

PROUD
MAKER
OF WORLD
QUALITY
CARS



Hyundai Motor Manufacturing Czech s.r.o.
Annual Report
2013

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FOREWORD BY THE PRESIDENT OF THE COMPANY

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Since November 2008, Hyundai Motor Manufacturing Czech s.r.o. (hereinafter “HMMC” or the “Company”) has been manufacturing cars at the HMMC plant in Pošovice. The plant in Pošovice is the only Hyundai manufacturing plant within the EU and thus it plays a key role in establishment of Hyundai in the EU market, for which it produces cars of the highest quality that are distributed by a continually-growing network of European dealers. Our products offer customers the highest quality and sophisticated design while employing advanced technology.

In the year ending 31 December, the Company was successful in achieving its goals as well as facing new challenges. More than 303,000 cars were produced and exported to more than 50 countries, mostly European but also to important overseas markets such as Australia or South Africa. The year 2013 was also marked by several anniversaries and milestones, namely the millionth car produced since the launch of mass production, which we celebrated in May, the jubilee of the hundred thousandth car for Russia, which we delivered in June, and the fifth anniversary of the launch of mass production, which we celebrated in November. In 2013, HMMC received a number of significant awards, namely Employer of the Year in the category for under 5,000 employees, for the third consecutive year it was named Company of the Year by the Automotive Industry Association and it was also awarded the Safe Company title, which celebrates HMMC's continuous care for the health and safety of its employees.

Throughout 2013, the plant's production met its full planned potential, ie 300,000 cars per year; therefore, no major investment projects aimed at production expansion were realised. In the course of 2012 and 2013, employee numbers were stabilised at approximately 3,400 as the three-shift manufacturing process had already been introduced in September 2011. HMMC's employees are the key factor in achieving the Company's strategic objectives, seeking to attain excellent results in terms of quality, flexibility and production rate. Throughout the whole year of 2013, the Company focused on active communication with its employees and provided them with a number of internal and external training courses and educational events to support their personal and professional growth.

In the long term, HMMC has been one of the driving forces of the Czech economy namely in the Moravian - Silesian Region, which experienced fundamental and painful reconstruction 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 in striving to be a good neighbour and a good citizen of the Moravian-Silesian Region and the Czech Republic, with a positive impact on economic growth and the lives of the people in the region. Our policy and key values are to maintain the dynamic growth of the Company based on environmentally-friendly production.

I am presenting the Annual Report for the year ending 31 December 2013

In Nižní Lhoty on 7 February 2014

Jun Ha Kim

Prezident and CEO of
Hyundai Motor Manufacturing Czech

HYUNDAI MOTOR MANUFACTURING CZECH

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2.1 COMPANY'S 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 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. From 2009, he was the President of the Ulsan 2 plant in Korea.



Jae Woong Lim CFO, Finance Division

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



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 Purchasing 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.



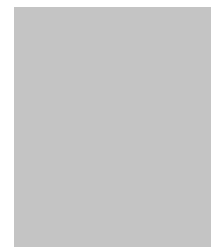
Sung Ho Lim Vice-President, Administration Division

Mr Lim joined Hyundai Motor Company in 1991. In June 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.



Jong Hoon Lee Vice-President, Production Division

Mr Lee joined Hyundai Motor Company in 1989. Between 1997 and 2000 he worked at the Korean plant in Jeonju. He left for the USA, where he became the Production Process Manager at the Hyundai plant in Alabama. From 2007, after his return to Korea, he was the manager of plants 2 and 5 in Ulsan. From 2011 he was also responsible for the development of new cars (Sonata and Grandeur) at the Asan plant in Korea. He joined HMMC in August 2013.





2.3 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
 December i30 among the finalists for the European Car of the Year (COTY) Award for 2013

2013

May The millionth car produced
 June Delivery of the hundred thousandth car for the Russian Federation
 Awarded “the Employer of the Year for 2013” in the category for under 5,000 employees
 October “Safe Company” certificate received
 December OHSAS 18001 certificate received



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 of the needs for 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 a 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 mass production of three versions of the new generation i30 (the i30 5 door version in January, the wagon version in June, the 3 door version in November.) In 2013, the production of innovated versions of ix35 and ix20 models was launched.



Hyundai i30 hatchback

Hyundai i30 cw

Kia Venga

Hyundai ix20

Hyundai ix35

New i30 hatchback

New i30 wagon

New i30 three door



November 2008 – December 2011

February 2009 – May 2012

November 2009 – May 2011

September 2010 – present

July 2011 – present

January 2012 – present

June 2012 – present

November 2012 – present



i30 three door

i30 wagon

i30 hatchback



2.4.2. TRANSMISSIONS

HMMC produces not only personal vehicles but also three types of 5 and 6 gear manual transmission. 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 the HMMR plant in St. Petersburg, Russia, and to the sister plant Kia Motors Slovakia.



Hyundai ix20

Hyundai ix35

2.5 PRODUCTION PROCESS

2.5.1. PRESS SHOP

The 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

The 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 by 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 a 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 begins. More than 60 robots apply a sealer and spray anti-corrosive primer. Hyundai uses only ecological paint in 16 different shades based on water solvents. All employees in the Paint Shop must wear protective antistatic overalls, gloves and caps to eliminate possible dust contamination 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 or 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 are tested, they are delivered to Hyundai Mobis, our sub-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 employees' 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 windscreens, 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 2013

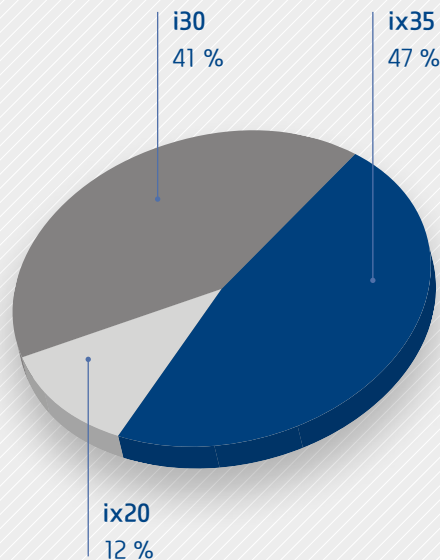
2.6.1. PRODUCTION

In 2013, HMMC produced 303,460 cars in total. The total volume of produced cars consists of individual models as follows:

Of all the models, the ix35 was the most popular to be produced with more than 143,000 cars, followed by the successful Hyundai i30 with more than 125,000 cars produced in three versions: 5-door hatchback, wagon and 3-door versions. The third to follow was the ix20 with almost 35,000 cars.



With the launch of the third shift in September 2011, the HMMC plant reached its full production capacity, namely 300,000 cars per year, which was met for the first time in 2012 with 303,035 cars and maintained also in 2013 with 303,460 cars produced in the year. The production plan for 2014 and the following years thus remains 300,000 cars.



Top 10 Countries Total Number in Pieces *

1. Germany	43,000
2. Russia	39,500
3. The United Kingdom	31,000
4. Spain	18,500
5. Italy	17,500
6. Turkey	17,000
7. Australia	15,000
8. Belgium	14,000
9. Austria	11,000
10. Czech republic	10,500

* unit rounded to 500

2.6.2. EXPORT

Cars manufactured in HMMC were exported to almost 52 different countries across Europe, Middle East, Africa, Caribbean and Australia. Given that the Pošovice plant is the only Hyundai production plant in EU, it comes naturally that most cars were exported to European countries; however, considering that the total volume of the automotive industry is decreasing by several percent a year, a significant volume of cars produced in Pošovice were delivered to large non-European markets, namely Australia, Turkey and South Africa.

The list of countries based on the volumes of cars delivered to our customers in 2013 is as follows: Germany, Russia, the United Kingdom, Spain, Italy, Turkey, Australia, Belgium, Austria and the Czech Republic.



2.6.3. EMPLOYEES

As of 31 December 2013, the total number of employees amounted to 3,312. The average fluctuation of employees in production dropped by 2.5 percentage points to 5.5%.

2.6.3.1. 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 120 foreigners among the total 3,312 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.

2.6.3.2. Collective Bargaining

The Work Council and Labour Union organisations continued their activities from the previous year. Negotiations between HMMC and Labour Union organisations were completed on 28 March 2013 in the form of a Collective Agreement valid from 1 April 2013. Collective bargaining was carried out by the Company's representatives, the KOVO Labour Union, and the Hyundai Czech Independent Labour Union.

2.6.3.3. Work Safety

Thanks to our continual emphasis on prevention of keeping work safety and hygiene rules, our company managed to decrease the number of work injuries. Compared to 2012, the number of work injuries in HMMC dropped by 42%. 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.

In 2013, new management system instruments were implemented and certified under the OHSAS 18001 international standard. Their implementation contributed greatly to obtaining the Safe Company certificate provided by the State Work Safety Authority.

2.6.3.4. Training

In 2013, 277 new employees attended the Company's Entry course. 959 employees gained Certificates for attending courses that enhanced their professional qualifications.

1,095 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 359 HMMC employees.

Language and IT courses and professional workshops carried on during the whole year of 2013. Last but not least, 85 of employees took the chance to train abroad. The main



goal of these trainings is to learn how to produce the new model in advance and, at the same time, to share our own experience and good practice with other colleagues from the plants all around the world. Through some of the trainings held abroad (e.g. Company & Korea Understanding Program) the employees have an opportunity to have a closer look at the rich Korean history and to understand differences of both cultures. The main aim of this program is to increase awareness of the Hyundai Motor Group corporate core values and to strengthen the feeling of belonging and motivation of our employees. These trainings are being held in several Hyundai Motor Company (HMC) plants in Korea. 1,473 employees participated in our e-learning courses that, among other things, help employees understand the core values of the Hyundai Motor Group and the cultural differences between our two countries.

2.6.4. ENVIRONMENT

2.6.4.1. EMAS

In 2012, the Minister of the Environment of Czech Republic awarded HMMC with the EMAS certificate. EMAS (Eco Management and Audit Scheme) 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 Czech Republic, 27 companies have been registered in the EMAS (including two towns and the Regional Authority of the Moravia-Silesian Region) and HMMC is the first car manufacturing company registered.



2.6.4.2. RTO

In November 2012, the RTO facility placed next to the Paint Shop was put into 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 1,000 °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 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. Owing to the RTO that was in operation throughout the whole year, the emission of organic volatile compounds decreased significantly in 2013.

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 automated machines and supported by the rational reasoning and judgment of the staff.

2.6.5.1. The International ISO 9001 Standard

To be able to claim the quality standard of cars produced in the Company, HMMC decided to build a system of quality management required by the ISO 9001 standard, which ensures that the quality meets the customers' requirements. The standard specifies the requirements of the system of quality management in organisations that decide and need to prove their ability to continue in providing products in line with the relevant regulations and customer requirements and that constantly strive to increase customer satisfaction.

The establishment of the Quality Management System was a result of an ongoing 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 Czech Republic, the highest "Excellence" award under Czech National Quality Award for the next three years. 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.

2.6.5.3. Further Awards and Certificates

In 2013, HMMC was successful in completing the process of the implementation of two highly-significant systems for work safety management, namely the Safe Company programme, which was announced by the Ministry of Labour and Social Affairs and guaranteed by the State Work Safety Authority, and the Regional Work Safety Inspection Authority for the Moravia-Silesian Region. The Certificate was granted in August 2013 and the Safe Company award was presented to the Company's representatives on 22 October 2013. The second system for quality management was the "OHSAS 18001:2007" system certified by the international certification company DNV (Det Norske Veritas) in December 2013 and presented to the President of HMMC on 6 January 2014.

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.



The Good Neighbour Project

In 2013, HMMC distributed funds within the Good Neighbour Programme for the second time. 12 villages from the close vicinity of our plant applied for the funds aimed at



supporting cultural, sports and free time activities. The total volume of the fund was CZK 50 thousand and either villages or associations and organisations active in the relevant village could apply for it. The total number of applicants amounted to 33, including applications by volunteer firemen's associations, senior clubs, schools, parishes or hunters' associations.

Czech-Korean Days in Ostrava

For the seventh consecutive year, HMMC was the partner of Czech-Korean Days in Ostrava in November. Visitors had a chance to encounter both traditional and modern Korean culture and to try out a number of activities that may seem rather unusual to us Europeans. Friday afternoon was dedicated mostly to children. Pupils from schools in Ostrava could try out eg origami, making Buddhist cards and calligraphy. The members of the Sokol Frýdek-Místek Taekwondo Team talked about the techniques of taekwondo



and then presented some of the martial art in practice. The highlight of the first day of the Czech-Korean Days was the ceremonial concert presented by the Ostrava Janacek Philharmonic Orchestra and the virtuoso Korean violin player Semi Yang. The Saturday programme was dedicated namely to discussions on Korean cinematography, to dance and singing performances and creative workshops. The visitors could also taste Korean tea and learn something about the Korean way of serving tea and about the Korean tea tradition.

“The Holiday is Over – Traffic Starts” – an Event to Support Road Safety

On Saturday 31 August, HMMC, in cooperation with the Regional Authority of the Moravia-Silesian Region and the Libros Safety Driving Centre, organised a road safety event called “the Holiday is Over – Traffic Starts”.

The afternoon programme took place on the site of Libros in Ostrava-Přívov. There were many fun activities and competitions for children emphasising road and traffic safety. Adult visitors could try driving Hyundai cars on a special track simulating critical driving conditions evoked by technology spraying the road surface or simulating obstacles in the form of water columns.

St. Nicholas Gifts for Children from Pošovice and the Neighbourhood

Since 2006, the Company has participated in the preparation of a children's party at the Pošovice pre-school and primary school. It has become a tradition for HMMC employees to wear the costumes of St. Nicholas and the devil and to distribute presents to the almost 90 children who attended the event.

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 a total of CZK 25 million to local community projects carried out namely in the districts of Frýdek-Místek and Nový Jičín regions. In 2013, CZK 1,185,200 was distributed to support 11 projects.

2.7 GOALS AND FORECASTS FOR 2014

In 2014, HMMC will continue to produce the current range of models, i.e. Hyundai i30 in all three versions, ix20 and ix35. The total production volume will reach the plant's production capacity – 300,000 cars.

In the area of HR policy, the three shift production regime will be preserved. There are no plans for launching new shifts or production and no significant changes in the number of employees are expected.

With respect to the constantly falling demand for cars in Europe, HMMC will focus more on non-European markets in 2014, namely Australia, Egypt, South Africa and Mexico. In order to keep competitiveness on both, the existing and mainly on the new markets, we will put a strong emphasis on the quality of our processes.

Last but not least, HMMC strives to be a good neighbour and therefore, as part of its social responsibility programme, it will concentrate more on strengthening friendly relations with villages in the neighbourhood and with its home 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 Hyundai Motor Europe Technical Centre in Germany. HMMC does not have a branch abroad. After the balance sheet date, no significant changes occurred.

FINANCIAL STATEMENTS

3 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 7 February 2014.

Statutory executive of the reporting entity:

Jun Ha Kim

Signature



BALANCE SHEET

full version

As of 31. 12. 2013 (in CZK thousand)

	31. 12. 2013			31. 12. 2012
	Gross	Adjustment	Net	Net
TOTAL ASSETS	65 667 427	9 977 756	55 689 671	48 470 016
Fixed assets	28 850 214	9 800 984	19 049 230	20 625 440
<i>Intangible fixed assets</i>	1 008 105	596 586	411 519	585 357
Start-up costs	49 012	49 012		
Software	297 594	273 211	24 383	74 892
Other intangible fixed assets	658 335	274 363	383 972	510 465
Intangible fixed assets under construction	3 164		3 164	
<i>Tangible fixed assets</i>	27 842 109	9 204 398	18 637 711	20 040 083
Land	170 678		170 678	170 678
Structures	8 437 799	1 350 925	7 086 874	7 392 570
Individual movable assets and sets of movable assets	19 223 223	7 853 473	11 369 750	12 448 422
Tangible fixed assets under construction	10 340		10 340	13 335
Prepayments for tangible fixed assets	69		69	15 078
Current assets	36 678 431	176 772	36 501 659	27 682 348
<i>Inventories</i>	3 575 916	176 772	3 399 144	3 894 244
Material	2 553 931	169 260	2 384 671	2 473 921
Work in progress and semifinished goods	327 646	4 448	323 198	452 184
Products	421 622	3 064	418 558	595 901
Prepayments for inventory	272 717		272 717	372 238
<i>Long-term receivables</i>	18 784		18 784	
Deferred tax asset	18 784		18 784	
<i>Short-term receivables</i>	18 019 303		18 019 303	19 177 446
Trade receivables	16 329 023		16 329 023	17 280 321
State - tax receivables	1 608 951		1 608 951	1 375 353
Short-term prepayments made	20 038		20 038	38 467
Other receivables	61 291		61 291	483 305
<i>Current financial assets</i>	15 064 428		15 064 428	4 610 658
Cash on hand	258		258	284
Cash at bank	15 064 170		15 064 170	4 610 374
Other assets	138 782		138 782	162 228
Deferred expenses	81 990		81 990	93 129
Complex deferred expenses	56 792		56 792	69 099

	31. 12. 2013	31. 12. 2012
TOTAL LIABILITIES & EQUITY	55 689 671	48 470 016
Equity	28 097 796	21 370 915
<i>Share capital</i>	13 901 000	13 901 000
Share capital	13 901 000	13 901 000
<i>Statutory funds</i>	496 183	145 682
Statutory reserve fund/Indivisible fund	496 183	145 682
<i>Retained earnings</i>	6 367 882	314 214
Accumulated profits brought forward	6 367 882	314 214
<i>Profit or loss for the current period (+ -)</i>	7 332 731	7 010 019
Liabilities	27 464 533	26 969 063
<i>Reserves</i>	6 138 056	4 613 169
Other reserves	6 138 056	4 613 169
<i>Long-term liabilities</i>	9 947 000	9 797 010
Bonds issued	9 947 000	9 527 500
Deferred tax liability		269 510
<i>Short-term liabilities</i>	8 636 977	5 935 432
Trade payables	6 400 442	4 721 157
Payables to employees	72 527	59 884
Social security and health insurance payables	43 703	35 299
State - tax payables and subsidies	1 437 629	417 264
Short-term prepayments received	57 230	41 147
Estimated payables	573 273	655 718
Other payables	52 173	4 963
<i>Bank loans and borrowings</i>	2 742 500	6 623 452
Long-term bank loans		2 514 000
Short-term bank loans	2 742 500	4 109 452
Other liabilities	127 342	130 038
Accrued expenses	98 511	97 883
Deferred income	28 831	32 155

PROFIT AND LOSS ACCOUNT

structured by the nature of expense method

As of 31. 12. 2013 (in CZK thousand)

	Year ended 31. 12. 2013	Year ended 31. 12. 2012
Production	97 083 141	92 309 606
Sales of own products and services	97 383 265	92 212 227
Change in internally produced inventory	-300 124	97 379
Purchased consumables and services	82 332 170	79 005 893
Consumed material and energy	77 855 892	75 188 078
Services	4 476 278	3 817 815
Added value	14 750 971	13 303 713
Staff costs	1 399 016	1 324 842
Payroll costs	971 762	919 240
Social security and health insurance costs	328 075	310 658
Social costs	99 179	94 944
Taxes and charges	17 959	10 022
Depreciation of intangible and tangible fixed assets	2 209 084	2 146 145
Sales of fixed assets and material	3 302 122	3 222 878
Sales of fixed assets	5 036	36 574
Sales of material	3 297 086	3 186 304
Net book value of fixed assets and material sold	3 463 952	3 531 851
Net book value of sold fixed assets	17 345	161 920
Book value of sold material	3 446 607	3 369 931
Change in reserves and provisions relating to operating activities and complex deferred expenses	1 561 007	1 725 355
Other operating income	2 529 949	6 103 261
Other operating expenses	3 538 699	6 522 002
Operating profit or loss	8 393 325	7 369 635
Costs of the revaluation of securities and derivatives	388 940	213 310
Interest income	266 953	372 555
Interest expenses	407 424	445 556
Other financial income	3 555 194	2 654 554
Other financial expenses	2 684 773	2 318 221
Financial profit or loss	341 010	50 022
Income tax on ordinary activities	1 401 604	409 638
– due	1 689 899	360 113
– deferred	-288 295	49 525
Profit or loss from ordinary activities	7 332 731	7 010 019
Profit or loss for the current period (+/-)	7 332 731	7 010 019
Profit or loss before tax	8 734 335	7 419 657

CASH FLOW STATEMENT

Year ended 31. 12. 2013 (in CZK thousand)

	Year ended 31. 12. 2013	Year ended 31. 12. 2012
Opening balance of cash and cash equivalents	4 610 658	1 060 913
<i>Cash flows from ordinary activities</i>		
Profit or loss from ordinary activities before tax	8 734 335	7 419 657
Adjustments for non-cash transactions	4 557 883	3 916 386
Depreciation of fixed assets	2 209 084	2 146 145
Change in provisions and reserves	1 561 007	1 725 355
Profit/(loss) on the sale of fixed assets	12 309	125 346
Interest expense and interest income	140 471	73 001
Adjustments for other non-cash transactions	635 012	-153 461
Net operating cash flow before changes in working capital	13 292 218	11 336 043
Change in working capital	3 632 744	-5 320 903
Change in operating receivables and other assets	1 231 779	-1 951 739
Change in operating payables and other liabilities	1 929 679	-2 545 616
Change in inventories	471 286	-823 548
Net cash flow from operations before tax and extraordinary items	16 924 962	6 015 140
Interest paid	-402 494	-441 175
Interest received	270 039	339 167
Income tax paid from ordinary operations	-687 582	
Net operating cash flows	16 104 925	5 913 132
<i>Cash flows from investing activities</i>		
Fixed assets expenditures	-912 060	-3 042 920
Proceeds from fixed assets sold	5 036	36 574
Net investment cash flows	-907 024	-3 006 346
<i>Cash flow from financial activities</i>		
Change in payables from financing	-4 138 281	642 959
Impact of changes in equity	-605 850	
Profit shares paid	-605 850	
Net financial cash flows	-4 744 131	642 959
Net increase or decrease in cash and cash equivalents	10 453 770	3 549 745
Closing balance of cash and cash equivalents	15 064 428	4 610 658


NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED)

For the Year Ended 31 December 2013

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.

In 2008, the Company began the production of cars and transmissions, which constitute the Company’s key production programme. Currently, the Company manufactures three models: Hyundai ix20, Hyundai ix35 and 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	
	2013	2012
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 2013

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 2013, no changes were recorded in the Register of Companies.

Organisational Structure

The Company is organised into the following sub-divisions:

- Finance - financial accounting, financial controlling;
- 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, and 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:

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:

- 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
Cost					
Balance at 1 Jan 2013	49 012	292 251	658 335	--	999 598
Additions	--	5 354	--	8 518	13 872
Disposals	--	11	--	5 354	5 365
Balance at 31 Dec 2013	49 012	297 594	658 335	3 164	1 008 105
Accumulated amortisation					
Balance at 1 Jan 2013	49 012	217 359	147 870	--	414 241
Amortisation	--	55 863	126 493	--	182 356
Accumulated amortisation to disposals	--	11	--	--	11
Balance at 31 Dec 2013	49 012	273 211	274 363	--	596 586
Net book value at 1 Jan 2013	--	74 892	510 465	--	585 357
Net book value at 31 Dec 2013	--	24 383	383 972	3 164	411 519

	(CZK thousand)				
	Start-up costs	Software	Licences	Intangible FA under construction	Total
Cost					
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
Accumulated amortisation					
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
Net book value at 1 Jan 2012	--	103 896	115 997	4 405	224 298
Net book value at 31 Dec 2012	--	74 892	510 465	--	585 357

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 respect of software, the Company continued to modernise its information systems during the years ended 31 December 2013 and 2012.

b) Tangible Fixed Assets

	Land	Buildings	Machinery, tools and moulds	Vehicles	Computers, furniture	Tangible FA under construc- tion	Prepay- ments	Total
(CZK thousand)								
Cost								
Balance at 1 Jan 2013	170 678	8 472 184	18 207 953	64 284	292 165	13 335	15 078	27 235 677
Additions	--	33 329	614 970	7 764	49 527	702 595	89 963	1 498 148
Disposals	--	35 002	31 622	10 733	3 689	705 590	104 972	891 608
Reclassification	--	-32 712	32 604	--	--	--	--	-108
Balance at 31 Dec 2013	170 678	8 437 799	18 823 905	61 315	338 003	10 340	69	27 842 109
Accumulated depreciation								
Balance at 1 Jan 2013	--	1 079 614	5 926 023	15 430	174 527	--	--	7 195 594
Depreciation	--	281 043	1 697 574	10 586	49 124	--	--	2 038 327
Accumulated depreciation to disposals	--	5 031	16 203	5 051	3 238	--	--	29 523
Reclassification	--	-4 701	4 701	--	--	--	--	--
Balance at 31 Dec 2013	--	1 350 925	7 612 095	20 965	220 413	--	--	9 204 398
Provision								
Balance at 1 Jan 2013	--	--	--	--	--	--	--	--
Recognition	--	--	--	--	--	--	--	--
Use	--	--	--	--	--	--	--	--
Balance at 31 Dec 2013	--	--	--	--	--	--	--	--
Net book value at 1 Jan 2013	170 678	7 392 570	12 281 930	48 854	117 638	13 335	15 078	20 040 083
Net book value at 31 Dec 2013	170 678	7 086 874	11 211 810	40 350	117 590	10 340	69	18 637 711

(CZK thousand)

	Land	Buildings	Machinery, tools and moulds	Vehicles	Computers, furniture	Tangible FA under construc- tion	Prepay- ments	Total
Cost								
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
Accumulated depreciation								
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
Provision								
Balance at 1 Jan 2012	--	--	--	--	--	21 069	--	21 069
Recognition	--	--	--	--	--	--	--	--
Use	--	--	--	--	--	21 069	--	21 069
Balance at 31 Dec 2012	--	--	--	--	--	--	--	--
Net book value at 1 Jan 2012	170 678	7 267 989	9 557 276	38 123	123 083	1 737 488	1 271 340	20 165 977
Net book value at 31 Dec 2012	170 678	7 392 570	12 281 930	48 854	117 638	13 335	15 078	20 040 083

In the year ended 31 December 2013, additions to movable fixed assets primarily included the automation and modernisation of manufacturing lines and computers.

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 of 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.

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 Lhoty.

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 2013 amounted to CZK 173,482 thousand (2012: CZK 168,806 thousand). In 2014, the Company will pay EUR 6,713 thousand (CZK 184,106 thousand) for the lease and EUR 7,273 thousand (CZK 199,448 thousand) in the following two 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 2,345,505 thousand (2012: CZK 2,435,426 thousand) and inventory of spare parts for production equipment of CZK 208,426 thousand (2012: CZK 190,147 thousand). The provision against production material amounts to CZK 24,953 thousand (2012: CZK 24,935 thousand) and against spare parts to CZK 144,307 thousand (2012: CZK 126,717 thousand) as of the balance sheet date.

6. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables amount to CZK 16,329,023 thousand (2012: CZK 17,280,321 thousand), of which past due receivables amount to CZK 1,505,585 thousand (2012: CZK 518,389 thousand). The provision against doubtful receivables was not recognised as of 31 December 2013 and 2012.

Short-term trade payables amount to CZK 6,400,442 thousand (2012: CZK 4,721,157 thousand), of which past due payables amount to CZK 823 thousand (2012: CZK 1,037 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 816,821 thousand (2012: CZK 704,335 thousand) and the sum of VAT not yet sought to be refunded amounts to CZK 792,130 thousand (2012: CZK 662,576 thousand).

8. OTHER RECEIVABLES

Other receivables predominantly include receivables arising from VAT paid in other EU member states. The filed applications for the refund of VAT amount to CZK 23,827 thousand (2012: CZK 68,496 thousand) and the sum of VAT not yet sought to be refunded amounts to CZK 37,283 thousand (2012: CZK 73,020 thousand). Receivables from the revaluation of financial derivatives amount to CZK 0 (2012: CZK 341,694 thousand).

9. ACCRUALS AND DEFERRALS

Deferred expenses predominantly include a fee for the issuance of bonds of CZK 29,796 thousand (2012: CZK 53,901 thousand), costs of rescue squad services of CZK 19,080 thousand (2012: CZK 0) and property insurance of CZK 11,004 thousand (2012: CZK 11,270 thousand).

Complex deferred expenses of CZK 56,792 thousand (2012: CZK 69,099 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 93,253 thousand (2012: CZK 89,320 thousand).

Deferred income of CZK 28,831 thousand (2012: CZK 32,155 thousand) includes interest income from business loans provided to distributors.

10. SHARE CAPITAL

As of 31 December 2013, the share capital amounted to CZK 13,901,000 thousand (2012: CZK 13,901,000 thousand) which consisted of the investment of the sole owner. The share capital was fully paid as of 31 December 2013.

11. STATEMENT OF CHANGES IN EQUITY

(CZK thousand)

2013	Share capital	Other capital funds	Statutory reserve fund	Accumulated profit	Profit for the period	Total
Balance at 1 Jan 2013	13 901 000	--	145 682	314 214	7 010 019	21 370 915
Additions/disposals	--	--	--	--	--	--
Allocation to funds, allocation of the profit/loss	--	--	350 501	6 053 668	-6 404 169	--
Payment of profit shares	--	--	--	--	-605 850	-605 850
Profit for 2013	--	--	--	--	7 332 731	7 332 731
Balance at 31 Dec 2013	13 901 000	--	496 183	6 367 882	7 332 731	28 097 796

(CZK thousand)

2012	Share capital	Other capital funds	Statutory reserve fund	Accumulated profit /losses	Profit for the period	Total
Balance at 1 Jan 2012	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
Balance at 31 Dec 2012	13 901 000	--	145 682	314 214	7 010 019	21 370 915

12. RESERVES

(CZK thousand)

Reserves 2013	Balance at 1 Jan	Charge for reserves	Use of reserves	Balance at 31 Dec
For outstanding vacation days	8 679	11 235	8 679	11 235
For warranty repairs	4 604 490	2 681 381	1 159 050	6 126 821
Total	4 613 169	2 692 616	1 167 729	6 138 056

(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
Total	2 832 361	2 542 039	761 231	4 613 169

13. ESTIMATED PAYABLES

Estimated payables recognised in the balance sheet principally include unbilled supplies of material of CZK 458,172 thousand (2012: CZK 460,971 thousand), unbilled supplies of consumed energy and other costs of CZK 113,568 thousand (2012: CZK 171,807 thousand) and unbilled supplies for the acquisition of tangible fixed assets in the amount of CZK 1,533 thousand (2012: CZK 22,940 thousand).

14. BANK LOANS AND ISSUED BONDS

Short-Term Loans

(CZK thousand)

Bank	Currency	Balance at 31 Dec 2013 (CZK thousand)	Balance at 31 Dec 2012 (CZK thousand)	Reference interest rate in 2013	Form of collateral in 2013
Mizuho Bank + Sumitomo Mitsui Bank + Bank of Tokio-Mitsubishi	EUR	2 742 500	--	1M EURIBOR	--
Citibank	EUR	--	1 031 199	3M EURIBOR	--
Česká spořitelna	EUR	--	1 869 193	3M EURIBOR	--
Shinhan Bank	EUR	--	349 046	3M EURIBOR	--
UniCredit Bank	EUR	--	860 014	3M EURIBOR	--
Total		2 742 500	4 109 452		

Long-Term Loans

(CZK thousand)

Bank	Currency	Balance at 31 Dec 2013 (CZK thousand)	Balance at 31 Dec 2012 (CZK thousand)	Reference interest rate in 2013	Form of collateral in 2013
Mizuho Bank + Sumitomo Mitsui Bank + Bank of Tokio-Mitsubishi	EUR	--	2 514 000	1M EURIBOR	--
Total		--	2 514 000		

Issued Bonds

(CZK thousand)

Bonds	Currency	Balance at 31 Dec 2013 (CZK thousand)	Balance at 31 Dec 2012 (CZK thousand)	Interest rate in 2013	Form of collateral in 2013
ISIN US44890AAA60	USD	9 947 000	9 527 500	4,5%	--
Total		9 947 000	9 527 500		

Repayment Schedule

(CZK thousand)			
Bank, bonds	2014	2015	Following periods
Mizuho Bank + Sumitomo Mitsui Bank + Bank of Tokio-Mitsubishi	2 742 500	--	--
Dluhopisy ISIN US44890AAA60	--	9 947 000	--
Total	2 742 500	9 947 000	--

Issued 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

(CZK thousand)						
	Year ended 31 Dec 2013			Year ended 31 Dec 2012		
	Local	Cross-border	Total	Local	Cross-border	Total
Sales of services	--	--	--	--	--	--
Sales of products	2 792 850	94 590 415	97 383 265	2 957 189	89 255 038	92 212 227
Total sales of own products and services	2 792 850	94 590 415	97 383 265	2 957 189	89 255 038	92 212 227

(CZK thousand)		
Market	Year ended 31 Dec 2013	Year ended 31 Dec 2012
EU	59 322 517	65 690 588
Other than EU countries - Europe	23 227 090	19 962 095
Other than EU countries - other	12 040 808	3 602 355
Total sales of own products and services cross-border	94 590 415	89 255 038

In 2013 and 2012, 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.

16. CONSUMED MATERIAL AND ENERGY

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Consumed material	77 277 402	74 607 743
Consumed energy	578 490	580 335
Total consumed material and energy	77 855 892	75 188 078

17. SERVICES

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Travel expenses	13 791	14 668
Building security, cleaning and operation	232 450	210 098
Production support services	726 522	737 291
Licence fees	1 019 995	981 038
Hiring and support of staff	480 072	472 618
IT services and software	72 151	48 962
Transportation services	1 194 087	533 348
Marketing services	396 233	487 775
Advisory and audit services	11 196	9 462
Repairs and maintenance of buildings and equipment	81 742	74 899
Rental	203 109	199 858
Training	10 671	9 118
Other services	34 259	38 680
Total	4 476 278	3 817 815

18. SALES OF MATERIAL, SOLD MATERIAL

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Sales of material to sub-suppliers	3 095 353	2 945 776
Sales of secondary raw material	201 733	240 528
Total sales of material	3 297 086	3 186 304

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Material sold to sub-suppliers	3 244 874	3 129 403
Sold secondary raw material	201 733	240 528
Total sold material	3 446 607	3 369 931

19. OTHER OPERATING INCOME

	(CZK thousand)	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Assigned short-term receivables	2 096 669	5 508 690
Grants for created jobs and training of employees	--	172 014
Rebiling of transportation costs to suppliers	350	41 947
Rebiling of complaint costs to suppliers	277 815	151 273
Inventory count differences	1 495	45 844
Sundry operating income	153 620	183 493
Total	2 529 949	6 103 261

20. OTHER OPERATING EXPENSES

	(CZK thousand)	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Assigned short-term receivables	2 097 595	5 520 899
Insurance	33 689	28 303
Costs of warranty repairs and campaigns	1 319 423	821 391
Inventory count differences	7 704	41 742
Sundry operating expenses	80 288	109 667
Total	3 538 699	6 522 002

21. INTEREST INCOME

	(CZK thousand)	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Interest on provided business loans	247 680	360 992
Interest on deposits at bank accounts	19 273	11 563
Total	266 953	372 555

22. INTEREST EXPENSE

	(CZK thousand)	
	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Interest on received bank loans and overdrafts	25 583	21 016
Interest on issued bonds	375 041	360 720
Interest on received loans from recourse factoring	6 314	58 146
Interest on received business loans	486	5 674
Total	407 424	445 556

23. OTHER FINANCIAL INCOME

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Foreign exchange rate gains	3 555 194	2 654 554
Sundry financial income	--	--
Total	3 555 194	2 654 554

24. OTHER FINANCIAL EXPENSES

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Foreign exchange rate losses	2 637 980	2 265 524
Guarantee and administration fees to received loans and bonds	43 787	50 251
Sundry financial expenses	3 006	2 446
Total	2 684 773	2 318 221

25. INCOME TAX

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Tax payable	1 689 899	360 113
Deferred tax	-288 295	49 525
Total	1 401 604	409 638

Profit before tax and calculation of tax payable:

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Profit before tax	8 734 335	7 419 657
Anticipated tax costs (19%)	1 659 524	1 409 735
Non-tax expenses and income	283 774	125 037
Utilisation of tax loss from prior periods	--	-136 640
Tax relief arising from investment incentives	-352 388	-1 038 019
Tax for prior periods	98 989	--
Tax payable	1 689 899	360 113

The total deferred tax asset/liability can be analysed as follows:

(CZK thousand)

	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Accumulated depreciation and amortisation of fixed assets	-1 181 033	-1 175 075
Provision against inventory	33 587	29 063
Reserves	1 166 230	876 502
Total (+ asset/ - liability)	18 784	-269 510

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 as of 31 Dec		Payables as of 31 Dec	
	2013	2012	2013	2012
Hyundai Amco Co., Ltd., organizační složka	--	34	--	7 880
Hyundai Amco Czech s.r.o.	55	--	22 662	--
Hyundai Motor Company	14 136	12 127	938 632	439 321
Hyundai Motor Europe GmbH	9 468 793	10 907 966	19 418	21 118
Hyundai Rotem Company	--	--	513	--
Hyundai AutoEver	--	--	113	130
AutoEver Systems Europe GmbH	146	5	14 942	5 074
Hyundai WIA Corporation	--	--	1 987	3 928
Innocean Worldwide Europe GmbH	--	--	--	12 540
Hyundai Glovis CO. Ltd.	9 373	12 410	45 868	--
Glovis Czech Republic s.r.o.	3 489	--	77 678	78 589
Glovis Europe GmbH	--	--	41 806	31 293
Glovis Slovakia s.r.o.	--	--	789	629
Hysco Czech s.r.o.	759	1 396	270 650	225 352
Hyundai Motor CIS LLC	3 647 454	3 181 788	7 430	4 166
Hyundai Motor Company Italy s.r.l.	--	--	2 060	1 380
Hyundai Motor Czech s.r.o.	909 975	1 128 816	--	--
Hyundai Motor Norway AS	--	--	791	508
Hyundai Motor Poland Sp. z. o. o.	--	--	895	497
Hyundai Motor UK Ltd.	--	--	4 044	3 723
Hyundai Motor España S.L.U.	--	--	1 481	1 252
Hyundai Motor Deutschland GmbH	--	--	--	11 943
Hyundai Motor Mfg. Rus LLC	95 344	75 482	--	--
Hyundai Assan Otomotive SVT A.S.	--	--	--	3 644
Hyundai Motor Company Australia Pty Ltd.	1 145 557	1 155 576	230	--
Hyundai Mobis	1 390	16	--	--
Mobis Parts Europe P.V.	--	1 072	--	--
Mobis Slovakia s.r.o.	6 916	2 869	--	--
Mobis Automotive Czech s.r.o.	72 148	50 855	1 923 164	1 372 084
Hyundai Dymos Czech, s.r.o.	32 340	20 054	387 133	281 687
Kia Motors Slovakia s.r.o.	134 026	113 276	799 087	557 069
Total	15 541 901	16 663 742	4 561 373	3 063 807

As of the balance sheet date, the Company reported prepayments made for material of Hyundai Glovis CO. Ltd. of CZK 272,717 thousand (2012: CZK 372,154 thousand).

As of the balance sheet date, estimated payables to Hyundai Motor Company amount to CZK 0 (2012: CZK 169,304 thousand) and estimated payables to Hyundai Rotem Company amount to CZK 0 (2012: CZK 1,079 thousand).

b) Sales and Purchases

(CZK thousand)

	Sales at 31 Dec		Purchases at 31 Dec	
	2013	2012	2013	2012
Hyundai Amco Co., Ltd., organizační složka	--	--	101 340	216 849
Hyundai Amco Czech s.r.o.	--	--	75 396	--
Hyundai Motor Company	75 820	32 617	4 266 120	4 984 391
Hyundai Motor Europe GmbH	57 886 560	65 223 765	265 368	297 076
Hyundai AutoEver	--	--	3 967	3 571
AutoEver Systems Europe GmbH	--	--	97 392	75 621
Hysco Czech s.r.o.	--	--	3 207 905	3 273 686
Hysco Slovakia s.r.o.	--	761	--	--
Kefico Corporation	--	--	38	--
Hyundai WIA Corporation	--	--	1 985	28 776
Innocean Worldwide Europe GmbH	--	--	131 039	193 872
Hyundai Rotem Company	--	--	1 242	17 157
Hyundai Glovis CO. Ltd.	175 210	--	10 781 580	10 512 681
Glovis Czech Republic s.r.o.	39 543	53 619	665 520	659 166
Glovis Europe GmbH	--	--	820 783	461 977
Glovis Slovakia s.r.o.	--	--	8 467	9 178
Hyundai Materials Corporation	97 102	154 866	--	--
Hyundai Europe Technical Center	231	66	--	--
Hyundai Motor CIS LLC	12 723 270	11 319 369	77 258	35 629
Hyundai Motor Company Italy s.r.l.	--	--	95 838	42 290
Hyundai Motor Czech s.r.o.	3 975 874	3 866 832	34 100	45 550
Hyundai Motor Norway AS	--	--	22 894	14 622
Hyundai Motor Poland Sp. z. o. o.	--	--	40 187	28 500
Hyundai Motor UK Ltd.	--	--	148 985	95 803
Hyundai Motor España S.L.U.	--	--	60 875	44 326
Hyundai Motor Deutschland GmbH	--	--	339 875	200 185
Hyundai Motor France	--	--	58 130	25 527
Hyundai Motor Mfg. Rus LLC	1 217 542	1 127 031	7	12
Hyundai Assan Otomotive SVT A.S.	5 371 985	3 614 634	25 281	9 887
Hyundai Motor Company Australia Pty Ltd.	5 062 022	1 152 359	3 714	--
Mobis Parts Europe P.V.	124	5	--	--
Mobis Slovakia s.r.o.	70 832	58 329	134	--
Mobis Automotive Czech s.r.o.	575 348	593 032	21 971 813	20 977 961
Hyundai Dymos Czech, s.r.o.	359 937	349 351	4 681 483	4 538 809
Kia Motors Europe GmbH	--	--	101 316	84 377
Kia Motors Czech s.r.o.	--	--	1 342	1 760
Kia Motors RUS LLC	--	--	2 416	1 827
Kia Motors Slovakia s.r.o.	2 154 785	1 695 194	11 078 144	10 548 805
Total	89 786 185	89 241 830	59 171 934	57 429 871

Part of the purchases from Hyundai Motor Company involves the international hiring of labour which amounted to CZK 118,494 thousand for 2013 (2012: CZK 116,415 thousand).

In the year ended 31 December 2013, the Company generated other operating income from the Group companies in the aggregate amount of CZK 331,787 thousand (2012: CZK 304,373 thousand), predominantly from Hyundai Glovis CO. Ltd. of CZK 52,081 thousand (2012: CZK 86,325 thousand), Mobis Automotive Czech s.r.o. of CZK 136,168 thousand (2012: CZK 91,692 thousand) and Kia Motors Slovakia s.r.o. of CZK 108,563 thousand (2012: CZK 105,621 thousand). This income primarily includes the rebilling of material transportation, warranty refunds and lease of moulds.

c) Interest Received

In respect of the business terms with certain distributors, the Company received aggregate interest of CZK 247,822 thousand during the year ended 31 December 2013 (2012: CZK 361,003 thousand) from the following Group entities:

(CZK thousand)			
2013	Interest		Interest
Hyundai Motor Europe GmbH	163 800	Hyundai Motor Czech s.r.o.	6 456
Hyundai Motor CIS LLC	54 230	Hyundai Motor Company Australia Pty Ltd.	23 336
(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

d) Controlling Entity

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

In the year ended 31 December 2013, the Company paid a profit share to the owner Hyundai Motor Company in the amount of CZK 605,850 thousand (2012: CZK 0).

27. EMPLOYEES AND MANAGERS

a) The average number of employees and managers and staff costs for the years ended 31 December 2013 and 2012:

2013	Number of employees	Payroll costs in CZK thousand	Social security and health insurance in CZK thousand	Social costs in CZK thousand
Employees	2 569	950 877	323 592	--
Managers	8	20 885	4 483	--
Total	2 577	971 762	328 075	99 179
Managers (IHOL)	18	49 234	--	--

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	--
Total	2 623	919 240	310 658	94 944
Managers (IHOL)	21	53 150	--	--

The Company employed 49 Korean workers on average based on the International Hiring of Labour (IHOL) contract (2012: 55). The aggregate payroll costs amounted to CZK 118,494 thousand (2012: CZK 116,415 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 2013 and 2012 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 2013 and 2012, members of the statutory and supervisory bodies received no bonuses, dividends or loans. In addition, the Company provides no guarantees for loans which would be provided to them 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 43,703 thousand (2012: CZK 35,299 thousand), of which social security payables amounted to CZK 29,918 thousand (2012: CZK 24,446 thousand), health insurance payables amounted to CZK 13,654 thousand (2012: CZK 10,853 thousand) and additional pension insurance amounted to CZK 131 thousand (2012: CZK 0). None of these payables were past their due dates.

29. STATE - TAX PAYABLES AND SUBSIDIES

Tax payables amount to CZK 1,437,629 thousand (2012: CZK 417,264 thousand) and represent a payable arising from the due income tax of CZK 1,362,429 thousand (2012: CZK 360,113 thousand), a payable arising from the withholding income tax of CZK 57,347 thousand (2012: CZK 45,050 thousand), the employees' income tax payments withheld by the Company of CZK 17,730 thousand (2012: CZK 11,762 thousand), road tax of CZK 16 thousand (2012: CZK 18 thousand), and an income tax securement of CZK 107 thousand (2012: CZK 321 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 reported the preliminary calculated tax relief of CZK 352,388 thousand (2012: CZK 925,257 thousand; in 2012: the preliminary calculated income tax relief was reported in amount of CZK 1,038,019 thousand).

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 cash grant in 2009 to 2012 in the amount of CZK 708,791 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.

31. CONTINGENT LIABILITIES

Legal Disputes

As of 31 December 2013, 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.

RELATED PARTY TRANSACTIONS REPORT

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OF HYUNDAI MOTOR MANUFACTURING CZECH S.R.O.,
FOR THE YEAR ENDED 31 DECEMBER 2013

prepared in accordance with Section 82 et seq. of Act No. 90/2012 Coll.,
on Business Corporations, as amended

Controlled entity:	Hyundai Motor Manufacturing Czech s.r.o. with its registered office at Nižní Lhoty 700, Pošovice Industrial Zone, Nižní Lhoty, 739 51 Corporate ID: 277 73 035 Recorded by the Regional Court in Ostrava, ref. file C 41484
Controlling entity:	Hyundai Motor Company with its registered office at 137-938, 231 Yangjae-Dong, Seocho-Gu, Seoul the Republic of Korea Corporate ID: 1018109147

Other entities controlled by the controlling entity (hereinafter the “related parties“):

Hyundai Motor Europe GmbH	Hyundai Rotem Company
Hyundai Motor Czech s.r.o.	Kefico Corporation
Hyundai Motor UK Ltd.	AutoEverSystems Europe GmbH organisational branch
Hyundai Motor Company Italy s.r.l.	AutoEverSystems Europe GmbH
Hyundai Motor Norway AS	Hyundai AutoEver
Hyundai Motor Poland Sp. z o. o.	Hyundai Amco Co., Ltd., organisational branch
Hyundai Motor CIS LLC	Hyundai Amco Czech s.r.o.
Hyundai Motor España, S. L. U.	Hysco Czech, s.r.o.
Hyundai Motor Deutschland GmbH	Hyundai Glovis Co., Ltd.
Hyundai Motor Manufacturing Rus LLC	Glovis Czech Republic s.r.o.
Hyundai Motor France	Glovis Europe GmbH
Hyundai Motor Europe Technical Center GmbH	Glovis Slovakia, s.r.o.
Hyundai Assan Otomotive Sannayi Ve Ticaret A.S.	Hyundai WIA Corporation
Hyundai Motor Company Australia Pty Ltd.	Mobis Automotive Czech, s.r.o.
Kia Motors Europe GmbH	Mobis Slovakia s.r.o.
Kia Motors Czech s.r.o.	Mobis Parts Europe P. V.
Kia Motors Rus LLC	Hyundai Dymos Czech, s.r.o.
Kia Motors Slovakia, s.r.o.	Hyundai Materials Corporation
	Innocean Worldwide Europe GmbH

I.

Structure of relations among the controlled entity, controlling entity and other controlled entities, the role of the controlled entity in this structure and method and means used to control the controlled entity:

The Hyundai Motor Group corporation combines the production of cars and car components, steel industry, construction industry, logistics, financial, IT and other services into one chain with the objective of providing products and services of superior quality. The corporation is controlled by Hyundai Motor Company and it included 279 entities as of 31 December 2013 which are divided into the following groups:

Cars

- Hyundai Motor Company
- Kia Motors Corporation

Car components

- Hyundai Mobis
- Hyundai WIA
- Hyundai Powertech
- Hyundai Dymos
- Hyundai Kefico
- Hyundai Autron
- Hyundai Mnsoft
- Hyundai Wisco
- Hyundai Mseat
- Hyundai Metia
- Hyundai IHL
- Hyundai Partecs

Finance

- Hyundai Capital
- Hyundai Card
- Hyundai Commercial
- HMC Investment Securities
- Hyundai Life

Steel industry

- Hyundai Steel
- Hyundai Hysco
- Hyundai BNGSteel

Construction industry

- Hyundai Engineering & Construction
- Hyundai Engineering
- Hyundai Amco
- Hyundai Engineering & Steel Industries
- Hyundai Architects & Engineers Associates
- Hyundai City Corporation

Other

- Hyundai Glovis
- Hyundai Rotem
- Innocean Worldwide
- Hyundai AutoEver
- Hyundai PGV
- Hyundai CPI
- The Hyundai Seosan Plantation

Hyundai Motor Manufacturing Czech s.r.o. is part of the Hyundai Motor Company group and its principal role is to contribute to the extension of the corporation in Europe. Hyundai Motor Manufacturing Czech s.r.o. is directly controlled by Hyundai Motor Company. It is controlled through the General Meeting and the hiring of managers from Hyundai Motor Company. The control results from the dominant position of the controlling entity, as it is the sole owner of Hyundai Motor Manufacturing Czech s.r.o.

II.

List of activities in the reporting period, ie from 1 January 2013 to 31 December 2013, made at the initiative or in the interest of the controlling entity or entities controlled by the controlling entity, and that related solely to the assets exceeding 10% of the equity of the controlled entity according to the most recent set of financial statements, ie financial statements for the period from 1 January 2013 to 31 December 2013:

1) Generated income

	(CZK thousand)			
	Sales of own products	Sales of material	Other operating income	Interest income
Hyundai Motor Company	75 820	--	4 469	--
Hyundai Motor Europe GmbH	57 886 560	--	687	163 800
Hyundai Motor CIS LLC	12 723 270	--	--	54 230
Hyundai Motor Czech s.r.o.	3 975 510	--	--	6 456
Hyundai Assan Otomotive SVT A.S.	5 371 985	--	--	--
Hyundai Motor Company Australia Pty Ltd.	5 062 022	--	1	23 336
Hyundai Glovis CO. Ltd.	175 210	--	52 081	--
Hysco Czech s.r.o.	--	--	7 529	--
Mobis Automotive Czech s.r.o.	663	574 685	136 168	--
Hyundai Dymos Czech, s.r.o.	3	359 934	9 862	--
Kia Motors Slovakia s.r.o.	2 154 785	--	108 563	--

The controlled entity recorded sales of fixed assets to Hyundai Motor Czech s.r.o. in the amount of CZK 364 thousand.

2) Purchases made

	(CZK thousand)			
	Purchase of fixed assets	Purchase of material	Purchase of services	Other operating expenses
Hyundai Motor Company	30 222	3 044 916	1 169 887	--
Hyundai Motor Europe GmbH	--	--	265 194	8
Hyundai Motor CIS LLC	--	--	--	77 258
Hyundai Motor Czech s.r.o.	7 137	582	--	26 381
Hyundai Assan Otomotive SVT A.S.	--	434	--	24 847
Hyundai Motor Company Australia Pty Ltd.	--	--	--	3 714
Hyundai Glovis CO. Ltd.	--	10 391 268	389 826	--
Hysco Czech s.r.o.	--	3 207 688	--	217
Mobis Automotive Czech s.r.o.	6 924	21 961 211	3 678	--
Hyundai Dymos Czech, s.r.o.	19 717	4 661 766	--	--
Kia Motors Slovakia s.r.o.	--	10 904 662	173 482	--

The controlled entity recognised interest expenses from Hyundai Glovis CO. Ltd. in the amount of CZK 486 thousand and other financial expenses from Hyundai Motor Company in the amount of CZK 21,095 thousand and from Hyundai Motor Europe GmbH in the amount of CZK 166 thousand.

3) Equity transactions

The controlled entity paid a profit share to Hyundai Motor Company in the amount of CZK 605,850 thousand.

III.

List of contracts concluded between the controlled entity and the controlling entity in the reporting period, ie from 1 January 2013 to 31 December 2013:

The following contracts were concluded between the controlling entity and the controlled entity between 1 January 2013 and 31 December 2013:

- Contract/order no. 4100002488, Moulds for EL model, 29 May 2013
- Contract/order no. P130734726, Automation facility, 15 July 2013
- Contract/order no. 4100002516, Moulds for EL model, 29 August 2013

IV.

List of contracts concluded between the controlled entity and other controlled entities in the reporting period, ie from 1 January 2013 to 31 December 2013:

1) Contracts for the sale of manufactured cars were 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
 AutoEverSystems Europe GmbH organizační složka
 AutoEverSystems Europe GmbH
 Hyundai AutoEver
 Mobis Automotive Czech, s.r.o.
 Hyundai Dymos Czech, s.r.o.
 Innocean Worldwide Europe GmbH

V.

Assessment as to whether the controlled entity incurred detriment from the above activities or the above specified contracts as stipulated in Section 71 of the Act on Business Corporations:

Hyundai Motor Manufacturing Czech s.r.o. incurred no detriment from the activities described in point II. or from the contracts described in points III. and IV.

VI.**Assessment of the advantages and disadvantages resulting from relations between the controlled entity and the controlling entity as well as the controlled entity and other controlled entities:**

The Hyundai Motor Group corporation develops its activities and operations worldwide and this brings numerous advantages to Hyundai Motor Manufacturing Czech s.r.o. from related party transactions, primarily the use of the results of the continuous improvement of products and production processes in development centres, and the utilisation of savings resulting from a strong centralised purchasing position of the corporation. Another advantage involves access to the developed worldwide sales network. I am not aware of any disadvantages or risks for Hyundai Motor Manufacturing Czech s.r.o. arising from the membership in the Hyundai Motor Group corporation.

VII.

I, the undersigned, Jun Ha Kim, the statutory executive of Hyundai Motor Manufacturing Czech s.r.o., ie the controlled entity, hereby declare that the information provided in this report is true and complete.

In Nižni Lhoty on 7 February 2014



Jun Ha Kim
Statutory Executive
Hyundai Motor Manufacturing
Czech s.r.o.



Deloitte Audit s.r.o.
Nile House
Karolinská 654/2
186 00 Prague 8 - Karlín
Czech Republic

Tel: +420 246 042 500
Fax: +420 246 042 555
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered at the Commercial Court in
Prague No. 149

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 Nižná
Identification number: 277 73 035

**DODATĚ
AKTUÁLNĚ**

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.

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 Republic for the year ended 31 December 2012 contains material factual misstatements.

Report on the Annual Report

We have also audited the annual financial statements of the Company for the year ended 31 December 2012 for consistency with the financial statements referred to above. It 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



DODATĚ
AKTUÁLNĚ

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

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