value of investment property is presented at the cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized as the carrying amount of the asset when, and only when it is probable that future economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably, or recognized as a separate asset if appropriate. The carrying amount of what was replaced is derecognized.

Land is not depreciated, and other investment properties are depreciated using the straight-line method over the period from 20 to 50 years. The Group reviews the depreciation method, the estimated useful lives and residual values at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

(14) INTANGIBLE ASSETS

1) Goodwill

Goodwill arising from a business combination is recognized as an asset at the time of obtaining control (the acquisition-date). Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the Group's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the Group's previously held equity interest in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortized but tested for impairment at least annually. For purposes of impairment tests, goodwill is allocated to those cash generating units ("CGU") of the Group expected to have synergy effect from the business combination. CGU that goodwill has been allocated is tested for impairment every year or when an event occurs that indicates impairment. If recoverable amount of a CGU is less than its carrying amount, the impairment will first decrease the goodwill allocated to that CGU and the remaining impairment will be allocated among other assets relative to its carrying value. Impairment recognized for goodwill may not be reversed. When disposing a subsidiary, related goodwill will be included in gain or loss from disposal.

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2) Development costs

The expenditure on research is recognized as an expense when it is incurred. The expenditure on development is recognized as an intangible asset if, and only if, all of the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria above and the carrying amount of intangible assets is presented as the acquisition cost less accumulated amortization and accumulated impairment losses.

3) Intangible assets acquired separately

Intangible assets that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method based on the estimated useful lives. The Group reviews the estimated useful life and amortization method at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

Amortization is computed using the straight line method based on the estimated useful lives of the assets as follows:

	Estimated useful lives (years)
Development costs	3 - 6
Industrial property rights	4 - 13
Software	2 - 10
Other	2 - 40

Club membership included in other intangible assets is deemed to have an indefinite useful life as there is no foreseeable limit on the period over which the membership is expected to generate economic benefit for the Group, therefore the Group does not amortize it.

(15) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset to determine the extent of the impairment loss. Recoverable amount is the higher of fair value less costs to sell and value in use.

If the cash inflow of individual asset occurs separately from other assets or group of assets, the recoverable amount is measured for that individual asset; otherwise, it is measured for each CGU to which the asset belongs. Except for goodwill, all non-financial assets that have incurred impairment are tested for reversal of impairment at the end of each reporting period.

Intangible assets with indefinite useful lives or intangible assets not yet available for use are not amortized but tested for impairment at least annually.

(16) NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. The management must be committed to a plan to sell the asset (or disposal group), and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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(17) LEASE

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease interest income is allocated to accounting periods so as to reflect an effective interest rate on the Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as expense on a straight-line basis over the lease term.

2) The Group as lessee

Assets held under finance leases are initially recognized as assets and liabilities of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance expenses and the reduction of the outstanding liability. The finance expenses are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rents for operating lease are recognized as expenses in the periods in which they are incurred.

(18) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets, until they are ready for their intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(19) RETIREMENT BENEFIT PLANS

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation, less the fair value of plan assets. Defined benefit obligations are calculated by an actuary using the Projected Unit Credit Method.

The present value of the defined benefit obligations is measured by discounting estimated future cash outflows by the interest rate of high-quality corporate bonds with similar maturity as the expected post-employment benefit payment date. In countries where there is no deep market in such bonds, the market yields at the end of the reporting period on government bonds are used.

The remeasurements of the net defined benefit liabilities (assets) comprising actuarial gain or loss from changes in actuarial assumptions or differences between actuarial assumptions and actual results, the effect of the changes to the asset ceiling and return on plan assets, excluding amounts included in net interest on the net defined benefit liabilities (assets) are recognized in other comprehensive income of the consolidated statements of comprehensive income, which is immediately recognized as retained earnings. Those recognized in retained earnings will not be reclassified in profit or loss. Past service costs are recognized in profit and loss when the plan amendment occurs and net interest is calculated by applying the discount rate determined at the beginning of the annual reporting period to the net defined benefit liabilities (assets). Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on settlements), net interest expense (income), and remeasurements.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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(20) PROVISIONS

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the present value of the cash flows estimated to settle the present obligation. The increase in provision due to passage of time is recognized as interest expense.

The Group generally provides a warranty to the ultimate consumer for each product sold and accrues warranty expense at the time of sale based on actual claims history. Also, the Group accrues probable expenses, which may occur due to product liability suit, voluntary recall campaign and other obligations at the end of the reporting period. In addition, the Group recognizes provisions for the probable losses of unused loan commitment, construction contracts, pre-contract sale or service contract due to legal or constructive obligations.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(21) TAXATION

Income tax expense is composed of current and deferred tax.

1) Current tax

The current tax is computed based on the taxable profit for the current year. The taxable profit differs from the income before income tax as reported in the consolidated statements of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax expense is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets shall be generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities shall not be recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except when the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that taxable profit will be available against which the temporary difference can be utilized and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority. Also, they are offset when different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, or items arising from initial accounting treatments of a business combination. The tax effect arising from a business combination is included in the accounting for the business combination.

(22) TREASURY STOCK

When the Group repurchases its equity instruments (treasury stock), the incremental costs and net of tax effect are deducted from equity and recognized as other capital item deducted from the total equity in the consolidated statements of financial position. In addition, profits or losses from purchase, sale or retirement of treasury stocks are directly recognized in equity and not in current profit or loss.

(23) FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Debt instruments and equity instruments issued by the Group are recognized as financial liabilities or equity depending on the contract and the definitions of financial liability and equity instrument.

1) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at issuance amount net of direct issuance costs.

2) Financial guarantee liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with K-IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognized less, cumulative amortization recognized in accordance with the K-IFRS 1018 Revenue

3) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as FVTPL. FVTPL is stated at fair value and the gains and losses arising on remeasurement and the interest expenses paid in financial liabilities are recognized in profit and loss.

4) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective-yield basis.

5) Derecognition of financial liabilities

The Group derecognizes financial liabilities only when the Group's obligations are discharged, cancelled or they expire.

(24) DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in such case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedging instruments to hedge the risk of changes in fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedges) and the risk of changes in cash flow of a highly probable forecast transaction and the risk of changes in foreign currency exchange rates of firm commitment (cash flow hedges).

1) Fair value hedges

The Group recognizes the changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it is no longer qualified for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

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2) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. If the forecast transaction results in the recognition of a non-financial asset or liability, the related gain and loss recognized in other comprehensive income and accumulated in equity is transferred from equity to the initial cost of related non-financial asset or liability.

Cash flow hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or it no longer qualifies for the criteria of hedging. Any gain or loss accumulated in equity at that time remains in equity and is recognized as profit or loss when the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

(25) FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of K-IFRS 1017 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in K-IFRS 1002 Inventories or value in use in K-IFRS 1036 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in Note 19.

(26) SIGNIFICANT ACCOUNTING JUDGEMENTS 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. The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The main accounting estimates and assumptions related to the significant risks that may make significant changes to the carrying amounts of assets and liabilities after the reporting period are as follows:

1) Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

2) Warranty provision

The Group recognizes provisions for the warranties of its products as described in Note 2.(20). The amounts are recognized based on the best estimate of amounts necessary to settle the present and future warranty obligation.

3) Defined benefit plans

The Group operates defined retirement benefit plans. Defined benefit obligations are determined at the end of each reporting period using an actuarial valuation method that requires management assumptions on discount rates, rates of expected future salary increases and mortality rates. The characteristic of post-employment benefit plan which serves for the long term period causes significant uncertainties when the post-employment benefit obligation is estimated.

4) Taxation

The Group recognizes current tax and deferred tax based on the best estimates of income tax effect to be charged in the future as the result of operating activities until the end of the reporting period. However, actual final income tax to be charged in the future may differ from the relevant assets and liabilities recognized at the end of the reporting period and the difference may affect income tax charged or credited, or deferred tax assets and liabilities in the period in which the final income tax determined.

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5) Fair value of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain type of financial instruments. The Group makes judgements on the choice of various valuation methods and assumptions based on the condition of the principal market at the end of the reporting period.

6) Measurement and useful lives of property, plant, equipment or intangible assets

If the Group acquires property, plant, equipment or intangible assets from business combination, it is required to estimate the fair value of the assets at the acquisition date and determine the useful lives of such assets for depreciation and amortization.

3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

(1) TRADE NOTES AND ACCOUNTS RECEIVABLE AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Trade notes and accounts receivable	₩ 3,531,279	₩ 47,969	₩ 3,716,367	₩ 48,513
Allowance for doubtful accounts	(45,934)	-	(29,543)	-
Present value discount accounts	-	(4,660)	-	(4,712)
	₩ 3,485,345	₩ 43,309	₩ 3,686,824	₩ 43,801

(2) AGING ANALYSIS OF TRADE NOTES AND ACCOUNTS RECEIVABLES

As of December 31, 2013 and 2012, total trade notes and accounts receivable that are past due, but not impaired, amount to ₩310,984 million and ₩390,632 million, respectively; of which ₩264,159 million and ₩335,898 million, respectively, are past due less than 90 days, but not impaired.

(3) TRANSFERRED TRADE NOTES AND ACCOUNTS RECEIVABLE THAT ARE NOT DERECOGNIZED

As of December 31, 2013 and 2012, total trade notes and accounts receivable which the Group transferred to financial institutions but did not qualify for derecognition, amount to ₩997,519 million and ₩1,889,307 million, respectively. The Group recognize the carrying amount of the trade notes and accounts receivable continuously due to the fact that the risks and rewards were not transferred substantially, and cash and cash equivalents received as consideration for the transfer are recognized as short-term borrowings.

(4) THE CHANGES IN ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

Description	2013	2012
	Beginning of the year	₩ 29,543
Impairment loss	14,959	10,161
Write-off	(539)	(25,246)
Effect of foreign exchange differences	1,971	(1,075)
Changes in the scope of consolidation	-	5,357
End of the year	₩ 45,934	₩ 29,543

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4. OTHER RECEIVABLES:

OTHER RECEIVABLES AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Accounts receivable - others	₩ 1,672,402	₩ 827,510	₩ 1,458,809	₩ 761,943
Due from customers for contract work	1,393,555	-	781,136	-
Lease and rental deposits	42,784	274,832	54,924	259,040
Deposits	13,699	23,154	11,293	23,594
Others	2,549	7,283	3,489	-
Allowance for doubtful accounts	(6,603)	-	(5,241)	-
Present value discount accounts	-	(4,940)	-	(7,968)
	₩ 3,118,386	₩ 1,127,839	₩ 2,304,410	₩ 1,036,609

5. OTHER FINANCIAL ASSETS:

(1) OTHER FINANCIAL ASSETS AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Financial assets at FVTPL:				
Held for trading non-derivative financial assets	₩ 414,255	₩ -	₩ -	₩ -
Derivative assets	33,045	1,592	67,666	19,486
	447,300	1,592	67,666	19,486
Derivative assets that are effective hedging instruments	7,558	19,138	15,060	20,745
AFS financial assets	21,363	2,494,033	12,394	1,544,141
HTM financial assets	-	-	27	35
Loans	31,600	217,121	14,152	10,057
	₩ 507,821	₩ 2,731,884	₩ 109,299	₩ 1,594,464

(2) AFS FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013			December 31, 2012
	Acquisition Cost	Valuation difference	Book value	Book value
Debt instruments	₩ 123,906	₩ 334	₩ 124,240	₩ 15,074
Equity instruments	1,445,018	946,138	2,391,156	1,541,461
	₩ 1,568,924	₩ 946,472	₩ 2,515,396	₩ 1,556,535

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(3) EQUITY INSTRUMENTS CLASSIFIED INTO AFS FINANCIAL ASSETS AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Name of the company	December 31, 2013				December 31, 2012
	Ownership percentage(%)	Acquisition cost	Valuation difference	Book value	Book value
Hyundai Steel Company	7.87	₩ 791,681	₩ -	₩ 791,681	₩ -
Hyundai Heavy Industries Co., Ltd.	2.88	56,924	505,906	562,830	529,980
Hyundai Glovis Co., Ltd.	4.88	210,688	212,259	422,947	405,553
Korea Aerospace Industries, Co., Ltd.	10.00	151,086	131,592	282,678	251,973
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	91,789	145,523	137,490
Hyundai Green Food Co., Ltd.	2.36	15,005	23,764	38,769	39,231
Hyundai Finance Corporation	9.29	9,888	778	10,666	11,065
Hyundai Development Company	0.60	9,025	1,415	10,440	9,743
Doosan Capital Co., Ltd.	7.14	10,000	348	10,348	13,508
Hyundai Merchant Marine Co., Ltd.	0.41	9,161	(1,261)	7,900	16,355
KT Corporation	0.09	8,655	(1,080)	7,575	8,523
NICE Holdings Co., Ltd.	1.30	3,491	2,310	5,801	3,127
Ubivelo Co., Ltd.	5.19	1,710	2,875	4,585	7,860
NICE Information Service Co., Ltd.	2.25	3,312	868	4,180	3,729
Hyundai Asan Corporation	1.88	22,500	(20,383)	2,117	2,117
Pesscap, Inc.	4.53	1,997	(893)	1,104	1,199
Others		86,161	(4,149)	82,012	100,008
		₩ 1,445,018	₩ 946,138	₩ 2,391,156	₩ 1,541,461

As of December 31, 2013, the valuation difference between the book value and the acquisition cost of AFS equity instruments includes the cumulative impairment loss of ₩25,368 million.

6. INVENTORIES:

INVENTORIES AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Finished goods	₩ 3,771,488	₩ 3,476,869
Merchandise	105,385	294,875
Semi-finished goods	434,834	382,434
Work in progress	410,024	367,896
Raw materials	1,138,616	1,110,764
Supplies	204,657	170,736
Materials in transit	540,666	544,688
Others	467,446	424,602
	₩ 7,073,116	₩ 6,772,864

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AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

7. OTHER ASSETS:

OTHER ASSETS AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Accrued income	₩ 362,854	₩ 498	₩ 403,645	₩ 329
Advanced payments	700,542	-	517,543	-
Prepaid expenses	291,282	90,589	247,320	44,095
Prepaid value added tax and others	313,258	63,813	736,937	-
	₩ 1,667,936	₩ 154,900	₩ 1,905,445	₩ 44,424

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

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Land	₩ 13,676	₩ 19,995
Buildings	8,671	3,312
	₩ 22,347	₩ 23,307

All the land and buildings that were classified as held for sale as of December 31, 2012 were disposed of for ₩25,739 million, and ₩4,530 million of other income and ₩1,179 million of other expenses were recognized as gain (loss) on disposals of non-current assets classified as held for sale, during the year ended December 31, 2013.

As of December 31, 2013, the Group entered into a contract for disposal of other land and buildings, that have been classified as non-current assets held for sale, and the assets will be disposed within 12 months. No impairment loss on the non-current assets classified as held for sale is recognized for the year ended December 31, 2013.

9. PROPERTY, PLANT AND EQUIPMENT:

(1) PROPERTY, PLANT AND EQUIPMENT AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013			December 31, 2012		
	Acquisition cost	Accumulated depreciation(*)	Book value	Acquisition cost	Accumulated depreciation(*)	Book value
Land	₩ 5,770,486	₩ -	₩ 5,770,486	₩ 5,799,466	₩ -	₩ 5,799,466
Buildings	6,686,495	(1,991,035)	4,695,460	6,407,132	(1,819,636)	4,587,496
Structures	1,037,122	(448,432)	588,690	945,595	(401,122)	544,473
Machinery and equipment	12,243,086	(6,221,320)	6,021,766	11,634,177	(5,801,023)	5,833,154
Vehicles	283,518	(133,686)	149,832	301,304	(119,340)	181,964
Dies, molds and tools	5,997,667	(4,568,511)	1,429,156	5,625,044	(4,139,372)	1,485,672
Office equipment	1,329,759	(967,490)	362,269	1,434,032	(1,063,004)	371,028
Others	50,024	(19,388)	30,636	55,519	(21,226)	34,293
Construction in progress	2,414,292	-	2,414,292	1,902,312	-	1,902,312
	₩ 35,812,449	₩ (14,349,862)	₩ 21,462,587	₩ 34,104,581	₩ (13,364,723)	₩ 20,739,858

(*) Accumulated impairment is included.

THE CHANGES IN PROPERTY, PLANT AND EQUIPMENT("PP&E") FOR THE YEAR ENDED DECEMBER 31, 2013, ARE AS FOLLOWS:

In millions of Korean Won

Description	Beginning of the year	Acquisitions	Transfers within PP&E	Disposals	Depreciation	Others (*)	End of the year
Land	₩ 5,799,466	₩ 3,590	₩ 39,145	₩ (53,866)	₩ -	₩ (17,849)	₩ 5,770,486
Buildings	4,587,496	47,711	400,638	(54,997)	(207,201)	(78,187)	4,695,460
Structures	544,473	13,554	88,904	(4,866)	(52,226)	(1,149)	588,690
Machinery and equipment	5,833,154	21,627	1,146,144	(75,089)	(789,330)	(114,740)	6,021,766
Vehicles	181,964	24,995	20,096	(11,866)	(37,775)	(27,582)	149,832
Dies, molds and tools	1,485,672	8,476	488,754	(5,510)	(519,678)	(28,558)	1,429,156
Office equipment	371,028	64,387	76,365	(5,319)	(144,820)	628	362,269
Others	34,293	3,120	1,623	(569)	(7,797)	(34)	30,636
Construction in progress	1,902,312	2,892,321	(2,261,669)	(24,026)	-	(94,646)	2,414,292
	₩ 20,739,858	₩ 3,079,781	₩ -	₩ (236,108)	₩ (1,758,827)	₩ (362,117)	₩ 21,462,587

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

THE CHANGES IN PP&E FOR THE YEAR ENDED DECEMBER 31, 2012, WERE AS FOLLOWS:

In millions of Korean Won

Description	Beginning of the year	Acquisitions	Acquisitions from business combinations	Transfers within PP&E	Disposals	Depreciation	Others (*)	End of the year
Land	₩ 5,637,917	₩ 68,809	₩ 36,189	₩ 78,717	₩ (14,386)	₩ -	₩ (7,780)	₩ 5,799,466
Buildings	4,269,581	51,471	46,892	528,634	(8,207)	(195,561)	(105,314)	4,587,496
Structures	543,372	5,541	1,712	61,022	(1,143)	(54,579)	(11,452)	544,473
Machinery and equipment	5,442,619	18,010	159,058	1,141,672	(37,977)	(734,094)	(156,134)	5,833,154
Vehicles	163,287	46,389	12,525	27,112	(16,878)	(38,500)	(11,971)	181,964
Dies, molds and tools	1,425,188	8,278	7,421	607,580	(8,813)	(508,605)	(45,377)	1,485,672
Office equipment	354,913	61,840	2,844	113,323	(8,289)	(148,294)	(5,309)	371,028
Others	52,412	3,858	4,112	(10,817)	(1,796)	(9,489)	(3,987)	34,293
Construction in progress	1,658,759	2,735,842	29,213	(2,547,243)	(3,406)	-	29,147	1,902,312
	₩ 19,548,048	₩ 3,000,038	₩ 299,966	₩ -	₩ (100,895)	₩ (1,689,122)	₩ (318,177)	₩ 20,739,858

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

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AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

10. INVESTMENT PROPERTY:

(1) INVESTMENT PROPERTY AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013			December 31, 2012		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 62,467	₩ -	₩ 62,467	₩ 62,874	₩ -	₩ 62,874
Buildings	320,904	(133,163)	187,741	330,853	(124,830)	206,023
Structures	18,630	(4,854)	13,776	18,303	(4,368)	13,935
	₩ 402,001	₩ (138,017)	₩ 263,984	₩ 412,030	₩ (129,198)	₩ 282,832

(2) THE CHANGES IN INVESTMENT PROPERTY FOR THE YEAR ENDED DECEMBER 31, 2013, ARE AS FOLLOWS:

In millions of Korean Won

Description	Beginning of the year	Transfers	Disposals	Depreciation	Effect of foreign exchange differences	End of the year
Land	₩ 62,874	₩ 175	₩ (582)	₩ -	₩ -	₩ 62,467
Buildings	206,023	(9,666)	-	(9,751)	1,135	187,741
Structures	13,935	248	-	(407)	-	13,776
	₩ 282,832	₩ (9,243)	₩ (582)	₩ (10,158)	₩ 1,135	₩ 263,984

THE CHANGES IN INVESTMENT PROPERTY FOR THE YEAR ENDED DECEMBER 31, 2012, WERE AS FOLLOWS:

In millions of Korean Won

Description	Beginning of the year	Transfers	Depreciation	Effect of foreign exchange differences	End of the year
Land	₩ 46,757	₩ 16,117	₩ -	₩ -	₩ 62,874
Buildings	221,334	-	(11,252)	(4,059)	206,023
Structures	14,336	-	(401)	-	13,935
	₩ 282,427	₩ 16,117	₩ (11,653)	₩ (4,059)	₩ 282,832

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(3) THE FAIR VALUE OF INVESTMENT PROPERTY AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Land	₩ 62,467	₩ 62,874
Buildings	351,992	367,472
Structures	15,496	15,223
	₩ 429,955	₩ 445,569

On January 1, 2010, the K-IFRS transition date, the Group remeasured the fair value of its investment property through an independent third party. As of December 31, 2013, no fair value remeasurement was performed, as the change in fair value is considered not to be material.

(4) INCOME AND EXPENSES RELATED TO INVESTMENT PROPERTY FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

Description	2013	2012
Rental income	₩ 35,495	₩ 30,683
Operating and maintenance expenses	13,632	12,862

11. INTANGIBLE ASSETS:

(1) INTANGIBLE ASSETS AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013			December 31, 2012		
	Acquisition cost	Accumulated amortization(*)	Book value	Acquisition cost	Accumulated amortization(*)	Book value
Goodwill	₩ 301,798	₩ (2,446)	₩ 299,352	₩ 303,444	₩ (2,433)	₩ 301,011
Development costs	5,426,534	(3,480,977)	1,945,557	5,135,038	(3,280,432)	1,854,606
Industrial property rights	123,244	(78,877)	44,367	104,100	(71,659)	32,441
Software	536,674	(263,253)	273,421	419,119	(188,446)	230,673
Others	440,613	(148,710)	291,903	447,223	(131,356)	315,867
Construction in progress	274,490	-	274,490	148,620	-	148,620
	₩ 7,103,353	₩ (3,974,263)	₩ 3,129,090	₩ 6,557,544	₩ (3,674,326)	₩ 2,883,218

(*) Accumulated impairment is included.

(2) THE CHANGES IN INTANGIBLE ASSETS FOR THE YEAR ENDED DECEMBER 31, 2013, ARE AS FOLLOWS:

In millions of Korean Won

Description	Beginning of the year	Internal developments and separate acquisitions	Transfers within intangible assets	Disposals	Amortization	Impairment loss	Others (*)	End of the year
Goodwill	₩ 301,011	₩ -	₩ -	₩ -	₩ -	₩ -	₩ (1,659)	₩ 299,352
Development costs	1,854,606	781,694	5,060	(15,198)	(658,684)	(27,250)	5,329	1,945,557
Industrial property rights	32,441	5,553	12,696	-	(7,220)	-	897	44,367
Software	230,673	34,650	30,826	(319)	(84,814)	-	62,405	273,421
Others	315,867	1,518	12,522	(2,282)	(31,635)	(911)	(3,176)	291,903
Construction in progress	148,620	196,495	(61,104)	-	-	-	(9,521)	274,490
	₩ 2,883,218	₩ 1,019,910	₩ -	₩ (17,799)	₩ (782,353)	₩ (28,161)	₩ 54,275	₩ 3,129,090

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

THE CHANGES IN INTANGIBLE ASSETS FOR THE YEAR ENDED DECEMBER 31, 2012, WERE AS FOLLOWS:

In millions of Korean Won

Description	Beginning of the year	Internal developments and separate acquisitions	Acquisitions from business combinations	Transfers within intangible assets	Disposals	Amortization	Impairment loss	Others (*)	End of the year
Goodwill	₩ 177,154	₩ -	₩ 125,721	₩ -	₩ -	₩ -	₩ -	₩ (1,864)	₩ 301,011
Development costs	1,848,032	632,776	74,776	23,555	-	(725,716)	(153)	1,336	1,854,606
Industrial property rights	22,777	292	455	9,638	-	(6,071)	-	5,350	32,441
Software	181,716	29,430	4,212	22,740	(553)	(60,837)	-	53,965	230,673
Others	290,099	38,512	1,940	22,024	(1,549)	(30,520)	(513)	(4,126)	315,867
Construction in progress	140,331	97,597	-	(77,957)	(32)	-	-	(11,319)	148,620
	₩ 2,660,109	₩ 798,607	₩ 207,104	₩ -	₩ (2,134)	₩ (823,144)	₩ (666)	₩ 43,342	₩ 2,883,218

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

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(3) RESEARCH AND DEVELOPMENT EXPENDITURES FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

	In millions of Korean Won	
	2013	2012
Development costs	₩ 781,694	₩ 632,776
Ordinary development (manufacturing cost)	344,618	312,288
Research costs (administrative expenses)	722,732	686,606
	₩ 1,849,044	₩ 1,631,670

(4) IMPAIRMENT TEST OF GOODWILL

The allocation of goodwill amongst the Group's cash-generating units as of December 31, 2013 and 2012, is as follows:

	In millions of Korean Won	
Description	December 31, 2013	December 31, 2012
Vehicle	₩ 197,471	₩ 199,130
Finance	1,911	1,911
Others	99,970	99,970
	₩ 299,352	₩ 301,011

The recoverable amounts of the Group's CGUs are measured at their value-in-use calculated based on cash flow projections of financial budgets for the next five years approved by management and the pre-tax discount rate applied to the cash flow projections is 17.6%. Cash flows projection beyond the next five-year period are extrapolated by using the estimated growth rate which does not exceed the long-term average growth rate of the region and industry to which the CGU belongs. No impairment loss has been recognized based on the impairment tests for the years ended December 31, 2013 and 2012, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

(1) INVESTMENTS IN JOINT VENTURES AND ASSOCIATES AS OF DECEMBER 31, 2013, CONSIST OF THE FOLLOWING:

In millions of Korean Won				
Name of the company	Nature of the business	Location	Ownership Percentage (%)	Book value
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	2,026,337
Hyundai Motor Group China, Ltd. (HMGC) (*1)	Investment	China	50.00	153,823
Sichuan Hyundai Motor Company (CHMC) (*1)	Manufacturing	China	50.00	132,014
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	22.00	129,783
Kia Motors Corporation	Manufacturing	Korea	33.88	6,748,127
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,050,804
Hyundai WIA Corporation	Manufacturing	Korea	26.79	600,284
Hyundai Powertech Co., Ltd.	Manufacturing	Korea	37.58	335,227
Hyundai Dymos Inc.	Manufacturing	Korea	47.27	270,535
Hyundai HYSKO Co., Ltd.	Manufacturing	Korea	29.37	236,732
HMC Investment Securities Co., Ltd.	Securities brokerage	Korea	26.27	217,218
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	148,866
Hyundai Commercial Inc.	Financing	Korea	50.00	125,806
Others (*3)				519,439
				₩ 14,694,995

(*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms which the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures. Also, there are restrictions which should obtain consent from the director who is designated by the other investors, for certain transactions such as payment of dividend.

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

(*3) As of December 31, 2013, amongst Others, investments in Beijing Hyundai Qiche Financing Company, with a book value of ₩88,760 million, is categorized as a joint venture although the Group's total ownership percentage is 53.0%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

INVESTMENTS IN JOINT VENTURES AND ASSOCIATES AS OF DECEMBER 31, 2012, CONSISTED OF THE FOLLOWING:

Name of the company	Nature of the business	Location	Ownership Percentage (%)	Book value
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	₩ 1,657,185
Hyundai Motor Group China, Ltd. (HMGC) (*1)	Investment	China	50.00	103,450
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	22.00	107,253
Kia Motors Corporation	Manufacturing	Korea	33.88	5,638,238
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,023,813
Hyundai WIA Corporation	Manufacturing	Korea	26.79	484,518
Hyundai Powertech Co., Ltd.	Manufacturing	Korea	37.58	299,075
Hyundai Dymos Inc.	Manufacturing	Korea	47.27	233,660
Hyundai HYSKO Co., Ltd.	Manufacturing	Korea	29.37	615,271
HMC Investment Securities Co., Ltd.	Securities brokerage	Korea	26.27	217,187
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	127,881
Hyundai Commercial Inc.	Financing	Korea	50.00	121,597
Others (*3)				488,603
				₩ 13,117,731

(*1) Each of the joint arrangements in which the Group retained joint control was structured through a separate entity and there were no contractual terms which the parties retained 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 considered that the parties that retained joint control in the arrangement had rights to the net assets and classified the joint arrangements as joint ventures. Also, there are restrictions which obtain consent from the director who is designated by the other investors, for certain transactions such as payment of dividends.

(*2) As the Group was 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 was less than 20%, the investment was accounted for using the equity method.

(*3) As of December 31, 2012, amongst Others, investments in Beijing Hyundai Qiche Financing Company, with a book value of ₩46,174 million, was categorized as a joint venture although the Group's total ownership percentage was 60.0%, because the Group did not have control over the entity by virtue of an agreement with the other investors.

(2) THE CHANGES IN INVESTMENTS IN JOINT VENTURES AND ASSOCIATES FOR THE YEAR ENDED DECEMBER 31, 2013, ARE AS FOLLOWS:

Name of the company	Beginning of the year	Acquisitions / (disposals)	Share of profits for the year	Dividends	Others (*)	End of the year
BHMC	₩ 1,657,185	₩ -	₩ 966,555	₩ (622,500)	₩ 25,097	₩ 2,026,337
HMGC	103,450	17,432	31,948	-	993	153,823
CHMC	77,346	56,592	(665)	-	(1,259)	132,014
WAE	107,253	-	28,524	(7,070)	1,076	129,783
Kia Motors Corporation	5,638,238	-	1,249,062	(89,257)	(49,916)	6,748,127
Hyundai Engineering & Construction Co., Ltd.	3,023,813	-	62,243	(11,664)	(23,588)	3,050,804
Hyundai WIA Corporation	484,518	-	110,947	(3,447)	8,266	600,284
Hyundai Powertech Co., Ltd.	299,075	-	34,434	-	1,718	335,227
Hyundai Dymos Inc.	233,660	-	44,005	-	(7,130)	270,535
Hyundai HYSKO Co.,	615,271	(483,681)	102,489	(5,889)	8,542	236,732
HMC Investment Securities Co., Ltd.	217,187	-	2,517	(1,156)	(1,330)	217,218
Eukor Car Carriers Inc.	127,881	-	31,336	(8,044)	(2,307)	148,866
Hyundai Commercial Inc.	121,597	-	11,932	-	(7,723)	125,806
Others	411,257	55,559	73,320	(22,659)	1,962	519,439
	₩ 13,117,731	₩ (354,098)	₩ 2,748,647	₩ (771,686)	₩ (45,599)	₩ 14,694,995

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

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THE CHANGES IN INVESTMENTS IN JOINT VENTURES AND ASSOCIATES FOR THE YEAR ENDED DECEMBER 31, 2012, WERE AS FOLLOWS:

Name of the company	Beginning of the year	Acquisitions / (disposals)	Share of profits for the year	Dividends	Others (*)	End of the year
BHMC	₩ 1,553,871	₩ -	₩ 672,287	₩ (468,287)	₩ (100,686)	₩ 1,657,185
HMGC	128,318	-	59,980	(79,895)	(4,953)	103,450
WAE	81,260	14,606	17,448	-	(6,061)	107,253
Kia Motors Corporation	4,565,683	-	1,257,063	(82,390)	(102,118)	5,638,238
Hyundai Engineering & Construction Co., Ltd.	3,011,421	-	46,573	(11,664)	(22,517)	3,023,813
Hyundai WIA Corporation	482,996	(98,597)	112,265	(4,288)	(7,858)	484,518
Hyundai Powertech Co., Ltd.	254,066	-	47,695	-	(2,686)	299,075
Hyundai Dymos Inc.	194,332	-	38,588	-	740	233,660
Hyundai HYSKO Co., Ltd.	449,438	101,711	73,648	(5,239)	(4,287)	615,271
HMC Investment Securities Co., Ltd.	210,511	-	7,298	(1,156)	534	217,187
Eukor Car Carriers Inc.	111,312	-	32,153	(8,085)	(7,499)	127,881
Hyundai Commercial Inc.	122,364	-	23,271	(24,500)	462	121,597
Others	543,666	139,927	57,155	(38,238)	(213,907)	488,603
	₩ 11,709,238	₩ 157,647	₩ 2,445,424	₩ (723,742)	₩ (470,836)	₩ 13,117,731

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

(3) CONDENSED FINANCIAL INFORMATION OF THE GROUP'S MAJOR JOINT VENTURES AND ASSOCIATES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013, IS AS FOLLOWS:

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
BHMC	₩ 6,724,971	₩ 2,579,744	₩ 5,109,071	₩ 95,244
HMGC	386,643	90,778	151,274	-
CHMC	285,878	408,432	351,942	78,341
WAE	663,359	774,846	303,861	544,423
Kia Motors Corporation	13,472,386	22,709,654	10,806,238	5,121,007
Hyundai Engineering & Construction Co., Ltd.	11,108,964	3,624,248	6,905,974	2,624,163
Hyundai WIA Corporation	2,769,033	2,091,422	1,535,457	1,013,737
Hyundai Powertech Co., Ltd.	841,587	1,240,856	785,041	374,060
Hyundai Dymos Inc.	867,798	775,516	578,069	482,460
Hyundai HYSKO Co., Ltd.	1,470,314	787,872	1,111,124	444,852
HMC Investment Securities Co., Ltd. (*1,2)	4,552,120	-	3,885,124	-
Eukor Car Carriers Inc.	563,589	1,984,373	341,512	1,194,435
Hyundai Commercial Inc. (*2)	4,154,667	-	3,800,298	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

In millions of Korean Won

Name of the company	Sales	Profit for the year from continuing operations	Profit for the year from discontinued operations	Other comprehensive income (expense)	Total comprehensive income
BHMC	₩ 19,432,536	₩ 1,937,099	₩ -	₩ -	₩ 1,937,099
HMGC	1,830,188	66,577	-	-	66,577
CHMC	435,110	1,273	-	-	1,273
WAE	1,599,574	125,285	-	-	125,285
Kia Motors Corporation	47,597,897	3,817,059	-	(147,086)	3,669,973
Hyundai Engineering & Construction Co., Ltd.	13,938,287	569,644	-	(102,351)	467,293
Hyundai WIA Corporation	7,091,994	425,007	-	17,000	442,007
Hyundai Powertech Co., Ltd.	3,273,053	97,851	-	4,318	102,169
Hyundai Dymos Inc.	2,185,540	84,835	-	3,036	87,871
Hyundai HYSKO Co., Ltd.	4,046,137	53,597	1,555,167	(2,849)	1,605,915
HMC Investment Securities Co., Ltd. (*1,2)	750,633	2,096	-	(5,062)	(2,966)
Eukor Car Carriers Inc.	2,598,281	255,829	-	(14,770)	241,059
Hyundai Commercial Inc.(*2)	346,231	36,617	-	(15,387)	21,230

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

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

CONDENSED FINANCIAL INFORMATION OF THE GROUP'S MAJOR JOINT VENTURES AND ASSOCIATES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012, WAS AS FOLLOWS:

In millions of Korean Won

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
BHMC	₩ 5,183,231	₩ 2,467,016	₩ 4,185,709	₩ 107,873
HMGC	407,709	58,577	243,563	-
WAE	680,161	602,595	389,771	405,473
Kia Motors Corporation	11,139,430	21,258,884	10,000,239	5,550,013
Hyundai Engineering & Construction Co., Ltd.	9,610,665	3,136,164	6,149,756	1,841,137
Hyundai WIA Corporation	2,788,776	1,784,713	1,789,978	901,393
Hyundai Powertech Co., Ltd.	806,416	1,206,600	684,464	503,784
Hyundai Dymos Inc.	762,344	606,041	483,202	396,240
Hyundai HYSKO Co., Ltd.	2,714,340	2,688,727	2,598,336	951,029
HMC Investment Securities Co., Ltd. (*1,2)	4,257,135	-	3,582,773	-
Eukor Car Carriers Inc.	482,011	2,015,125	310,254	1,122,152
Hyundai Commercial Inc.(*2)	3,932,124	-	3,583,222	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

In millions of Korean Won

Name of the company	Sales	Profit for the year from continuing operations	Other comprehensive income (expense)	Total comprehensive income
BHMC	₩ 14,519,399	₩ 1,344,871	₩ -	₩ 1,344,871
HMGC	2,024,745	103,915	-	103,915
WAE	1,168,745	78,737	-	78,737
Kia Motors Corporation	47,242,933	3,864,704	(293,434)	3,571,270
Hyundai Engineering & Construction Co., Ltd.	13,324,821	566,960	(114,430)	452,530
Hyundai WIA Corporation	7,021,086	424,564	(25,024)	399,540
Hyundai Powertech Co., Ltd.	2,954,852	121,410	314	121,724
Hyundai Dymos Inc.	1,926,637	76,404	(12,441)	63,963
Hyundai HYSKO Co., Ltd.	8,405,083	260,155	(20,574)	239,581
HMC Investment Securities Co., Ltd. (*1,2)	1,104,413	21,511	2,029	23,540
Eukor Car Carriers Inc.	2,867,224	323,517	(71,643)	251,874
Hyundai Commercial Inc.(*2)	347,735	52,327	(1,382)	50,945

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

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

(4) CONDENSED ADDITIONAL FINANCIAL INFORMATION OF THE GROUP'S MAJOR JOINT VENTURES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013, IS AS FOLLOWS:

In millions of Korean Won

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
BHMC	₩ 573,257	₩ -	₩ -	₩ 1,546,058	₩ 15,426	₩ 42,012	₩ 645,700
HMGC	136,091	-	-	5,191	4,069	4,276	19,167
CHMC	73,834	88,192	78,341	6,488	2,505	746	1,135

CONDENSED ADDITIONAL FINANCIAL INFORMATION OF THE GROUP'S MAJOR JOINT VENTURES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012, WAS AS FOLLOWS:

In millions of Korean Won

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
BHMC	₩ 312,796	₩ -	₩ -	₩ 1,274,285	₩ 14,689	₩ 23,923	₩ 449,174
HMGC	209,481	21,607	-	3,972	3,046	5,663	31,594

(5) THE AGGREGATE AMOUNTS OF THE GROUP'S SHARE OF THE JOINT VENTURES' AND ASSOCIATES', THAT ARE NOT INDIVIDUALLY MATERIAL, PROFIT AND COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Profit for the year	₩ 73,320	₩ 57,155
Other comprehensive income (expenses)	1,498	(19,880)
Total comprehensive income	₩ 74,818	₩ 37,275

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(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 DECEMBER 31, 2013, IS AS FOLLOWS:

In millions of Korean Won

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

(*) The difference between the carrying amount and the fair value of the investee's identifiable assets and liabilities as of the acquisition date, 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, 2012, WAS AS FOLLOWS:

In millions of Korean Won

Name of the company	Group's share of net assets	Goodwill	Unrealized loss and others	Carrying amounts
BHMC	₩ 1,678,333	₩ -	₩ (21,148)	₩ 1,657,185
HMGC	111,361	-	(7,911)	103,450
WAE	107,253	-	-	107,253
Kia Motors Corporation	5,496,670	197,089	(55,521)	5,638,238
Hyundai Engineering & Construction Co., Ltd (*)	1,886,456	1,137,357	-	3,023,813
Hyundai WIA Corporation	489,542	-	(5,024)	484,518
Hyundai Powertech Co., Ltd.	310,230	-	(11,155)	299,075
Hyundai Dymos Inc.	235,409	-	(1,749)	233,660
Hyundai HYSKO Co., Ltd.	544,324	72,788	(1,841)	615,271
HMC Investment Securities Co., Ltd.	177,135	40,052	-	217,187
Eukor Car Carriers Inc.	127,768	-	113	127,881
Hyundai Commercial Inc.	121,637	-	(40)	121,597

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

(7) THE MARKET PRICE OF LISTED EQUITY SECURITIES AS OF DECEMBER 31, 2013, IS AS FOLLOWS:

In millions of Korean Won, except price per share

Name of the company	Price per share	Total number of shares	Market value
Kia Motors Corporation	₩ 56,100	₩ 137,318,251	₩ 7,703,554
Hyundai Engineering & Construction Co., Ltd.	60,700	23,327,400	1,415,973
Hyundai WIA Corporation	190,000	6,893,596	1,309,783
Hyundai HYSKO Co., Ltd.	41,500	6,698,537	277,989
HMC Investment Securities Co., Ltd.	9,810	7,705,980	75,596

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

13. FINANCIAL SERVICES RECEIVABLES:

(1) FINANCIAL SERVICES RECEIVABLES AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Loans	₩ 29,078,336	₩ 27,922,539
Card receivables	9,806,136	9,744,711
Financial lease receivables	3,038,540	2,836,499
Others	11,348	6,951
	41,934,360	40,510,700
Allowance for doubtful accounts	(823,408)	(749,166)
Loan origination fee	(89,881)	(259,716)
Present value discount accounts	(7,464)	(7,587)
	₩ 41,013,607	₩ 39,494,231

(2) AGING ANALYSIS OF FINANCIAL SERVICES RECEIVABLES

As of December 31, 2013 and 2012, total financial services receivables that are past due but not impaired are ₩1,288,443 million and ₩1,384,125 million, respectively; all of them are past due less than 90 days. As of December 31, 2013 and 2012, the impaired financial services receivables amount to ₩530,638 million and ₩631,406 million, respectively.

(3) TRANSFERRED FINANCIAL SERVICES RECEIVABLES THAT ARE NOT DERECOGNIZED

As of December 31, 2013 and 2012, the Group issued asset backed securities, which have recourse to the underlying assets, based on loans, card receivables and others. As of December 31, 2013, the carrying amounts and fair values of the transferred financial assets that are not derecognized are ₩14,802,187 million and ₩14,709,639 million, respectively, the carrying amounts and fair values of the associated liabilities are ₩10,934,023 million and ₩11,101,945 million, respectively, and the net position is ₩3,607,694 million. As of December 31, 2012, the carrying amounts and fair values of the transferred financial assets that were not derecognized were ₩13,186,895 million and ₩13,156,258 million, respectively, the carrying amounts and fair values of the associated liabilities were ₩9,912,680 million and ₩10,007,119 million, respectively, and the net position was ₩3,149,139 million.

(4) THE CHANGES IN ALLOWANCE FOR DOUBTFUL ACCOUNTS OF FINANCIAL SERVICES RECEIVABLES FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Beginning of the year	₩ 749,166	₩ 729,047
Impairment loss	669,339	498,823
Write-off	(474,001)	(398,137)
Effect of foreign exchange differences	(2,761)	(14,359)
Transfers and others	(118,335)	(77,150)
Changes in the scope of consolidation	-	10,942
End of the year	₩ 823,408	₩ 749,166

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(5) GROSS INVESTMENTS IN FINANCIAL LEASE AND THEIR PRESENT VALUE OF MINIMUM LEASE RECEIPTS AS OF DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

Description	December 31, 2013		December 31, 2012	
	Gross investments in financial lease	Present value of minimum lease receipts	Gross investments in financial lease	Present value of minimum lease receipts
Not later than one year	₩ 1,453,668	₩ 1,257,942	₩ 1,366,499	₩ 1,093,879
Later than one year and not later than five years	1,944,394	1,776,643	1,812,227	1,742,481
Later than five years	172	171	140	139
	₩ 3,398,234	₩ 3,034,756	₩ 3,178,866	₩ 2,836,499

(6) UNEARNED INTEREST INCOME OF FINANCIAL LEASE AS OF DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Gross investments in financial lease	₩ 3,398,234	₩ 3,178,866
Net lease investments:		
Present value of minimum lease receipts	3,034,756	2,836,499
Present value of unguaranteed residual value	3,784	-
	3,038,540	2,836,499
Unearned interest income	₩ 359,694	₩ 342,367

14. OPERATING LEASE ASSETS:

(1) OPERATING LEASE ASSETS AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Acquisition cost	₩ 12,030,614	₩ 9,008,006
Accumulated depreciation	(1,388,421)	(1,121,592)
Accumulated impairment loss	(77,317)	(56,326)
	₩ 10,564,876	₩ 7,830,088

(2) FUTURE MINIMUM LEASE RECEIPTS RELATED TO OPERATING LEASE ASSETS AS OF DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Not later than one year	₩ 2,018,610	₩ 1,643,559
Later than one year and not later than five years	2,270,798	1,842,246
Later than five years	1	2
	₩ 4,289,409	₩ 3,485,807

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

15. BORROWINGS AND DEBENTURES:

(1) SHORT-TERM BORROWINGS AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	Lender	Annual interest rate (%)	December 31, 2013	December 31, 2012
Overdrafts	Citi Bank and others	0.40~3.53	₩ 211,603	₩ 198,630
General loans	Kookmin Bank and others	0.28~7.00	2,468,175	2,361,415
Loans on trade receivables collateral	Korea Exchange Bank and others	LIBOR+0.23~0.40	997,519	1,889,307
Banker's Usance	Kookmin Bank and others	LIBOR+0.31~0.40	439,579	596,229
Commercial paper	Shinhan Bank and others	0.21~3.62	747,375	730,000
Asset-backed securities	HSBC	0.64	428,547	126,538
Short-term debentures	Daewoo Securities and other	-	-	879,630
			₩ 5,292,798	₩ 6,781,749

(2) LONG-TERM DEBT AS OF DECEMBER 31, 2013 AND 2012, CONSISTS OF THE FOLLOWING:

In millions of Korean Won

Description	Lender	Annual interest rate (%)	December 31, 2013	December 31, 2012
General loans	Shinhan Bank and others	0.98~5.50	₩ 3,127,981	₩ 2,265,859
Facility loan	Korea Development Bank and others	0.92~7.30	524,530	796,486
Commercial paper	Meritz Securities and others	3.07~4.15	233,000	343,000
Asset-backed securities	JP Morgan and others	0.47~0.69	3,535,460	3,369,345
Others	Woori Bank and others	0.10~2.94	238,899	290,324
			7,659,870	7,065,014
Less: present value discounts			134,025	158,398
Less: current maturities			2,859,815	2,764,143
			₩ 4,666,030	₩ 4,142,473

(3) DEBENTURES AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	Latest maturity date	Annual interest rate (%)	December 31, 2013	December 31, 2012
Guaranteed public debentures	June 8, 2017	3.75~4.50	₩ 1,583,399	₩ 1,604,827
Guaranteed private debentures	April 25, 2015	5.68	79,148	80,333
Non-guaranteed public debentures	September 25, 2020	2.61~7.47	20,298,628	17,434,701
Non-guaranteed private debentures	August 9, 2018	1.63~3.63	2,383,997	2,613,559
Asset-backed securities	January 15, 2020	0.22~6.52	10,891,176	9,880,999
			35,236,348	31,614,419
Less: discount on debentures			88,129	95,532
Less: current maturities			5,825,439	5,148,198
			₩ 29,322,780	₩ 26,370,689

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AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

16. PROVISIONS:

(1) PROVISIONS AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Warranty	₩ 5,871,332		₩ 5,908,719	
Other long-term employee benefits	624,836		609,589	
Others	409,751		490,450	
	₩ 6,905,919		₩ 7,008,758	

(2) THE CHANGES IN PROVISIONS FOR THE YEAR ENDED DECEMBER 31, 2013, ARE AS FOLLOWS:

In millions of Korean Won

Description	December 31, 2013		
	Warranty	Other long-term employee benefits	Others
Beginning of the year	₩ 5,908,719	₩ 609,589	₩ 490,450
Charged	773,917	64,075	100,207
Utilized	(975,612)	(48,834)	(181,975)
Amortization of present value discounts	142,133	-	13,268
Changes in expected reimbursements by third parties	44,819	-	-
Effect of foreign exchange differences	(22,644)	6	(12,199)
End of the year	₩ 5,871,332	₩ 624,836	₩ 409,751

THE CHANGES IN PROVISIONS FOR THE YEAR ENDED DECEMBER 31, 2012, WERE AS FOLLOWS:

In millions of Korean Won

Description	December 31, 2012		
	Warranty	Other long-term employee benefits	Others
Beginning of the year	₩ 5,850,285	₩ 586,628	₩ 210,240
Charged	712,587	66,354	452,907
Utilized	(795,880)	(46,574)	(154,684)
Amortization of present value discounts	144,566	-	-
Changes in expected reimbursements by third parties	2,343	-	-
Effect of foreign exchange differences	(72,024)	(6)	(28,189)
Changes in the scope of consolidation	66,842	3,187	10,176
End of the year	₩ 5,908,719	₩ 609,589	₩ 490,450

17. OTHER FINANCIAL LIABILITIES:

OTHER FINANCIAL LIABILITIES AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Financial liabilities at FVTPL	₩ 2	₩ 3,061	₩ 1	₩ 4,161
Derivative liabilities that are effective hedging instruments	134,974	426,434	24,604	331,699
Financial lease liabilities	9,093	10,618	8,458	20,333
Others	-	-	115,248	-
	₩ 144,069	₩ 440,113	₩ 148,311	₩ 356,193

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AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

18. OTHER LIABILITIES:

OTHER LIABILITIES AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013		December 31, 2012	
	Current	Non-current	Current	Non-current
Advance received	₩ 250,886	₩ 48,426	₩ 412,792	₩ 51,549
Withholdings	1,105,380	491,180	1,402,652	554,677
Accrued expenses	1,663,951	-	1,288,105	-
Unearned income	442,495	458,707	482,160	339,549
Accrued dividends	68	-	77	-
Due to customers for contract work	445,292	-	497,948	-
Others	91,042	611,168	207,370	536,583
	₩ 3,999,114	₩ 1,609,481	₩ 4,291,104	₩ 1,482,358

19. FINANCIAL INSTRUMENTS:

(1) CATEGORIES OF FINANCIAL ASSETS AS OF DECEMBER 31, 2013, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	Derivatives designated as hedging instruments	Book value	Fair value
Cash and cash equivalents	₩ -	₩ 6,872,430	₩ -	₩ -	₩ 6,872,430	₩ 6,872,430
Short-term and long-term financial instruments	-	14,910,783	-	-	14,910,783	14,910,783
Trade notes and accounts receivable	-	3,528,654	-	-	3,528,654	3,528,654
Other receivables	-	2,845,387	-	-	2,845,387	2,845,387
Other financial assets	448,892	248,721	2,515,396	26,696	3,239,705	3,239,705
Other assets	-	363,352	-	-	363,352	363,352
Financial services receivables	-	41,013,607	-	-	41,013,607	41,566,247
	₩ 448,892	₩ 69,782,934	₩ 2,515,396	₩ 26,696	₩ 72,773,918	₩ 73,326,558

CATEGORIES OF FINANCIAL ASSETS AS OF DECEMBER 31, 2012, CONSISTED OF THE FOLLOWING:

In millions of Korean Won

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(2) CATEGORIES OF FINANCIAL LIABILITIES AS OF DECEMBER 31, 2013, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	Financial liabilities at FVTPL	Financial liabilities carried at amortized cost	Derivatives designated as hedging instruments	Book value	Fair value
Trade notes and accounts payable	₩ -	₩ 6,722,740	₩ -	₩ 6,722,740	₩ 6,722,740
Other payables	-	4,703,454	-	4,703,454	4,703,454
Borrowings and debentures	-	47,966,862	-	47,966,862	48,636,232
Other financial liabilities	3,063	19,711	561,408	584,182	584,182
Other liabilities	-	1,664,019	-	1,664,019	1,664,019
	₩ 3,063	₩ 61,076,786	₩ 561,408	₩ 61,641,257	₩ 62,310,627

CATEGORIES OF FINANCIAL LIABILITIES AS OF DECEMBER 31, 2012, CONSISTED OF THE FOLLOWING:

In millions of Korean Won

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

(3) FAIR VALUE ESTIMATION

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

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

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

In millions of Korean Won

Description	December 31, 2013			
	Level 1	Level 2	Level 3	Level 4
Financial assets:				
Financial assets at FVTPL	₩ 38,927	₩ 409,965	₩ -	₩ 448,892
Derivatives designated as hedging instruments	-	26,696	-	26,696
AFS financial assets	2,187,434	98,620	229,342	2,515,396
	₩ 2,226,361	₩ 535,281	₩ 229,342	₩ 2,990,984
Financial liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 3,063	₩ -	₩ 3,063
Derivatives designated as hedging instruments	-	561,408	-	561,408
	₩ -	₩ 564,471	₩ -	₩ 564,471

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

In millions of Korean Won

Description	December 31, 2012			
	Level 1	Level 2	Level 3	Level 4
Financial assets:				
Financial assets at FVTPL	₩ -	₩ 87,152	₩ -	₩ 87,152
Derivatives designated as hedging instruments	-	35,805	-	35,805
AFS financial assets	1,287,409	5,023	264,103	1,556,535
HTM financial assets	-	62	-	62
	₩ 1,287,409	₩ 128,042	₩ 264,103	₩ 1,679,554
Financial liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 4,162	₩ -	₩ 4,162
Derivatives designated as hedging instruments	-	356,303	-	356,303
	₩ -	₩ 360,465	₩ -	₩ 360,465

The changes in financial instruments classified as Level 3 for the year ended December 31, 2013, are as follows:

In millions of Korean Won

Description	Beginning of the year	Purchases	Disposals	Valuation	Transfers	End of the year
AFS financial assets	₩ 264,103	₩ 2,829	₩ (42,064)	₩ 4,474	₩ -	₩ 229,342

The changes in financial instruments classified as Level 3 for the year ended December 31, 2012, were as follows:

In millions of Korean Won

Description	Beginning of the year	Purchases	Disposals	Valuation	Transfers	End of the year
AFS financial assets	₩ 273,070	₩ 9,042	₩ (21,162)	₩ 3,153	₩ -	₩ 264,103

(4) INTEREST INCOME, DIVIDEND INCOME AND INTEREST EXPENSES BY CATEGORIES OF FINANCIAL INSTRUMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	2013			2012		
	Interest income	Dividend income	Interest expenses	Interest income	Dividend income	Interest expenses
Non-financial services:						
Loans and receivables	₩ 573,439	₩ -	₩ -	₩ 586,507	₩ -	₩ -
AFS financial assets	961	11,096	-	3,769	15,024	-
HTM financial assets	-	-	-	1	-	-
Financial liabilities carried at amortized cost	-	-	229,750	-	-	311,113
	₩ 574,400	₩ 11,096	₩ 229,750	₩ 590,277	₩ 15,024	₩ 311,113
Financial services:						
Loans and receivables	₩ 2,640,111	₩ -	₩ -	₩ 2,757,278	₩ -	₩ -
Financial assets at FVTPL	6,141	-	-	-	-	-
Financial liabilities at FVTPL	-	-	-	-	-	14,464
Financial liabilities carried at amortized cost	-	-	1,351,481	-	-	1,430,910
	₩ 2,646,252	₩ -	₩ 1,351,481	₩ 2,757,278	₩ -	₩ 1,445,374

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(5) FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING, FINANCIAL INSTRUMENTS SUBJECT TO AN ENFORCEABLE MASTER NETTING ARRANGEMENT OR SIMILAR AGREEMENT AS OF DECEMBER 31, 2013, CONSIST OF THE FOLLOWING:

In millions of Korean Won

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

(*) There are no derivative assets and liabilities that can be offset as of December 31, 2013. Therefore, derivative assets and liabilities do not meet the criteria for offsetting in K-IFRS 1032, but the Group has a right of offsetting them in the event of default, insolvency or bankruptcy of the counterparty.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING, FINANCIAL INSTRUMENTS SUBJECT TO AN ENFORCEABLE MASTER NETTING ARRANGEMENT OR SIMILAR AGREEMENT AS OF DECEMBER 31, 2012, CONSISTED OF THE FOLLOWING:

In millions of Korean Won

Description	Gross amounts of recognized financial assets and liabilities	Gross amounts of recognized financial assets and liabilities set off in the consolidated statement of financial position	Net amounts of financial assets and liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position - Financial instruments	Related amounts not set off in the statement of financial position - Collateral received (pledged)	Net amounts
Financial assets:						
Trade notes and accounts receivable	₩ 3,850,475	₩ 119,850	₩ 3,730,625	₩ -	₩ -	₩ 3,730,625
Other receivables	2,794,774	234,891	2,559,883	-	-	2,559,883
Financial assets at FVTPL (*)	87,152	-	87,152	-	-	87,152
Derivative assets that are effective hedging instruments	35,805	-	35,805	32,811	-	2,994
	₩ 6,768,206	₩ 354,741	₩ 6,413,465	₩ 32,811	₩ -	₩ 6,380,654
Financial liabilities:						
Trade notes and accounts payable	₩ 7,139,826	₩ 298,500	₩ 6,841,326	₩ -	₩ -	₩ 6,841,326
Other payables	4,606,519	56,241	4,550,278	-	-	4,550,278
Financial liabilities at FVTPL (*)	4,162	-	4,162	-	-	4,162
Derivative liabilities that are effective hedging instruments	356,303	-	356,303	32,811	-	323,492
	₩ 12,106,810	₩ 354,741	₩ 11,752,069	₩ 32,811	₩ -	₩ 11,719,258

(*) There were no derivative assets and liabilities that can be offset as of December 31, 2012. Therefore, derivative assets and liabilities did not meet the criteria for offsetting in K-IFRS 1032, but the Group had a right of offsetting them in the event of default, insolvency or bankruptcy of the counterparty.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(6) THE COMMISSION INCOME (FINANCIAL SERVICES REVENUE) ARISING FROM FINANCIAL ASSETS OR LIABILITIES OTHER THAN FINANCIAL ASSETS OR LIABILITIES AT FVTPL FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE ₩1,646,100 MILLION AND ₩1,616,825 MILLION, RESPECTIVELY. IN ADDITION, THE FEE EXPENSES (COST OF SALES FROM FINANCIAL SERVICES) OCCURRING FROM FINANCIAL ASSETS OR LIABILITIES OTHER THAN FINANCIAL ASSETS OR LIABILITIES AT FVTPL FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE ₩897,756 MILLION AND ₩808,147 MILLION, RESPECTIVELY.

(7) THE GROUP RECOGNIZES TRANSFERS BETWEEN LEVELS OF THE FAIR-VALUE HIERARCHY AT THE DATE OF THE EVENT OR CHANGE IN CIRCUMSTANCES THAT CAUSED THE TRANSFER. THERE ARE NO SIGNIFICANT TRANSFERS BETWEEN LEVEL 1 AND LEVEL 2 FOR THE YEAR ENDED DECEMBER 31, 2013.

(8) DESCRIPTIONS OF THE VALUATION TECHNIQUES AND THE INPUTS USED IN THE FAIR VALUE MEASUREMENTS CATEGORIZED WITHIN LEVEL 2 AND LEVEL 3 OF THE FAIR-VALUE HIERARCHY ARE AS FOLLOWS:

- Currency forwards and options

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

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

- Debt instruments including corporate bonds

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

- Unlisted equity securities

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

(9) THE QUANTITATIVE INFORMATION ABOUT SIGNIFICANT UNOBSERVABLE INPUTS USED IN THE FAIR VALUE MEASUREMENTS CATEGORIZED WITHIN LEVEL 3 OF THE FAIR-VALUE HIERARCHY AND THE DESCRIPTION OF RELATIONSHIPS OF SIGNIFICANT UNOBSERVABLE INPUTS TO THE FAIR VALUE ARE AS FOLLOWS:

In millions of Korean Won

Description	Fair value at December 31, 2013	Valuation Techniques	Unobservable inputs	Range	Description of relationship
Unlisted equity securities	₩ 229,342	Discounted cash flow	Sales growth rate	0.5% ~ 7.0%	If the sales growth rate and the pre-tax operating income ratio rise or the discount rate declines, the fair value increases.
			Pre-tax operating income ratio	2.7% ~ 22.3%	
			Discount rate	6.1% ~ 14.2%	

The Group believes that the changes of unobservable inputs to reflect reasonably possible alternative assumptions would not have significant effects on the fair value measurements.

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20. CAPITAL STOCK:

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

(1) COMMON STOCK

In millions of Korean Won, Except par value

Description	December 31, 2013	December 31, 2012
Issued	220,276,479 shares	220,276,479 shares
Par value	₩ 5,000	₩ 5,000
Capital stock	1,157,982	1,157,982

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

(2) PREFERRED STOCK

In millions of Korean Won

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

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

21. CAPITAL SURPLUS:

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

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	809,334	837,654
	₩ 4,130,668	₩ 4,158,988

22. OTHER CAPITAL ITEMS:

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

Number of shares

Description	December 31, 2013	December 31, 2012
Common stock	11,006,710	11,006,710
1st preferred stock	1,950,960	1,950,960
2nd preferred stock	1,000,000	1,000,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

23. ACCUMULATED OTHER COMPREHENSIVE INCOME:

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

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Gain on valuation of AFS financial assets	₩ 737,234	₩ 678,559
Loss on valuation of AFS financial assets	(2,850)	(2,372)
Gain on valuation of cash flow hedge derivatives	2,589	4,614
Loss on valuation of cash flow hedge derivatives	(1,382)	(5,726)
Gain on share of the other comprehensive income of equity-accounted investees	59,833	21,532
Loss on share of the other comprehensive income of equity-accounted investees	(386,557)	(287,108)
Loss on foreign operations translation, net	(1,242,903)	(882,872)
	₩ (834,036)	₩ (473,373)

24. RETAINED EARNINGS AND DIVIDENDS:

(1) RETAINED EARNINGS AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Legal reserve (*)	₩ 475,707	₩ 423,124
Discretionary reserve	31,021,647	26,531,647
Unappropriated	16,776,885	13,038,459
	₩ 48,274,239	₩ 39,993,230

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

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

(2) THE COMPUTATION OF THE PROPOSED DIVIDENDS FOR THE YEAR ENDED DECEMBER 31, 2013, IS AS FOLLOWS:

In millions of Korean Won, except per share amounts

Description	Common stock	1st Preferred stock	2nd Preferred stock	3rd Preferred stock
Number of shares issued	220,276,479	25,109,982	37,613,865	2,478,299
Treasury stocks	(11,006,710)	(1,950,960)	(1,000,000)	-
Shares, net of treasury stocks	209,269,769	23,159,022	36,613,865	2,478,299
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Dividend rate	39%	40%	41%	40%
Dividends declared	408,076	46,318	75,058	4,957
Dividends per share	₩ 1,950	₩ 2,000	₩ 2,050	₩ 2,000
Market price per share	236,500	125,000	130,500	114,500
Dividend yield ratio	0.8%	1.6%	1.6%	1.7%

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THE COMPUTATION OF THE DIVIDENDS FOR THE YEAR ENDED DECEMBER 31, 2012, WAS AS FOLLOWS:

In millions of Korean Won, except per share amounts

Description	Common stock	1st Preferred stock	2nd Preferred stock	3rd Preferred stock
Number of shares issued	220,276,479	25,109,982	37,613,865	2,478,299
Treasury stocks	(11,006,710)	(1,950,960)	(1,000,000)	-
Shares, net of treasury stocks	209,269,769	23,159,022	36,613,865	2,478,299
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Dividend rate	38%	39%	40%	39%
Dividends declared	397,612	45,160	73,228	4,833
Dividends per share	₩ 1,900	₩ 1,950	₩ 2,000	₩ 1,950
Market price per share	218,500	69,300	75,600	54,500
Dividend yield ratio	0.9%	2.8%	2.6%	3.6%

25. SALES:

Sales for the years ended December 31, 2013 and 2012, consist of the following:

In millions of Korean Won

Description	2013	2012
Sales of goods	₩ 77,371,830	₩ 75,002,314
Rendering of services	1,285,463	1,238,936
Royalties	230,642	151,770
Financial services revenue	8,205,197	7,900,560
Others	214,504	176,141
	₩ 87,307,636	₩ 84,469,721

26. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the years ended December 31, 2013 and 2012, consist of the following:

In millions of Korean Won

Description	2013	2012
Selling expenses:		
Export expenses	₩ 951,362	₩ 994,234
Overseas market expenses	269,422	385,112
Advertisements and sales promotion	2,087,172	2,163,739
Sales commissions	602,845	531,536
Expenses for warranties	964,684	954,764
Transportation expenses	324,158	283,515
	5,199,643	5,312,900
Administrative expenses:		
Payroll	2,313,956	2,163,291
Post-employment benefits	168,825	144,459
Welfare expenses	363,299	313,181
Service charges	1,154,974	1,116,815
Research	722,732	686,606
Others	1,209,219	1,324,595
	5,933,005	5,748,947
	₩ 11,132,648	₩ 11,061,847

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the years ended December 31, 2013 and 2012, consist of the following:

In millions of Korean Won

Description	2013	2012
Gain on share of earnings of equity-accounted investees, net	₩ 2,748,647	₩ 2,445,424
Gain on disposals of investments in associates, net	308,462	136,140
	₩ 3,057,109	₩ 2,581,564

28. FINANCE INCOME AND EXPENSES:

(1) FINANCE INCOME FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	2013	2012
Interest income	₩ 581,388	₩ 590,277
Gain on foreign exchange transactions	78,825	89,945
Gain on foreign currency translation	83,042	147,653
Dividend income	11,096	15,024
Income on financial guarantee	3,727	3,673
Gain on valuation of financial instruments at FVTPL	2,452	53,920
Gain on disposals of AFS financial assets	8,601	-
Gain on valuation of derivatives	33,045	67,655
Others	3,085	1,579
	₩ 805,261	₩ 969,726

(2) FINANCE EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	2013	2012
Interest expenses	₩ 341,192	₩ 426,698
Loss on foreign exchange transactions	75,934	45,809
Loss on foreign currency translation	95,407	122,943
Loss on disposals of trade notes and accounts receivable	11,041	15,330
Loss on valuation of financial instruments at FVTPL	1,520	-
Impairment loss on AFS financial assets	2,204	2,123
Loss on valuation of derivatives	22,260	11,470
Others	3,151	100
	₩ 552,709	₩ 624,473

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

29. OTHER INCOME AND EXPENSES:

(1) OTHER INCOME FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, CONSISTS OF THE FOLLOWING:

In millions of Korean Won

Description	2013	2012
Gain on foreign exchange transactions	₩ 307,055	₩ 420,252
Gain on foreign currency translation	195,810	204,726
Gain on disposals of PP&E	103,104	31,366
Gain on disposals of intangible assets	16,649	126
Commission income	46,135	36,586
Rental income	70,931	86,280
Gain on disposals of non-current assets classified as held for sale	4,530	-
Others	393,787	452,024
	₩ 1,138,001	₩ 1,231,360

(2) OTHER EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	2013	2012
Loss on foreign exchange transactions	₩ 377,865	₩ 394,426
Loss on foreign currency translation	236,842	180,835
Loss on disposals of PP&E	32,741	62,983
Impairment loss on intangible assets	28,161	666
Loss on disposals of non-current assets classified as held for sale	1,179	-
Donations	75,124	70,301
Others	314,541	279,125
	₩ 1,066,453	₩ 988,336

30. EXPENSES BY NATURE:

Expenses by nature for the years ended December 31, 2013 and 2012, consist of the following:

In millions of Korean Won

Description	2013	2012
Changes in inventories	₩ (389,147)	₩ (296,076)
Raw materials and merchandise used	47,353,933	47,306,979
Employee benefits	8,308,494	7,393,900
Depreciation	1,768,985	1,700,775
Amortization	782,353	823,144
Others	22,233,974	20,088,734
Total (*)	₩ 80,058,592	₩ 77,017,456

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

31. EARNINGS PER COMMON SHARE:

Basic earnings per common share are computed by dividing profit available to common shares by the weighted-average number of common shares outstanding during the year. The Group did not compute diluted earnings per common share for the years ended December 31, 2013 and 2012, since there were no dilutive items during the years.

Basic earnings per common share for the years ended December 31, 2013 and 2012, are computed as follows:

Description	In millions of Korean Won, except per share amounts	
	2013	2012
Profit attributable to the owners of the Parent Company	₩ 8,541,834	₩ 8,566,568
Profit available to preferred stock	(1,962,183)	(1,967,854)
Profit available to common share	6,579,651	6,598,714
Weighted-average number of common shares outstanding	209,269,769 shares	209,269,769 shares
Basic earnings per common share	₩ 31,441	₩ 31,532

32. INCOME TAX EXPENSE:

(1) INCOME TAX EXPENSE FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

Description	In millions of Korean Won	
	2013	2012
Income tax currently payable	₩ 1,620,676	₩ 1,576,461
Adjustments recognized in the current year in relation to the prior years	207,646	(39,836)
Changes in deferred taxes due to:		
Temporary differences	1,138,556	694,868
Tax credits and deficits	(180,586)	162,391
Items directly charged to equity	(113,430)	97,414
Effect of foreign exchange differences	30,347	61,644
Changes in the scope of consolidation	-	(3,632)
Income tax expense	₩ 2,703,209	₩ 2,549,310

(2) THE RECONCILIATION FROM INCOME BEFORE INCOME TAX TO INCOME TAX EXPENSE PURSUANT TO CORPORATE INCOME TAX LAW OF KOREA FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

Description	In millions of Korean Won	
	2013	2012
Income before income tax	₩ 11,696,706	₩ 11,610,442
Income tax expense calculated at current applicable tax rates of 27.0% in 2013 and 26.3% in 2012	3,163,781	3,051,556
Adjustments:		
Non-taxable income	(109,720)	(82,407)
Disallowed expenses	101,057	91,613
Tax credits	(685,584)	(665,606)
Others	233,675	154,154
	(460,572)	(502,246)
Income tax expense	₩ 2,703,209	₩ 2,549,310
Effective tax rate	23.1%	22.0%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(3) THE CHANGES IN DEFERRED TAX ASSETS (LIABILITIES) FOR THE YEAR ENDED DECEMBER 31, 2013, ARE AS FOLLOWS:

Description	In millions of Korean Won		
	Beginning of the year	Changes	End of the year
Provisions	₩ 1,672,540	₩ 64,812	₩ 1,737,352
AFS financial assets	(229,971)	(17,392)	(247,363)
Subsidiaries, associates and joint ventures	(854,175)	(318,614)	(1,172,789)
Reserve for research and manpower development	(240,177)	(50,304)	(290,481)
Derivatives	(56,428)	4,307	(52,121)
PP&E	(3,232,024)	(730,207)	(3,962,231)
Accrued income	(32,434)	24,925	(7,509)
Gain on foreign currency translation	615	377	992
Others	294,834	(116,460)	178,374
	(2,677,220)	(1,138,556)	(3,815,776)
Accumulated deficit and tax credit carryforward	804,237	180,586	984,823
	₩ (1,872,983)	₩ (957,970)	₩ (2,830,953)

THE CHANGES IN DEFERRED TAX ASSETS (LIABILITIES) FOR THE YEAR ENDED DECEMBER 31, 2012, WERE AS FOLLOWS:

Description	In millions of Korean Won		
	Beginning of the year	Changes	End of the year
Provisions	₩ 1,569,408	₩ 103,132	₩ 1,672,540
AFS financial assets	(253,238)	23,267	(229,971)
Subsidiaries, associates and joint ventures	(521,821)	(332,354)	(854,175)
Reserve for research and manpower development	(169,400)	(70,777)	(240,177)
Derivatives	(75,379)	18,951	(56,428)
PP&E	(2,754,400)	(477,624)	(3,232,024)
Accrued income	(50,970)	18,536	(32,434)
Loss (gain) on foreign currency translation	41,275	(40,660)	615
Others	232,173	62,661	294,834
	(1,982,352)	(694,868)	(2,677,220)
Accumulated deficit and tax credit carryforward	966,628	(162,391)	804,237
	₩ (1,015,724)	₩ (857,259)	₩ (1,872,983)

(4) THE COMPONENTS OF ITEMS CHARGED TO EQUITY FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

Description	In millions of Korean Won	
	2013	2012
Deferred tax charged or credited to:		
Loss (gain) on valuation of AFS financial assets, net	₩ (17,411)	₩ 25,818
Gain on valuation of derivatives, net	(2,216)	(7,599)
Remeasurements of defined benefit plans	(91,818)	69,330
Changes in retained earnings of equity-accounted investees	(1,985)	9,408
Effect of changes in accounting policies	-	457
	₩ (113,430)	₩ 97,414

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(5) THE TEMPORARY DIFFERENCES NOT RECOGNIZED AS DEFERRED TAX LIABILITIES RELATED TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES ARE ₩6,248,359 MILLION AND ₩4,793,848 MILLION AS OF DECEMBER 31, 2013 AND 2012, RESPECTIVELY.

33. RETIREMENT BENEFIT PLAN:

(1) EXPENSES RECOGNIZED IN RELATION TO DEFINED CONTRIBUTION PLANS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

Description	2013	2012
Paid in cash	₩ 6,315	₩ 6,049
Recognized liability	416	957
	₩ 6,731	₩ 7,006

(2) THE SIGNIFICANT ACTUARIAL ASSUMPTIONS USED BY THE GROUP AS OF DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

Description	December 31, 2013	December 31, 2012
Discount rate	4.45%	3.74%
Rate of expected future salary increase	4.97%	4.74%

(3) THE AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION RELATED TO DEFINED BENEFIT PLANS AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Present value of defined benefit obligations	₩ 3,131,966	₩ 2,975,771
Fair value of plan assets	(2,749,943)	(2,154,022)
	₩ 382,023	₩ 821,749
Net defined benefit liabilities	389,306	821,749
Net defined benefit assets	(7,283)	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(4) CHANGES IN NET DEFINED BENEFIT ASSETS AND LIABILITIES FOR THE YEAR ENDED DECEMBER 31, 2013, ARE AS FOLLOWS:

In millions of Korean Won

Description	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Beginning of the year	₩ 2,975,771	₩ (2,154,022)	₩ 821,749
Current service cost	473,463	-	473,463
Past service cost	21,337	-	21,337
Interest expenses (income)	115,713	(82,893)	32,820
	3,586,284	(2,236,915)	1,349,369
Remeasurements:			
Return on plan assets	-	(7,684)	(7,684)
Actuarial gains arising from changes in demographic assumptions	(85,942)	-	(85,942)
Actuarial gains arising from changes in financial assumptions	(230,175)	-	(230,175)
Actuarial gains arising from experience adjustments and others	(22,660)	-	(22,660)
	(338,777)	(7,684)	(346,461)
Contributions	-	(590,241)	(590,241)
Benefits paid	(120,090)	80,259	(39,831)
Transfers in (out)	1,105	1,080	2,185
Effect of foreign exchange differences and others	3,444	3,558	7,002
End of the year	₩ 3,131,966	₩ (2,749,943)	₩ 382,023

CHANGES IN NET DEFINED BENEFIT ASSETS AND LIABILITIES FOR THE YEAR ENDED DECEMBER 31, 2012, WERE AS FOLLOWS:

In millions of Korean Won

Description	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Beginning of the year	₩ 2,249,240	₩ (1,600,601)	₩ 648,639
Current service cost	399,983	-	399,983
Interest expenses (income)	106,189	(76,560)	29,629
	2,755,412	(1,677,161)	1,078,251
Remeasurements:			
Return on plan assets	-	(12,333)	(12,333)
Actuarial losses arising from changes in demographic assumptions	2,548	-	2,548
Actuarial losses arising from changes in financial assumptions	281,013	-	281,013
Actuarial losses arising from experience adjustments and others	44,930	-	44,930
Effect of changes in accounting policies	-	3,654	3,654
	328,491	(8,679)	319,812
Contributions	-	(531,609)	(531,609)
Benefits paid	(127,710)	68,292	(59,418)
Transfers in (out)	979	1,126	2,105
Changes in the scope of consolidation	28,402	(16,945)	11,457
Effect of foreign exchange differences and others	(9,803)	10,954	1,151
End of the year	₩ 2,975,771	₩ (2,154,022)	₩ 821,749

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(5) THE SENSITIVITY ANALYSES BELOW HAVE BEEN DETERMINED BASED ON REASONABLY POSSIBLE CHANGES OF THE SIGNIFICANT ASSUMPTIONS OCCURRING AS OF DECEMBER 31, 2013, WHILE HOLDING ALL OTHER ASSUMPTIONS CONSTANT.

In millions of Korean Won

Description	Effect on the net defined benefit liabilities as of December 31, 2013	
	Increase by 1%	Decrease by 1%
Discount rate	(326,031)	385,624
Rate of expected future salary increase	313,430	(275,984)

(6) THE FAIR VALUE OF THE PLAN ASSETS AS OF DECEMBER 31, 2013 AND 2012, CONSIST OF THE FOLLOWING:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Insurance instruments	₩ 2,415,575	₩ 1,948,010
Debt instruments	66,149	50,859
Others	268,219	155,153
	₩ 2,749,943	₩ 2,154,022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

34. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the years ended December 31, 2013 and 2012, is as follows:

In millions of Korean Won

Description	2013	2012
Profit for the year	₩ 8,993,497	₩ 9,061,132
Adjustments:		
Post-employment benefits	527,620	429,612
Depreciation	1,768,985	1,700,775
Amortization of intangible assets	782,353	823,144
Provision for warranties	773,917	712,587
Income tax expense	2,703,209	2,549,310
Loss (gain) on foreign currency translation, net	53,397	(48,601)
Loss (gain) on disposals of PP&E, net	(70,363)	31,617
Interest income, net	(240,196)	(163,579)
Gain on share of earnings of equity-accounted investees, net	(2,748,647)	(2,445,424)
Gain on disposals of investments in associates, net	(308,462)	(136,140)
Cost of sales from financial services, net	3,849,325	3,300,405
Others	241,641	364,830
	7,332,779	7,118,536
Changes in operating assets and liabilities:		
Decrease in trade notes and accounts receivable	195,459	297,742
Decrease (increase) in other receivables	(376,285)	371,695
Decrease (increase) in other financial assets	(364,928)	155,604
Increase in inventories	(828,298)	(538,355)
Decrease (increase) in other assets	131,150	(710,477)
Increase in trade notes and accounts payable	150,460	16,971
Increase (decrease) in other payables	(455,914)	1,415,433
Increase (decrease) in other liabilities	(981,317)	945,772
Decrease in other financial liabilities	(15,784)	(168,904)
Changes in net defined benefit liabilities	(588,056)	(529,504)
Payment of severance benefits	(39,831)	(59,418)
Decrease in provisions	(1,206,421)	(997,138)
Changes in financial services receivables	(4,034,164)	(4,160,902)
Increase in operating lease assets	(4,737,714)	(4,415,826)
Others	(65,590)	65,728
	(13,217,233)	(8,311,579)
Cash generated from operations	₩ 3,109,043	₩ 7,868,089

35. RISK MANAGEMENT:

(1) CAPITAL RISK MANAGEMENT

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

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Total liabilities	₩ 76,838,690	₩ 73,620,239
Total equity	56,582,789	47,917,575
Debt-to-equity ratio	135.8%	153.6%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(2) FINANCIAL RISK MANAGEMENT

The Group is exposed to various financial risks such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk related to its financial instruments. The purpose of risk management of the Group is to identify potential risks related to financial performance and reduce, eliminate and evade those risks to an acceptable level of risks to the Group. Overall, the Group's financial risk management policy is consistent with the prior period policy.

1) Market risk

The Group is mainly exposed to financial risks arising from changes in foreign exchange rates and interest rates. Accordingly, the Group uses financial derivative contracts to hedge and to manage its interest rate risk and foreign currency risk.

a) Foreign exchange risk management

The Group is exposed to various foreign exchange risks by making transactions in foreign currencies. The Group is mainly exposed to foreign exchange risk in USD, EUR and JPY.

The Group manages foreign exchange risk by matching the inflow and the outflow of foreign currencies according to each currency and maturity, and by adjusting the foreign currency settlement date based on its exchange rate forecast. The Group uses foreign exchange derivatives; such as currency forward, currency swap, and currency option; as hedging instruments. However, speculative foreign exchange trade on derivative financial instruments is basically prohibited.

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

In millions of Korean Won

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
USD	₩ 10,689	₩ (10,689)
EUR	(27,184)	27,184
JPY	(5,737)	5,737

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

b) Interest rate risk management

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

The Group's sensitivity to a 1% change in interest rates on income before income tax as of December 31, 2013, would be as follows:

In millions of Korean Won

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
Cash and cash equivalents	₩ 18,846	₩ (18,846)
Held for trading non-derivative financial assets	(6,424)	6,577
Short-term financial instruments and other financial assets	849	(849)
Borrowings and debentures	(77,840)	77,840

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The Company's subsidiaries, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., operating financial business are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of December 31, 2013 and 2012, the amounts of interest rate risk measured at VaR are ₩65,863 million and ₩81,375 million, respectively.

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of December 31, 2013, the amounts of held for trading equity instruments and AFS equity instruments measured at fair value is ₩38,927 million and ₩2,391,156 million, respectively.

2) Credit risk

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

3) Liquidity risk

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

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

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of December 31, 2013, is as follows:

In millions of Korean Won

Description	Remaining contract period			Total
	Not later than one year	Later than one year and not later than five years	Later than five years	
Non interest-bearing Liabilities	₩ 13,074,251	₩ 15,666	₩ 298	₩ 13,090,215
Interest-bearing liabilities	15,040,963	35,118,473	780,044	50,939,480
Financial guarantee	986,266	76,255	116,816	1,179,337

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

(3) DERIVATIVE INSTRUMENT

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

As of December 31, 2013 and 2012, the Group deferred a net income of ₩1,207 million and a net loss of ₩1,112 million, respectively, in accumulated other comprehensive loss, on its effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 59 months as of December 31, 2013.

For the years ended December 31, 2013 and 2012, the Group recognized a net loss of ₩230,974 million and ₩410,510 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS
ENDED DECEMBER 31, 2013
AND 2012

36. RELATED-PARTY TRANSACTIONS:

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

(1) SIGNIFICANT TRANSACTIONS ARISING FROM OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2013, 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:

In millions of Korean Won

Description	Sales/proceeds		Purchases/expenses	
	Sales	Others	Purchases	Others
Hyundai MOBIS Co., Ltd.	₩ 784,889	₩ 9,171	₩ 4,677,717	₩ 39,636
Mobis Alabama, LLC	8,312	4,353	1,248,960	-
Mobis Automotive Czech s.r.o.	37	567	1,196,235	386
Mobis India, Ltd.	18,863	17,529	738,002	138
Mobis Parts America, LLC	27,328	219,153	518,339	1,058
Mobis Parts Europe P.V.	2,914	3,456	213,395	9,010
Mobis Brasil Fabricacao De Auto Pecas Ltda	8	-	293,390	-
Mobis Module CIS, LLC	-	557	245,352	304
Others	35,372	178,286	256,656	9,250
Kia Motors Corporation	1,035,544	371,290	292,539	318,541
Kia Motors Manufacturing Georgia, Inc.	681,292	1,274	2,426,147	440
Kia Motors Russia LLC	1,050,815	-	-	3,201
Kia Motors Slovakia s.r.o.	121,271	20,605	612,391	1,077
BHMC	1,035,584	19,851	750	-
HMGC	478,507	-	10,888	6,341
Hyundai WIA Corporation	177,136	6,386	924,715	8,115
Hyundai HYSO Co., Ltd.	67,664	1,930	235,109	377
Others	442,986	13,211	2,694,149	1,359,617
Other related parties	8,598	304	779,660	456,128
Affiliates by the Act	809,390	79,639	4,151,199	2,315,890

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS
ENDED DECEMBER 31, 2013
AND 2012

SIGNIFICANT TRANSACTIONS ARISING FROM OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2012, BETWEEN THE GROUP AND RELATED PARTIES OR AFFILIATES BY THE ACT WERE AS FOLLOWS:

In millions of Korean Won

Description	Sales/proceeds		Purchases/expenses	
	Sales	Others	Purchases	Others
Hyundai MOBIS Co., Ltd.	₩ 543,692	₩ 8,491	₩ 4,748,781	₩ 39,845
Mobis Alabama, LLC	8,826	-	1,282,561	-
Mobis Automotive Czech s.r.o.	85	5,284	1,173,139	906
Mobis India, Ltd.	18,319	16,712	669,896	-
Mobis Parts America, LLC	115	-	154,591	75,636
Mobis Parts Europe P.V.	1,274	1,286	201,281	4,962
Mobis Brasil Fabricacao De Auto Pecas Ltda	1,107	-	23,162	-
Mobis Module CIS, LLC	-	612	240,938	-
Others	23,858	785	170,090	-
Kia Motors Corporation	758,784	288,152	233,292	361,259
Kia Motors Manufacturing Georgia, Inc.	562,422	183	2,185,309	1,741
Kia Motors Russia LLC	1,123,563	-	-	1,149
Kia Motors Slovakia s.r.o.	97,695	21,673	599,757	-
BHMC	885,785	13,715	1,140	-
HMGC	393,998	1,995	7,566	7,466
Hyundai WIA Corporation	151,619	419	834,422	1,833
Hyundai HYSO Co., Ltd.	173,047	2,216	324,423	6
Others	124,737	9,759	2,941,390	1,221,870
Other related parties	12,608	3,068	758,076	583,067
Affiliates by the Act	1,071,080	93,880	4,004,739	2,178,125

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(2) AS OF DECEMBER 31, 2013, SIGNIFICANT BALANCES RELATED TO THE TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES OR AFFILIATES BY THE ACT ARE AS FOLLOWS:

In millions of Korean Won

Description	Receivables		Payables	
	Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
Hyundai MOBIS Co., Ltd.	₩ 145,178	₩ 29,937	₩ 816,009	₩ 167,061
Hyundai Life Insurance Co., Ltd.	1,078	38,369	102	1,398
Mobis Alabama, LLC	-	1,290	78,629	-
Mobis Automotive Czech s.r.o.	45	546	98,762	-
Mobis India, Ltd.	543	10,496	96,200	-
Mobis Parts America, LLC	2,280	211,572	36,595	-
Mobis Parts Europe N.V.	682	1,192	22,824	-
Mobis Module CIS, LLC	-	51	25,484	1
Others	12,861	3,699	44,554	149
Kia Motors Corporation	229,225	284,253	51,676	115,888
Kia Motors Manufacturing Georgia, Inc.	39,286	13,531	145,327	99
Kia Motors Russia LLC	107,096	-	-	339
Kia Motors Slovakia s.r.o.	7,181	7,121	42,431	19,673
Kia Motors America, Inc.	-	49,828	72	382
BHMC	172,422	9,743	386	214
HMGC	16,300	2,245	-	1,676
Hyundai WIA Corporation	37,711	28,591	131,423	43,575
Hyundai HYSO Co., Ltd.	1,269	2,354	15,460	4,025
Others	119,489	40,330	379,266	349,067
Other related parties	699	4,362	158,542	139,193
Affiliates by the Act	148,752	22,116	448,217	430,285

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

AS OF DECEMBER 31, 2012, SIGNIFICANT BALANCES RELATED TO THE TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES OR AFFILIATES BY THE ACT WERE AS FOLLOWS:

In millions of Korean Won

Description	Receivables		Payables	
	Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
Hyundai MOBIS Co., Ltd.	₩ 172,545	₩ 31,194	₩ 877,744	₩ 152,633
Hyundai Life Insurance Co., Ltd.	8,260	77	-	775
Mobis Alabama, LLC	530	-	79,508	-
Mobis Automotive Czech s.r.o.	60	556	74,967	-
Mobis India, Ltd.	137	9,326	94,344	-
Mobis Parts America, LLC	257	-	17,746	5,538
Mobis Parts Europe N.V.	654	60	24,344	-
Mobis Module CIS, LLC	-	56	25,659	-
Others	4,118	7	16,751	71
Kia Motors Corporation	241,671	148,783	47,324	145,301
Kia Motors Manufacturing Georgia, Inc.	53,115	2,781	144,165	54
Kia Motors Russia LLC	113,591	-	-	159
Kia Motors Slovakia s.r.o.	6,381	7,017	31,382	27,350
Kia Motors America, Inc.	349	33,857	10	54,229
BHMC	192,185	11,239	-	23
HMGC	82,883	598	77	2,155
Hyundai WIA Corporation	16,307	8,635	134,618	98,192
Hyundai HYSO Co., Ltd.	21,529	3,260	34,247	11,204
Others	79,051	21,666	362,715	301,232
Other related parties	1,560	2,856	191,279	177,052
Affiliates by the Act	359,890	23,985	573,290	350,465

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(3) SIGNIFICANT FUND TRANSACTIONS AND EQUITY CONTRIBUTION TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2013, BETWEEN THE GROUP AND RELATED PARTIES ARE AS FOLLOWS:

In thousands of U.S. Dollars, In millions of Korean Won

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
Entity with significant influence over the Company	\$ 200,000	\$ -	\$ -	\$ -	₩ -
Joint ventures and associates	-	253	-	50,265	131,088

SIGNIFICANT FUND TRANSACTIONS AND EQUITY CONTRIBUTION TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2012, BETWEEN THE GROUP AND RELATED PARTIES WERE AS FOLLOWS:

In thousands of U.S. Dollars, In millions of Korean Won

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
Joint ventures and associates	\$ -	\$ 423	\$ 50,000	\$ 281	₩ 275,105

(4) COMPENSATION OF REGISTERED AND UNREGISTERED DIRECTORS, WHO ARE CONSIDERED TO BE THE KEY MANAGEMENT PERSONNEL FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

Description	2013	2012
Short-term employee salaries	₩ 158,875	₩ 163,126
Post-employment benefits	30,329	29,000
Other long-term benefits	413	504
	₩ 189,617	₩ 192,630

37. COMMITMENTS AND CONTINGENCIES:

(1) AS OF DECEMBER 31, 2013, THE DEBT GUARANTEES PROVIDED BY THE GROUP, EXCLUDING THE COMPANY'S SUBSIDIARIES, ARE AS FOLLOWS:

In millions of Korean Won

Description	Domestic	Overseas (*)
To associates	₩ -	₩ 82,313
To others	164,058	963,339
	₩ 164,058	₩ 1,045,652

(*) The guarantee amounts in foreign currency are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of December 31, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(2) AS OF DECEMBER 31, 2013, THE GROUP IS INVOLVED IN DOMESTIC AND FOREIGN LAWSUITS AS A DEFENDANT. IN ADDITION, THE GROUP IS INVOLVED IN LAWSUITS FOR PRODUCT LIABILITIES AND OTHERS. THE GROUP OBTAINS INSURANCES FOR POTENTIAL LOSSES WHICH MAY RESULT FROM PRODUCT LIABILITIES AND OTHER LAWSUITS. THE GROUP IS CURRENTLY UNABLE TO ESTIMATE THE OUTCOME OR THE POTENTIAL FINANCIAL IMPACT OF SUCH LAWSUITS BUT EXPECTS THEY WILL NOT HAVE ANY MATERIAL EFFECT ON ITS CONSOLIDATED FINANCIAL STATEMENTS. MEANWHILE, AS OF DECEMBER 31, 2013, THE GROUP IS CURRENTLY INVOLVED IN LAWSUITS FOR THE SCOPE OF ORDINARY WAGE AND UNABLE TO ESTIMATE THE OUTCOME OR THE POTENTIAL FINANCIAL IMPACT.

(3) AS OF DECEMBER 31, 2013, A SUBSTANTIAL PORTION OF THE GROUP'S PP&E IS PLEDGED AS COLLATERAL FOR VARIOUS LOANS UP TO ₩888,266 MILLION. IN ADDITION, THE GROUP PLEDGED CERTAIN BANK DEPOSITS, CHECKS, PROMISSORY NOTES AND INVESTMENT SECURITIES, INCLUDING 213,466 SHARES OF KIA MOTORS CORPORATION, AS COLLATERAL TO FINANCIAL INSTITUTIONS AND OTHERS. CERTAIN RECEIVABLES HELD BY THE COMPANY'S FOREIGN SUBSIDIARIES, SUCH AS FINANCIAL SERVICES RECEIVABLES ARE PLEDGED AS COLLATERAL FOR THEIR BORROWINGS.

(4) HYUNDAI CAPITAL SERVICES, INC., A SUBSIDIARY OF THE COMPANY, HAS A REVOLVING CREDIT FACILITY AGREEMENT WITH THE FOLLOWING FINANCIAL INSTITUTIONS:

Financial institutions	Credit line
GE Capital European Funding & Co.(*)	Euro worth of USD 700 million
Citi Bank, N.A.	USD 200 million
Mizuho Corporate Bank, Seoul Branch	KRW 65,000 million
JP Morgan, Seoul Branch	KRW 110,000 million
Citi Bank, Seoul	KRW 50,000 million
Standard Chartered, Seoul Branch	KRW 50,000 million
Société Générale, Seoul Branch	KRW 110,000 million
Bank of China, Seoul	KRW 50,000 million
DBS Bank, Seoul Branch	KRW 150,000 million
SMBC, Seoul Branch	KRW 50,000 million
BNP Paribas, Seoul Branch	KRW 100,000 million
Bank of America, N.A, Seoul Branch	KRW 20,000 million
Crédit Agricole, Seoul	KRW 100,000 million
RBS, Seoul	KRW 110,000 million
ING Bank, Seoul	KRW 100,000 million
Kookmin Bank	KRW 200,000 million
Korea Development Bank	KRW 60,000 million
Kyobo life insurance Co., Ltd.	KRW 50,000 million
Suhyeop Bank	KRW 20,000 million

(*) The agreement has been extended in January, 2014, and from then on the credit line has been changed to USD 600 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(5) HYUNDAI CARD CO., LTD, A SUBSIDIARY OF THE COMPANY, HAS A REVOLVING CREDIT FACILITY AGREEMENT WITH THE FOLLOWING FINANCIAL INSTITUTIONS:

Financial institutions	Credit line
GE Capital European Funding & Co.(*)	Euro worth of USD 100 million
Kookmin Bank	KRW 190,000 million
Shinhan Bank	KRW 150,000 million
PH Bank	KRW 100,000 million
Citi Bank, Seoul	KRW 50,000 million
Hana Bank	KRW 100,000 million
SC Bank	KRW 30,000 million
Jeonbuk Bank	KRW 30,000 million
Suhyeop Bank	KRW 20,000 million
Korea Development Bank	KRW 40,000 million
Bank of Nova Scotia	KRW 50,000 million

(*) The agreement expired in January, 2014.

(6) HYUNDAI CARD CO., LTD., A SUBSIDIARY OF THE COMPANY, HAS AN ASSET BACKED SECURITIZATION AGREEMENT, WHICH PROVIDES EARLY REDEMPTION CLAUSES WHEN CERTAIN TRIGGERING EVENTS OCCUR. SUCH CLAUSES ARE IN PLACE TO LIMIT THE RISK THAT THE INVESTORS MAY INCUR DUE TO CHANGES IN ASSET QUALITY OF THE SUBSIDIARY IN THE FUTURE. IN THE EVENT THE ASSET-BACKED SECURITIZATION TRIGGERS SUCH EVENTS, HYUNDAI CARD CO., LTD. IS OBLIGATED TO MAKE EARLY REDEMPTION OF ITS ASSET-BACKED SECURITIES.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

38. SEGMENT INFORMATION:

(1) THE GROUP HAS A VEHICLE SEGMENT, A FINANCE SEGMENT AND OTHER SEGMENTS. THE VEHICLE SEGMENT IS ENGAGED IN THE MANUFACTURING AND SALE OF MOTOR VEHICLES. THE FINANCE SEGMENT OPERATES VEHICLE FINANCING, CREDIT CARD PROCESSING AND OTHER FINANCING ACTIVITIES. OTHER SEGMENTS INCLUDE THE R&D, TRAILER MANUFACTURING AND OTHER ACTIVITIES, WHICH CANNOT BE CLASSIFIED IN THE VEHICLE SEGMENT OR IN THE FINANCE SEGMENT.

(2) SALES AND OPERATING INCOME BY OPERATING SEGMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

For the year ended December 31, 2013					
	Vehicle	Finance	Others	Consolidation adjustments	Total
Total sales	₩ 103,198,545	₩ 10,146,973	₩ 7,077,614	₩ (33,115,496)	₩ 87,307,636
Inter-company sales	(31,663,499)	(254,543)	(1,197,454)	33,115,496	-
Net sales	71,535,046	9,892,430	5,880,160	-	87,307,636
Operating income	6,412,596	1,120,128	388,421	394,352	8,315,497

In millions of Korean Won

For the year ended December 31, 2012					
	Vehicle	Finance	Others	Consolidation adjustments	Total
Total sales	₩ 103,878,093	₩ 8,799,513	₩ 5,348,113	₩ (33,555,998)	₩ 84,469,721
Inter-company sales	(32,571,552)	(136,556)	(847,890)	33,555,998	-
Net sales	71,306,541	8,662,957	4,500,223	-	84,469,721
Operating income	6,714,889	1,177,231	254,716	293,765	8,440,601

(3) ASSETS AND LIABILITIES BY OPERATING SEGMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

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

In millions of Korean Won

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(4) SALES BY REGION WHERE THE GROUP'S ENTITIES ARE LOCATED IN FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

For the year ended December 31, 2013							
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
Total sales	₩ 53,151,843	₩ 32,764,610	₩ 7,156,618	₩ 24,965,678	₩ 2,384,383	₩ (33,115,496)	₩ 87,307,636
Inter-company sales	(14,386,591)	(7,117,997)	(720,235)	(10,890,673)	-	33,115,496	-
Net sales	38,765,252	25,646,613	6,436,383	14,075,005	2,384,383	-	87,307,636

In millions of Korean Won

For the year ended December 31, 2012							
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
Total sales	₩ 53,231,743	₩ 31,515,158	₩ 7,576,598	₩ 25,287,990	₩ 414,230	₩ (33,555,998)	₩ 84,469,721
Inter-company sales	(14,576,806)	(6,802,632)	(737,897)	(11,438,663)	-	33,555,998	-
Net sales	38,654,937	24,712,526	6,838,701	13,849,327	414,230	-	84,469,721

(5) NON-CURRENT ASSETS BY REGION WHERE THE GROUP'S ENTITIES ARE LOCATED IN AS OF DECEMBER 31, 2013 AND 2012, ARE AS FOLLOWS:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Korea	₩ 19,428,529	₩ 18,596,981
North America	1,882,933	1,598,120
Asia	1,057,874	1,127,336
Europe	2,080,979	2,132,063
Others	456,797	491,205
	24,907,112	23,945,705
Consolidation adjustments	(51,451)	(39,797)
Total (*)	₩ 24,855,661	₩ 23,905,908

(*) 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 YEARS ENDED DECEMBER 31, 2013 AND 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

39. CONSTRUCTION CONTRACTS:

COST, INCOME AND LOSS AND CLAIMED CONSTRUCTION FROM CONSTRUCTION IN PROGRESS AS OF DECEMBER 31, 2013, AND 2012 ARE AS FOLLOWS:

In millions of Korean Won

Description	December 31, 2013	December 31, 2012
Accumulated accrual cost	₩ 6,201,961	₩ 5,980,499
Accumulated income	739,304	660,495
Accumulated construction in process	6,941,265	6,640,994
Progress billing	(5,993,002)	(6,357,806)
Due from customers	1,393,555	781,136
Due to customers	(445,292)	(497,948)

40. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD:

HCA, a subsidiary of the Company, issued after the reporting period, two tranches of debentures, each of them amounting to USD 900,000 thousand and USD 600,000 thousand, which will mature in 2017 and 2019, respectively, and issued a tranche of asset-backed security, amounting to USD 1,139,840 thousand.

41. AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS:

The accompanying consolidated financial statements for the year ended December 31, 2013, were authorized for issue by the Board of Directors on January 23, 2014.

PRODUCT
LINEUP



CENTENNIAL (EQUUS)

Centennial (Equus) is Korea's foremost luxury sedan that epitomizes the highest sensibilities and state-of-the-art features of the time, including Hyundai Motor's advanced 3.8 V6 GDI and 5.0 V8 GDI gasoline engines.



GENESIS

Genesis opened a new chapter in the history of premium sport sedans by providing a new level of luxury and emotional quality. Today, it continues to lead as one of the finest cars in the world and to write the history of sedans in Korea.



GENESIS COUPE

The newly introduced Genesis Coupe sports a more dynamic and individualistic design and exceptional power to offer a faster-paced, exciting ride.



AZERA (GRANDEUR)

Inspired by the magnificent descent of a soaring eagle, Azera is synonymous with the history of luxury sedans in Korea. It has always fulfilled the desires of leaders looking for driving pleasure by featuring Hyundai's latest technologies.



SONATA

Newly born after five years in 2014, the new Sonata is a seventh generation model that embodies all of the latest capabilities of Hyundai Motor. Through innovation in fundamentals ranging from design, power performance, and interior, Sonata's proud legacy as Korea's representative midsize sedan will continue.



SONATA HYBRID

Style, outstanding fuel economy, dynamic performance, and eco-friendly technologies for a better tomorrow... experience the future being created by Hyundai Motor's hybrid vehicles through Sonata Hybrid.



ACCENT 4DOOR / 5DOOR

This new concept near midsize sedan has a dynamic style and cutting-edge features for the 'Style Guy' who is living the most passionate and energetic period of his life.



ELANTRA (AVANTE)

Beloved by the world over, Elantra (Avante) conveys the very essence of a compact sedan through a dynamic performance. It was named 2012 North American Car of the Year, the most exclusive award in North America.



ELANTRA (AVANTE) COUPE

Elantra (Avante) Coupe is a 2-door model of Elantra (Avante) with dynamic coupe styling. It provides energetic driving performance with a 1.8 MPI gasoline engine that has maximum output of 150 ps and torque of 18.2 kg.m.



VELOSTER / VELOSTER TURBO

Veloster incorporates the innovative cultural and emotional values of the new generation. With one door on the driver's side and two doors on the passenger's side, Veloster's refreshing take on style has captivated the hearts of young people all over the world.



* The images in this brochure may differ from the actual cars for sale.

PRODUCT LINEUP



i40 / i40 SEDAN
European sensibility and premium exemplified in a new concept CUV that marries style with utility.



i30
The i30 inspires with its sporty style that appeals to the senses, a truly luxurious interior space, and high performance engines. Stylish and smart, the i30 is always in fashion.



i20
Beloved by Europeans looking for style and efficiency, i20 is now eco-friendly too with a newly developed eco-friendly U2 diesel engine.



i10
Whizzing through the backstreets of Europe, the All-new i10, with more ample passenger and cargo space, is exactly what Europeans have been waiting for in terms of style, utility, and eco-friendliness.



SANTA FE
Santa Fe is Hyundai's representative midsize SUV that offers the luxury and comfort of a sedan, best-in-class features, and a sophisticated yet powerful appearance.



GRAND SANTA FE
Grand Santa Fe offers best-in-class amenity features and plentiful space through a widened roof-line. It is a premium SUV born for families that enjoy the outdoor leisure life.



HB20
HB, standing for Hyundai Brasil, and 20, designating the compact class, is a bi-fuel vehicle that can utilize both bio-ethanol and gasoline. Named Car of the Year in 2012, HB20 captivates the hearts of Brazilian people with style and economy.



TUCSON (ix35)
A compact SUV with a young and sophisticated style to satisfy the diverse needs of urbanites.



ix35 FUEL CELL
Developed with Hyundai Motor's proprietary technology and successfully mass produced for the first time in history, ix35 Fuel Cell is the ultimate eco-friendly car whose only by-product is water. It brings a futuristic experience to life with its short charging time, long distance mileage, safety performance, and outstanding ride and driving comfort.



ix20
Dynamic style and versatile functionality, on top of a Euro NCAP five-star safety performance, make the ix20 the latest big player in the small MVP category.



EON
Eon is an Indian market-specific sub-compact model embodying the concept of a 'Suburban City Car.' The 5-passenger hatchback features a front-wheel drive system with an 814 cc engine that has a maximum power output of 56 ps and 20.8 km/l fuel economy.

* The images in this brochure may differ from the actual cars for sale.

PRODUCT
LINEUP



H-1 (GRAND STAREX)

A dynamic and urban design, thoughtful consideration of user convenience such as the seat variation feature, maximum five-star EURO NCAP rating, efficient technologies, and robust stability make the H-1 simply perfect for both business and pleasure.



UNIVERSE

Sophisticated style, powerful performance ensured by the independently developed Powertech engine, comfortable ride, and easy maintenance make the Universe first class all the way.



SUPER AERO CITY

Super Aero City provides a superb exterior and an ergonomic driver's seat and instrument panel that offer a comfortable passenger car-like driving experience. Expanded wind shield and vertical-type MFR headlamps not only ensure safe driving, but also offer a luxurious feeling.



COUNTY

Futuristic and unique, County's style beautifully harmonizes with its practical personality. Rounded edges and flush fitting surfaces contribute to a clean, simple image.



AEROTOWN

The redesigned front bumper absorbs low impact forces better while stylish headlamps add a note of sophistication. Passenger comfort is maximized with ergonomically contoured seats. On top of it all, Aero Town is easy to drive thanks to the advanced steering system.



H100

The stronger and quieter H100, with its relaxed character lines and a new quality of comfort, comes with an efficient cargo space that allows convenient loading and unloading of cargo up to 1 ton, a high performance diesel engine, and a safer and more powerful brake system.



HD65 / HD72 / HD78

The Hyundai HD series brings a new dynamism and capability to light and medium duty trucks. Tough but stylish, comfortable and dependable, the HD series offers the perfect vehicle to meet the demands of the trucking business.



HD45

Ideal for heavy traffic operation, the narrow 1,760 mm width of the Hyundai HD45 also makes it suitable for city streets. A clean exterior style and integrated details such as the driver's step and rear cab protection make it look good as well.



HD120

The Hyundai HD120 sets the standard in the medium duty truck category by combining top performance, reliability, and economy.



HD210

HD210 is the perfect business partner with comfortable, durable seats and an ergonomic wraparound instrument panel that provides full control over the vehicle.



DUMP TRUCK

The newly reinforced heavy-duty Hyundai dump truck provides greater durability and superior performance, responding exactly to customer needs.



CARGO TRUCK

With an unbeatable top performance, the Hyundai cargo truck is built tough to run reliably and economically, working around the clock to carry maximum payload.



TRACTOR TRUCK

The Hyundai tractor truck delivers more cost effectiveness, high payload, and maximum vehicle performance in long-distance transport.



MIXER TRUCK

The Hyundai mixer truck offers the best value for money today. Built for construction and ready to take on heavy loads, it offers the perfect "mix" of performance, price, and reliability with top mixing and pouring performance and ruggedized construction for a long service life.

* The images in this brochure may differ from the actual cars for sale.



Ricardo Kaká
Ricardo Kaká

Iker Casillas
Iker Casillas



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People's expectation toward individual mobility requires more than just a convenient means of transportation. The old understanding of cars has become outdated. A car represents individuals' lifestyles, and it became an integral part of their lives. At the same time, the automobile industry has experienced seismic change. Hyundai Motor Company has grown rapidly to become one of the largest automakers, backed by world class production capability and superior quality. We have now reached a point where we need a qualitative approach to bring bigger ideas and relevant solutions to our customers. This is an opportunity to move forward and we have developed a new brand slogan that encapsulates our willingness to take a big leap. Led by our new slogan and the new thinking underlying it, we will become a company that keeps challenging itself to unlock new possibilities for people and the planet.

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