

LIFETIME
PARTNER IN
AUTOMOBILES
AND BEYOND



HYUNDAI MOTOR COMPANY ANNUAL REPORT 2015

HYUNDAI MOTOR COMPANY

ANNUAL REPORT 2015



Hyundai Motor Company

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HYUNDAI

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EPILOGUE

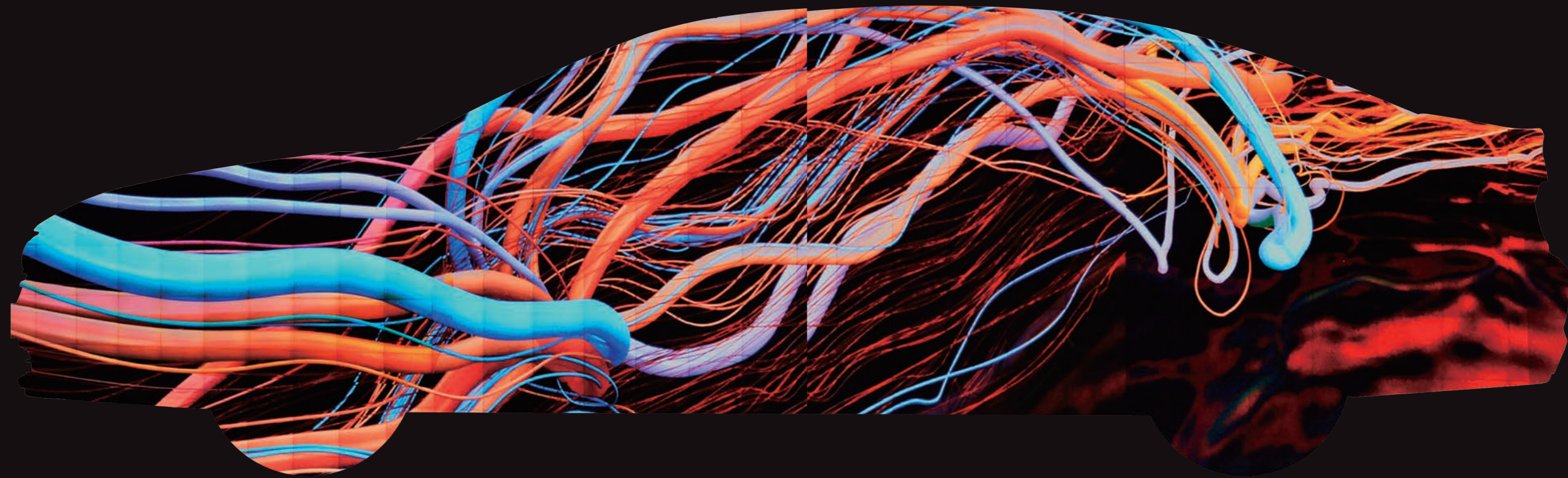
BEYOND & BEHIND STORIES

Hyundai Motor strives to deliver 'premium' experiences to get more customers of today with our products and new technologies.

MEANING OF MODERN PREMIUM

THINK DIFFERENTLY

Modern Premium is about changing the way people think about automobiles. Automobiles have been just a means of transportation for people. Regardless of the advancements that are being made in automotive technologies and design, automobiles are still perceived as just automobiles. So, Hyundai Motor's philosophy of Modern Premium is to redefine automobiles and add more significance to our cars in our lives. In other words, the concept of Modern Premium was created to change how the world thinks about automobiles. Modern Premium is about much more than just superior quality, performance, design or service. It is about providing an automobile experience beyond all expectations. Ultimately, our vision of Modern Premium is about making automobiles become a valued lifetime partner.



THE STORY OF

HYUNDAI



MODERN PREMIUM

Our vision of Modern Premium is to provide a unique premium experience that delivers values and touches the hearts of our customers.



SALES REVENUE

Unit : KRW Million



91,958,736

GLOBAL RETAIL SALES

Unit : Thousand



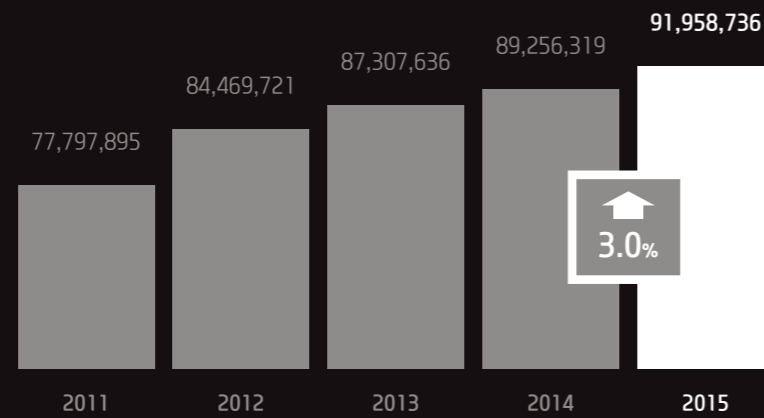
4,843



FINANCIAL HIGHLIGHTS

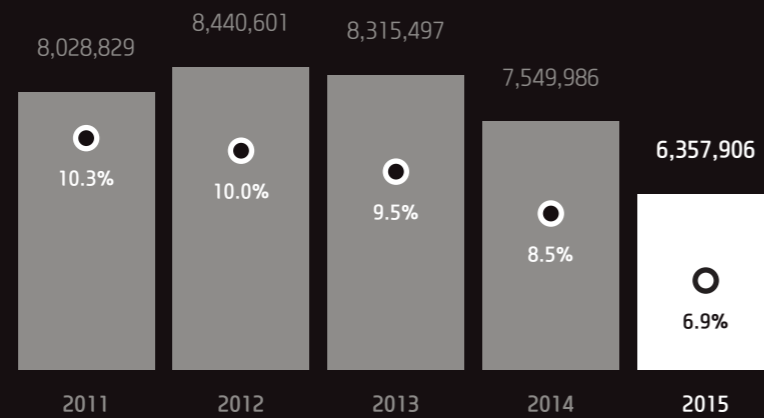
SALES REVENUE

Unit : KRW Million



OPERATING INCOME

Unit : KRW Million



○ Operating Income Margin

CONSOLIDATED STATEMENTS OF INCOME

Unit : KRW Million

FOR THE YEAR	2011	2012	2013	2014	2015
Sales Revenue ¹	77,797,895	84,469,721	87,307,636	89,256,319	91,958,736
Operating Income	8,028,829	8,440,601	8,315,497	7,549,986	6,357,906
Margin(%)	10.3%	10.0%	9.5%	8.5%	6.9%
Net Income ²	8,104,863	9,061,132	8,993,497	7,649,468	6,509,165
Margin(%)	10.4%	10.7%	10.3%	8.6%	7.1%
Basic EPS(KRW) ³	28,200	31,532	31,441	27,037	23,861

¹ Business results of BHMC is accounted in equity income accounting

² Net income includes non-controlling interest

³ Basic earnings per common share attributable to the owners of the Parent Company

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unit : KRW Million

AT YEAR END	2011	2012	2013	2014	2015
Assets	109,479,975	121,537,814	133,421,479	147,225,117	165,222,844
Liabilities	69,152,273	73,620,239	76,838,690	84,604,552	98,341,443
Shareholder's Equity	40,327,702	47,917,575	56,582,789	62,620,565	66,881,401
Liab. to Eq. Ratio(%)	171.5%	153.6%	135.8%	135.1%	147.0%

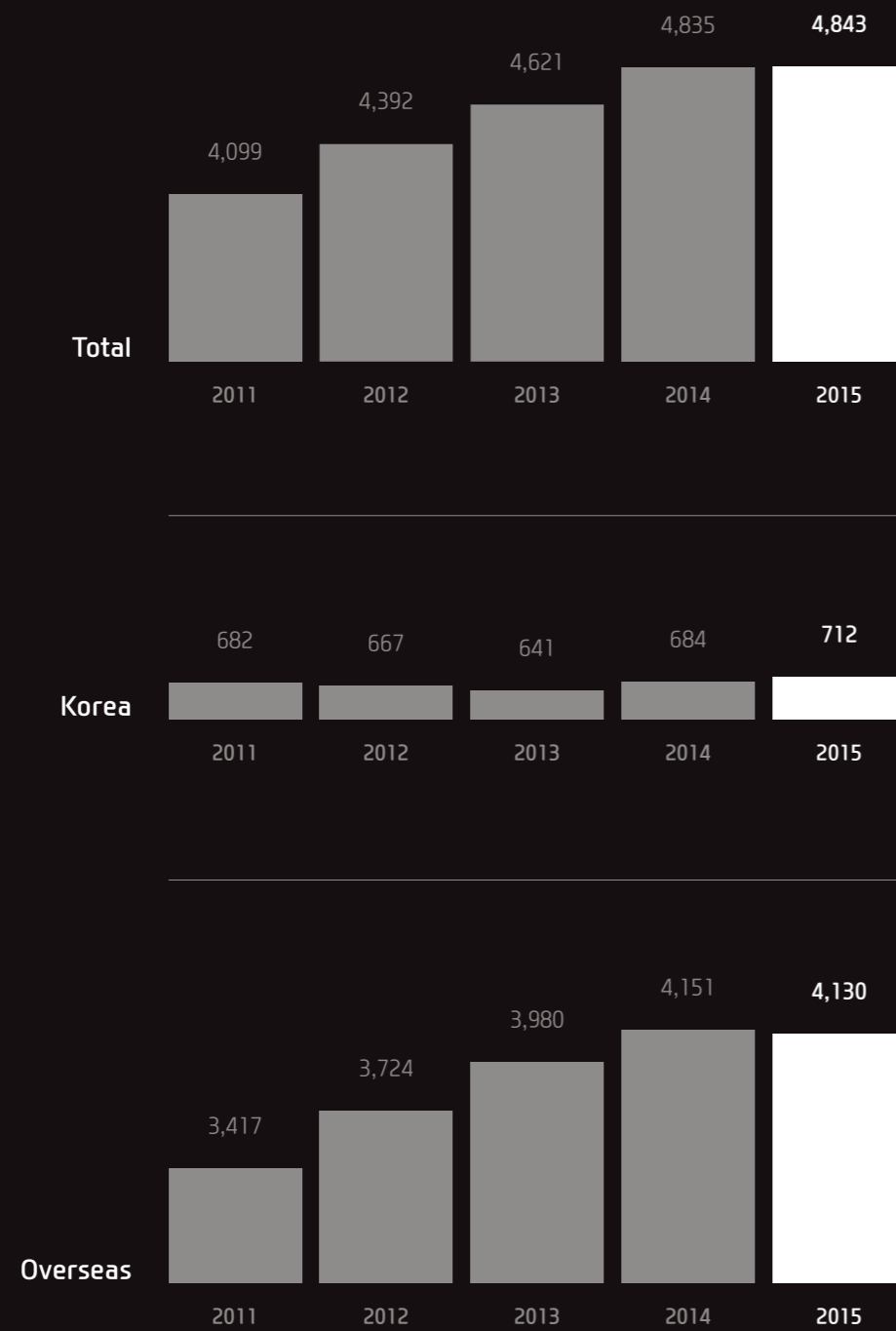
CREDIT RATING

	2008	2009	2010	2011	2012	2013	2014	2015
Domestic	KIS	AA	AA	AA+	AA+	AAA	AAA	AAA
	PIICE	AA	AA	AA+	AA+	AAA	AAA	AAA
	Korea Rating	AA	AA	AA+	AA+	AAA	AAA	AAA
Overseas	S&P	BBB-	BBB-	BBB	BBB	BBB+	BBB+	BBB+
	Moody's	Baa3	Baa3	Baa2	Baa2	Baa1	Baa1	Baa1

BUSINESS HIGHLIGHTS

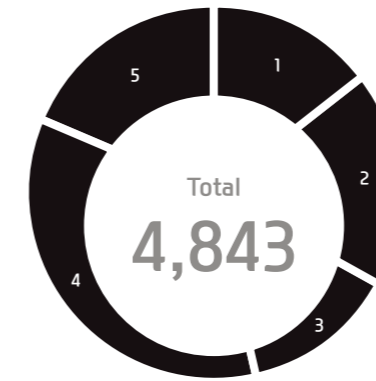
GLOBAL RETAIL SALES

Unit : Thousand



SALES BY REGION

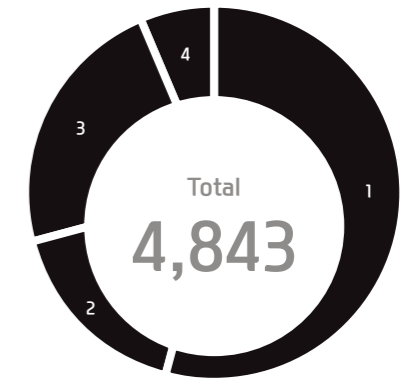
Unit : Thousand



1. Korea	712	14.7%
2. N. America	897	18.5%
3. Europe	650	13.4%
4. Asia	1,686	34.8%
5. Others	898	18.5%

SALES BY SEGMENT

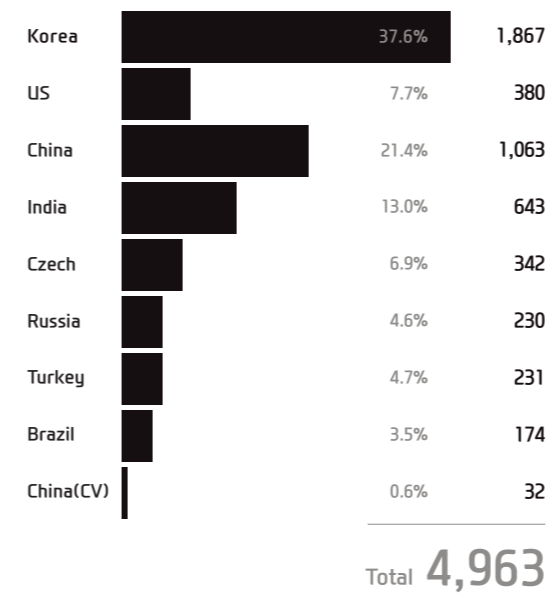
Unit : Thousand



1. Small PC	2,628	54.3%
2. Mid-Large PC	815	16.8%
3. RV	1,101	22.7%
4. CV	299	6.2%

SALES BY PLANT

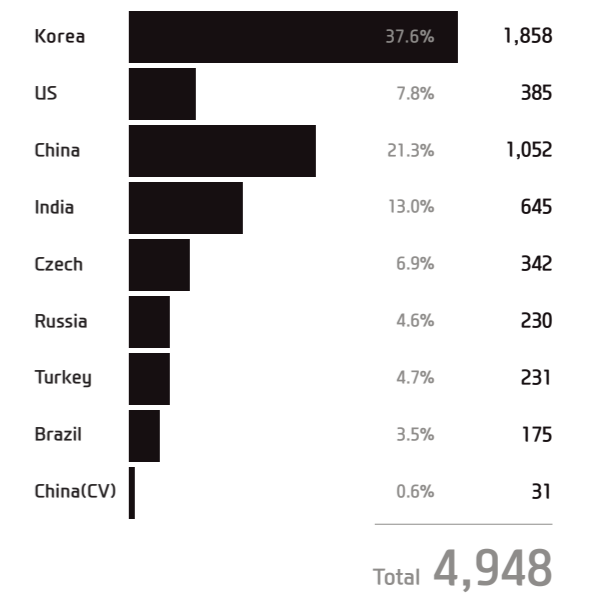
Unit : Thousand



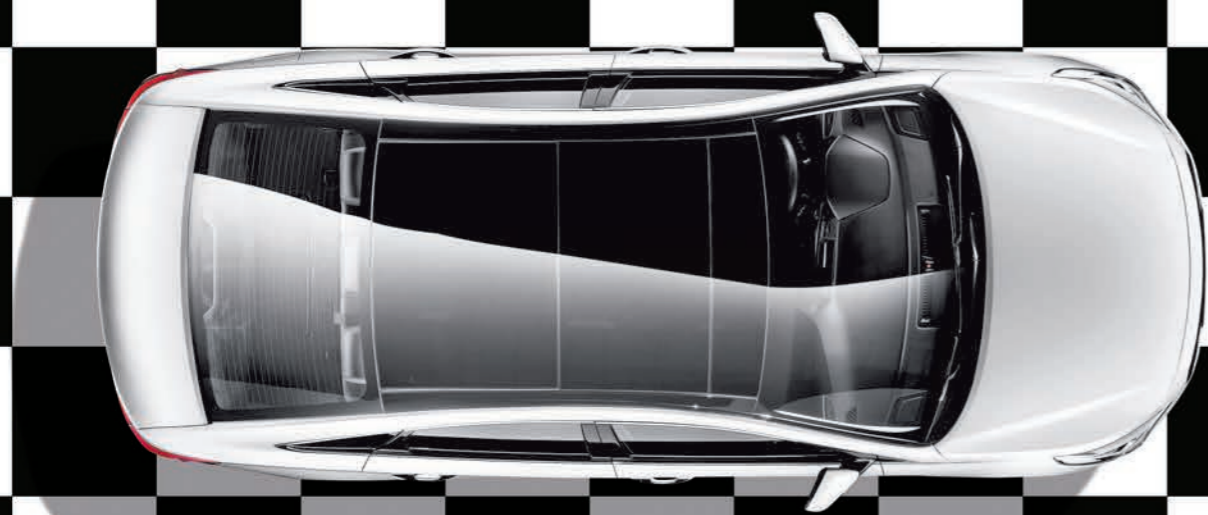
Total 4,963

PRODUCTION BY PLANT

Unit : Thousand



Total 4,948



HYUNDAI BLUE WAVES
THE STORY OF 'MODERN PREMIUM' FOR YOU

WHAT IS MODERN PREMIUM?

Friends, family, colleagues, lovers...
Happiness, freedom, prosperity, scenery, rest, comfort,
memories...
Delight, thrill, excitement, surprise, reassurance, warmth...
Beginning, anticipation, meeting, companionship, empathy...
Dream, imagination, longing, promise, progress, change...

Going beyond just automobiles to become a true lifetime
partner - this is what Modern Premium is all about.

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VALUE OF
MODERN PREMIUM

CREATING A NEW LIFESTYLE

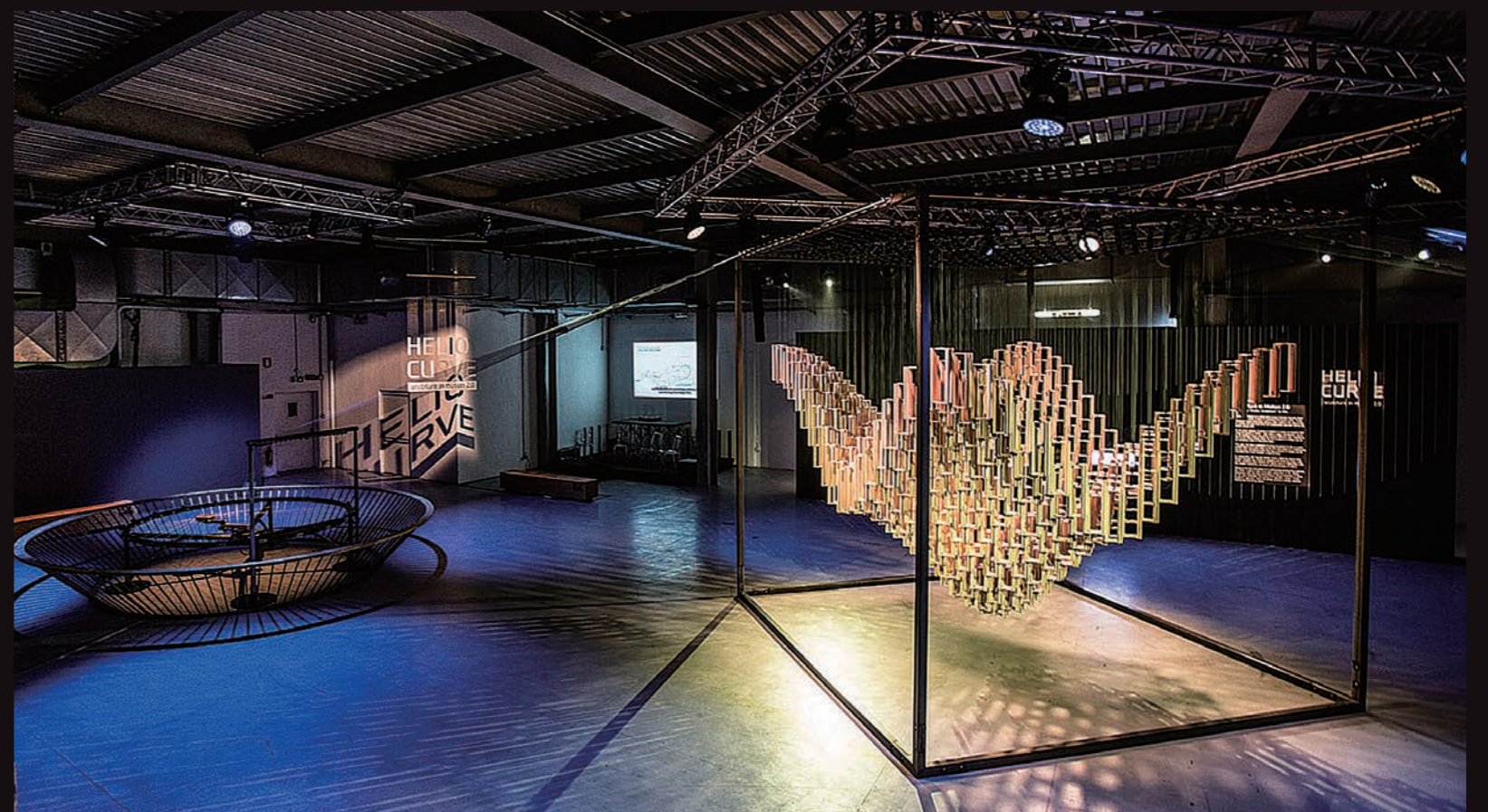
MODERN PREMIUM CREATES NEW VALUES AND EXPERIENCES FOR CUSTOMERS.

Modern Premium experience is delivered through interactions between Hyundai Motor and our customers.

Some elements of Modern Premium are: Hyundai Motor's unique design language 'Fluidic Sculpture', 'Dealer Shops' that communicate with customers through various contents, a brand experience space 'Hyundai Motorstudio', 'Home to Home Service' at your doorsteps, 'Before Service' on the move to meet your needs in advance, the world's first user manual applying augmented reality 'Hyundai Virtual Guide', 'Brilliant Memories' which is a special artwork exhibition showcasing your memories in the form of a car, and various art projects encompassing art, photography, music and fashion.

There are many more ways that Hyundai Motor is creating new lifestyles through delivering values beyond our customer's expectations.

Since Hyundai Motor announced Modern Premium as its new brand identity, its brand value has sharply increased, thanks to the variety of promotion efforts.





TOMORROW OF
MODERN PREMIUM

ENDLESSLY
EVOLVING

**MODERN PREMIUM PROMISES TO EVOLVE AND
PRESENT NEW EXPERIENCES.**

Just as people's lifestyles change over time, the concept of Modern Premium needs to evolve as well. That is because the special value of today may become an ordinary value tomorrow, and new experiences cannot be new anymore tomorrow. Modern Premium strives to stay ahead of customer's thinking. Developing accessible green cars, high-performance 'N' and next generation connected cars are all part of Hyundai Motor's efforts to create new paradigms. The ever-evolving design philosophy 'Fluidic Sculpture' and our ever-advancing powertrains are also part of our efforts to realize Modern Premium. Hyundai Motor has appealed to our customers worldwide through innovative customer services and will continue to do so with more customer-focused services. Likewise, Hyundai Motor will deliver new experiences and touch the hearts of our customers through diverse culture and art related contents created by renowned artists. Modern Premium is about delivering 'premium' experiences to yet more customers of today. Hyundai Motor will become a lifetime partner beyond automobiles by providing new experiences and values.

BEYOND STORIES

Your new Hyundai Motor is a car built to become a partner for life.

Modern Premium has multi-faceted goals:
providing a new experience beyond customers' expectations,
delivering customer value with new technologies,
providing more people with the opportunity to enjoy art,
preparing for the long-term future, and serving as a partner for life.
Hyundai Motor's endeavor will continue into the future.

BEYOND CARS THE MOST BELOVED BRAND

HYUNDAI MOTOR IS RAISING
VALUE NOT JUST AS AN AUTO
MANUFACTURER BUT AS
A LIFETIME PARTNER FOR OUR
CUSTOMERS ALL OVER THE
WORLD.

THE MOST BELOVED BRAND CHANGING OUR LIVES

Hyundai Motor's brand value is not simply built on high quality products and advanced technologies, but on a deep understanding of people's lifestyle and what they really need. Our ultimate goal is to make Hyundai Motor a brand which represents a rich lifestyle and great value. This will be the face of Hyundai Motor. Hyundai Motor will go beyond perfecting its technologies and product quality and provide a new experience beyond our customer's expectations and become a lifetime partner. We will continue to build our brand value by providing unprecedented new services, opportunities for people to enjoy art and share the excitement of sporting events. Most importantly, Hyundai Motor will fulfill its role as a responsible global corporate citizen. Our efforts so far has positioned Hyundai Motor as the 39th most valuable brand in the world. We will continue to build on our success until we become a lifetime partner for our ever increasing customers.

THE MOST

BELOVED BRAND

HYUNDAI MOTORSTUDIO



DIGITAL



Hyundai Motorstudio Digital



BEYOND CARS HYUNDAI MOTORSTUDIO

HYUNDAI MOTORSTUDIO,
A PLACE WHERE THE AUTOMOBILE
REACHES OUT TO CUSTOMERS IN A
UNIQUE WAY.

A CULTURAL SPACE GOING BEYOND AUTOMOBILES

Hyundai Motorstudio is a brand experience center in Seoul established by Hyundai Motor in 2014. Going beyond just an exhibition center for boosting sales, the studio was built to interact with customers through artworks that embody Hyundai Motor's brand direction, contents unique to Hyundai Motor, a library specializing in automobile books and new services for our customers. The studio is staffed by automobile culture experts designated as 'Gurus' and highly trained staff who serve as guides for studio tours and provide programs for guests. The studio has space for exhibitions from a wide variety of artists including painters, movie directors, cartoonists and musicians. Talk shows dubbed as 'Human Library' also take place providing customers with the opportunity to learn from well-known figures in various disciplines. Thanks to the great programs and the extensive promotional efforts, the first Hyundai Motorstudio has attracted 260,000 visitors in the first two years. More recently, a new Hyundai Motorstudio Digital opened in the Coex Mall in Samsungdong, Seoul. The new studio allows visitors to have a virtual experience of the latest Hyundai Motor's vehicles, using advanced digital devices. In 2015, Hyundai Motor opened its second Hyundai Motorstudio, with floor space totaling 880 m² in Moscow, Russia. Hyundai Motorstudio Goyang, which will be the largest automobile experience center in South Korea, will open in 2017 and provide visitors with a new way to enjoy automobiles.



Hyundai Motorstudio



BEYOND THE FUTURE FUTURE TECHNOLOGY

BECOMING A LEADER IN THE
GLOBAL MARKET WITH HUMAN-
FOCUSED TECHNOLOGIES.

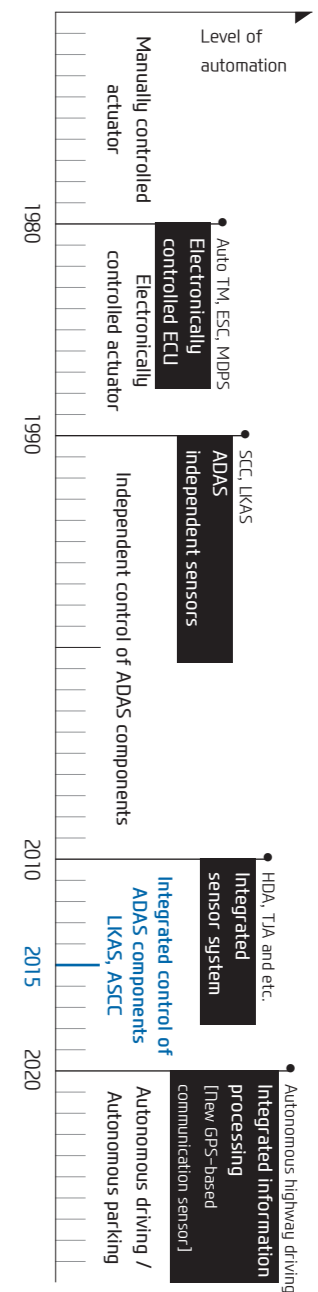


CREATING NEW VALUES FOR CUSTOMERS

Hyundai Motor has created a roadmap to improve fuel efficiency by 2020 and is continuing to develop advanced new technologies to gain global competitiveness in fuel efficiency.

The ultimate goal of the roadmap is to achieve a 25 percent improvement in fuel efficiency beyond the baseline by 2020. This requires the incorporation of next-generation powertrains in up to 70 percent of vehicles sold. Vehicle weight reduction effort is at full force, with the goal of an average 5 percent reduction. Part of the reduction will be achieved by increasing the use of high strength steel plates to 48 to 62 percent and incorporating a proportion of parts made with advanced materials such as aluminum, engineering plastics and carbon fibers. As a leading automaker of green cars, Hyundai Motor launched its first dedicated eco-friendly model IONIQ in January 2016, which has the highest fuel efficiency in its class at 22.4 km/L.

Hyundai Motor will continue to introduce new green vehicles, from compact cars to SUVs, in order to create a full product line-up serving a wide range of customers. We will also make sustained progress in improving convenience and safety including intelligent safety enhancement, in order to better cater to customer needs. We firmly believe that creating advanced safety features based on smart technologies will serve as the foundation for future autonomous driving technology.



BEYOND THE FUTURE SMART TECHNOLOGY

MAKING PEOPLES' DREAMS COME TRUE, AUTONOMOUS DRIVING IS RIGHT AROUND THE CORNER.

ACCELERATING THE ERA OF 'CAR TO LIFE'

The core of autonomous driving is the Advanced Driver Assistance System (ADAS). Hyundai Motor first introduced its ADAS technology in 2010 with the ix35 (Tucson) autonomous demonstration car. The company has since introduced a number of new technologies which enable autonomous driving and are applying those technologies to production cars. November 2015, Hyundai Motor acquired a license to test autonomous driving technologies with its ix35 Fuel Cell (Tucson Fuel Cell) in Nevada, U.S. Hyundai Motor was the second company to acquire a license to test autonomous driving technology in the U.S. The ix35 Fuel Cell (Tucson Fuel Cell) was equipped with a large number of new autonomous driving and safety technologies, including features for various types of roads including congested ones, making emergency maneuvers to the hard shoulder, navigating narrow roads and more. In December 2015, the 'Genesis Smart Sense', a collection of ADAS technologies was unveiled with the Genesis G90. It was the latest iteration of Hyundai Motor's autonomous driving technology.

ADAS technologies currently employed in production models

- Lane Keeping Assist System (LKAS)
- Autonomous Emergency Braking system (AEB)
- Advanced Smart Cruise Control (ASCC)
- Advanced Smart Parking Assist System (ASPAS)
- Forward Collision Warning System (FCWS)
- Highway Driving Assist (HDA)
- Smart Blind Spot Detection (SBSD)

AUTOMOBILES AS A MOVING LIVING SPACE, HYUNDAI MOTOR IS ACCELERATING INTO THE FUTURE.

An automobile is not just a means of transport or just a product of engineering. Hyundai Motor is leading the development of technologies to utilize automobiles as IT machines which can effortlessly access information on the Internet and communicate vehicle information wherever necessary. The 'Connected Car' currently under development by Hyundai Motor will not only enable new features such as remote diagnostics but also autonomous driving.

Through full integration of latest IT technologies, automobiles can function like a high performance computers on wheels. Hyundai Motor's vision of 'Hyper-connected Intelligent Cars' is to link automobiles not just with homes and offices of drivers but with the network of cities or regions it is located in.

Hyundai Motor plans to introduce four main service fields which include: Smart Remote Maintenance Service, Autonomous Driving, Smart Traffic, and Mobility Hub. In addition to continued R&D investment and recruitment of top talent, Hyundai Motor is actively pursuing open innovations through collaboration with global partners. Hyundai Motor plans to embark on a new era of connecting the 'Car to Life' with cars becoming the hub of infinite information.

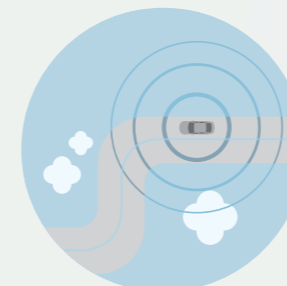
Four main service fields of Hyper-connected Intelligent Cars



Smart Remote Maintenance Service



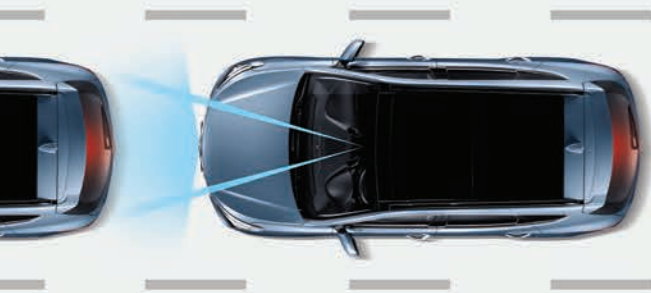
Autonomous Driving

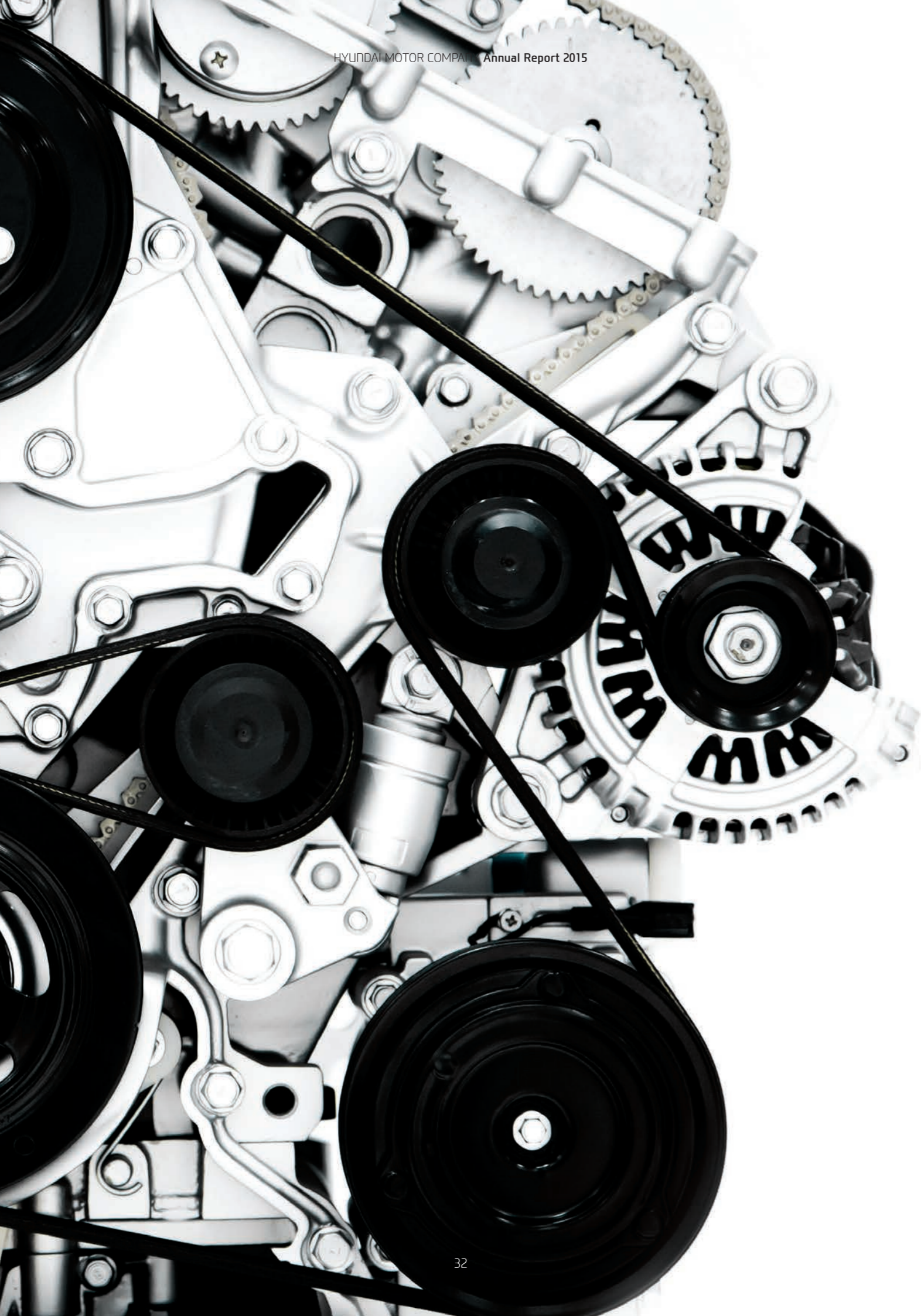


Smart Traffic



Mobility Hub





BEYOND THE WORLD POWERTRAIN

TWO GREEN POWERTRAINS WIN PRESTIGIOUS WARDAUTO RECOGNITION.



Hyundai 2.0L DOHC 4-cyl./50-kW Drive Motor

Model: Sonata Plug-in Hybrid Electric Vehicle

Maximum Power Output: 156 ps (engine), 68 ps (electric motor)

Maximum Torque: 19.3 kgf-m (engine), 20.9 kgf-m (electric motor)



Proprietary 7-speed Dual Clutch Transmission

DEMONSTRATING HYUNDAI MOTOR'S R&D CAPACITY

The Sonata Plug-in Hybrid Electric Vehicle (PHEV) selected as one of 2016 Wards 10 Best Engines.

Although, many companies have produced Plug-in Hybrids, this is the first time that a Plug-in Hybrid Powertrain has made the list.

Hyundai Motor's Fuel Cell Powertrain for the ix35 Fuel Cell (Tucson Fuel Cell) made it onto the 2015 Wards 10 Best Engines.

Receiving this award for two consecutive years demonstrates Hyundai Motor's continued presence as a leader in advanced powertrains.

Hyundai Motor's Tau engine made it onto Wards 10 Best Engines list for three consecutive years from 2008 to 2010. In 2011, the Gamma GDi engine made it onto the list as well. Hyundai Motor has made it onto this prestigious list six times so far.



POWERTRAIN TECHNOLOGY DEVELOPMENT HISTORY

- | | | | |
|------|---|------|---|
| 1991 | Alpha engine and transmission:
Hyundai Motor's first in-house powertrain | 2009 | R-engine & 6-speed transmission
First Korean engine to achieve Euro-5 emission compliancy |
| 1995 | Beta engine (1.6L, 1.8L, 2.0L) and transmission | 2010 | Phi engine |
| 1997 | Epsilon engine and transmission | 2011 | Tau GDi engine & rear wheel 8-speed automatic transmission
First Korean automatic transmission for rear wheel powertrain |
| 1998 | High performance/high tech V6 Delta engine | | |
| 1999 | GDi V8 Omega engine | 2014 | Fuel Cell Powertrain selected as 2015 Wards 10 best engines, 7-speed Dual Clutch Transmission |
| 2004 | Eco-friendly Theta engine | | |
| 2005 | Lambda engine | 2015 | Plug-in Hybrid Powertrain: Wards 10 best engines |
| 2006 | Gamma and S engine | | |
| 2007 | Diesel F, G and H engine | | |
| 2008 | Tau engine: Wards 10 best engines | | |

BEYOND THE WORLD FLUIDIC SCULPTURE

PUSHING THE BOUNDARY OF
AUTOMOTIVE DESIGN
INNOVATIVE DESIGN WITH BEST
ELEMENTS OF ART AND NATURE.



UNIQUE DESIGN PHILOSOPHY OF HYUNDAI MOTOR

'Fluidic Sculpture' is Hyundai Motor's design philosophy which aspires to create advanced designs for automobiles. The design philosophy also guides us to create unique designs which stand out from the crowd as uniquely Hyundai Motor. 'Fluidic Sculpture' takes its inspiration from nature and through a unique process turns this inspiration into a great design. The end result embodies nature's vibrant energy and dynamism. Breaking down the barriers between art and automobile design, 'Fluidic Sculpture' has led to the creation of some outstanding artistic automobile designs. The smooth and dynamic design of Hyundai Motor's vehicles has in turn given a unique design identity to Hyundai Motor. Hyundai Motor's design identity is not a fixed concept but will continue to evolve in order to meet the ever increasing customer demands for greater design.



Design
Philosophy



Installation Photograph, Diana Thater, "The Sympathetic Imagination," Los Angeles County Museum of Art, November 22, 2015-February 21, 2016. © Diana Thater, photo © Fredrik Nilsson.

BEYOND THE WORLD ART

HYUNDAI MOTOR AS A PARTNER
OF ARTISTS,
SUPPORTING THE FUTURE OF ART.

GLOBAL ART PROJECTS

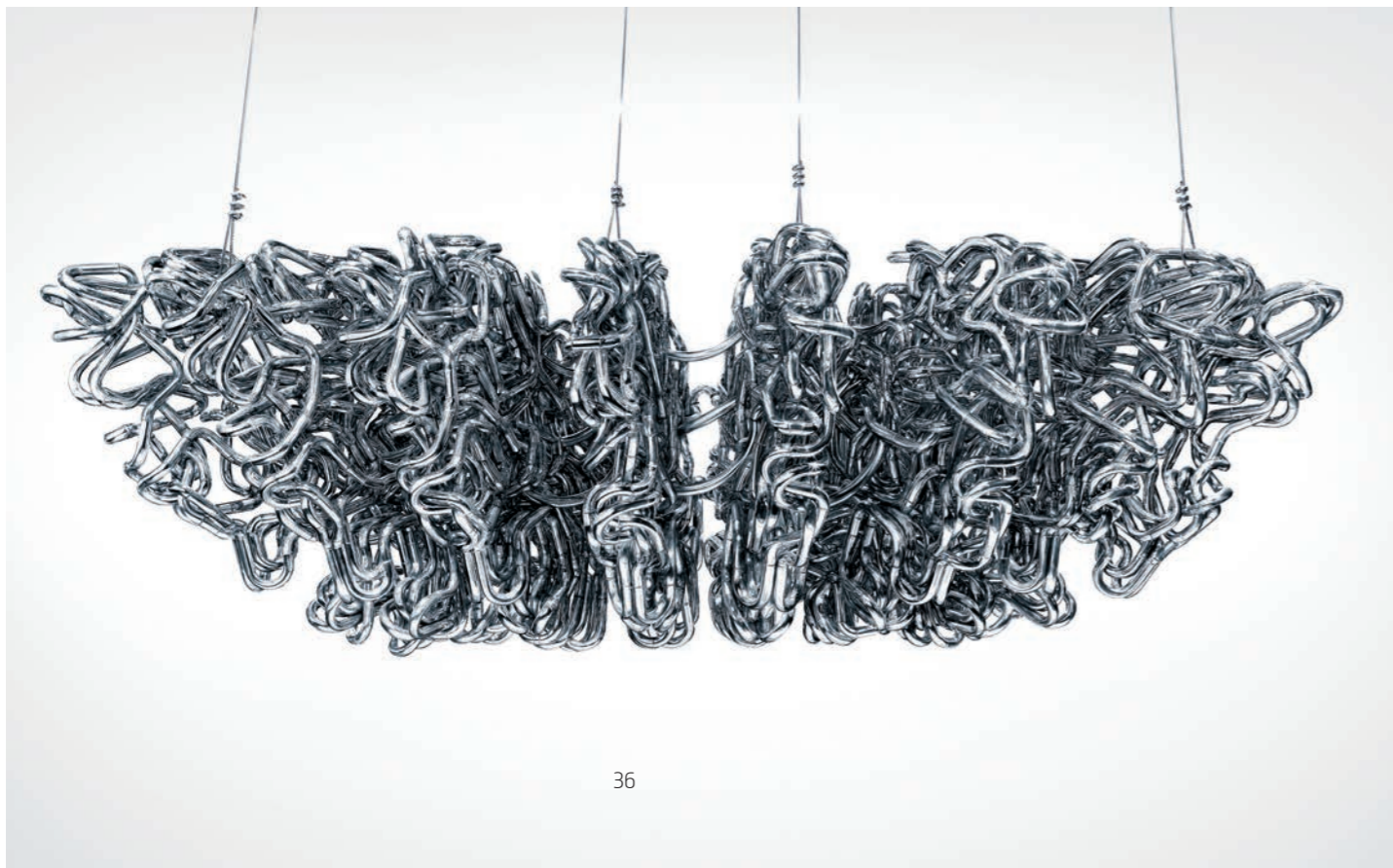
Hyundai Motor has signed an agreement with the National Gallery of Modern Art in Seoul and the Tate Museum of Modern Art in 2014. In 2015, it signed another long-term partnership agreement with the Los Angeles County Museum of Art.

The new agreement commits Hyundai Motor and the Los Angeles County Museum of Art to collaborate together on programs to explore new possibilities in art and technology. The commitment will last for the next 10 years until 2024. In 2015, Hyundai Motor hosted a design exhibition on 'Fluidic Sculpture' design philosophy titled 'Sculpture in Motion'. Hosted at the Sejong Art Center, the most prestigious art center in South Korea, the exhibition was a great success with enthusiastic responses from visitors.

EXPLORING NEW WAYS TO EXPLORE ART BRILLIANT PROJECT

Hyundai Motor launched 'The Brilliant Art Project' in 2013 with the goal to enable a greater number of people to experience art. In South Korea, we are working with local artists from different genres each year and creating various art works. Hyundai Motor also hosted exhibitions for people to share their best moments with their cars with the help of artists. Titled 'Brilliant Memories Created Together', the exhibition received positive reviews from visitors, helping them relive their fond memories.

Through the 'Brilliant Music Project', one of the longest music videos containing some vivid life stories from over 170,000 people in 17 countries was produced. Hyundai Motor and global media group Bloomberg is preparing to launch a collaborative project 'Brilliant Ideas' TV series, which highlights the life of 75 artists over at three year period.





BEYOND THE DREAM HIGH-PERFORMANCE 'N'

DRIVERS WILL EXPERIENCE THE THRILLS OF MOTORSPORT WITH OUR PERFORMANCE-ORIENTED 'N' MODELS BUILT WITH LATEST TECHNOLOGY.



High-performance 'N'

ENABLING THE DRIVING EXPERIENCE OF MOTORSPORT

Hyundai Motor's high-performance 'N' models are built using technologies and experience gained through its participation in WRC. The logo 'N' stands for Hyundai Motor's Namyang Technology Research Center. Nürburgring is the world's most challenging race track in Germany, used to hone N's high-performance technologies. The track plays a crucial role in developing, testing and perfecting the performance characteristics that will be applied to future 'N' products. Hyundai Motor launched the high-performance brand 'N' at the 2015 Frankfurt Motor Show in Germany, the birthplace of high-performance automobiles. So far, Hyundai Motor has concentrated on improving design, ride quality, performance and customer service. The 'N' will help drivers experience the thrills and emotions of motorsport for themselves, in performance-oriented and race-track-capable cars.

Results : Hyundai WRC Team

- 2016
 - 6th Rally Italia Sardegna
Manufacturer's Standing: 2nd
Driver's Standing: 1st
 - 4th Rally Argentina
Manufacturer's Standing: 1st
Driver's Standing: 1st
 - 2nd Rally Sweden
Manufacturer's Standing: 2nd
Driver's Standing: 2nd
 - 1st Rallye Monte-Carlo
Manufacturer's Standing: 1st
Driver's Standing: 3rd

- 2015
 - 13th Wales Rally GB
Manufacturer's Standing: 3rd
 - 12th Rally RACC-Rally de España
Manufacturer's Standing: 3rd
 - 10th Rally Australia
Manufacturer's Standing: 2nd
 - 9th Rallye Deutschland
Manufacturer's Standing: 2nd
 - 8th Rally Finland
Manufacturer's Standing: 2nd
 - 6th Rally Italia Sardegna
Manufacturer's Standing: 2nd
 - 3rd Rally Guanajuato Mexico
Manufacturer's Standing: 3rd
 - 2nd Rally Sweden
Manufacturer's Standing: 1st
Driver's Standing: 2nd
 - 1st Rallye Monte-Carlo
Manufacturer's Standing: 2nd

- 2014
 - 9th Rallye Deutschland
Manufacturer's Standing: 1st
Driver's Standing: 1st
 - 7th Rally Poland
Driver's Standing: 3rd
 - 3rd Rally Guanajuato Mexico
Driver's Standing: 3rd
 - 2nd Rally Sweden
Completed rally
 - 1st Rallye Monte-Carlo
Return to WRC

New Generation Hyundai i20 WRC

Hyundai i20 WRC first debuted at the 2012 Paris Motor Show and has since been a car for the Hyundai WRC Team. After continued enhancements and evolutions, the New Generation Hyundai i20 WRC was born at the Hyundai Motorsport HQ in Alzenau. The New Generation Hyundai i20 WRC is powered by a 1,600 cc turbo charged engine with maximum power of 300 horsepower. It also has a 4WD drive and a special suspension system built for auto racing and for optimal performance on rally courses.



RM15



HIGH-PERFORMANCE 'N' DEBUT MODELS

THE SIGNALING CONCEPT VEHICLE RM15

Hyundai Motor introduced the RM15 (Racing Midship 2015) concept car at the 2015 Seoul Motor Show, firmly demonstrating its intention to develop high-performance models. Although the RM15 shares a similar exterior design with the '2014 Veloster RM', it is equipped with high-performance components specifically for the RM15. More specifically, the RM15 is powered by a Theta 2.0-liter T-GDi which generates 300 ps and 39 kgf-m for zero to 100 km/h in 4.7 seconds. It also boasts a lightweight design and one of the most aerodynamic bodies yet.

Hyundai Motor is committed to building on the successful development of the RM15 as it continues to build capacity for high-performance models.

Drive Type | MR (Mid-engine Rear-wheel-drive)
PT | Theta 2.0 T-GDi with 6-speed manual
Max Power | 300 ps@6,000
Max Torque | 39 kgf-m@2,000
Center of Gravity Height (CGH) | 491 mm
Weight | 1,260 kg
Suspension | In-wheel Double Wishbone
Power to Weight Ratio (ps/ton) | 238
Weight Distribution (F:R) | 43:57
Acceleration 0-100km/h | 4.7s
Tire Dimension | 235/35/19 (f), 265/35/19 (r)



N 2025

THE POTENTIAL AND VISION OF 'N' N 2025 VISION GRAN TURISMO

Hyundai Motor introduced the N 2025 Vision Gran Turismo, showing the potential and vision of its high-performance 'N'. The N 2025's powertrain is based on a dual hydrogen fuel cell system with a total system output of 650 kw (884 ps). The super capacitor system generates an additional 150 kw (204 ps) by using energy regenerated when braking. The maximum combined power output is 884 ps. The compact, lightweight fuel cell stacks and flexible CFRP monocoque structure allow the car to tip the scales at a lean 972 kg. The system is also designed with a low center of gravity, making this a car that can be best enjoyed on a challenging racetrack, especially on the chicane.

0 → 100km/h 2.8s





Blue Drive

BEYOND THE DREAM

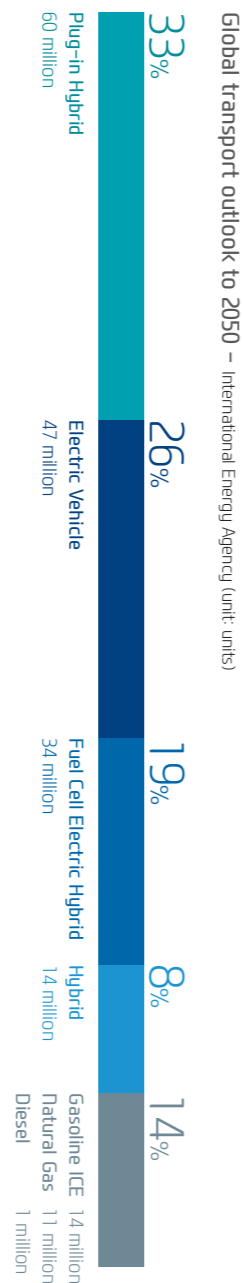
BLUE-DRIVE

THERE HAS BEEN A CLEAR PARADIGM SHIFT TOWARDS GREEN AUTOMOBILES.

MAKING THE WORLD GREENER

Hyundai Motor is making the transition towards a new automobile market with its 'Blue Drive' strategies. 'Blue Drive' is the name of Hyundai Motor's low carbon green technology strategy, designed to reduce CO₂ emissions. It is also a brand name for vehicles equipped with fuel-saving technologies.

Implementation of the 'Blue Drive' strategy began with Hyundai Motor's development of the Sonata EV in 1991 and was quickly followed by the hybrid concept car in 1995. In 1998, the Hyundai Motor R&D team successfully developed its first hydrogen Fuel Cell Electric Vehicle (FCEV), laying the foundations for a diverse range of products. In 2013, Hyundai Motor became the first automobile manufacturer to mass produce a hydrogen FCEV. We also became the first company to produce a Plug-in Hybrid Electric Vehicle (PHEV), the Sonata PHEV, which was unveiled at the Detroit Motor Show in January 2015. In 2016, Hyundai Motor launched its first dedicated green car IONIQ, further strengthening its presence in the global green car market. Hyundai Motor's fuel cell powertrain for the ix35 Fuel Cell (Tucson Fuel Cell) was one of the 2015 Wards 10 Best Engines, which was the first time that a fuel cell-based powertrain made it on to the list. In 2015, the Sonata PHEV was one of 2016 Wards 10 Best Engines, giving Hyundai Motor special recognition for two consecutive years.





IONIQ

IONIQ

HYUNDAI MOTOR'S FIRST DEDICATED GREEN MODEL DEVELOPED AS PART OF THE 'BLUE DRIVE' STRATEGY.

In January 2016, Hyundai Motor launched its first unique green car IONIQ in South Korea and presented its new vision of green automobiles.

Developed under the concept of 'Launching future mobility for a better life', IONIQ was created to be the greenest car available in its class. IONIQ also serves as a forerunner of Hyundai Motor's vision for the future and a key milestone for beginning the wave of new green vehicles. Hyundai Motor unveiled three models with its eco-friendly IONIQ line-up at the 86th Geneva International Motor Show held in the Geneva Palexpo, Switzerland.

The company offers Hybrid, Plug-in Hybrid (PHEV) and battery-only Electric Vehicle (EV) models.

IONIQ will build upon its reputation as one of the best hybrid electric cars and begin the next chapter in mobility.

Built to provide a unique driving experience with many advanced features, IONIQ presents a unique value proposition.

IONIQ's unique powertrain provides exceptional fuel efficiency and dynamic performance in a single package. With a lightweight yet sturdier vehicle body, a high performance sports car-like low center of gravity, and agile high precision steering driving deliver an exciting experience.

The aerodynamic exterior design and high-tech themed interior design strike a balance to create a great look inside and out that style-conscious drivers can be proud of.

IONIQ has all the great merits of a green car. However, it also provides a unique driving experience unlike other green cars, marking the beginning of the future's mobility.



Hybrid Electric Plug-in Hybrid

IONIQ &
Project IONIQ



PROJECT IONIQ



PROJECT IONIQ

INCUBATING INNOVATION FOR FUTURE MOBILITY.

FOUR KEY DIRECTIONS OF PROJECT IONIQ

FREEDOM FROM ACCIDENTS AND INCONVENIENCES

How much will our lives improve when we can enjoy automobiles that forecast traffic changes, evade the risks of car accidents and make their way to your destination on their own? We have already seen the possibilities. Project IONIQ makes it possible for people to enjoy a more comfortable and time-efficient means of transport.

FREEDOM FROM ENVIRONMENTAL POLLUTION AND ENERGY EXHAUSTION

Meeting the needs of people, society and the environment is an absolute necessity for the future of transportation. IONIQ comes with three eco-friendly powertrain options, providing a means of transportation free from environmental pollution and energy depletion, achieving a new level of 'Freedom in Mobility'.

FREEDOM TO CONNECT WITH EVERYDAY LIFE WHILE ON THE MOVE

With the improvements in network technology, automobiles are not simply a means of transportation; but rather, a moving living space. This implies that the barrier that previously separated transportation and daily life no longer exists. If one could go shopping, take a rest, and get some work done in a car, our lives would be much more flexible.

FREEDOM TO EFFORTLESSLY ACCESS MOBILITY WHENEVER AND WHEREVER

Project IONIQ studies the new concepts and methods to help more people move easily and simply according to changing social trends and lifestyles. The idea is to allow anyone to enjoy the freedom of mobility anytime, anywhere. For example, by providing service with vehicles for use at an agreed place and time.

REALIZING MOBILITY FREEDOM BY REMOVING BOUNDARIES AND LIMITATIONS

Project IONIQ is an innovation incubation program with the aim of realizing 'Freedom in Mobility' by going beyond limitations.

We will break free from problems related to transportation in our daily lives and redefine mobility to achieve true 'Freedom in Mobility'.

The ultimate goal is to present a new lifestyle based on improved mobility. Project IONIQ is Hyundai Motor's initiative to achieve the necessary innovations to enable a new lifestyle with new means of transportation.

Project IONIQ will innovate all aspects of mobility to enable a new lifestyle starting with Hyundai Motor's first dedicated green car IONIQ.



GENESIS

LUXURY EVOLVED



GLOBAL LUXURY BRAND: GENESIS

REALIZING HUMAN-CENTERED LUXURY

Genesis, the luxury automotive brand, strives to create the finest automobiles and related products/services for connoisseurs around the globe.

We want to make a positive difference to our customers' lives by exploring new avenues and constantly pushing forward the boundaries in an infinite, yet mindful way, which shall lead us to creating truly aspirational products.



Genesis Brand

HUMAN-FOCUSED INNOVATION

To provide a valuable brand experience, Genesis focuses on three fields of technological innovation: intelligent safety, intuitive comfort, and connectivity. Genesis strives to optimize user-friendly, advanced technology to offer a more seamless experience.

ATHLETIC ELEGANCE IN DESIGN

From a design perspective, Genesis harmonizes beauty and dynamism, combining the elegance of movement with energy. Each model will display confidence and originality; highly desirable products that present new charm through innovative styling and proportions.

REFINED PERFORMANCE

All Genesis vehicles will be engineered to provide excellent ride comfort while retaining confident sportiness. This refined and balanced performance provides a luxurious and enjoyable driving experience that heightens the sense of unity between the driver and the vehicle.

STRESS-FREE CUSTOMER EXPERIENCE

Continuing the customer-orientated approach that flows through every Genesis model, the sales and service experience will be focused on demonstrating respect for our customers' time and intelligence. We will endeavor to eliminate extra nuisances and streamline processes whenever and wherever possible.

FUTURE DESIGN DIRECTION OF GENESIS NEW YORK CONCEPT

As a design-focused brand, Genesis has unveiled its striking 'New York Concept' luxury sports sedan at the 2016 New York International Auto Show. The New York Concept hints at future Genesis design direction that will distinguish forthcoming Genesis products. The advanced technological content, the precision in the design language and the superb execution are evidence of the dedication and devotion which characterize the Genesis brand.



NEW YORK CONCEPT

Acknowledging the Genesis brand's sporty and agile nature, the hybrid concept generates 245 ps and 36.0 kgf·m of torque from its 2.0 T-GDi powertrain coupled with an 8-speed automatic transmission.



DESIGN AND DESIGN QUALITY

OUR VISION IS TO BECOME AN AUTHENTIC AND RELEVANT GLOBAL LUXURY BRAND BY DELIVERING OUTSTAND AND FASCINATING PRODUCTS AND SERVICES. AND FASCINATION ALL STARTS WITH GREAT DESIGN, WHICH CAN BE SENSED AT FIRST SIGHT. IT DOES NOT NEED ANY EXPLANATION.

While design is what attracts people to a product in the first place, good design goes well beyond styling. Thoughtful, well-executed design makes us feel good, and intuitive design makes things easier to use. Intelligent design delivers a rewarding experience for users, and has a positive impact on their lives. Genesis strives to go beyond the expectations of its customers and the market whenever it shows a new model by showing a more creative and progressive design.



BEHIND STORIES

More advanced vehicles can be made, thanks to sustained R&D efforts. Sustainability in the environment can be achieved, thanks to better environmental management.

Greater satisfaction and confidence will be delivered, thanks to great services and quality management.

People in the global community can be happier, if corporate citizens fulfill their responsibilities better. Hyundai Motor has emerged as a leading brand in the automotive industry, thanks to the staff's tireless efforts.

CEO'S MESSAGE

BUILDING COMPETITIVENESS TO BEGIN A NEW ERA
FOR THE AUTOMOTIVE INDUSTRY



Hyundai Motor will work hard to develop new technologies and products in order to further enhance the safety and convenience of our products and to enhance our future competitiveness.

The global auto industry is experiencing ever accelerating changes, fueled by a volatile business environment, increasing competition and structural changes due to the introduction of cutting-edge technologies.

In such a time of change and uncertainty, it is crucial to build a unique set of strengths in order to overcome the challenges that lie ahead and to achieve sustained growth. In addition to developing its capacity as a global automobile manufacturer by achieving qualitative growth, Hyundai Motor will continue to invest in R&D in order to become a leader in technological innovation.

The technological advancements will not only allow Hyundai Motor to meet the safety and environmental regulations but allow us to begin a new era for the automotive industry. We will develop more green cars such as hybrids, electric vehicles and hydrogen fuel cells. Likewise, we are committed to the development of autonomous driving technologies in order to further enhance the safety and convenience of our drivers.

Hyundai Motor will continue to strengthen its market presence and to build on its reputation as an industry leader. In 2016, we are aiming to achieve global sales of five million units, for the first time in the history of Hyundai Motor and, firmly establish our position in the global market. In addition to the development of products for the future, the on-going effort to improve our customer's experience in sales and services will strengthen Hyundai Motor's appeal as a brand.

A concentrated effort will be made to quickly establish Genesis as a competitive luxury brand by providing unique merits which distinguish Genesis from other brands. Genesis will become a brand that represents 'Human-centered Luxury' and cutting-edge technologies. By 2020, Genesis will have a full lineup of products, consisting of six models, which will all become class leading models.

We will continue to strive to maintain our leadership in product quality. We will further strengthen the quality verification system at R&D and preproduction processes and improve the manufacturing system by working with the labor union. Collaboration among R&D centers, sales offices and dealerships will be strengthened in order to improve our global production-sales operations.

As we pursue our goals, we will continue to fulfill our responsibilities as a global corporate citizen. We will continue to expand the scope of our global CSR activities and strive to achieve win-win growth with our suppliers in order to tackle the challenges that arise and to make the world a better place for all.

I would like to ask for your continued support for Hyundai Motor.

Thank you.

CEO & Chairman **Chung Mong-koo**

CEO'S MESSAGE

WE ARE COMMITTED TO EVOLVING INTO A TRUE LEADER OF
THE GLOBAL AUTOMOTIVE INDUSTRY



In 2015, the global economy continued to remain sluggish. The automotive industry showed slow growth except in a few advanced markets. In particular, economic recession continued in Russia and Brazil. The Chinese market which led the growth in the automotive market slowed down significantly. Amid this situation, Japanese and European manufacturers are intensifying competition with low prices in part helped by weak exchange rates. Local Chinese manufacturers are expanding market share with low cost models. At home in Korea, competition is getting fierce from foreign automakers.

Despite the challenging market environment surrounding the automotive industry, Hyundai Motor attained number of significant achievements. First, we ranked at the top in the JD Power 2015 Initial Quality Study (IQS) in the U.S., China and India, reaffirming our reputation for high product quality. In 2014, our fuel cell system was selected as one of the 2015 Wards 10 Best Engines. In 2015, the new Sonata Plug-in Hybrid made it into the 2016 Wards 10 Best Engines, proving Hyundai Motor's leadership in clean powertrain technology.

Moreover, Genesis was awarded the Insurance Institute for Highway Safety (IIHS) Top Safety Pick+ rating, as one of the safest cars in the world. In Germany, the home of luxury auto brands, Genesis placed first in terms of market share among imported cars, demonstrating its high quality and competitiveness among European customers.

All of our achievements were made possible due to the continued support of our shareholders. We will strive to make 2016 a great year with better business results and even greater achievements.

Dear shareholders,

This year is expected to be another sluggish year for the economy with a potential U.S. interest rate hike, further slowing of the Chinese economy and low oil prices. Automobile demand in emerging markets including many Middle East and Asian countries, Brazil and Russia are expected to fall as well.

However, Hyundai Motor is committed to overcoming these challenges and reaching a new milestone of five million units in sales. Likewise, we will further strengthen our foundation for sustained growth by responding to ever changing trends in the automobile market.

With the following strategies, we plan to achieve our 2016 goals.

First, we will focus on successfully establishing our new luxury brand Genesis in key markets including Korea. Our Genesis brand models are built to surpass even the quality of European luxury brands and offer great customer service, providing human-centered luxury, which the Genesis brand promises to deliver.

Second, we will lead the green car market, starting with our eco-friendly dedicated model IONIQ. Launched in January of this year, IONIQ is built on an innovative versatile platform and can be configured as a hybrid, plug-in or electric vehicle. IONIQ has fuel efficiency and performance that surpasses that of all leading competitor models. Going forward, we will further strengthen R&D to develop top quality green cars.

Third, we will enhance our efforts to prepare for the smart car market, which will be the future arena of competition for top tier automakers. Therefore, Hyundai Motor plans to invest further in advanced autonomous driving technology that was applied to the Genesis G90. We will also increase our investments in intelligent safety enhancement technologies and connectivity to ultimately create smart cars with maximum safety and convenience.

Lastly, all of us at Hyundai Motor will continue to innovate and make necessary changes to overcome difficult challenges surrounding the business market and achieve our 2016 sales target of 5.01 million units while further strengthening Hyundai Motor's competitiveness for the future.

Dear shareholders,

I would like to ask for your unwavering support for Hyundai Motor. We will do our best to meet your expectations by taking all the necessary steps to become the most beloved automaker in the world, delivering outstanding values to our customers.

I wish you a year full of happiness and great fortune.

Thank you.

CEO & President **Yoon Gap-han**

HIGHLIGHTS

CONSUMER CONFIDENCE

Hyundai Motor was named No. 1 in CarMD's 2015 Vehicle Index Manufacturer & Vehicle Reliability Rankings for its leadership in vehicle dependability. The 2015 rankings identify the most reliable cars from more than 3,800 different models built over the last 20 years.

No. **1** Spot

BRAND VALUE

Hyundai Motor's brand value reached the global top 39 at 11.3 billion USD according to Interbrand's Best Global Brands 2015. Hyundai Motor's brand value ranking increased from 40th in 2014.

11.3 billion USD

SALES

Hyundai Motor sold 4.96 million units demonstrating its competitiveness even in a difficult market. This is a significant achievement considering slowing demand in the Chinese market and declining demand in other emerging markets.

4.96 million units

HIGH VOLUME MODELS

In 2015, sales of 14 models joined the ranks of high volume sales models with 100,000 units in markets including South Korea, U.S., Russia, India, Brazil and China. Hyundai Motor classifies unique vehicle models with sales above 100,000 units per market as high volume models.

14 models

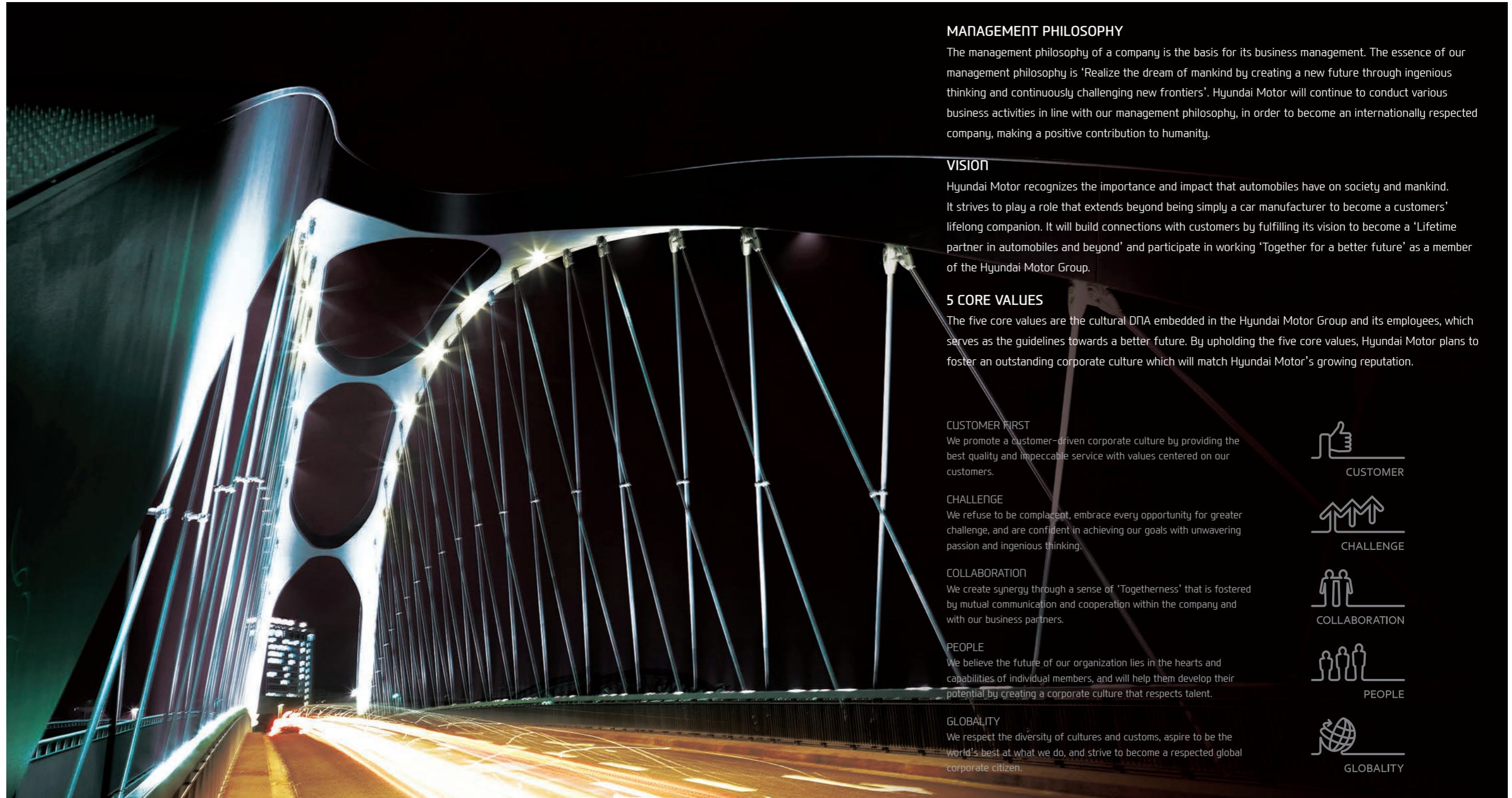


THE WAY OF HMC

CORE CONCEPTS OF MANAGEMENT PHILOSOPHY

- Unlimited Sense of Responsibility
- Realization of Possibilities
- Respect for Mankind

With its founding spirit and values as the driving force, Hyundai Motor Group has achieved sustained growth since its incorporation. We have selected 5 core values, created vision and defined management philosophy, creating a management philosophy structure which clarifies our goals and serves as a driving force. Moreover, these values are helping us write brand new chapters in Hyundai Motor's history.



MANAGEMENT PHILOSOPHY

The management philosophy of a company is the basis for its business management. The essence of our management philosophy is 'Realize the dream of mankind by creating a new future through ingenious thinking and continuously challenging new frontiers'. Hyundai Motor will continue to conduct various business activities in line with our management philosophy, in order to become an internationally respected company, making a positive contribution to humanity.

VISION

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

5 CORE VALUES

The five core values are the cultural DNA embedded in the Hyundai Motor Group and its employees, which serves as the guidelines towards a better future. By upholding the five core values, Hyundai Motor plans to foster an outstanding corporate culture which will match Hyundai Motor's growing reputation.

CUSTOMER FIRST

We promote a customer-driven corporate culture by providing the best quality and impeccable service with values centered on our customers.



CHALLENGE

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



COLLABORATION

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



PEOPLE

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



GLOBALITY

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



GLOBAL PRESENCE

WE ARE BUILDING OUR GLOBAL REPUTATION FOR HIGH QUALITY PRODUCTS AND OUTSTANDING BRAND VALUE.

MAINTAINING A MARKET PRESENCE IN AN EVER UNCERTAIN MARKET

In 2015, Hyundai Motor recorded 4.96 million units in sales, maintaining its market presence despite many challenges. This is a significant achievement considering the slowing growth in demand in the Chinese market and declining demand in other emerging market. In the U.S. market, Hyundai Motor hit a new milestone of 10 million units in accumulated sales. Hyundai Motor's market presence in Europe has also increased thanks to a record sales increase in Germany.

EVER-INCREASING BRAND VALUE

Hyundai Motor's brand value has continued to increase in 2015. Hyundai Motor's brand value reached the global top 39 at 11.3 billion USD according to Interbrand's Best Global Brands 2015. Hyundai Motor's brand value went up a ranking from 40th in 2014. It was the first time that Hyundai Motor made it into the top 30-39th tier. Hyundai Motor's brand value has recorded a sustained increase for 11 consecutive years since it first made it into the top 100 in 2005. Although the

ranking did not change significantly, brand value has increased by 8.5% from 10.4 billion USD in 2014 to 11.3 billion USD in 2015.

PRODUCT QUALITY PROVEN IN THE GLOBAL MARKET

In addition to achieving great sales and an increase in brand value, Hyundai Motor has made significant achievements in important areas such as quality, R&D and safety, bolstering its strength as a leading automaker. For example, Hyundai Motor ranked as one of the best brands in JD Power's Initial Quality Study in the U.S., China, and India. Hyundai Motor's fuel cell powertrain for the ix35 Fuel Cell (Tucson Fuel Cell) made it into the 2015 Wards 10 Best Engines in 2014. The 2015 Sonata PHEV was on Wards prestigious 10 Best Engines list as well. The Genesis sedan was awarded the Top Safety Pick+ by the Insurance Institute for Highway Safety.

LEADING A NEW TREND IN THE AUTOMOBILE MARKET

Building on its competitiveness, Hyundai Motor is aiming to surpass 5 million

units in sales in 2016. Maintaining high product quality will play a key role in achieving this year's ambitious goal. We will also be working to establish our new luxury brand, Genesis, as a brand of choice, by providing superior quality products and services. Our lineup for green vehicles will significantly increase starting with IONIQ, the first dedicated green model, which will enable Hyundai Motor to meet emission and fuel efficiency regulations. Hyundai Motor is committed to creating the industry leading clean energy cars. Hyundai Motor is also committed to leading smart car technologies by increasing its investment in developing autonomous driving, smart safety and connectivity technologies. As always, the systems for our smart cars will be built to ensure outstanding quality and features way ahead of the competition. Efforts will also be made to reduce costs in order to deliver the best possible customer satisfaction.

Global Sales

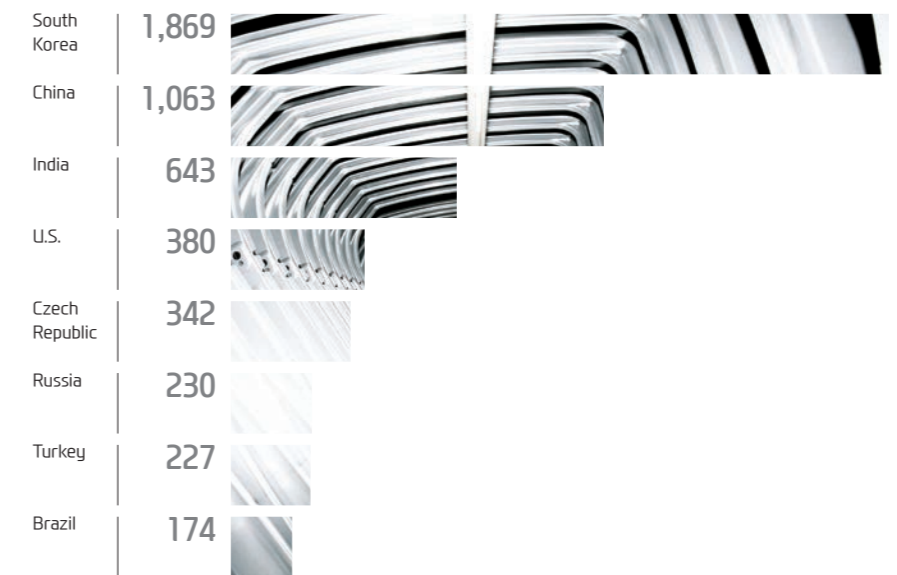
Unit: thousand units



Sales by Plants

(2015)

Unit: thousand units



Global Sales Top Five Models

(2015)

Unit: thousand units



CUSTOMER VALUE : QUALITY

HYUNDAI MOTOR STRIVES TO BECOME
A TRUSTED BRAND BY EMPLOYING
CREATIVITY IN QUALITY MANAGEMENT.

2nd

JD Power U.S. IQS Non-luxury Brand

1st

JD Power China IQS Non-luxury brand

3rd

Autobild 2015 Quality Report, Germany

PROACTIVE QUALITY MANAGEMENT STRATEGY

When it comes to quality management, our goal is to produce vehicles with zero defects. In order to realize this ambitious goal, we implemented what we call a 'Proactive & Creative Global Safety Quality Management' structure which drives our efforts.

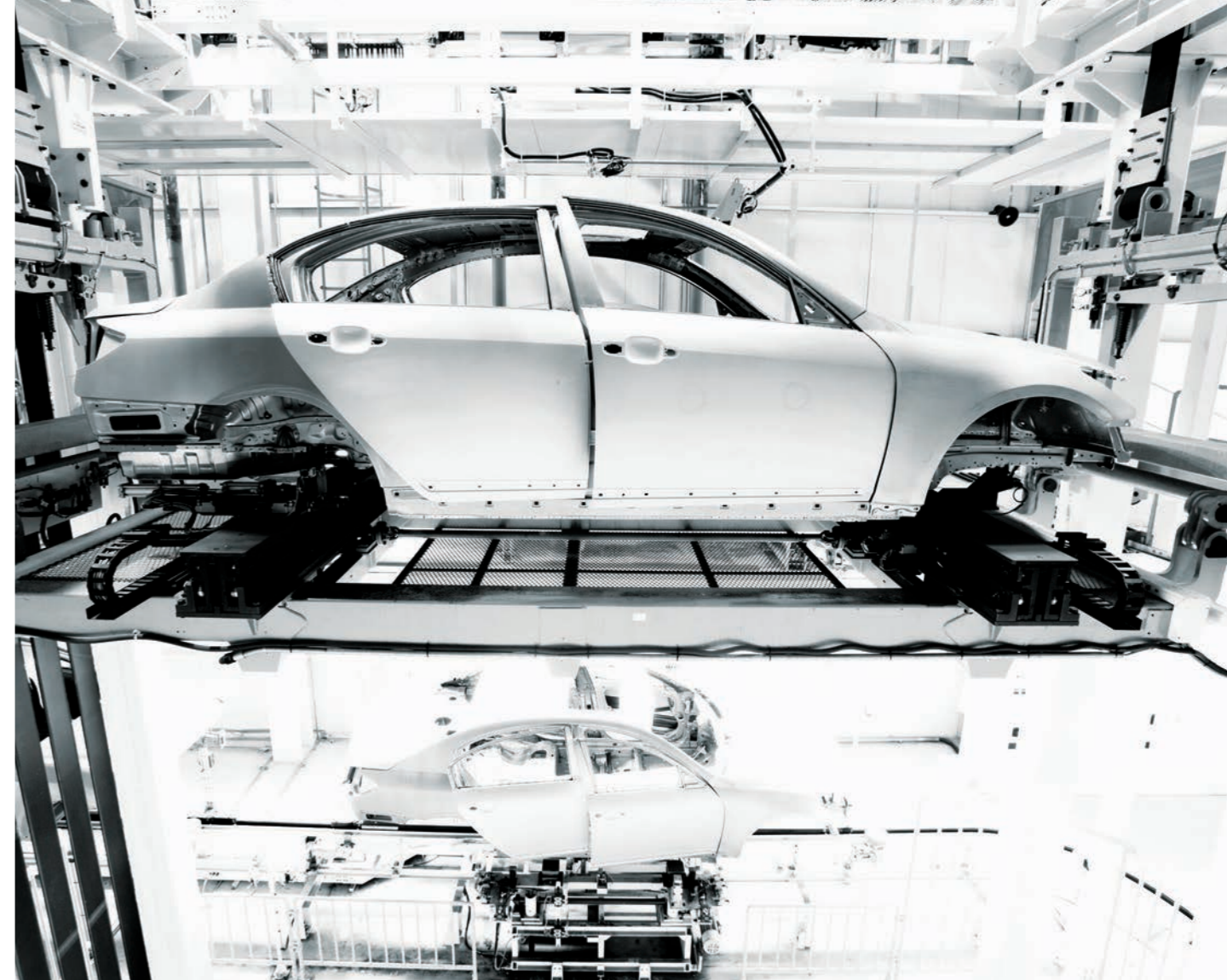
It is a unique strategy which promotes quality management as the top priority within the company and strengthens internal capacity in all areas including development, production and support, with the single goal of making Hyundai Motor the most trusted brand. Hyundai Motor has also created a customer-oriented quality management platform and process, Q-Culster, which identifies and addresses potential quality issues associated with vehicle safety at the development stage.

The process is internally referred to as the 'Safety Quality Troubleshooter'. In terms of after-sales service, Hyundai Motor is increasing its capacity to detect, improve and address problems while the scale of issues is as small as possible, promoting safety and quality at the same time.

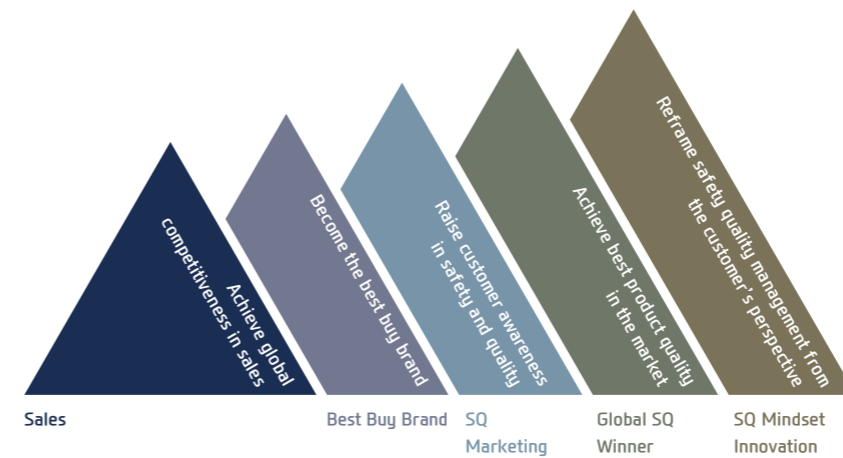
RECOGNITION FOR HIGH QUALITY

Thanks to all of our quality management efforts, Hyundai Motor ranked as the number two non-luxury automaker in the JD Power 2015 U.S., maintaining its ranking from the previous year. In terms of vehicle models, the 2015 Tucson and Accent (Verna) were awarded the highest initial quality in the Small SUV and Small Car segments respectively. Elantra and Santa Fe also ranked as one of the top three models in their respective segments. In the JD Power

2015 China Initial Quality Study, Hyundai Motor ranked first out of 46 non-luxury brands. Moreover, four Hyundai Motor's models Verna, Langdong Elantra, Mingtu and ix25 were all segment leaders, out of 11 segments. It was the first time Hyundai Motor's models won four segment titles since the study began in 2000. Of particular note is the Langdong Elantra which was a segment winner for the second year in a row, further strengthening its reputation for quality in the Chinese auto market. In Europe, Hyundai Motor ranked third among 20 automakers in the 2015 Quality Report by AutoBild, one of the most authoritative automotive magazines in Europe.



Proactive & Creative Global Safety Quality Management



Hyundai Motor is competing with experienced automakers in the U.S., China and Europe as well as emerging markets. By providing a uniquely refined customer experience in the different markets around the world, Hyundai Motor has achieved the highest brand value yet.

Hyundai Motor
Global Production Sites



CUSTOMER VALUE : CONVENIENCE

EXPANDING THE BOUNDARIES OF PREMIUM SERVICE
BEYOND CUSTOMERS' EXPECTATIONS.

World's first
virtual reality-based manual
Hyundai Virtual Guide
Virtual reality-based user manual

World's first automated
service center
for dealerships
Providing real-time service updates
via smart devices

World's first
GDS Mobile diagnostics
Mobile-device based vehicle
diagnostics system



CREATING CUSTOMER-ORIENTED SMART SERVICES

Hyundai Motor has developed a new customer service system, based on advanced IT technologies, which makes more services available anywhere, anytime. For example, Hyundai Motor launched 'Hyundai Virtual Guide', the world's first user manual created on a virtual reality platform, providing a brand new user experience and a new level of convenience. In 2014, Hyundai Motor released a new mobile platform-based diagnostics system, which allows a comprehensive assessment of a vehicle's condition in much less time than before. Because the new system is PC-based, diagnostics can also take place away from service stations, further enhancing customer convenience. Hyundai Motor launched their remote diagnostic service to provide high quality service to customers worldwide. The remote diagnostic

service reinforced the management of its 'Global Service Support Center (GSSC)' and implemented high-tech, remote diagnostic technology to resolve difficult repair problems in real-time so that it can guarantee complete vehicle maintenance services to customers worldwide. Hyundai Motor began to automate its service centers across the world in 2014, as part of our ongoing efforts to create customer-friendly services and to increase the credibility and efficiency of our maintenance services. From the time of arrival until departure, every procedure is managed electronically to facilitate communication and provide a customer-oriented service.

MORE CONVENIENT AND ACCESSIBLE SERVICES

Hyundai Motor provides world-class services through its global service network to customers across the world. Hyundai Motor is dedicated to

improving customer service, for example by launching the automotive industry's first 'Before Service' (free vehicle inspections before breakdowns) to more than four million people worldwide, and expanding the 'Home-to-Home Service' to facilitate maintenance by offering customers convenient vehicle pick-up and delivery services. The recently launched 'Sunday Services' by select 'Bluehands' service centers is enjoying much popularity with customers who are too busy to visit service centers other days of the week. Thanks to the collective efforts which have been made to improve customer services, Hyundai Motor was placed 1st in the Korean Service Quality Index (KSQI) and in the Hyundai Customer Satisfaction Index (HCSI) for four and two years, respectively. Furthermore, Hyundai Motor ranked 3rd in a global customer satisfaction survey conducted over six regions.

CUSTOMER VALUE : GLOBAL MARKETING

HYUNDAI MOTOR IS SPONSORING
MAJOR SPORTING EVENTS TO REACH OUT TO MORE PEOPLE.

GLOBAL SPORTING EVENT SPONSORSHIP

Hyundai Motor began its association with FIFA and UEFA (Union of European Football Association) in 1999 and has supported all FIFA competitions including the 2002, 2006, 2010 and 2014 World Cups in Korea-Japan, Germany, South Africa and Brazil respectively. Hyundai Motor has also supported other FIFA events such as the Euro FIFA Confederation Cups, Womens World Cups and U-20 World Cups. As an official sponsor, Hyundai Motor has also supported the UEFA Champions Leagues held in 2000, 2004, 2008 and 2012 in Belgium-Netherlands, Portugal, Austria-Switzerland and Poland-Ukraine respectively. In 2016, Hyundai Motor provided official vehicles for UEFA Euro 2016 and conducted a series of marketing activities, in major European cities, including the Hyundai Fan Park, various test drive events, Digital Fan Park and Vehicle Escort programs to help fans enjoy the games and get to know Hyundai Motor at the same time.

SUPPORTING DIVERSE SPORT EVENTS TO REACH OUT TO A WIDER AUDIENCE

Hyundai Motor's sports sponsorship has in recent years expanded into archery, golf and American football. For example, Hyundai Motor has been the title sponsor of the PGA opening tournament since 2011, the 'Hyundai Tournament of Champions'. High-end and green cars were displayed at tournament sites as part of the marketing efforts. In June 2015, Hyundai Motor became an official sponsor of the National Football League (NFL), allowing Hyundai Motor to conduct a variety of marketing activities including digital marketing with NFL logos and vehicle promotion events. During the 2015-2016 Super Bowl, Genesis commercial topped the Super Bowl spot in the USA Today poll. Hyundai Motor also signed a three-year sponsorship deal to support the World Archery as a title sponsor of the Archery World Cup. Hyundai Motor will continue to reach out to more people as it support different sports.



MOTOR SHOW



MAJOR AUTO SHOWS IN 2015

- Detroit Motor Show** Unveiled Sonata PHEV, the first PHEV developed in South Korea, and the HCD-15 Santa Cruz, a pickup style concept model
- Geneva Motor Show** World premiere of the all-new Tucson built as a strategic SUV for the growing global SUV market
- Shanghai Motor Show** All-new Tucson Concept model, exclusively adapted for China made its debut
- Frankfurt Motor Show** Brand identity of high-performance 'N', Next Generation Hyundai i20 WRC and world premiere of 'N 2025 Vision Gran Turismo'

MOTOR SHOWS IN 2016 (1ST HALF)

- Detroit Motor Show** Unveiled flagship sedan of new global luxury brand Genesis G90 in North America
- Geneva Motor Show** Unveiled three models (Electric, HEV, PHEV) of Hyundai Motor's first dedicated eco-friendly model, IONIQ and announced Project IONIQ which aims to incubate innovation for future mobility
- New York Auto Show** World premiere of New York Concept, a four door Genesis branded sports sedan concept car. Debut of three models (Electric, HEV, PHEV) of IONIQ

INNOVATION OF HMC

HYUNDAI MOTOR HAS ESTABLISHED AN EXTENSIVE R&D NETWORK,
PREPARING FOR THE FUTURE OF THE AUTOMOBILE.



DOMESTIC R&D NETWORK: BUILDING FOUNDATION FOR A MORE GLOBAL AND GREENER FUTURE

PAMYANG TECHNOLOGY RESEARCH CENTER
Located in South Korea, the Pamyang Technology Research Center is the core of Hyundai Motor's global network. The center consists of a planning center, a design center, a power train center, wind tunnel facilities, collision testing facilities and a comprehensive proving ground. Over 11,000 researchers work at the center, developing and testing new models.

KOREA CENTRAL RESEARCH INSTITUTE
The Korea Central Research Institute is responsible for developing new technologies including environmental, alternative energy, intelligent safety features, convenience features and new materials.

MABUK ENVIRONMENTAL TECHNOLOGY CENTER
The Mabuk Environmental Technology Center is largely responsible for the development of hydrogen FCEV. A number of core subsystems for FCEV including fuel cell stack system, electric motor, and hydrogen storage system are developed at the center.

EXPANDING GLOBAL R&D NETWORK FOR ENHANCED CAPACITY

U.S. TECHNICAL CENTER
The U.S. Technical Center is a state-of-the-art R&D center located in Ann Arbor, Michigan. The center also manages the Hyundai California Design & Technical Center, and driving tracks for the development of localized models.

EUROPEAN TECHNICAL CENTER
Located near Frankfurt, Germany, the center is responsible for the development of high quality automobiles and engines tailored for the European market.

CHINA TECH CENTER
Based in Beijing, China, the center develops vehicles tailored to the Chinese market, which has emerged as the biggest automotive market in the world. It is also responsible for developing clean technologies.

JAPAN TECHNICAL CENTER
Located in Yokohama, the center focuses on advanced technologies, such as cutting-edge electronics and hybrid technology.

INDIA TECHNICAL CENTER
The center, located in Hyderabad, is responsible for the development of vehicles tailored for the Indian market and supports back-end operations.

LEADING THE GLOBAL TREND: DESIGN CENTERS

PAMYANG DESIGN CENTER
The Pamyang Design Center is Hyundai Motor's main design center and also the birth place of 'Fluidic Sculpture', Hyundai Motor's highly acclaimed unique design philosophy.

OVERSEAS DESIGN CENTERS
Overseas design centers are responsible for identifying lifestyles of customers in their respective markets and developing innovative designs for their local market.

WORLD CLASS PROVING GROUNDS

PAMYANG TECHNOLOGY RESEARCH CENTER COMPREHENSIVE PROVING GROUND
Spanning over 1.65 million m² in area, the Pamyang Technology Research center has a proving ground with a 70 km long track, which includes 34 road surface types and a 4.5 km long high speed track.

U.S. PROVING GROUND IN CALIFORNIA
Hyundai Motor's U.S. proving ground in California is the third largest proving ground established by a non-domestic brand. It is carefully designed to emulate the various driving conditions found in the U.S., playing an integral role in Hyundai Motor's localization effort.



COMMITMENT TO THE ENVIRONMENT

HYUNDAI MOTOR IS SETTING NEW STANDARDS IN CLEAN CARS
BASED ON MAXIMIZING ENVIRONMENTAL CREDENTIALS.

NEW MATERIALS AND TECHNOLOGIES FOR A NEW GENERATION OF GREEN CARS

Hyundai Motor has demonstrated its technological capability with the development of a three way catalytic converter which meets California's stringent SULEV standard. Hyundai Motor has been developing lightweight design technologies to improve quality in terms of fuel efficiency to reduced emissions. We are also developing bio plastics, using plant-based materials, which are already being applied in some models. Bio plastics can contribute to as much as a 40 percent reduction in lifetime CO₂ emissions compared to regular plastics made using petroleum. Sustained efforts in the development of green materials and new technologies will accelerate the transition to a clean car era.

MINIMIZING WASTE AND MAXIMIZING RECYCLING

Hyundai Motor established the first Automobile Recycling Center in Korea which processes 4,200 cars per year. Significant investment has also been made to minimize the negative environmental impact of cars at all stages of their life cycle. Efforts will continue to further increase the amount of recycled automobile parts in order to retrieve more materials for reuse and reduce waste.

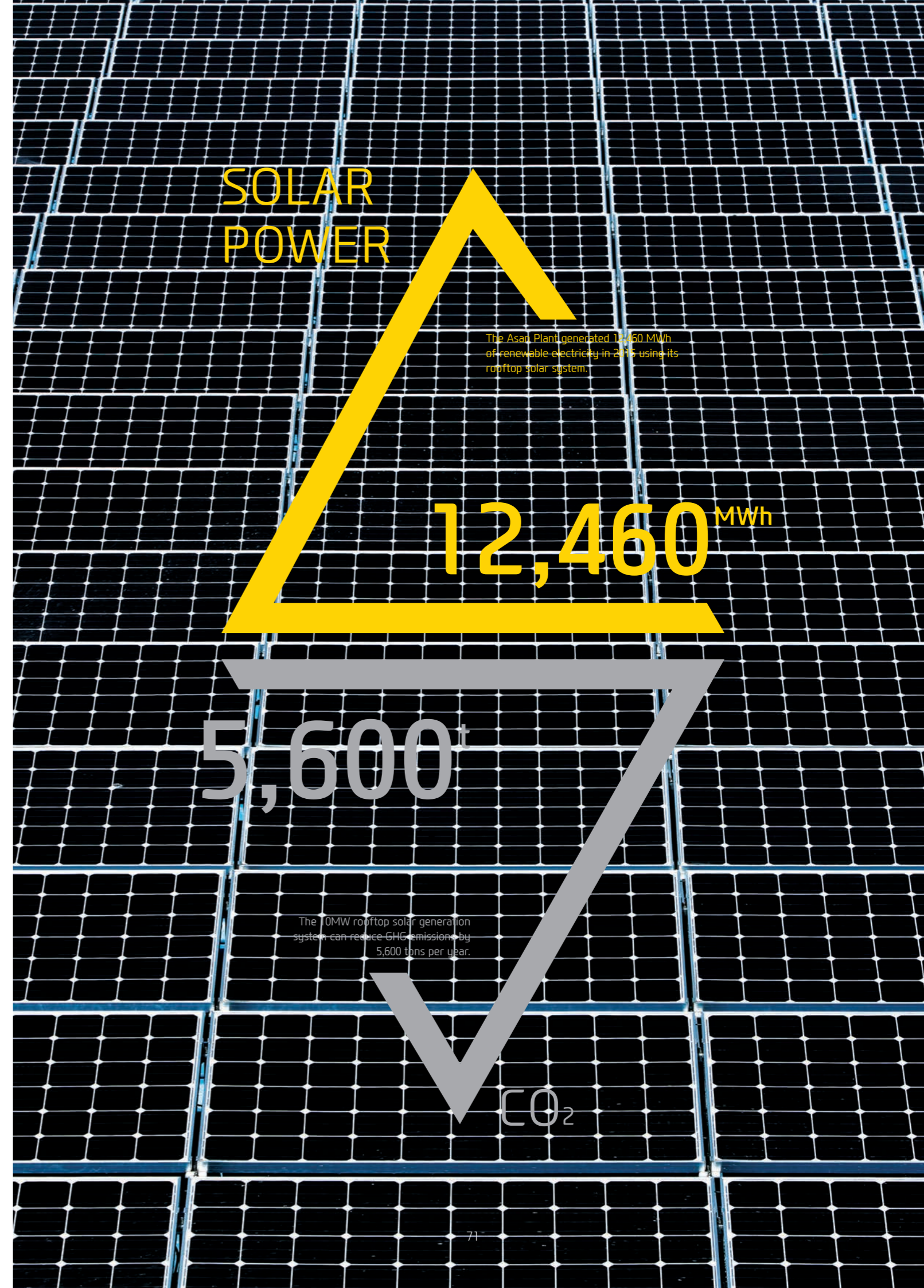
REDUCING GREENHOUSE GAS EMISSIONS AT PRODUCTION PLANTS

Hyundai Motor is working hard to reduce GreenHouse Gas (GHG) emissions at all stages of its operations including purchasing, logistics, production, sales and service. Since 85 percent of GHG emissions are from production plants, we are introducing a number of measures at

our plants, including the installation of high efficiency facilities, waste heat recovery and energy conservation. We are also working on transitioning to renewable energy. Our effort will help us effectively respond to the ever-strengthening GHG emissions reduction policy.

THE WORLD'S SECOND LARGEST ROOFTOP SOLAR GENERATOR

Hyundai Motor installed the world's second largest solar electricity generator at its Asan Plant, which generated 12,460 MWh of electricity in 2015. This is enough to power 3,800 homes for one year and contributes to a reduction in GHG emissions of 5,600 tons. The solar generator brings additional environmental benefits because it was built on the rooftop without destroying nature.



COMMITMENT TO CSR

SIX MOVES TO MAKE THE WORLD A BETTER PLACE FOR MANKIND, NATURE AND THE FUTURE.

Eco system restoration in China

90 million m²

Hyundai Motor has completed restoration of an area spanning 50 million m² and is now working on an additional 40 million m² as part of 'Hyundai Green Zone' project.

Number of 'Kids' Hyundai' web site visitors

6.33 million

Hyundai Motor created the Kids' Hyundai website and blog for children to learn about traffic safety. As of April 2016, the site had over 6.3 million visitors.

'Looking for Three-Leaf Clovers' supporting the children of traffic accident victims

1,380 children

The program was launched as a 'Make-a-wish' support program. In 2013, the program changed into a mentoring program. A total of 1,380 children have been supported over the past 10 years.



SAFE MOVE: PROMOTING TRAFFIC SAFETY

Hyundai Motor supports a number of traffic safety promotion activities with global initiatives such as the educational animation series 'Traffic Safety Stories with Poli' and locally focused programs such as the 'Children's Safety Quiz Contest' and 'Children Safety First Experience Fair'. In addition, we have been providing traffic safety education materials through our Kids' Hyundai web pages and blogs. We are also working with the Ministry of Public Safety and Security and the local Citizen's Coalition for Safety to host the children's safety experience center exhibition. Over 1.25 million children have participated in the campaign activities so far. Recently, we began to provide services and facilities to help address taxi drivers fatigue-related problems, which are leading to an increasing number of traffic accidents. The support programs include health check-ups and the provision of rest areas, to enable them to take a break. The 'Safe Move' program is expanding its scope to include non-traffic related issues including disaster response.

EASY MOVE: GRANTING MOBILITY FOR ALL

Hyundai Motor has been a supporter of improving mobility for people with disabilities for a long time in ways such as structural improvement, development of special 'Easy Move' vehicles for the people with disabilities, construction of special playgrounds for disabled children and provision of vehicles for related NGOs. We also established a social enterprise, Easy Move, Inc. which manufactures various support products for the physically disabled. In 2015, we opened the 'Chaka Chaka Playground' which was specially designed for children who have impaired vision to enable them to experience the joy of driving using autonomous vehicles. We plan to increase the scope of our beneficiaries to include children and senior citizens in order to help more people enjoy the benefits of mobility.



Hyundai Motor
CSR



SOCIAL CONTRIBUTION SYMBOL AND SLOGAN
'Moving the World Together' expresses the Hyundai Motor's desire to make changes for the better together with its neighbors through care and actions. 'Moving' represents the desire for continuous change and development. 'World' represents the hopes and dreams of the world, and 'Together' represents the harmonious partnership with society.



GREEN MOVE: FOR THE PROTECTION OF NATURE AND TACKLING CLIMATE CHANGE

Hyundai Motor started its second 'Hyundai Green Zone' project in China to help reverse desertification in 2008. The project succeeded in transforming 50 million m² of inner Mongolia's Kunshantag Desert into green land. As a result of this project, Hyundai Motor has been selected as 'The Most Responsible Company in China' for six consecutive years since 2010.

The second project will be in the northern part of China, in the Zhenglan Qi district, covering 40 million m² of land, and will run for five years starting in 2018.

To reduce roadkill and thereby the number of resultant traffic accidents, Hyundai Motor supported the establishment of Korea's first roadkill prevention association. Hyundai Motor is also contributing to other environmental protection programs such as the restoration and preservation of the Taehwa River, the habitat of the tailed silk butterfly.

We will continue to launch a number of new programs to help protect the environment and tackle climate change.



HAPPY MOVE: HELPING OUR NEIGHBORS WITH CARE

Hyundai Motor organized 134 volunteer groups throughout its operation sites and is providing volunteer services in partnership with 168 welfare centers. In 2015, a total of 9,000 employees participated in volunteer services helping underprivileged people, especially before traditional holidays and during the end of year holiday season.

A total of 70 volunteer groups lent their support to nearby farming towns, during the busy seasons in spring and autumn. We are also supporting the 'H-Family Volunteer' program which is a weekend volunteer program for Hyundai Motor's employees' family members and the 'H-Family Workcamp' which is similar to the 'H-Family Volunteer' but with international university students. There is also the 'H-Volunteer Designer' program which provides grants to employees who design an original program.

The 'Happy Move Global Youth Volunteer's Corps' is a program which started in 2008 and is actively engaged in community services in China, India and Vietnam. More than 7,510 volunteers have visited 20 countries over the last eight years. We plan to invite Hyundai Motor customers to participate in our 'Happy Move' programs in the future.



DREAM MOVE: PROVIDING CAREER GUIDANCE AND NURTURING SOCIAL INNOVATORS

'Looking for Three-Leaf Clovers' is a program created to provide one-to-one mentoring from college students to children who have suffered a loss as a result of a traffic accident. The program began as the 'Make-a-wish' program in 2005 before it changed into the current program in 2013. Nearly 1,400 young children have received support over the past ten years. In 2015, the mentoring program doubled in size providing opportunities for 80 mentors to meet with 80 mentees once a month. Funding support was also provided to allow young students to explore topics they were interested in. Hyundai Motor's employees also participated in the program as mentors. In 2016, we signed a partnership agreement with leading companies and institutions to provide more hands-on experience for participants.

In 2015, Hyundai Motor also launched a new initiative 'H-Social Creator' which aims to cultivate young social innovators. The program selected 20 college students and provided them with an in-depth regular workshop on Creating Shared Value (CSV) over six months. Participants discussions covered a wide variety of issues including our aging society, pollution, urbanization, slow economic growth and brainstormed ideas.



NEXT MOVE: CREATING A BETTER FUTURE WITH TECHNOLOGIES AND SERVICES

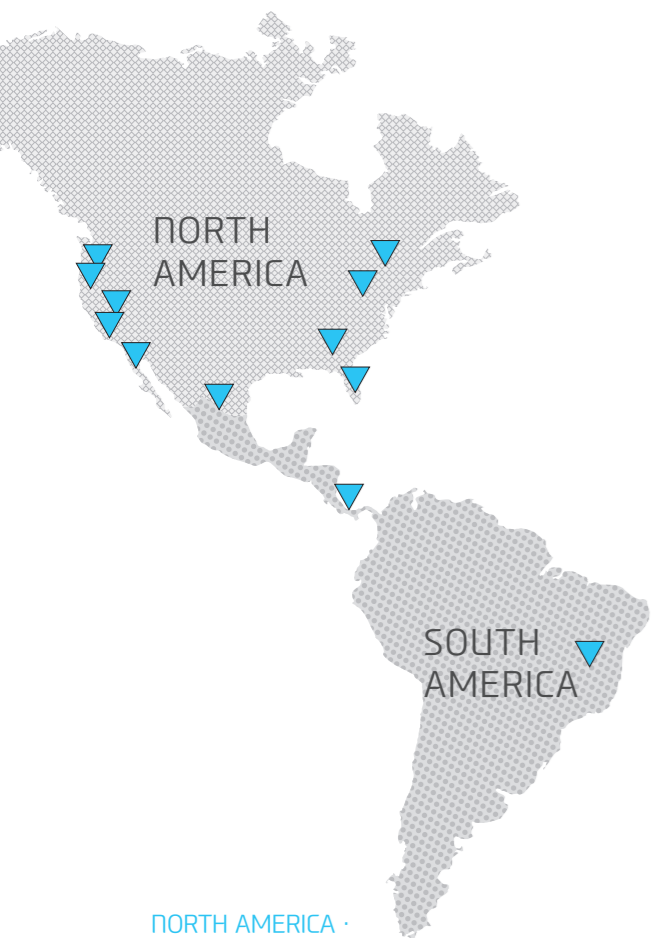
'Next Move' CSR programs aim to create benefits for society and the company by utilizing Hyundai Motor's expertise and service infrastructure. Most recently, Hyundai Motor celebrated the opening of the 'Hyundai-KOICA Dream Center' at the Hanoi Industrial Vocational College in Vietnam. The center is a vocational school jointly established with the Hyundai Motor Group, Hyundai E&C, the Korea International Cooperation Agency (KOICA) and Plan International to train students, in Vietnam, in automobile repair and construction and then to help them get jobs. Following the openings of centers in Ghana, Indonesia and Cambodia, this is the fourth Dream Center. The new center is the first center created in partnership with a non-automotive company within the Hyundai Motor Group.

Hyundai Motor handed over the first bobsleigh built by its in-house engineers to the national bobsleigh team of South Korea. Hyundai Motor built a brand new bobsleigh for the team to help them with the upcoming 2018 Winter Olympics. Hyundai Motor's engineers worked with the Korean national bobsleigh team to develop bobsleighs tailored to the individual athletes. New advanced engineering methods were developed and technologies used in advanced automobile development were applied to develop this bobsleigh.



HMC NETWORK

HYUNDAI MOTOR HAS A COMPREHENSIVE WORLDWIDE BUSINESS NETWORK WHICH CONSISTS OF MANUFACTURING PLANTS, R&D CENTERS AND DESIGN CENTERS. HYUNDAI MOTOR HAS OVER 6,200 DEALERSHIPS IN NEARLY 200 COUNTRIES WORLDWIDE, WHICH NOT ONLY SERVE AS SALES OUTLETS BUT WHERE WE COLLECT INFORMATION ON LOCAL MARKET NEEDS AND PROVIDE HIGH QUALITY SERVICE FOR CUSTOMERS.



NORTH AMERICA · CENTRAL & SOUTH AMERICA

- + HYUNDAI AUTO CANADA (HAC)
- + HYUNDAI AMERICA TECHNICAL CENTER INC. (HATCI)
- + HYUNDAI MOTOR MANUFACTURING ALABAMA (HMMA)
- + HYUNDAI CENTRAL & SOUTH AMERICA REGIONAL HEADQUARTER
- + HYUNDAI CENTRAL & SOUTH AMERICA REGIONAL HEADQUARTER (COMMERCIAL VEHICLES)
- + HYUNDAI MOTOR MEXICO (HMM)
- + HYUNDAI DE MEXICO (HYMEX)
- + HYUNDAI TRANSLEAD, INC. (HT)
- + CALIFORNIA PROVING GROUNDS
- + HYUNDAI MOTOR AMERICA (HMA)
- + HYUNDAI AMERICA DESIGN CENTER
- + HYUNDAI MOTOR MANUFACTURING BRAZIL (HMB)



EUROPE

- + HYUNDAI MOTOR MANUFACTURING CZECH (HMMC)
- + HYUNDAI MOTOR CZECH (HMCZ)
- + HYUNDAI MOTORSPORT GMBH (HMSG)
- + HYUNDAI EASTERN EUROPE REGIONAL HQ (COMMERCIAL VEHICLE)
- + HYUNDAI EASTERN EUROPE REGIONAL HQ
- + HYUNDAI MOTOR COMPANY ITALY (HMCI)
- + HYUNDAI MOTOR DEUTSCHLAND GMBH (HMD)
- + HYUNDAI MOTOR UNITED KINGDOM, LTD. (HMUK)
- + HYUNDAI MOTOR FRANCE (HMF)
- + HYUNDAI MOTOR EUROPE TECHNICAL CENTER GMBH (HMETC) / DESIGN CENTER
- + HYUNDAI MOTOR EUROPE GMBH (HME)
- + HYUNDAI MOTOR POLAND (HMP)
- + HYUNDAI MOTOR ESPAÑA, S.L. (HMES)
- + HYUNDAI MOTOR NETHERLANDS B.V. (HMNL)
- + HYUNDAI MOTOR CIS (HMCIS)
- + HYUNDAI MOTOR MANUFACTURING RUSSIA (HMMR)



MIDDLE EAST & AFRICA

- + HYUNDAI MIDDLE EAST & AFRICA REGIONAL HQ
- + HYUNDAI ASSAN OTOMOTIV SAĞAYI (HAOS)
- + HYUNDAI MIDDLE EAST & AFRICA REGIONAL HQ (COMMERCIAL VEHICLE)

ASIA & PACIFIC

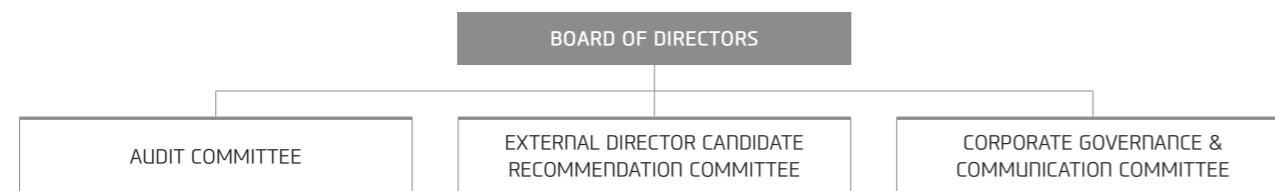
- + HYUNDAI MOTOR COMPANY HQ (SOUTH KOREA)
- + ULSAN PLANT (SOUTH KOREA)
- + ASAN PLANT (SOUTH KOREA)
- + JEONJU PLANT (SOUTH KOREA)
- + SICHUAN HYUNDAI MOTOR COMPANY (CHMC)
- + HYUNDAI MOTOR GROUP CHINA (HMGC)
- + HYUNDAI MOTOR CHINA R&D CENTER
- + GLOBAL SERVICE SUPPORT CENTER (CHINA)
- + BEIJING HYUNDAI MOTOR COMPANY (BHMC)
- + HYUNDAI MOTOR JAPAN R&D CENTER
- + HYUNDAI MOTOR JAPAN (HMJ)
- + HYUNDAI MOTOR INDIA (HMI)
- + HYUNDAI MOTOR INDIA ENGINEERING PVT. LTD. (HMIE)
- + HYUNDAI ASIA & PACIFIC REGIONAL HQ (COMMERCIAL VEHICLE)
- + HYUNDAI ASIA & PACIFIC REGIONAL HQ
- + HYUNDAI MOTOR COMPANY AUSTRALIA (HMCA)

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

HYUNDAI MOTOR HAS BOARD OF DIRECTORS AND THREE SUBCOMMITTEES INCLUDING AUDIT COMMITTEE, EXTERNAL DIRECTOR CANDIDATE RECOMMENDATION COMMITTEE AND CORPORATE GOVERNANCE & COMMUNICATION COMMITTEE UNDER THE BOARD OF DIRECTORS.

THE BOARD OF DIRECTORS (BOD)

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



BOD Members (as of end May 2016)

Name	Title/Affiliation	Joint Positions Held		
		External Director Candidate Recommendation Committee	Audit Committee	Corporate Governance & Communication Committee
Internal	Chung Mong-koo	Chairman & CEO	0	-
	Chung Eui-sun	Vice Chairman	-	-
	Lee Won-hee	President & CEO	0	-
	Yoon Gap-han	President & CEO	-	-
External	Oh Se-bin	Lawyer, Dongin Law	0	0
	Pam Sung-il	Professor of Economics, Sogang University	0	0
	Yi You-jae	Professor of Business Administration, Seoul National University	0	-
	Lee Dong-kyu	Advisor of Kim and Chang Law Group	-	0
	Lee Byung-kook	Chairman of e-Chon Tax Accounting Corp.	-	0

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

Key Activities of the BOD in 2015

Meetings	Date	Agenda
1 st General	Jan. 22, 2015	Approval of 47th Financial Statement and 6 other items
Extraordinary	Feb. 12, 2015	Approval of agenda of the 47th General Meeting of Shareholders and 1 other item
Extraordinary	Mar. 13, 2015	Appointment of CEO and 4 other items
2 nd General	Apr. 23, 2015	Approval of transaction with company owned by major shareholders and 6 other items
Extraordinary	Jun. 12, 2015	Approval of the closure date for shareholder's list
3 rd General	Jul. 23, 2015	Approval of transaction with company owned by major shareholders and 3 other items
4 th General	Oct. 22, 2015	Approval of transaction with company owned by major shareholders and 3 other items
Extraordinary	Dec. 22, 2015	Approval of insurance transaction with affiliates and 1 other item

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

THE AUDIT COMMITTEE AND THE EXTERNAL DIRECTOR CANDIDATE RECOMMENDATION COMMITTEE

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

The External Director Candidate Recommendation Committee consists of two internal directors and three external directors. All external directors are appointed after being recommended by the Recommendation Committee. Compensation for directors was capped at KRW 15 billion at the 2015 General Shareholders' Meeting. Total compensation for internal and external directors from January 1 to December 31, 2015 amounted to KRW 12 billion. Average compensation for internal directors was KRW 2.9 billion and KRW 91 million for external directors.

THE CORPORATE GOVERNANCE & COMMUNICATION COMMITTEE

Hyundai Motor changed the name of the committee from ETHICS COMMITTEE to CORPORATE GOVERNANCE & COMMUNICATION COMMITTEE and reorganized the committee to promote shareholders' rights in April, 2015. The Ethics Committee was established in 2007 to improve transparency of internal transactions and to ensure ethical management of the company. Ethical management and internal transaction restriction were further reinforced in 2012 when the Committee was reorganized as a subcommittee of the BOD. The Corporate Governance & Communication Committee consists of four external directors.

FINANCIAL STATEMENTS

HYUNDAI MOTOR COMPANY AND ITS SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

English Translation of Independent Auditors' Report Originally Issued in Korean on February 25, 2016

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

We have audited the accompanying consolidated financial statements of Hyundai Motor Company (the "Company") and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2015 and December 31, 2014, respectively, and the consolidated statements of income, comprehensive income, statements of changes in equity and statements of cash flows, all expressed in Korean won, for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement.

Auditors' Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2015 and December 31, 2014, respectively, and its financial performance and its cash flows for the years then ended in accordance with K-IFRS.

February 25, 2016

Deloitte Anjin LLC

Notice to Readers

This report is effective as of February 25, 2016, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the financial statements and may result in modifications to the auditors' report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2015 AND 2014

ASSETS	NOTES	In millions of Korean Won	
		December 31, 2015	December 31, 2014
Current assets:			
Cash and cash equivalents	19	₩ 7,331,463	₩ 7,096,513
Short-term financial instruments	19	6,904,917	4,002,506
Other financial assets	5,19	10,334,803	14,884,434
Trade notes and accounts receivable	3,19	4,468,351	3,750,092
Other receivables	4,19	3,846,104	3,722,109
Inventories	6	9,198,999	7,417,239
Current tax assets		57,022	32,869
Financial services receivables	13,19	23,777,277	22,498,584
Non-current assets classified as held for sale	8	47,643	47,643
Other assets	7,19	1,562,631	1,573,695
Total current assets		67,529,210	65,025,684
Non-current assets:			
Long-term financial instruments	19	71,545	99,044
Other financial assets	5,19	2,804,842	2,520,119
Long-term trade notes and accounts receivable	3,19	67,591	51,534
Other receivables	4,19	1,163,566	1,039,157
Property, plant and equipment	9	28,698,927	22,542,259
Investment property	10	291,424	322,207
Intangible assets	11	4,298,088	3,821,656
Investments in joint ventures and associates	12	16,909,943	16,157,334
Deferred tax assets	32	764,733	649,850
Financial services receivables	13,19	24,559,123	21,496,004
Operating lease assets	14	17,719,606	13,265,616
Other assets	7,19	489,348	234,653
Total non-current assets		97,838,736	82,199,433
Total assets		₩ 165,367,946	₩ 147,225,117

(Continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2015 AND 2014 (CONTINUED)

LIABILITIES AND EQUITY	NOTES	In millions of Korean Won	
		December 31, 2015	December 31, 2014
Current liabilities:			
Trade notes and accounts payable	19	₩ 7,081,124	₩ 7,041,529
Other payables	19	4,711,494	4,686,473
Short-term borrowings	15,19	9,384,165	6,845,920
Current portion of long-term debt and debentures	15,19	10,788,049	9,679,498
Income tax payable		1,000,763	656,201
Provisions	16	1,710,342	1,844,780
Other financial liabilities	17,19	675,437	223,303
Other liabilities	18,19	5,862,146	4,201,969
Total current liabilities		41,213,520	35,179,673
Non-current liabilities:			
Long-term other payables	19	2,054	2,339
Debentures	15,19	36,207,504	30,302,085
Long-term debt	15,19	8,552,622	7,430,429
Net defined benefit liabilities	33	604,433	594,058
Provisions	16	5,031,558	4,882,090
Other financial liabilities	17,19	145,282	210,528
Deferred tax liabilities	32	4,257,834	4,051,203
Other liabilities	18,19	2,471,738	1,952,147
Total non-current liabilities		57,273,025	49,424,879
Total liabilities		98,486,545	84,604,552
Equity:			
Capital stock	20	1,488,993	1,488,993
Capital surplus	21	3,520,395	4,134,550
Other capital items	22	(1,588,697)	(1,273,752)
Accumulated other comprehensive loss	23	(1,431,821)	(1,344,826)
Retained earnings	24	60,035,088	54,649,863
Equity attributable to the owners of the Company		62,023,958	57,654,828
Non-controlling interests		4,857,443	4,965,737
Total equity		66,881,401	62,620,565
Total liabilities and equity		₩ 165,367,946	₩ 147,225,117

(Concluded)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In millions of Korean Won, except per share amounts)

	NOTES	2015	2014
Sales	25,38	₩ 91,958,736	₩ 89,256,319
Cost of sales	30	73,701,296	70,126,276
Gross profit		18,257,440	19,130,043
Selling and administrative expenses	26,30	11,899,534	11,580,057
Operating income		6,357,906	7,549,986
Gain on investments in joint ventures and associates, net	27	1,930,675	2,388,658
Finance income	28	831,376	881,883
Finance expenses	28	713,452	601,019
Other income	29	1,255,105	1,039,865
Other expenses	29,30	1,202,237	1,308,099
Income before income tax		8,459,373	9,951,274
Income tax expense	32	1,950,208	2,301,806
Profit for the year		₩ 6,509,165	₩ 7,649,468
Profit attributable to:			
Owners of the Company		6,417,303	7,346,807
Non-controlling interests		91,862	302,661
Earnings per share attributable to the owners of the Company:	31		
Basic earnings per share:			
Common stock		₩ 23,861	₩ 27,037
1st preferred stock		₩ 23,909	₩ 27,122
Diluted earnings per share:			
Common stock		₩ 23,861	₩ 27,037
1st preferred stock		₩ 23,909	₩ 27,122

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

In millions of Korean Won

	2015	2014
Profit for the year	₩ 6,509,165	₩ 7,649,468
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	68,670	(379,062)
Changes in retained earnings of equity-accounted investees, net	(15,571)	(82,187)
	53,099	(461,249)
Items that may be reclassified subsequently to profit or loss:		
Loss on available-for-sale ("AFS") financial assets, net	(59,422)	(225,611)
Gain (loss) on valuation of cash flow hedge derivatives, net	8,297	(62,752)
Changes in share of earnings of equity-accounted investees, net	(11,585)	80,382
Gain (loss) on foreign operations translation, net	630	(379,757)
	(62,080)	(587,738)
Total other comprehensive loss	(8,981)	(1,048,987)
Total comprehensive income	₩ 6,500,184	₩ 6,600,481
Comprehensive income attributable to:		
Owners of the Company	6,384,881	6,405,423
Non-controlling interests	115,303	195,058
Total comprehensive income	₩ 6,500,184	₩ 6,600,481

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

In millions of Korean Won

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
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 year	-	-	-	-	7,346,807	7,346,807	302,661	7,649,468
Gain (loss) on AFS financial assets, net	-	-	-	(227,394)	-	(227,394)	1,783	(225,611)
Loss on valuation of cash flow hedge derivatives, net	-	-	-	(31,570)	-	(31,570)	(31,182)	(62,752)
Changes in valuation of equity-accounted investees, net	-	-	-	80,124	(82,103)	(1,979)	174	(1,805)
Remeasurements of defined benefit plans	-	-	-	-	(348,491)	(348,491)	(30,571)	(379,062)
Loss on foreign operations translation, net	-	-	-	(331,950)	-	(331,950)	(47,807)	(379,757)
Total comprehensive income (loss)	-	-	-	(510,790)	6,916,213	6,405,423	195,058	6,600,481
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(534,409)	(534,409)	(52,519)	(586,928)
Increase in subsidiaries' stock	-	(952)	-	-	-	(952)	148,659	147,707
Purchases of subsidiaries' stock	-	-	-	-	-	-	5,649	5,649
Disposals of subsidiaries' stock	-	4,834	-	-	-	4,834	16,909	21,743
Purchases of treasury stock	-	-	(144,973)	-	-	(144,973)	-	(144,973)
Others	-	-	-	-	(6,180)	(6,180)	277	(5,903)
Total transactions with owners, recorded directly in equity	-	3,882	(144,973)	-	(540,589)	(681,680)	118,975	(562,705)
Balance at December 31, 2014	₩ 1,488,993	₩ 4,134,550	₩ (1,273,752)	₩ (1,344,826)	₩ 54,649,863	₩ 57,654,828	₩ 4,965,737	₩ 62,620,565

(Continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)

In millions of Korean Won

	Capital stock	Capital surplus	Other capital items	Accumulated other comprehensive loss	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
Balance at January 1, 2015	₩ 1,488,993	₩ 4,134,550	₩ (1,273,752)	₩ (1,344,826)	₩ 54,649,863	₩ 57,654,828	₩ 4,965,737	₩ 62,620,565
Comprehensive income:								
Profit for the year	-	-	-	-	6,417,303	6,417,303	91,862	6,509,165
Gain (loss) on AFS financial assets, net	-	-	-	(62,845)	-	(62,845)	3,423	(59,422)
Gain (loss) on valuation of cash flow hedge derivatives, net	-	-	-	(640)	-	(640)	8,937	8,297
Changes in valuation of equity-accounted investees, net	-	-	-	(12,967)	(15,552)	(28,519)	1,363	(27,156)
Remeasurements of defined benefit plans	-	-	-	-	70,125	70,125	(1,455)	68,670
Gain (loss) on foreign operations translation, net	-	-	-	(10,543)	-	(10,543)	11,173	630
Total comprehensive income (loss)	-	-	-	(86,995)	6,471,876	6,384,881	115,303	6,500,184
Transactions with owners, recorded directly in equity:								
Payment of cash dividends	-	-	-	-	(1,085,983)	(1,085,983)	(266,583)	(1,352,566)
Increase in subsidiaries' stock	-	-	-	-	-	-	15,646	15,646
Purchases of subsidiaries' stock	-	-	-	-	-	-	11,104	11,104
Disposals of subsidiaries' stock	-	7,067	-	-	-	7,067	17,065	24,132
Reclassification to other financial liabilities	-	(621,267)	-	-	-	(621,267)	-	(621,267)
Purchases of treasury stock	-	-	(314,945)	-	-	(314,945)	-	(314,945)
Others	-	45	-	-	(668)	(623)	(829)	(1,452)
Total transactions with owners, recorded directly in equity	-	(614,155)	(314,945)	-	(1,086,651)	(2,015,751)	(223,597)	(2,239,348)
Balance at December 31, 2015	₩ 1,488,993	₩ 3,520,395	₩ (1,588,697)	₩ (1,431,821)	₩ 60,035,088	₩ 62,023,958	₩ 4,857,443	₩ 66,881,401

(Concluded)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	NOTES	2015	2014
In millions of Korean Won			
Cash flows from operating activities:			
Cash generated from operations:	34		
Profit for the year		₩ 6,509,165	₩ 7,649,468
Adjustments		9,495,809	8,369,656
Changes in operating assets and liabilities		(13,497,418)	(12,421,149)
		2,507,556	3,597,975
Interest received		712,853	704,872
Interest paid		(1,458,498)	(1,393,607)
Dividend received		1,149,100	1,030,074
Income tax paid		(1,662,596)	(1,818,469)
Net cash provided by operating activities		1,248,415	2,120,845
Cash flows from investing activities:			
Proceeds from disposals (purchases) of short-term financial instruments, net		(2,874,548)	10,877,563
Proceeds from disposals (purchases) of other financial assets (Current), net		4,340,226	(12,735,214)
Proceeds from disposals of other financial assets (Non-current)		171,985	184,805
Receipts from other receivables		63,025	48,493
Disposals of long-term financial instruments		383	-
Proceeds from disposals of property, plant and equipment		62,698	47,045
Proceeds from disposals of intangible assets		15,165	8,130
Proceeds from disposals of investments in subsidiaries		99,013	453,215
Proceeds from disposals of investments in joint ventures and associates		-	23,811
Acquisitions of other financial assets (Non-current)		(156,792)	(239,953)
Increases in other receivables		(78,076)	(50,971)
Purchases of long-term financial instruments		(30,811)	(32,143)
Acquisitions of property, plant and equipment		(8,141,729)	(3,353,809)
Acquisitions of intangible assets		(1,218,136)	(1,372,086)
Cash outflows from business combinations		(86,613)	-
Acquisitions of investments in joint ventures and associates		(256,624)	(130,417)
Other cash receipts from investing activities, net		30,546	76,521
Net cash used in investing activities		(8,060,288)	(6,195,010)

(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)

	2015	2014
In millions of Korean Won		
Cash flows from financing activities:		
Proceeds from short-term borrowings, net	₩ 1,887,238	₩ 1,412,120
Proceeds from long-term debt and debentures	28,132,100	19,001,138
Paid-in capital increase of subsidiaries	15,646	147,707
Purchases of subsidiaries' stock	11,104	5,649
Disposals of subsidiaries' stock	27,153	23,678
Repayment of long-term debt and debentures	(21,142,350)	(15,120,767)
Purchases of treasury stock	(314,945)	(144,973)
Dividends paid	(1,352,510)	(586,928)
Other cash payments from financing activities, net	(49,769)	(30,647)
Net cash provided by financing activities	7,213,667	4,706,977
Effect of exchange rate changes on cash and cash equivalents	(166,844)	(408,729)
Net increase in cash and cash equivalents	234,950	224,083
Cash and cash equivalents, beginning of the year	7,096,513	6,872,430
Cash and cash equivalents, end of the year	₩ 7,331,463	₩ 7,096,513

(Concluded)

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

1. GENERAL:

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

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

As of December 31, 2015, the major shareholders of the Company are Hyundai MOBIS (45,782,023 shares, 20.78%) and Chung, Mong Koo (11,395,859 shares, 5.17%).

(1) The Company’s consolidated subsidiaries as of December 31, 2015 are as follows:

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Capital Services, Inc.	Financing	Korea	56.47%	
Hyundai Card Co., Ltd. (*)	-	-	36.96%	
Hyundai Rotem Company (Hyundai Rotem) (*)	Manufacturing	-	43.36%	
Hyundai KEFICO Corporation (Hyundai KEFICO)	-	-	100.00%	
Green Air Co., Ltd.	-	-	51.00%	Hyundai Rotem 51.00%
Hyundai Auto Electronics Company Ltd.	R&D	-	60.00%	
Hyundai Partecs Co., Ltd.	Manufacturing	-	56.00%	
Hyundai NGV Tech Co., Ltd.	Engineering	-	53.66%	
Maintrans Company	Services	-	80.00%	Hyundai Rotem 80.00%
Jeonbuk Hyundai Motors FC Co., Ltd.	Football club	-	100.00%	
Hyundai Motor America (HMA)	Sales	USA	100.00%	
Hyundai Capital America (HCA)	Financing	-	80.00%	HMA 80.00%
Hyundai Motor Manufacturing Alabama, LLC (HMMA)	Manufacturing	-	100.00%	HMA 100.00%
Hyundai Translead, Inc. (HT)	-	-	100.00%	
Stamped Metal American Research Technology, Inc. (SMARTI)	Holding company	-	72.45%	HMA 72.45%
Stamped Metal American Research Technology LLC	Manufacturing	-	100.00%	SMARTI 100.00%
Hyundai America Technical Center, Inc. (HATCI)	R&D	-	100.00%	
Rotem USA Corporation	Manufacturing	-	100.00%	Hyundai Rotem 100.00%
Hyundai Auto Canada Corp. (HACC)	Sales	Canada	100.00%	HMA 100.00%
Hyundai Auto Canada Captive Insurance Inc. (HACCI)	Insurance	-	100.00%	-
Hyundai Capital Canada Inc. (HCCA)	Financing	-	60.00%	
Hyundai Capital Lease Inc. (HCLI)	-	-	100.00%	HCCA 100.00%
HK Lease Funding LP	-	-	100.00%	HCLI 99.99%, HCCA Funding Inc. 0.01%
HCCA Funding Inc.	-	-	100.00%	HCLI 100.00%

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Motor India Limited (HMI)	Manufacturing	India	100.00%	
Hyundai Motor India Engineering Private Limited (HMIE)	R&D	-	100.00%	HMI 100.00%
Hyundai Capital India Private Limited (HCI)	Financing	-	100.00%	Hyundai Capital Services 100.00%
Hyundai Motor Japan Co., Ltd. (HMJ)	Sales	Japan	100.00%	
Hyundai Motor Japan R&D Center Inc. (HMJ R&D)	R&D	-	100.00%	
Beijing Jingxian Motor Safeguard Service Co., Ltd. (BJMSS)	Sales	China	100.00%	
Beijing Jingxianronghua Motor Sale Co., Ltd.	-	-	100.00%	BJMSS 100.00%
Beijing Xinhuaixiaiquetong Motor Chain Co., Ltd.	-	-	100.00%	-
Hyundai Millennium (Beijing) Real Estate Development Co., Ltd.	Real estate development	-	99.00%	CMEs 99.00%
Rotem equipments (Beijing) Co., Ltd.	Sales	-	100.00%	Hyundai Rotem 100.00%
KEFICO Automotive Systems (Beijing) Co., Ltd.	Manufacturing	-	100.00%	Hyundai KEFICO 100.00%
KEFICO Automotive Systems (Chongqing) Co., Ltd.	-	-	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 Capital Services Deutschland GmbH	-	-	80.00%	Hyundai Capital Services 80.00%
Hyundai Motor Manufacturing Rus LLC (HMMR)	Manufacturing	Russia	70.00%	
Hyundai Motor Commonwealth of Independent States B.V (HMCIS B.V)	Holding company	Netherlands	100.00%	HMMR 1.40%
Hyundai Motor Netherlands B.V. (HMNL)	Sales	-	100.00%	
Hyundai Motor Commonwealth of Independent States (HMCIS)	-	Russia	100.00%	HMCIS B.V 100.00%
Hyundai Capital Services Limited Liability Company	Financing	-	100.00%	Hyundai Capital Europe 100.00%
Hyundai Assan Otomotiv Sanayi Ve Ticaret A.S. (HAOSVT)	Manufacturing	Turkey	78.54%	
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%	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Hyundai Motor Espana. S.L.U. (HMES)	Sales	Spain	100.00%	
Hyundai Motor France SAS (HMF)	"	France	100.00%	
Hyundai Motor Poland Sp. Zo. O (HMP)	"	Poland	100.00%	
Hyundai Motor DE Mexico S DE RL DE CV (HMM)	"	Mexico	100.00%	HT 0.01%
Hyundai de Mexico, SA DE C.V., (HYMEX)	Manufacturing	"	99.99%	HT 99.99%
Hyundai Rio Vista, Inc.	Real estate development	USA	100.00%	HT 100.00%
Hyundai Motor Brasil Montadora de Automoveis LTDA (HMB)	Manufacturing	Brazil	100.00%	
Hyundai Capital Brasil Servicos De Assistencia Financeira Ltda	Financing	"	100.00%	Hyundai Capital Services 100.00%
Hyundai Rotem Brasil Servicos de Engenharia Ltda.	Sales	"	100.00%	Hyundai Rotem 100.00%
China Millennium Corporations (CMEs)	Holding company	Cayman Islands	59.60%	
KyoboAXA Private Tomorrow Securities Investment Trust No.12	Investment	Korea	100.00%	
UBS Hana Dynamic Balance Private Investment Trust 1	"	"	100.00%	
Shinhan BPPP Private Corporate Security Investment Trust No.34	"	"	100.00%	
Miraeasset Triumph Private Equity Security Investment Trust No.15	"	"	100.00%	
Autopia Forty-Fourth ~ Forty-Seventh Asset Securitization Specialty Company (*)	Financing	"	0.90%	Hyundai Capital Services 0.90%
Autopia Forty-Ninth ~ Fifty-Second Asset Securitization Specialty Company (*)	"	"	0.50%	Hyundai Capital Services 0.50%
Autopia Fifty-Fourth ~ Fifty-Ninth Asset Securitization Specialty Company (*)	"	"	0.50%	"
HB the Fourth Securitization Specialty Company (*)	"	"	0.31%	Hyundai Capital Services 0.31%
Privia the Fourth ~ Fifth Securitization Specialty Co., Ltd. (*)	"	"	0.50%	Hyundai Card 0.50%
Super Series First Securitization Specialty Co., Ltd. (*)	"	"	0.50%	"
Hyundai CHA Funding, LLC	"	USA	100.00%	HCA 100.00%
Hyundai Lease Titling Trust	"	"	100.00%	"
Hyundai HK Funding, LLC	"	"	100.00%	"
Hyundai HK Funding Two, LLC	"	"	100.00%	"
Hyundai HK Funding Three, LLC	"	"	100.00%	"
Hyundai ABS Funding, LLC	"	"	100.00%	"
HK Real Properties, LLC	"	"	100.00%	"
Hyundai Auto Lease Offering, LLC	"	"	100.00%	"
Hyundai HK Lease, LLC	"	"	100.00%	"

Subsidiaries	Nature of business	Location	Ownership percentage	Indirect ownership
Extended Term Amortizing Program, LLC	Financing	USA	100.00%	"
Hyundai Protection Plan, Inc.	Insurance	"	100.00%	"
Hyundai Protection Plan Florida, Inc.	"	"	100.00%	"
Hyundai Capital Insurance Services, LLC	"	"	100.00%	"
Hyundai Capital Insurance Company	"	"	100.00%	"
Power Protect Extended Services, Inc.	"	"	100.00%	"
Power Protect Extended Services Florida, Inc.	"	"	100.00%	"

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

(2) Summarized financial position and results of operations of the Company's major consolidated subsidiaries as of and for the yearended December 31, 2015 are as follows:

Name of subsidiaries	In millions of Korean Won			
	Assets	Liabilities	Sales	Profit (loss) for the year
Hyundai Capital Services, Inc. (*)	₩ 24,307,583	₩ 20,812,697	₩ 2,939,138	₩ 276,714
Hyundai Card Co., Ltd. (*)	13,351,438	10,857,406	2,652,891	186,762
Hyundai Rotem Company (*)	5,043,947	3,606,282	3,309,109	(304,495)
Hyundai KEFICO Corporation (*)	1,275,832	754,598	1,805,984	24,298
HCA (*)	37,447,867	34,533,886	7,012,831	214,868
HMA	7,800,728	5,065,377	17,079,229	(162,823)
HMMA	3,675,429	1,344,568	7,509,545	282,045
HMMC	3,157,780	1,357,009	5,793,632	267,587
HMI (*)	2,334,518	1,133,387	5,403,944	190,455
HME (*)	1,540,119	1,529,807	7,334,788	4,406
HACC (*)	1,033,652	571,390	2,809,899	54,326
HMMR	958,083	703,679	1,930,074	(17,626)
HMCA	778,638	560,469	1,903,433	30,695

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Summarized financial position and results of operations of the Company's major consolidated subsidiaries as of and for the year ended December 31, 2014 are as follows:

In millions of Korean Won

Name of subsidiaries	Assets	Liabilities	Sales	Profit (loss) for the year
Hyundai Capital Services, Inc. (*)	₩ 22,538,708	₩ 19,101,141	₩ 3,011,804	₩ 237,705
Hyundai Card Co., Ltd. (*)	12,397,420	9,842,039	2,617,995	223,514
Hyundai Rotem Company (*)	4,400,828	2,662,157	3,191,088	(15,109)
Hyundai KEFICO Corporation (*)	1,054,525	557,785	1,741,520	81,572
HCA (*)	30,361,736	27,835,212	5,342,308	266,867
HMA	6,516,465	3,795,729	16,812,738	378,405
HMMA	3,306,417	1,394,335	7,436,941	362,485
HMMC	3,241,318	1,646,741	5,397,857	440,955
HMI (*)	2,115,173	1,029,825	4,636,707	200,999
HME (*)	1,298,995	1,292,923	6,734,387	(38,666)
HACC (*)	998,306	538,314	2,939,635	67,576
HMMR	884,601	550,768	2,384,202	22,464
HMCA	696,189	498,732	1,972,615	61,715

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

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

(4) Summarized cash flows of non-wholly owned subsidiaries that have material non-controlling interests to the Group as of December 31, 2015 are as follows:

In millions of Korean Won

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
Cash flows from operating activities	₩ (1,211,629)	₩ (491,197)	₩ (564,482)
Cash flows from investing activities	(27,584)	(65,691)	(55,275)
Cash flows from financing activities	1,493,870	894,933	764,150
Effect of exchange rate changes on cash and cash equivalents	-	-	(6,827)
Net increase in cash and cash equivalents	₩ 254,657	₩ 338,045	₩ 137,566

Summarized cash flows of non-wholly owned subsidiaries that had material non-controlling interests to the Group as of December 31, 2014 are as follows:

In millions of Korean Won

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
Cash flows from operating activities	₩ (976,758)	₩ (1,351,845)	₩ (188,798)
Cash flows from investing activities	(64,890)	(141,427)	(57,753)
Cash flows from financing activities	147,298	695,513	245,511
Effect of exchange rate changes on cash and cash equivalents	(43)	-	119
Net increase in cash and cash equivalents	₩ (894,393)	₩ (797,759)	₩ (921)

(5) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests as of December 31, 2015 are as follows:

In millions of Korean Won

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
Ownership percentage of non-controlling interests	43.53%	63.04%	56.64%
Non-controlling interests	₩ 1,525,106	₩ 1,572,331	₩ 886,119
Profit (loss) attributable to non-controlling interests	117,536	117,742	(171,742)
Dividends paid to non-controlling interests	108,794	157,511	230

Details of non-wholly owned subsidiaries of the Company that had material non-controlling interests as of December 31, 2014 are as follows:

In millions of Korean Won

Description	Hyundai Capital Services, Inc.	Hyundai Card Co., Ltd.	Hyundai Rotem Company
Ownership percentage of non-controlling interests	43.53%	63.04%	56.64%
Non-controlling interests	₩ 1,496,716	₩ 1,611,007	₩ 1,056,862
Profit (loss) attributable to non-controlling interests	104,053	140,912	(11,870)
Dividends paid to non-controlling interests	-	-	6,984

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(6) Financial support provided to consolidated structured entities

As of December 31, 2015, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., subsidiaries of the Company, have agreements which provide counterparties with rights to claim themselves in the event of default on the derivatives relating to asset-backed securities issued by consolidated structured entities, Autopia Forty-Fifth, Forty-Sixth, Forty-Ninth, Fifty-Second, Fifty-Seventh and Fifty-Ninth Asset Securitization Specialty Company, Privia the Fourth Securitization Specialty Co., Ltd., Super Series First Securitization Specialty Co., Ltd..

(7) The nature and the risks associated with interests in unconsolidated structured entities

1) Nature of interests in an unconsolidated structured entity, which belongs to the Group as of December 31, 2015 is as follows:

In millions of Korean Won

Description	Purpose	Nature of business	Method of funding	Total assets
Asset securitization SPC	Fund raising through asset securitization	Fund collection	Corporate bond and others	₩ 325,752
Investment fund	Investment in beneficiary certificate and others, Development trust, Unspecified monetary trust, Principal unsecured trust, Operation of trust investment	Fund management and operation and others, Trust management and operation, Payment of trust fee, Distribution of trust benefit	Sales of beneficiary certificates, Sales of trust investment product	8,823,385
Structured Finance	Fund raising through project financing	Project financing for construction project and ship investment	Project financing and others	2,800,091

Nature of interests in an unconsolidated structured entity, which belongs to the Group as of December 31, 2014 is as follows:

In millions of Korean Won

Description	Purpose	Nature of business	Method of funding	Total assets
Asset securitization SPC	Fund raising through asset securitization	Fund collection	Corporate bond and others	₩ 305,457
Investment fund	Investment in beneficiary certificate	Fund management and operation	Sales of beneficiary certificates	13,207,887
Investment trust	Development trust, Unspecified monetary trust, Principal unsecured trust, Operation of trust investment	Trust management and operation, Payment of trust fee, Distribution of trust benefit	Sales of trust investment product	34,442

2) Risks associated with interests in an unconsolidated structured entity, which belongs to Group as of December 31, 2015 are as follows:

In millions of Korean Won

Description	Book value in the structured entity (*)	Financial support provided to the structured entity		Maximum amount of exposure to loss of the structured entity
		Method	Purpose	
Asset securitization SPC	₩ 54,880	Mezzanine debt and others	Credit facility, Loan agreement (Credit line)	₩ 59,897
Investment fund	178,582	Beneficiary certificates, Investment trust	Invest agreement	178,582
Structured Finance	225,897	Loan obligation	Loan agreement (Credit line)	336,500

(*) Interest in structured entities is recognized as AFS financial assets and others according to K-IFRS 1039.

Risks associated with interests in an unconsolidated structured entity, which belongs to Group as of December 31, 2014 are as follows:

In millions of Korean Won

Description	Book value in the structured entity (*)	Financial support provided to the structured entity		Maximum amount of exposure to loss of the structured entity
		Method	Purpose	
Asset securitization SPC	₩ 31,209	Mezzanine debt	Credit facility	₩ 31,209
Investment fund	210,023	Beneficiary certificates	Invest agreement	210,023
Investment trust	26,491	Investment trust	"	26,491

(*) Interest in structured entities is recognized as AFS financial assets and others according to K-IFRS 1039.

(8) Significant restrictions of the subsidiaries

1) As of December 31, 2015, Hyundai Card Co., Ltd. and Hyundai Capital Services, Inc., subsidiaries of the Company have significant restrictions that require them to obtain consent from directors appointed by non-controlling shareholders in the event of merger, investment in stocks, transfer of the whole or a significant part of assets, borrowing, guarantee or disposal of assets beyond a certain amount, acquisition of treasury stock, payment of dividend and so on.

2) As of December 31, 2015, Hyundai Rotem Company, subsidiary of the Company, is required to obtain consent from directors appointed by non-controlling shareholders in the event of significant change in the capital structure of the entity, excluding transactions according to the business plan or the regulation of the Board of Directors, such as issue, disposal, repurchase or retirement of stocks or options, increase or decrease of capital, and so on.

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(9) Changes in consolidated subsidiaries

Subsidiaries newly included in or excluded from consolidation for the year ended December 31, 2015 are as follows:

Changes	Name of subsidiaries	Description
Included	HK Lease Funding LP	Acquisition
-	HCCA Funding Inc.	-
-	KEFICO Automotive Systems (Chongqing) Co., Ltd.	-
-	Hyundai Capital Services Deutschland GmbH	-
-	Autopia Fifty-Sixth Asset Securitization Specialty Company	-
-	Autopia Fifty-Seventh Asset Securitization Specialty Company	-
-	Autopia Fifty-Eighth Asset Securitization Specialty Company	-
-	Autopia Fifty-Ninth Asset Securitization Specialty Company	-
-	Super Series First Securitization Specialty Co., Ltd.	-
-	Extended Term Amortizing Program, LLC	-
Excluded	Shinyoung Private Securities Investment Trust WB-1	Liquidation
-	Autopia Forty-Third Asset Securitization Specialty Company	-
-	HB the Third Securitization Specialty Company	-
-	Privia the Third Securitization Specialty Co., Ltd.	-

(10) Decrease in the Group's ownership interests in one of its subsidiary and the consequent effects on the equity attributable to the owners of the Company for the year ended December 31, 2015 is as follows:

Description	In millions of Korean Won	
		HAOSVT (*)
Ownership percentage before transaction		83.91%
Ownership percentage after transaction		78.54%
Increase in paid-in capital		₩ 27,153
Changes in non-controlling interests		17,065
Changes in capital surplus		7,067

(*) The ownership percentage of the Group decreased as the Group disposed its shares partially during the year ended December 31, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

(1) Basis of consolidated financial statements preparation

The Group has prepared the consolidated financial statements in accordance with K-IFRS.

The significant accounting policies used for the preparation of the consolidated financial statements are summarized below. These accounting policies are consistent with those applied to the consolidated financial statements for the year ended December 31, 2014, except for the adoption effect of the new accounting standards and interpretations described below.

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

- K-IFRS 1019 (Amendment): 'Employee Benefits'
The amendments to K-IFRS 1019 permit to recognize amount of contributions as a reduction in the service cost in which the related service is rendered if the amount of the contributions are independent of the number of years of service.
- Annual Improvements to K-IFRS 2010-2012 Cycle
The amendments to K-IFRS 1002 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definition for 'performance condition' and 'service condi-

tion' which were previously included within the definition of 'vesting condition'. The amendments to K-IFRS 1103 clarify the classification and measurement of the contingent consideration in business combination. The amendments to K-IFRS 1108 clarify that a reconciliation of the total of the reportable segments' assets should only be provided if the segment assets are regularly provided to the chief operating decision maker.

- Annual Improvements to K-IFRS 2011-2013 Cycle
The amendments to K-IFRS 1103 clarify the scope of the portfolio exception for measuring the fair values of the group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself. The amendments to K-IFRS 1113 'Fair Value Measurement' and K-IFRS 1040 'Investment Property' exist.

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

2) New and revised standards that have been issued but are not yet effective as of the authorization date for issue of financial statements, and that have not been applied earlier by the Group are as follows:

- K-IFRS 1001 (Amendment): 'Presentation of Financial Statements'
The amendments to K-IFRS 1001 clarify the concept of applying materiality in practice and restrict an entity reducing the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments also require separate disclosure of the share of other comprehensive income of associates and joint ventures accounted for using that equity method that will or will not be reclassified subsequently to profit or loss. The amendments to K-IFRS 1001 are effective for annual periods beginning on or after 1 January 2016.
- K-IFRS 1016 (Amendment): 'Property, Plant and Equipment'
The amendments to K-IFRS 1016 prohibit from using a revenue-based depreciation method for items of property, plant

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and equipment. The amendments are effective for the annual periods beginning on or after January 1, 2016.

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

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

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

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

- K-IFRS 1109 (Enactment): 'Financial Instruments'

K-IFRS 1109 contains the requirements for a) the classification and measurement of financial assets and financial liabilities based on a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and based on the contractual terms that give rise on specified dates to cash flows, b) impairment methodology based on the expected credit losses, and c) broadened types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting and the change of the hedge effectiveness test. K-IFRS 1109 will supersede K-IFRS 1039 'Financial Instruments: Recognition and Measurement' upon its effective date and the amendments are effective for annual periods beginning on or after January 1, 2018

- K-IFRS 1115 (Enactment): 'Revenue from Contracts with Customers'

The core principle under K-IFRS 1115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled

in exchange for those goods or services. The amendments introduces a 5-step approach to revenue recognition and measurement: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, 5) Recognize revenue when (or as) the entity satisfies a performance obligation. This standard will supersede K-IFRS 1011 'Construction Contracts', K-IFRS 1018 'Revenue', K-IFRS 2113 'Customer Loyalty Programmes', K-IFRS 2115 'Agreements for the Construction of Real Estate', K-IFRS 2118 'Transfers of Assets from Customers', and K-IFRS 2031 'Revenue-Barter Transactions Involving Advertising Services'. The amendments are effective for annual periods beginning on or after January 1, 2018.

- Annual Improvements to K-IFRS 2012-2014 cycle

The Annual Improvements include amendments to a number of K-IFRSs. The amendments introduce specific guidance in K-IFRS 1105 'Non-current Assets Held for Sale and Discontinued Operations' for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), such a change is considered as a continuation of the original plan of disposal not as a change to a plan of sale. Other amendments in the Annual Improvements include K-IFRS 1107 'Financial Instruments: Disclosures', K-IFRS 1019 'Employee Benefits', and K-IFRS 1034 'Interim Financial Reporting'.

The Group is under consideration for the effects of above mentioned enactments and amendments on the Group's consolidated financial statements.

The consolidated financial statements as of and for the year ended on December 31, 2015, to be submitted at the ordinary shareholders' meeting were authorized for issuance at the board of directors' meeting on February 18, 2016.

(2) Basis of measurement

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

(3) Basis of consolidation

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

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

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

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

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the Company.

The carrying amount of non-controlling interests consists of the amount of those non-controlling interests at the initial recognition and the changes in shares of the non-controlling interests in equity since the date of the acquisition. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if the non-controlling interest has a deficit balance.

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

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

(4) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to

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

(5) Revenue recognition

1) Sale of goods

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

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

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

2) Rendering of services

The Group recognizes revenue from rendering of services based on the percentage of completion when the amount of revenue can be measured reliably and it is probable that the economic

benefits associated with the transaction will flow to the Group.

3) Royalties

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

4) Dividend and interest income

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

5) Construction contracts

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

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

(6) Foreign currency translation

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary

economic environment in which the entity operates (its functional currency).

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

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

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

(7) Financial assets

The Group classifies financial assets into the following spec-

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

1) Financial assets at FVTPL

Financial instruments classified as financial assets at FVTPL include contingent consideration that may be paid by an acquirer as part of business combination to which K-IFRS 1103 applies or financial assets classified as held for trading or designated as FVTPL upon initial recognition. A financial asset is classified as FVTPL, if it has been acquired principally for the purpose of selling or repurchasing in near term. All derivative assets, except for derivatives that are designated and effective hedging instruments, are classified as held for trading financial assets which are measured at fair value through profit or loss. Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

2) HTM financial assets

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

3) Loans and receivables

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

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4) AFS financial assets

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

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

(8) Impairment of financial assets

1) Financial assets carried at amortized cost

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

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

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

2) Financial assets carried at cost

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

3) AFS financial assets

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

(9) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither retains substantially all the risks and rewards of ownership nor transfers and continues to control the trans-

ferred asset, the Group recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(10) Inventory

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

(11) Investments in associates and joint ventures

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

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

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

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

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

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

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an

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investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

(12) Property, plant and equipment

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

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

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

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

(13) Investment property

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

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

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

(14) Intangible assets

1) Goodwill

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

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed

exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the Group's previously held equity interest in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

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

When disposing a subsidiary, related goodwill will be included in gain or loss from disposal.

2) Development costs

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

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

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

3) Intangible assets acquired separately

Intangible assets that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method based on the estimated useful lives.

The Group reviews the estimated useful life and amortization method at the end of each annual reporting period.

If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

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

	Representative useful lives (years)
Development costs	3 - 6
Industrial property rights	4 - 13
Software	2 - 20
Other	2 - 40

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

(15) Impairment of tangible and intangible assets

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

If the cash inflow of individual asset occurs separately from other assets or group of assets, the recoverable amount is measured for that individual asset; otherwise, it is measured for each CGU to which the asset belongs.

Except for goodwill, all non-financial assets that have incurred impairment are tested for reversal of impairment at the end of each reporting period.

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

(16) Non-current assets classified as held for sale

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

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

(17) Lease

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

1) The Group as lessor

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

2) The Group as lessee

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

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

(18) Borrowing costs

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

(19) Retirement benefit plans

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

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

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

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

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

(20) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is mea-

sured using the present value of the cash flows estimated to settle the present obligation. The increase in provision due to passage of time is recognized as interest expense.

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

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

(21) Taxation

Income tax expense is composed of current and deferred tax.

1) Current tax

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets shall be generally

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recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities shall not be recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

3) Current and deferred tax for the year

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

(22) Treasury stock

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

(23) Financial liabilities and equity instruments

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

1) Equity instruments

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

2) Financial guarantee liabilities

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

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are sub-

sequently measured at the higher of:

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

3) Financial liabilities at FVTPL

Financial instruments classified as financial liabilities at FVTPL include contingent consideration that may be paid by an acquirer as part of a business combination to which K-IFRS 1103 applies or financial liability classified as held for trading or designated as FVTPL upon initial recognition. FVTPL is stated at fair value and the gains and losses arising on remeasurement and the interest expenses paid in financial liabilities are recognized in profit and loss.

4) Other financial liabilities

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

5) Derecognition of financial liabilities

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

(24) Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in such case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as hedging instru-

ments to hedge the risk of changes in fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedges) and the risk of changes in cash flow of a highly probable forecast transaction and the risk of changes in foreign currency exchange rates of firm commitment (cash flow hedges).

1) Fair value hedges

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

2) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

If the forecast transaction results in the recognition of a non-financial asset or liability, the related gain and loss recognized in other comprehensive income and accumulated in equity is transferred from equity to the initial cost of related non-financial asset or liability.

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

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(25) Fair value

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

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

(26) Accounting Treatment related to the Emission Rights Cap and Trade Scheme

The Group classifies the emission rights as intangible assets. Emission rights allowances the Government allocated free of charge are measured at nil, and emission rights allowances purchased are measured at cost, which the Group paid to purchase the allowances. If emission rights the Government allocated free of charge are sufficient to settle the emission rights allowances allotted for vintage year, the emissions liabilities are measured at nil. However, for the emissions liabilities that exceed the allowances allocated free of charge, the shortfall is measured at best estimate at the end of the reporting period.

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

In the application of the Group's accounting policies, management is required to make judgments, estimates and as-

sumptions about the carrying amounts of assets and liabilities that cannot be identified from other sources. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may be different from those estimations. The estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

1) Goodwill

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

2) Warranty provision

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

3) Defined benefit plans

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

4) Taxation

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

5) Fair value of financial instruments

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

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

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

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3. TRADE NOTES AND ACCOUNTS RECEIVABLE:

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

Description	December 31, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
Trade notes and accounts receivable	₩ 4,527,881	₩ 73,500	₩ 3,808,798	₩ 57,100
Allowance for doubtful accounts	(59,530)	-	(58,706)	-
Present value discount accounts	-	(5,909)	-	(5,566)
	₩ 4,468,351	₩ 67,591	₩ 3,750,092	₩ 51,534

(2) Aging analysis of trade notes and accounts receivable

As of December 31, 2015 and 2014, total trade notes and accounts receivable that are past due, but not impaired, amount to ₩ 415,702 million and ₩ 311,979 million, respectively; of which ₩ 370,450 million and ₩ 282,969 million, respectively, are past due less than 90 days, but not impaired. As of December 31, 2015 and 2014, the impaired trade notes and accounts receivable amount to ₩ 59,530 million and ₩ 58,706 million, respectively.

(3) Transferred trade notes and accounts receivable that are not derecognized

As of December 31, 2015 and 2014, total trade notes and accounts receivable (including inter-company receivables within the Group) which the Group transferred to financial institutions but did not qualify for derecognition, amount to ₩ 1,320,446 million and ₩ 1,100,610 million, respectively. Cash and cash equivalents received as consideration for the transfer are recognized as short-term borrowings due to the fact that the risks and rewards were not transferred substantially.

(4) The changes in allowance for doubtful accounts for the years ended December 31, 2015 and 2014 are as follows:

Description	2015	2014
Beginning of the year	₩ 58,706	₩ 45,934
Impairment loss	3,572	16,548
Write-off	(2,492)	(2,757)
Effect of foreign exchange differences	(256)	(1,019)
End of the year	₩ 59,530	₩ 58,706

4. OTHER RECEIVABLES:

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

Description	December 31, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
Accounts receivable - others	₩ 1,978,471	₩ 818,401	₩ 2,083,571	₩ 719,888
Due from customers for contract work	1,837,280	-	1,617,221	-
Lease and rental deposits	24,962	319,446	28,119	298,401
Deposits	3,157	26,566	2,820	23,998
Others	13,409	-	93	119
Allowance for doubtful accounts	(11,175)	-	(9,715)	-
Present value discount accounts	-	(847)	-	(3,249)
	₩ 3,846,104	₩ 1,163,566	₩ 3,722,109	₩ 1,039,157

5. OTHER FINANCIAL ASSETS:

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

Description	December 31, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
Financial assets at fair value through profit or loss ("FVTPL")	₩ 10,112,034	₩ 23,194	₩ 14,853,071	₩ 4,652
Derivative assets that are effective hedging instruments	42,455	178,369	13,373	25,629
AFS financial assets	7,111	2,598,706	1,950	2,264,116
Loans	173,203	4,573	16,040	225,722
	₩ 10,334,803	₩ 2,804,842	₩ 14,884,434	₩ 2,520,119

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

Description	In millions of Korean Won		
	December 31, 2015		December 31, 2014
	Acquisition cost	Book value	Book value
Debt instruments	₩ 187,298	₩ 186,713	₩ 159,347
Equity instruments	1,857,357	2,419,104	2,106,719
	₩ 2,044,655	₩ 2,605,817	₩ 2,266,066

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

Name of the company	Ownership percentage	In millions of Korean Won		
		December 31, 2015		December 31, 2014
		Acquisition cost	Book value	Book value
Korea Aerospace Industries, Ltd.	10.00%	₩ 151,086	₩ 761,281	₩ 387,951
Hyundai Steel Company	11.18%	1,182,392	745,221	582,523
Hyundai Glovis Co., Ltd.	4.88%	210,688	353,371	533,719
Hyundai Heavy Industries Co., Ltd.	2.88%	56,924	192,282	251,850
Hyundai Oilbank Co., Ltd.	4.35%	53,734	137,266	138,289
Hyundai Green Food Co., Ltd.	2.36%	15,005	57,231	43,731
Hyundai Development Company	0.60%	9,025	17,460	17,415
NICE Information Service Co., Ltd.	2.25%	3,312	14,001	6,461
Hyundai Finance Corporation	9.29%	9,888	11,487	10,365
NICE Holdings Co., Ltd.	1.30%	3,491	10,693	7,497
KT Corporation	0.09%	8,655	6,783	7,503
Hyundai Merchant Marine Company	0.29%	9,161	2,862	6,930
Hyundai Asan Corporation	1.88%	22,500	2,117	2,117
Doosan Capital Corporation	4.30%	10,000	1,944	7,256
Nesscap Energy Inc.	3.53%	1,997	599	1,199
Others		109,499	104,506	101,913
		₩ 1,857,357	₩ 2,419,104	₩ 2,106,719

(*) On February 5, 2016, the Group entered into a total return swap agreement for the Group to transfer 5,745,741 shares out of total 14,919,336 shares, to a third party.

6. INVENTORIES:

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

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Finished goods	₩ 5,451,895	₩ 4,178,587
Merchandise	60,890	108,428
Semi-finished goods	448,870	428,282
Work in progress	450,444	360,888
Raw materials	1,268,217	1,232,731
Supplies	252,282	236,715
Materials in transit	499,559	437,564
Others	766,842	434,044
	₩ 9,198,999	₩ 7,417,239

(*) As of December 31, 2015 and 2014, the Group recognized a valuation allowance in amount of ₩ 92,552 million and ₩ 69,434 million, respectively.

7. OTHER ASSETS:

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

Description	In millions of Korean Won			
	December 31, 2015		December 31, 2014	
	Current	Non-current	Current	Non-current
Accrued income	₩ 300,415	₩ 6,206	₩ 424,478	₩ 10,003
Advanced payments	692,708	28	568,905	-
Prepaid expenses	349,805	478,594	295,665	201,836
Prepaid value added tax and others	219,703	4,520	284,647	22,814
	₩ 1,562,631	₩ 489,348	₩ 1,573,695	₩ 234,653

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

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

Description	December 31, 2015		December 31, 2014	
	Acquisition cost	Book value	Acquisition cost	Book value
Vehicles	₩ 47,643	₩ 47,643		

The Group recognized a gain (other income) and a loss (other expenses) on disposals of non-current assets classified as held for sale for the years ended December 31, 2015 and 2014.

The Group has committed to a plan to sell vehicles that were classified as held for sale as of December 31, 2015 and has initiated active programs to complete the plan. The assets will be disposed within 12 months. No impairment loss on the non-current assets classified as held for sale is recognized for the year ended December 31, 2015.

9. PROPERTY, PLANT AND EQUIPMENT:

(1) Property, plant and equipment ("PP&E") as of December 31, 2015 and 2014 consist of the following:

Description	December 31, 2015			December 31, 2014		
	Acquisition cost	Accumulated depreciation(*)	Book value	Acquisition cost	Accumulated depreciation(*)	Book value
Land	₩ 11,774,629	-	₩ 11,774,629	₩ 5,801,178	-	₩ 5,801,178
Buildings	7,918,086	(2,422,810)	5,495,276	7,443,871	(2,206,379)	5,237,492
Structures	1,119,659	(506,911)	612,748	1,066,962	(469,523)	597,439
Machinery and equipment	13,659,985	(7,509,401)	6,150,584	13,019,812	(6,813,475)	6,206,337
Vehicles	300,753	(126,510)	174,243	283,659	(123,080)	160,579
Dies, molds and tools	7,423,039	(5,434,482)	1,988,557	6,689,376	(4,977,928)	1,711,448
Office equipment	1,466,130	(1,033,392)	432,738	1,484,990	(1,058,838)	426,152
Others	71,880	(38,253)	33,627	57,986	(28,790)	29,196
Construction in progress	2,036,525	-	2,036,525	2,372,438	-	2,372,438
	₩ 45,770,686	₩ (17,071,759)	₩ 28,698,927	₩ 38,220,272	₩ (15,678,013)	₩ 22,542,259

(*) Accumulated impairment is included.

(2) The changes in PP&E for the year ended December 31, 2015 are as follows:

Description	Beginning of the year	Acquisitions	Transfers within PP&E	Disposals	Depreciation	Others (*)	End of the year
Land	₩ 5,801,178	₩ 8,974	₩ 5,989,994	₩ (843)	-	₩ (24,674)	₩ 11,774,629
Buildings	5,237,492	15,649	575,353	(915)	(248,296)	(84,007)	5,495,276
Structures	597,439	9,071	76,059	(1,934)	(51,662)	(16,225)	612,748
Machinery and equipment	6,206,337	24,033	838,963	(21,917)	(847,304)	(49,528)	6,150,584
Vehicles	160,579	36,205	75,541	(46,331)	(43,188)	(8,563)	174,243
Dies, molds and tools	1,711,448	5,881	894,573	(3,891)	(607,192)	(12,262)	1,988,557
Office equipment	426,152	54,608	129,240	(3,083)	(153,237)	(20,942)	432,738
Others	29,196	4,569	9,319	(172)	(8,582)	(703)	33,627
Construction in progress	2,372,438	8,181,655	(8,589,042)	(537)	-	72,011	2,036,525
	₩ 22,542,259	₩ 8,340,645	-	₩ (79,623)	₩ (1,959,461)	₩ (144,893)	₩ 28,698,927

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

The changes in PP&E for the year ended December 31, 2014 are as follows:

Description	Beginning of the year	Acquisitions	Transfers within PP&E	Disposals	Depreciation	Others (*)	End of the year
Land	₩ 5,770,486	₩ 16,234	₩ 18,404	₩ (150)	-	₩ (3,796)	₩ 5,801,178
Buildings	4,695,460	11,752	889,295	(517)	(219,615)	(138,883)	5,237,492
Structures	588,690	13,825	91,233	(3,665)	(54,307)	(38,337)	597,439
Machinery and equipment	6,021,766	12,398	1,113,839	(31,876)	(796,113)	(113,677)	6,206,337
Vehicles	149,832	38,323	91,388	(26,172)	(36,229)	(56,563)	160,579
Dies, molds and tools	1,429,156	12,565	865,295	(4,879)	(559,748)	(30,941)	1,711,448
Office equipment	362,269	54,447	161,101	(1,234)	(158,224)	7,793	426,152
Others	30,636	5,996	1,038	(187)	(8,436)	149	29,196
Construction in progress	2,414,292	3,177,138	(3,231,593)	(820)	-	13,421	2,372,438
	₩ 21,462,587	₩ 3,342,678	-	₩ (69,500)	₩ (1,832,672)	₩ (360,834)	₩ 22,542,259

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

10. INVESTMENT PROPERTY:

(1) Investment property as of December 31, 2015 and 2014 consist of the following:

In millions of Korean Won

Description	December 31, 2015			December 31, 2014		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 59,631	-	₩ 59,631	₩ 63,406	-	₩ 63,406
Buildings	400,602	(181,769)	218,833	398,626	(153,193)	245,433
Structures	18,630	(5,670)	12,960	18,630	(5,262)	13,368
	₩ 478,863	₩ (187,439)	₩ 291,424	₩ 480,662	₩ (158,455)	₩ 322,207

(2) The changes in investment property for the year ended December 31, 2015 are as follows:

In millions of Korean Won

Description	Beginning of the year	Transfers	Disposals	Depreciation	Effect of foreign exchange differences	End of the year
Land	₩ 63,406	₩ (3,886)	-	-	₩ 111	₩ 59,631
Buildings	245,433	(16,275)	-	(12,858)	2,533	218,833
Structures	13,368	-	-	(408)	-	12,960
	₩ 322,207	₩ (20,161)	-	₩ (13,266)	₩ 2,644	₩ 291,424

The changes in investment property for the year ended December 31, 2014 are as follows:

In millions of Korean Won

Description	Beginning of the year	Transfers	Disposals	Depreciation	Effect of foreign exchange differences	End of the year
Land	₩ 62,467	₩ 3,617	₩ (2,836)	-	₩ 158	₩ 63,406
Buildings	187,741	67,373	-	(10,722)	1,041	245,433
Structures	13,776	-	-	(408)	-	13,368
	₩ 263,984	₩ 70,990	₩ (2,836)	₩ (11,130)	₩ 1,199	₩ 322,207

(3) The fair value of investment property as of December 31, 2015 and 2014 consist of the following:

In millions of Korean Won

Description	December 31, 2015	December 31, 2014
Land	₩ 59,631	₩ 64,783
Buildings	434,383	436,271
Structures	15,496	15,514
	₩ 509,510	₩ 516,568

The fair value measurement of the investment property was performed by an independent third party. The Group deems the change in fair value from the fair value measurement performed at the initial recognition of the investment property is not material.

The fair value of the investment property is classified as Level 3, based on the inputs used in the valuation techniques. The fair value has been determined based on the cost approach and the market approach. The cost approach measured fair value as current replacement cost considering supplementary installation, depreciation period, structure and design.

(4) Income and expenses related to investment property for the years ended December 31, 2015 and 2014 are as follows:

In millions of Korean Won

Description	2015	2014
Rental income	₩ 57,366	₩ 42,499
Operating and maintenance expenses	14,449	19,433

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

11. INTANGIBLE ASSETS:

(1) Intangible assets as of December 31, 2015 and 2014 consist of the following:

In millions of Korean Won

Description	December 31, 2015			December 31, 2014		
	Acquisition cost	Accumulated amortization(*)	Book value	Acquisition cost	Accumulated amortization(*)	Book value
Goodwill	₩ 294,517	₩ (2,439)	₩ 292,078	₩ 288,882	₩ (2,404)	₩ 286,478
Development costs	6,444,033	(3,428,251)	3,015,782	6,070,412	(3,515,429)	2,554,983
Industrial property rights	197,872	(100,660)	97,212	169,976	(80,014)	89,962
Software	831,869	(501,338)	330,531	684,882	(369,901)	314,981
Others	474,629	(182,426)	292,203	488,116	(174,231)	313,885
Construction in progress	343,159	(72,877)	270,282	278,381	(17,014)	261,367
	₩ 8,586,079	₩ (4,287,991)	₩ 4,298,088	₩ 7,980,649	₩ (4,158,993)	₩ 3,821,656

(*) Accumulated impairment is included.

(2) The changes in intangible assets for the year ended December 31, 2015 are as follows:

In millions of Korean Won

Description	Beginning of the year	Internal developments and separate acquisitions	Transfers within intangible assets	Disposals	Amortization	Impairment loss	Others (*)	End of the year
Goodwill	₩ 286,478	-	-	-	-	-	₩ 5,600	₩ 292,078
Development costs	2,554,983	1,098,176	3,796	(384)	(669,682)	(5,574)	34,467	3,015,782
Industrial property rights	89,962	2,359	18,727	-	(13,266)	-	(570)	97,212
Software	314,981	14,612	31,034	(135)	(114,747)	-	84,786	330,531
Others	313,885	1,841	7,549	(4,405)	(23,612)	(2,480)	(575)	292,203
Construction in progress	261,367	103,101	(61,106)	-	-	(2,979)	(30,101)	270,282
	₩ 3,821,656	₩ 1,220,089	-	₩ (4,924)	₩ (821,307)	₩ (11,033)	₩ 93,607	₩ 4,298,088

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

The changes in intangible assets for the year ended December 31, 2014 are as follows:

In millions of Korean Won

Description	Beginning of the year	Internal developments and separate acquisitions	Transfers within intangible assets	Disposals	Amortization	Impairment loss	Others (*)	End of the year
Goodwill	₩ 299,352	-	-	-	-	₩ (1,429)	₩ (11,445)	₩ 286,478
Development costs	1,945,557	1,117,115	33,377	(4,386)	(564,905)	(9,391)	37,616	2,554,983
Industrial property rights	44,367	40,605	16,141	-	(9,571)	-	(1,580)	89,962
Software	273,421	14,811	45,800	(124)	(103,560)	-	84,633	314,981
Others	291,903	6,977	27,749	(3,305)	(28,059)	(358)	18,978	313,885
Construction in progress	274,490	173,962	(123,067)	-	-	(17,418)	(46,600)	261,367
	₩ 3,129,090	₩ 1,353,470	-	₩ (7,815)	₩ (706,095)	₩ (28,596)	₩ 81,602	₩ 3,821,656

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

(3) Research and development expenditures for the years ended December 31, 2015 and 2014 are as follows:

In millions of Korean Won

Description	2015	2014
Development costs (intangible assets)	₩ 1,098,176	₩ 1,117,115
Research and development (manufacturing cost and administrative expenses)	1,074,230	1,011,789
Total (*)	₩ 2,172,406	₩ 2,128,904

(*) Amortization of development costs is not included.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(4) Impairment test of goodwill

The allocation of goodwill amongst the Group's cash-generating units as of December 31, 2015 and 2014 is as follows:

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Vehicle	₩ 191,626	₩ 186,026
Finance	482	482
Others	99,970	99,970
	₩ 292,078	₩ 286,478

The recoverable amounts of the Group's CGUs are measured at their value-in-use calculated based on cash flow projections of financial budgets for the next five years approved by management and the pre-tax discount rate applied to the cash flow projections is 11.8%. Cash flow projections beyond the next five-year period are extrapolated by using the estimated growth rate which does not exceed the long-term average growth rate of the region and industry to which the CGU belongs. No impairment loss has been recognized for the year ended December 31, 2015. An impairment loss has been recognized for the Finance CGU in the amount of ₩ 1,429 million for the year ended December 31, 2014.

12. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

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

Name of the company	Nature of business	Location	Ownership Percentage	In millions of Korean Won	
				Book value	
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00%	₩ 2,189,321	
Beijing Hyundai Qiche Financing Company (BHAF) (*1, 3)	Financing	-	53.00%	220,475	
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	-	22.00%	184,255	
Hyundai Motor Group China, Ltd. (HMGC) (*1)	Investment	-	50.00%	135,000	
Sichuan Hyundai Motor Company (CHMC) (*1)	Manufacturing	-	50.00%	100,067	
Kia Motors Corporation	Manufacturing	Korea	33.88%	8,047,548	
Hyundai Engineering & Construction Co., Ltd.	Construction	-	20.95%	3,180,493	
Hyundai WIA Corporation	Manufacturing	-	25.35%	814,413	
Hyundai Powertech Co., Ltd.	Manufacturing	-	37.58%	433,088	
Hyundai Dymos Inc.	Manufacturing	-	47.27%	326,439	
Hyundai Commercial Inc.	Financing	-	50.00%	242,507	
HMC Investment Securities Co., Ltd.	Securities brokerage	-	27.49%	238,001	
Eukor Car Carriers Inc. (*2)	Transportation	-	12.00%	191,468	
Haevichi Hotels & Resorts Co., Ltd. (*4)	Hotelkeeping	-	41.90%	110,312	
Hyundai HYSKO Co., Ltd. (*5)	Manufacturing	-	-	-	
Others				496,556	
					₩ 16,909,943

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

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

(*3) As of December 31, 2015, the entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

(*4) As of December 31, 2015, the investment is accounted for using the equity method as the ownership percentage is more than 20% due to the acquisition of shares through a contribution in kind.

(*5) As of December 31, 2015, the investment is classified as AFS financial assets since the entity was merged into Hyundai Steel Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Investments in joint ventures and associates as of December 31, 2014 consist of the following:

In millions of Korean Won

Name of the company	Nature of business	Location	Ownership Percentage	Book value
Beijing-Hyundai Motor Company (BHMC) (*1)	Manufacturing	China	50.00%	₩ 2,179,636
Beijing Hyundai Qiche Financing Company (BHAF) (*1, 3)	Financing	-	53.00%	193,624
Hyundai WIA Automotive Engine (Shandong) Company (WAE)	Manufacturing	-	22.00%	164,090
Hyundai Motor Group China, Ltd. (HMGC) (*1)	Investment	-	50.00%	158,287
Sichuan Hyundai Motor Company (CHMC) (*1)	Manufacturing	-	50.00%	155,573
Kia Motors Corporation	-	Korea	33.88%	7,482,972
Hyundai Engineering & Construction Co., Ltd.	Construction	-	20.95%	3,130,886
Hyundai WIA Corporation	Manufacturing	-	25.35%	707,713
Hyundai Powertech Co., Ltd.	-	-	37.58%	380,815
Hyundai Dymos Inc.	-	-	47.27%	289,369
Hyundai Commercial Inc.	Financing	-	50.00%	196,471
HMC Investment Securities Co., Ltd.	Securities brokerage	-	27.49%	225,332
Eukor Car Carriers Inc. (*2)	Transportation	-	12.00%	170,132
Hyundai HYSKO Co., Ltd.	Manufacturing	-	29.37%	302,058
Others				420,376
				₩ 16,157,334

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

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

(*3) As of December 31, 2014, the entity is categorized as a joint venture although the Group's total ownership percentage is a majority share of 53%, because the Group does not have control over the entity by virtue of an agreement with the other investors.

(2) The changes in investments in joint ventures and associates for the year ended December 31, 2015 are as follows:

In millions of Korean Won

Name of the company	Beginning of the year	Acquisitions / (disposals)	Share of profits (losses) for the year	Dividends	Others (*)	End of the year
BHMC	₩ 2,179,636	₩ 236,164	₩ 676,922	₩ (936,483)	₩ 33,082	₩ 2,189,321
BHAF	193,624	-	23,017	-	3,834	220,475
WAE	164,090	8,745	11,465	(1,447)	1,402	184,255
HMGC	158,287	-	(25,032)	-	1,745	135,000
CHMC	155,573	-	(57,269)	-	1,763	100,067
Kia Motors Corporation	7,482,972	-	865,327	(137,318)	(163,433)	8,047,548
Hyundai Engineering & Construction Co., Ltd.	3,130,886	-	47,690	(11,664)	13,581	3,180,493
Hyundai WIA Corporation	707,713	-	107,273	(5,515)	4,942	814,413
Hyundai Powertech Co., Ltd.	380,815	-	54,060	-	(1,787)	433,088
Hyundai Dymos Inc.	289,369	-	36,186	-	884	326,439
Hyundai Commercial Inc.	196,471	-	23,968	(11,050)	33,118	242,507
HMC Investment Securities Co., Ltd.	225,332	-	13,845	(1,210)	34	238,001
Eukor Car Carriers Inc.	170,132	-	19,472	(7,920)	9,784	191,468
Haevichi Hotels & Resorts Co., Ltd.	-	110,460	(204)	-	56	110,312
Hyundai HYSKO Co., Ltd.	302,058	(347,206)	14,033	(2,010)	33,125	-
Others	420,376	11,070	76,590	(15,275)	3,795	496,556
	₩ 16,157,334	₩ 19,233	₩ 1,887,343	₩ (1,129,892)	₩ (24,075)	₩ 16,909,943

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

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The changes in investments in joint ventures and associates for the year ended December 31, 2014 are as follows:

In millions of Korean Won

Name of the company	Beginning of the year	Acquisitions / (disposals)	Share of profits (losses) for the year	Dividends	Others (*)	End of the year
BHMC	₩ 2,026,337	-	₩ 963,152	₩ (815,497)	₩ 5,644	₩ 2,179,636
BHAF	88,760	94,340	9,443	-	1,081	193,624
WAE	129,783	-	31,205	-	3,102	164,090
HMGC	153,823	-	28,462	(25,590)	1,592	158,287
CHMC	132,014	25,557	(4,858)	-	2,860	155,573
Kia Motors Corporation	6,748,127	-	984,600	(96,123)	(153,632)	7,482,972
Hyundai Engineering & Construction Co., Ltd.	3,050,804	-	50,750	(11,664)	40,996	3,130,886
Hyundai WIA Corporation	600,284	-	109,398	(3,447)	1,478	707,713
Hyundai Powertech Co., Ltd.	335,227	-	45,459	-	129	380,815
Hyundai Dymos Inc.	270,535	-	21,156	-	(2,322)	289,369
Hyundai Commercial Inc.	125,806	-	11,745	(5,650)	64,570	196,471
HMC Investment Securities Co., Ltd.	217,218	3,636	4,381	-	97	225,332
Eukor Car Carriers Inc.	148,866	-	23,307	(7,920)	5,879	170,132
Hyundai HYSKO Co., Ltd.	236,732	-	49,328	(2,010)	18,008	302,058
Others	430,679	(10,482)	75,451	(27,172)	(48,100)	420,376
	₩ 14,694,995	₩ 113,051	₩ 2,402,979	₩ (995,073)	₩ (58,618)	₩ 16,157,334

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

(3) Summarized financial information of the Group's major joint ventures and associates as of and for the year ended December 31, 2015 is as follows:

In millions of Korean Won

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
BHMC	₩ 6,891,440	₩ 3,252,224	₩ 5,371,335	₩ 318,780
BHAF (*)	3,763,412	-	3,351,566	-
WAE	825,523	983,480	343,081	619,014
HMGC	786,888	435,893	678,202	249,273
CHMC	291,508	635,557	179,168	547,763
Kia Motors Corporation	18,390,784	27,589,329	14,579,485	7,196,597
Hyundai Engineering & Construction Co., Ltd.	14,343,666	5,114,866	8,582,804	3,384,463
Hyundai WIA Corporation	3,623,317	3,059,815	1,843,110	1,676,837
Hyundai Powertech Co., Ltd.	904,429	1,438,558	723,394	463,549
Hyundai Dymos Inc.	1,234,578	922,820	929,625	545,181
Hyundai Commercial Inc. (*)	5,313,717	-	4,725,593	-
HMC Investment Securities Co., Ltd. (*)	5,852,572	-	5,132,570	-
Eukor Car Carriers Inc.	512,228	3,014,823	362,480	1,571,188
Haevichi Hotels & Resorts Co., Ltd.	14,344	431,178	117,265	158,536

In millions of Korean Won

Name of the company	Sales	Profit (loss) for the year from continuing operations	Other comprehensive income (loss)	Total comprehensive income (loss)
BHMC	₩ 19,203,441	₩ 1,382,176	-	₩ 1,382,176
BHAF (*)	348,766	43,307	-	43,307
WAE	1,694,841	61,554	-	61,554
HMGC	1,039,247	(53,796)	-	(53,796)
CHMC	273,455	(106,100)	-	(106,100)
Kia Motors Corporation	49,521,447	2,630,600	(360,165)	2,270,435
Hyundai Engineering & Construction Co., Ltd.	19,122,053	584,027	38,809	622,836
Hyundai WIA Corporation	7,884,188	326,874	7,784	334,658
Hyundai Powertech Co., Ltd.	3,452,813	129,647	(725)	128,922
Hyundai Dymos Inc.	3,199,821	71,656	3,862	75,518
Hyundai Commercial Inc. (*)	369,057	53,548	(5,243)	48,305
HMC Investment Securities Co., Ltd. (*)	555,575	50,357	124	50,481
Eukor Car Carriers Inc.	2,275,852	174,034	95,817	269,851
Haevichi Hotels & Resorts Co., Ltd.	69,973	3,483	52	3,535

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

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Summarized financial information of the Group's major joint ventures and associates as of and for the year ended December 31, 2014 is as follows:

In millions of Korean Won

Name of the company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
BHMC	₩ 8,017,912	₩ 2,822,478	₩ 6,104,511	₩ 330,032
BHAF (*)	2,313,511	-	1,948,183	-
WAE	810,860	882,572	396,641	554,056
HMGC	408,159	302,466	244,695	127,834
CHMC	474,710	575,607	239,165	500,007
Kia Motors Corporation	16,655,401	24,388,801	11,974,338	6,585,999
Hyundai Engineering & Construction Co., Ltd.	13,642,088	4,797,605	8,256,605	3,216,775
Hyundai WIA Corporation	3,452,727	2,484,590	1,830,980	1,257,464
Hyundai Powertech Co., Ltd.	815,573	1,305,272	752,801	340,814
Hyundai Dymos Inc.	1,078,838	780,341	662,110	589,631
Hyundai Commercial Inc. (*)	4,778,907	-	4,284,158	-
HMC Investment Securities Co., Ltd. (*)	5,592,617	-	4,918,694	-
Eukor Car Carriers Inc.	503,455	2,541,803	316,999	1,312,677
Hyundai HYSKO Co., Ltd.	1,736,275	805,183	1,032,851	576,592

In millions of Korean Won

Name of the company	Sales	Profit (loss) for the year from continuing operations	Other comprehensive income (loss)	Total comprehensive income
BHMC	₩ 19,755,886	₩ 1,925,153	-	₩ 1,925,153
BHAF (*)	181,756	17,817	-	17,817
WAE	1,778,572	138,819	-	138,819
HMGC	1,543,128	59,947	-	59,947
CHMC	362,750	(9,716)	-	(9,716)
Kia Motors Corporation	47,097,049	2,993,593	(416,539)	2,577,054
Hyundai Engineering & Construction Co., Ltd.	17,386,959	586,697	(23,108)	563,589
Hyundai WIA Corporation	7,595,606	439,189	6,214	445,403
Hyundai Powertech Co., Ltd.	3,253,110	103,744	104	103,848
Hyundai Dymos Inc.	2,550,730	31,068	(6,687)	24,381
Hyundai Commercial Inc. (*)	350,831	24,711	19,521	44,232
HMC Investment Securities Co., Ltd. (*)	515,456	6,610	317	6,927
Eukor Car Carriers Inc.	2,487,114	196,984	60,726	257,710
Hyundai HYSKO Co., Ltd.	4,214,317	164,826	(47,635)	117,191

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

(4) Summarized additional financial information of the Group's major joint ventures as of and for the year ended December 31, 2015 is as follows:

In millions of Korean Won

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
BHMC	₩ 214,036	-	₩ 249,872	₩ 326,679	₩ 34,905	₩ 79,078	₩ 460,725
BHAF (*)	410,959	3,024,580	-	2,382	337,084	128,132	14,626
HMGC	27,027	229,704	170,057	12,200	421	19,538	1,536
CHMC	17,231	60,431	547,763	27,459	1,483	25,241	-

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

Summarized additional financial information of the Group's major joint ventures as of and for the year ended December 31, 2014 is as follows:

In millions of Korean Won

Name of the company	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation and amortization	Interest income	Interest expenses	Income tax expense
BHMC	₩ 867,555	-	₩ 247,534	₩ 290,920	₩ 29,076	₩ 54,141	₩ 641,753
BHAF (*)	279,486	1,948,183	-	1,278	177,122	84,809	5,973
HMGC	44,836	49,153	127,834	4,369	1,146	6,912	16,832
CHMC	196,076	44,285	500,007	4,049	2,492	7,210	-

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

(5) The aggregate amounts of the Group's share of the joint ventures' and associates', that are not individually material, profit and comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

In millions of Korean Won

Description	December 31, 2015	December 31, 2014
Profit for the year	₩ 76,590	₩ 75,451
Other comprehensive income	3,967	890
Total comprehensive income	₩ 80,557	₩ 76,341

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(6) Reconciliation of the Group's share of net assets of the Group's major joint ventures and associates to their carrying amounts as of December 31, 2015 is as follows:

In millions of Korean Won

Name of the company	Group's share of net assets	Goodwill	Unrealized profit (loss) and others	Carrying amounts
BHMC	₩ 2,226,774	-	₩ (37,453)	₩ 2,189,321
BHAF	220,475	-	-	220,475
WAE	184,255	-	-	184,255
HMGC	143,976	-	(8,976)	135,000
CHMC	100,067	-	-	100,067
Kia Motors Corporation	7,902,759	197,089	(52,300)	8,047,548
Hyundai Engineering & Construction Co., Ltd. (*)	2,043,136	1,137,357	-	3,180,493
Hyundai WIA Corporation	817,186	-	(2,773)	814,413
Hyundai Powertech Co., Ltd.	434,500	-	(1,412)	433,088
Hyundai Dymos Inc.	328,323	-	(1,884)	326,439
Hyundai Commercial Inc.	242,507	-	-	242,507
HMC Investment Securities Co., Ltd.	197,949	40,052	-	238,001
Eukor Car Carriers Inc.	191,206	-	262	191,468
Haevichi Hotels & Resorts Co., Ltd. (*)	106,736	3,576	-	110,312

(*) 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, 2014 is as follows:

In millions of Korean Won

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

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

(7) The market price of listed equity securities as of December 31, 2015 is as follows:

In millions of Korean Won, except price per share

Name of the company	Price per share	Total number of shares	Market value
Kia Motors Corporation	₩ 52,600	137,318,251	₩ 7,222,940
Hyundai Engineering & Construction Co., Ltd.	28,550	23,327,400	665,997
Hyundai WIA Corporation	112,000	6,893,596	772,083
HMC Investment Securities Co., Ltd.	10,000	8,065,595	80,656

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13. FINANCIAL SERVICES RECEIVABLES:

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

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Loan obligations	₩ 35,018,152	₩ 31,464,943
Card receivables	11,512,949	10,601,341
Financial lease receivables	2,672,159	2,730,188
Others	23,224	16,755
	49,226,484	44,813,227
Allowance for doubtful accounts	(938,300)	(845,566)
Loan origination fee	58,215	35,682
Present value discount accounts	(9,999)	(8,755)
	₩ 48,336,400	₩ 43,994,588

(2) Aging analysis of financial services receivables

As of December 31, 2015 and 2014, total financial services receivables that are past due, but not impaired, amount to ₩ 1,607,033 million and ₩ 1,751,712 million, respectively; among them, financial services receivables past due less than 90 days are ₩ 1,607,006 million and ₩ 1,751,712 million, respectively. As of December 31, 2015 and 2014, the impaired financial services receivables amount to ₩ 463,846 million and ₩ 513,128 million, respectively.

(3) Transferred financial services receivables that are not derecognized

As of December 31, 2015 and 2014, the Group issued asset backed securities, which have recourse to the underlying assets, based on loans, card receivables and others. As of December 31, 2015, the carrying amounts (including inter-company receivables within the Group) and fair values of the transferred financial assets that are not derecognized are ₩ 18,226,295 million and ₩ 18,399,766 million, respectively, the carrying amounts and fair values of the associated liabilities are ₩ 13,267,613 million and ₩ 13,137,541 million, respectively, and the net position is ₩ 5,262,225 million. As of December 31, 2014, the carrying amounts (including inter-company receivables within the Group) and fair values of the transferred financial assets that are not derecognized are ₩ 15,046,062 million and ₩ 15,220,978 million, respectively, the carrying amounts and fair values of the associated liabilities are ₩ 10,962,648 million and ₩ 10,927,013 million, respectively, and the net position is ₩ 4,293,965 million.

(4) The changes in allowance for doubtful accounts of financial services receivables for the years ended December 31, 2015 and 2014 are as follows:

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Beginning of the year	₩ 845,566	₩ 823,408
Impairment loss	598,110	629,261
Write-off	(448,897)	(527,556)
Disposals and others	(68,954)	(86,253)
Effect of foreign exchange differences	12,475	6,706
End of the year	₩ 938,300	₩ 845,566

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

Description	In millions of Korean Won			
	December 31, 2015		December 31, 2014	
	Gross investments in financial leases	Present value of minimum lease receipts	Gross investments in financial leases	Present value of minimum lease receipts
Not later than one year	₩ 1,261,488	₩ 1,108,473	₩ 1,284,279	₩ 1,117,016
Later than one year and not later than five years	1,680,201	1,560,693	1,743,890	1,609,391
Later than five years	409	407	229	227
	₩ 2,942,098	₩ 2,669,573	₩ 3,028,398	₩ 2,726,634

(6) Unearned interest income of financial leases as of December 31, 2015 and 2014 is as follows:

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Gross investments in financial lease	₩ 2,942,098	₩ 3,028,398
Net lease investments:		
Present value of minimum lease receipts	2,669,573	2,726,634
Present value of unguaranteed residual value	2,586	3,554
	2,672,159	2,730,188
Unearned interest income	₩ 269,939	₩ 298,210

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14. OPERATING LEASE ASSETS:

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

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Acquisition cost	₩ 20,483,754	₩ 15,136,720
Accumulated depreciation	(2,692,378)	(1,804,291)
Accumulated impairment loss	(71,770)	(66,813)
	₩ 17,719,606	₩ 13,265,616

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

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Not later than one year	₩ 3,097,758	₩ 2,474,411
Later than one year and not later than five years	3,636,986	2,674,220
Later than five years	2	-
	₩ 6,734,746	₩ 5,148,631

15. BORROWINGS AND DEBENTURES:

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

Description	Lender	Annual interest rate December 31, 2015	In millions of Korean Won	
			December 31, 2015	December 31, 2014
Overdrafts	Citi Bank and others	0.10~3.37%	₩ 74,365	₩ 189,121
General loans	Kookmin Bank and others	0.56~7.46%	3,685,555	3,274,955
Loans on trade receivables collateral	Woori Bank and others	LIBOR+0.20~0.40%	1,320,446	1,100,610
Banker's Usance	Kookmin Bank and others	LIBOR+0.31~0.40%	400,341	433,510
Short-term debentures		1.80~2.04%	439,557	19,997
Commercial paper	Shinhan Bank and others	0.47~2.08%	3,463,901	1,827,727
			₩ 9,384,165	₩ 6,845,920

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

Description	Lender	Annual interest rate December 31, 2015	In millions of Korean Won	
			December 31, 2015	December 31, 2014
General loans	Shinhan Bank and others	0.10~7.46%	₩ 4,553,924	₩ 3,283,340
Facility loan	Korea Development Bank and others	1.00~5.85%	347,066	383,072
Commercial paper	Hana Daetoo Security		-	73,000
Asset-backed securities	JP Morgan and others	0.55~1.53%	7,055,970	5,607,169
Others	Shinhan Bank	2.56%	15,000	239,260
			11,971,960	9,585,841
Less: present value discounts			113,844	125,375
Less: current maturities			3,305,494	2,030,037
			₩ 8,552,622	₩ 7,430,429

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

Description	Latest maturity date	Annual interest rate December 31, 2015	In millions of Korean Won	
			December 31, 2015	December 31, 2014
Guaranteed public debentures	June 8, 2017	3.75~4.00%	₩ 1,172,000	₩ 1,648,312
Guaranteed private debentures			-	82,440
Non-guaranteed public debentures	December 22, 2023	0.00~6.53%	22,954,336	21,247,129
Non-guaranteed private debentures	October 30, 2020	1.45~4.65	6,561,168	4,079,019
Asset-backed securities	July 15, 2022	0.38~3.32	13,093,193	10,976,262
			43,780,697	38,033,162
Less: discount on debentures			90,638	81,616
Less: current maturities			7,482,555	7,649,461
			₩ 36,207,504	₩ 30,302,085

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16. PROVISIONS:

(1) Provisions as of December 31, 2015 and 2014 consist of the following:

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Warranty	₩ 5,639,595	₩ 5,613,785
Other long-term employee benefits	643,274	674,397
Others	459,031	438,688
	₩ 6,741,900	₩ 6,726,870

(2) The changes in provisions for the year ended December 31, 2015 are as follows:

Description	In millions of Korean Won		
	Warranty	Other long-term employee benefits	Others
Beginning of the year	₩ 5,613,785	₩ 674,397	₩ 438,688
Charged	998,395	26,008	204,342
Utilized	(1,130,761)	(57,101)	(166,450)
Amortization of present value discounts	110,134	-	2,856
Changes in expected reimbursements by third parties	40,644	-	-
Effect of foreign exchange differences	7,398	(30)	(20,405)
End of the year	₩ 5,639,595	₩ 643,274	₩ 459,031

The changes in provisions for the year ended December 31, 2014 are as follows:

Description	In millions of Korean Won		
	Warranty	Other long-term employee benefits	Others
Beginning of the year	₩ 5,871,332	₩ 624,836	₩ 409,751
Charged	866,416	103,242	189,247
Utilized	(1,136,032)	(53,599)	(155,660)
Amortization of present value discounts	138,039	-	3,555
Changes in expected reimbursements by third parties	(86,270)	-	-
Effect of foreign exchange differences	(39,700)	(82)	(8,205)
End of the year	₩ 5,613,785	₩ 674,397	₩ 438,688

17. OTHER FINANCIAL LIABILITIES:

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

Description	In millions of Korean Won		December 31, 2014	
	December 31, 2015	December 31, 2015	December 31, 2014	December 31, 2014
	Current	Non-current	Current	Non-current
Financial liabilities at FVTPL	₩ 37,276	₩ 172	₩ 10,139	₩ 192
Derivative liabilities that are effective hedging instruments	16,180	145,110	204,438	209,591
Financial lease liabilities	714	-	8,726	745
Other (*)	621,267	-	-	-
	₩ 675,437	₩ 145,282	₩ 223,303	₩ 210,528

(*) During 2015, the Company recognized the gross obligation in respect of the agreements written over the shares of a subsidiary and corresponding entry is recorded within shareholders equity in accordance with K-IFRS 1032.

18. OTHER LIABILITIES:

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

Description	In millions of Korean Won		December 31, 2014	
	December 31, 2015	December 31, 2015	December 31, 2014	December 31, 2014
	Current	Non-current	Current	Non-current
Advances received	₩ 655,727	₩ 103,059	₩ 412,851	₩ 87,526
Withholdings	1,153,527	417,223	994,554	460,593
Accrued expenses	3,051,435	-	1,954,263	-
Unearned income	404,359	821,813	402,145	640,578
Due to customers for contract work	462,675	-	290,827	-
Others	134,423	1,129,643	147,329	763,450
	₩ 5,862,146	₩ 2,471,738	₩ 4,201,969	₩ 1,952,147

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19. FINANCIAL INSTRUMENTS:

(1) Financial assets by categories as of December 31, 2015 are as follows:

In millions of Korean Won

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	Derivatives designated as hedging instruments	Book value	Fair value
Cash and cash equivalents	-	₩ 7,331,463	-	-	₩ 7,331,463	₩ 7,331,463
Short-term and long-term financial instruments	-	6,976,462	-	-	6,976,462	6,976,462
Trade notes and accounts receivable	-	4,535,942	-	-	4,535,942	4,535,942
Other receivables	-	3,172,390	-	-	3,172,390	3,172,390
Other financial assets	10,135,228	177,776	2,605,817	220,824	13,139,645	13,139,645
Other assets	-	306,621	-	-	306,621	306,621
Financial services receivables	-	48,336,400	-	-	48,336,400	49,122,390
	₩ 10,135,228	₩ 70,837,054	₩ 2,605,817	₩ 220,824	₩ 83,798,923	₩ 84,584,913

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

In millions of Korean Won

Description	Financial assets at FVTPL	Loans and receivables	AFS financial assets	Derivatives designated as hedging instruments	Book value	Fair value
Cash and cash equivalents	-	₩ 7,096,513	-	-	₩ 7,096,513	₩ 7,096,513
Short-term and long-term financial instruments	-	4,101,550	-	-	4,101,550	4,101,550
Trade notes and accounts receivable	-	3,801,626	-	-	3,801,626	3,801,626
Other receivables	-	3,143,926	-	-	3,143,926	3,143,926
Other financial assets	14,857,723	241,762	2,266,066	39,002	17,404,553	17,404,553
Other assets	-	434,481	-	-	434,481	434,481
Financial services receivables	-	43,994,588	-	-	43,994,588	44,292,330
	₩ 14,857,723	₩ 62,814,446	₩ 2,266,066	₩ 39,002	₩ 79,977,237	₩ 80,274,979

(2) Financial liabilities by categories as of December 31, 2015 are as follows:

In millions of Korean Won

Description	Financial liabilities at FVTPL	Financial liabilities carried at amortized cost	Derivatives designated as hedging instruments	Book value	Fair value
Trade notes and accounts payable	-	₩ 7,081,124	-	₩ 7,081,124	₩ 7,081,124
Other payables	-	4,713,548	-	4,713,548	4,713,548
Borrowings and debentures	-	64,932,340	-	64,932,340	65,419,089
Other financial liabilities	37,448	621,981	161,290	820,719	820,719
Other liabilities	-	3,051,512	-	3,051,512	3,051,512
	₩ 37,448	₩ 80,400,505	₩ 161,290	₩ 80,599,243	₩ 81,085,992

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

In millions of Korean Won

Description	Financial liabilities at FVTPL	Financial liabilities carried at amortized cost	Derivatives designated as hedging instruments	Book value	Fair value
Trade notes and accounts payable	-	₩ 7,041,529	-	₩ 7,041,529	₩ 7,041,529
Other payables	-	4,688,812	-	4,688,812	4,688,812
Borrowings and debentures	-	54,257,932	-	54,257,932	55,033,485
Other financial liabilities	10,331	9,471	414,029	433,831	433,831
Other liabilities	-	1,954,335	-	1,954,335	1,954,335
	₩ 10,331	₩ 67,952,079	₩ 414,029	₩ 68,376,439	₩ 69,151,992

(3) Fair value estimation

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

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

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Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2015 are as follows:

In millions of Korean Won				
Description	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL	₩ 90,363	₩ 10,044,865	-	₩ 10,135,228
Derivatives designated as hedging instruments	-	220,824	-	220,824
AFS financial assets	2,202,249	171,011	232,557	2,605,817
	₩ 2,292,612	₩ 10,436,700	₩ 232,557	₩ 12,961,869
Financial liabilities:				
Financial liabilities at FVTPL	-	₩ 37,448	-	₩ 37,448
Derivatives designated as hedging instruments	-	161,290	-	161,290
	-	₩ 198,738	-	₩ 198,738

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

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

The changes in financial instruments classified as Level 3 for the year ended December 31, 2015 are as follows:

In millions of Korean Won						
Description	Beginning of the year	Purchases	Disposals	Valuation	Transfers	End of the year
AFS financial assets	₩ 247,483	₩ 5,840	₩ (17,929)	₩ (2,837)	-	₩ 232,557

The changes in financial instruments classified as Level 3 for the year ended December 31, 2014 are as follows:

In millions of Korean Won						
Description	Beginning of the year	Purchases	Disposals	Valuation	Transfers	End of the year
AFS financial assets	₩ 229,342	₩ 12,547	₩ (183)	₩ (9,428)	₩ 15,205	₩ 247,483

(4) Interest income, dividend income and interest expenses by categories of financial instruments for the years ended December 31, 2015 and 2014 consist of the following:

In millions of Korean Won						
Description	2015			2014		
	Interest income	Dividend income	Interest expenses	Interest income	Dividend income	Interest expenses
Non-financial services:						
Loans and receivables	₩ 184,248	-	-	₩ 235,429	-	-
Financial assets at FVTPL	305,580	-	-	415,673	-	-
AFS financial assets	1,048	13,783	-	1,321	29,860	-
Financial liabilities carried at amortized cost	-	-	193,689	-	-	198,501
	₩ 490,876	₩ 13,783	₩ 193,689	₩ 652,423	₩ 29,860	₩ 198,501
Financial services:						
Loans and receivables	₩ 2,423,534	-	-	₩ 2,467,008	-	-
Financial assets at FVTPL	27,197	1,370	-	28,807	-	-
AFS financial assets	1,202	5,533	-	1,197	-	-
Financial liabilities carried at amortized cost	-	-	1,301,618	-	-	1,340,995
	₩ 2,451,933	₩ 6,903	₩ 1,301,618	₩ 2,497,012	-	₩ 1,340,995

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(5) Financial assets and liabilities subject to offsetting, financial instruments subject to an enforceable master netting arrangement or similar agreement as of December 31, 2015 consist of the following:

In millions of Korean Won

Description	Gross amounts of recognized financial assets and liabilities	Gross amounts of recognized financial assets and liabilities set off in the consolidated statement of financial position	Net amounts of financial assets and liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position – financial instruments	Related amounts not set off in the statement of financial position – collateral received (pledged)	Net amounts
Financial assets:						
Trade notes and accounts receivable	₩ 4,662,777	₩ 126,835	₩ 4,535,942	-	-	₩ 4,535,942
Other receivables	3,409,550	237,160	3,172,390	-	-	3,172,390
Financial assets at FVTPL (*)	31,335	-	31,335	8,142	-	23,193
Derivative assets that are effective hedging instruments (*)	220,824	-	220,824	94,642	-	126,182
	₩ 8,324,486	₩ 363,995	₩ 7,960,491	₩ 102,784	-	₩ 7,857,707
Financial liabilities:						
Trade notes and accounts payable	₩ 7,433,110	₩ 351,986	₩ 7,081,124	-	-	₩ 7,081,124
Other payables	4,725,557	12,009	4,713,548	-	-	4,713,548
Financial liabilities at FVTPL (*)	37,448	-	37,448	8,142	-	29,306
Derivative liabilities that are effective hedging instruments (*)	161,290	-	161,290	94,642	-	66,648
	₩ 12,357,405	₩ 363,995	₩ 11,993,410	₩ 102,784	-	₩ 11,890,626

(*) These are derivative assets and liabilities that the Group may have the right to offset in the event of default, insolvency or bankruptcy of the counterparty although these do not meet the criteria of offsetting under K-IFRS 1032.

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

In millions of Korean Won

Description	Gross amounts of recognized financial assets and liabilities	Gross amounts of recognized financial assets and liabilities set off in the consolidated statement of financial position	Net amounts of financial assets and liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position – financial instruments	Related amounts not set off in the statement of financial position – collateral received (pledged)	Net amounts
Financial assets:						
Trade notes and accounts receivable	₩ 3,917,901	₩ 116,275	₩ 3,801,626	-	-	₩ 3,801,626
Other receivables	3,421,842	277,916	3,143,926	-	-	3,143,926
Financial assets at FVTPL (*)	66,947	-	66,947	-	-	66,947
Derivative assets that are effective hedging instruments	39,002	-	39,002	28,980	-	10,022
	₩ 7,445,692	₩ 394,191	₩ 7,051,501	₩ 28,980	-	₩ 7,022,521
Financial liabilities:						
Trade notes and accounts payable	₩ 7,319,804	₩ 278,275	₩ 7,041,529	-	-	₩ 7,041,529
Other payables	4,804,728	115,916	4,688,812	-	-	4,688,812
Financial liabilities at FVTPL (*)	10,331	-	10,331	-	-	10,331
Derivative liabilities that are effective hedging instruments	414,029	-	414,029	28,980	-	385,049
	₩ 12,548,892	₩ 394,191	₩ 12,154,701	₩ 28,980	-	₩ 12,125,721

(*) There are no derivative assets and liabilities that can be offset as of December 31, 2014. Therefore, the 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.

(6) The commission income (financial services revenue) arising from financial assets or liabilities other than financial assets or liabilities at FVTPL for the years ended December 31, 2015 and 2014 are ₩ 1,717,992 million and ₩ 1,646,656 million, respectively. In addition, the fee expenses (cost of sales from financial services) occurring from financial assets or liabilities other than financial assets or liabilities at FVTPL for the years ended December 31, 2015 and 2014 are ₩ 837,455 million and ₩ 787,994 million, respectively.

(7) The Group recognizes transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer. There are no significant transfers between Level 1 and Level 2 for the year ended December 31, 2015.

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(8) Descriptions of the valuation techniques and the inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy are as follows:

- Currency forwards and options

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

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

- Debt instruments including corporate bonds

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

- Unlisted equity securities

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

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

In millions of Korean Won					
Description	Fair value at December 31, 2015	Valuation Techniques	Unobservable inputs	Range	Description of relationship
Unlisted equity securities	₩ 225,050	Discounted cash flow and others	Sales growth rate Pre-tax operating income ratio Discount rate	3.6% ~ 6.4% (-)1.5% ~ 3.2% 8.1% ~ 16.7%	If the sales growth rate and the pre-tax operating income ratio rise or the discount rate declines, the fair value increases.

The Group does not expect the changes in unobservable inputs for alternative assumptions that can be applied reasonably to have significant impact on the fair value measurements.

20. CAPITAL STOCK:

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

(1) Common stock

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

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

(2) Preferred stock

In millions of Korean Won				
Description	Par value	Issued	Korean Won	Dividend rate
1 st preferred stock	₩ 5,000	25,109,982 shares	₩ 125,550	Dividend rate of common stock + 1%
2 nd preferred stock	"	37,613,865 shares	193,069	The lowest stimulated dividend rate : 2%
3 rd preferred stock	"	2,478,299 shares	12,392	The lowest stimulated dividend rate : 1%
		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.

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21. CAPITAL SURPLUS:

Capital surplus as of December 31, 2015 and 2014 consists of the following:

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Stock paid-in capital in excess of par value	₩ 3,321,334	₩ 3,321,334
Others	199,061	813,216
	₩ 3,520,395	₩ 4,134,550

22. OTHER CAPITAL ITEMS:

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

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

23. ACCUMULATED OTHER COMPREHENSIVE LOSS:

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

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Gain on valuation of AFS financial assets	₩ 784,129	₩ 670,781
Loss on valuation of AFS financial assets	(339,984)	(163,791)
Gain on valuation of cash flow hedge derivatives	2,540	15
Loss on valuation of cash flow hedge derivatives	(33,543)	(30,378)
Gain on share of the other comprehensive income of equity-accounted investees	245,806	148,672
Loss on share of the other comprehensive income of equity-accounted investees	(505,373)	(395,272)
Loss on foreign operations translation, net	(1,585,396)	(1,574,853)
	₩ (1,431,821)	₩ (1,344,826)

24. RETAINED EARNINGS AND DIVIDENDS:

(1) Retained earnings as of December 31, 2015 and 2014 consist of the following:

Description	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Legal reserve (*)	₩ 610,380	₩ 528,648
Discretionary reserve	39,550,647	35,826,647
Unappropriated	19,874,061	18,294,568
	₩ 60,035,088	₩ 54,649,863

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

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

(2) The computation of the interim dividends for the year ended December 31, 2015 is as follows:

Description	In millions of Korean Won, except per share amounts			
	Common stock	1 st Preferred stock	2 nd Preferred stock	3 rd Preferred stock
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Number of shares issued	220,276,479	25,109,982	37,613,865	2,478,299
Treasury stocks	(13,209,474)	(2,202,059)	(1,376,138)	(24,782)
Shares, net of treasury stocks	207,067,005	22,907,923	36,237,727	2,453,517
Dividends per share	₩ 1,000	₩ 1,000	₩ 1,000	₩ 1,000
Dividend rate	20%	20%	20%	20%
Dividends declared	207,067	22,908	36,238	2,453

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(3) The computation of the proposed dividends for the year ended December 31, 2015 is as follows:

In millions of Korean Won, except per share amounts

Description	Common stock	1 st Preferred stock	2 nd Preferred stock	3 rd Preferred stock
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Number of shares issued	220,276,479	25,109,982	37,613,865	2,478,299
Treasury stocks	(13,209,474)	(2,202,059)	(1,376,138)	(24,782)
Shares, net of treasury stocks	207,067,005	22,907,923	36,237,727	2,453,517
Dividends per share	₩ 3,000	₩ 3,050	₩ 3,100	₩ 3,050
Dividend rate	60%	61%	62%	61%
Dividends declared	621,201	69,869	112,337	7,483

The computation of the dividends for the year ended December 31, 2014 is as follows:

In millions of Korean Won, except per share amounts

Description	Common stock	1 st Preferred stock	2 nd Preferred stock	3 rd Preferred stock
Par value per share	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Number of shares issued	220,276,479	25,109,982	37,613,865	2,478,299
Treasury stocks	(11,632,277)	(1,993,081)	(1,053,727)	(5,660)
Shares, net of treasury stocks	208,644,202	23,116,901	36,560,138	2,472,639
Dividends per share	₩ 3,000	₩ 3,050	₩ 3,100	₩ 3,050
Dividend rate	60%	61%	62%	61%
Dividends declared	₩ 625,933	₩ 70,507	₩ 113,336	₩ 7,541

25. SALES:

Sales for the years ended December 31, 2015 and 2014 consist of the following:

In millions of Korean Won

Description	2015	2014
Sales of goods	₩ 80,780,723	₩ 79,111,075
Rendering of services	1,342,227	1,207,996
Royalties	211,991	209,129
Financial services revenue	9,311,399	8,455,068
Others	312,396	273,051
	₩ 91,958,736	₩ 89,256,319

26. SELLING AND ADMINISTRATIVE EXPENSES:

Selling and administrative expenses for the years ended December 31, 2015 and 2014 consist of the following:

In millions of Korean Won

Description	2015	2014
Selling expenses:		
Export expenses	₩ 857,364	₩ 964,524
Overseas market expenses	299,338	371,490
Advertisements and sales promotion	2,071,836	2,053,000
Sales commissions	664,345	615,214
Expenses for warranties	1,223,492	1,095,916
Transportation expenses	254,468	296,027
	5,370,843	5,396,171
Administrative expenses:		
Payroll	2,558,891	2,453,025
Post-employment benefits	188,998	148,160
Welfare expenses	409,205	368,228
Service charges	1,183,696	1,169,274
Research	929,280	792,715
Others	1,258,621	1,252,484
	6,528,691	6,183,886
	₩ 11,899,534	₩ 11,580,057

27. GAIN ON INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

Gain on investments in joint ventures and associates for the years ended December 31, 2015 and 2014 consist of the following:

In millions of Korean Won

Description	2015	2014
Gain on share of earnings of equity-accounted investees, net	₩ 1,887,343	₩ 2,402,979
Gain on disposals of investments in associates, net	43,332	13,367
Impairment loss on investments in associates	-	(27,688)
	₩ 1,930,675	₩ 2,388,658

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28. FINANCE INCOME AND EXPENSES:

(1) Finance income for the years ended December 31, 2015 and 2014 consists of the following:

Description	In millions of Korean Won	
	2015	2014
Interest income	₩ 490,876	₩ 652,423
Gain on foreign exchange transactions	139,839	37,077
Gain on foreign currency translation	162,561	63,050
Dividend income	13,783	29,860
Gain on valuation of derivatives	18,264	97,009
Others	6,053	2,464
	₩ 831,376	₩ 881,883

(2) Finance expenses for the years ended December 31, 2015 and 2014 consist of the following:

Description	In millions of Korean Won	
	2015	2014
Interest expenses	₩ 259,210	₩ 300,247
Loss on foreign exchange transactions	158,739	38,394
Loss on foreign currency translation	245,881	247,842
Loss on disposals of trade notes and accounts receivable	4,831	3,634
Loss on valuation of derivatives	35,447	10,517
Impairment loss on AFS financial assets	8,056	-
Others	1,288	385
	₩ 713,452	₩ 601,019

29. OTHER INCOME AND EXPENSES:

(1) Other income for the years ended December 31, 2015 and 2014 consists of the following:

Description	In millions of Korean Won	
	2015	2014
Gain on foreign exchange transactions	₩ 419,989	₩ 311,870
Gain on foreign currency translation	183,769	136,490
Gain on disposals of PP&E	26,873	15,267
Gain on disposals of intangible assets	10,966	2,136
Commission income	93,527	58,843
Rental income	78,231	78,187
Gain on disposals of non-current assets classified as held for sale	13,471	17,153
Others	428,279	419,919
	₩ 1,255,105	₩ 1,039,865

(2) Other expenses for the years ended December 31, 2015 and 2014 consist of the following:

Description	In millions of Korean Won	
	2015	2014
Loss on foreign exchange transactions	₩ 497,234	₩ 442,493
Loss on foreign currency translation	209,510	194,477
Loss on disposals of PP&E	41,866	37,722
Impairment loss on intangible assets	11,070	28,721
Loss on disposals of non-current assets classified as held for sale	-	244
Donations	66,242	71,067
Others	376,315	533,375
	₩ 1,202,237	₩ 1,308,099

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30. EXPENSES BY NATURE:

Expenses by nature for the years ended December 31, 2015 and 2014 consist of the following:

Description	In millions of Korean Won	
	2015	2014
Changes in inventories	₩ (1,383,452)	₩ (351,411)
Raw materials and merchandise used	52,095,371	49,677,376
Employee benefits	8,846,227	8,537,685
Depreciation	1,972,727	1,843,802
Amortization	821,307	706,095
Others	24,450,887	22,600,885
Total (*)	₩ 86,803,067	₩ 83,014,432

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

31. EARNINGS PER COMMON STOCK AND PREFERRED STOCK:

Basic earnings per common stock and preferred stock are computed by dividing profit available to common stock and preferred stock by the weighted-average number of common stock and preferred stock outstanding during the year. The Group does not compute diluted earnings per common stock for the years ended December 31, 2015 and 2014, since there are no dilutive items during the years.

Basic earnings per common stock and preferred stock for the years ended December 31, 2015 and 2014 are computed as follows:

Description	December 31, 2015			December 31, 2014		
	Profit available to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share	Profit available to share	Weighted-average number of shares outstanding (*1)	Basic earnings per share
Common stock	₩ 4,942,188	207,125,425	₩ 23,861	₩ 5,656,688	209,221,204	₩ 27,037
1 st Preferred stock (*2)	547,902	22,916,252	23,909	628,018	23,155,054	27,122
2 nd Preferred stock	868,531	36,249,753	23,960	994,937	36,608,682	27,178
3 rd Preferred stock	58,682	2,454,252	23,910	67,164	2,477,823	27,106

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

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

32. INCOME TAX EXPENSE:

(1) Income tax expense for the years ended December 31, 2015 and 2014 consist of the following:

Description	In millions of Korean Won	
	2015	2014
Income tax currently payable	₩ 1,935,345	₩ 1,643,888
Adjustments recognized in the current year in relation to the prior years	65,177	(52,349)
Changes in deferred taxes due to:		
Temporary differences	781,973	818,276
Tax credits and deficits	(690,225)	(247,876)
Items directly charged to equity	3,874	231,519
Effect of foreign exchange differences	(145,936)	(91,652)
Income tax expense	₩ 1,950,208	₩ 2,301,806

(2) The reconciliation from income before income tax to income tax expense pursuant to Corporate Income Tax Law of Korea for the years ended December 31, 2015 and 2014 are as follows:

Description	In millions of Korean Won	
	2015	2014
Income before income tax	₩ 8,459,373	₩ 9,951,274
Income tax expense calculated at current applicable tax rates of 25.1% in 2015 and 27.2% in 2014	2,123,326	2,708,321
Adjustments:		
Non-taxable income	(69,066)	(111,489)
Disallowed expenses	100,318	139,304
Tax credits	(513,593)	(713,191)
Others	309,223	278,861
	(173,118)	(406,515)
Income tax expense	₩ 1,950,208	₩ 2,301,806
Effective tax rate	23.1%	23.1%

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(3) The changes in deferred tax assets (liabilities) for the year ended December 31, 2015 are as follows:

In millions of Korean Won

Description	Beginning of the year	Changes	End of the year
Provisions	₩ 1,844,534	₩ 95,354	₩ 1,939,888
AFS financial assets	(307,575)	(52,228)	(359,803)
Subsidiaries, associates and joint ventures	(1,329,594)	23,032	(1,306,562)
Reserve for research and manpower development	(233,309)	74,681	(158,628)
Derivatives	22,095	(9,648)	12,447
PP&E	(4,750,382)	(1,045,295)	(5,795,677)
Accrued income	(3,020)	62,570	59,550
Gain (loss) on foreign currency translation	(2,547)	2,119	(428)
Others	125,746	67,442	193,188
	(4,634,052)	(781,973)	(5,416,025)
Accumulated deficit and tax credit carryforward	1,232,699	690,225	1,922,924
	₩ (3,401,353)	₩ (91,748)	₩ (3,493,101)

The changes in deferred tax assets (liabilities) for the year ended December 31, 2014 are as follows:

In millions of Korean Won

Description	Beginning of the year	Changes	End of the year
Provisions	₩ 1,737,352	₩ 107,182	₩ 1,844,534
AFS financial assets	(247,363)	(60,212)	(307,575)
Subsidiaries, associates and joint ventures	(1,172,789)	(156,805)	(1,329,594)
Reserve for research and manpower development	(290,481)	57,172	(233,309)
Derivatives	(52,121)	74,216	22,095
PP&E	(3,962,231)	(788,151)	(4,750,382)
Accrued income	(7,509)	4,489	(3,020)
Gain (loss) on foreign currency translation	992	(3,539)	(2,547)
Others	178,374	(52,628)	125,746
	(3,815,776)	(818,276)	(4,634,052)
Accumulated deficit and tax credit carryforward	984,823	247,876	1,232,699
	₩ (2,830,953)	₩ (570,400)	₩ (3,401,353)

(4) The components of items charged to equity for the years ended December 31, 2015 and 2014 are as follows:

In millions of Korean Won

Description	2015	2014
Deferred tax charged or credited to:		
Loss on valuation of AFS financial assets, net	₩ 19,484	₩ 72,227
Loss (gain) on valuation of cash flow hedge derivatives, net	(2,612)	19,982
Remeasurements of defined benefit plans	(12,988)	128,118
Changes in retained earnings of equity-accounted investees	1,004	11,192
Changes in share of the other comprehensive income of equity-accounted investees	(1,014)	-
	₩ 3,874	₩ 231,519

(5) The temporary differences not recognized as deferred tax liabilities related to subsidiaries, associates and joint ventures are ₩ 7,629,969 million and ₩ 7,000,120 million as of December 31, 2015 and 2014, respectively.

33. RETIREMENT BENEFIT PLAN:

(1) Expenses recognized in relation to defined contribution plans for the years ended December 31, 2015 and 2014 are as follows:

In millions of Korean Won

Description	2015	2014
Paid in cash	₩ 6,716	₩ 6,426
Recognized liability	643	508
	₩ 7,359	₩ 6,934

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

Description	December 31, 2015	December 31, 2014
Discount rate	3.30%	3.62%
Rate of expected future salary increase	4.34%	5.01%

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

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

Description	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	₩ 4,464,399	₩ 4,065,742
Fair value of plan assets	(3,859,966)	(3,471,803)
	₩ 604,433	₩ 593,939
Net defined benefit liabilities	604,433	594,058
Net defined benefit assets	-	(119)

(4) Changes in net defined benefit assets and liabilities for the year ended December 31, 2015 are as follows:

Description	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Beginning of the year	₩ 4,065,742	₩ (3,471,803)	₩ 593,939
Current service cost	528,837	-	528,837
Interest expenses (income)	141,410	(120,076)	21,334
Past service cost	(10,878)	-	(10,878)
	4,725,111	(3,591,879)	1,133,232
Remeasurements:			
Return on plan assets	-	38,721	38,721
Actuarial gains and losses arising from changes in demographic assumptions	(6,022)	-	(6,022)
Actuarial gains and losses arising from changes in financial assumptions	(104,927)	-	(104,927)
Actuarial gains and losses arising from experience adjustments and others	(9,430)	-	(9,430)
	(120,379)	38,721	(81,658)
Contributions	-	(405,286)	(405,286)
Benefits paid	(167,146)	111,192	(55,954)
Transfers in (out)	1,502	(642)	860
Effect of foreign exchange differences and others	25,311	(12,072)	13,239
End of the year	₩ 4,464,399	₩ (3,859,966)	₩ 604,433

Changes in net defined benefit assets and liabilities for the year ended December 31, 2014 are as follows:

Description	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Beginning of the year	₩ 3,131,966	₩ (2,749,943)	₩ 382,023
Current service cost	452,968	-	452,968
Interest expenses (income)	136,845	(119,797)	17,048
	3,721,779	(2,869,740)	852,039
Remeasurements:			
Return on plan assets	-	28,274	28,274
Actuarial gains and losses arising from changes in demographic assumptions	25,672	-	25,672
Actuarial gains and losses arising from changes in financial assumptions	389,867	-	389,867
Actuarial gains and losses arising from experience adjustments and others	62,158	-	62,158
	477,697	28,274	505,971
Contributions	-	(724,424)	(724,424)
Benefits paid	(153,751)	101,627	(52,124)
Transfers in (out)	514	106	620
Effect of foreign exchange differences and others	19,503	(7,646)	11,857
End of the year	₩ 4,065,742	₩ (3,471,803)	₩ 593,939

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(5) The sensitivity analysis below have been determined based on reasonably possible changes of the significant assumptions as of December 31, 2015 and 2014, while holding all other assumptions constant.

In millions of Korean Won

Description	Effect on the net defined benefit liabilities			
	December 31, 2015		December 31, 2014	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate	₩ (462,501)	₩ 547,097	₩ (431,595)	₩ 524,793
Rate of expected future salary increase	516,496	(445,322)	501,421	(423,593)

(6) The fair value of the plan assets as of December 31, 2015 and 2014 consists of the following:

In millions of Korean Won

Description	December 31, 2015	December 31, 2014
Insurance instruments	₩ 3,616,437	₩ 3,230,405
Debt instruments	98,586	102,734
Others	144,943	138,664
	₩ 3,859,966	₩ 3,471,803

34. CASH GENERATED FROM OPERATIONS:

Cash generated from operations for the years ended December 31, 2015 and 2014 is as follows:

In millions of Korean Won

Description	2015	2014
Profit for the year	₩ 6,509,165	₩ 7,649,468
Adjustments:		
Post-employment benefits	539,936	470,016
Depreciation	1,972,727	1,843,802
Amortization of intangible assets	821,307	706,095
Provision for warranties	998,395	866,416
Income tax expense	1,950,208	2,301,806
Loss on foreign currency translation, net	109,061	242,779
Loss on disposals of PP&E, net	14,993	22,455
Interest income, net	(231,666)	(352,176)
Gain on share of earnings of equity-accounted investees, net	(1,887,343)	(2,402,979)
Gain on disposals of investments in associates, net	(43,332)	(13,367)
Cost of sales from financial services, net	4,841,387	4,338,252
Others	410,136	346,557
	9,495,809	8,369,656
Changes in operating assets and liabilities:		
Increase in trade notes and accounts receivable	(801,982)	(614,041)
Increase in other receivables	(12,056)	(213,459)
Decrease (increase) in other financial assets	217,030	(1,680,932)
Increase in inventories	(1,999,181)	(804,120)
Increase in other assets	(295,817)	(12,947)
Increase in trade notes and accounts payable	240,497	824,354
Decrease in other payables	(243,701)	(167,667)
Increase in other liabilities	1,806,477	227,641
Decrease in other financial liabilities	(12,502)	(23,610)
Changes in net defined benefit liabilities	(394,928)	(723,804)
Payment of severance benefits	(55,954)	(52,124)
Decrease in provisions	(1,354,312)	(1,345,291)
Changes in financial services receivables	(4,292,338)	(3,639,876)
Increase in operating lease assets	(6,314,151)	(4,267,094)
Others	15,500	71,821
	(13,497,418)	(12,421,149)
Cash generated from operations	₩ 2,507,556	₩ 3,597,975

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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 year. Debt to equity ratios as of December 31, 2015 and 2014 are as follows:

Description	December 31, 2015	December 31, 2014
Total liabilities	₩ 98,486,545	₩ 84,604,552
Total equity	66,881,401	62,620,565
Debt-to-equity ratio	147.3%	135.1%

(2) Financial risk management

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

1) Market risk

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

a) Foreign exchange risk management

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

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

The Group's sensitivity to a 5% change in exchange rate of the functional currency against each foreign currency on income before income tax as of December 31, 2015 would be as follows:

Foreign Currency	Foreign Exchange Rate Sensitivity	
	Increase by 5%	Decrease by 5%
USD	₩ (51,895)	₩ 51,895
EUR	301	(301)
JPY	(34,872)	34,872

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

b) Interest rate risk management

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

The Group's sensitivity to a 1% change in interest rates on income before income tax as of December 31, 2015 would be as follows:

Accounts	Interest Rate Sensitivity	
	Increase by 1%	Decrease by 1%
Cash and cash equivalents	₩ 13,421	₩ (13,421)
Financial assets at FVTPL	(5,748)	5,958
Short-term and long-term financial instruments	8,211	(8,211)
Borrowings and debentures	(115,450)	115,450
Financial liabilities at FVTPL	3,565	(3,565)

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 December 31, 2015 and 2014, the amounts of interest rate risk measured at VaR are ₩ 131,521 million and ₩ 119,847 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

c) Equity price risk

The Group is exposed to market price fluctuation risk arising from equity instruments. As of December 31, 2015, the amounts of held for trading equity instruments and AFS equity instruments measured at fair value are ₩ 90,363 million and ₩ 2,419,104 million, respectively.

2) Credit risk

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

3) Liquidity risk

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

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

The Group's maturity analysis of its non-derivative liabilities according to their remaining contract period before expiration as of December 31, 2015 is as follows:

In millions of Korean Won

Description	Remaining contract period			Total
	Not later than one year	Later than one year and not later than five years	Later than five years	
Non interest-bearing liabilities	₩ 15,465,397	₩ 1,351	₩ 703	₩ 15,467,451
Interest-bearing liabilities	21,472,053	45,085,595	1,610,530	68,168,178
Financial guarantee	1,175,313	64,561	26,029	1,265,903

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

(3) Derivative instrument

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

As of December 31, 2015 and 2014, the Group deferred a net loss of ₩ 31,003 million and ₩ 30,363 million, respectively, in accumulated other comprehensive loss, on its effective cash flow hedging instruments.

The longest period in which the forecasted transactions are expected to occur is within 74 months as of December 31, 2015. For the years ended December 31, 2015 and 2014, the Group recognizes a net profit of ₩ 226,254 million and ₩ 178,547 million in profit or loss (before tax), respectively, which resulted from the ineffective portion of its cash flow hedging instruments and changes in the valuation of its other non-hedging derivative instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

36. RELATED-PARTY TRANSACTIONS:

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

(1) For the year ended December 31, 2015, significant transactions arising from operations between the Group and related parties or affiliates by the Monopoly Regulation and Fair Trade Act of the Republic of Korea ("the Act") are as follows:

Description		In millions of Korean Won			
		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
Entity with significant influence over the Company	Hyundai MOBIS Co., Ltd.	₩ 873,125	₩ 8,078	₩ 4,727,243	₩ 51,413
	Mobis Alabama, LLC	25,006	5,002	1,310,017	2,409
	Mobis Automotive Czech s.r.o.	36	449	1,327,874	7,717
	Mobis India, Ltd.	39,745	2,153	917,674	1,436
	Mobis Parts America, LLC	32,070	6,654	648,333	1,844
	Mobis Parts Europe N.V.	7,711	4,988	272,042	11
	Mobis Brasil Fabricacao De Auto Pecas Ltda	3,111	-	254,439	-
	Mobis Module CIS, LLC	318	300	177,229	19
	Others	60,623	46,699	701,184	22,356
	Joint ventures and associates	Kia Motors Corporation	981,481	609,397	150,072
Kia Motors Manufacturing Georgia, Inc.		676,338	1,366	2,684,112	6,318
Kia Motors Russia LLC		792,016	-	-	1
Kia Motors Slovakia s.r.o.		119,380	20,281	753,421	231
BHMC		1,173,068	64,294	989	-
HMGC		187,526	5	1,868	3,010
Hyundai WIA Corporation		262,162	1,038	1,037,650	541
Hyundai HYSOCO Co., Ltd.		8,372	770	6,855	-
Others		543,687	38,125	2,772,084	1,913,271
Other related parties		2,543	1,519	-	-
Affiliates by the Act	1,013,786	70,048	5,065,433	1,748,507	

For the year ended December 31, 2014, significant transactions arising from operations between the Group and related parties or affiliates by the Act are as follows:

Description		In millions of Korean Won			
		Sales/proceeds		Purchases/expenses	
		Sales	Others	Purchases	Others
Entity with significant influence over the Company	Hyundai MOBIS Co., Ltd.	₩ 855,186	₩ 9,962	₩ 4,834,975	₩ 39,486
	Mobis Alabama, LLC	21,484	16,792	1,321,444	23,419
	Mobis Automotive Czech s.r.o.	48	438	1,177,753	578
	Mobis India, Ltd.	18,040	17,402	746,382	650
	Mobis Parts America, LLC	25,720	5,561	529,788	1,616
	Mobis Parts Europe N.V.	4,628	1,889	244,800	-
	Mobis Brasil Fabricacao De Auto Pecas Ltda	2,561	-	307,535	-
	Mobis Module CIS, LLC	-	448	216,528	28
	Others	20,272	731	445,031	17,424
	Joint ventures and associates	Kia Motors Corporation	941,875	476,662	154,410
Kia Motors Manufacturing Georgia, Inc.		637,885	1,609	2,419,402	943
Kia Motors Russia LLC		885,546	156	-	4,714
Kia Motors Slovakia s.r.o.		120,347	19,896	576,617	655
BHMC		956,691	44,452	404	-
HMGC		368,616	146	2,389	6,193
Hyundai WIA Corporation		200,301	520	856,907	14,985
Hyundai HYSOCO Co., Ltd.		12,528	1,804	13,912	15
Others		456,964	35,133	2,870,138	1,803,768
Other related parties		3,073	6,258	408,969	454,203
Affiliates by the Act	780,543	69,118	4,756,881	1,380,518	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(2) As of December 31, 2015, significant balances related to the transactions between the Group and related parties or affiliates by the Act are as follows:

In millions of Korean Won

Description	Receivables		Payables	
	Trade notes and accounts receivable	Other receivables and others	Trade notes and accounts payable	Other payables and others
Entity with significant influence over the Company				
Hyundai MOBIS Co., Ltd.	₩ 133,440	₩ 18,876	₩ 793,887	₩ 196,617
Mobis Alabama, LLC	23	5,762	98,090	-
Mobis Automotive Czech s.r.o.	40	318	144,096	-
Mobis India, Ltd.	218	14,109	126,719	65
Mobis Parts America, LLC	3,492	164,618	53,276	-
Mobis Parts Europe N.V.	997	2,021	36,536	-
Mobis Module CIS, LLC	-	50	17,310	-
Others	17,514	388	70,088	4,999
Joint ventures and associates				
Kia Motors Corporation	265,226	325,440	33,332	119,272
Kia Motors Manufacturing Georgia, Inc.	56,799	15,253	205,636	1,045
Kia Motors Russia LLC	84,761	111	-	-
Kia Motors Slovakia s.r.o.	10,139	2,313	68,321	1,116
Kia Motors America, Inc.	-	102,629	85	-
BHMC	300,828	18,659	-	4,505
HMGC	-	136	-	693
Hyundai WIA Corporation	99,080	11,884	143,774	89,589
Others	306,524	22,850	324,016	588,537
Other related parties	223	291	-	-
Affiliates by the Act	315,440	710,805	793,969	372,458

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

In millions of Korean Won

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(3) Significant fund transactions and equity contribution transactions for the year ended December 31, 2015, between the Group and related parties are as follows:

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

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
Entity with significant influence over the Company	-	\$ 60,000	-	-	-
Joint ventures and associates	-	-	-	-	366,439

Significant fund transactions and equity contribution transactions for the year ended December 31, 2014, between the Group and related parties are as follows:

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

Description	Loans		Borrowings		Equity contribution
	Lending	Collection	Borrowing	Repayment	
Joint ventures and associates	-	-	-	\$ 362	₩ 130,417

During 2015, the Group traded in other financial assets and others of ₩ 2,650,000 million with HMC Investment Securities Co., Ltd., an associate of the Group. The Group has other financial assets of ₩ 1,910,000 million in the consolidated statements of financial position as of December 31, 2015.

(4) Compensation of registered and unregistered directors, who are considered to be the key management personnel for the years ended December 31, 2015 and 2014 are as follows:

In millions of Korean Won

Description	2015	2014
Short-term employee salaries	₩ 198,063	₩ 178,844
Post-employment benefits	37,888	33,179
Other long-term benefits	510	623
	₩ 236,461	₩ 212,646

37. COMMITMENTS AND CONTINGENCIES:

(1) As of December 31, 2015 the debt guarantees provided by the Group, excluding the ones provided to the Company's subsidiaries are as follows:

In millions of Korean Won

Description	Domestic	Overseas (*)
To associates	-	₩ 64,561
To others	11,627	1,201,736
	₩ 11,627	₩ 1,266,297

(*) The guarantee amounts in foreign currency are translated into Korean Won using the Base Rate announced by Seoul Money Brokerage Services, Ltd. as of December 31, 2015.

(2) As of December 31, 2015, the Group is involved in domestic and foreign lawsuits as a defendant. In addition, the Group is involved in lawsuits for product liabilities and others. The Group obtains insurance for potential losses which may result from product liabilities and other lawsuits. Meanwhile, as of December 31, 2015, the Group is currently involved in lawsuits for ordinary wage, which involves disputes over whether certain elements of remuneration are included in the earnings used for the purposes of calculating overtime, allowances for unused annual paid leave and retirement benefits, and unable to estimate the outcome or the potential consolidated financial impact.

(3) As of December 31, 2015, a substantial portion of the Group's PP&E is pledged as collateral for various loans up to ₩ 962,290 million. In addition, the Group pledged certain bank deposits, checks, promissory notes and investment securities, including 213,466 shares of Kia Motors Corporation, as collateral to financial institutions and others. Certain receivables held by the Company's foreign subsidiaries, such as financial services receivables are pledged as collateral for their borrowings.

(4) Hyundai Capital Services, Inc., a subsidiary of the Company, has Revolving Credit Facility Agreements with the following financial institutions.

1) Credit Facility Agreement

Hyundai Capital Services, Inc. entered into a Credit Facility Agreement with GE Capital European Funding & CO (the "GE Capital") on February 15, 2013 and the agreement had been renewed on January 9, 2015. The credit line of the agreement is Euro worth of USD 600 million as of December 31, 2015. The entity will be able to extend the agreement until January 5, 2018 annually. Otherwise, it will be automatically terminated. The agreement was expired at January 8, 2016.

2) Revolving Credit Facility

Hyundai Capital Services, Inc. has a Revolving Credit Facility Agreement which credit line is USD 200 million, EUR 10 million and ₩ 1,775,000 million with Kookmin Bank and 21 other financial institutions, as of December 31, 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(5) Hyundai Card Co., Ltd, a subsidiary of the Company, has a Revolving Credit Facility Agreement which credit line is ₩ 490,000 million with Kookmin Bank and 8 other financial institutions, as of December 31, 2015.

38. SEGMENT INFORMATION:

(1) The Group has a vehicle segment, a finance segment and other segments. The vehicle segment is engaged in the manufacturing and sale of motor vehicles. The finance segment operates vehicle financing, credit card processing and other financing activities. Other segments include the R&D, train manufacturing and other activities, which cannot be classified in the vehicle segment or in the finance segment.

(2) Sales and operating income by operating segments for the years ended December 31, 2015 and 2014 are as follows:

In millions of Korean Won

	For the year ended December 31, 2015				
	Vehicle	Finance	Others	Consolidation adjustments	Total
Total sales	₩ 107,818,185	₩ 12,685,655	₩ 7,914,529	₩ (36,459,633)	₩ 91,958,736
Inter-company sales	(35,138,507)	(249,562)	(1,071,564)	36,459,633	-
Net sale	72,679,678	12,436,093	6,842,965	-	91,958,736
Operating income	5,142,317	914,982	117,730	182,877	6,357,906

In millions of Korean Won

	For the year ended December 31, 2014				
	Vehicle	Finance	Others	Consolidation adjustments	Total
Total sales	₩ 105,798,039	₩ 10,997,532	₩ 7,241,540	₩ (34,780,792)	₩ 89,256,319
Inter-company sales	(33,489,970)	(227,146)	(1,063,676)	34,780,792	-
Net sale	72,308,069	10,770,386	6,177,864	-	89,256,319
Operating income	5,806,836	1,061,001	191,621	490,528	7,549,986

(3) Assets and liabilities by operating segments for the years ended December 31, 2015 and 2014 are as follows:

In millions of Korean Won

	As of December 31, 2015				
	Vehicle	Finance	Others	Consolidation adjustments	Total
Total assets	₩ 93,570,094	₩ 76,064,850	₩ 8,081,961	₩ (12,348,959)	₩ 165,367,946
Total liabilities	33,640,160	66,658,218	5,367,418	(7,179,251)	98,486,545
Borrowings and debentures	5,113,356	58,965,385	3,076,764	(2,223,165)	64,932,340

In millions of Korean Won

	As of December 31, 2014				
	Vehicle	Finance	Others	Consolidation adjustments	Total
Total assets	₩ 85,791,905	₩ 65,894,361	₩ 7,035,554	₩ (11,496,703)	₩ 147,225,117
Total liabilities	30,424,220	56,783,188	4,162,456	(6,765,312)	84,604,552
Borrowings and debentures	4,393,547	49,644,731	2,142,616	(1,922,962)	54,257,932

(4) Sales by region where the Group's entities are located in for the years ended December 31, 2015 and 2014 are as follows:

In millions of Korean Won

	For the year ended December 31, 2015						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
Total sales	₩ 55,909,081	₩ 36,394,997	₩ 7,434,827	₩ 26,619,037	₩ 2,060,427	₩ (36,459,633)	₩ 91,958,736
Inter-company sales	(15,241,648)	(7,267,377)	(348,372)	(13,601,572)	(664)	36,459,633	-
Net sales	40,667,433	29,127,620	7,086,455	13,017,465	2,059,763	-	91,958,736

In millions of Korean Won

	For the year ended December 31, 2014						
	Korea	North America	Asia	Europe	Others	Consolidation adjustments	Total
Total sales	₩ 54,344,055	₩ 33,998,857	₩ 6,732,058	₩ 26,488,776	₩ 2,473,365	₩ (34,780,792)	₩ 89,256,319
Inter-company sales	(14,443,717)	(7,185,075)	(562,985)	(12,584,985)	(4,030)	34,780,792	-
Net sales	39,900,338	26,813,782	6,169,073	13,903,791	2,469,335	-	89,256,319

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	In millions of Korean Won	
	December 31, 2015	December 31, 2014
Korea	₩ 27,735,116	₩ 21,109,314
North America	2,358,588	2,174,461
Asia	1,153,577	1,129,741
Europe	1,864,713	1,952,153
Others	294,438	399,453
	33,406,432	26,765,122
Consolidation adjustments	(117,993)	(79,000)
Total (*)	₩ 33,288,439	₩ 26,686,122

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

(6) There is no single external customer who represents 10% or more of the Group's revenue for the years ended December 31, 2015 and 2014.

39. CONSTRUCTION CONTRACTS:

(1) Cost, income and loss and claimed construction from construction in progress as of December 31, 2015 and 2014 are as follows:

	In millions of Korean Won	
Description	December 31, 2015	December 31, 2014
Accumulated accrual cost	₩ 9,774,231	₩ 7,427,961
Accumulated income	961,631	1,071,348
Accumulated construction in process	10,735,862	8,499,309
Progress billing	(9,361,257)	(7,172,915)
Due from customers	1,837,280	1,617,221
Due to customers	(462,675)	(290,827)

(2) Effects on profit or loss of current and future periods, due from customers related to changes in accounting estimates of total contract revenue and total contract costs of ongoing contracts of Hyundai Rotem, a subsidiary of the Company, as of December 31, 2015 are as follows:

	In millions of Korean Won	
Description	December 31, 2015	
Changes in accounting estimates of total contract revenue	₩ 79,498	
Changes in accounting estimates of total contract costs	532,571	
Effects on profit or loss of current period	(406,706)	
Effects on profit or loss of future periods	(46,367)	
Changes in due from customers	(108,863)	

Effects on profit or loss of current and future periods were calculated by total contract costs estimated based on the situation occurred since the commencement of the contract to December 31, 2015 and the estimates of contract revenue as of December 31, 2015. Total contract revenue and costs are subject to change in future periods.

There are changes in accounting estimates of total contract revenue and total contract costs related to CPTM electric multiple unit project in Sao Paolo, Brazil, as the host of the consortium IESA filed for court receivership and withdrew from the consortium. In December, 2015, Hyundai Rotem, as the host of consortium, entered into a modified contract with the customers, and as a result, expected total losses has been recognized amounting at ₩ 157,575 million for the year ended December 31, 2015.

40. BUSINESS COMBINATIONS:

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

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

	In millions of Korean Won	
Description	Amounts	
Considerations transferred	₩ 86,613	
Assets acquired and liabilities assumed:		
Current assets	80,841	
Non-current assets	350	
Current liabilities	(4,283)	
Non-current liabilities	(1,600)	
Fair value of identifiable net assets	75,308	
Goodwill	₩ 11,305	

2) During 2015, arising from the acquisition, the Group recognized sales amount of ₩ 208,452 million and net gain of ₩ 1,602 million. The Group recognized receivables amount of ₩ 1,873 million at the time of acquisition and all amount is expected to be collected.

MILESTONES OF HMC

HYUNDAI MOTOR HAS CREATED A GLOBAL SUCCESS STORY
AS A LEADING KOREAN AUTOMAKER



HISTORY



1967
+ Incorporation of Hyundai Motor Company

1968
+ Completion of Ulsan assembly plant
+ Mass production of Cortina begins

1976
+ Launch of Hyundai Pony, the first Korean passenger car
+ First export of Pony to Ecuador

1983
+ Incorporation of the Canadian subsidiary HMC

1985
+ Launch of Excel
+ Incorporation of the U.S. subsidiary HMA
+ Launch of 1st generation Sonata

1986
+ Exports of Excel to the U.S. begin
+ Launch of Azera (Grandeur), Hyundai Motor's large-size luxury car

1987
+ Excel is the best selling imported compact car in the U.S. for 3 consecutive years

1988
+ Launch of Sonata, Hyundai Motor's midsize luxury sedan

1989
+ Overseas exports of Excel surpass 1 million units

1990
+ Launch of Elantra and Scoupe

1991
+ Developed Alpha engine, the 1st engine created in Korea
+ Developed Sonata EV
+ Launch of Galloper

1992
+ Unveiling of HCD-1, Korea's 1st concept car
+ Cumulative production surpasses 5 million units

1993
+ Launch of Sonata II

1994
+ Launch of Accent (Verna)
+ Annual production surpasses 1 million units

1995
+ Launch of Elantra
+ Completion of Jeonju commercial vehicle manufacturing plant
+ Hyundai Motor Europe Technical Center GmbH (HMETC) opens

1996
+ Inauguration of the Namyang Technology Research Center
+ Cumulative production surpasses 10 million units

1997
+ Epsilon engine independently developed
+ Inauguration of the Turkey Plant / Asan Plant

1998
+ Independently developed world-class, high performance V6 Delta engine
+ Launch of Azera (Grandeur) XG and EF Sonata
+ Inauguration of the India Plant
+ Acquisition of Kia Motors

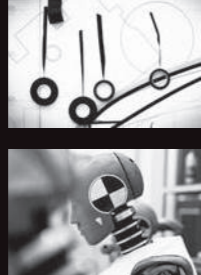
1999
+ Launch of Centennial (Equus)
+ Developed Korea's 1st automotive fuel cell battery

2000
 + Launch of Santa Fe and new Elantra
 + Developed Korea's 1st passenger diesel engine and large commercial engine
 + Debut of the four mid-sized and large bus models

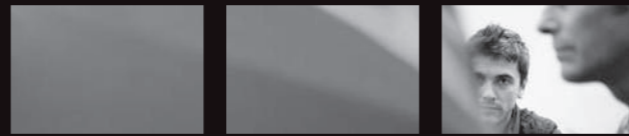
2001
 + Production of Beta engine surpasses 1 million units
 + Unveiling of Korea's 1st fuel cell electric vehicle, Santa Fe
 + Establishment of Hyundai European Design Center



2007
 + Launch of i30 for Europe
 + Cumulative sales in the U.S. surpass 5 million units
 + Unveiling of the 3rd generation fuel cell concept car i-Blue
 + Developed F, G, H diesel engines for commercial vehicle
 + Launch of the next-generation compact car i10 by HMI



2002
 + Cumulative production at Asan Plant surpasses 1 million unit
 + Official sponsor of the 2002 FIFA World Cup Korea /Japan
 + Production of Sonata begins in China



2003
 + Inauguration of the California Design & Technical Center
 + Production of Elantra surpasses 2 million units
 + Global Environmental Management proclamation
 + Inauguration of the Europe Technical Center
 + Inauguration of the Namyang Design Center
 + Annual exports surpass 1 million units



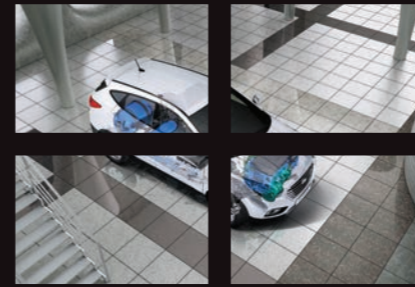
2008
 + Launch of Genesis, Genesis Coupe, and i30cw
 + Inauguration of the 2nd plant in India
 + Hyundai Beijing hits 1 million vehicle production milestone
 + Inauguration of the 2nd plant in Beijing
 + Sales of Elantra surpass 5 million unit
 + Launch of i20 for Europe
 + Developed next-generation clean diesel R engine
 + Launched Blue Drive brand for green models
 + Tau engine named Wards 10 Best Engines Winners
 + Developed front-wheel 6-speed automatic transmission

2004
 + Launch of Hyundai Motor's 1st compact SUV, ix35 (Tucson)
 + Production of Delta engine surpasses 1 million units
 + Sonata places 1st in JD Power Initial Quality Study
 + Cumulative exports surpass 10 million units
 + Developed Theta engine and Lambda engine
 + Official sponsor of UEFA Euro 2004

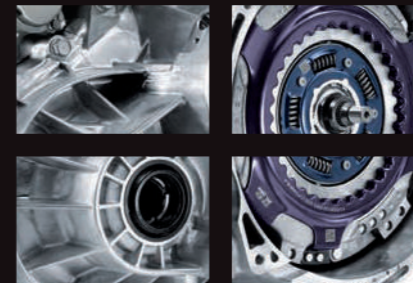
2005
 + Inauguration of the U.S. proving ground
 + Exports to Africa and the Middle East surpass 1 million units
 + Inauguration of Alabama Plant
 + Developed clean Mu V6 engine
 + Debuted in Interbrand's Best Global Brands
 + Inauguration of Environmental Technology Research Center
 + Inauguration of Hyundai America Technical Center
 + Inauguration of the eco-friendly Vehicle Recycling Center

2009
 + Genesis named North American Car of the Year
 + Main sponsor of the U.S. Super Bowl
 + Cumulative exports to Africa surpass 1 million units
 + No. 69 in Global Brand Value
 + Inauguration of the Czech Plant
 + Inauguration of Hyundai Motor India Engineering Pvt. Ltd.
 + Developed next generation high performance Theta GDi
 + Sales of Santa Fe surpass 2 million units
 + Tau engine named Wards 10 Best Engines Winners for a 2nd consecutive year

2006
 + Developed Gamma engine
 + No. 1 Non-Premium Nameplate in JD Power's IQS
 + Launch of new Elantra
 + Exports to South America surpass 1 million units
 + Developed V6 diesel S engine
 + Inauguration of new Hyundai Motor Europe GmbH building



2012
 + Elantra awarded North American Car of the Year
 + Launch of New Santa Fe, i40 Saloon, and Veloster Turbo
 + No. 53 in Global Brand Value
 + Inauguration of the Brazil Plant
 + ix35 Fuel Cell (Tucson Fuel Cell) supplied to Europe
 + Unveiling of the i-oniq electric concept car
 + Azera (Grandeur), Elantra, Santa Fe awarded the ALG Residual Value Award
 + Azera (Grandeur), Santa Fe, Veloster wins the GOOD DESIGN™ AWARD
 + Official sponsor of UEFA Euro 2012



2010
 + Cumulative sales of Sonata surpasses 5 million units
 + Official sponsor of the 2010 FIFA World Cup South Africa
 + Cumulative sales by HMI surpasses 3 million units
 + Inauguration of the Russia Plant
 + Launch of the eco-friendly electric car BlueOn
 + Unveiling of the independently-developed Nu-Tau GDi engines and RWD 8-speed automatic transmission
 + Tau engine named Wards 10 Best Engines Winners for a 3rd consecutive year
 + Annual sales in the U.S. surpass 500,000 units
 + Developed ix35 Fuel Cell (Tucson Fuel Cell)



2011
 + Blue Link introduced at the 2011 CES in the U.S.
 + Unveiling of the new brand direction and slogan 'New Thinking. New Possibilities.'
 + Launch of the 5th generation Azera (Grandeur) and Veloster
 + Launch of Sonata Hybrid
 + Launch of Genesis Prada limited edition
 + No. 61 in Global Brand Value
 + Launch of i40 wagon
 + Cumulative exports to Central and South America surpass 2 million units
 + Gamma engine named Wards 10 Best Engines Winners

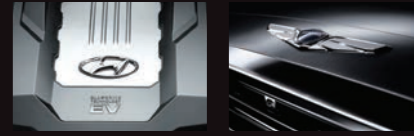
2013
 + World's 1st mass production of ix35 Fuel Cell (Tucson Fuel Cell)
 + Launch of Maxcruz
 + Cumulative sales in the U.S. surpasses 8,000,000 units
 + Launch of Hyundai Motorsport
 + Unveiling of new i10
 + Hyundai selected as one of top 50 Global Brands
 + Cumulative sales of Sonata in Korea surpass 3 million unit
 + Unveiling of electronically controlled AWD HTRAC
 + Cumulative production by HMI surpasses 5 million units
 + Launch of All-new Genesis
 + World Rally Championship (WRC) Team launched
 + Beijing Hyundai sales in China surpasses 1 million units / year



2014
 + Unveiling of HED-9 Intrado at the Geneva International Motor Show
 + Launch of the All-new Sonata
 + Inauguration of Hyundai Motorstudio Seoul
 + Official sponsor of the 2014 FIFA World Cup Brazil
 + Cumulative production by HAOS surpasses 1 million units
 + Participation of i20 in the WRC, placing first in the Germany Rally
 + Cumulative global sales of Elantra surpass 10 million units
 + Launch of Aslan
 + Launch of new Sonata Hybrid
 + Hyundai FCEV engine named to Wards 10 Best Engines

2015
 + Unveiling of Sonata Plug-in Hybrid
 + Inauguration of Hyundai Motorstudio Moscow
 + Launch of All-new Tucson
 + Launch of mid-duty truck, All-new Mighty
 + Demonstration of zero emission fuel cell electric bus
 + Cumulative production by HMI surpasses 10 million units
 + Launch of All-new Elantra
 + Unveiling of High-Performance 'N' at Frankfurt Motor Show
 + Cumulative sales in the U.S. surpass 6 million units
 + Cumulative production in Russia surpasses 1 million units
 + Launch of global luxury brand 'Genesis'
 + Hyundai Sonata Plug-in Hybrid named to Wards 10 Best Engines
 + Launch of Genesis G90

2016
 + Unveiling of Genesis G90 in North America
 + Launch of IONIQ, first dedicated eco-friendly model
 + Tucson and Elantra win 2016 iF Design Awards
 + Unveiling of all three versions (HEV, EV, PHEV) of IONIQ at Geneva Motor Show
 + Introduction of Project IONIQ for future mobility innovation
 + Launch of Genesis G90 limousine
 + Announcement of next generation connected car strategy



PASSENGER CARS



AZERA (GRANDEUR)



ACCENT 5DR



SONATA



ix20



i40



i20



i40 SEDAN



i20 COUPE



ELANTRA



i20 ACTIVE



i30



ELITE i20



i30 WAGON



HB20



i30 3DR



GRAND i10 4DR (ACCENT)



VELOSTER



GRAND i10



VELOSTER TURBO



i10



ACCENT (VERIA)



EON

SUV



GRAND SANTA FE



SANTA FE



TUCSON



CRETA

ECO-FRIENDLY CARS



SONATA HYBRID



SONATA PLUG-IN HYBRID



IONIQ HYBRID



IONIQ ELECTRIC



ix35 FUEL CELL (TUCSON FUEL CELL)

MPV / BUS / TRUCK



H-1 (GRAND STAREX)



H350



UNIVERSE



UNICITY



NEW SUPER AERO CITY



AEROTOWN



COUNTY



XCIENT DUMP TRUCK



XCIENT CARGO



XCIENT TRACTOR



XCIENT MIXER



HEAVY DUTY TRUCK



MIGHTY



H-100



GENESIS



G90



G80

HYUNDAI MOTOR AIMS TO REDEFINE AUTOMOBILES WITH ITS PHILOSOPHY OF MODERN PREMIUM.

When others just focused on how to advance automotive technology, Hyundai Motor searched for ways to make the automobiles improve our way of life.

Our vision of Modern Premium is to provide a unique premium experience which delights and impresses customers.

The future of the automobile holds many possibilities.

Likewise, the meaning of automobiles will change with new possibilities.

Making automobiles something much more than just a means of transport—that is our vision of Modern Premium.

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