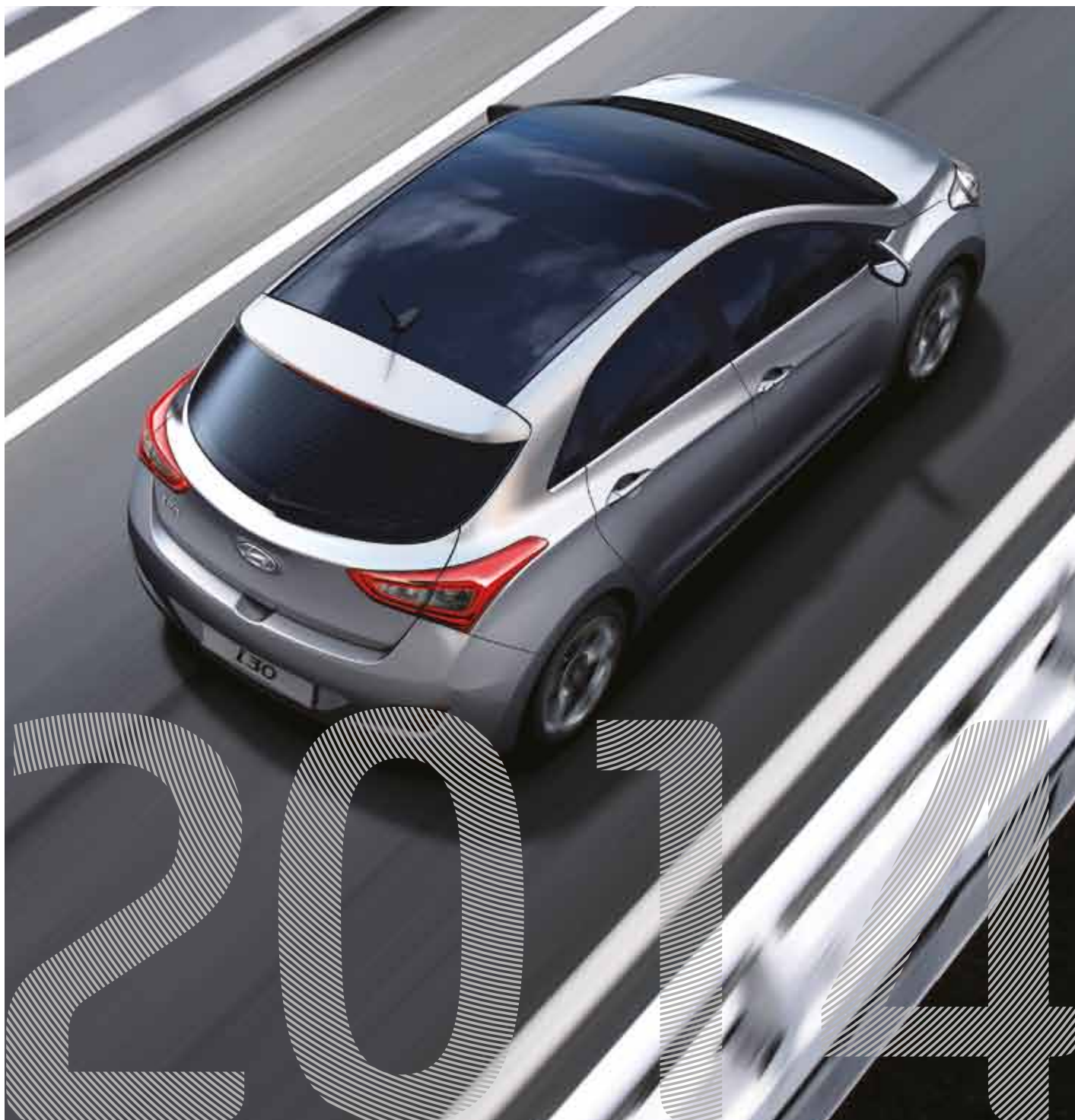




NEW THINKING.
NEW POSSIBILITIES.

ANNUAL REPORT

HYUNDAI MOTOR MANUFACTURING CZECH s.r.o.



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Foreword by the President of the Company

Hyundai Motor Manufacturing Czech

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2014 ANNUAL REPORT



HYUNDAI MOTOR MANUFACTURING CZECH s.r.o.



FOREWORD BY THE PRESIDENT OF THE COMPANY

Since November 2008, Hyundai Motor Manufacturing Czech s.r.o. (hereinafter “HMMC” or the “Company”) has been manufacturing cars in 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 establishing Hyundai on 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 ended 31 December 2014, the Company was successful in achieving its goals as well as facing new challenges. More than 307,000 cars were produced and

exported to 55 countries, mostly European but also to important overseas markets such as Australia, South Africa or Mexico. The year 2014 was also notable because of several significant awards. Our Company was once again named the Employer of the Year in the category for under 5,000 employees, successfully retained the National Quality Award in the Excellence Category and for the fourth consecutive year, the Company was granted the Best Company Award by the Automotive Industry Association.

Since 2012, the plant’s production has been meeting 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 the 2012 – 2014 period, employee numbers were stabilised at approxi-

Dongwoo Choi
President and CEO
of Hyundai Motor Manufacturing Czech s.r.o.



mately 3,200 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 2014, 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 restructuring of heavy industry in the 90s resulting in a loss of thousands of jobs. Building the HMMC plant

and its sub-supplier firms has provided more than 10,000 new jobs and thus brought new hope for the region and a vision for its future development. We will continue in our 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 people in the region. Our policy and key values are to maintain the dynamic growth of the Company based on environmentally-friendly production.

A handwritten signature in black ink that reads "Dongwoo Choi". The signature is written in a cursive, flowing style.

I am presenting the Annual Report
for the year ended 31 December 2014
In Nižni Lhoty on 20 February 2015

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. Last year, the Company's 26 production plants, throughout the world, produced 8 million Hyundai and Kia cars, which made it the fifth largest car manufacturer worldwide.

HMMC focuses principally on producing cars and transmissions that are exported to over 50 different countries worldwide. The plant represents the only production plant within the EU.

All car models produced in the HMMC plant (Hyundai i30, Hyundai i30 wagon, Hyundai i30 three-door version, Hyundai ix20, and Hyundai ix35) were specifically developed for the European market by the Hyundai Motor Europe Technical Center in Russelsheim, Germany, and they meet high customer standards in terms of quality, safety and attractive design. No research and development activities are carried out in the Pošovice Plant.

The Company has no organisational branches abroad and HMMC's share capital amounts to CZK 13,901,000,000.

The Plant's Area	200 ha
Built Up Area	28.3 ha
Total Investment	EUR 1.12 billion
Number of Employees	3,212 (including agency employees)
Share of Czech Citizens	96.5 %
Male/ female Ratio	82 % / 18 %
Production Capacity	300,000 cars per year (1,300 per day, 60 cars per hour, 1 car per minute)



COMPANY MANAGEMENT



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. Since September 2011, he has been the CFO in HMMC.



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 then 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.



Dongwoo Choi
President

Mr Choi joined HMMC on 25 July 2011 having gained great experience from his previous job as the Director of Purchases of Engine Components at HMC headquarters where he had worked from 9 January 2007. He joined the HMC Division for Group Procurement Strategy in January 2000. He gained significant experience while working in the Department of Component Development for Hyundai Mobis and Kia Motors, where he was responsible for chassis, exterior parts, electronic parts and multimedia. He has been President of HMMC since 1 May 2014.



Jung Sung Ki
Vice-president, Procurement Division

Mr Ki joined the HMC in 1992. In his career, he specialises mainly in the purchase and development of parts. He gained invaluable experience when working for Beijing Hyundai Motor Co in China ("BHMC"), where he was employed from 2002 to 2006. He became Head of Procurement Division for the HMMC in 2014.



Jae Kyung Cho
Vice-president, Administration Division

Mr Cho joined the Hyundai Motor Group towards the end of 1993. Until 2014, he had been employed namely by Kia Motors, where between 2007–2011 he was responsible for employee relations in the sister plant Kia Motors Slovakia. After his return to the headquarters in Korea, he was a member of the global HR team. He became Head of the HMMC Administration Division in August 2014.

HISTORY



2007

2009



2006 ~ 2007

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 ~ 2010

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 gained under the Czech National Quality Award



2010



2013

2011



2014



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

2014

June

Awarded “the Employer of the Year for 2014” in the category for under 5,000 employees

October

Awarded for the best production rate among car producers in Europe

November

“Excellence” Award gained under the Czech National Quality Award

PRODUCTS



PERSONAL VEHICLES

We provide our customers with new technologies and elements that are simple, intuitive and meet their needs. We offer a style that is striking, yet elegant. We produce cars that are environmentally friendly and offer added value. In short, the plant in Pošovice produces cars of world-class quality standard.

i30

Since the production of the first generation of the i30 model was launched in 2008, the whole model range in the lower class category has been widely popular with European customers. The vehicle is marked by excellent quality, modern design and the use of the most advanced technologies. For Hyundai, it represents the concept of “modern premium quality” that aims to offer customers in the C segment elements that have been typical of much higher segments so far. The car was designed by the team at the Hyundai Motor Europe Technical centre under the leadership of Thomas Bürkle, who is one of the top designers in the world. Year 2012 was characterised by the second generation, which became the historically first vehicle to advance among the finalists in the prestigious European competition “Car of the Year”.





ix20

When the modern and dynamic ix20 model was launched in September 2010, it virtually caused an earthquake in the MPV segment. The vehicle combines an exclusive look with outstanding driving qualities that offer European customers a specific harmonic whole, with a dynamic style and high level of functionality. In 2011, it was awarded the maximum of five stars in the Euro NCAP list, making it the first ever MPV in the B segment to be given such a high evaluation.

Hyundai i30 hatchback	November 2008 - December 2011
Hyundai i30 cw	February 2009 - May 2012
Kia Venga	November 2009 - June 2011
Hyundai ix20	September 2010 - to date
Hyundai ix35	July 2011 - to date
New Hyundai i30 hatchback	January 2012 - to date
New Hyundai i30 wagon	June 2012 - to date
New Hyundai i30 three-door version	November 2012 - to date



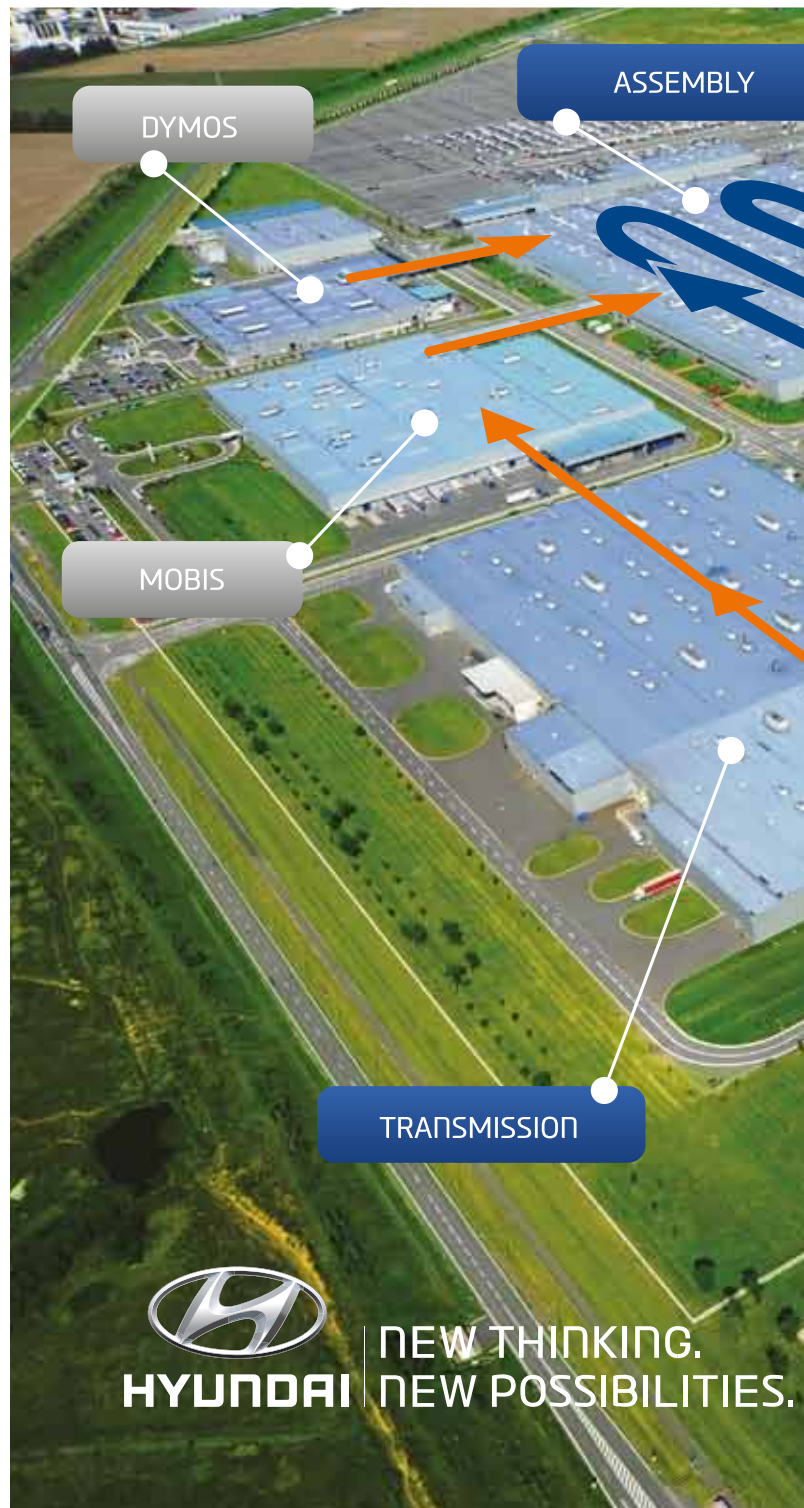
ix35

The compact Hyundai ix35 sports-utility model offers both timeless design and all SUV vehicle elements that are supported by comfort and versatility. Since 2011, when the production was moved from the sister plant Kia Motors Slovakia in Žilina, the model has undergone a number of improvements and enhancements, and it has traditionally ranked among the most popular models of the offered model range. Hyundai ix35 is designed for a great driving experience and travelling comfort. The model's popularity is reflected by the fact that it gained a prestigious award in the SUV category, in the "Car of the Year" competition, in Russia in 2011 and 2014.

TRANSMISSIONS

HMMC produces not only personal vehicles but also three types of 5 and 6 gear manual transmissions. After launching the mass production in Transmission Shop 2 in July 2012, 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, or to the sister plant, Kia Motors Slovakia in Žilina.

PRODUCTION PROCESS







Production

In 2014, HMMC produced 307,450 cars in total. In September 2011, the third shift was launched and the HMMC plant reached its full production capacity, namely 300,000 cars per year, which was first achieved in 2012 (303,035 cars) and maintained in 2013 (303,460 cars).

The total volume of produced cars consists of individual models as follows:

- i30	32 %
- ix20	12 %
- ix35	56 %

Of all the models, the ix35 was the most numerous to be produced with more than 172,600 cars, followed by the successful model Hyundai i30 with more than 99,200 cars that is produced in three versions: five-door hatchback, wagon and three-door version. The third to follow was the compact MPV model in B segment – Hyundai ix20 with almost 35,500 cars.

Export

Cars manufactured in HMMC were exported to 55 different countries across Europe, the Middle East, Africa, Latin America, the Caribbean and Australia. Given that the Pošovice plant is the only Hyundai production plant in European Union, it comes naturally that most cars were exported to European countries; however, considerable volumes of cars were also exported to non-European markets, namely Australia, Egypt, Turkey, South Africa and newly also to Mexico (since 2014).

The list of countries, based on the volumes of cars delivered to our customers in 2014, is as follows: Germany, Russia, the United Kingdom, Spain, Italy, the Czech Republic, Belgium, Turkey, Poland and Australia.

Compared to the previous year, the Czech Republic moved up in the list by four places, ie to the sixth position with 13,808 of cars from the HMMC production sold in the Czech Republic, which amounts to 4.5% of total cars produced. On the contrary, 95.5% of vehicles were exported from Pošovice abroad.

	Country Top 10	Total Number In Pieces*
1.	Germany	46,000
2.	Russia	40,000
3.	United Kingdom	33,000
4.	Spain	22,000
5.	Italy	21,000
6.	Czech Republic	14,000
7.	Belgium	12,000
8.	Turkey	10,000
9.	Poland	10,000
10.	Australia	10,000

* rounded to the nearest thousand

EMPLOYEES



As of 31 December 2014, the total number of employees (including agency employees) amounted to 3,212. The average fluctuation of employees in production increased moderately to 5.7%.

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 96.5% of all HMMC employees. There are about 110 foreigners among the total of 3,212 employees (3.5%), 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.

Collective Bargaining

The works council and labour union organisations continued their activities from the previous year. Negotiations between HMMC and labour union organisations were completed on 13 June 2014 in the form of a Collective Agreement valid from 1 April 2014. Collective bargaining was carried out by the Company's representatives, the KOVO Labour Union, and the Hyundai Czech Independent Labour Union.

Work Safety

Thanks to our continual emphasis on prevention and keeping work safety and hygiene rules, our Company managed to decrease the number of work injuries. Compared to 2013, the number of work injuries in HMMC dropped by 25%. 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 2014, the implemented management system tools were further developed, which resulted in a successful periodic certification under the OHSAS 18001 international standard. The development of system tools is closely related to the principle of continual improvement required by the Safe Enterprise certificate provided by the State Work Safety Authority, which the Company obtained in 2013.



In 2014, 411 new employees attended the Company’s Entry course. 1,117 employees gained Certificates for attending courses that enhanced their professional qualifications. 1,626 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 management skills and the development of leadership skills. These courses were passed by 483 HMMC employees. Language and IT courses, and e-learning courses carried on during the whole year 2014. Employees were also sent to various external professional workshops and seminars.

Last but not least, 325 employees took the chance to train at the Korean development centre. The aim of this training is to learn in advance the production process of two innovated models and one brand new model, as well as share experience and practical information with colleagues from all over the world. Some of the training programmes (eg Company and Korea Understanding) offer employees a chance to learn more about Korean history and help them better understand the differences between our cultures. The aim of this training is to enhance the employees’ understanding of the core values of Hyundai Motor Group and to increase their motivation and sense of belonging. These training sessions take place in various HMC plants in Korea.



2014 also saw the launch of a new outdoor workshop programme called “Together for Our Values,” in which 250 employees took part. These events are held in the Beskydy Mountains and, via different team building activities, help the employees identify core Company values and understand their role in creating the Company’s culture.

ENVIRONMENT



HMMC is one of the most dynamic companies in the Czech Republic, and it follows the concept of the so called “sustainable growth based on a new relationship between people and the environment they live in.” The Company dismisses the antiquated idea that economic interests are in a clash with environmental protection.

HMMC strives to implement, to the highest possible level, technologies and procedures that are environmentally-friendly and also pays close attention to the consistent recycling of waste. In the production plant, all hygiene standards are strictly observed; on all HMMC premises, green vegetation is protected in compliance with the Company’s values.

Any company’s stability is reflected not only in the economic results but also in the company’s socially responsible attitude. HMMC substantiates such an approach by an environmentally-friendly attitude and high work safety standards, as it believes that the environment has irretrievable value to civil society that must be preserved for future generations.

The Company’s everyday life is governed by the applicable legal regulations, internal Company regulations and our clients’ requirements. As part of our constant strive to add to our care for the environment and the reduction of the negative impacts of production, we aim to increase our employees’ understanding of the importance of the environment, as a prerequisite for the future development of society.



Our endeavours are supported by the Company’s environmental policy and a subsequent functional environmental management system certified under ISO 14001.

In order to support a continuous improvement of the impact of the Company’s activities on the environment, HMMC has also introduced the EMAS system, under EU Regulation and Council Regulation No. 1221/2009.



HMMC has always striven to satisfy its customers' expectations of high quality. Therefore, each step in the production process is checked repeatedly to eliminate even the slightest manufacturing imperfection. Every single car leaving our plant has to undergo thorough testing performed by exact automatic machines and supported by the rational reasoning and judgment of the staff. The high standard has been confirmed by a successful completion of various audits performed on a regular basis, in order to review the compliance of production processes with the requirements on the given product.

The International ISO 9001 Standard

To be able to claim the quality standard of cars produced in the Company, in 2009, HMMC decided to build a system of quality management as required by the ISO 9001 standard, which ensures that the quality meets the requirements. The standard specifies the requirements on 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 ISO 9001 Certificate is granted for three years with an annual review. In October 2014, HMMC was subject to a further successful supervisory audit.

Vehicle Homologation and Production Process Conformity

Our products meet the stringent international legal requirements on vehicles – so called type approvals (homologations) that include various systems in the vehicle (including parts), without which the vehicles may not be distributed to customers. These requirements are supervised and tested by independent testing organisations prior to launching mass production of a new model and prior to each change in the production process. The conformity of our production process (COP) is also audited by independent testing authorities (Vehicle Certification Agency – VCA, SATR) on a regular basis. In September 2014, HMMC successfully underwent a COP audit, this time from the Russian Federation.

National Quality Award

On 25 November 2014, HMMC successfully retained the highest “Excellence” award under the Czech National Quality Award for the next three years, which it had been awarded as the only car producer in the Czech Republic. 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 their impact on all the stakeholders, namely in view of the EFQM model framework. In the Czech Republic, the Czech National Quality Award is the most valued award for the quality of manufacturing process in all its aspects.

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.



„Safe Move“

One of the main areas of “social responsibility” (CSR) of Hyundai worldwide is the support of projects that increase road safety. HMMC therefore decided to extend such activities significantly in 2014 and, in cooperation with the Road Safety Department of the Ministry of Transport (BESIP), organised events aimed at road and transport safety.



Traffic Competition for Young Cyclists and Bikes for Children's Traffic Playground in Frýdek-Místek

Hyundai believes that road safety education is highly important, as young cyclists who know and keep traffic rules are more likely to become responsible and considerate drivers in the future. HMMC has therefore become the partner of the regional and national finals of the Traffic Competition for Young Cyclists and gave away 20 children's bikes that will be used by fourth class pupils from Frýdek-Místek in traffic and road safety lessons.



Driving Licences for Children from Children's Homes

Nowadays, having a driving licence is clearly a certain threshold and an automatically required qualification. However, for young children from children's homes, getting a driving licence is a relatively expensive matter. HMMC therefore prepared a project under which it provided eight young adults (over eighteen), from children's homes in Ostrava, Frýdek-Místek and Karviná, with a voucher for driving lessons. In this way Hyundai attempts to help young people find a job and get a better start to their professional careers.



The Good Neighbour Project

Since its foundation in the Moravian-Silesian Region, HMMC has strived to be a socially responsible corporate citizen of the region and the Czech Republic, a reliable partner of the surrounding villages and a good neighbour that provides funds for various events, and one that helps develop young talents, protects the environment and gives joy to others. For this purpose, the Good Neighbour Project was created, in which 13 villages from the vicinity of the plant participate. Each of these villages may draw up to CZK 50,000 to fund cultural, sports and free time activities. The Good Neighbour programme provides a chance for small villages to enhance their cultural life as their low budgets are often used up on village maintenance and investments, and none or very little funds are left for free time activities.

Hyundai Foundation

Based on the Declaration of Understanding signed by our Company, state institutions and ecological associations, the Hyundai Foundation was established in 2006. 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. However, the Foundation may not, nor does not want to, neglect the areas of education and human rights, on which all democratic and open societies are based and which the Foundation also wishes to support. In 2014, 10 projects altogether were funded, amounting in total to CZK 1,058,490.



GOALS AND FORECASTS FOR 2015



In 2015, the production programme in the plant of Hyundai Motor Manufacturing Czech in Pošovice will also consist of the Hyundai i30, ix20 and ix35 models. However, all models will undergo significant changes. The first change relates to the second generation of Hyundai i30, the production of which started in the HMMC plant in January three years ago. It has been subject to many modifications and enhancements, and the production of its innovated version will be launched on 15 January 2015. In May 2015, the production of an innovated version of Hyundai ix20 will be launched, and it will bring further improvements and enhancement to the best-selling vehicle in the compact MPV category.

The most significant change, however, is to be expected in the middle of the year, when the HMMC Pošovice plant will launch the production of a completely new vehicle, the successor to the Hyundai ix35 model. As it is yet too

early to provide more technical details, suffice it to say, the vehicle will not represent an improvement to any of the current models; both the design and construction will be completely new, based on the Company's philosophy and conviction so well embodied in the latest models of Hyundai Genesis, Sonata or Santa Fe. The successor of the Hyundai ix35 model will be available to customers towards the end of the summer.

The annual production plan for the HMMC Pošovice plant was raised to 330,000 vehicles, ie increased by 10 % in comparison to years 2012 – 2014, when it amounted to 300,000 vehicles per year.

In order to keep competitiveness, in both current as well as future markets, we will pay maximum attention to the quality of all processes.

No significant events occurred in HMMC after the balance sheet date.



ANNUAL
FINANCIAL
STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Name of the Company: **Hyundai Motor Manufacturing Czech s.r.o.**
Registered Office: **Průmyslová zóna Pošovice, Hyundai 700/1, 739 51 Nižní Lhoty**
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 20 February 2015.



Dongwoo Choi
Statutory executive of the reporting entity

BALANCE SHEET

full version

As of 31 December 2014 (in CZK thousand)

	31 Dec 2014			31 Dec 2013
	Gross	Adjustment	Net	Net
TOTAL ASSETS	78,156,794	12,334,785	65,822,009	55,689,671
Fixed assets	30,026,927	12,097,785	17,929,142	19,049,230
<i>Intangible fixed assets</i>	1,038,514	745,271	293,243	411,519
Start-up costs	49,012	49,012		
Software	323,533	293,337	30,196	24,383
Other intangible fixed assets	663,551	402,922	260,629	383,972
Intangible fixed assets under construction	2,418		2,418	3,164
<i>Tangible fixed assets</i>	28,988,413	11,352,514	17,635,899	18,637,711
Land	170,678		170,678	170,678
Structures	8,447,904	1,630,653	6,817,251	7,086,874
Individual movable assets and sets of movable assets	19,554,391	9,721,861	9,832,530	11,369,750
Tangible fixed assets under construction	779,493		779,493	10,340
Prepayments for tangible fixed assets	35,947		35,947	69
Current assets	48,049,321	237,000	47,812,321	36,501,659
<i>Inventories</i>	2,830,812	237,000	2,593,812	3,399,144
Material	2,257,819	187,118	2,070,701	2,384,671
Work in progress and semifinished goods	279,594	25,175	254,419	323,198
Products	293,399	24,707	268,692	418,558
Prepayments for inventory				272,717
<i>Long-term receivables</i>	240,079		240,079	18,784
Deferred tax asset	240,079		240,079	18,784
<i>Short-term receivables</i>	18,911,961		18,911,961	18,019,303
Trade receivables	15,804,732		15,804,732	16,329,023
State - tax receivables	1,767,133		1,767,133	1,608,951
Short-term prepayments made	29,515		29,515	20,038
Other receivables	1,310,581		1,310,581	61,291
<i>Current financial assets</i>	26,066,469		26,066,469	15,064,428
Cash on hand	275		275	258
Cash at bank	26,066,194		26,066,194	15,064,170
Other assets	80,546		80,546	138,782
Deferred expenses	29,063		29,063	81,990
Complex deferred expenses	40,947		40,947	56,792
Accrued income	10,536		10,536	

	31 Dec 2014	31 Dec 2013
TOTAL LIABILITIES & EQUITY	65,822,009	55,689,671
Equity	31,584,161	28,097,796
<i>Share capital</i>	13,901,000	13,901,000
Share capital	13,901,000	13,901,000
<i>Statutory funds</i>		496,183
Statutory reserve fund/Indivisible fund		496,183
<i>Retained earnings</i>	8,709,796	6,367,882
Accumulated profits brought forward	8,709,796	6,367,882
<i>Profit or loss for the current period (+ -)</i>	8,973,365	7,332,731
Liabilities	34,074,405	27,464,533
<i>Reserves</i>	7,147,081	6,138,056
Other reserves	7,147,081	6,138,056
<i>Long-term liabilities</i>		9,947,000
Bonds issued		9,947,000
<i>Short-term liabilities</i>	21,382,324	8,636,977
Trade payables	7,909,031	6,400,442
Payables to employees	77,800	72,527
Social security and health insurance payables	48,246	43,703
State - tax payables and subsidies	625,219	1,437,629
Short-term prepayments received	95,166	57,230
Bonds issued	11,417,000	
Estimated payables	1,203,937	573,273
Other payables	5,925	52,173
<i>Bank loans and borrowings</i>	5,545,000	2,742,500
Long-term bank loans	5,545,000	
Short-term bank loans		2,742,500
Other liabilities	163,443	127,342
Accrued expenses	110,262	98,511
Deferred income	53,181	28,831

PROFIT AND LOSS ACCOUNT

structured by the nature of expense method

Year ended 31 December 2014 (in CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Production	106,140,818	97,083,141
Sales of own products and services	106,316,661	97,383,265
Change in internally produced inventory	-176,275	-300,124
Own work capitalised	432	
Purchased consumables and services	88,941,699	82,332,170
Consumed material and energy	84,521,949	77,855,892
Services	4,419,750	4,476,278
Added value	17,199,119	14,750,971
Staff costs	1,478,243	1,399,016
Payroll costs	1,033,474	971,762
Social security and health insurance costs	348,141	328,075
Social costs	96,628	99,179
Taxes and charges	17,425	17,959
Depreciation of intangible and tangible fixed assets	2,325,121	2,209,084
Sales of fixed assets and material	3,582,294	3,302,122
Sales of fixed assets	14,487	5,036
Sales of material	3,567,807	3,297,086
Net book value of fixed assets and material sold	3,650,874	3,463,952
Net book value of sold fixed assets	20,345	17,345
Book value of sold material	3,630,529	3,446,607
Change in reserves and provisions relating to operating activities and complex deferred expenses	1,085,097	1,561,007
Other operating income	492,352	2,529,949
Other operating expenses	2,132,102	3,538,699
Operating profit or loss	10,584,903	8,393,325
Income from the revaluation of securities and derivatives	1,289,034	
Costs of the revaluation of securities and derivatives		388,940
Interest income	478,000	266,953
Interest expenses	424,172	407,424
Other financial income	1,001,407	3,555,194
Other financial expenses	3,381,594	2,684,773
Financial profit or loss	-1,037,325	341,010
Income tax on ordinary activities	574,213	1,401,604
- due	795,507	1,689,899
- deferred	-221,294	-288,295
Profit or loss from ordinary activities	8,973,365	7,332,731
Profit or loss for the current period (+/-)	8,973,365	7,332,731
Profit or loss before tax	9,547,578	8,734,335

CASH FLOW STATEMENT

Year ended 31 December 2014 (in CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Opening balance of cash and cash equivalents	15,064,428	4,610,658
<i>Cash flows from ordinary activities</i>		
Profit or loss from ordinary activities before tax	9,547,578	8,734,335
Adjustments for non-cash transactions	4,171,386	4,557,883
Depreciation of fixed assets	2,325,121	2,209,084
Change in provisions and reserves	1,085,097	1,561,007
Profit/(loss) on the sale of fixed assets	5,858	12,309
Interest expense and interest income	-53,828	140,471
Adjustments for other non-cash transactions	809,138	635,012
Net operating cash flow before changes in working capital	13,718,964	13,292,218
Change in working capital	1,804,551	3,632,744
Change in operating receivables and other assets	-324,917	1,231,779
Change in operating payables and other liabilities	1,384,363	1,929,679
Change in inventories	745,105	471,286
Net cash flow from operations before tax and extraordinary items	15,523,515	16,924,962
Interest paid	-424,172	-402,494
Interest received	468,567	270,039
Income tax paid from ordinary operations	-1,604,323	-687,582
Net operating cash flows	13,963,587	16,104,925
<i>Cash flows from investing activities</i>		
Fixed assets expenditures	-487,533	-912,060
Proceeds from fixed assets sold	14,487	5,036
Net investment cash flows	-473,046	-907,024
<i>Cash flow from financial activities</i>		
Change in payables from financing	2,998,500	-4,138,281
Impact of changes in equity	-5,487,000	-605,850
Dividends paid	-5,487,000	-605,850
Net financial cash flows	-2,488,500	-4,744,131
Net increase or decrease in cash and cash equivalents	11,002,041	10,453,770
Closing balance of cash and cash equivalents	26,066,469	15,064,428

NOTES TO THE FINANCIAL STATEMENTS (UNCONSOLIDATED)

For the Year Ended 31 December 2014 (in CZK thousand)

1. General Information and Principal Activities

Incorporation and Description of the Business

Hyundai Motor Manufacturing Czech s.r.o. (the "Company") was formed on 7 July 2006. It was formed by Hyundai Motor Company, the Republic of Korea.

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	
	2014	2013
Hyundai Motor Company, the Republic of Korea	100 %	100 %

Registered Office

Hyundai Motor Manufacturing Czech s.r.o.
 Průmyslová zóna Pošovice
 Hyundai 700/1
 Nižní Lhoty
 Czech Republic

Corporate ID

277 73 035

Statutory executive and Proxy as of 31 December 2014

Statutory executive	Proxy
Dongwoo Choi	Jae Woong Lim, Jae Kyung Cho

The Company has not established a Supervisory Board.

During the year ended 31 December 2014, changes in the information on statutory executives, proxies, registered office and type of the investment of the sole owner were recorded in the Register of Companies. The original statutory executive, Jun Ha Kim, was replaced by Dongwoo Choi on 1 May 2014. The original proxy, Sung Ho Lim, was replaced by Jae Kyung Cho on 11 September 2014. In addition, the fact that the Company adhered to the act as a whole through the procedure according to Section 777 (5) of Act No. 90/2012 Coll. on Business Corporations and Cooperatives was recorded in the Register of Companies. In this context, the name of the Company and its owner were recorded in an unchanged form. The above changes in the Register of Companies were recorded on 3 July 2014, only the change in the proxy was recorded in the Register of Companies on 11 September 2014.

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 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	Other intangible fixed assets	Intangible FA under construction	Total
Cost					
Balance at 1 Jan 2014	49 012	297 594	658 335	3 164	1 008 105
Additions	—	25 939	10 603	27 316	63 858
Disposals	—	—	5 387	28 062	33 449
Balance at 31 Dec 2014	49 012	323 533	663 551	2 418	1 038 514
Accumulated amortisation					
Balance at 1 Jan 2014	49 012	273 211	274 363	—	596 586
Amortisation	—	20 126	128 559	—	148 685
Accumulated amortisation to disposals	—	—	—	—	—
Balance at 31 Dec 2014	49 012	293 337	402 922	—	745 271
Net book value at 1 Jan 2014	—	24 383	383 972	3 164	411 519
Net book value at 31 Dec 2014	—	30 196	260 629	2 418	293 243

	(CZK thousand)				
	Start-up costs	Software	Other intangible fixed assets	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

In respect of software, the Company continued to modernise its information systems, primarily in assurance of production quality, during the years ended 31 December 2014 and 2013.

b) Tangible Fixed Assets

(CZK thousand)

	Land	Buildings	Machinery, tools and moulds	Vehicles	Computers, furniture	Tangible FA under construction	Prepay- ments	Total
Cost								
Balance at 1 Jan 2014	170 678	8 437 799	18 823 905	61 315	338 003	10 340	69	27 842 109
Additions	—	10 105	313 085	28 841	37 906	1 184 246	130 566	1 704 749
Disposals	—	—	14 078	26 526	8 060	415 093	94 688	558 445
Reclassification	—	—	—	—	—	—	—	—
Balance at 31 Dec 2014	170 678	8 447 904	19 122 912	63 630	367 849	779 493	35 947	28 988 413
Accumulated depreciation								
Balance at 1 Jan 2014	—	1 350 925	7 612 095	20 965	220 413	—	—	9 204 398
Depreciation	—	279 728	1 830 750	11 131	54 367	—	—	2 175 976
Accumulated depreciation to disposals	—	—	8 598	11 384	7 878	—	—	27 860
Reclassification	—	—	—	—	—	—	—	—
Balance at 31 Dec 2014	—	1 630 653	9 434 247	20 712	266 902	—	—	11 352 514
Net book value at								
1 Jan 2014	170 678	7 086 874	11 211 810	40 350	117 590	10 340	69	18 637 711
Net book value at								
31 Dec 2014	170 678	6 817 251	9 688 665	42 918	100 947	779 493	35 947	17 635 899

(CZK thousand)

	Land	Buildings	Machinery, tools and moulds	Vehicles	Computers, furniture	Tangible FA under construction	Prepay- ments	Total
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
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

In the year ended 31 December 2014, additions to movable fixed assets primarily included the automation and modernisation of production lines and moulds for the production of components placed in suppliers of these components. In respect of the planned production of a new model, the successor model of ix35, the Company acquired tangible fixed assets under construction of CZK 480,549 thousand.

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

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 Nižní 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 2014 amounted to CZK 184,808 thousand (2013: CZK 173,482 thousand). In 2015 and 2016, the Company will pay EUR 6,713 thousand (CZK 186,120 thousand) and EUR 559 thousand (CZK 15,510 thousand) for the lease, respectively.

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 2,039,624 thousand (2013: CZK 2,345,505 thousand) and inventory of spare parts for production equipment of CZK 218,195 thousand (2013: CZK 208,426 thousand). The provision against production material amounts to CZK 26,805 thousand (2013: CZK 24,953 thousand) and against spare parts to CZK 160,313 thousand (2013: CZK 144,307 thousand) as of the balance sheet date.

6. Trade Receivables and Payables

Overdue short-term trade receivables amount to CZK 1,356,566 thousand (2013: CZK 1,505,585 thousand).

Overdue short-term trade payables amount to CZK 0 (2013: CZK 823 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 853,962 thousand (2013: CZK 816,821 thousand) and the sum of VAT not yet sought to be refunded amounts to CZK 913,171 thousand (2013: CZK 792,130 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 41,138 thousand (2013: CZK 23,827 thousand) and the sum of VAT not yet sought to be refunded amounts to CZK 27,544 thousand (2013: CZK 37,283 thousand). Receivables from the revaluation of financial derivatives amount to CZK 1,241,788 thousand (2013: CZK 0).

9. Accruals and Deferrals

Deferred expenses predominantly include a fee for the issuance of bonds of CZK 5,962 thousand (2013: CZK 29,796 thousand) and property insurance of CZK 9,849 thousand (2013: CZK 11,004 thousand). Complex deferred expenses 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 107,034 thousand (2013: CZK 93,253 thousand).

Deferred income includes interest income from business loans provided to distributors.

10. Share Capital

As of 31 December 2014, the share capital consisted of the investment of the sole owner. The share capital was fully paid as of 31 December 2014.

11. Statement of Changes in Equity

(CZK thousand)						
2014	Share capital	Other capital funds	Statutory reserve fund	Accumulated profit	Profit for the period	Total
Balance at 1 Jan 2014	13 901 000	—	496 183	6 367 882	7 332 731	28 097 796
Reversal of the reserve fund	—	—	-496 183	496 183	—	—
Allocation to funds, allocation of profit/loss	—	—	—	1 845 731	-1 845 731	—
Payment of profit shares	—	—	—	—	-5 487 000	-5 487 000
Profit for 2014	—	—	—	—	8 973 365	8 973 365
Balance at 31 Dec 2014	13 901 000	—	—	8 709 796	8 973 365	31 584 161

(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 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

12. Reserves

(CZK thousand)		
Reserves 2014	Balance at 1 Jan	Balance at 31 Dec
For outstanding vacation days	11 235	13 867
For warranty repairs	6 126 821	7 133 214
Total	6 138 056	7 147 081

(CZK thousand)		
Reserves 2013	Balance at 1 Jan	Balance at 31 Dec
For outstanding vacation days	8 679	11 235
For warranty repairs	4 604 490	6 126 821
Total	4 613 169	6 138 056

13. Estimated Payables

Estimated payables recognised in the balance sheet principally include unbilled supplies of material of CZK 514,718 thousand (2013: CZK 458,172 thousand), unbilled supplies of consumed energy and other costs of CZK 206,255 thousand (2013: CZK 113,568 thousand) and unbilled supplies for the acquisition of tangible fixed assets in the amount of CZK 482,964 thousand (2013: CZK 1,533 thousand).

14. Bank Loans and Issued Bonds

Short-Term Loans

(CZK thousand)

Bank	Currency	Balance at 31 Dec 2014 (CZK thousand)	Balance at 31 Dec 2013 (CZK thousand)	Reference interest rate in 2014	Form of collateral in 2014
Mizuho Bank + Sumitomo Mitsui Bank + Bank of Tokio-Mitsubishi	EUR	—	2 742 500	1M EURIBOR	—
Total		—	2 742 500		

Long-Term Loans

(CZK thousand)

Bank	Currency	Balance at 31 Dec 2014 (CZK thousand)	Balance at 31 Dec 2013 (CZK thousand)	Interest rate in 2014	Form of collateral in 2014
Komerční banka	EUR	5 545 000	—	0.37%	—
Total		5 545 000	—		

Issued Bonds

(CZK thousand)

Bank	Currency	Balance at 31 Dec 2014 (CZK thousand)	Balance at 31 Dec 2013 (CZK thousand)	Interest rate in 2014	Form of collateral in 2014
ISIN US44890AAA60	USD	11 417 000	9 947 000	4.5%	—
Total		11 417 000	9 947 000		

Repayment Schedule

(CZK thousand)

Bank, bonds	2015	2016	2017	Following periods
Komerční banka	—	—	5 545 000	—
Bonds ISIN US44890AAA60	11 417 000	—	—	—
Total	11 417 000	—	5 545 000	—

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)

Market	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Czech Republic	3 638 699	2 792 850
EU	68 297 815	59 322 517
Other than EU countries – Europe	20 095 092	23 227 090
Other than EU countries – other	14 285 055	12 040 808
Total sales of own products and services	106 316 661	97 383 265

In 2014 and 2013, 96.5 percent of the sales of products related to sold cars. The remaining 3.5 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 2014	Year ended 31 Dec 2013
Consumed material	83 992 417	77 277 402
Consumed energy	529 532	578 490
Total consumed material and energy	84 521 949	77 855 892

17. Services

(CZK thousand)

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Travel expenses	38 563	13 791
Building security, cleaning and operation	227 501	232 450
Production support services	738 711	726 522
Licence fees	989 678	1 019 995
Hiring and support of staff	490 830	480 072
IT services and software	83 357	72 151
Transportation services	1 184 554	1 194 087
Marketing services	296 367	396 233
Advisory and audit services	16 089	11 196
Repairs and maintenance of buildings and equipment	89 446	81 742
Rental	210 589	203 109
Training	14 225	10 671
Other services	39 840	34 259
Total	4 419 750	4 476 278

18. Sales of Material, Sold Material

	(CZK thousand)	
	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Sales of material to sub-suppliers	3 352 742	3 095 353
Sales of secondary raw material	215 065	201 733
Total sales of material	3 567 807	3 297 086

	(CZK thousand)	
	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Material sold to sub-suppliers	3 415 464	3 244 874
Sold secondary raw material	215 065	201 733
Total sold material	3 630 529	3 446 607

19. Other Operating Income

	(CZK thousand)	
	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Assigned short-term receivables	—	2 096 669
Rebilling of complaint costs to suppliers	323 937	277 815
Inventory count differences	1 946	1 495
Sundry operating income	166 469	153 970
Total	492 352	2 529 949

20. Other Operating Expenses

	(CZK thousand)	
	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Assigned short-term receivables	—	2 097 595
Insurance	34 221	33 689
Costs of warranty repairs and campaigns	2 047 639	1 319 423
Inventory count differences	2 815	7 704
Sundry operating expenses	47 427	80 288
Total	2 132 102	3 538 699

21. Interest Income

	(CZK thousand)	
	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Interest on provided business loans	437 449	247 680
Interest on deposits at bank accounts	40 551	19 273
Total	478 000	266 953

22. Interest Expense

	(CZK thousand)	
	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Interest on received bank loans and overdrafts	10 351	25 583
Interest on issued bonds	409 880	375 041
Interest on received loans from recourse factoring	—	6 314
Interest on received business loans	3 941	486
Total	424 172	407 424

23. Other Financial Income and expenses

	(CZK thousand)	
	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Foreign exchange rate losses	3 338 442	2 637 980
Guarantee and administrative fees relating to received loans and bonds	40 133	43 787
Sundry financial expenses	3 019	3 006
Total	3 381 594	2 684 773

Other financial income in the years ended 31 December 2014 and 2013 includes foreign exchange rate gains.

24. Income Tax

	(CZK thousand)	
	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Tax payable	795 507	1 689 899
Deferred tax	-221 294	-288 295
Total	574 213	1 401 604

Profit before tax and calculation of tax payable:

	(CZK thousand)	
	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Profit before tax	9 547 578	8 734 335
Anticipated tax costs (19%)	1 814 040	1 659 524
Non-tax expenses and income	228 177	283 774
Tax relief arising from investment incentives	—	-352 388
Tax for prior periods	-1 246 710	98 989
Tax payable	795 507	1 689 899

The tax for prior periods recognised in the year ended 31 December 2014 of CZK (1,246,710) thousand results from the additional utilisation of the tax relief from investment incentives in the income tax return for 2013.

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

	(CZK thousand)	
	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Accumulated depreciation and amortisation of fixed assets	-1 182 539	-1 181 033
Provision against inventory	45 030	33 587
Reserves	1 377 588	1 166 230
Total (+ asset/ - liability)	240 079	18 784

25. Related Parties

a) Trade Receivables and Payables

Trade receivables and payables include the following balances with related parties:

(CZK thousand)

	Receivables as of 31 Dec		Payables as of 31 Dec	
	2014	2013	2014	2013
HYUNDAI ENGINEERING CZECH s.r.o.	—	55	33 287	22 662
Hyundai Motor Company	3 022	14 136	841 217	938 632
Hyundai Motor Europe GmbH	11 145 338	9 468 793	23 884	19 418
Hyundai Rotem Company	—	—	—	513
Hyundai AutoEver	—	—	129	113
AutoEver Systems Europe GmbH	5	146	15 646	14 942
Hyundai WIA Corporation	—	—	—	1 987
Hyundai Glovis CO. Ltd.	11 770	9 373	742 398	45 868
Hyundai Glovis Czech Republic s.r.o.	—	3 489	—	77 678
Glovis Europe GmbH	—	—	36 910	41 806
Glovis Slovakia s.r.o.	—	—	784	789
Hysco Czech s.r.o.	750	759	297 422	270 650
Hyundai Motor CIS LLC	1 641 718	3 647 454	10 010	7 430
Hyundai Motor Company Italy s.r.l.	—	—	7 118	2 060
Hyundai Motor Czech s.r.o.	852 099	909 975	1 123	—
Hyundai Motor Norway AS	—	—	1 701	791
Hyundai Motor Poland Sp. z. o. o.	—	—	3 505	895
Hyundai Motor UK Ltd.	—	—	10 431	4 044
Hyundai Motor España S.L.U.	—	—	5 138	1 481
Hyundai Motor Deutschland GmbH	—	—	29 399	—
Hyundai Motor Mfg. Rus LLC	105 496	95 344	—	—
Hyundai Assan Otomotive SVT A.S.	—	—	2 285	—
Hyundai Motor Company Australia Pty Ltd.	656 174	1 145 557	1 122	230
Hyundai Motor de Mexico, S de RL de CV	309 217	—	251	—
HM Czech, s.r.o.	2 971	—	—	—
Hyundai Mobis CO. Ltd.	2 681	1 390	—	—
Mobis Slovakia s.r.o.	7 937	6 916	—	—
Mobis Automotive Czech s.r.o.	71 895	72 148	2 006 584	1 923 164
Hyundai Dymos Czech, s.r.o.	28 894	32 340	425 967	387 133
Kia Motors Europe GmbH	—	—	10 064	—
Kia Motors RUS LLC	—	—	11	—
Kia Motors Slovakia s.r.o.	136 639	134 026	916 420	799 087
Total	14 976 606	15 541 901	5 422 806	4 561 373

As of the balance sheet date, the Company reported prepayments made for fixed assets of Hyundai Rotem Company of CZK 2,558 thousand (2013: CZK 0).

As of the balance sheet date, estimated payables to Hyundai Motor Company amount to CZK 468,772 (2013: CZK 0).

b) Sales and Purchases

(CZK thousand)

	Sales at 31 Dec		Purchases at 31 Dec	
	2014	2013	2014	2013
Hyundai Amco Co., Ltd., organizační složka	—	—	—	101 340
HYUNDAI ENGINEERING CZECH s.r.o.	—	—	195 839	75 396
Hyundai Motor Company	29 409	75 820	5 971 053	4 266 120
Hyundai Motor Europe GmbH	66 176 691	57 886 560	295 742	265 368
Hyundai AutoEver	—	—	8 490	3 967
AutoEver Systems Europe GmbH	—	—	118 753	97 392
Hysco Czech s.r.o.	—	—	3 495 999	3 207 905
Kefico Corporation	—	—	—	38
Hyundai WIA Corporation	—	—	7 334	1 985
Innocean Worldwide Europe GmbH	—	—	865	131 039
Hyundai Rotem Company	—	—	913	1 242
Hyundai Glovis CO. Ltd.	193 689	175 210	9 944 896	10 781 580
Hyundai Glovis Czech Republic s.r.o.	32 241	39 543	590 497	665 520
Glovis Europe GmbH	—	—	798 897	820 783
Glovis Slovakia s.r.o.	—	—	8 361	8 467
Hyundai Materials Corporation	—	97 102	—	—
Hyundai Europe Technical Center	71	231	—	—
Hyundai Motor CIS LLC	12 598 382	12 723 270	133 309	77 258
Hyundai Motor Company Italy s.r.l.	—	—	92 137	95 838
Hyundai Motor Czech s.r.o.	4 791 119	3 975 874	79 839	34 100
Hyundai Motor Norway AS	—	—	31 968	22 894
Hyundai Motor Poland Sp. z. o. o.	—	—	54 109	40 187
Hyundai Motor UK Ltd.	—	—	265 884	148 985
Hyundai Motor España S.L.U.	—	—	96 262	60 875
Hyundai Motor Deutschland GmbH	—	—	597 747	339 875
Hyundai Motor France	—	—	90 035	58 130
Hyundai Motor Mfg. Rus LLC	1 341 589	1 217 542	10	7
Hyundai Assan Otomotive SVT A.S.	3 558 234	5 371 985	34 502	25 281
Hyundai Motor Company Australia Pty Ltd.	3 611 628	5 062 022	13 378	3 714
Hyundai Motor de Mexico, S de RL de CV	1 806 288	—	447	—
HM Czech, s.r.o.	10 878	—	—	—
Mobis Parts Europe N.V.	618	124	—	—
Mobis Slovakia s.r.o.	85 456	70 832	—	134
Mobis Automotive Czech s.r.o.	662 315	575 348	23 879 726	21 971 813
Hyundai Dymos Czech, s.r.o.	372 781	359 937	5 080 633	4 681 483
Kia Motors Europe GmbH	—	—	120 876	101 316
Kia Motors Czech s.r.o.	—	—	1 662	1 342
Kia Motors RUS LLC	—	—	2 189	2 416
Kia Motors Slovakia s.r.o.	2 356 364	2 154 785	11 463 800	11 078 144
Total	97 627 753	89 786 185	63 476 152	59 171 934

Part of the purchases from Hyundai Motor Company involves the international hiring of labour which amounted to CZK 133,171 thousand for 2014 (2013: CZK 118,494 thousand).

In the year ended 31 December 2014, the Company generated other operating income from the Group companies in the aggregate amount of CZK 310,887 thousand (2013: CZK 331,787 thousand), predominantly from Hyundai Glovis CO. Ltd. of CZK 46,733 thousand (2013: CZK 52,081 thousand), Mobis Automotive Czech s.r.o. of CZK 94,102 thousand (2013: CZK 136,168 thousand) and Kia Motors Slovakia s.r.o. of CZK 115,429 thousand (2013: CZK 108,563 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 439,102 thousand during the year ended 31 December 2014 (2013: CZK 247,822 thousand) from the following Group entities:

(CZK thousand)			
2014	Interest		Interest
Hyundai Motor CIS LLC	228 273	Hyundai Motor Czech s.r.o.	8 973
Hyundai Motor Europe GmbH	176 973	Hyundai Motor de Mexico, S de RL de CV	8 092
Hyundai Motor Company Australia Pty Ltd.	16 791		

(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

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 2014, the Company paid a profit share to the owner Hyundai Motor Company in the amount of CZK 5,487,000 thousand (2013: CZK 605,850 thousand).

26. Employees and Managers

a) The average number of employees and managers and staff costs for the years ended 31 December 2014 and 2013:

(CZK thousand)				
2014	Number of employees	Payroll costs in CZK thousand	Social security and health insurance in CZK thousand	Social costs in CZK thousand
Employees	2 538	1 004 424	341 972	—
Managers	12	29 050	6 169	—
Total	2 550	1 033 474	348 141	96 628
Managers (IHOL)	14	42 859	—	—

(CZK thousand)				
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	—	—

The Company employed 45 Korean workers (2013: 49) on average based on the International Hiring of Labour (IHOL) contract. The aggregate payroll costs amounted to CZK 133,171 thousand (2013: CZK 118,494 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 2014 and 2013 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

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

27. Due Amounts arising from Security and Health Insurance

Due amounts arising from social security amounted to CZK 33,021 thousand (2013: CZK 29,918 thousand), due amounts from health insurance amounted to CZK 15,091 thousand (2013: CZK 13,654 thousand), and due amounts from pension insurance amounted to CZK 134 thousand (2013: CZK 131 thousand). None of these due amounts are past their due dates.

28. State - Tax Payables and Subsidies

Tax payables are represented by a payable arising from the due income tax in amount of CZK 553,614 thousand (2013: CZK 1,362,429 thousand), a payable arising from the withholding income tax of CZK 46,935 thousand (2013: CZK 57,347 thousand), the employees' income tax payments withheld by the Company of CZK 19,302 thousand (2013: CZK 17,730 thousand), road tax of CZK 15 thousand (2013: CZK 16 thousand), an income tax securement of CZK 137 thousand (2013: CZK 107 thousand) and subsidies of CZK 5,216 thousand (2013: CZK 0).

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 applied income tax relief totalling CZK 2,526,197 thousand in the tax returns for 2012 and 2013.

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.

29. 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 28);
- Cash grant for capital investment (refer to Note 28);
- Subsidy for the creation of jobs (refer to Note 28);
- Subsidy for the training and retraining of employees (refer to Note 28); and
- Tax relief (refer to Notes 24 and 28).

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.

30. Contingent Liabilities

Legal Disputes

As of 31 December 2014, 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.

31. Post Balance Sheet Date Events

No significant events occurred subsequent to the balance sheet date.



**RELATED PARTY
TRANSACTIONS
REPORT**

RELATED PARTY TRANSACTIONS REPORT

of Hyundai Motor Manufacturing Czech s.r.o.,
for the Year Ended 31 December 2014

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 Pošovice Industrial Zone, Hyundai 700/1, Pižní 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 Soul, Seocho-Gu, Yangjae - Dong 231
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.	AutoEverSystems Europe GmbH organisational branch
Hyundai Motor UK Ltd.	AutoEverSystems Europe GmbH
Hyundai Motor Company Italy s.r.l.	Hyundai AutoEver
Hyundai Motor Norway AS	HM Czech, s.r.o.
Hyundai Motor Poland Sp. z. o. o.	Hyundai Engineering Czech s.r.o.
Hyundai Motor CIS LLC	Hysco Czech, s.r.o.
Hyundai Motor España, S. L. U.	Hyundai Glovis Co., Ltd.
Hyundai Motor Deutschland GmbH	Hyundai Glovis Czech Republic s.r.o.
Hyundai Motor Manufacturing Rus LLC	Glovis Europe GmbH
Hyundai Motor France	Glovis Slovakia, s.r.o.
Hyundai Motor Europe Technical Center GmbH	Hyundai WIA Corporation
Hyundai Assan Otomotive Sannayi	Hyundai Mobis Co., Ltd.
Ve Ticaret A.S.	Mobis Automotive Czech, s.r.o.
Hyundai Motor Company Australia Pty Ltd.	Mobis Slovakia s.r.o.
Hyundai Motor de Mexico, S de RL de CV	Mobis Parts Europe P. V.
Kia Motors Europe GmbH	Hyundai Dymos Czech, s.r.o.
Kia Motors Czech s.r.o.	Innocean Worldwide Europe GmbH
Kia Motors Rus LLC	
Kia Motors Slovakia, s.r.o.	

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 295 entities as of 31 December 2014 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 Mseat
- 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 Engineering & Steel Industries
- Hyundai Architects & Engineers Associates
- Hyundai City Corporation

Other

- Hyundai Glovis
- Hyundai Rotem
- Innocean Worldwide
- Haevichi hotel & resort
- Hyundai AutoEver
- Hyundai NGV
- Hyundai Farm Land & Development Company

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 2014 to 31 December 2014, 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 2014 to 31 December 2014:

1. Generated income

	(CZK thousand)			
	Sales of own products	Sales of material	Other operating income	Interest income
Hyundai Motor Company	29 409	—	16 429	—
Hyundai Motor Europe GmbH	66 176 691	—	471	176 973
Hyundai Motor CIS LLC	12 598 382	—	—	228 273
Hyundai Motor Czech s.r.o.	4 790 289	—	—	8 973
Hyundai Assan Otomotive SVT A.S.	3 558 234	—	—	—
Hyundai Motor Company Australia Pty Ltd.	3 611 628	—	—	16 791
Hyundai Glovis CO. Ltd.	193 689	—	46 733	—
Hysco Czech s.r.o.	—	—	7 486	—
Mobis Automotive Czech s.r.o.	200	662 115	94 102	—
Hyundai Dymos Czech, s.r.o.	—	372 781	15 729	—
Kia Motors Slovakia s.r.o.	2 356 364	—	115 429	—

The controlled entity recorded sales of fixed assets to Hyundai Motor Czech s.r.o. in the amount of CZK 830 thousand.

2. Purchases made

	(CZK thousand)			
	Purchase of fixed assets	Purchase of material	Purchase of services	Other operating expenses
Hyundai Motor Company	470 737	4 376 559	1 107 593	—
Hyundai Motor Europe GmbH	—	—	295 572	—
Hyundai Motor CIS LLC	—	—	—	133 309
Hyundai Motor Czech s.r.o.	28 785	589	—	50 465
Hyundai Assan Otomotive SVT A.S.	—	685	—	33 817
Hyundai Motor Company Australia Pty Ltd.	—	—	16	13 362
Hyundai Glovis CO. Ltd.	—	9 567 017	373 939	—
Hysco Czech s.r.o.	—	3 495 999	—	—
Mobis Automotive Czech s.r.o.	11 429	23 864 449	3 848	—
Hyundai Dymos Czech, s.r.o.	19 752	5 060 881	—	—
Kia Motors Slovakia s.r.o.	—	11 278 992	184 808	—

The controlled entity recognised interest expenses from Hyundai Glovis CO. Ltd. in the amount of CZK 3,940 thousand and other financial expenses from Hyundai Motor Company in the amount of CZK 16,164 thousand and from Hyundai Motor Europe GmbH in the amount of CZK 170 thousand.

3. Equity transactions

The controlled entity paid a profit share to Hyundai Motor Company in the amount of CZK 5,487,000 thousand.

III.

List of contracts concluded between the controlled entity and the controlling entity in the reporting period, ie from 1 January 2014 to 31 December 2014:

The following contracts were concluded between the controlling entity and the controlled entity between 1 January 2014 and 31 December 2014:

- Contract/order no. 4100002600, SAP licence and maintenance, 27 January 2014

IV.

List of contracts concluded between the controlled entity and other controlled entities in the reporting period, ie from 1 January 2014 to 31 December 2014:

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.
Hyundai Motor de Mexico, S de RL de CV

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

Hyundai Rotem Company
AutoEverSystems Europe GmbH organisational branch
AutoEverSystems Europe GmbH
Mobis Automotive Czech s.r.o.
Hyundai Dymos Czech, s.r.o.
Hyundai Glovis Co., Ltd.

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, Dongwoo Choi, 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 Nižní Lhoty on 20 February 2015



Dongwoo Choi
Statutory Executive
Hyundai Motor Manufacturing Czech s.r.o.



**AUDITOR'S
REPORT**



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Tax Id. Nr.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

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

Having its registered office at: Průmyslová zóna Nošovice, Hyundai 700/1, 739 51 Nižní Lhoty
Identification number: 277 73 035

Report on the Financial Statements

Based upon our audit, we issued the following audit report on the financial statements which are included in this annual report on pages 21 to 44:

"We have audited the accompanying financial statements of Hyundai Motor Manufacturing Czech s.r.o., which comprise the balance sheet as of 31 December 2014, 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 2014 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 2014 which is included in this annual report on pages 45 to 50. 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 s.r.o. for the year ended 31 December 2014 contains material factual misstatements.

Report on the Annual Report

We have also audited the annual report of the Company as of 31 December 2014 for consistency with the financial statements referred to above. This annual report is the responsibility of the Company's Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

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

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

In Prague on 20 February 2015

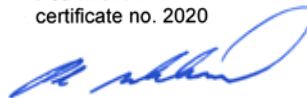
Audit firm:

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



Statutory auditor:

Petr Michalík
certificate no. 2020



NEW THINKING. NEW POSSIBILITIES.

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

Hyundai Motor Manufacturing Czech s.r.o.
www.hyundai-motor.cz

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