

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED  
SEPTEMBER 30, 2014 AND 2013,  
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

# **Independent Accountants' Review Report**

English Translation of a Report Originally Issued in Korean

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

## **Report on the consolidated financial statements**

We have reviewed the accompanying consolidated financial statements of Hyundai Motor Company (the "Company") and its subsidiaries. The consolidated financial statements consist of the consolidated statement of financial position as of September 30, 2014, the related consolidated statements of income and comprehensive income, for the three months and nine months ended September 30, 2014 and 2013, respectively, and the related consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2014 and 2013, respectively, all expressed in Korean won, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the consolidated financial statements**

The Company's management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Independent accountants' responsibility**

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our reviews. We did not review the financial statements of certain subsidiaries, including Hyundai Capital Services, Inc., whose statements reflect 49.2% of the consolidated total sales for the nine months ended September 30, 2013. Those statements were reviewed by other independent accountants whose reports have been furnished to us, and our conclusion, insofar as it relates to the amounts included for those entities, is based solely on the conclusions of the other independent accountants.

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

## **Review conclusion**

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

**Others**

We audited the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended December 31, 2013 (not presented in the accompanying consolidated financial statements), in accordance with auditing standards generally accepted in the Republic of Korea. We expressed an unqualified opinion in our independent auditors' report dated on March 6, 2014. The consolidated statement of financial position as of December 31, 2013, presented as a comparative purpose in the accompanying financial statements does not differ, in all material respects, from the audited consolidated statement of financial position as of December 31, 2013.

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

November 14, 2014

*Deloitte Anjin LLC*

Notice to Readers

This report is effective as of November 14, 2014, the independent accountants' review report date. Certain subsequent events or circumstances may have occurred between the independent accountants' review report date and the time the independent accountants' review report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the independent accountants' review report.

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

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS AND NINE MONTHS ENDED  
SEPTEMBER 30, 2014 AND 2013**

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

**Kim, Choong Ho**  
**Chief Executive Officer**  
**HYUNDAI MOTOR COMPANY**

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2014 AND DECEMBER 31, 2013

ASSETS	NOTES	September 30, 2014	December 31, 2013
		(In millions of Korean Won)	
Current assets:			
Cash and cash equivalents	19	₩ 8,015,423	₩ 6,872,430
Short-term financial instruments	19	17,040,169	14,875,288
Trade notes and accounts receivable	3,19	3,152,847	3,485,345
Other receivables	4,19	3,457,324	3,118,386
Other financial assets	5,19	591,358	507,821
Inventories	6	7,263,541	7,073,116
Current tax assets		46,949	54,845
Financial services receivables	13,19	21,593,839	21,178,591
Non-current assets classified as held for sale	8	24,005	22,347
Other assets	7,19	1,577,992	1,667,936
Total current assets		62,763,447	58,856,105
Non-current assets:			
Long-term financial instruments	19	59,093	35,495
Long-term trade notes and accounts receivable	3,19	52,039	43,309
Other receivables	4,19	1,066,930	1,127,839
Other financial assets	5,19	2,672,367	2,731,884
Property, plant and equipment	9	21,951,001	21,462,587
Investment property	10	316,765	263,984
Intangible assets	11	3,341,028	3,129,090
Investments in joint ventures and associates	12	15,502,835	14,694,995
Deferred tax assets		581,113	521,399
Financial services receivables	13,19	20,634,111	19,835,016
Operating lease assets	14	12,193,834	10,564,876
Other assets	7,19	188,781	154,900
Total non-current assets		78,559,897	74,565,374
Total assets		₩ 141,323,344	₩ 133,421,479

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2014 AND DECEMBER 31, 2013 (CONTINUED)

LIABILITIES AND EQUITY	NOTES	September 30, 2014	December 31, 2013
		(In millions of Korean Won)	
Current liabilities:			
Trade notes and accounts payable	19	₩ 5,988,013	₩ 6,722,740
Other payables	19	3,469,828	4,687,490
Short-term borrowings	15,19	5,027,119	5,292,798
Current portion of long-term debt and debentures	15,19	8,266,950	8,685,254
Income tax payable		588,620	605,280
Provisions	16	1,794,802	1,782,937
Other financial liabilities	17,19	273,921	144,069
Other liabilities	18,19	5,663,467	3,999,114
Total current liabilities		31,072,720	31,919,682
Non-current liabilities:			
Long-term other payables	19	2,814	15,964
Debentures	15,19	30,653,189	29,322,780
Long-term debt	15,19	6,195,821	4,666,030
Net defined benefit liabilities	33	735,949	389,306
Provisions	16	4,964,794	5,122,982
Other financial liabilities	17,19	349,573	440,113
Deferred tax liabilities		3,959,592	3,352,352
Other liabilities	18,19	1,884,122	1,609,481
Total non-current liabilities		48,745,854	44,919,008
Total liabilities		79,818,574	76,838,690
Equity:			
Capital stock	20	1,488,993	1,488,993
Capital surplus	21	4,134,550	4,130,668
Other capital items	22	(1,128,779)	(1,128,779)
Accumulated other comprehensive income	23	(1,324,017)	(834,036)
Retained earnings	24	53,348,690	48,274,239
Equity attributable to the owners of the Company		56,519,437	51,931,085
Non-controlling interests		4,985,333	4,651,704
Total equity		61,504,770	56,582,789
Total liabilities and equity		₩ 141,323,344	₩ 133,421,479

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	NOTES	2014		2013	
		Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
(In millions of Korean Won, except per share amounts)					
Sales	25,38	₩ 21,280,448	₩ 65,682,097	₩ 20,819,432	₩ 65,369,936
Cost of sales	30	16,760,122	51,541,925	16,215,078	50,742,648
Gross profit		4,520,326	14,140,172	4,604,354	14,627,288
Selling and administrative expenses	26,30	2,871,622	8,465,861	2,594,235	8,342,143
Operating income		1,648,704	5,674,311	2,010,119	6,285,145
Gain on investments in joint ventures and associates, net	27	533,415	1,884,209	714,464	2,127,657
Finance income	28	262,771	681,616	280,410	588,926
Finance expenses	28	178,878	420,982	181,640	442,521
Other income	29	256,677	761,629	340,810	894,624
Other expenses	29,30	320,874	759,367	349,595	699,908
Income before income tax		2,201,815	7,821,416	2,814,568	8,753,923
Income tax expense	32	586,671	1,828,319	562,198	1,890,213
Profit for the period		₩ 1,615,144	₩ 5,993,097	₩ 2,252,370	₩ 6,863,710
Profit attributable to:					
Owners of the Company		1,516,144	5,689,473	2,139,830	6,485,982
Non-controlling interests		99,000	303,624	112,540	377,728
Earnings per share attributable to the owners of the Company:	31				
Basic earnings per common share		₩ 5,579	₩ 20,940	₩ 7,876	₩ 23,874
Diluted earnings per common share		₩ 5,579	₩ 20,940	₩ 7,876	₩ 23,874

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Profit for the period	₩ 1,615,144	₩ 5,993,097	₩ 2,252,370	₩ 6,863,710
Other comprehensive income (expenses):				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	(6,460)	(26,753)	7,113	17,849
Changes in retained earnings of equity-accounted investees, net	(16,594)	(56,613)	2,563	(215)
	<u>(23,054)</u>	<u>(83,366)</u>	<u>9,676</u>	<u>17,634</u>
Items that may be reclassified subsequently to profit or loss:				
Gain (loss) on available-for-sale ("AFS") financial assets, net	87,960	(53,281)	132,256	27,605
Gain (loss) on valuation of cash flow hedge derivatives, net	(26,502)	(54,217)	63,212	4,762
Changes in share of earnings of equity-accounted investees, net	157,266	(7,880)	(202,339)	40,027
Loss on foreign operations translation, net	(37,445)	(440,258)	(615,971)	(202,423)
	<u>181,279</u>	<u>(555,636)</u>	<u>(622,842)</u>	<u>(130,029)</u>
Total other comprehensive income (expenses)	<u>158,225</u>	<u>(639,002)</u>	<u>(613,166)</u>	<u>(112,395)</u>
Total comprehensive income	<u>₩ 1,773,369</u>	<u>₩ 5,354,095</u>	<u>₩ 1,639,204</u>	<u>₩ 6,751,315</u>
Comprehensive income attributable to:				
Owners of the Company	1,689,661	5,124,991	1,532,068	6,381,754
Non-controlling interests	83,708	229,104	107,136	369,561
Total comprehensive income	<u>₩ 1,773,369</u>	<u>₩ 5,354,095</u>	<u>₩ 1,639,204</u>	<u>₩ 6,751,315</u>

See accompanying notes to consolidated financial statements.



HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2013	₩ 1,488,993	₩ 4,158,988	₩ (1,128,779)	₩ (473,373)	₩ 39,993,230	₩ 44,039,059	₩ 3,878,516	₩ 47,917,575
Comprehensive income:								
Profit for the period	-	-	-	-	6,485,982	6,485,982	377,728	6,863,710
Gain on AFS financial assets, net	-	-	-	26,555	-	26,555	1,050	27,605
Gain on valuation of cash flow hedge derivatives, net	-	-	-	1,534	-	1,534	3,228	4,762
Changes in valuation of equity-accounted investees, net	-	-	-	39,648	(215)	39,433	379	39,812
Remeasurements of defined benefit plans	-	-	-	-	20,265	20,265	(2,416)	17,849
Loss on foreign operations translation, net	-	-	-	(192,015)	-	(192,015)	(10,408)	(202,423)
Total comprehensive income	-	-	-	(124,278)	6,506,032	6,381,754	369,561	6,751,315
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(520,832)	(520,832)	(33,177)	(554,009)
Purchase of subsidiaries' stock	-	(53,599)	-	-	-	(53,599)	(121,676)	(175,275)
Others	-	-	-	-	(18,483)	(18,483)	(553)	(19,036)
Total transactions with owners, recorded directly in equity	-	(53,599)	-	-	(539,315)	(592,914)	(155,406)	(748,320)
Balance at September 30, 2013	₩ 1,488,993	₩ 4,105,389	₩ (1,128,779)	₩ (597,651)	₩ 45,959,947	₩ 49,827,899	₩ 4,092,671	₩ 53,920,570

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HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013 (CONTINUED)

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
	(In millions of Korean Won)							
Balance at January 1, 2014	₩ 1,488,993	₩ 4,130,668	₩ (1,128,779)	₩ (834,036)	₩ 48,274,239	₩ 51,931,085	₩ 4,651,704	₩ 56,582,789
Comprehensive income:								
Profit for the period	-	-	-	-	5,689,473	5,689,473	303,624	5,993,097
Gain (loss) on AFS financial assets, net	-	-	-	(54,745)	-	(54,745)	1,464	(53,281)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(27,414)	-	(27,414)	(26,803)	(54,217)
Changes in valuation of equity-accounted investees, net	-	-	-	(6,949)	(56,613)	(63,562)	(931)	(64,493)
Remeasurements of defined benefit plans	-	-	-	-	(17,888)	(17,888)	(8,865)	(26,753)
Loss on foreign operations translation, net	-	-	-	(400,873)	-	(400,873)	(39,385)	(440,258)
Total comprehensive income	-	-	-	(489,981)	5,614,972	5,124,991	229,104	5,354,095
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(534,409)	(534,409)	(51,553)	(585,962)
Increase in subsidiaries' stock	-	(952)	-	-	-	(952)	133,215	132,263
Purchase of subsidiaries' stock	-	-	-	-	-	-	5,649	5,649
Disposals of subsidiaries' stock	-	4,834	-	-	-	4,834	16,909	21,743
Others	-	-	-	-	(6,112)	(6,112)	305	(5,807)
Total transactions with owners, recorded directly in equity	-	3,882	-	-	(540,521)	(536,639)	104,525	(432,114)
Balance at September 30, 2014	₩ 1,488,993	₩ 4,134,550	₩ (1,128,779)	₩ (1,324,017)	₩ 53,348,690	₩ 56,519,437	₩ 4,985,333	₩ 61,504,770

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	NOTES	Nine months ended September 30,	
		2014	2013
		(In millions of Korean Won)	
Cash flows from operating activities:			
Cash generated from operations:	34		
Profit for the period		₩ 5,993,097	₩ 6,863,710
Adjustments		6,103,939	5,615,832
Changes in operating assets and liabilities		(6,620,959)	(7,200,362)
		5,476,077	5,279,180
Interest received		511,271	545,291
Interest paid		(1,059,272)	(1,032,301)
Dividend received		1,011,975	786,201
Income tax paid		(1,251,303)	(1,338,020)
Net cash provided by operating activities		4,688,748	4,240,351
Cash flows from investing activities:			
Purchase of short-term financial instruments, net		(521,155)	(374,438)
Proceeds from disposals of other financial assets		150,886	14,524
Receipts from other receivables		35,575	66,437
Proceeds from disposals of property, plant and equipment		39,785	289,950
Proceeds from disposals of intangible assets		8,090	11,815
Proceeds from disposals of investments in subsidiaries		345,987	-
Proceeds from disposals of investments in joint ventures and associates		17,966	-
Acquisitions of other financial assets		(271,172)	(85,103)
Increases in other receivables		(33,728)	(70,428)
Purchases of long-term financial instruments		(1,675,382)	(1,785,827)
Acquisitions of property, plant and equipment		(2,602,850)	(2,021,760)
Acquisitions of intangible assets		(743,836)	(635,452)
Acquisitions of investments in joint ventures and associates		(36,083)	(77,430)
Other cash receipts from investing activities, net		45,035	34,195
Net cash used in investing activities		(5,240,882)	(4,633,517)

(Continued)

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013 (CONTINUED)

	NOTES	Nine months ended September 30,	
		2014	2013
		(In millions of Korean Won)	
Cash flows from financing activities:			
Repayment of short-term borrowings, net	₩	(280,276)	₩ (1,061,956)
Proceeds from long-term debt and debentures		14,206,905	20,481,356
Paid-in capital increase of subsidiaries		132,263	-
Purchases of subsidiaries' stock		5,649	(175,275)
Disposals of subsidiaries' stock		23,678	-
Repayment of long-term debt and debentures		(11,529,544)	(17,670,458)
Dividends paid		(585,962)	(554,009)
Other cash payments from financing activities, net		(30,060)	(51,653)
Net cash provided by financing activities		<u>1,942,653</u>	<u>968,005</u>
Effect of exchange rate changes on cash and cash equivalents		(247,526)	(107,695)
Net increase in cash and cash equivalents		1,142,993	467,144
Cash and cash equivalents, beginning of the period		<u>6,872,430</u>	<u>6,759,338</u>
Cash and cash equivalents, end of the period	₩	<u><u>8,015,423</u></u>	₩ <u><u>7,226,482</u></u>

(Concluded)

See accompanying notes to consolidated financial statements.

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

**1. GENERAL:**

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

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

As of September 30, 2014, the major shareholders of the Company are Hyundai MOBIS (20.78%) and Chung, Mong Koo (5.17%).

(1) The Company’s consolidated subsidiaries as of September 30, 2014, are as follows:

Subsidiaries	Nature of the business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	56.47%	
Hyundai Card Co., Ltd. (*)	“	“	36.96%	
Hyundai Rotem Company (Hyundai Rotem) (*)	Manufacturing	“	43.36%	
Hyundai KEFICO Corporation (Hyundai KEFICO)	“	“	100.00%	
Green Air Co., Ltd.	“	“	51.00%	Hyundai Rotem 51.00%
Hyundai Auto Electronics Company Ltd.	R&D	“	60.00%	
Hyundai Partecs Co., Ltd.	Manufacturing	“	56.00%	
Hyundai NGV Tech Co., Ltd.	Engineering	“	53.66%	
Maintrans Company	Services	“	80.00%	Hyundai Rotem 80.00%
Jeonbuk Hyundai Motors FC Co., Ltd.	Football Club	“	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	“	80.00%	HMA 80.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	“	100.00%	HMA 100.00%
Hyundai Translead, Inc. (HT)	“	“	100.00%	
Stamped Metal American Research Technology, Inc. (SMARTI)	Holding company	“	72.45%	HMA 72.45%
Stamped Metal American Research Technology LLC	Manufacturing	“	100.00%	SMARTI 100.00%
Hyundai America Technical Center, Inc. (HATCI)	R&D	“	100.00%	
Rotem USA Corporation	Manufacturing	“	100.00%	Hyundai Rotem 100.00%
Hyundai Auto Canada Corp. (HAC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	“	100.00%	HAC 100.00%
Hyundai Capital Canada Inc. (HCCA)	Financing	“	60.00%	
Hyundai Capital Lease Inc.	“	“	100.00%	HCCA 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%	

Subsidiaries	Nature of the business	Location	Ownership percentage	Indirect ownership
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	"	"	100.00%	BJMSS 100.00%
Beijing Xinhuaixiaiyuetong Motor Chain Co., Ltd.	"	"	100.00%	"
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	"	99.00%	CMEs 99.00%
Rotem Equipments (Beijing) Co., Ltd.	Sales	"	100.00%	Hyundai Rotem 100.00%
KEFICO Automotive Systems (Beijing) Co., Ltd.	Manufacturing	"	100.00%	Hyundai KEFICO 100.00%
KEFICO VIETNAM COMPANY LIMITED	"	Vietnam	100.00%	"
Hyundai Motor Company Australia Pty Limited (HMCA)	Sales	Australia	100.00%	
Hyundai Motor Manufacturing Czech, s.r.o. (HMMC)	Manufacturing	Czech	100.00%	
Hyundai Motor Czech s.r.o (HMCZ)	Sales	"	100.00%	
Hyundai Motor Europe GmbH (HME)	Marketing and sales	Germany	100.00%	
Hyundai Motor Deutschland GmbH (HMD)	Sales	"	100.00%	
Hyundai Motor Europe Technical Center GmbH (HMETC)	R&D	"	100.00%	
Hyundai Motor Sport GmbH (HMSG)	Marketing	"	100.00%	HME 100.00%
Hyundai Capital Europe GmbH	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.40%
Hyundai Motor Netherlands B.V	Sales	"	100.00%	
Hyundai Motor Commonwealth of Independent States (HMCIS)	"	Russia	100.00%	HMCIS B.V 100.00%
Hyundai Capital Services Limited Liability Company	Financing	"	100.00%	Hyundai Capital Europe 100.00%
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	Turkey	83.91%	
Hyundai EURotem Demiryolu Araclarive Ticaret A.S.	"	"	50.50%	Hyundai Rotem 50.50%
Hyundai Motor UK Limited (HMUK)	Sales	UK	100.00%	
Hyundai Motor Company Italy S.r.l (HMCI)	"	Italy	100.00%	
Hyundai Motor Espana. S.L.U. (HMES)	"	Spain	100.00%	
Hyundai Motor France SAS (HMF)	"	France	100.00%	
Hyundai Motor Poland Sp. Zo.O (HMP)	"	Poland	100.00%	
Hyundai Motor Norway AS (HMN)	"	Norway	100.00%	
Hyundai Motor DE Mexico S DE RL DE CV (HMM)	"	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	"	99.99%	HT 99.99%
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
Hyundai Motor Hungary (HMH)	Sales	Hungary	100.00%	
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	Manufacturing	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Rotem Brasil Engineering Services LTD	Sales	"	100.00%	Hyundai Rotem 100.00%
China Millennium Corporations (CMEs)	Holding company	Cayman Islands	59.60%	
Miraeasset Triumph Private Equity Security Investment Trust No.13	Investment	Korea	100.00%	

Subsidiaries	Nature of the business	Location	Ownership percentage	Indirect ownership
KyoboAXA Private Tomorrow Securities Investment Trust No.12	Investment	Korea	100.00%	
Shinyoung Private Securities Investment Trust WB-1	"	"	100.00%	
UBS Hana Dynamic Balance Private Investment Trust 1	"	"	100.00%	
Autopia Forty-Third ~ Forty- Seventh Asset Securitization Specialty Company (*)	Financing	"	0.90%	Hyundai Capital Services 0.90%
Autopia Forty-Ninth ~ Fifty-Second Asset Securitization Specialty Company (*)	"	"	0.50%	Hyundai Capital Services 0.50%
Autopia Fifty-Fourth Asset Securitization Specialty Company (*)	"	"	0.50%	"
HB the Third Securitization Specialty Company (*)	"	"	0.90%	Hyundai Capital Services 0.90%
HB the Fourth Securitization Specialty Company (*)	"	"	0.31%	Hyundai Capital Services 0.31%
Privia the Second ~ Fourth 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 HK Funding Three, LLC	"	"	100.00%	"
Hyundai ABS Funding Corporation	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"
Power Protect Extended Services, Inc.	"	"	100.00%	"
Power Protect Extended Services Florida, Inc.	"	"	100.00%	"

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

(2) Condensed financial positions and results of operations of the Company's major consolidated subsidiaries as of and for the nine months ended September 30, 2014, are as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
(In millions of Korean Won)				
Hyundai Capital Services, Inc. (*)	₩ 22,100,949	₩ 18,698,774	₩ 2,208,385	₩ 192,730
Hyundai Card Co., Ltd. (*)	11,933,479	9,388,836	1,920,896	205,147
Hyundai Rotem Company (*)	4,418,852	2,605,128	2,249,739	35,096
Hyundai KEFICO Corporation (*)	982,359	509,541	1,283,515	60,970
HCA (*)	27,571,268	25,197,659	3,992,306	224,146
HMA	6,249,017	3,667,339	12,549,162	343,208
HMMA	3,438,982	1,684,194	5,527,337	286,381
HMMC	2,983,188	1,424,873	4,132,425	411,069
HMI (*)	2,120,904	1,111,569	3,330,706	139,724
HME (*)	1,086,171	1,067,543	5,013,761	(25,738)
HMMR	1,065,779	569,332	1,826,693	75,744
HAC (*)	897,266	479,770	2,322,901	26,841
HMCIS	727,627	449,703	2,481,815	(4,334)
HMCA	669,489	493,425	1,529,006	35,946

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

Condensed financial positions and results of operations of the Company's major consolidated subsidiaries as of and for the nine months ended September 30, 2013, were as follows:

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the period
(In millions of Korean Won)				
Hyundai Capital Services, Inc. (*)	₩ 21,965,125	₩ 18,564,680	₩ 2,368,530	₩ 356,917
Hyundai Card Co., Ltd. (*)	10,939,628	8,614,817	1,875,911	127,203
Hyundai Rotem Company (*)	4,547,671	3,278,020	2,315,607	86,918
Hyundai KEFICO Corporation (*)	852,555	466,633	1,222,725	70,365
HCA (*)	24,393,586	22,371,162	3,299,325	245,058
HMA	6,403,733	3,808,264	12,705,746	422,380
HMMA	3,279,996	1,614,228	5,677,342	377,583
HMMC	3,067,580	1,566,740	4,083,855	311,335
HMI (*)	1,997,824	1,096,515	3,703,081	179,879
HME (*)	1,158,220	1,116,825	3,993,054	(1,162)
HMMR	1,264,435	610,403	2,039,758	162,738
HAC (*)	849,080	444,648	2,540,802	45,729
HMCIS	855,003	497,952	2,846,494	102,500
HMCA	694,963	534,623	1,755,364	47,066

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

- (3) The financial statements of all subsidiaries, which are used in the preparation of the consolidated financial statements, are prepared for the same reporting periods as the Company's.
- (4) Summarized cash flows, for the nine months ended September 30, 2014, of non-wholly owned subsidiaries that have material non-controlling interests to the Group as of September 30, 2014, are as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Cash flows from operating activities	₩ 111,168	₩ (57,704)	₩ (244,856)
Cash flows from investing activities	4,758	(69,483)	(48,089)
Cash flows from financing activities	(247,007)	250,699	310,091
Effect of exchange rate changes on cash and cash equivalents	(30)	-	(537)
Net increase (decrease) in cash and cash equivalents	₩ (131,111)	₩ 123,512	₩ 16,609

Summarized cash flows, for the nine months ended September 30, 2013, of non-wholly owned subsidiaries that had material non-controlling interests to the Group as of September 30, 2013, were as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Cash flows from operating activities	₩ (70,796)	₩ 526,830	₩ (673,291)
Cash flows from investing activities	133,333	(62,440)	(49,852)
Cash flows from financing activities	(150,606)	(340,051)	721,215
Effect of exchange rate changes on cash and cash equivalents	(18)	-	(2,686)
Net increase (decrease) in cash and cash equivalents	₩ (88,087)	₩ 124,339	₩ (4,614)



- (5) Details, as of and for the nine months ended September 30, 2014, of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of September 30, 2014, are as follows:

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
(In millions of Korean Won)			
Ownership percentage of non-controlling interests	43.53%	63.04%	56.64%
Non-controlling interests	₩ 1,480,681	₩ 1,604,237	₩ 1,098,550
Profit attributable to non-controlling interests	83,850	129,332	15,834
Dividends paid to non-controlling interests	-	-	6,018

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

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

- (6) Changes in consolidated subsidiaries

Subsidiaries newly included in and excluded from consolidation for the nine months ended September 30, 2014, are as follows:

Changes	Name of subsidiaries	Description
Included	Hyundai Rotem Brasil Engineering Services LTD	Acquisition
"	Hyundai Capital Canada Inc. (HCCA)	"
"	Hyundai Capital Lease Inc.	"
"	Hyundai Motor Netherlands B.V.	"
"	KyoboAXA Private Tomorrow Securities Investment Trust No.12	"
"	Shinyoung Private Securities Investment Trust WB-1	"
"	UBS Hana Dynamic Balance Private Investment Trust 1	"
"	Autopia Fifty-Fourth Asset Securitization Specialty Company	"
"	Privia the Fourth Securitization Specialty Co., Ltd.	"
"	Hyundai HK Funding Three, LLC	"
"	Power Protect Extended Services, Inc.	"
"	Power Protect Extended Services Florida, Inc.	"
Excluded	IBK Panorama Private Equity Security Investment Trust No.50	Liquidation
"	Woori Frontier Private Equity Security Investment Trust No.5	"
"	KTB Safe Private Equity Security Investment Trust No.78	"
"	Macquarie Lion Private Equity Security Investment Trust Security No.45	"
"	Shinhan BNPP Private Corporate Security Investment Trust No.27	"
"	Autopia Thirty-Sixth Asset Securitization Specialty Company	"
"	Autopia Fourty-Second Asset Securitization Specialty Company	"

- (7) Decrease in the Group's ownership interests in one of subsidiaries and the consequent effects on the equity attributable to the owners of the Company for the nine months ended September 30, 2014, are as follows:

Description	HCA (*1)	HAOS (*2)
	(In millions of Korean Won)	
Ownership percentage before transaction	85.00%	89.29%
Ownership percentage after transaction	80.00%	83.91%
Increase in paid-in capital	₩ 132,263	₩ 23,678
Changes in non-controlling interests	133,215	16,909
Changes in capital surplus	(952)	4,834

(\*1) The ownership percentage of the Group decreased as a result of not participating in the paid-in capital increase that occurred during the nine months ended September 30, 2014.

(\*2) The ownership percentage of the Group decreased as the Group disposed its shares partially during the nine months ended September 30, 2014.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

### (1) Basis of consolidated financial statements preparation

The Group’s condensed consolidated financial statements for the nine months ended September 30, 2014 and 2013, respectively, are prepared in accordance with K-IFRS 1034, *Interim Financial Reporting*. The condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with K-IFRS.

The significant accounting policies used for the preparation of the interim consolidated financial statements are consistent with those applied to the annual consolidated financial statements for the year ended December 31, 2013, except for the adoption effect of the new and revised accounting standards and interpretations described below.

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

#### - K-IFRS 1032 (Amendments): ‘*Financial Instruments: Presentation*’

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

#### - K-IFRS 1039 (Amendments): ‘*Financial Instruments: Recognition and Measurement*’

The amendments to K-IFRS 1039 allow the Group to use hedge accounting when, as a consequence of laws or regulations or the introduction of laws or regulations, the original counterparty to the hedging instrument is replaced by a central counterparty or an entity which is acting as counterparty in order to effect clearing by a central counterparty.

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

The enactment to K-IFRS interpretation 2121 defines that the obligating event giving rise to the recognition of a liability to pay a levy is the activity that triggers the payment of the levy in accordance with the related legislation.

In addition, K-IFRS 1036, *Impairment of Assets*, had been amended to add clarifications about the disclosure requirement in relation to estimated recoverable amount for non-financial assets.

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

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

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

**3. TRADE NOTES AND ACCOUNTS RECEIVABLE:**

(1) Trade notes and accounts receivable as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Trade notes and accounts receivable	₩ 3,199,118	₩ 56,152	₩ 3,531,279	₩ 47,969
Allowance for doubtful accounts	(46,271)	-	(45,934)	-
Present value discount accounts	-	(4,113)	-	(4,660)
	<u>₩ 3,152,847</u>	<u>₩ 52,039</u>	<u>₩ 3,485,345</u>	<u>₩ 43,309</u>

(2) Aging analysis of trade notes and accounts receivable

As of September 30, 2014 and December 31, 2013, total trade notes and accounts receivable that are past due, but not impaired, amount to ₩185,033 million and ₩310,984 million, respectively; of which ₩162,896 million and ₩264,159 million, respectively, are past due less than 90 days, but not impaired. As of September 30, 2014 and December 31, 2013, the impaired trade notes and accounts receivable amount to ₩46,271 million and ₩45,934 million, respectively.

(3) The changes in allowance for doubtful accounts for the nine months ended September 30, 2014 and 2013, are as follows:

Description	Nine months ended September 30,	
	2014	2013
	(In millions of Korean Won)	
Beginning of the period	₩ 45,934	₩ 29,543
Impairment loss	3,324	7,530
Write-off	(1,976)	(337)
Effect of foreign exchange differences	(1,011)	2,026
End of the period	<u>₩ 46,271</u>	<u>₩ 38,762</u>

**4. OTHER RECEIVABLES:**

Other receivables as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accounts receivable – others	₩ 1,867,273	₩ 758,855	₩ 1,672,402	₩ 827,510
Due from customers for contract work	1,556,562	-	1,393,555	-
Lease and rental deposits	33,337	288,236	42,784	274,832
Deposits	6,692	21,150	13,699	23,154
Others	2,475	1,847	2,549	7,283
Allowance for doubtful accounts	(9,015)	-	(6,603)	-
Present value discount accounts	-	(3,158)	-	(4,940)
	<u>₩ 3,457,324</u>	<u>₩ 1,066,930</u>	<u>₩ 3,118,386</u>	<u>₩ 1,127,839</u>

**5. OTHER FINANCIAL ASSETS:**

(1) Other financial assets as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Financial assets at fair value through profit or loss (“FVTPL”):				
Held for trading non-derivative financial assets	₩ 483,167	₩ -	₩ 414,255	₩ -
Derivative assets	55,521	2,719	33,045	1,592
	<u>538,688</u>	<u>2,719</u>	<u>447,300</u>	<u>1,592</u>
Derivative assets that are effective hedging instruments	26,778	226	7,558	19,138
AFS financial assets	1,716	2,453,115	21,363	2,494,033
Loans	24,176	216,307	31,600	217,121
	<u>₩ 591,358</u>	<u>₩ 2,672,367</u>	<u>₩ 507,821</u>	<u>₩ 2,731,884</u>

(2) AFS financial assets that are measured at fair value as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014			December 31, 2013
	Acquisition cost	Valuation difference	Book value	Book value
	(In millions of Korean Won)			
Debt instruments	₩ 144,019	₩ 3,767	₩ 147,786	₩ 124,240
Equity instruments	1,433,018	874,027	2,307,045	2,391,156
	<u>₩ 1,577,037</u>	<u>₩ 877,794</u>	<u>₩ 2,454,831</u>	<u>₩ 2,515,396</u>

(3) Equity instruments classified into AFS financial assets as of September 30, 2014 and December 31, 2013, consist of the following:

Name of the company	Ownership percentage (%)	September 30, 2014		December 31, 2013	
		Acquisition cost	Valuation difference	Book value	Book value
			(In millions of Korean Won)		
Hyundai Steel Company	7.87	₩ 791,681	₩ (111,000)	₩ 680,681	₩ 791,681
Hyundai Glovis Co., Ltd.	4.88	210,688	378,874	589,562	422,947
Hyundai Heavy Industries Co., Ltd.	2.88	56,924	244,201	301,125	562,830
Korea Aerospace Industries, Co., Ltd.	10.00	151,086	246,125	397,211	282,678
Hyundai Oil Refinery Co., Ltd.	4.35	53,734	91,789	145,523	145,523
Hyundai Green Food Co., Ltd.	2.36	15,005	32,995	48,000	38,769
Hyundai Finance Corporation	9.29	9,888	1,007	10,895	10,666
Hyundai Development Company	0.60	9,025	10,190	19,215	10,440
Doosan Capital Co., Ltd.	7.14	10,000	348	10,348	10,348
Hyundai Merchant Marine Co., Ltd.	0.38	9,161	(2,390)	6,771	7,900
KT Corporation	0.09	8,655	(420)	8,235	7,575
NICE Holdings Co., Ltd.	1.30	3,491	4,154	7,645	5,801
Ubivelo Co., Ltd.	5.15	1,710	2,235	3,945	4,585
NICE Information Service Co., Ltd.	2.25	3,312	2,398	5,710	4,180
Hyundai Asan Corporation	1.88	22,500	(20,383)	2,117	2,117
Nesscap, Inc.	4.53	1,997	(1,043)	954	1,104
Others		74,161	(5,053)	69,108	82,012
		₩ 1,433,018	₩ 874,027	₩ 2,307,045	₩ 2,391,156

As of September 30, 2014, the valuation difference between the book value and the acquisition cost of AFS equity instruments includes the cumulative impairment loss of ₩25,368 million.

## 6. INVENTORIES:

Inventories as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014		December 31, 2013	
	(In millions of Korean Won)			
Finished goods	₩	3,870,989	₩	3,771,488
Merchandise		111,812		105,385
Semi-finished goods		488,158		434,834
Work in progress		400,329		410,024
Raw materials		1,243,901		1,138,616
Supplies		235,048		204,657
Materials in transit		477,901		540,666
Others		435,403		467,446
	₩	7,263,541	₩	7,073,116

**7. OTHER ASSETS:**

Other assets as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Accrued income	₩ 406,282	₩ 494	₩ 362,854	₩ 498
Advanced payments	614,928	-	700,542	-
Prepaid expenses	295,740	168,154	291,282	90,589
Prepaid value added tax and others	261,042	20,133	313,258	63,813
	<u>₩ 1,577,992</u>	<u>₩ 188,781</u>	<u>₩ 1,667,936</u>	<u>₩ 154,900</u>

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

Non-current assets classified as held for sale as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30,	December 31,
	2014	2013
	(In millions of Korean Won)	
Land	₩ -	₩ 13,676
Buildings	-	8,671
Investments in associates	24,000	-
Others	5	-
	<u>₩ 24,005</u>	<u>₩ 22,347</u>

The Group recognized gain on disposals of ₩17,153 million as land and buildings, which were classified as non-current assets held for sale as of December 31, 2013, were disposed for nine months ended September 30, 2014.

In addition, investments in associates, which were classified as non-current assets held for sale as of September 30, 2014, were disposed after the reporting period and no impairment loss on the non-current assets classified as held for sale is recognized for the nine months ended September 30, 2014.

**9. PROPERTY, PLANT AND EQUIPMENT:**

- (1) The changes in property, plant and equipment (“PP&E”) for the nine months ended September 30, 2014 and 2013, are as follows:

Description	Nine months ended September 30,	
	2014	2013
	(In millions of Korean Won)	
Beginning of the period	₩ 21,462,587	₩ 20,739,858
Acquisitions	2,259,691	2,021,760
Disposals	(57,026)	(213,338)
Depreciation	(1,377,096)	(1,309,703)
Others (*)	(337,155)	(222,288)
End of the period	<u>₩ 21,951,001</u>	<u>₩ 21,016,289</u>

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

- (2) The Group has entered into a real estate purchase contract with the Korea Electric Power Corporation for the nine months ended September 30, 2014 and the amount of contractual commitment for acquisition of the real estate is ₩5,802,500 million.

**10. INVESTMENT PROPERTY:**

(1) The changes in investment property for the nine months ended September 30, 2014 and 2013, are as follows:

Description	Nine months ended September 30,	
	2014	2013
	(In millions of Korean Won)	
Beginning of the period	₩ 263,984	₩ 282,832
Transfers	64,376	(7,891)
Disposals	(933)	(582)
Depreciation	(9,992)	(8,765)
Effect of foreign exchange differences	(670)	1,690
End of the period	₩ 316,765	₩ 267,284

(2) Income and expenses related to investment property for the three months and nine months ended September 30, 2014 and 2013, are as follows:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Rental income	₩ 11,285	₩ 31,876	₩ 9,858	₩ 27,202
Operating and maintenance expenses	6,415	13,751	3,541	10,221

**11. INTANGIBLE ASSETS:**

(1) The changes in intangible assets for the nine months ended September 30, 2014 and 2013, are as follows:

Description	Nine months ended September 30,	
	2014	2013
	(In millions of Korean Won)	
Beginning of the period	₩ 3,129,090	₩ 2,883,218
Internal developments and separate acquisitions	728,378	635,452
Disposals	(7,756)	(3,099)
Amortization	(537,711)	(606,432)
Impairment loss	(4,703)	(16,340)
Others (*)	33,730	43,348
End of the period	₩ 3,341,028	₩ 2,936,147

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

(2) Research and development expenditures for the three months and nine months ended September 30, 2014 and 2013, are as follows:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Development costs	₩ 230,791	₩ 556,662	₩ 195,245	₩ 481,409
Ordinary developments (manufacturing cost)	76,871	221,464	115,611	235,070
Research costs (administrative expenses)	173,706	525,117	182,891	486,471
	₩ 481,368	₩ 1,303,243	₩ 493,747	₩ 1,202,950

(3) Impairment test of goodwill

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

**12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:**

(1) Investments in joint ventures and associates as of September 30, 2014 and December 31, 2013, consist of the following:

Name of the company	Nature of the business	Location	September 30, 2014		December 31, 2013
			Ownership Percentage (%)	Book value (In millions of Korean Won)	Book value
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00	₩ 1,841,987	₩ 2,026,337
Sichuan Hyundai Motor Company (CHMC) (*1)	Manufacturing	China	50.00	156,192	132,014
Hyundai Motor Group China, Ltd. (HMGC) (*1)	Investment	China	50.00	149,669	153,823
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	China	22.00	148,199	129,783
Kia Motors Corporation	Manufacturing	Korea	33.88	7,413,431	6,748,127
Hyundai Engineering & Construction Co., Ltd.	Construction	Korea	20.95	3,112,145	3,050,804
Hyundai WIA Corporation	Manufacturing	Korea	26.79	679,462	600,284
Hyundai Powertech Co., Ltd.	Manufacturing	Korea	37.58	370,252	335,227
Hyundai Dymos Inc.	Manufacturing	Korea	47.27	288,357	270,535
Hyundai HYSCO Co., Ltd.	Manufacturing	Korea	29.37	277,734	236,732
HMC Investment Securities Co., Ltd.	Securities brokerage	Korea	27.49	224,936	217,218
Hyundai Commercial Inc.	Financing	Korea	50.00	197,122	125,806
Eukor Car Carriers Inc. (*2)	Transportation	Korea	12.00	156,668	148,866
Others (*3)				486,681	519,439
				<u>₩ 15,502,835</u>	<u>₩ 14,694,995</u>

(\*1) Each of the joint arrangements in which the Group retains joint control is structured through a separate entity and there are no contractual terms according to which the parties retain rights to the assets and obligations for the liabilities relating to the joint arrangement or other relevant facts and circumstances. As a result, the Group considers that the parties that retain joint control in the arrangement have rights to the net assets and classifies the joint arrangements as joint ventures.

(\*2) As the Group is considered to be able to exercise significant influence by representation on the board of directors of the investee and for other reasons, although the total ownership percentage is less than 20%, the investment is classified as an investment in associate.

(\*3) As of September 30, 2014 and December 31, 2013, amongst Others, investments in Beijing Hyundai Qiche Financing Company, with a book value of ₩91,136 million and ₩88,760 million, respectively, had been categorized as a joint venture although the Group's total ownership percentage is 53.0%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

(2) The changes in investments in joint ventures and associates for the nine months ended September 30, 2014, are as follows:

Name of the company	Beginning of the period	Acquisitions / (disposals)	Share of profits for the period	Dividends	Others (*)	End of the period
	(In millions of Korean Won)					
BHMC	₩ 2,026,337	₩ -	₩ 700,725	₩ (815,497)	₩ (69,578)	₩ 1,841,987
CHMC	132,014	25,557	1,751	-	(3,130)	156,192
HMGC	153,823	-	25,735	(25,590)	(4,299)	149,669
WAE	129,783	-	21,320	-	(2,904)	148,199
Kia Motors Corporation	6,748,127	-	839,733	(96,123)	(78,306)	7,413,431



Name of the company	Beginning of the period	Acquisitions / (disposals)	Share of profits for the period	Dividends	Others (*)	End of the period
	(In millions of Korean Won)					
Hyundai Engineering & Construction Co., Ltd.	₩ 3,050,804	₩ -	₩ 35,834	₩ (11,664)	₩ 37,171	₩ 3,112,145
Hyundai WIA Corporation	600,284	-	87,251	(3,447)	(4,626)	679,462
Hyundai Powertech Co., Ltd.	335,227	-	35,319	-	(294)	370,252
Hyundai Dymos Inc.	270,535	-	18,677	-	(855)	288,357
Hyundai HYSCO Co., Ltd.	236,732	-	44,580	(2,010)	(1,568)	277,734
HMC Investment Securities Co., Ltd.	217,218	3,636	4,024	-	58	224,936
Hyundai Commercial Inc.	125,806	-	14,050	(5,650)	62,916	197,122
Eukor Car Carriers Inc.	148,866	-	15,606	(7,920)	116	156,668
Others	519,439	(10,474)	60,252	(24,943)	(57,593)	486,681
	<u>₩ 14,694,995</u>	<u>₩ 18,719</u>	<u>₩ 1,904,857</u>	<u>₩ (992,844)</u>	<u>₩ (122,892)</u>	<u>₩ 15,502,835</u>

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

The changes in investments in joint ventures and associates for the nine months ended September 30, 2013, were as follows:

Name of the company	Beginning of the period	Acquisitions / (disposals)	Share of profits for the period	Dividends	Others (*)	End of the period
	(In millions of Korean Won)					
BHMC	₩ 1,657,185	₩ -	₩ 740,852	₩ (622,500)	₩ 42,380	₩ 1,817,917
CHMC	77,346	56,592	1,427	-	(48)	135,317
HMGC	103,450	17,432	16,963	-	2,764	140,609
WAE	107,253	-	22,492	(7,070)	2,236	124,911
Kia Motors Corporation	5,638,238	-	943,021	(89,257)	(528)	6,491,474
Hyundai Engineering & Construction Co., Ltd.	3,023,813	-	51,630	(11,664)	(7,889)	3,055,890
Hyundai WIA Corporation	484,518	-	94,820	(3,447)	4,000	579,891
Hyundai Powertech Co., Ltd.	299,075	-	50,684	-	858	350,617
Hyundai Dymos Inc.	233,660	-	32,233	-	(732)	265,161
Hyundai HYSCO Co., Ltd.	615,271	-	78,610	(5,889)	(436)	687,556
HMC Investment Securities Co., Ltd.	217,187	-	3,251	(1,156)	(1,029)	218,253
Hyundai Commercial Inc.	121,597	-	12,390	-	(4,762)	129,225
Eukor Car Carriers Inc.	127,881	-	24,932	(8,044)	35	144,804
Others	411,257	3,406	54,352	(22,727)	3,228	449,516
	<u>₩ 13,117,731</u>	<u>₩ 77,430</u>	<u>₩ 2,127,657</u>	<u>₩ (771,754)</u>	<u>₩ 40,077</u>	<u>₩ 14,591,141</u>

(\*) Others consist 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 nine months ended September 30, 2014, is as follows:

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
	(In millions of Korean Won)			
BHMC	₩ 5,434,821	₩ 2,662,897	₩ 4,283,507	₩ 82,752
CHMC	345,922	464,861	186,287	312,112
HMGC	346,017	235,947	218,654	51,006
WAE	722,258	784,550	310,089	523,087
Kia Motors Corporation	15,660,629	24,162,984	11,512,269	6,027,601
Hyundai Engineering & Construction Co., Ltd.	13,050,477	4,805,937	7,758,477	3,313,160
Hyundai WIA Corporation	3,130,809	2,214,058	1,542,227	1,186,885

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
	(In millions of Korean Won)			
Hyundai Powertech Co., Ltd.	₩ 840,831	₩ 1,236,492	₩ 661,910	₩ 405,604
Hyundai Dymos Inc.	996,701	800,624	609,214	575,941
Hyundai HYSCO Co., Ltd.	1,624,255	797,591	1,051,074	511,998
HMC Investment Securities Co., Ltd. (*)	6,608,694	-	5,936,211	-
Hyundai Commercial Inc.(*)	4,680,317	-	4,185,948	-
Eukor Car Carriers Inc.	428,942	2,408,253	228,728	1,305,087

Name of the company	Sales	Profit for the period from continuing operations	Other comprehensive income (expenses)	Total comprehensive income
	(In millions of Korean Won)			
BHMC	₩ 14,044,776	₩ 1,401,209	₩ -	₩ 1,401,209
CHMC	274,611	3,503	-	3,503
HMGC	1,231,901	45,935	-	45,935
WAE	1,245,954	96,911	-	96,911
Kia Motors Corporation	35,395,123	2,557,412	(244,975)	2,312,437
Hyundai Engineering & Construction Co., Ltd.	12,252,608	410,939	(29,428)	381,511
Hyundai WIA Corporation	5,608,148	328,505	(15,351)	313,154
Hyundai Powertech Co., Ltd.	2,411,107	87,539	(1,073)	86,466
Hyundai Dymos Inc.	1,828,293	32,622	(2,748)	29,874
Hyundai HYSCO Co., Ltd.	3,123,483	156,022	(39,555)	116,467
HMC Investment Securities Co., Ltd.	384,866	5,308	179	5,487
Hyundai Commercial Inc.	259,136	29,392	10,309	39,701
Eukor Car Carriers Inc.	1,859,169	132,810	3,935	136,745

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

Condensed financial information of the Group's major joint ventures and associates as of and for the nine months ended September 30, 2013, was as follows:

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
	(In millions of Korean Won)			
BHMC	₩ 5,250,336	₩ 2,566,625	₩ 4,028,819	₩ 99,690
CHMC	274,718	311,854	315,938	-
HMGC	430,317	63,811	176,401	-
WAE	621,777	806,174	269,924	585,939
Kia Motors Corporation	12,466,654	22,080,555	9,969,448	5,131,398
Hyundai Engineering & Construction Co., Ltd.	10,516,887	3,623,290	6,221,896	2,759,918
Hyundai WIA Corporation	2,777,418	1,951,118	1,532,871	1,008,597
Hyundai Powertech Co., Ltd.	854,817	1,227,333	754,670	367,629
Hyundai Dymos Inc.	873,687	714,576	644,612	379,455
Hyundai HYSCO Co., Ltd.	2,721,382	2,919,218	2,059,031	1,477,598
HMC Investment Securities Co., Ltd. (*1,2)	6,902,587	-	6,224,165	-
Hyundai Commercial Inc.(*2)	4,139,745	-	3,786,559	-
Eukor Car Carriers Inc.	506,962	2,214,346	313,517	1,203,272

Name of the company	Sales	Profit for the period from continuing operations	Other comprehensive income (expenses)	Total comprehensive income
(In millions of Korean Won)				
BHMC	₩ 14,362,193	₩ 1,490,584	₩ -	₩ 1,490,584
HMGC	358,315	5,456	-	5,456
CHMC	1,371,112	54,613	-	54,613
WAE	1,185,380	102,237	-	102,237
Kia Motors Corporation	35,831,296	2,868,071	(6,530)	2,861,541
Hyundai Engineering & Construction Co., Ltd.	9,866,837	448,809	(27,397)	421,412
Hyundai WIA Corporation	5,318,740	308,857	8,957	317,814
Hyundai Powertech Co., Ltd.	2,350,861	136,938	1,739	138,677
Hyundai Dymos Inc.	1,555,878	59,650	8,741	68,391
Hyundai HYSCO Co., Ltd.	5,809,297	268,435	(1,777)	266,658
HMC Investment Securities Co., Ltd. (*1)	634,003	12,378	(4,434)	7,944
Hyundai Commercial Inc.	255,101	29,199	(8,119)	21,080
Eukor Car Carriers Inc.	1,953,485	204,640	4,487	209,127

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

(\*2) Operating finance business of which total assets (liabilities) are included in current assets (liabilities) as the companies 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 nine months ended September 30, 2014, is as follows:

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 856,310	₩ -	₩ -	₩ 200,736	₩ 22,950	₩ 41,227	₩ 441,782
CHMC	93,958	51,780	312,112	3,925	1,518	5,072	-
HMGC	58,292	90,961	51,006	2,646	943	5,179	12,211

Condensed additional financial information of the Group's major joint ventures as of and for the nine months ended September 30, 2013, was as follows:

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
(In millions of Korean Won)							
BHMC	₩ 365,003	₩ -	₩ -	₩ 201,074	₩ 13,720	₩ 41,988	₩ 496,861
CHMC	153,889	-	-	1,313	1,700	-	-
HMGC	181,953	-	-	885	3,242	3,200	15,840

(5) The aggregate amounts of the Group's share of profit and comprehensive income of joint ventures and associates that are not individually material, for the nine months ended September 30, 2014 and 2013, are as follows:

Description	Nine months ended September 30,	
	2014	2013
(In millions of Korean Won)		
Profit for the period	₩ 60,252	₩ 54,352
Other comprehensive income (expenses)	(6,557)	3,223
Total comprehensive income	₩ 53,695	₩ 57,575

- (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 September 30, 2014, is as follows:

Name of the company	Group's share of net assets	Unrealized loss and others		Carrying amounts
		Goodwill		
(In millions of Korean Won)				
BHMC	₩ 1,865,730	₩ -	₩ (23,743)	₩ 1,841,987
CHMC	156,192	-	-	156,192
HMGC	156,153	-	(6,484)	149,669
WAE	148,199	-	-	148,199
Kia Motors Corporation	7,252,677	197,089	(36,335)	7,413,431
Hyundai Engineering & Construction Co., Ltd (*)	1,974,788	1,137,357	-	3,112,145
Hyundai WIA Corporation	682,619	-	(3,157)	679,462
Hyundai Powertech Co., Ltd.	379,448	-	(9,196)	370,252
Hyundai Dymos Inc.	289,800	-	(1,443)	288,357
Hyundai HYSCO Co., Ltd.	251,486	27,172	(924)	277,734
HMC Investment Securities Co., Ltd.	184,884	40,052	-	224,936
Hyundai Commercial Inc.	197,122	-	-	197,122
Eukor Car Carriers Inc.	156,406	-	262	156,668

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

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

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

- (\*) 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 September 30, 2014, is as follows:

Name of the company	Price per share	Total number of shares		Market value
(In millions of Korean Won, except price per share)				
Kia Motors Corporation	₩ 53,700	137,318,251	₩ 7,373,990	
Hyundai Engineering & Construction Co., Ltd.	60,300	23,327,400	1,406,642	
Hyundai WIA Corporation	215,000	6,893,596	1,482,123	
Hyundai HYSCO Co., Ltd.	78,000	6,698,537	522,486	
HMC Investment Securities Co., Ltd.	11,550	8,065,595	93,158	

**13. FINANCIAL SERVICES RECEIVABLES:**

(1) Financial services receivables as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014	December 31, 2013
	(In millions of Korean Won)	
Loans	₩ 30,182,710	₩ 29,078,336
Card receivables	10,021,040	9,806,136
Financial lease receivables	2,822,180	3,038,540
Others	15,241	11,348
	43,041,171	41,934,360
Allowance for doubtful accounts	(836,053)	(823,408)
Loan origination fee	31,191	(89,881)
Present value discount accounts	(8,359)	(7,464)
	₩ 42,227,950	₩ 41,013,607

(2) Aging analysis of financial services receivables

As of September 30, 2014 and December 31, 2013, total financial services receivables that are past due but not impaired are ₩1,723,705 million and ₩1,288,443 million, respectively; all of them are past due less than 90 days. As of September 30, 2014 and December 31, 2013, the impaired financial services receivables amount to ₩473,446 million and ₩530,638 million, respectively.

(3) The changes in allowance for doubtful accounts of financial services receivables for the three months and nine months ended September 30, 2014 and 2013, are as follows:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Beginning of the period	₩ 839,127	₩ 823,408	₩ 792,637	₩ 749,166
Impairment loss	153,825	465,391	162,268	470,968
Write-off	(142,202)	(380,831)	(143,457)	(349,891)
Disposals and others	(20,475)	(71,009)	(23,666)	(95,856)
Effect of foreign exchange differences	5,778	(906)	(12,698)	697
End of the period	₩ 836,053	₩ 836,053	₩ 775,084	₩ 775,084

(4) Gross investments in financial lease and their present value of minimum lease receipts as of September 30, 2014 and December 31, 2013, are as follows:

Description	September 30, 2014		December 31, 2013	
	Gross investments in financial lease	Present value of minimum lease receipts	Gross investments in financial lease	Present value of minimum lease receipts
	(In millions of Korean Won)			
Not later than one year	₩ 1,325,568	₩ 1,150,104	₩ 1,453,668	₩ 1,257,942
Later than one year and not later than five years	1,813,359	1,667,758	1,944,394	1,776,643
Later than five years	85	85	172	171
	₩ 3,139,012	₩ 2,817,947	₩ 3,398,234	₩ 3,034,756

- (5) Unearned interest income of financial lease as of September 30, 2014 and December 31, 2013, are as follows:

Description	September 30, 2014	December 31, 2013
	(In millions of Korean Won)	
Gross investments in financial lease	₩ 3,139,012	₩ 3,398,234
Net lease investments:		
Present value of minimum lease receipts	2,817,947	3,034,756
Present value of unguaranteed residual value	4,233	3,784
	2,822,180	3,038,540
Unearned interest income	₩ 316,832	₩ 359,694

**14. OPERATING LEASE ASSETS:**

- (1) Operating lease assets as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014	December 31, 2013
	(In millions of Korean Won)	
Acquisition cost	₩ 13,732,668	₩ 12,030,614
Accumulated depreciation	(1,470,342)	(1,388,421)
Accumulated impairment loss	(68,492)	(77,317)
	₩ 12,193,834	₩ 10,564,876

- (2) Future minimum lease receipts related to operating lease assets as of September 30, 2014 and December 31, 2013, are as follows:

Description	September 30, 2014	December 31, 2013
	(In millions of Korean Won)	
Not later than one year	₩ 2,298,544	₩ 2,018,610
Later than one year and not later than five years	2,541,688	2,270,798
Later than five years	2	1
	₩ 4,840,234	₩ 4,289,409

**15. BORROWINGS AND DEBENTURES:**

(1) Short-term borrowings as of September 30, 2014 and December 31, 2013, consist of the following:

Description	Lender	Annual interest rate	September 30,	September 30,	December 31,
		September 30, 2014 (%)	2014	2014	2013
			(In millions of Korean Won)		
Overdrafts	Citi Bank and others	0.40~3.53	₩	264,801	₩ 211,603
General loans	Kookmin Bank and others	0.26~9.54		1,614,483	2,468,175
Loans on trade receivables collateral	Korea Exchange Bank and others	LIBOR+0.23~0.40		784,201	997,519
Banker's Usance	Kookmin Bank and others	LIBOR+0.31~0.40		458,862	439,579
Short-term debentures		2.36		129,750	-
Commercial paper	Shinhan Bank and others	0.18~3.33		1,775,022	747,375
Asset-backed securities	HSBC			-	428,547
			₩	5,027,119	₩ 5,292,798

(2) Long-term debt as of September 30, 2014 and December 31, 2013, consists of the following:

Description	Lender	Annual interest rate	September 30,	September 30,	December 31,
		September 30, 2014 (%)	2014	2014	2013
			(In millions of Korean Won)		
General loans	Shinhan Bank and others	0.67~9.54	₩	2,864,866	₩ 3,127,981
Facility loan	Korea Development Bank and others	1.00~7.30		426,990	524,530
Commercial paper	Hana Daetoo Securities	3.13~3.17		73,000	233,000
Asset-backed securities	JP Morgan and others	0.46~0.71		4,179,438	3,535,460
Others	Woori Bank and others	0.10~2.00		236,460	238,899
				7,780,754	7,659,870
Less: present value discounts				126,631	134,025
Less: current maturities				1,458,302	2,859,815
			₩	6,195,821	₩ 4,666,030

(3) Debentures as of September 30, 2014 and December 31, 2013, consist of the following:

Description	Latest maturity date	Annual interest rate	September 30,	September 30,	December 31,
		September 30, 2014 (%)	2014	2014	2013
			(In millions of Korean Won)		
Guaranteed public debentures	June 8, 2017	3.75~4.50	₩	1,577,817	₩ 1,583,399
Guaranteed private debentures	April 25, 2015	5.68		78,795	79,148
Non-guaranteed public debentures	April 29, 2021	2.46~7.20		20,604,908	20,298,628
Non-guaranteed private debentures	February 6, 2019	1.45~3.63		3,947,309	2,383,997
Asset-backed securities	December 15, 2020	0.18~6.52		11,338,570	10,891,176
				37,547,399	35,236,348
Less: discount on debentures				85,562	88,129
Less: current maturities				6,808,648	5,825,439
			₩	30,653,189	₩ 29,322,780

**16. PROVISIONS:**

The changes in provisions for the nine months ended September 30, 2014, are as follows:

Description	Warranty		Other long-term employee benefits		Others
	(In millions of Korean Won)				
Beginning of the period	₩	5,871,332	₩	624,836	₩ 409,751
Charged		664,316		49,426	121,545
Utilized		(804,043)		(41,212)	(108,281)
Amortization of present value discounts		105,509		-	2,403
Changes in expected reimbursements by third parties		(69,728)		-	-
Effect of foreign exchange differences		(56,534)		(52)	(9,672)
End of the period	₩	5,710,852	₩	632,998	₩ 415,746

The changes in provisions for the nine months ended September 30, 2013, were as follows:

Description	Warranty		Other long-term employee benefits		Others
	(In millions of Korean Won)				
Beginning of the period	₩	5,908,719	₩	609,589	₩ 490,450
Charged		786,377		50,785	73,142
Utilized		(744,982)		(34,863)	(67,117)
Amortization of present value discounts		106,521		-	3,412
Changes in expected reimbursements by third parties		60,550		-	-
Effect of foreign exchange differences		(6,995)		-	(5,671)
End of the period	₩	6,110,190	₩	625,511	₩ 494,216

**17. OTHER FINANCIAL LIABILITIES:**

Other financial liabilities as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Financial liabilities at FVTPL	₩ 1,296	₩ 132	₩ 2	₩ 3,061
Derivative liabilities that are effective hedging instruments	264,016	346,485	134,974	426,434
Financial lease liabilities	8,609	2,956	9,093	10,618
	₩ 273,921	₩ 349,573	₩ 144,069	₩ 440,113



### 18. OTHER LIABILITIES:

Other liabilities as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014		December 31, 2013	
	Current	Non-current	Current	Non-current
	(In millions of Korean Won)			
Advance received	₩ 487,576	₩ 93,619	₩ 250,886	₩ 48,426
Withholdings	1,051,472	466,126	1,105,380	491,180
Accrued expenses	3,286,933	-	1,663,951	-
Unearned income	394,067	597,631	442,495	458,707
Accrued dividends	72	-	68	-
Due to customers for contract work	303,406	-	445,292	-
Others	139,941	726,746	91,042	611,168
	<u>₩ 5,663,467</u>	<u>₩ 1,884,122</u>	<u>₩ 3,999,114</u>	<u>₩ 1,609,481</u>

### 19. FINANCIAL INSTRUMENTS:

(1) Categories of financial assets as of September 30, 2014, consist of the following:

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	Derivatives designated as hedging instruments	Book value	Fair value
	(In millions of Korean Won)					
Cash and cash equivalents	₩ -	₩ 8,015,423	₩ -	₩ -	₩ 8,015,423	₩ 8,015,423
Short-term and long-term financial instruments	-	17,099,262	-	-	17,099,262	17,099,262
Trade notes and accounts receivable	-	3,204,886	-	-	3,204,886	3,204,886
Other receivables	-	2,965,845	-	-	2,965,845	2,965,845
Other financial assets	541,407	240,483	2,454,831	27,004	3,263,725	3,263,725
Other assets	-	406,776	-	-	406,776	406,776
Financial services receivables	-	42,227,950	-	-	42,227,950	42,513,104
	<u>₩ 541,407</u>	<u>₩ 74,160,625</u>	<u>₩ 2,454,831</u>	<u>₩ 27,004</u>	<u>₩ 77,183,867</u>	<u>₩ 77,469,021</u>

Categories of financial assets as of December 31, 2013, consisted of the following:

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

(2) Categories of financial liabilities as of September 30, 2014, consist of the following:

Description	Financial liabilities		Financial liabilities		Derivatives		Book value	Fair value
	at FVTPL		carried at		designated as			
			amortized cost		hedging instruments			
(In millions of Korean Won)								
Trade notes and accounts payable	₩	-	₩	5,988,013	₩	-	₩ 5,988,013	₩ 5,988,013
Other payables		-		3,472,642		-	3,472,642	3,472,642
Borrowings and debentures		-		50,143,079		-	50,143,079	50,978,422
Other financial liabilities		1,428		11,565		610,501	623,494	623,494
Other liabilities		-		3,287,005		-	3,287,005	3,287,005
	₩	1,428	₩	62,902,304	₩	610,501	₩ 63,514,233	₩ 64,349,576

Categories of financial liabilities as of December 31, 2013, consisted of the following:

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

(3) Fair value estimation

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

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

Fair value measurements of financial instruments by fair-value hierarchy levels as of September 30, 2014, are as follows:

Description	September 30, 2014			
	Level 1	Level 2	Level 3	Total
	(In millions of Korean Won)			
Financial assets:				
Financial assets at FVTPL	₩ 76,312	₩ 465,095	₩ -	₩ 541,407
Derivatives designated as hedging instruments	-	27,004	-	27,004
AFS financial assets	2,090,464	110,401	253,966	2,454,831
	<u>₩ 2,166,776</u>	<u>₩ 602,500</u>	<u>₩ 253,966</u>	<u>₩ 3,023,242</u>
Financial liabilities:				
Financial liabilities at FVTPL	₩ -	₩ 1,428	₩ -	₩ 1,428
Derivatives designated as hedging instruments	-	610,501	-	610,501
	<u>₩ -</u>	<u>₩ 611,929</u>	<u>₩ -</u>	<u>₩ 611,929</u>

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

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

The changes in financial instruments classified as Level 3 for the nine months ended September 30, 2014, are as follows:

Description	Beginning of the period	Purchases	Disposals	Valuation	Transfers	End of the period
	(In millions of Korean Won)					
AFS financial assets	₩ 229,342	₩ 8,409	₩ (85)	₩ 1,095	₩ 15,205	₩ 253,966

The changes in financial instruments classified as Level 3 for the nine months ended September 30, 2013, were as follows:

Description	Beginning of the period	Purchases	Disposals	Valuation	Transfer	End of the period
	(In millions of Korean Won)					
AFS financial assets	₩ 264,103	₩ 2,107	₩ (285)	₩ (657)	₩ -	₩ 265,268

- (4) Interest income, dividend income and interest expenses by categories of financial instruments for the nine months ended September 30, 2014 and 2013, consist of the following:

Description	Nine months ended September 30,					
	2014			2013		
	Interest income	Dividend income	Interest expenses	Interest income	Dividend income	Interest expenses
(In millions of Korean Won)						
Non-financial services:						
Loans and receivables	₩ 485,933	₩ -	₩ -	₩ 426,371	₩ -	₩ -
AFS financial assets	983	14,643	-	646	11,096	-
Financial liabilities carried at amortized cost	-	-	152,404	-	-	178,765
	<u>₩ 486,916</u>	<u>₩ 14,643</u>	<u>₩ 152,404</u>	<u>₩ 427,017</u>	<u>₩ 11,096</u>	<u>₩ 178,765</u>
Financial services:						
Loans and receivables	₩ 1,880,311	₩ -	₩ -	₩ 1,989,856	₩ -	₩ -
Financial assets at FVTPL	6,966	-	-	3,650	-	-
AFS financial assets	897	-	-	-	-	-
Financial liabilities carried at amortized cost	-	-	1,011,415	-	-	1,005,469
	<u>₩ 1,888,174</u>	<u>₩ -</u>	<u>₩ 1,011,415</u>	<u>₩ 1,993,506</u>	<u>₩ -</u>	<u>₩ 1,005,469</u>

- (5) Financial assets and liabilities subject to offsetting, financial instruments subject to an enforceable master netting arrangement or similar agreement as of September 30, 2014, consist of the following:

Description	Gross amounts of recognized financial assets and liabilities set off in the consolidated statement of financial position		Net amounts of financial assets and liabilities presented in the consolidated statement of financial position		Related amounts not set off in the consolidated statement of financial position - Financial instruments		Related amounts not set off in the statement of financial position - Collateral received (pledged)		Net amounts
	Gross amounts of recognized financial assets and liabilities	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	Net amounts of financial assets and liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position - Financial instruments	Related amounts not set off in the consolidated statement of financial position - Financial instruments	Related amounts not set off in the statement of financial position - Collateral received (pledged)	Related amounts not set off in the statement of financial position - Collateral received (pledged)	
(In millions of Korean Won)									
Financial assets:									
Trade notes and accounts receivable	₩ 3,320,564	₩ 115,678	₩ 3,204,886	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 3,204,886
Other receivables	3,140,379	174,534	2,965,845	-	-	-	-	-	2,965,845
Financial assets at FVTPL (*)	58,240	-	58,240	-	-	-	-	-	58,240
Derivative assets that are effective hedging instruments	27,004	-	27,004	1,910	-	-	-	-	25,094
	<u>₩ 6,546,187</u>	<u>₩ 290,212</u>	<u>₩ 6,255,975</u>	<u>₩ 1,910</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 6,254,065</u>
Financial liabilities:									
Trade notes and accounts payable	₩ 6,165,349	₩ 177,336	₩ 5,988,013	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 5,988,013
Other payables	3,585,518	112,876	3,472,642	-	-	-	-	-	3,472,642
Financial liabilities at FVTPL (*)	1,428	-	1,428	-	-	-	-	-	1,428
Derivative liabilities that are effective hedging instruments	610,501	-	610,501	1,910	-	-	-	-	608,591
	<u>₩ 10,362,796</u>	<u>₩ 290,212</u>	<u>₩ 10,072,584</u>	<u>₩ 1,910</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 10,070,674</u>

- (\*) There are no derivative assets and liabilities that can be offset as of September 30, 2014. Therefore, derivative assets and liabilities do not meet the criteria for offsetting in K-IFRS 1032, but the Group has a right of offsetting them in the event of default, insolvency or bankruptcy of the counterparty.

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

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

- (\*) There were no derivative assets and liabilities that could have been offset as of December 31, 2013. Therefore, the derivative assets and liabilities did not meet the criteria for offsetting in K-IFRS 1032, but the Group had a right of offsetting them in the event of default, insolvency or bankruptcy of the counterparty.
- (6) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities at FVTPL for the nine months ended September 30, 2014 and 2013, are ₩1,224,155 million and ₩1,216,672 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 nine months ended September 30, 2014 and 2013, are ₩572,701 million and ₩676,680 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 nine months ended September 30, 2014.
- (8) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair-value hierarchy are as follows:

- Currency forwards and options

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

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

- Debt instruments including corporate bonds

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

- Unlisted equity securities

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

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

Description	Fair value at September 30, 2014 (In millions of Korean Won)	Valuation Techniques	Unobservable inputs	Description of relationship
Unlisted equity securities	₩ 253,966	Discounted cash flow	Sales growth rate Pre-tax operating income ratio Discount rate	If the sales growth rate and the pre-tax operating income ratio rise or the discount rate declines, the fair value increases.

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

**20. CAPITAL STOCK:**

The Company's number of shares authorized is 600,000,000 shares. Common stock and preferred stock as of September 30, 2014 and December 31, 2013, consist of the following:

(1) Common stock

Description	September 30, 2014 (In millions of Korean Won, except par value)	December 31, 2013 (In millions of Korean Won, except par value)
Issued	220,276,479 shares	220,276,479 shares
Par value	₩ 5,000	₩ 5,000
Capital stock	1,157,982	1,157,982

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

(2) Preferred stock

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

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

**21. CAPITAL SURPLUS:**

Capital surplus as of September 30, 2014 and December 31, 2013, consists of the following:

Description	September 30, 2014	December 31, 2013
	(In millions of Korean Won)	
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	813,216	809,334
	₩ 4,134,550	₩ 4,130,668

**22. OTHER CAPITAL ITEMS:**

Other capital items consist of treasury stocks purchased for the stabilization of stock price. Number of treasury stocks as of September 30, 2014 and December 31, 2013, are as follows:

Description	September 30, 2014	December 31, 2013
	(Number of shares)	
Common stock	11,006,710	11,006,710
1 <sup>st</sup> preferred stock	1,950,960	1,950,960
2 <sup>nd</sup> preferred stock	1,000,000	1,000,000

**23. ACCUMULATED OTHER COMPREHENSIVE INCOME:**

Accumulated other comprehensive income as of September 30, 2014 and December 31, 2013, consists of the following:

Description	September 30, 2014	December 31, 2013
	(In millions of Korean Won)	
Gain on valuation of AFS financial assets	₩ 766,988	₩ 737,234
Loss on valuation of AFS financial assets	(87,349)	(2,850)
Gain on valuation of cash flow hedge derivatives	36	2,589
Loss on valuation of cash flow hedge derivatives	(26,243)	(1,382)
Gain on share of the other comprehensive income of equity-accounted investees	73,044	59,833
Loss on share of the other comprehensive income of equity-accounted investees	(406,717)	(386,557)
Loss on foreign operations translation, net	(1,643,776)	(1,242,903)
	₩ (1,324,017)	₩ (834,036)

**24. RETAINED EARNINGS:**

Retained earnings as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014	December 31, 2013
	(In millions of Korean Won)	
Legal reserve (*)	₩ 528,648	₩ 475,707
Discretionary reserve	35,826,647	31,021,647
Unappropriated	16,993,395	16,776,885
	₩ 53,348,690	₩ 48,274,239

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

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

**25. SALES:**

Sales for the three months and nine months ended September 30, 2014 and 2013, consist of the following:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Sales of goods	₩ 18,895,654	₩ 58,257,465	₩ 18,612,207	₩ 57,998,474
Rendering of services	312,431	919,175	324,420	979,783
Royalties	46,123	149,189	55,376	168,334
Financial services revenue	1,963,911	6,159,800	1,755,775	6,064,125
Others	62,329	196,468	71,654	159,220
	₩ 21,280,448	₩ 65,682,097	₩ 20,819,432	₩ 65,369,936



**26. SELLING AND ADMINISTRATIVE EXPENSES:**

Selling and administrative expenses for the three months and nine months ended September 30, 2014 and 2013, consist of the following:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
<b>Selling expenses:</b>				
Export expenses	₩ 213,177	₩ 711,690	₩ 211,531	₩ 694,614
Overseas market expenses	94,619	309,036	45,716	168,822
Advertisements and sales promotion	513,035	1,533,825	499,457	1,532,927
Sales commissions	143,422	448,172	154,518	457,660
Expenses for warranties	337,285	798,843	164,080	972,291
Transportation expenses	70,619	220,735	65,479	239,330
	<u>1,372,157</u>	<u>4,022,301</u>	<u>1,140,781</u>	<u>4,065,644</u>
<b>Administrative expenses:</b>				
Payroll	625,086	1,786,448	550,362	1,673,012
Post-employment benefits	37,396	110,056	40,410	120,105
Welfare expenses	90,396	273,558	88,609	264,894
Service charges	261,391	846,573	301,597	826,698
Research	173,706	525,117	182,891	486,471
Others	311,490	901,808	289,585	905,319
	<u>1,499,465</u>	<u>4,443,560</u>	<u>1,453,454</u>	<u>4,276,499</u>
	<u>₩ 2,871,622</u>	<u>₩ 8,465,861</u>	<u>₩ 2,594,235</u>	<u>₩ 8,342,143</u>

**27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:**

Gain on investments in joint ventures and associates for the three months and nine months ended September 30, 2014 and 2013, consist of the following:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Gain on share of earnings of equity-accounted investees, net	₩ 527,842	₩ 1,904,857	₩ 714,464	₩ 2,127,657
Gain on disposals of investments in associates, net	5,573	7,040	-	-
Impairments loss on investments in associates, net	-	(27,688)	-	-
	<u>₩ 533,415</u>	<u>₩ 1,884,209</u>	<u>₩ 714,464</u>	<u>₩ 2,127,657</u>

**28. FINANCE INCOME AND EXPENSES:**

- (1) Finance income for the three months and nine months ended September 30, 2014 and 2013, consists of the following:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Interest income	₩ 181,162	₩ 494,217	₩ 152,299	₩ 430,969
Gain on foreign exchange transactions	8,481	27,552	24,009	41,281
Gain on foreign currency translation	5,473	51,984	59,177	69,067
Dividend income	23	14,643	-	11,096
Gain on valuation of financial instruments at FVTPL	1,912	6,434	-	-
Gain on disposals of financial instruments at FVTPL	5,937	9,476	-	339
Gain on valuation of derivatives	59,283	75,184	39,475	28,733
Others	500	2,126	5,450	7,441
	<u>₩ 262,771</u>	<u>₩ 681,616</u>	<u>₩ 280,410</u>	<u>₩ 588,926</u>

- (2) Finance expenses for the three months and nine months ended September 30, 2014 and 2013, consist of the following:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
	(In millions of Korean Won)			
Interest expenses	₩ 69,098	₩ 230,240	₩ 86,756	₩ 254,856
Loss on foreign exchange transactions	4,925	32,807	51,008	90,952
Loss on foreign currency translation	93,876	142,673	16,285	72,518
Loss on disposals of trade notes and accounts receivable	483	1,983	1,636	6,954
Loss on valuation of financial instruments at FVTPL	1,342	3,184	-	-
Loss on disposals of financial instruments at FVTPL	2,435	6,345	940	1,424
Loss on valuation of derivatives	6,483	3,119	21,949	12,360
Others	236	631	3,066	3,457
	<u>₩ 178,878</u>	<u>₩ 420,982</u>	<u>₩ 181,640</u>	<u>₩ 442,521</u>

**29. OTHER INCOME AND EXPENSES:**

- (1) Other income for the three months and nine months ended September 30, 2014 and 2013, consists of the following:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
(In millions of Korean Won)				
Gain on foreign exchange transactions	₩ 66,085	₩ 209,152	₩ 111,641	₩ 233,848
Gain on foreign currency translation	41,127	109,117	118,566	171,557
Gain on disposals of PP&E	3,987	12,339	6,160	102,464
Gain on disposals of intangible assets	565	2,131	6	9,240
Commission income	14,919	39,871	10,200	29,590
Rental income	19,488	57,702	9,190	56,793
Others	110,506	331,317	85,047	291,132
	<u>₩ 256,677</u>	<u>₩ 761,629</u>	<u>₩ 340,810</u>	<u>₩ 894,624</u>

- (2) Other expenses for the three months and nine months ended September 30, 2014 and 2013, consist of the following:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
(In millions of Korean Won)				
Loss on foreign exchange transaction	₩ 60,893	₩ 264,045	₩ 175,408	₩ 263,871
Loss on foreign currency translation	91,564	129,867	83,138	183,263
Loss on disposal of PP&E	9,447	29,580	9,585	25,852
Impairment loss on intangible assets	-	4,735	-	16,340
Donations	16,200	47,500	13,628	38,127
Others	142,770	283,640	67,836	172,455
	<u>₩ 320,874</u>	<u>₩ 759,367</u>	<u>₩ 349,595</u>	<u>₩ 699,908</u>

**30. EXPENSES BY NATURE:**

Expenses by nature for the three months and nine months ended September 30, 2014 and 2013, consist of the following:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
(In millions of Korean Won)				
Changes in inventories	₩ 351,795	₩ (143,130)	₩ 245,230	₩ 271,868
Raw materials and merchandise used	11,028,550	35,939,020	11,192,677	34,773,462
Employee benefits	2,160,996	6,390,297	2,063,320	6,056,333
Depreciation	462,737	1,387,088	443,708	1,318,468
Amortization	162,777	537,711	195,696	606,432
Others	5,785,763	16,656,167	5,018,277	16,758,136
Total (*)	<u>₩ 19,952,618</u>	<u>₩ 60,767,153</u>	<u>₩ 19,158,908</u>	<u>₩ 59,784,699</u>

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

**31. EARNINGS PER COMMON SHARE:**

Basic earnings per common share are computed by dividing profit available to common shares by the weighted-average number of common shares outstanding during the period. The Group did not compute diluted earnings per common share for the three months and nine months ended September 30, 2014 and 2013, since there were no dilutive items during the periods.

Basic earnings per common share for the three months and nine months ended September 30, 2014 and 2013, are computed as follows:

Description	2014		2013	
	Three months ended September 30,	Nine months ended September 30,	Three months ended September 30,	Nine months ended September 30,
(In millions of Korean Won, except per share amounts)				
Profit attributable to the owners of the Company	₩ 1,516,144	₩ 5,689,473	₩ 2,139,830	₩ 6,485,982
Profit available to preferred stock	(348,555)	(1,307,274)	(491,548)	(1,489,889)
Profit available to common share	1,167,589	4,382,199	1,648,282	4,996,093
Weighted-average number of common shares outstanding	209,269,769 shares	209,269,769 shares	209,269,769 shares	209,269,769 shares
Basic earnings per common share	₩ 5,579	₩ 20,940	₩ 7,876	₩ 23,874

**32. INCOME TAX EXPENSE:**

Income tax expense is computed by adjusting from income tax currently payable to adjustments recognized in the current period in relation to prior periods, changes in deferred taxes due to temporary differences, income tax expense in relation to items not recognized as profit or loss and others. The average effective tax rates (income tax expense divided by income before income tax) for the nine months ended September 30, 2014 and 2013, are 23.4% and 21.6%, respectively.

**33. RETIREMENT BENEFIT PLAN:**

(1) Expenses recognized in relation to defined contribution plans for the nine months ended September 30, 2014 and 2013, are as follows:

Description	Nine months ended September 30,	
	2014	2013
(In millions of Korean Won)		
Paid in cash	₩ 4,403	₩ 4,608
Recognized liability	440	369
	₩ 4,843	₩ 4,977

(2) The significant actuarial assumptions used by the Group as of September 30, 2014 and December 31, 2013, are as follows:

Description	September 30, 2014	December 31, 2013
Discount rate	4.42%	4.45%
Rate of expected future salary increase	5.03%	4.97%

- (3) The amounts recognized in the consolidated statements of financial position related to defined benefit plans as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014		December 31, 2013	
	(In millions of Korean Won)			
Present value of defined benefit obligations	₩	3,495,322	₩	3,131,966
Fair value of plan assets		(2,761,220)		(2,749,943)
	₩	734,102	₩	382,023
Net defined benefit liabilities		735,949		389,306
Net defined benefit assets		(1,847)		(7,283)

- (4) Changes in net defined benefit assets and liabilities for the nine months ended September 30, 2014, are as follows:

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	3,131,966	₩	(2,749,943)	₩	382,023
Current service cost		339,728		-		339,728
Interest expenses (income)		102,513		(91,370)		11,143
		3,574,207		(2,841,313)		732,894
Remeasurements:						
Return on plan assets		-		(2,118)		(2,118)
Actuarial gains arising from changes in financial assumptions		29,628		-		29,628
Actuarial gains arising from experience adjustments		11,195		-		11,195
		40,823		(2,118)		38,705
Contributions		-		(6,863)		(6,863)
Benefits paid		(125,831)		88,032		(37,799)
Transfers in (out)		312		89		401
Effect of foreign exchange differences and others		5,811		953		6,764
End of the period	₩	3,495,322	₩	(2,761,220)	₩	734,102

Changes in net defined benefit assets and liabilities for the nine months ended September 30, 2013, were as follows:

Description	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities	
	(In millions of Korean Won)					
Beginning of the period	₩	2,975,771	₩	(2,154,022)	₩	821,749
Current service cost		356,391		-		356,391
Interest expenses (income)		86,820		(62,278)		24,542
		3,418,982		(2,216,300)		1,202,682
Remeasurements:						
Return on plan assets		-		(6,154)		(6,154)
Actuarial gains arising from changes in financial assumptions		(31,625)		-		(31,625)
Actuarial gains arising from experience adjustments		95		-		95
		(31,530)		(6,154)		(37,684)
Contributions		-		(72,175)		(72,175)
Benefits paid		(95,015)		71,677		(23,338)
Transfers in (out)		3,404		(1,500)		1,904
Effect of foreign exchange differences and others		5,040		587		5,627
End of the period	₩	3,300,881	₩	(2,223,865)	₩	1,077,016

(5) The fair value of the plan assets as of September 30, 2014 and December 31, 2013, consist of the following:

Description	September 30, 2014	December 31, 2013
	(In millions of Korean Won)	
Insurance instruments	₩ 2,439,980	₩ 2,415,575
Debt instruments	94,680	66,149
Others	226,560	268,219
	₩ 2,761,220	₩ 2,749,943

#### 34. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the nine months ended September 30, 2014 and 2013, is as follows:

Description	Nine months ended September 30,	
	2014	2013
	(In millions of Korean Won)	
Profit for the period	₩ 5,993,097	₩ 6,863,710
Adjustments:		
Post-employment benefits	350,871	380,933
Depreciation	1,387,088	1,318,468
Amortization of intangible assets	537,711	606,432
Provision for warranties	664,316	786,377
Income tax expense	1,828,319	1,890,213
Loss on foreign currency translation, net	111,439	15,157
Loss (gain) on disposals of PP&E, net	17,241	(76,612)
Interest income, net	(263,977)	(176,113)
Gain on share of earnings of equity-accounted investees, net	(1,904,857)	(2,127,657)
Gain on disposals of investments in associates, net	(7,040)	-
Cost of sales from financial services, net	3,198,297	2,853,463
Others	184,531	145,171
	6,103,939	5,615,832
Changes in operating assets and liabilities:		
Decrease in trade notes and accounts receivable	66,965	556,502
Decrease (increase) in other receivables	(1,228,018)	252,455
Decrease (increase) in other financial assets	(3,273)	61,577
Decrease (increase) in inventories	(601,349)	24,826
Decrease in other assets	46,502	110,515
Decrease in trade notes and accounts payable	(270,021)	(607,021)
Decrease in other payables	(115,009)	(1,922,101)
Increase in other liabilities	1,729,060	660,320
Decrease in other financial liabilities	(16,987)	(1,137)
Changes in net defined benefit liabilities	(6,462)	(70,271)
Payment of severance benefits	(37,799)	(23,338)
Decrease in provisions	(953,536)	(846,962)
Changes in financial services receivables	(2,160,628)	(1,611,584)
Increase in operating lease assets	(3,137,430)	(3,815,832)
Others	67,026	31,689
	(6,620,959)	(7,200,362)
Cash generated from operations	₩ 5,476,077	₩ 5,279,180

### 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 September 30, 2014 and December 31, 2013, are as follows:

Description	September 30, 2014		December 31, 2013	
	(In millions of Korean Won)			
Total liabilities	₩	79,818,574	₩	76,838,690
Total equity		61,504,770		56,582,789
Debt-to-equity ratio		129.8%		135.8%

#### (2) Financial risk management

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

##### 1) Market risk

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

##### a) Foreign exchange risk management

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

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

The Group's sensitivity to a 5% change in exchange rate of the functional currency against each foreign currency on income before income tax as of September 30, 2014, would be as follows:

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
	(In millions of Korean Won)	
USD	₩ 5,403	₩ (5,403)
EUR	(9,842)	9,842
JPY	(5,463)	5,463

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 September 30, 2014, would be as follows:

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
	(In millions of Korean Won)	
Cash and cash equivalents	₩ 17,869	₩ (17,869)
Held for trading non-derivative financial assets	(3,929)	3,972
Short-term and long-term financial instruments	865	(865)
Borrowings and debentures	(61,593)	61,593

The Company's subsidiaries, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., that are operating financial business, are managing interest rate risk by utilizing value at risk (VaR). VaR is defined as a threshold value which is a statistical estimate of the maximum potential loss based on normal distribution. As of September 30, 2014 and December 31, 2013, the amounts of interest rate risk measured at VaR are ₩108,764 million and ₩65,863 million, respectively.

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of September 30, 2014, the amounts of held for trading equity instruments and AFS equity instruments measured at fair value are ₩76,312 million and ₩2,307,045 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 September 30, 2014, is as follows:

Description	Remaining contract period			Total
	Not later than one year	Later than one year and not later than five years	Later than five years	
	(In millions of Korean Won)			
Non interest-bearing liabilities	₩ 12,744,846	₩ 1,889	₩ 925	₩ 12,747,660
Interest-bearing liabilities	14,437,309	37,589,551	1,038,161	53,065,021
Financial guarantee	1,076,016	178,653	38,651	1,293,320

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 September 30, 2014 and December 31, 2013, the Group deferred a net loss of ₩26,207 million and a net gain of ₩1,207 million, respectively, in accumulated other comprehensive income, on its effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 54 months as of September 30, 2014.

For the nine months ended September 30, 2014 and 2013, the Group recognized net losses of ₩33,944 million and ₩66,186 million in profit or loss (before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments.

**36. RELATED-PARTY TRANSACTIONS:**

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

- (1) For the nine months ended September 30, 2014, significant transactions arising from operations between the Group and related parties or affiliates by the Monopoly Regulation And Fair Trade Act of the Republic of Korea (“the Act”) are as follows:

Description		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
(In millions of Korean Won)					
Entity with significant influence over the Company	Hyundai MOBIS Co., Ltd.	₩ 636,986	₩ 7,085	₩ 3,429,077	₩ 21,624
	Mobis Alabama, LLC	10,869	6,235	953,259	46,756
	Mobis Automotive Czech s.r.o.	25	334	891,311	-
	Mobis India, Ltd.	16,027	12,437	534,183	222
	Mobis Parts America, LLC	19,753	3,971	392,723	1,176
	Mobis Parts Europe N.V.	3,172	990	174,257	-
	Mobis Brasil Fabricacao De Auto Pecas Ltda	1,801	-	223,249	-
	Mobis Module CIS, LLC	-	355	165,380	1
	Others	12,764	522	309,650	12,458
	Joint ventures and associates	Kia Motors Corporation	687,206	236,530	119,773
	Kia Motors Manufacturing Georgia, Inc.	486,709	1,116	1,778,053	-
	Kia Motors Russia LLC	678,948	162	-	3,269
	Kia Motors Slovakia s.r.o.	90,343	17,129	425,903	534
	BHMC	704,247	28,383	195	-
	HMGC	254,148	142	1,905	4,698
	Hyundai WIA Corporation	117,509	172	574,714	6,318
	Hyundai HYSCO Co., Ltd.	12,004	1,360	53,306	13
	Others	305,999	24,050	2,032,963	1,249,542
Other related parties		1,941	6,116	391,590	360,906
Affiliates by the Act		536,971	51,233	3,454,146	1,014,561

For the nine months ended September 30, 2013, significant transactions arising from operations between the Group and related parties or affiliates by the Act were as follows:

Description	Sales/proceeds		Purchases/expenses	
	Sales	Others	Purchases	Others
	(In millions of Korean Won)			
Entity with significant influence over the Company	₩ 582,742	₩ 6,529	₩ 3,301,477	₩ 21,663
Hyundai MOBIS Co., Ltd.				
Mobis Alabama, LLC	24,392	-	973,893	-
Mobis Automotive Czech s.r.o.	2	409	887,848	244
Mobis India, Ltd.	16,967	26,270	569,593	142
Mobis Parts America, LLC	22,392	222,918	398,009	664
Mobis Parts Europe N.V.	1,444	1,682	160,091	75
Mobis Brasil Fabricacao De Auto Pecas Ltda	8	-	161,485	-
Mobis Module CIS, LLC	-	422	179,593	-
Others	25,112	178,157	171,095	6,328
Joint ventures and associates	666,611	216,473	202,864	221,712
Kia Motors Corporation				
Kia Motors Manufacturing Georgia, Inc.	516,610	114	1,837,812	706
Kia Motors Russia LLC	777,267	-	-	2,139
Kia Motors Slovakia s.r.o.	93,836	14,774	452,510	845
BHMC	795,451	13,835	127	-
HMGC	407,590	-	6,121	4,682
Hyundai WIA Corporation	113,494	1,785	668,405	3,957
Hyundai HYSCO Co., Ltd.	64,889	1,466	213,752	375
Others	325,524	11,978	1,869,098	933,840
Other related parties	7,744	275	579,801	301,127
Affiliates by the Act	839,015	62,705	3,221,890	1,616,205

(2) As of September 30, 2014, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows:

Description	Receivables		Payables	
	Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
	(In millions of Korean Won)			
Entity with significant influence over the Company	₩ 172,177	₩ 14,695	₩ 631,809	₩ 85,577
Hyundai MOBIS Co., Ltd.				
Hyundai Life Insurance Co., Ltd.	1,306	76,285	90	596
Mobis Alabama, LLC	-	878	131,172	-
Mobis Automotive Czech s.r.o.	41	342	124,112	-
Mobis India, Ltd.	308	6,652	92,824	-
Mobis Parts America, LLC	4,304	210,526	45,649	105
Mobis Parts Europe N.V.	136	79	20,759	-
Mobis Module CIS, LLC	-	42	22,685	-
Others	5,662	315	43,952	3,066
Joint ventures and associates	226,662	122,052	28,844	93,369
Kia Motors Corporation				
Kia Motors Manufacturing Georgia, Inc.	53,363	10,489	226,461	80
Kia Motors Russia LLC	97,020	86	-	1,354
Kia Motors Slovakia s.r.o.	9,508	4,813	48,456	12,918
Kia Motors America, Inc.	-	52,670	65	75
BHMC	198,145	23,564	-	1,237
HMGC	29,999	776	79	1,381
Hyundai WIA Corporation	33,748	17,324	91,915	15,335
Hyundai HYSCO Co., Ltd.	10,846	1,858	11,050	3,824
Others	161,111	30,445	329,060	424,413
Other related parties	526	8,649	41,701	114,329
Affiliates by the Act	139,240	6,202	687,212	208,466

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

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

- (3) Significant fund transactions and equity contribution transactions for the nine months ended September 30, 2014, between the Group and related parties are as follows:

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of U.S. Dollars)					
Joint ventures and associates	\$ -	\$ -	\$ -	\$ 294	₩ 36,083

Significant fund transactions and equity contribution transactions for the nine months ended September 30, 2013, between the Group and related parties were as follows:

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
(In thousands of U.S. Dollars)					
Entity with significant influence over the Company	\$ 200,000	\$ -	\$ -	\$ -	₩ -
Joint ventures and associates	-	253	-	206	77,430

- (4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the nine months ended September 30, 2014 and 2013, are as follows:

Description	Nine months ended September 30,	
	2014	2013
(In millions of Korean Won)		
Short-term employee salaries	₩ 124,597	₩ 108,367
Post-employment benefits	25,129	22,854
Other long-term benefits	312	345
	₩ 150,038	₩ 131,566

**37. COMMITMENTS AND CONTINGENCIES:**

- (1) As of September 30, 2014, the debt guarantees provided by the Group, excluding the ones provided to the Company's subsidiaries, are as follows:

Description	Domestic	Overseas (*)
	(In millions of Korean Won)	
To associates	₩ -	₩ 97,292
To others	139,091	1,082,952
	₩ 139,091	₩ 1,180,244

- (\*) The guarantee amounts in foreign currency are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of September 30, 2014.
- (2) As of September 30, 2014, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and others. The Group obtains insurances for potential losses which may result from product liabilities and other lawsuits. The Group is currently unable to estimate the outcome or the potential financial impact of such lawsuits but expects they will not have any material effect on its consolidated financial statements. Meanwhile, as of September 30, 2014, the Group is involved in lawsuits for the scope of ordinary wage and unable to estimate the outcome or the potential financial impact on its consolidated financial statements.
- (3) As of September 30, 2014, a substantial portion of the Group's PP&E is pledged as collateral for various loans up to ₩883,806 million. In addition, the Group pledged certain bank deposits, checks, promissory notes and investment securities, including 213,466 shares of Kia Motors Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries, such as financial services receivables are pledged as collateral for their borrowings.
- (4) Hyundai Capital Services, Inc., a subsidiary of the Company, has Revolving Credit Facility Agreements with the following financial institutions.
- 1) Credit Facility Agreement
- Hyundai Capital Services, Inc. made a Credit Facility Agreement with GE Capital European Funding & CO (the "GE Capital") on February 15, 2013. The credit line of the agreement is Euro worth of USD 600 million, as of September 30, 2014. The agreement expires at January 9, 2015.
- 2) Revolving Credit Facility
- Hyundai Capital Services, Inc. has a Revolving Credit Facility Agreement which credit line is USD 200 million and ₩1,345,000 million with Kookmin Bank and 17 other financial institutions, as of September 30, 2014.
- (5) Hyundai Card Co., Ltd, a subsidiary of the Company, has a Revolving Credit Facility Agreement which credit line is ₩830,000 million with Kookmin Bank and 11 other financial institutions, as of September 30, 2014.

**38. SEGMENT INFORMATION:**

- (1) The Group has a vehicle segment, a finance segment and other segments. The vehicle segment is engaged in the manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Other segments include the R&D, train manufacturing and other activities, which cannot be classified in the vehicle segment or in the finance segment.
- (2) Sales and operating income by operating segments for the nine months ended September 30, 2014 and 2013, are as follows:

For the nine months ended September 30, 2014					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total sales	₩ 78,096,695	₩ 8,115,498	₩ 5,163,217	₩ (25,693,313)	₩ 65,682,097
Inter-company sales	(24,761,645)	(159,589)	(772,079)	25,693,313	-
Net sales	₩ 53,335,050	₩ 7,955,909	₩ 4,391,138	₩ -	₩ 65,682,097
Operating income	₩ 4,176,397	₩ 885,630	₩ 170,988	₩ 441,296	₩ 5,674,311

  

For the nine months ended September 30, 2013					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total sales	₩ 77,256,287	₩ 7,543,767	₩ 5,102,471	₩ (24,532,589)	₩ 65,369,936
Inter-company sales	(23,481,492)	(201,061)	(850,036)	24,532,589	-
Net sales	₩ 53,774,795	₩ 7,342,706	₩ 4,252,435	₩ -	₩ 65,369,936
Operating income	₩ 4,802,816	₩ 953,019	₩ 291,894	₩ 237,416	₩ 6,285,145

- (3) Assets and liabilities by operating segments as of September 30, 2014 and December 31, 2013, are as follows:

As of September 30, 2014					
	Vehicle	Finance	Others	Consolidation adjustments	Total
(In millions of Korean Won)					
Total assets	₩ 83,822,709	₩ 62,024,018	₩ 6,899,842	₩ (11,423,225)	₩ 141,323,344
Total liabilities	29,038,195	53,287,313	4,007,905	(6,514,839)	79,818,574
Borrowings and debentures	3,643,166	46,279,705	2,084,603	(1,864,395)	50,143,079

  

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

- (4) Sales by region where the Group's entities are located in for the nine months ended September 30, 2014 and 2013, are as follows:

	For the nine months ended September 30, 2014						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 39,338,473	₩ 25,404,561	₩ 4,948,299	₩ 19,857,353	₩ 1,826,724	₩ (25,693,313)	₩ 65,682,097
Inter-company sales	(10,532,775)	(5,312,505)	(443,273)	(9,404,694)	(66)	25,693,313	-
Net sales	₩ 28,805,698	₩ 20,092,056	₩ 4,505,026	₩ 10,452,659	₩ 1,826,658	₩ -	₩ 65,682,097

  

	For the nine months ended September 30, 2013						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
	(In millions of Korean Won)						
Total sales	₩ 38,788,304	₩ 25,149,594	₩ 5,566,603	₩ 18,582,276	₩ 1,815,748	₩ (24,532,589)	₩ 65,369,936
Inter-company sales	(10,428,805)	(5,447,120)	(601,869)	(8,054,795)	-	24,532,589	-
Net sales	₩ 28,359,499	₩ 19,702,474	₩ 4,964,734	₩ 10,527,481	₩ 1,815,748	₩ -	₩ 65,369,936

- (5) Non-current assets by region where the Group's entities are located in as of September 30, 2014 and December 31, 2013, are as follows:

	September 30, 2014	December 31, 2013
	(In millions of Korean Won)	
Korea	₩ 20,237,361	₩ 19,428,529
North America	1,969,954	1,882,933
Asia	1,114,686	1,057,874
Europe	1,949,481	2,080,979
Others	413,859	456,797
	25,685,341	24,907,112
Consolidation adjustments	(76,547)	(51,451)
Total (*)	₩ 25,608,794	₩ 24,855,661

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

- (6) There is no single external customer who represents 10% or more of the Group's revenue for the nine months ended September 30, 2014 and 2013.

### 39. CONSTRUCTION CONTRACTS:

Cost, income and loss and claimed construction from construction in progress as of September 30, 2014 and December 31, 2013, are as follows:

Description	September 30, 2014	December 31, 2013
	(In millions of Korean Won)	
Accumulated accrual cost	₩ 9,686,957	₩ 6,201,961
Accumulated income	972,352	739,304
Accumulated construction in process	10,659,309	6,941,265
Progress billing	(9,406,153)	(5,993,002)
Due from customers	1,556,562	1,393,555
Due to customers	(303,406)	(445,292)