



**HYUNDAI**  
Hyundai Motor Manufacturing Czech

2012

Hyundai Motor Manufacturing Czech s.r.o.

# Annual Report 2012

For the Year Ended 31 December 2012

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# Foreword by the President of the Company

In six years of its existence in the Czech Republic, Hyundai Motor Manufacturing Czech s.r.o. (hereinafter “HMMC” or the “Company”) has become one of the leading car manufacturers, exporting cars to almost 60 different countries. The plant in Pošovice is the only Hyundai manufacturing plant within the EU and thus it plays a key role in establishing Hyundai on the EU market. Network of European car dealers has been growing steadily as our Company offers customers cars of the highest quality and sophisticated design while employing advanced technology.

In the year ended 31 December 2012, the Company was successful in achieving its goals and facing new challenges. More than 303,000 cars and 442,000 transmissions were produced. Since November 2008, when mass production was launched, the cars produced in HMMC have convinced more than 880,000 customers of their quality. The whole year 2012 was dedicated to production of the new generation Hyundai i30 – production of its five-door version was launched in January, followed by the launch of production of the wagon version in June and the three-door version in November. The new generation of the i30 attracted attention not only of customers but also motor journalists, who nominated it for the final round of the prestigious European Car of the Year (COTY) award for 2013.

We also completed construction of our second Transmission Shop, in which mass production was launched in June. In September 2011 we introduced a three-shift operation process and so number of employees was kept stable at around 3,400 in the course of 2012. The Company’s key resource is its employees, who strive to achieve excellent results in quality, flexibility and productivity, thus working towards the Company’s strategic goals. During the course of the year, the Company focused on active communication with its employees and provided them with various internal and external trainings to support their professional and personal development.

In a long term, HMMC has been one of the driving forces of the Czech economy namely in the Moravian-Silesian Region, which experienced fundamental restructuring of heavy industry in the 90s resulting in a loss of thousands of jobs. Building the HMMC plant and its sub-supplier firms has provided more than 10,000 new jobs and thus brought new hope for the region and a vision for its future development.

We will continue our strive to be a good neighbour and a good citizen of the Moravian-Silesian Region and the Czech Republic, with a positive impact on the economic growth and the lives of people in the region. Our policy and key values are to maintain a dynamic growth of the Company based on environmentally-friendly production.

I am presenting the Annual Report for the year ended 31 December 2012.

In Pošovice on 23 April 2013



Jun Ha Kim

Statutory Executive and  
President of Hyundai Motor  
Manufacturing Czech s.r.o.

# Hyundai Motor Manufacturing Czech



## 2.1 Company Profile

Hyundai Motor Manufacturing Czech s.r.o. (hereinafter "HMMC"), with its registered office in the Industrial Zone in Pošovice, was founded on 7 July 2006 as a company owned solely by Hyundai Motor Company, with its registered office in Seoul, Korea. The main production activity focuses on car and transmission manufacturing. The registered share capital is CZK 13,901 million.

## 2.2 History

2006	May	Investment Contract Signed
	July	Foundation of HMMC
	November	Investor of the Year Award
2007	March	Start of Construction
	December	Installation and trial operation
2008	January	New Recruitment Centre opened in Ostrava
	November	Mass production launched – production of the first generation i30 model
2009	September	Second shift launched
	November	International Certificate ISO 9001 received
2010	September	Production of the ix20 launched
	November	300,000 cars produced "Start Plus" Award gained under the Czech National Quality Award
2011	May	Production on the second press line launched
	July	Production of the ix35 launched
	September	Third shift operation launched 500,000 cars produced
	November	"Excellence" Award under the Czech National Quality Award
2012	January	Production of the second generation i30 model launched
	June	Mass production in Transmission Shop 2 launched
	November	RTO operation launched (regenerative thermal oxidation)
	December	i30 among the finalists for the European Car of the Year (COTY) Award for 2013

## 2.3 Company Management

**Jun Ha Kim**  
President

Mr Kim joined Hyundai Motor Company in 1981. Between 1986 and 1992 he worked at the Hyundai Motor Company Development Centre in the USA and from 1996 to 2000 at the HAOS production plant in Turkey. In 2002, he returned to the USA, where he worked at the HMMA production plant in Alabama until 2009. Since 2009, he had been the President of the Ulsan 2 plant in Korea until December 2011.



**Dongwoo Choi**  
Vice-President,  
Purchase Division

Mr Choi joined HMMC on 25 July 2011 having gained great experience from his previous job as the Director of Purchases of Engine Components at HMC headquarters where he had worked from 9 January 2007. He joined the HMC Division for Group Procurement Strategy in January 2000. He gained significant experience while working in the Department of Component Development for Hyundai Mobis and Kia Motors, where he was responsible for chassis, exterior parts, electronic parts and multimedia.



**Suk Jun Ahn**  
Vice-President,  
Production Division

In 1985, Mr Ahn joined the HMC Department of Construction of Press Moulds, where he stayed for 20 years. In 2005 he became a manager of the design team in Ulsan, Korea. From 2006 – 2009 he was based in Seoul, where he was a manager of a team planning an overseas expansion. He was responsible for the new Hyundai/Kia plants abroad. In the Plošovice plant he is responsible for production management.



**Sung Ho Lim**  
Vice-President,  
Administration Division

Mr Lim joined Hyundai Motor Company in 1991. In July 2010 he became the HMMC General Manager for Human Resources. Since 1 August 2011, he has been managing the Administration Division, which comprises the Human Resources, Employee Relations and Work Safety, IT Department, General Affairs, Public Relations, Legal Department, and Sales Support.



**Jae Woong Lim**  
CFO, Head of Finance  
Division

Mr Lim joined finance division of HMC in 1989 and he contributed for the area of Cost Accounting, Cost Analysis and Cost Planning. Before he came to HMMC, he was a General Manager as a Head of Cost Management team in HMC. From September 2011, he became a head of finance in HMMC.



## 2.4 Products

### 2.4.1. Cars

In November 2008, HMMC launched mass production of the i30, which had been conceptualised and designed with respect to the needs of European customers. Only a few months later, in February 2009, the longer i30 cw wagon version was launched. The same year also saw production of the third Kia Venga model which was produced at HMMC until June 2011, when its production was moved to the sister company, Kia Motors Slovakia in Žilina. In June 2011, the serial production of the SUV ix35 model, which had previously been produced in Slovakia, was launched. The production of the first generation i30 cars was terminated in December 2011 (wagon version in May 2012). In 2012, HMMC launched the mass production of three versions of the new generation i30 cars (the i30 five-door version in January, the wagon version in June, the three-door version in November.)

#### Hyundai i30 hatchback

November 2008 - December 2011 (production terminated)

#### Hyundai i30 cw

February 2009 - May 2012

#### Kia Venga

November 2009 - May 2011

#### Hyundai ix20

September 2010 - present

#### Hyundai ix35

July 2011 - present

#### i30 hatchback

January 2012 - present

#### i30 wagon

June 2012 - present

#### i30 3-door

November 2012 - present

### 2.4.2. Transmissions

HMMC produces not only personal vehicles but also three types of 5 and 6 gear manual transmissions. After launching the mass production in Transmission Shop 2, the annual production reached 530,000 units, which are either used in cars produced by HMMC or exported to HMMR plant in St. Petersburg, Russia, or to the sister plant, Kia Motors Slovakia.







Hyundai i30 hatchback



Hyundai i30 cw



Kia Venga



Hyundai ix20



Hyundai ix35



i30 hatchback



i30 wagon



i30 3-door



## 2.5 Production Process



### 2.5.1. Press Shop

Car production process begins in the Press Shop. The input material is a 0.7 mm thick galvanised steel sheet, which is cut to specific lengths called blanks on the blanking line. These blanks move to one of the two large presses, each of them has the power of 5,400 tons. Here, the four-step pressing process of 17 large body panels (mud guards, side panels, front and rear doors, roof, bonnet, the fifth door) are pressed with the help of two-part moulds. The automated robot system stores the panels until they are needed in the Welding Shop.



### 2.5.2. Welding Shop

Welding Shop is fully automated. Over 300 robots handle, complete and weld together individual pressed parts. Firstly, the front part of chassis is completed, followed by platforms and side panels. These parts are welded to the roof in a unique welding machine called Main Buck, which is able to weld up to four different cars bodies at once without the need to re-arrange its setting. All seams are perfectly welded by robots on the follow-up welding line, where the frame of the vehicle is constructed and to which other parts of the vehicle such as doors, bonnets, bonnet hinges and tail gates are attached. In the end, the workers inspect the flawless quality and smoothness of the metal finish of the body.



### 2.5.3. Paint Shop

Each body spends at least nine hours in the Paint Shop. At first, it is cleaned, degreased and then coated with phosphate layer. As part of this unique and innovative process, the whole chassis is immersed in a special bath, where it is coated with an anti-corrosive layer. Then the painting process follows. More than 60 robots apply a sealer and spray anti-corrosive primer. Hyundai uses only ecologic paints in 16 different shades based on water solvents. All workers in the Paint Shop must wear protective antistatic overalls, gloves and caps to eliminate possible dust intrusion that could negatively affect the quality of their work. Each body is dried in ovens between the layers to increase their endurance. In the end, each body is carefully inspected.



### 2.5.4. Transmission Shop

The Transmission Shop represents a rather-specific operation process within HMMC. The 530,000 5 and 6 gear manual transmissions produced in HMMC are used for Hyundai cars of our own production as well as for cars produced in Hyundai Motor Manufacturing Rus in St. Petersburg and cars produced in the sister plant, Kia Motors Slovakia in Žilina.

Steel castings, future gears and shafts, as well as aluminium castings of gearboxes, are milled on dozens of precision machines. The milled components of the gears are heated to nearly 900°C and then cooled down in a special salt in order to enhance their hardness and durability.

Once the functionality of completed transmissions is tested, they are delivered to Hyundai Mobis, our supplier. There, they are assembled together with engines produced in the Kia Motors Slovakia, to form one of the four production modules, namely:

the front axle with engine and transmission, the rear axle, the front block of the cockpit and the front end of the car with radiator and headlights. The modules then travel through a covered connecting bridge to a concrete pit on the line.

### 2.5.5. Final Assembly

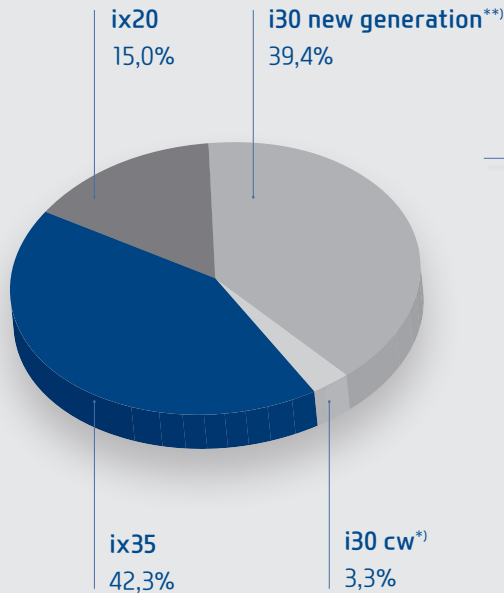
The Final Assembly is the largest hall at HMMC – it covers the area of 16 football fields and more than half of all employees work there. During the whole assembly process, the vehicles are moved quietly on the assembly line, which stops only if work safety or quality is endangered. The workplace is designed ergonomically to enhance productivity and lessen the workers' tiredness. The assembly hall can be divided into four areas: the car completion process begins with the assembly of cabling and smaller interior and exterior parts of the vehicle, followed by the assembly of chassis parts. The whole process is completed with the fitting of the front and rear windcreens, wheels, seats and other necessary parts. Finally, at the end of a 1.2 km long assembly line, the final inspection is carried out and fuel, oils and liquids are filled.

### 2.5.6. Proving ground and Expedition

Every single minute one fully completed and tested car leaves the assembly line. This means 1,300 cars in 24 hours and 300,000 per year. All cars are then tested by trained drivers on the 3.3 km long test track, where they test the steering system, the ABS system, the car's behaviour on uneven terrain, the quality of the sound system and other features of the vehicle. After the tests, vehicles are loaded on a track or train and shipped to Hyundai dealers in almost 60 different destinations worldwide.



## 2.6 HMMC in the Year Ended 31 December 2012



Note:

\*) wagon of the first generation i30, production terminated in May 2012

\*\*\*) total count for five-door hatchback, wagon and three-door versions

### 2.6.1. Production

In 2012, the total car production of HMMC amounted to 303,035 vehicles. The total number of cars produced in 2012 consisted of individual models as follows:

Of all the models, the ix35 was the most numerous to be produced in the last year with more than 128,000 cars leaving the assembly line, the second in number was the successful, new-generation i30, with almost 120,000 cars produced in three versions: five-door hatchback, wagon and three-door versions. The third to follow was the ix20 (over 45,000 produced) and the fourth came the i30cw wagon model, production of which was terminated in May.

In 2011, the HMMC plant produced 251,000 cars in total. The 21% year-on-year increase in production was mostly the result of the fact that throughout the whole year the production was run in a three-shift operation process (the third shift was launched in September 2011).

### 2.6.2. Export

Cars manufactured in HMMC were exported to almost 60 different countries across Europe, Middle East, Africa, the Caribbean and Australia. The most exotic destinations include Martinique, Guadeloupe, Réunion and New Caledonia. In 2012, Russia remained one of the most important markets; while new other significant markets appeared, such as Australia and the Republic of South Africa. Top ten list of countries based on the volumes of cars delivered to our customers is as follows: Germany, Russia, the United Kingdom, Italy, Spain, France, Austria, the Czech Republic, Turkey, and Poland.

Almost 12,000 cars produced in the Pošovice HMMC plant were sold in the Czech Republic, which amounts to almost 77% of all Hyundai cars registered in the Czech Republic in the last year. The fact that this number is significantly higher than the European average (which is approximately 60%) proves that the customers in the Czech Republic consider cars produced in Pošovice home products based on advanced technologies and providing good quality, European design and a good price.

Country	Total number in pieces
1. Germany	46.000
2. Russia	37.000
3. United Kingdom	30.000
4. Italy	27.000
5. Spain	21.000
6. France	18.000
7. Austria	14.000
8. Czech Republic	12.000
9. Turkey	11.000
10. Poland	10.000
others	77.000
Total	303.000

\* unit rounded to thousands

### 2.6.3. Employees

As of December 31, 2012, HMMC employed 3,415 employees, of which 2,586 were core employees and 829 were agency workers.

#### 2.6.3.1. Recruitment of New Employees

Owing to the fact that the new Transmission Shop started to operate in June 2012, new employees were recruited. In total, 140 people were recruited, of which 39 work in production, 6 hold technical and administrative positions and 95 are agency workers. The average fluctuation in production was approximately 8%, of which 2.6% left upon their own decision.

#### 2.6.3.2. Nationality of Employees

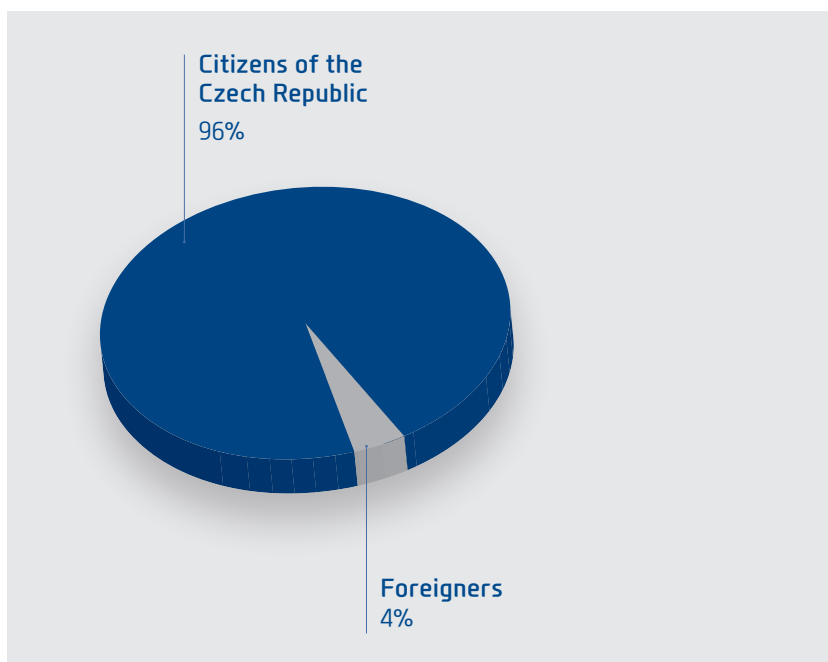
It still remains true that the HMMC Pošovice plant provides work opportunities for the citizens of the Czech Republic and namely for those living in the Moravian-Silesian Region, as they represent 96% of all HMMC employees. There are about 150 foreigners among the total 3,400 employees (4%), and they are mostly from Slovakia or Poland, which does not come as a surprise considering how close the borders of both of those countries are.

#### 2.6.3.3. Collective Bargaining

Works council and labour union organisations continued their activities from the previous year. Negotiation between HMMC and labour union organisations were completed on 30 March 2012 in the form of a Collective Agreement valid from 1 April 2012. Collective bargaining was carried out by the Company's representatives, the KOVO Labour Union, and the Hyundai Czech Independent Labour Union.

#### 2.6.3.4. Work Safety

Thanks to our continual emphasis on prevention and keeping work safety and hygiene rules, our company managed to decrease a number of work injuries. Compared to 2011, number of work injuries in HMMC dropped by 38%. This result reflects mainly the change in an attitude of all supervising staff who has taken the needs for work safety seriously and also the fact that there were many partial technical measures taken and improvements made.



### 2.6.3.5. Training

In 2012, 694 new employees attended the Company's Entry course. 977 employees gained Certificates for attending courses that enhanced their professional qualifications. 859 employees completed advanced work safety courses aimed at specific professions.

In the last year, HMMC focused on training courses aimed at personal development, such as courses on soft and managerial skills and the development of leadership skills. These courses were passed by 626 HMMC employees.

Language and IT courses, and professional workshops carried on during the whole year 2012. 150 employees took the chance to train abroad. The latest news in the area of training is our e-learning courses organised by the HMC headquarters in Korea. This new way of training enabled 300 employees to understand the core values of Hyundai Motor Group and the cultural differences between our two countries.

## 2.6.4. Environment

### 2.6.4.1. EMAS

The Minister of the Environment of the Czech Republic, Tomáš Chalupa, presented Jun Ha Kim, the President of HMMC, with the EMAS (Eco Management and Audit Scheme) certificate. EMAS is one of the voluntary tools that help to protect the environment as it motivates organisations to improve their environmental performance more than is legally required. In the Czech Republic, 26 companies have been registered in the EMAS (including two towns) and HMMC is the first car manufacturing company registered. The EMAS is funded and supervised by the Ministry of the Environment of the Czech Republic.

### 2.6.4.2. RTO

In November 2012, the RTO facility placed next to the Paint Shop was put in operation. Regenerative Thermal Oxidation is a process in which the air from the top coat varnish spray lines and drying ovens in the Paint Shop is heated to almost 1000 °C in order to burn volatile organic compounds. The cooled air released from the machinery is clean and thus presents no harm to the environment surrounding the plant.

Even though the volume of volatile organic compounds has never exceeded the limits required by the legal standards, with the increased production of 300,000 cars per year, the plant was approaching the limits. HMMC has always used mostly ecological liquids and paints based on water solvents (phosphate bath, anti-corrosion bath, ground paints and 16 shades of paint), the only exception is the upper layer of protective varnish, which is based on organic solvents.

## 2.6.5. Quality

HMMC has always strived to satisfy its customers' expectations of high quality. Therefore, each step in the production process is checked repeatedly to eliminate even the slightest manufacturing imperfection. Every single car leaving our plant has to undergo thorough testing performed by exact automatic machines and supported by the rational reasoning and judgment of the staff.

### 2.6.5.1. ISO 9001

To be able to claim the quality standard of cars produced in the Company, HMMC decided to build a system of quality management as required by the ISO 9001 standard, which ensures that the quality meets the customers' requirements.

The establishment of the quality management system was a result of an on-going process that had started already in 2006 with the foundation of the Company and that was accomplished in October 2009 with the Certificate Audit performed by DEKRA Certification s.r.o. The quality management system is reviewed annually in order to keep the highest quality standards. The Certificate is valid for three years and in November 2012, HMMC was successful in gaining it for following three years.

### 2.6.5.2. National Quality Award

On 10 November 2011, HMMC was awarded, as the first car manufacturer in the Czech Republic, the highest "Excellence" award under the Czech National Quality Award. The Quality Award is based on a thorough and objective review of the efficiency and quality of all activities employed in an organisation with respect to customers' requirements and economic growth. In the Czech Republic, The Czech National Quality Award is the most valued award for the quality of manufacturing process in all its aspects.



## 2.6.6. Social Responsibility

Apart from producing cars, HMMC, together with other organisations, aims to have a positive impact on the quality of life in the Moravian-Silesian Region. We strive to be a good neighbour by funding different events and by supporting young talented professionals in their personal growth. We also attempt to be friendly to the environment and people around us, which we manifest by sponsoring plentiful cultural and social events.

### 2.6.6.1. Hyundai Foundation

Ever since we started building our plant, we have taken a strictly environmentally-friendly attitude. Based on the Declaration of Understanding signed by our Company, state institutions and ecological associations, the Hyundai Foundation was established. It aims to distribute CZK 20 million in total to local community projects carried out namely in the districts of Frýdek-Místek and Nový Jičín regions. In 2012, CZK 1,344,566 was distributed to support 11 projects.

## 2.7. Goals and Forecast for 2013

In 2013, HMMC will continue to produce the current range of models, i.e. Hyundai i30 in all three versions, ix20 and ix35. Total production volume will reach the plant's production capacity – 300,000 cars.

In the area of human resources, the three-shift operation regime will be kept. There are no plans for launching new operation or manufacturing processes and no significant changes in headcount are expected or foreseen.

Given the permanently-decreasing demand for passenger cars in Europe, HMMC will focus more on new markets outside Europe in the future, such as Australia, Egypt or the Republic of South Africa. We will pay maximum attention to the quality of all processes in order to be competitive on the existing and, predominantly, on new markets.

HMMC has always strived to be a good neighbour and within our social responsibility effort we intend to put even more emphasis on reinforcing friendly relationships with villages and towns in the Moravian-Silesian Region.

## 2.8. Others

HMMC does not carry out its own research and development. The research and development centres are based in the Korean headquarters and in the Technical HME Centre in Germany. HMMC does not have a branch abroad. After the balance sheet date, no significant changes occurred

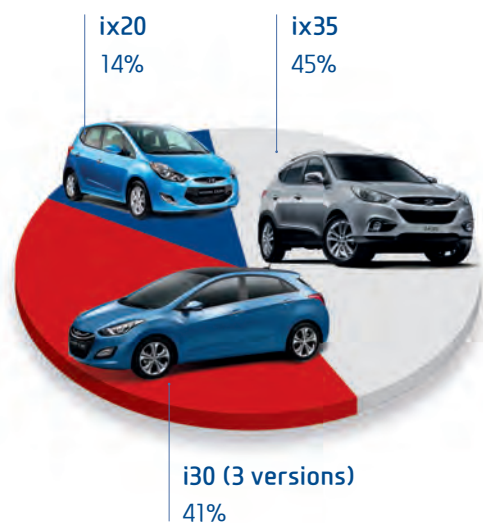


NATO Days



Czech-Korean Days in Ostrava

### Proportional Representation of the Models Produced



## Financial Statements

# 3

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Name of the Company:	Hyundai Motor Manufacturing Czech s.r.o.
Registered Office:	Průmyslová zóna Pošovice, 739 51 Nižní Lhoty 700
Legal Status:	Limited Liability Company
Corporate ID:	277 73 035

#### Components of the Financial Statements:

Balance Sheet

Profit and Loss Account

Cash Flow Statement

Notes to the Financial Statements

These financial statements were prepared on 23 April 2013.

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Statutory executive of the reporting entity:

Jun Ha Kim

Signature

**BALANCE SHEET**

full version

As of 31.12.2012 (in CZK thousand)

			31.12.2012	31.12.2011
	Gross	Adjustment	Net	Net
<b>TOTAL ASSETS</b>	<b>56 232 810</b>	<b>7 762 794</b>	<b>48 470 016</b>	<b>42 366 711</b>
<b>Fixed assets</b>	<b>28 235 275</b>	<b>7 609 835</b>	<b>20 625 440</b>	<b>20 390 275</b>
<i>Intangible fixed assets</i>	<b>999 598</b>	<b>414 241</b>	<b>585 357</b>	<b>224 298</b>
Start-up costs	49 012	49 012		
Software	292 251	217 359	74 892	103 896
Other intangible fixed assets	658 335	147 870	510 465	115 997
Intangible fixed assets under construction				4 405
<b>Tangible fixed assets</b>	<b>27 235 677</b>	<b>7 195 594</b>	<b>20 040 083</b>	<b>20 165 977</b>
Land	170 678		170 678	170 678
Structures	8 472 184	1 079 614	7 392 570	7 267 989
Individual movable assets and sets of movable assets	18 564 402	6 115 980	12 448 422	9 718 482
Tangible fixed assets under construction	13 335		13 335	1 737 488
Prepayments for tangible fixed assets	15 078		15 078	1 271 340
<b>Current assets</b>	<b>27 835 307</b>	<b>152 959</b>	<b>27 682 348</b>	<b>21 839 017</b>
<b>Inventories</b>	<b>4 047 203</b>	<b>152 959</b>	<b>3 894 244</b>	<b>3 074 210</b>
Material	2 625 573	151 652	2 473 921	2 151 223
Work in progress and semifinished goods	452 748	564	452 184	380 816
Products	596 644	743	595 901	542 171
Prepayments for inventory	372 238		372 238	
<b>Short-term receivables</b>	<b>19 177 446</b>		<b>19 177 446</b>	<b>17 703 894</b>
Trade receivables	17 280 321		17 280 321	15 463 096
State - tax receivables	1 375 353		1 375 353	1 559 337
Short-term prepayments made	38 467		38 467	31 648
Other receivables	483 305		483 305	649 813
<b>Current financial assets</b>	<b>4 610 658</b>		<b>4 610 658</b>	<b>1 060 913</b>
Cash on hand	284		284	143
Cash at bank	4 610 374		4 610 374	1 060 770
<b>Other assets</b>	<b>162 228</b>		<b>162 228</b>	<b>137 419</b>
Deferred expenses	93 129		93 129	106 219
Complex deferred expenses	69 099		69 099	31 200

	31.12.2012	31.12.2011
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>48 470 016</b>	<b>42 366 711</b>
<b>Equity</b>	<b>21 370 915</b>	<b>14 360 896</b>
<i>Share capital</i>	<b>13 901 000</b>	<b>13 901 000</b>
Share capital	13 901 000	13 901 000
<i>Statutory funds</i>	<b>145 682</b>	
Statutory reserve fund/Indivisible fund	145 682	
<i>Retained earnings</i>	<b>314 214</b>	<b>-2 453 734</b>
Accumulated profits brought forward	314 214	
Accumulated losses brought forward		-2 453 734
<i>Profit or loss for the current period (+ -)</i>	<b>7 010 019</b>	<b>2 913 630</b>
<b>Liabilities</b>	<b>26 969 063</b>	<b>27 827 551</b>
<i>Reserves</i>	<b>4 613 169</b>	<b>2 832 361</b>
Other reserves	4 613 169	2 832 361
<i>Long-term liabilities</i>	<b>9 797 010</b>	<b>10 198 338</b>
Trade payables		8 353
Bonds issued	9 527 500	9 970 000
Deferred tax liability	269 510	219 985
<i>Short-term liabilities</i>	<b>5 935 432</b>	<b>8 735 692</b>
Trade payables	4 721 157	7 162 288
Payables to employees	59 884	67 411
Social security and health insurance payables	35 299	40 326
State – tax payables and subsidies	417 264	44 342
Short-term prepayments received	41 147	623
Estimated payables	655 718	1 415 641
Other payables	4 963	5 061
<i>Bank loans and borrowings</i>	<b>6 623 452</b>	<b>6 061 160</b>
Long-term bank loans	2 514 000	
Short-term bank loans	4 109 452	6 061 160
<b>Other liabilities</b>	<b>130 038</b>	<b>178 264</b>
Accrued expenses	97 883	101 588
Deferred income	32 155	76 676



## PROFIT AND LOSS ACCOUNT structured by the nature of expense method

Year ended 31.12.2012 (in CZK thousand)

	Year ended 31.12.2012	Year ended 31.12.2011
Production	92 309 606	69 528 382
Sales of own products and services	92 212 227	69 580 613
Change in internally produced inventory	97 379	-52 231
Purchased consumables and services	79 005 893	59 505 935
Consumed material and energy	75 188 078	56 898 218
Services	3 817 815	2 607 717
<b>Added value</b>	<b>13 303 713</b>	<b>10 022 447</b>
Staff costs	1 324 842	1 285 495
Payroll costs	919 240	894 128
Social security and health insurance costs	310 658	303 844
Social costs	94 944	87 523
Taxes and charges	10 022	15 932
Depreciation of intangible and tangible fixed assets	2 146 145	2 386 945
Sales of fixed assets and material	3 222 878	3 228 442
Sales of fixed assets	36 574	278 360
Sales of material	3 186 304	2 950 082
Net book value of fixed assets and material sold	3 531 851	3 398 998
Net book value of sold fixed assets	161 920	278 174
Book value of sold material	3 369 931	3 120 824
Change in reserves and provisions relating to operating activities and complex deferred expenses	1 725 355	1 753 585
Other operating income	6 103 261	1 650 608
Other operating expenses	6 522 002	1 891 030
<b>Operating profit or loss</b>	<b>7 369 635</b>	<b>4 169 512</b>
Income from the revaluation of securities and derivatives		190 832
Costs of the revaluation of securities and derivatives	213 310	
Interest income	372 555	261 216
Interest expenses	445 556	461 867
Other financial income	2 654 554	2 737 774
Other financial expenses	2 318 221	3 299 278
<b>Financial profit or loss</b>	<b>50 022</b>	<b>-571 323</b>
Income tax on ordinary activities	409 638	684 559
- due	360 113	
- deferred	49 525	684 559
<b>Profit or loss from ordinary activities</b>	<b>7 010 019</b>	<b>2 913 630</b>
<b>Profit or loss for the current period (+/-)</b>	<b>7 010 019</b>	<b>2 913 630</b>
<b>Profit or loss before tax</b>	<b>7 419 657</b>	<b>3 598 189</b>

## CASH FLOW STATEMENT

Year ended 31.12.2012 (in CZK thousand)

	Year ended 31.12.2012	Year ended 31.12.2011
<b>Opening balance of cash and cash equivalents</b>	<b>1 060 913</b>	<b>368 389</b>
<b><i>Cash flows from ordinary activities</i></b>		
Profit or loss from ordinary activities before tax	7 419 657	3 598 189
Adjustments for non-cash transactions	3 916 386	4 718 852
Depreciation of fixed assets	2 146 145	2 386 945
Change in provisions and reserves	1 725 355	1 754 932
Profit/(loss) on the sale of fixed assets	125 346	-186
Interest expense and interest income	73 001	200 651
Adjustments for other non-cash transactions	-153 461	376 510
<b>Net operating cash flow before changes in working capital</b>	<b>11 336 043</b>	<b>8 317 041</b>
Change in working capital	-5 320 903	-4 265 282
Change in operating receivables and other assets	-1 951 739	-6 843 223
Change in operating payables and other liabilities	-2 545 616	3 591 857
Change in inventories	-823 548	-1 013 916
<b>Net cash flow from operations before tax and extraordinary items</b>	<b>6 015 140</b>	<b>4 051 759</b>
Interest paid	-441 175	-460 952
Interest received	339 167	272 803
<b>Net operating cash flows</b>	<b>5 913 132</b>	<b>3 863 610</b>
<b><i>Cash flows from investing activities</i></b>		
Fixed assets expenditures	-3 042 920	-3 256 049
Proceeds from fixed assets sold	36 574	278 360
<b>Net investment cash flows</b>	<b>-3 006 346</b>	<b>-2 977 689</b>
<b><i>Cash flow from financial activities</i></b>		
Change in payables from financing	642 959	-193 397
<b>Net financial cash flows</b>	<b>642 959</b>	<b>-193 397</b>
<b>Net increase or decrease in cash and cash equivalents</b>	<b>3 549 745</b>	<b>692 524</b>
<b>Closing balance of cash and cash equivalents</b>	<b>4 610 658</b>	<b>1 060 913</b>

**Notes to the Financial Statements (unconsolidated)**

For the Year Ended 31 December 2012 (in CZK thousand)

## 1. General Information and Principal Activities

### Incorporation and Description of the Business

Hyundai Motor Manufacturing Czech s.r.o. (the "Company") was formed on 7 July 2006. It was formed by Hyundai Motor Company, the Republic of Korea. The share capital was increased from CZK 200 thousand to CZK 1,120,000 thousand in 2006, to CZK 10,733,000 thousand in 2007 and to CZK 12,293,000 thousand in 2008. Pursuant to the resolution by the General Meeting, the share capital was increased to the aggregate amount of CZK 13,901,000 thousand in the year ended 31 December 2009.

In 2006, the Company started preparatory work on the building site in the municipality of Pošovice in the Frýdek-Místek region. In spring 2007, the Company began construction on the production plant for cars and gears, which are to constitute the Company's key production programme. The plant has been equipped with the first machinery and technologies since autumn 2007. During 2008, the first stage of the construction was completed ahead of schedule and the production of the Hyundai i30 model was launched on 3 November 2008. In 2009, the production programme was expanded to include other two models, Hyundai i30cw and Kia Venga. In 2010, the production programme was expanded to include the Hyundai ix20 model. Another model that the Company started to manufacture in 2011 was Hyundai ix35. Its production replaced the production of Kia Venga. In 2012, the Hyundai i30 model was replaced by a new generation Hyundai i30 model which is produced in three versions: five-door hatchback, wagon and three-door version.

### Owners of the Company

At 31 December, the Company's owners are:	Ownership percentage as of 31 December	
	2012	2011
Hyundai Motor Company, the Republic of Korea	100%	100%

### Registered Office

Hyundai Motor Manufacturing Czech s.r.o.

Průmyslová zóna Pošovice

Nižní Lhoty 700

Czech Republic

Corporate ID 277 73 035

### Statutory executive and Proxy as of 31 December 2012

Statutory executive	Proxy
Jun Ha Kim	Sung Ho Lim, Jae Woong Lim

The Company has not established a Supervisory Board.

During the year ended 31 December 2012, changes in the information about statutory executives were recorded in the Register of Companies. The original statutory executive, Ho Don Kang, was replaced by Jun Ha Kim on 2 January 2012. The change was recorded in the Register of Companies on 2 February 2012.

### Organisational Structure

The Company is organised into the following sub-divisions:

- Finance;
- Administration - information technologies, human resources, employee relations and health & safety, general affairs, legal, public relations, facility management and environment;
- Production - press shop, welding shop, paint shop, assembly, production of transmissions, maintenance, production management;
- Quality management;
- Quality assurance;
- Sales support; and
- Procurement - parts development, purchases.

The Production and Quality management sub-divisions are included in the Production division.

## 2. Principal Accounting Policies Used by the Company

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; the Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, and Czech Accounting Standards for Businesses, as amended. The financial statements are general purpose financial statements and have not been prepared for any special purpose, transaction or user. Users should not rely exclusively on these financial statements in making decisions and should undertake other appropriate inquiries before making decisions.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ('CZK').

### a) Tangible and Intangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life greater than one year. Tangible and intangible fixed assets are carried at cost. Tangible fixed assets at the acquisition cost of less than CZK 10 thousand and intangible fixed assets at the acquisition cost of less than CZK 10 thousand are not reported in the balance sheet and are expensed in the year of acquisition.

The valuation of internally produced fixed assets includes direct material, direct wages and other costs directly relating to the production until their capitalisation.

The following table shows the depreciation methods and periods by asset groups:



## Notes to the Financial Statements (unconsolidated)

For the Year Ended 31 December 2012 (in CZK thousand)

Assets	Method	Depreciation period
Residential buildings	Straight line	50 years
Industrial buildings	Straight line	30 years
Machinery and equipment	Straight line	15 years
Vehicles	Straight line	6 years
Moulds	Straight line	6 years
Moulds for Hyundai i30	Straight line	5 years
Moulds for Hyundai ix20	Straight line	7 years
Moulds for Hyundai ix35	Straight line	4.5 years
IT equipment	Straight line	6 years
Furniture	Straight line	6 years
Start-up costs	Straight line	5 years
Software	Straight line	5 years
Other intangible assets	Straight line	3.5-7 years

## b) Inventory

Purchased inventory is stated at costs. The cost includes the purchase cost, customs duties, storage fees during transportation, transportation costs of delivery to the production area.

Internally developed inventory is valued at the cost of producing the inventory, which primarily consists of the direct costs of production or any other activity, and/or the portion of indirect costs relating to production or any other activity.

Inventory is issued out of stock using the costs determined by the weighted arithmetic average method.

Provisions against products are calculated as the sum of positive differences from the comparison of valuations of individual cars at the balance sheet date and the valid selling price of these cars. Provisions against work in progress and semi-finished goods are determined using the extrapolation of the proportion of the provision against products and the aggregate value of products at the balance sheet date. The provision against production material with the movement rate exceeding one year is recognised in the amount of 100% of the value of this material. The provision against idle spare parts in the last two years is recognised as equal to 100% of the value of the inventory and 20% for the spare parts that have been idle for no less than one year.

## c) Trade Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for doubtful and bad amounts.

Short-term receivables are ceded before their due dates. Under recourse factoring of receivables, ceded receivables are recorded on special analytical accounts and are subsequently settled against the received short-term loan. The costs of the recourse factoring of receivables are deferred until the maturity date of these receivables. Under non-recourse factoring, receivables are reversed through other operating expenses and at the same time a receivable from the factor is recognised with a corresponding entry for the income from the cession of these receivables (other operating income).

The Company charges its customers the interest from business loans. These receivables are recorded on an accruals basis together with the interest income and deferred income.

## d) Trade Payables

Trade payables are stated at their nominal value.

e) Recognition of Reserves

The Company creates a reserve for outstanding vacation days and a reserve for warranty repairs.

The reserve for outstanding vacation days as of the balance sheet date is recognised on the basis of an analysis of outstanding vacation days per year and the average payroll costs including social security and health insurance by individual employees.

The reserve for warranty repairs is recognised by setting aside a lump-sum charge per each sold car. The amount of the lump sum reserve is determined on the basis of the best available estimate of the costs for warranty repairs in accordance with the Company's historical experience. This reserve does not include the costs of repairs of sold cars that are initiated by the manufacturer due to the one-off nature of these costs and the impossibility to reliably predict them.

f) Estimated Payables

The Company recognises estimated payables for unbilled supplies upon the acquisition of tangible and intangible fixed assets, material, energy and services.

g) Loans and Issued Bonds

Loans and issued bonds are stated at their nominal value.

The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

h) Foreign Currency Translation

The Company uses the Czech National Bank's ruling foreign exchange rate for the previous business day in the translation of foreign currencies. During the year, the Company recognises realised foreign exchange rate gains or losses.

Assets and liabilities denominated in foreign currencies are translated using the foreign exchange rate promulgated by the Czech National Bank as of the balance sheet date. Unrealised foreign currency translation gains and losses are reported in the results of operations.

i) Finance Lease

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, ownership title to the asset transfers from the lessor to the lessee; pending the transfer of title the lessee makes lease payments to the lessor for the asset that are charged to expenses.

j) Income Tax

Income tax for the period is composed of the tax payable and movements in deferred tax. The tax payable includes the estimate of the tax calculated from the tax base using the tax rate applicable on the last day of the reporting period and all tax arrears and refunds for prior periods. The tax base is reduced by the deduction of accumulated tax losses and tax relief arising from investment incentives.

Deferred tax is based on all temporary differences between the carrying and tax values of assets and liabilities using the anticipated tax rate applicable for the following periods.

A deferred tax asset is recognised only if it is likely that it will be realised in the following reporting periods.

k) Revenue Recognition

Revenues are recognised when goods are shipped out of stock and significant risks and rewards have passed to the customer or when services are rendered and are reported net of discounts and VAT.

In the case of invoicing without physical unloading ("Bill and Hold sales"), revenues are recognised if the customer requires this form of delivery and under the condition that the customer accepts the invoicing and the transfer of ownership and risks. In order to recognise revenues in the case of invoicing without physical unloading, the following conditions must be fulfilled:

**Notes to the Financial Statements (unconsolidated)**

For the Year Ended 31 December 2012 (in CZK thousand)

- 1) It is likely that a physical delivery will take place;
- 2) At the moment of recognition of the revenue, the goods are physically available, they are specifically intended for a particular customer and are prepared for delivery;
- 3) The customer confirms the terms and conditions of the invoicing transaction without physical delivery; and
- 4) The customary payment conditions of the Company are valid for the transaction.

## l) Subsidies

Subsidies received from the state budget in support of the creation of new jobs and support of retraining and training of employees are recognised in other operating income. Received subsidies for the support of investments are recognised as acquisition of fixed assets as a decrease in the cost of assets.

## m) Use of Estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

## n) Components of Cash and Cash Equivalents (for Cash Flow Reporting Purposes)

For cash flow reporting purposes, cash and cash equivalents include the on-balance sheet items comprising cash on hand, stamps and vouchers, cash in transit and cash at bank.

## o) Financial Derivative Instruments

Derivative financial instruments are carried at fair value at the balance sheet date. In determining the fair value, the Company has referred to the market value. Fair value changes in respect of trading derivatives are recognised as "Costs of/income from the revaluation of securities and derivatives".

The fair value of financial derivatives is determined as a present value of expected cash flows arising from these transactions. The present value is established on the basis of common market-recognised models. Parameters identified on an active market such as foreign exchange rates, yield curves, volatility of relevant financial instruments etc are subsequently included in these pricing models. All financial derivatives having positive fair values are reported as assets, derivatives with negative values are reported as liabilities.

## p) Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

### 3. Fixed Assets

#### a) Intangible Fixed Assets

(CZK thousand)

	Start-up costs	Software	Licences	Intangible FA under construction	Total
<b>Cost</b>					
Balance at 1 Jan 2012	49 012	266 372	257 275	4 405	577 064
Additions	--	25 879	535 710	21 474	583 063
Disposals	--	--	134 650	25 879	160 529
Balance at 31 Dec 2012	49 012	292 251	658 335	--	999 598
<b>Accumulated amortisation</b>					
Balance at 1 Jan 2012	49 012	162 476	141 278	--	352 766
Amortisation	--	54 883	141 242	--	196 125
Accumulated amortisation to disposals	--	--	134 650	--	134 650
Balance at 31 Dec 2012	49 012	217 359	147 870	--	414 241
<b>Net book value at 1 Jan 2012</b>	<b>--</b>	<b>103 896</b>	<b>115 997</b>	<b>4 405</b>	<b>224 298</b>
<b>Net book value at 31 Dec 2012</b>	<b>--</b>	<b>74 892</b>	<b>510 465</b>	<b>--</b>	<b>585 357</b>

(CZK thousand)

	Start-up costs	Software	Licences	Intangible FA under construction	Total
<b>Cost</b>					
Balance at 1 Jan 2011	49 012	254 711	338 790	536	643 049
Additions	--	11 661	24 345	15 530	51 536
Disposals	--	--	105 860	11 661	117 521
Balance at 31 Dec 2011	49 012	266 372	257 275	4 405	577 064
<b>Accumulated amortisation</b>					
Balance at 1 Jan 2011	44 066	110 961	97 984	--	253 011
Amortisation	4 946	51 515	68 499	--	124 960
Accumulated amortisation to disposals	--	--	25 205	--	25 205
Balance at 31 Dec 2011	49 012	162 476	141 278	--	352 766
<b>Net book value at 1 Jan 2011</b>	<b>4 946</b>	<b>143 750</b>	<b>240 806</b>	<b>536</b>	<b>390 038</b>
<b>Net book value at 31 Dec 2011</b>	<b>--</b>	<b>103 896</b>	<b>115 997</b>	<b>4 405</b>	<b>224 298</b>

## Notes to the Financial Statements (unconsolidated)

For the Year Ended 31 December 2012 (in CZK thousand)

In the year ended 31 December 2012, the Company purchased a licence for the production and sale of the new generation Hyundai i30 in the amount of CZK 535,710 thousand. Given the discontinuation of the Hyundai i30 model production, the Company disposed of the licence for its production and sale with the acquisition cost of CZK 134,650 thousand.

In the year ended 31 December 2011, the Company purchased a licence for the production and sale of Hyundai ix35 in the amount of CZK 24,345 thousand. Given the discontinuation of the Kia Venga model production, the Company disposed of the licence for its production and sale with the acquisition cost of CZK 105,860 thousand.

In respect of software, the Company continued to modernise its information systems during the years ended 31 December 2011 and 2012.

## b) Tangible Fixed Assets

	Land	Buildings	Machinery, tools and moulds	Vehicles	Computers, furniture	Tangible FA under construction	Prepay- ments	Total
(CZK thousand)								
<b>Cost</b>								
Balance at 1 Jan 2012	170 678	8 072 769	14 429 095	57 020	253 968	1 758 557	1 271 340	26 013 427
Additions	--	399 415	4 459 304	38 488	39 286	3 191 271	410 960	8 538 724
Disposals	--	--	680 446	31 224	1 089	4 936 493	1 667 222	7 316 474
Reclassification	--	--	--	--	--	--	--	--
Balance at 31 Dec 2012	170 678	8 472 184	18 207 953	64 284	292 165	13 335	15 078	27 235 677
<b>Accumulated depreciation</b>								
Balance at 1 Jan 2012	--	804 780	4 871 819	18 897	130 885	--	--	5 826 381
Depreciation	--	274 834	1 619 033	11 577	44 576	--	--	1 950 020
Accumulated depreciation to disposals	--	--	564 829	15 044	934	--	--	580 807
Balance at 31 Dec 2012	--	1 079 614	5 926 023	15 430	174 527	--	--	7 195 594
<b>Provision</b>								
Balance at 1 Jan 2012	--	--	--	--	--	21 069	--	21 069
Recognition	--	--	--	--	--	--	--	--
Use	--	--	--	--	--	21 069	--	21 069
Balance at 31 Dec 2012	--	--	--	--	--	--	--	--
<b>Net book value at 1 Jan 2012</b>	<b>170 678</b>	<b>7 267 989</b>	<b>9 557 276</b>	<b>38 123</b>	<b>123 083</b>	<b>1 737 488</b>	<b>1 271 340</b>	<b>20 165 977</b>
<b>Net book value at 31 Dec 2012</b>	<b>170 678</b>	<b>7 392 570</b>	<b>12 281 930</b>	<b>48 854</b>	<b>117 638</b>	<b>13 335</b>	<b>15 078</b>	<b>20 040 083</b>



# Hyundai Motor Manufacturing Czech s.r.o.

## Notes to the Financial Statements (unconsolidated)

For the Year Ended 31 December 2012 (in CZK thousand)

(CZK thousand)

	Land	Buildings	Machinery, tools and moulds	Vehicles	Computers, furniture	Tangible FA under construction	Prepay- ments	Total
<b>Cost</b>								
Balance at 1 Jan 2011	170 678	7 762 871	13 695 933	49 599	239 435	549 119	125 780	22 593 415
Additions	--	310 136	1 147 147	10 245	15 330	2 692 296	1 558 803	5 733 957
Disposals	--	238	413 985	2 824	797	1 482 858	413 243	2 313 945
Reclassification	--	--	--	--	--	--	--	--
Balance at 31 Dec 2011	170 678	8 072 769	14 429 095	57 020	253 968	1 758 557	1 271 340	26 013 427
<b>Accumulated depreciation</b>								
Balance at 1 Jan 2011	--	540 057	3 140 972	11 238	91 931	--	--	3 784 198
Depreciation	--	264 746	1 862 146	8 761	39 529	--	--	2 175 182
Accumulated depreciation to disposals	--	23	131 299	1 102	575	--	--	132 999
Balance at 31 Dec 2011	--	804 780	4 871 819	18 897	130 885	--	--	5 826 381
<b>Provision</b>								
Balance at 1 Jan 2011	--	--	--	--	--	30 489	--	30 489
Recognition	--	--	--	--	--	--	--	--
Use	--	--	--	--	--	9 420	--	9 420
Balance at 31 Dec 2011	--	--	--	--	--	21 069	--	21 069
<b>Net book value at 1 Jan 2011</b>	<b>170 678</b>	<b>7 222 814</b>	<b>10 554 961</b>	<b>38 361</b>	<b>147 504</b>	<b>518 630</b>	<b>125 780</b>	<b>18 778 728</b>
<b>Net book value at 31 Dec 2011</b>	<b>170 678</b>	<b>7 267 989</b>	<b>9 557 276</b>	<b>38 123</b>	<b>123 083</b>	<b>1 737 488</b>	<b>1 271 340</b>	<b>20 165 977</b>

In the year ended 31 December 2012, additions to movable fixed assets largely included the extension of the transmission shop and start of the new generation Hyundai i30 model production. These primarily included machinery of CZK 2,323,219 thousand, moulds for the production of components placed at the suppliers of these components of CZK 1,516,751 thousand and press moulds for body panels of CZK 503,982 thousand. Additions to immovable fixed assets predominantly include capitalisation of the extended transmission shop and improvements on other buildings and constructions in the aggregate amount CZK 399,415 thousand. Following the discontinuance of the production of the Hyundai i30 model, the Company disposed of the moulds and machinery of CZK 665,995 thousand.

In the year ended 31 December 2011, additions to movable fixed assets largely included the extension of production to include the Hyundai ix35 model and the increase in the overall production capacity. These primarily included machinery of CZK 712,422 thousand, moulds for the production of components placed at the suppliers of these components of CZK 219,950 thousand and press moulds for body panels of CZK 157,104 thousand. Additions to immovable fixed assets predominantly include capitalisation of the remaining buildings in the area of the production plant and improvements on buildings and structures of CZK 310,136 thousand. Following the discontinuance of the production of the Kia Venga model, the Company sold or disposed of the moulds and machinery of CZK 325,987 thousand.

The Moravian-Silesian region carries the pre-emption right to acquire all land in the area of the Company's production plant of CZK 153,435 thousand. This land is located at the cadastral area of Pošovice and Pižní Lhota.

**Notes to the Financial Statements (unconsolidated)**

For the Year Ended 31 December 2012 (in CZK thousand)

## 4. Leased Assets

### Finance Lease

In the year ended 31 December 2011, the Company acquired, under finance leases, moulds for the production of components placed at the suppliers of these components for the production of the Hyundai ix35 model. The lease for 2012 amounted to CZK 168,806 thousand (2011: CZK 82,526 thousand). In 2013, the Company will pay EUR 6,713 thousand (CZK 168,766 thousand) for the lease and EUR 13,986 thousand (CZK 351,597 thousand) in the following three years.

## 5. Inventory

Internally developed inventory includes completed cars and semi-finished products manufactured during the production of cars.

As of the balance sheet date, the Company holds inventory of material necessary for the production of cars of CZK 2,435,426 thousand (2011: CZK 2,091,029 thousand) and inventory of spare parts for production equipment of CZK 190,147 thousand (2011: CZK 180,612 thousand). The provision against production material amounts to CZK 24,935 thousand (2011: CZK 32,404 thousand) and against spare parts to CZK 126,717 thousand (2011: CZK 88,014 thousand) as of the balance sheet date.

## 6. Trade Receivables and Payables

Short-term trade receivables amount to CZK 17,280,321 thousand (2011: CZK 15,463,096 thousand), of which past due receivables amount to CZK 518,389 thousand (2011: CZK 491,213 thousand). The provision against doubtful receivables was not recognised as of 31 December 2012 and 2011.

Short-term trade payables amount to CZK 4,721,157 thousand (2011: CZK 7,162,288 thousand), of which past due payables amount to CZK 1,037 thousand (2011: CZK 2,497 thousand). Long-term trade payables amounted to CZK 0 (2011: CZK 8,353 thousand).

## 7. State – Tax Receivables

The receivable from the state principally includes a receivable arising from the VAT refund based on the filed tax return of CZK 704,335 thousand (2011: CZK 759,785 thousand) and the sum of VAT not yet sought to be refunded amounts to CZK 662,576 thousand (2011: CZK 799,552 thousand).

## 8. Other Receivables

Other receivables predominantly include receivables arising from the revaluation of financial derivatives of CZK 341,694 thousand (2011: CZK 555,004 thousand) and receivables from the value added tax paid in other EU member states. The filed applications for the refund of VAT amount to CZK 68,496 thousand (2011: CZK 24,931 thousand) and the sum of VAT not yet sought to be refunded amounts to CZK 73,020 thousand (2011: CZK 68,789 thousand).

## 9. Accruals and Deferrals

Deferred expenses predominantly include a fee for the issuance of bonds of CZK 53,901 thousand (2011: CZK 66,927 thousand).

Complex deferred expenses of CZK 69,099 thousand (2011: CZK 31,200 thousand) include costs of the preparation and roll-out of the Hyundai ix20, Hyundai ix35 and new generation Hyundai i30 model production.

Accrued expenses predominantly include interest expenses from issued bonds of CZK 89,320 thousand (2011: CZK 93,469 thousand).

# Hyundai Motor Manufacturing Czech s.r.o.

## Notes to the Financial Statements (unconsolidated)

For the Year Ended 31 December 2012 (in CZK thousand)

Deferred income of CZK 32,155 thousand (2011: CZK 76,676 thousand) includes interest income from business loans provided to distributors.

## 10. Share Capital

As of 31 December 2012, the share capital amounted to CZK 13,901,000 thousand (2011: CZK 13,901,000 thousand) which consisted of the investment of the sole owner. The share capital was fully paid as of 31 December 2012.

## 11. Statement of Changes in Equity

(CZK thousand)

2012	Share capital	Other capital funds	Statutory reserve fund	Accumulated profit	Profit for the period	Total
<b>Balance at 1 Jan 2012</b>	13 901 000	--	--	-2 453 734	2 913 630	14 360 896
Additions/disposals	--	--	--	--	--	--
Allocation to funds, allocation of the profit/loss	--	--	145 682	2 767 948	-2 913 630	--
Profit for 2012	--	--	--	--	7 010 019	7 010 019
<b>Balance at 31 Dec 2012</b>	13 901 000	--	145 682	314 214	7 010 019	21 370 915

(CZK thousand)

2011	Share capital	Other capital funds	Statutory reserve fund	Accumulated losses	Profit for the period	Total
<b>Balance at 1 Jan 2011</b>	13 901 000	--	--	-4 496 366	2 042 632	11 447 266
Additions/disposals	--	--	-204 263	204 263	--	--
Allocation to funds, allocation of the profit/loss	--	--	204 263	1 838 369	-2 042 632	--
Profit for 2011	--	--	--	--	2 913 630	2 913 630
<b>Balance at 31 Dec 2011</b>	13 901 000	--	--	-2 453 734	2 913 630	14 360 896

## 12. Reserves

(CZK thousand)

Reserves 2012	Balance at 1 Jan	Charge for reserves	Use of reserves	Balance at 31 Dec
For outstanding vacation days	16 447	8 679	16 447	8 679
For warranty repairs	2 815 914	2 533 360	744 784	4 604 490
<b>Total</b>	2 832 361	2 542 039	761 231	4 613 169

(CZK thousand)

Reserves 2011	Balance at 1 Jan	Charge for reserves	Use of reserves	Balance at 31 Dec
For outstanding vacation days	11 080	16 447	11 080	16 447
For warranty repairs	1 204 524	1 994 854	383 464	2 815 914
<b>Total</b>	1 215 604	2 011 301	394 544	2 832 361

## Notes to the Financial Statements (unconsolidated)

For the Year Ended 31 December 2012 (in CZK thousand)

## 13. Estimated Payables

Estimated payables recognised in the balance sheet principally include unbilled supplies of material of CZK 460,971 thousand (2011: CZK 887,537 thousand), unbilled supplies of consumed energy and other costs of CZK 171,807 thousand (2011: CZK 197,017 thousand) and unbilled supplies for the acquisition of tangible fixed assets in the amount of CZK 22,940 thousand (2011: CZK 290,946 thousand).

## 14. Bank Loans and Issued Bonds

## Short-Term Loans

(CZK thousand)

Bank	Currency	Balance at 31 Dec 2012 (CZK thousand)	Balance at 31 Dec 2011 (CZK thousand)	Reference interest rate in 2012	Form of collateral in 2012
Citibank	EUR	1 031 199	1 014 898	3M EURIBOR	--
Citibank London	EUR	--	1 806 113	0/π EURLIBOR	--
Česká spořitelna	EUR	1 869 193	2 217 484	3M EURIBOR	--
Shinhan Bank	EUR	349 046	1 022 665	3M EURIBOR	--
UniCredit Bank	EUR	860 014	--	3M EURIBOR	--
<b>Total</b>		<b>4 109 452</b>	<b>6 061 160</b>		

## Long-Term Loans

(CZK thousand)

Bank	Currency	Balance at 31 Dec 2012 (CZK thousand)	Balance at 31 Dec 2011 (CZK thousand)	Reference interest rate in 2012	Form of collateral in 2012
Mizuho Bank + Sumitomo Mitsui Bank + Bank of Tokio-Mitsubishi	EUR	2 514 000	--	1M EURIBOR	--
<b>Total</b>		<b>2 514 000</b>	<b>--</b>		

## Issued Bonds

(CZK thousand)

Bonds	Currency	Balance at 31 Dec 2012 (CZK thousand)	Balance at 31 Dec 2011 (CZK thousand)	Interest rate in 2012	Form of collateral in 2012
ISIN US44890AAA60	USD	9 527 500	9 970 000	4.5%	--
<b>Total</b>		<b>9 527 500</b>	<b>9 970 000</b>		

# Hyundai Motor Manufacturing Czech s.r.o.

## Notes to the Financial Statements (unconsolidated)

For the Year Ended 31 December 2012 (in CZK thousand)

### Repayment Schedule

Bank, bonds	2013	2014	2015	Future periods
Citibank	1 031 199	--	--	--
Česká spořitelna	1 869 193	--	--	--
Shinhan Bank	349 046	--	--	--
UniCredit Bank	860 014	--	--	--
Mizuho Bank + Sumitomo Mitsui Bank + Bank of Tokio-Mitsubishi	--	2 514 000	--	--
Bonds ISIN US44890AAA60	--	--	9 527 500	--
<b>Total</b>	<b>4 109 452</b>	<b>2 514 000</b>	<b>9 527 500</b>	<b>--</b>

Loans from Citibank and Shinhan Bank and bonds are collateralised by the guarantee from the parent company. On 15 April 2010, the Company issued bonds with the nominal value of USD 500,000,000 on the Singapore Exchange (SGX). The maturity of the bonds is five years.

## 15. Sales of Own Products and Services

	Year ended 31 Dec 2012			Year ended 31 Dec 2011		
	Local	Cross-border	Total	Local	Cross-border	Total
Sales of services	--	--	--	--	--	--
Sales of products	2 957 189	89 255 038	92 212 227	1 743 959	67 836 654	69 580 613
<b>Total sales of own products and services</b>	<b>2 957 189</b>	<b>89 255 038</b>	<b>92 212 227</b>	<b>1 743 959</b>	<b>67 836 654</b>	<b>69 580 613</b>

Market	Year ended 31 Dec 2012	Year ended 31 Dec 2011
EU	65 690 588	54 229 767
Other than EU countries - Europe	19 962 095	11 434 998
Other than EU countries - other	3 602 355	2 171 889
<b>Total sales of own products and services cross-border</b>	<b>89 255 038</b>	<b>67 836 654</b>

In 2012 and 2011, 97 percent of the sales of products related to sold cars. The remaining 3 percent relates to the sale of transmissions and other semi-finished goods which the Company supplies to other production companies within the Group.



## Notes to the Financial Statements (unconsolidated)

For the Year Ended 31 December 2012 (in CZK thousand)

## 16. Consumed Material and Energy

(CZK thousand)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Consumed material	74 607 743	56 460 212
Consumed energy	580 335	438 006
<b>Total consumed material and energy</b>	<b>75 188 078</b>	<b>56 898 218</b>

## 17. Services

(CZK thousand)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Travel expenses	14 668	35 316
Building security, cleaning and operation	210 098	182 074
Production support services	737 291	583 638
Licence fees	981 038	718 085
Hiring and support of staff	472 618	315 192
IT services and software	48 962	48 515
Transportation services	533 348	229 971
Marketing services	487 775	259 808
Advisory and audit services	9 462	10 467
Repairs and maintenance of buildings and equipment	74 899	56 635
Rental	199 858	117 002
Training	9 118	14 393
Other services	38 680	36 621
<b>Total</b>	<b>3 817 815</b>	<b>2 607 717</b>

## 18. Sales of Material, Sold Material

(CZK thousand)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Sales of material to sub-suppliers	2 945 776	2 726 543
Sales of secondary raw material	240 528	223 539
<b>Total sales of material</b>	<b>3 186 304</b>	<b>2 950 082</b>

(CZK thousand)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Material sold to sub-suppliers	3 129 403	2 897 285
Sold secondary raw material	240 528	223 539
<b>Total sold material</b>	<b>3 369 931</b>	<b>3 120 824</b>

### 19. Other Operating Income

	(CZK thousand)	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Assigned short-term receivables	5 508 690	1 370 634
Grants for created jobs and training of employees	172 014	61 846
Rebilling of transportation costs to suppliers	41 947	56 088
Rebilling of complaint costs to suppliers	151 273	82 328
Inventory count differences	45 844	2 049
Sundry operating income	183 493	77 663
<b>Total</b>	<b>6 103 261</b>	<b>1 650 608</b>

### 20. Other Operating Expenses

	(CZK thousand)	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Assigned short-term receivables	5 520 899	1 376 556
Insurance	28 303	20 621
Costs of warranty repairs and campaigns	821 391	433 413
Inventory count differences	41 742	21 317
Sundry operating expenses	109 667	39 123
<b>Total</b>	<b>6 522 002</b>	<b>1 891 030</b>

### 21. Interest Income

	(CZK thousand)	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Interest on provided business loans	360 992	253 438
Interest on deposits at bank accounts	11 563	7 778
<b>Total</b>	<b>372 555</b>	<b>261 216</b>

### 22. Interest Expense

	(CZK thousand)	
	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Interest on received bank loans and overdrafts	21 016	20 782
Interest on issued bonds	360 720	359 189
Interest on received loans from recourse factoring	58 146	74 534
Interest on received business loans	5 674	7 362
<b>Total</b>	<b>445 556</b>	<b>461 867</b>

## Notes to the Financial Statements (unconsolidated)

For the Year Ended 31 December 2012 (in CZK thousand)

## 23. Other Financial Income

(CZK thousand)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Foreign exchange rate gains	2 654 554	2 737 774
Sundry financial income	--	--
<b>Total</b>	<b>2 654 554</b>	<b>2 737 774</b>

## 24. Other Financial Expenses

(CZK thousand)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Foreign exchange rate losses	2 265 524	3 248 069
Guarantee and administration fees to received loans and bonds	50 251	48 578
Sundry financial expenses	2 446	2 631
<b>Total</b>	<b>2 318 221</b>	<b>3 299 278</b>

## 25. Income Tax

(CZK thousand)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Tax payable	360 113	--
Deferred tax	49 525	684 559
<b>Total</b>	<b>409 638</b>	<b>684 559</b>

Profit before tax and calculation of tax payable:

(CZK thousand)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Profit before tax	7 419 657	3 598 189
Anticipated tax costs (19%)	1 409 735	683 656
Non-tax expenses and income	125 037	158 598
Utilisation of tax loss from prior periods	- 136 640	- 842 254
Tax relief arising from investment incentives	- 1 038 019	--
<b>Tax payable</b>	<b>360 113</b>	<b>--</b>

The total deferred tax liability can be analysed as follows:

(CZK thousand)

	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Accumulated depreciation and amortisation of fixed assets	- 1 175 075	- 929 807
Provision against fixed assets	--	4 003
Provision against inventory	29 063	28 394
Reserves	876 502	538 149
Tax loss brought forward	--	139 276
<b>Total liability</b>	<b>- 269 510</b>	<b>- 219 985</b>

## 26. Related Parties

### a) Trade Receivables and Payables

Trade receivables and payables, disclosed in Note 6, include the following balances with related parties:

(CZK thousand)

	Receivables at 31 Dec		Payables at 31 Dec	
	2012	2011	2012	2011
HYUNDAI AMCO Co., Ltd., organisational branch	34	27	7 880	27 749
Hyundai Motor Company	12 127	3 530	439 321	1 428 914
Hyundai Motor Europe GmbH	10 907 966	13 855 925	21 118	73 850
Hyundai Rotem Company	--	--	--	11 817
Hyundai AutoEver	--	--	130	1 345
AutoEver Systems Europe GmbH	5	5	5 074	1 264
HYUNDAI WIA Corporation	--	--	3 928	154
Innocean Worldwide Europe GmbH	--	--	12 540	33 802
Hyundai Glovis CO. Ltd.	12 410	10 880	--	--
Glovis Czech Republic s.r.o.	--	4 502	78 589	58 866
Glovis Europe GmbH	--	--	31 293	31 615
Glovis Slovakia s.r.o.	--	--	629	832
Hysco Czech s.r.o.	1 396	1 211	225 352	226 941
Hyundai Motor CIS LLC	3 181 788	--	4 166	--
Hyundai Motor Company Italy s.r.l.	--	--	1 380	947
Hyundai Motor Czech s.r.o.	1 128 816	748 995	--	159
Hyundai Motor Norway AS	--	--	508	639
Hyundai Motor Poland Sp. z. o. o.	--	--	497	1 244
Hyundai Motor UK Ltd.	--	--	3 723	2 220
Hyundai Motor España S.L.U.	--	--	1 252	1 191
Hyundai Motor Deutschland GmbH	--	--	11 943	6 706
Hyundai Motor Mfg. Rus LLC	75 482	88 675	--	--
Hyundai Assan Otomotive SVT A.S.	--	63 050	3 644	169
Hyundai Motor Company Australia Pty Ltd.	1 155 576	--	--	--
Hyundai Materials Corporation	--	17 910	--	--
Hyundai Mobis	16	138	--	--
Mobis Parts Europe N.V.	1 072	1 375	--	--
Mobis Slovakia s.r.o.	2 869	1 657	--	--
Mobis Automotive Czech s.r.o.	50 855	5 284	1 372 084	1 976 507
Hyundai Dymos Czech, s.r.o.	20 054	526	281 687	427 160
Kia Motors Europe GmbH	--	153	--	20
Kia Motors RUS LLC	--	--	--	45
Kia Motors Slovakia s.r.o.	113 276	80 824	557 069	668 516
<b>Total</b>	<b>16 663 742</b>	<b>14 884 667</b>	<b>3 063 807</b>	<b>4 982 672</b>

As of the balance sheet date, estimated payables to Hyundai Motor Company amount to CZK 169,304 thousand (2011: CZK 774,072 thousand) arising from unbilled supplies of material for production and estimated payables to Hyundai Rotem Company in the amount of CZK 1,079 thousand (2011: CZK 181,868 thousand) arising from unbilled supplies of machinery.

As of the balance sheet date, the Company reported prepayments made for material of Hyundai Glovis CO. Ltd. of CZK 372,154 thousand (2011: CZK 0).

## Notes to the Financial Statements (unconsolidated)

For the Year Ended 31 December 2012 (in CZK thousand)

## a) Sales and Purchases

(CZK thousand)

	Sales at 31 Dec		Purchases at 31 Dec	
	2012	2011	2012	2011
HYUNDAI AMCO Co., Ltd., organisational branch	--	--	216 849	417 975
Hyundai Motor Company	32 617	4 882	4 984 391	4 526 416
Hyundai Motor Europe GmbH	65 223 765	55 149 115	297 076	226 428
Hyundai AutoEver	--	--	3 571	3 377
AutoEver Systems Europe GmbH	--	--	75 621	69 456
Hysco Czech s.r.o.	--	--	3 273 686	2 646 259
Hysco Slovakia s.r.o.	761	--	--	--
Kefico Corporation	--	--	--	14 720
Hyundai Motor India Ltd.	--	--	--	17
HYUNDAI WIA Corporation	--	--	28 776	150
Innocean Worldwide Europe GmbH	--	--	193 872	72 030
Hyundai Rotem Company	--	--	17 157	420 303
Hyundai Glovis CO. Ltd.	--	--	10 512 681	7 283 600
Glovis Czech Republic s.r.o.	53 619	46 243	659 166	522 973
Glovis Europe GmbH	--	--	461 977	222 961
Glovis Slovakia s.r.o.	--	--	9 178	7 568
Hyundai Materials Corporation	154 866	160 776	--	--
Hyundai Europe Technical Center	66	92	--	--
Hyundai Motor CIS LLC	11 319 369	--	35 629	13 295
Hyundai Motor Company Italy s.r.l.	--	--	42 290	13 996
Hyundai Motor Czech s.r.o.	3 866 832	2 203 984	45 550	13 399
Hyundai Motor Norway AS	--	--	14 622	4 534
Hyundai Motor Poland Sp. z. o. o.	--	--	28 500	18 055
Hyundai Motor UK Ltd.	--	--	95 803	47 664
Hyundai Motor España S.L.U.	--	--	44 326	24 382
Hyundai Motor Deutschland GmbH	--	--	200 185	110 104
Hyundai Motor France	--	--	25 527	--
Hyundai Motor Mfg. Rus LLC	1 127 031	701 113	12	--
Hyundai Assan Otomotive SVT A.S.	3 614 634	848 446	9 887	470
Hyundai Motor Company Australia Pty Ltd.	1 152 359	--	--	--
Mobis Parts Europe P.V.	5	33	--	--
Mobis Slovakia s.r.o.	58 329	36 124	--	3
Mobis Automotive Czech s.r.o.	593 032	726 236	20 977 961	15 793 878
Hyundai Dymos Czech, s.r.o.	349 351	310 049	4 538 809	3 412 155
Kia Motors Corporation	--	--	--	57 467
Kia Motors Europe GmbH	--	6 255 097	84 377	73 907
Kia Motors Czech s.r.o.	--	154 086	1 760	1 828
Kia Motors RUS LLC	--	644 404	1 827	268
Kia Motors Sales Slovensko s.r.o.	--	--	--	14
Kia Motors Slovakia s.r.o.	1 695 194	1 551 491	10 548 805	8 576 872
<b>Total</b>	<b>89 241 830</b>	<b>68 792 171</b>	<b>57 429 871</b>	<b>44 596 524</b>



Part of the purchases from Hyundai Motor Company involves the international hiring of labour which amounted to CZK 116,415 thousand for 2012 (2011: CZK 124,643 thousand).

In the year ended 31 December 2012, the Company generated other operating income from the Group companies in the aggregate amount of CZK 304,373 thousand (2011: CZK 174,210 thousand), predominantly from Hyundai Glovis CO. Ltd. of CZK 86,325 thousand (2011: CZK 68,813 thousand), Mobis Automotive Czech s.r.o. of CZK 91,692 thousand (2011: CZK 59,636 thousand) and Kia Motors Slovakia s.r.o. of CZK 105,621 thousand (2011: CZK 24,193 thousand). This income primarily includes the rebilling of material transportation, warranty refunds and lease of moulds.

### c) Interest Received

In respect of the provided loan and business terms with certain distributors, the Company received aggregate interest of CZK 361,003 thousand during the year ended 31 December 2012 (2011: CZK 253,424 thousand) from the following Group entities:

(CZK thousand)			
2012	Interest		Interest
Hyundai Motor Europe GmbH	300 213	Hyundai Motor Czech s.r.o.	8 866
Hyundai Motor CIS LLC	49 971	Hyundai Motor Company Australia Pty Ltd.	1 953

(CZK thousand)			
2012	Interest		Interest
Hyundai Motor Europe GmbH	175 961	Hyundai Motor Czech s.r.o.	8 205
Kia Motors Europe GmbH	69 476	Kia Motors Czech s.r.o.	243

### d) Controlling Entity

The Company has not entered into a controlling agreement with its owner Hyundai Motor Company, the Republic of Korea.

## Notes to the Financial Statements (unconsolidated)

For the Year Ended 31 December 2012 (in CZK thousand)

## 27. Employees and Managers

- a) The average number of employees and managers and staff costs for the years ended 31 December 2012 and 2011:

2012	Number of employees	Payroll costs in CZK thousand	Social security and health insurance in CZK thousand	Social costs in CZK thousand
Employees	2 617	903 134	307 213	--
Managers	6	16 106	3 445	--
<b>Total</b>	<b>2 623</b>	<b>919 240</b>	<b>310 658</b>	<b>94 944</b>
Managers (IHOL)	21	53 150	--	--

2011	Number of employees	Payroll costs in CZK thousand	Social security and health insurance in CZK thousand	Social costs in CZK thousand
Employees	2 533	881 251	301 290	--
Managers	5	12 877	2 554	--
<b>Total</b>	<b>2 538</b>	<b>894 128</b>	<b>303 844</b>	<b>87 523</b>
Managers (IHOL)	22	47 780	--	--

The Company employed 55 Korean workers on average based on the International Hiring of Labour (IHOL) contract (2011: 61). The aggregate payroll costs amounted to CZK 116,415 thousand (2011: CZK 124,643 thousand) and are reported in profit and loss account line B.2 'Services' (refer to Note 17).

The social costs incurred by the Company in 2012 and 2011 principally include payments made under the International Hiring of Labour Contract, the costs of providing meals to all employees and the employer's contribution towards settling part of the costs of transportation to work. The Company is unable to analyse these costs into the part attributable to management and other employees.

- b) Bonuses and Loans to the Members of Statutory and Supervisory Bodies

In the years ended 31 December 2012 and 2011, members of the statutory and supervisory bodies received no bonuses, dividends or loans. In addition, the Company provides no guarantees for loans which were provided by third parties.

Members of senior management use Company cars for both business and private purposes.

## 28. Social Security and Health Insurance Payables

Payables arising from social security and health insurance amounted to CZK 35,299 thousand (2011: CZK 40,326 thousand), of which social security payables amounted to CZK 24,446 thousand (2011: CZK 28,224 thousand) and health insurance payables amounted to CZK 10,853 thousand (2011: CZK 12,102 thousand). None of these payables were past their due dates.

## 29. State - Tax Payables and Subsidies

Tax payables amount to CZK 417,264 thousand (2011: CZK 44,342 thousand) and represent a payable arising from the income tax payable of CZK 360,113 thousand, a payable arising from the withholding income tax of CZK 45,050 thousand (2011: CZK 28,557 thousand), the employees' income tax payments withheld by the Company of CZK 11,762 thousand (2011: CZK 14,719 thousand), road tax of CZK 18 thousand (2011: CZK 20 thousand), and an income tax securement of CZK 321 thousand (2011: CZK 1,046 thousand).

In 2007 and 2008, the Company received a cash grant for capital investment of CZK 1,451,584 thousand pursuant to the resolution of the Czech Ministry of Industry and Trade.

Pursuant to the contract put in place between Hyundai Motor Company, the Republic of Korea, the Czech Republic, the Moravian-Silesian Region and CzechInvest, the Company purchased land from the Moravian-Silesian Region for a discounted price in 2007. This form of public aid amounted to CZK 736,427 thousand. In addition, the Company uses tax relief of CZK 1,038,019 thousand in 2012.

On 3 December 2008, the Company and the Ministry of Labour and Social Affairs entered into an agreement on the support of creation of jobs as part of investment incentives and agreement on the cash grant for the retraining or training of employees as part of investment incentives. Pursuant to these agreements, the Company drew the last payment of the cash grant in 2012 in the amount of CZK 172,014 thousand (2011: CZK 61,846 thousand). In the years ended 31 December 2009 and 2010, the Company drew the total cash grant of CZK 474,931 thousand.

## 30. Other Matters

On 18 May 2006, Hyundai Motor Company, the Republic of Korea, the Czech Republic acting through and represented by the Czech Ministry of Industry and Trade, the Czech Ministry of Finance, the Czech Ministry of Labour and Social Affairs, the Czech Ministry of Transportation and the Czech Ministry of the Interior, the Moravian Silesian Region and CzechInvest entered into the Investment Agreement based on which the Company has received/will receive an investment incentive as follows:

- Transfer of land for a discounted price (refer to Note 29);
- Cash grant for capital investment (refer to Note 29);
- Subsidy for the creation of jobs (refer to Note 29);
- Subsidy for the training and retraining of employees (refer to Note 29); and
- Tax relief (refer to Notes 25 and 29).

The Company formed the HYUNDAI Foundation with its registered office at Ostrava on 7 February 2007. The aim of the Foundation is to support civil society and community programmes on the territory impacted by the operations of the car production plant in Pošovice, predominantly projects contributing to the protection and improvement of the environment, projects leading to increased awareness about the environment and its protection, and projects promoting the environment with the objective of attracting the general public's attention. The equity investment in the Foundation includes the investment of the Company of CZK 5,000 thousand.

**Notes to the Financial Statements (unconsolidated)**

For the Year Ended 31 December 2012 (in CZK thousand)

### 31. Contingent Liabilities

#### Legal Disputes

As of 31 December 2012, the Company was involved in no legal dispute, the outcome of which would significantly impact the Company.

#### Environmental Liabilities

Management of the Company is not aware of the existence of contingent liabilities arising from environmental damage.

The Company carries no other contingent liabilities.

### 32. Post Balance Sheet Date Events

No significant events occurred subsequent to the balance sheet date.

# Hyundai Motor Manufacturing Czech s.r.o.

## 4

### Company Report

about the relation between the Controlling and the Controlled Entity and the relations between the Controlled Entity and Other Entities controlled by the same controlling entity, for the period between 1 January 2012 and 31 December 2012, in accordance with the provisions of Section 66a, paragraph 9 of Act No. 513/1991 Coll., Commercial Code, as amended

**Controlled Entity:**
**Hyundai Motor Manufacturing Czech s.r.o.**

Registered office: Průmyslová zóna Pošovice, Nižní Lhoty 700, 73951

Corporate ID: 27773035

Registered in the Commercial Register kept by the Regional Court in Ostrava, Section C, Insert 41484

**Controlling Entity**
**Hyundai Motor Company**

 Registered office: 137-938 Soul, Seocho-Gu, Yangjae-Dong 231  
the Republic of Korea

Corporate ID: 1018109147

**Other entities controlled by the same controlling entity (hereinafter referred to as the “Related Parties”):**

Hyundai Motor Europe GmbH

Hyundai Motor Czech s.r.o.

Hyundai Motor UK Ltd.

Hyundai Motor Company Italy s.r.l.

Hyundai Motor Norway AS

Hyundai Motor Poland Sp. z o. o.

Hyundai Motor CIS LLC

Hyundai Motor España, S. L. U.

Hyundai Motor Deutschland GmbH

 Hyundai Motor  
Manufacturing Rus LLC

Hyundai Motor France

 Hyundai Motor Europe  
Technical Center GmbH

 Hyundai Assan Otomotive  
Sannayi Ve Ticaret A.S.

 Hyundai Motor Company  
Australia Pty Ltd.

Kia Motors Europe GmbH

Kia Motors Czech s.r.o.

Kia Motors RUS LLC

Kia Motors Slovakia, s.r.o.

Hyundai Rotem Company

Kefico Corporation

 AutoEverSystems Europe  
GmbH organisational branch

AutoEverSystems Europe GmbH

Hyundai Autoever

 Hyundai Amco Co., Ltd.,  
organisational branch

HYSCO CZECH, s.r.o.

Hysco Slovakia, s.r.o.

HYUNDAI GLOVIS CO., LTD.

Glovis Czech Republic s.r.o.

Glovis Europe GmbH

GLOVIS SLOVAKIA, s.r.o.

Hyundai Wia Corporation

Hyundai Mobis Co., Ltd.

Mobis Automotive Czech, s.r.o.

Mobis Slovakia s.r.o.

Mobis Parts Europe П. V.

Hyundai Dymos Czech, s.r.o.

Hyundai Materials Corporation

Innocean Worldwide Europe GmbH



## I.

**Contracts concluded in the last financial year, i.e. in the period between 1 January 2012 and 31 December 2012 between the Controlling Entity and the Controlled Entity:**

The following contracts were concluded between the Controlling Entity and Controlled Entity in the period between 1 January 2012 and 31 December 2012:

- Employee Training Agreement (GDE), 1 January 2012
- Licence Agreement (GD), 1 January 2012
- Contract/order no. P120240270, GD WGN pressing moulds, 27 February 2012
- Contract/order no. P120402621, GDE 5DR jigs and fixtures, 3 April 2012
- Contract/order no. P120434498, GDE WGN jigs and fixtures, 25 June 2012
- Contract/order no. P120629600, GD 3DR pressing moulds, 20 June 2012
- Contract/order no. P120830937, jigs and fixtures, 16 November 2012
- Contract/order no. P121204767, GDE jigs and fixtures, 4 December 2012
- Contract/order no. P121207934, GDE jigs and fixtures, 7 December 2012

None of the participating companies **incurred any damage**.

## II.

**Contracts concluded in the last financial year, i.e. during the period between 1 January 2012 and 31 December 2012 between the Related Parties and the Controlled Entity:**

1) Contracts for the sale of produced cars concluded with the following related parties:

Hyundai Motor Europe GmbH  
Hyundai Motor Czech s.r.o.  
Hyundai Motor CIS LLC  
Hyundai Motor Company Australia Pty Ltd.  
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.

2) Contracts for the purchase of goods and services were concluded with the following related parties (primarily acquisition of machinery, tools, moulds, computers, programmes, marketing services):

Hyundai Rotem Company  
Hyundai Wia Corporation  
AutoEverSystems Europe GmbH organisational branch  
AutoEverSystems Europe GmbH  
Hyundai Autoever  
Mobis Automotive Czech, s.r.o.  
Hyundai Dymos Czech, s.r.o.  
Innocean Worldwide Europe GmbH

None of the participating companies **incurred any damage**.

## III.

**Other legal acts and measures reached, or taken by the Controlled Entity in order or at the request of Related Parties or carried out by the Controlled Entity:**

The Controlled Company did not accept or provide any other legal acts and measures, on the request or in the interest of the Related Parties or the Controlling Entity and therefore no advantages or disadvantages have been provided.

None of the participating companies incurred any damage.

## IV.

**Transactions with Related Parties in the year ended 31 December 2012**

## 1) Generated income

	(CZK thousand)			
	Sales of own products	Sales of material	Other operating income	Interest income
HYUNDAI AMCO Co., Ltd., organisational branch	--	--	316	--
Hyundai Motor Company	16 384	--	605	--
Hyundai Motor Europe GmbH	65 223 765	--	1 721	300 213
AutoEver Systems Europe GmbH	--	--	180	--
Hysco Czech s.r.o.	--	--	7 964	--
Hysco Slovakia s.r.o.	--	761	--	--
Hyundai Glovis CO. Ltd.	--	--	86 325	--
Glovis Czech Republic s.r.o.	--	53 619	2 394	--
Glovis Europe GmbH	--	--	579	--
Hyundai Materials Corporation	--	154 866	--	--
Hyundai Europe Technical Center	66	--	--	--
Hyundai Motor CIS LLC	11 319 369	--	--	49 971
Hyundai Motor Czech s.r.o.	3 866 832	--	--	8 866
Hyundai Motor Mfg. Rus LLC	1 127 031	--	--	--
Hyundai Assan Otomotive SVT A.S.	3 614 634	--	--	--
Hyundai Motor Company Australia Pty Ltd.	1 152 359	--	--	1 953
Hyundai Mobis Co., Ltd.	--	--	469	--
Mobis Parts Europe N.V.	5	--	-209	--
Mobis Slovakia s.r.o.	43 339	14 990	--	--
Mobis Automotive Czech s.r.o.	1 451	591 581	91 692	--
Hyundai Dymos Czech, s.r.o.	14	349 336	6 716	--
Kia Motors Slovakia s.r.o.	1 695 194	--	105 621	--

The controlled entity generated a profit from the sale of fixed assets with Hyundai Motor Company in the amount of CZK 16,233 thousand.

## 2) Purchases

(CZK thousand)

	Purchase of fixed assets	Purchase of material	Purchase of services	Other operating expenses
HYUNDAI AMCO Co., Ltd., organisational branch	72 605	6 307	137 937	--
Hyundai Motor Company	828 808	2 997 847	1 127 373	--
Hyundai Motor Europe GmbH	--	--	297 072	--
Hyundai AutoEver	1 551	--	2 020	--
AutoEver Systems Europe GmbH	19 841	108	55 672	--
Hysco Czech s.r.o.	--	3 273 686	--	--
HYUNDAI WIA Corporation	26 312	2 464	--	--
Innocean Worldwide Europe GmbH	3 030	140	190 702	--
Hyundai Rotem Company	16 081	1 076	--	--
Hyundai Glovis CO. Ltd.	7	10 436 813	70 042	--
Glovis Czech Republic s.r.o.	--	701	658 465	--
Glovis Europe GmbH	636	29 787	431 554	--
Glovis Slovakia s.r.o.	--	9 178	--	--
Hyundai Motor CIS LLC	--	--	--	35 629
Hyundai Motor Company Italy s.r.l.	--	--	--	42 290
Hyundai Motor Czech s.r.o.	29 401	335	--	15 813
Hyundai Motor Norway AS	--	--	--	14 622
Hyundai Motor Poland Sp. z. o. o.	--	230	--	28 270
Hyundai Motor UK Ltd.	--	--	--	95 803
Hyundai Motor España S.L.U.	--	--	--	44 326
Hyundai Motor Deutschland GmbH	--	--	--	200 185
Hyundai Motor France	--	--	--	25 527
Hyundai Motor Mfg. Rus LLC	--	--	12	--
Hyundai Assan Otomotive SVT A.S.	--	--	95	9 792
Mobis Automotive Czech s.r.o.	15 975	20 961 654	332	--
Hyundai Dymos Czech, s.r.o.	17 095	4 512 369	--	9 345
Kia Motors Europe GmbH	--	--	--	84 370
Kia Motors Czech s.r.o.	--	--	--	1 760
Kia Motors RUS LLC	--	--	--	1 827
Kia Motors Slovakia s.r.o.	--	10 379 999	168 806	--

The Controlled Company recognised interest expenses from Hyundai Glovis CO. Ltd. in the amount of CZK 5,819 thousand and other financial expenses from Hyundai Motor Company in the amount of CZK 30,363 thousand.

V.

I, the undersigned, **Jun Ha Kim**, born on 11 March 1956, residing at Hyunja Satek Mension 201, Yanjung Dong 523, Buk-gu, Ulsan, the Republic of Korea, **acting as the Statutory Executive and President** of the Controlled Entity, i.e., of **Hyundai Motor Manufacturing Czech s.r.o.**, hereby declare that the information referred in this report is true and complete.

In Pošovice on 23 April 2013

**Jun Ha Kim**

Statutory Executive and President of  
Hyundai Motor Manufacturing Czech s.r.o.



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## INDEPENDENT AUDITOR'S REPORT

### To the Partner of Hyundai Motor Manufacturing Czech s.r.o.

Having its registered office at: Průmyslová zóna Nošovice, 739 51 Nižní Lhoty 700  
Identification number: 277 73 035

#### Report on the Financial Statements

Based upon our audit, we issued the following audit report dated 23 April 2013 on the financial statements which are included in this annual report in Chapter 3:

"We have audited the accompanying financial statements of Hyundai Motor Manufacturing Czech s.r.o., which comprise the balance sheet as of 31 December 2012, the profit and loss account and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations applicable in the Czech Republic, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. 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.

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 financial statements give a true and fair view of the financial position of Hyundai Motor Manufacturing Czech s.r.o. as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic."

#### Report on the Related Party Transactions Report

We have also reviewed the factual accuracy of the information included in the related party transactions report of Hyundai Motor Manufacturing Czech s.r.o. for the year ended 31 December 2012 which is included in this annual report in Chapter 4. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

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We conducted our review in accordance with Auditing Standard 56 issued by the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Hyundai Motor Manufacturing Czech s.r.o. for the year ended 31 December 2012 contains material factual misstatements.

#### **Report on the Annual Report**

We have also audited the annual report of the Company as of 31 December 2012 for consistency with the financial statements referred to above. This annual report is the responsibility of the Company's Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the information included in the annual report of the Company is consistent, in all material respects, with the financial statements referred to above.

In Prague on 23 April 2013

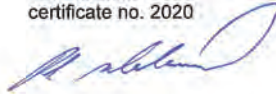
Audit firm:

Deloitte Audit s.r.o.  
certificate no. 79



Statutory auditor:

Petr Michalík  
certificate no. 2020









## NEW THINKING. NEW POSSIBILITIES.

People's expectation toward individual mobility requires more than just a convenient means of transportation. The old understanding of cars has become outdated. A car represents individuals' lifestyles, and it has become an integral part of their lives. At the same time, the automobile industry has experienced seismic change.

Hyundai Motor Company has grown rapidly to become one of the largest automakers, backed by world class production capability and superior quality. We have now reached a point where we need a qualitative approach to bring bigger ideas and relevant solutions to our customers. This is an opportunity to move forward, and we have developed a new brand slogan that encapsulates our willingness to take a big leap. Led by our new slogan and the new thinking underlying it, we will become a company that keeps challenging itself to unlock new possibilities for people and the planet.



Hyundai Motor Manufacturing Czech s.r.o.  
[www.hyundai-motor.cz](http://www.hyundai-motor.cz)

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