

HYUNDAI HEAVY INDUSTRIES CO., LTD.
AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

June 30, 2015

(Unaudited)

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
Hyundai Heavy Industries Co., Ltd.:

Reviewed financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of Hyundai Heavy Industries Co., Ltd. and its subsidiaries (the "Group"), which comprise the condensed consolidated statement of financial position as of June 30, 2015, the condensed consolidated statements of comprehensive loss for the three-month and six-month periods ended June 30, 2015 and 2014, the condensed consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2015 and 2014 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 *Interim Financial Reporting*, 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.

Auditors' review responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial statements consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034, 'Interim Financial Reporting'.

Other matters

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries.

The statement of financial position of the Group as of December 31, 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 19, 2015, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2014, presented for comparative purposes, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Seoul, Korea
August 13, 2015

This report is effective as of August 13, 2015, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
Condensed Consolidated Interim Statements of Financial Position
As of June 30, 2015 and December 31, 2014
(Unaudited)

(In thousands of won)

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Assets			
Cash and cash equivalents	5,42,43	₩ 2,626,826,812	3,229,315,488
Short-term financial assets	6, 7, 15, 19, 26, 42, 43	4,685,792,610	4,742,522,625
Trade and other receivables	7, 8, 9, 19, 33, 42, 43, 46	6,836,876,440	5,734,112,198
Due from customers for contract work	8, 33, 42, 43	7,281,615,593	7,154,045,476
Inventories	10, 19	5,027,211,234	5,822,203,196
Derivative assets	26, 42, 43	38,605,116	127,428,741
Firm commitment assets	26	214,195,205	102,390,560
Prepaid income taxes		56,045,983	63,330,607
Other current assets	11, 24	2,148,806,176	2,896,259,774
Total current assets		<u>28,915,975,169</u>	<u>29,871,608,665</u>
Investments in associates and joint ventures	12, 13, 46	508,643,395	554,290,606
Long-term financial assets	6, 7, 15, 19, 26, 42, 43	2,110,821,169	2,496,029,851
Long-term trade and other receivables	7, 8, 9, 33, 42, 43, 46	752,648,433	930,131,965
Investment property	16, 34	407,661,639	393,474,781
Property, plant and equipment	17, 19, 34	16,186,771,633	16,060,222,102
Intangible assets	18, 34	2,166,774,151	2,211,628,038
Derivative assets	26, 42, 43	1,596,039	19,375,757
Firm commitment assets	26	212,504,309	153,874,765
Deferred tax assets	39	881,098,116	629,359,589
Other non-current assets	11, 44	59,027,737	64,421,722
Total non-current assets		<u>23,287,546,621</u>	<u>23,512,809,176</u>
Total assets		<u>₩ 52,203,521,790</u>	<u>53,384,417,841</u>

See accompanying notes to the condensed consolidated interim financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
Condensed Consolidated Interim Statements of Financial Position, Continued
As of June 30, 2015 and December 31, 2014
(Unaudited)

(In thousands of won)

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Liabilities			
Short-term financial liabilities	19,20,23,26,42,43,44	₩ 11,829,189,079	12,129,708,393
Trade and other payables	21,42,43,46	6,796,275,788	6,362,168,342
Advances from customers		575,736,215	705,470,656
Due to customers for contract work	33	5,919,643,010	8,140,673,917
Derivative liabilities	26,42,43	338,932,679	204,790,242
Firm commitment liabilities	26	17,578,720	78,981,745
Income tax payable		79,012,926	42,905,141
Other current liabilities	22	45,102,559	37,972,597
Total current liabilities		<u>25,601,470,976</u>	<u>27,702,671,033</u>
Long-term financial liabilities	19,20,23,26,42,43,44	8,548,600,238	7,440,036,077
Long-term trade and other payables	21,42,43,46	98,045,948	104,396,800
Liabilities for defined benefit plans	24	658,191,775	551,233,374
Long-term provisions	25	599,140,391	502,372,244
Derivative liabilities	26,42,43	221,957,525	162,567,299
Firm commitment liabilities	26	745,435	13,059,104
Deferred tax liabilities	39	239,917,762	235,878,849
Other non-current liabilities	22	34,020,905	33,627,399
Total non-current liabilities		<u>10,400,619,979</u>	<u>9,043,171,146</u>
Total liabilities		<u>36,002,090,955</u>	<u>36,745,842,179</u>
Equity			
Common stock	27	380,000,000	380,000,000
Capital surplus	27	1,140,110,512	1,109,309,014
Hybrid bonds	28	428,589,000	428,589,000
Capital adjustments	29	(1,647,923,230)	(1,762,535,173)
Accumulated other comprehensive income	26,30	543,974,636	746,492,455
Retained earnings	31	13,881,867,275	14,271,926,021
Equity attributable to owners of the Company		<u>14,726,618,193</u>	<u>15,173,781,317</u>
Non-controlling interests		<u>1,474,812,642</u>	<u>1,464,794,345</u>
Total equity		<u>16,201,430,835</u>	<u>16,638,575,662</u>
Total liabilities and equity		<u>₩ 52,203,521,790</u>	<u>53,384,417,841</u>

See accompanying notes to the condensed consolidated interim financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
Condensed Consolidated Interim Statements of Comprehensive Loss
For the three-month and six-month periods ended June 30, 2015 and 2014
(Unaudited)

(In thousands of won)

	Note	2015		2014	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	26,33,34,46	₩ 11,946,104,505	24,174,202,933	12,811,499,861	26,332,270,817
Cost of sales	10,18,26,36,46	11,422,458,279	23,149,778,735	13,453,467,249	26,550,699,308
Gross profit (loss)		523,646,226	1,024,424,198	(641,967,388)	(218,428,491)
Selling, general and administrative expenses	18,35,36	694,581,511	1,387,779,789	461,766,204	1,074,181,197
Operating Loss	34	(170,935,285)	(363,355,591)	(1,103,733,592)	(1,292,609,688)
Finance income	26,37,42	334,960,843	689,930,014	1,280,614,883	1,498,204,574
Finance costs	26,37,42	(646,626,688)	(1,103,781,012)	(431,057,383)	(740,901,218)
Other non-operating income	8,26,38	283,798,754	487,878,848	278,907,803	390,901,192
Other non-operating expenses	8,17,18,26,38	(65,130,439)	(132,465,911)	(955,057,925)	(889,603,464)
Share of loss of equity accounted investees	12,13	(37,908,324)	(45,784,561)	(16,581,712)	(28,056,646)
Loss before income taxes		(301,841,139)	(467,578,213)	(946,907,926)	(1,062,065,250)
Income tax benefit	39	(59,441,353)	(100,024,152)	(330,281,546)	(354,485,439)
Loss for the period	34	₩ (242,399,786)	(367,554,061)	(616,626,380)	(707,579,811)
Other comprehensive income (loss)	24,26,30,39,42				
Items that are or may be reclassified subsequently to profit or loss:					
Change in fair value of available-for-sale financial assets		₩ (240,627,144)	(257,582,383)	(69,399,606)	36,021,210
Effective portion of changes in fair value of cash flow hedges		12,775,562	20,214,127	(21,127,635)	(15,491,775)
Exchange differences on translating foreign operations		21,520,053	13,835,103	(56,393,734)	(67,775,343)
Change in equity of equity method investments		(16,694)	12,879,670	19,838,400	58,814,692
Total items that are or may be reclassified subsequently to profit or loss		(206,348,223)	(210,653,483)	(127,082,575)	11,568,784
Items that will not be reclassified to profit or loss:					
Actuarial gains and losses		(127,864)	(2,776,126)	-	-
Changes in retained earnings of equity method investments		(7,438)	(224,755)	809,050	8,546,865
Total items that will not be reclassified to profit or loss		(135,302)	(3,000,881)	809,050	8,546,865
Other comprehensive income (loss) for the period, net of income tax		(206,483,525)	(213,654,364)	(126,273,525)	20,115,649
Total comprehensive loss for the period		₩ (448,883,311)	(581,208,425)	(742,899,905)	(687,464,162)

See accompanying notes to the condensed consolidated interim financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
Condensed Consolidated Interim Statements of Comprehensive Loss, Continued
For the three-month and six-month periods ended June 30, 2015 and 2014
(Unaudited)

(In thousands of won, except losses per share)

	<i>Note</i>	2015		2014	
		Three-month period	Six-month period	Three-month period	Six-month period
Profit (loss) attributable to:					
Owners of the Company		(241,165,765)	(379,935,474)	(489,031,434)	(547,350,049)
Non-controlling interests		(1,234,021)	12,381,413	(127,594,946)	(160,229,762)
	₩	<u>(242,399,786)</u>	<u>(367,554,061)</u>	<u>(616,626,380)</u>	<u>(707,579,811)</u>
Total comprehensive income (loss) attributable to:					
Owners of the Company		(433,534,539)	(585,325,033)	(616,310,214)	(531,173,017)
Non-controlling interests		(15,348,772)	4,116,608	(126,589,691)	(156,291,145)
	₩	<u>(448,883,311)</u>	<u>(581,208,425)</u>	<u>(742,899,905)</u>	<u>(687,464,162)</u>
Losses per share					
Basic and diluted losses per share (in won)	40	₩ <u>(4,344)</u>	<u>(6,925)</u>	<u>(8,855)</u>	<u>(9,911)</u>

See accompanying notes to the condensed consolidated interim financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
Condensed Consolidated Interim Statements of Changes in Equity
For the six-month periods ended June 30, 2015 and 2014
(Unaudited)

(In thousands of won)

	Common stock	Capital surplus	Hybrid bonds	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Non- controlling interests	Total equity
Balance at January 1, 2014	₩ 380,000,000	1,109,309,014	-	(1,772,782,730)	1,239,973,279	16,293,099,047	1,779,993,147	19,029,591,757
Total comprehensive income (loss) for the period								
Loss for the period	-	-	-	-	-	(547,350,049)	(160,229,762)	(707,579,811)
Change in fair value of available-for-sale financial assets	-	-	-	-	17,785,038	-	18,236,172	36,021,210
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(15,492,449)	-	674	(15,491,775)
Exchange differences on translating foreign operations	-	-	-	-	(53,359,460)	-	(14,415,883)	(67,775,343)
Change in equity of equity method investments	-	-	-	-	58,824,395	-	(9,703)	58,814,692
Change in retained earnings of equity method investments	-	-	-	-	-	8,419,508	127,357	8,546,865
Transactions with owners of the Company, recognized directly in equity								
Dividends	-	-	-	-	-	(117,264,016)	(3,949,556)	(121,213,572)
Others	-	-	-	1,464,513	-	-	34,469,574	35,934,087
Balance at June 30, 2014	₩ 380,000,000	1,109,309,014	-	(1,771,318,217)	1,247,730,803	15,636,904,490	1,654,222,020	18,256,848,110
Balance at January 1, 2015	₩ 380,000,000	1,109,309,014	428,589,000	(1,762,535,173)	746,492,455	14,271,926,021	1,464,794,345	16,638,575,662
Total comprehensive income (loss) for the period								
Profit (loss) for the period	-	-	-	-	-	(379,935,474)	12,381,413	(367,554,061)
Change in fair value of available-for-sale financial assets	-	-	-	-	(245,744,149)	-	(11,838,234)	(257,582,383)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	19,647,638	-	566,489	20,214,127
Exchange differences on translating foreign operations	-	-	-	-	10,227,117	-	3,607,986	13,835,103
Change in equity of equity method investments	-	-	-	-	13,351,575	-	(471,905)	12,879,670
Actuarial losses	-	-	-	-	-	(2,646,985)	(129,141)	(2,776,126)
Change in retained earnings of equity method investments	-	-	-	-	-	(224,755)	-	(224,755)
Transactions with owners of the Company, recognized directly in equity								
Dividends	-	-	-	-	-	-	(2,445,798)	(2,445,798)
Disposal of treasury stock	-	30,801,498	-	115,082,343	-	-	-	145,883,841
Interest for hybrid bonds	-	-	-	-	-	(7,251,532)	-	(7,251,532)
Others	-	-	-	(470,400)	-	-	8,347,487	7,877,087
Balance at June 30, 2015	₩ 380,000,000	1,140,110,512	428,589,000	(1,647,923,230)	543,974,636	13,881,867,275	1,474,812,642	16,201,430,835

See accompanying notes to the condensed consolidated interim financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
Condensed Consolidated Interim Statements of Cash Flows
For the six-month periods ended June 30, 2015 and 2014
(Unaudited)

(In thousands of won)

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities			
Loss for the period	₩	(367,554,061)	(707,579,811)
Adjustments		(985,483,691)	2,577,004,460
Cash generated from operations	41	(1,353,037,752)	1,869,424,649
Interest received		126,175,501	150,439,104
Interest paid		(205,553,446)	(215,119,161)
Dividends received		74,601,680	68,927,593
Income taxes paid		(17,639,537)	(104,545,960)
Net cash provided by (used in) operating activities		<u>(1,375,453,554)</u>	<u>1,769,126,225</u>
Cash flows from investing activities			
Proceeds from sale of short-term financial assets		109,087,465	154,036,716
Proceeds from collection of other receivables		4,982,523	6,693,297
Proceeds from sale of investments in associates and joint ventures		17,679,665	1,621,700
Proceeds from sale of subsidiaries, net of cash transferred		29,517,071	-
Proceeds from sale of long-term financial assets		209,436,522	352,515,530
Proceeds from collection of long-term other receivables		69,875,765	38,072,461
Proceeds from sale of property, plant and equipment		25,982,030	21,716,158
Proceeds from sale of intangible assets		13,877,118	767,245
Proceeds from sale of investment properties		-	15,500,000
Proceeds from government grants		204,131	549,466
Proceeds from other non-current assets		136,301	1,824,257
Acquisition of short-term financial assets		(130,190,754)	(143,750,553)
Acquisition of other receivables		-	(361,497)
Acquisition of investments in associates and joint ventures		(39,236,960)	(6,272,500)
Acquisition of long-term financial assets		(237,656,150)	(352,654,596)
Acquisition of long-term other receivables		(29,429,343)	(32,295,135)
Acquisition of property, plant and equipment		(643,475,308)	(709,420,342)
Acquisition of intangible assets		(24,494,710)	(39,719,595)
Acquisition of investment properties		(24,500)	-
Net cash used in investing activities		<u>(623,729,134)</u>	<u>(691,177,388)</u>
Cash flows from financing activities			
Proceeds from short-term financial liabilities		13,799,886,912	15,908,841,428
Proceeds from long-term financial liabilities		3,187,475,068	2,293,173,832
Capital contribution from non-controlling interests		52,000,000	32,025,079
Repayment of short-term financial liabilities		(15,408,738,457)	(18,856,285,751)
Repayment of long-term financial liabilities		(215,640,244)	(40,698,814)
Hybrid bonds interest paid		(10,500,000)	-
Dividend paid		-	(117,264,016)
Dividend and distribution to non-controlling interests		(10,361,768)	(5,249,556)
Net cash provided by (used in) financing activities		<u>1,394,121,511</u>	<u>(785,457,798)</u>
Effects of exchange rate changes on cash and cash equivalents		2,572,501	(13,101,183)
Net increase (decrease) in cash and cash equivalents		<u>(602,488,676)</u>	<u>279,389,856</u>
Cash and cash equivalents at January 1		<u>3,229,315,488</u>	<u>1,336,613,209</u>
Cash and cash equivalents at June 30	₩	<u>2,626,826,812</u>	<u>1,616,003,065</u>

See accompanying notes to the condensed consolidated interim financial statements.

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
June 30, 2015
(Unaudited)

1. Reporting Entity

(1) Description of the controlling company

Hyundai Heavy Industries Co., Ltd. (the "Company") was incorporated in 1973, under the Commercial Code of the Republic of Korea, and is engaged in the manufacture and sale of ships, offshore structures, plants, engines and other products. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and joint ventures.

In August 1999, the Company was listed on the Korea Exchange. As of June 30, 2015, the Company's major shareholders consist of Mong-Joon Chung (10.15%) and Hyundai Mipo Dockyard Co., Ltd. (7.98%).

(2) Consolidated subsidiaries

Subsidiaries as of June 30, 2015 and December 31, 2014 are summarized as follows:

Company	Main business	Location	Fiscal year end	Ownership (%)	
				2015	2014
Hyundai Samho Heavy Industries Co., Ltd.	Shipbuilding	Korea	December	94.92	94.92
Hyundai Mipo Dockyard Co., Ltd.(*1,2)	Shipbuilding	Korea	December	43.51	43.51
Hyundai Oilbank Co., Ltd.	Manufacturing of petroleum products	Korea	December	91.13	91.13
Hyundai Heavy Material Service	Sale and manufacture of machinery equipment for shipbuilding	Korea	December	100.00	100.00
KOMAS Corporation	Shipping	Korea	December	100.00	100.00
Hyundai Energy & Resources Co., Ltd.(*1)	Services for crude oil and natural gas mining	Korea	December	-	90.00
Hyundai E&T Co., Ltd.(*1)	Other engineering services	Korea	December	100.00	100.00
Ulsan Hyundai Football Club Co., Ltd.	Football club	Korea	December	100.00	100.00
Hotel Hyundai Co., Ltd.	Hotel operation	Korea	December	100.00	100.00
HI Investment & Securities Co., Ltd.(*1)	Securities brokerage	Korea	December	83.24	83.24
HI Asset Management Co., Ltd.(*1)	Asset management	Korea	December	99.99	99.99
Hyundai Finance Corporation	Granting of credit	Korea	December	72.13	67.49
Hyundai Venture Investment Corporation(*1)	Granting of credit	Korea	December	70.05	68.38
Hyundai Futures Corporation(*1)	Entrust and brokerage of futures transactions	Korea	December	65.22	65.22
Hyundai Ship Private Fund 1(*1)	Other financial business	Korea	December	100.00	100.00
HI Himsen Private Funds Investment Trust 1(*1,3)	Other financial business	Korea	December	-	21.33
HI Himsen Multi Strategy Private Funds Investment Trust 1(*1,4)	Other financial business	Korea	December	50.00	-
Hyundai Oil Terminal Co., Ltd.(*1)	Oil storage business	Korea	December	70.00	70.00
Hyundai and Shell Base Oil Co., Ltd.(*1)	Manufacturing of base oil	Korea	December	60.00	60.00

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
Notes to the Condensed Consolidated Interim Financial Statements
June 30, 2015
(Unaudited)

1. Reporting Entity, Continued

(2) Consolidated subsidiaries, continued

Company	Main business	Location	Fiscal year end	Ownership (%)	
				2015	2014
Hyundai Chemical Co., Ltd.(*1)	Crude oil refining business	Korea	December	60.00	60.00
Hyundai (Jiangsu) Construction Machinery Co., Ltd.(*1)	Sale and manufacture of machinery equipment for construction	China	December	60.00	60.00
Beijing Hyundai Jingcheng Construction Machinery Co., Ltd.(*1)	Sale and manufacture of machinery equipment for construction	China	December	60.00	60.00
HHI China Investment Co., Ltd.	Holding company	China	December	100.00	100.00
Hyundai Financial Leasing Co., Ltd.(*1)	Finance and operating leases	China	December	88.02	88.02
Hyundai Heavy Industries (China) Electric Co., Ltd.(*1)	Sale and manufacture of switchboards for electric distribution	China	December	100.00	100.00
Yantai Hyundai Moon Heavy Industries Co., Ltd.(*1)	Sale and manufacture of industrial boilers	China	December	55.00	55.00
Changzhou Hyundai Hydraulic Machinery Co., Ltd.(*1)	Sale and manufacture of hydraulic cylinders for construction equipment	China	December	100.00	100.00
Hyundai (Shandong) Heavy Industries Machinery. Co., Ltd.	Sale and manufacture of wheel loaders	China	December	100.00	100.00
Weihai Hyundai Wind Power Technology Co., Ltd.(*1)	Sale and manufacture of facilities for wind power generation	China	December	80.00	80.00
Hyundai Heavy Industries (Shanghai) R&D Co., Ltd.(*1)	Research and development of technology for construction machinery, engine and electric equipment	China	December	100.00	100.00
Hyundai Oilbank (Shanghai) Co., Ltd.(*1)	Trading in petrochemical products	China	December	100.00	100.00
HDO Singapore Pte. Ltd.(*1)	Trading in crude oil and petrochemical products, chartering	Singapore	December	100.00	100.00
Hyundai-Vinashin Shipyard Co., Ltd.(*1)	Ship repair	Vietnam	December	65.00	65.00
Hyundai Construction Equipment India Private Ltd.	Sale and manufacture of machinery equipment for construction	India	March	100.00	100.00
Hyundai Transformers and Engineering India Private Ltd.	Sale and manufacture of transformers	India	March	100.00	100.00
Hyundai Construction Equipment Americas, Inc.	Sale of machinery equipment for construction	America	December	100.00	100.00

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1. Reporting Entity, Continued

(2) Consolidated subsidiaries, continued

Company	Main business	Location	Fiscal year end	Ownership (%)	
				2015	2014
Hyundai Power Transformers USA, Inc.	Sale and manufacture of industrial electric equipment	America	December	100.00	100.00
Hyundai Ideal Electric Co.	Sale and manufacture of industrial electric equipment	America	December	100.00	100.00
PHECO Inc.	Design services for offshore facilities	America	December	100.00	100.00
HHI Battery CO., Ltd.	Manufacturing	Canada	December	100.00	100.00
Hyundai Heavy Industries Brazil - Real Estate Developments	Real estate development	Brazil	December	97.09	97.09
Hyundai Heavy Industries Brazil - Manufacturing and Trading of Construction Equipment	Manufacture, trade and repair of heavy equipment	Brazil	December	97.09	97.09
Hyundai Heavy Industries Miraflores Power Plant Inc.	Manufacturing	Panama	December	100.00	100.00
Vladivostok Business Center	Hotel operation	Russia	December	100.00	100.00
Hyundai Khorol Agro Ltd.	Agriculture	Russia	December	95.24	95.24
Hyundai Mikhailovka Agro Ltd.	Agriculture	Russia	December	100.00	100.00
Hyundai Electrosystems Co., Ltd.	Manufacture of high-voltage circuit breakers	Russia	December	100.00	100.00
Hyundai Heavy Industries Europe N.V.	Sale of machinery equipment for construction	Belgium	December	100.00	100.00
Hyundai Heavy Industries Co. Bulgaria	Sale and manufacture of transformers	Bulgaria	December	99.09	99.09
Hyundai Technologies Center Hungary Kft.	Research and development of technology	Hungary	December	100.00	100.00
Hyundai Heavy Industries France SAS	Manufacturing	France	December	100.00	100.00
Jahnel-Kestermann Getriebewerke GmbH	Designing and manufacture of gearboxes	Germany	December	100.00	100.00
JaKe Service GmbH(*1)	Gearbox repair	Germany	December	100.00	100.00
HHI MAURITIUS LIMITED	Manufacturing	Mauritius	December	100.00	100.00
MS Dandy Ltd.(*1)	Ship rental service	Marshall Islands	December	100.00	100.00
Hyundai West Africa Limited	Manufacture of other transport equipment	Nigeria	December	100.00	100.00
Hyundai Arabia Company LLC.	Industrial plant construction	Saudi Arabia	December	70.00	70.00
Grande Ltd.(*1)	Ship rental service	Marshall Islands	December	100.00	100.00

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1. Reporting Entity, Continued

(2) Consolidated subsidiaries, continued

(*1) The percentage of ownership includes indirect ownership.

(*2) Even though the Group does not have a majority ownership of Hyundai Mipo Dockyard Co., Ltd., the Group is considered to have control of Hyundai Mipo Dockyard Co., Ltd., considering that the rest of shareholders are minority shareholders and widely dispersed, and the Group exerted majority voting rights in the past shareholders' meetings.

(*3) The fund is a structured entity operated by HI asset management, a subsidiary, and the Group was considered to have control of the fund considering the proportion of ownership interests held by the Group and the terms of contractual arrangements as of December 31, 2014. For the six-month period ended June 30, 2015, the Group disposed its entire equity.

(*4) The Group is considered to have control of HI Himsen Multi Strategy Private Funds Investment Trust 1, structured entity operated by HI Investment & Securities Co., Ltd. and HI Asset Management Co., Ltd., considering the proportion of ownership interests held by the Group and the terms of contractual arrangements.

(3) Changes in scope of consolidation

(i) Subsidiaries newly subject to consolidation during 2015 are as follows:

Company	Reason
HI Himsen Multi Strategy Private Funds Investment Trust 1	Commencing control resulting from the new acquisition
HI Global Dynamic Asset Allocation Private Securities Investment Trust 1	Additional acquisition

(ii) Subsidiaries no longer subjected to consolidation in 2015 are as follows:

Company	Reason
Hyundai Energy & Resources Co., Ltd	Disposal
HI Himsen Private Funds Investment Trust 1	Disposal
HI Global Dynamic Asset Allocation Private Securities Investment Trust 1	Ownership decline

(4) Condensed financial information of consolidated subsidiaries

(i) Condensed financial information of significant consolidated subsidiaries as of and for the six-month period ended June 30, 2015 is summarized as follows:

(In millions of won)

Company	Assets	Liabilities	Equity	Sales	Profit (loss)	Total comprehensive income (loss)
Hyundai Samho Heavy Industries Co., Ltd.	₩ 7,448,640	4,612,598	2,836,042	2,216,997	(177,163)	(240,219)
Hyundai Mipo Dockyard Co., Ltd. (*)	4,924,806	3,122,779	1,802,027	1,841,972	16,621	(9,627)
Hyundai Oilbank Co., Ltd.	7,737,332	4,395,112	3,342,220	5,971,538	274,921	274,139
Hyundai Heavy Material Service KOMAS Corporation	232,020	31,427	200,593	141,871	6,515	6,515
	94,600	2,928	91,672	220	3,333	3,333
HI Investment & Securities Co., Ltd.	6,269,926	5,678,331	591,595	427,517	17,473	10,356

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1. Reporting Entity, Continued

(4) Condensed financial information of consolidated subsidiaries, continued

- (i) Condensed financial information of significant consolidated subsidiaries as of and for the six-month period ended June 30, 2015 is summarized as follows, continued:

(In millions of won)

<u>Company</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Profit (loss)</u>	<u>Total comprehensive income (loss)</u>
Hyundai Finance Corporation	₩ 166,147	24,686	141,461	11,778	(3,626)	(3,626)
Hyundai Futures Corporation	151,821	107,127	44,694	22,748	636	544
Hyundai Oil Terminal Co., Ltd.	110,276	28,078	82,198	11,861	2,328	2,328
Hyundai and Shell Base Oil Co., Ltd.	406,134	250,065	156,069	310,491	3,575	3,575
Hyundai Chemical Co., Ltd.	293,717	24,811	268,906	-	(635)	(68)
Hyundai (Jiangsu) Construction Machinery Co., Ltd.	336,568	180,907	155,661	82,205	(38,223)	(34,603)
Beijing Hyundai Jingcheng Construction Machinery Co., Ltd.	178,914	93,929	84,985	66,403	(2,723)	(718)
HHI China Investment Co., Ltd.	436,867	46,044	390,823	8,762	7,598	16,845
Hyundai Financial Leasing Co., Ltd.	467,264	203,885	263,379	19,141	2,534	8,823
Hyundai Heavy Industries (China) Electric Co., Ltd.	172,907	122,758	50,149	76,717	1,457	2,644
Hyundai (Shandong) Heavy Industries Machinery Co., Ltd.	96,511	71,338	25,173	8,204	(12,317)	(11,944)
HDO Singapore Pte. Ltd.	407,796	388,427	19,369	1,851,389	1,700	2,129
Hyundai-Vinashin Shipyard Co., Ltd.	459,529	447,573	11,956	223,035	8,093	8,357
Hyundai Construction Equipment India Private Ltd.	156,286	130,200	26,086	91,163	1,237	1,668
Hyundai Construction Equipment Americas, Inc.	214,416	164,461	49,955	147,466	1,516	2,623
Hyundai Power Transformers USA, Inc.	141,490	122,744	18,746	29,056	(13,898)	(13,486)
Hyundai Heavy Industries Brasil - Manufacturing and Trading of Construction Equipment	242,835	235,513	7,322	40,736	(17,693)	(20,773)
Hyundai Heavy Industries Europe N.V.	174,254	112,279	61,975	164,664	5,891	2,684

(*) The significant consolidated subsidiary as of June 30, 2015 and December 31, 2014 is Hyundai Mipo Dockyard Co., Ltd., and percentage of ownership for non-controlling interests are 56.49% (in the case of consideration of treasury stock, 55.90%) as of June 30, 2015 and December 31, 2014.

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1. Reporting Entity, Continued

(4) Condensed financial information of consolidated subsidiaries, continued

- (i) Condensed financial information of significant consolidated subsidiaries as of and for the six-month period ended June 30, 2015 is summarized as follows, continued:

In the six-month period ended June 30, 2015, cash and cash equivalents increased to ₩258,999 million (resulting from cash flows in operating activities ₩(-)121,391 million, investing activities ₩(-)15,155 million, and financing activities ₩395,545 million) and no dividends are paid to non-controlling interests. Also the profit (loss) for the period attributable to non-controlling interest was ₩ 9,664million (effective percentage of ownership 58.14%) and equity attributable to non-controlling interest was ₩1,047,718 million as of June 30, 2015.

In the six-month period ended June 30, 2014, cash and cash equivalents decreased to ₩9,149 million (resulting from cash flows in operating activities ₩(-)5,946 million, investing activities ₩(-)34,931 million, and financing activities ₩31,683 million) and the non-controlling interests received dividends amounting to ₩8,438 million. Also the profit (loss) for the period attributable to non-controlling interest was ₩(-)126,096 million (effective percentage of ownership 56.19%) and equity attributable to non-controlling interest was ₩1,444,894 million as of June 30, 2014.

- (ii) Condensed financial information of significant consolidated subsidiaries as of and for the year ended December 31, 2014 is summarized as follows:

(In millions of won)

Company	Assets	Liabilities	Equity	Sales	Profit (loss)	Total comprehensive income (loss)
Hyundai Samho Heavy Industries Co., Ltd.	₩ 7,268,651	4,192,390	3,076,261	4,172,054	(218,973)	(465,949)
Hyundai Mipo Dockyard Co., Ltd. (*)	4,987,681	3,176,027	1,811,654	3,365,277	(695,284)	(1,356,000)
Hyundai Oilbank Co., Ltd.	7,701,154	4,633,073	3,068,081	18,257,993	31,142	14,615
Hyundai Heavy Material Service KOMAS Corporation	225,907	31,829	194,078	243,806	5,114	5,007
	137,041	2,051	134,990	440	11,436	11,436
HI Investment & Securities Co., Ltd.	5,490,222	4,908,983	581,239	617,161	18,654	22,260
Hyundai Finance Corporation	216,812	69,895	146,917	13,733	(1,451)	(556)
Hyundai Venture Investment Corporation	73,117	999	72,118	8,462	844	1,087
Hyundai Futures Corporation	154,018	109,868	44,150	26,743	(678)	(918)
Hyundai Oil Terminal Co., Ltd.	112,754	32,884	79,870	22,667	5,608	5,529
Hyundai and Shell Base Oil Co., Ltd.	429,772	277,278	152,494	345,045	20,958	20,945
Hyundai (Jiangsu) Construction Machinery Co., Ltd.	373,765	183,501	190,264	253,746	(60,161)	(58,346)
Beijing Hyundai Jingcheng Construction Machinery Co., Ltd.	179,130	93,427	85,703	147,731	(24,604)	(23,874)
HHI China Investment Co., Ltd.	430,182	56,204	373,978	16,509	10,654	16,604

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1. Reporting Entity, Continued

(4) Condensed financial information of consolidated subsidiaries, continued

- (ii) Condensed financial information of significant consolidated subsidiaries as of and for the year ended December 31, 2014 is summarized as follows, continued:

(In millions of won)

Company	Assets	Liabilities	Equity	Sales	Profit (loss)	Total comprehensive income (loss)
Hyundai Financial Leasing Co., Ltd.	₩ 540,611	274,566	266,045	47,388	734	4,777
Hyundai Heavy Industries (China) Electric Co., Ltd.	181,022	133,517	47,505	148,446	(3,534)	(2,868)
Yantai Hyundai Moon Heavy Industries Co., Ltd.	73,676	38,992	34,684	87,940	(5,128)	(4,690)
Hyundai (Shandong) Heavy Industries Machinery Co., Ltd.	100,622	90,833	9,789	38,211	(13,488)	(13,587)
Hyundai Oilbank (Shanghai) Co., Ltd.	42,408	38,431	3,977	353,616	675	749
HDO Singapore Pte. Ltd.	350,631	333,391	17,240	6,961,229	2,744	3,434
Hyundai-Vinashin Shipyard Co., Ltd.	492,438	488,839	3,599	404,516	(114,848)	(114,931)
Hyundai Construction Equipment India PVT., Ltd.	142,570	118,152	24,418	146,811	8,302	8,582
Hyundai Construction Equipment Americas, Inc.	240,512	193,180	47,332	287,897	6,487	8,390
Hyundai Power Transformers USA, INC	150,335	118,103	32,232	84,679	(19,961)	(17,575)
Hyundai Ideal Electric Co.	70,400	42,438	27,962	72,566	542	1,661
Hyundai Heavy Industries Brasil - Real Estate Developments	57,329	36,257	21,072	8,552	(57)	(1,745)
Hyundai Heavy Industries Brasil - Manufacturing and Trading of Construction Equipment	270,463	242,368	28,095	184,606	(73,658)	(79,535)
Hyundai Electrosystems Co., Ltd.	33,131	113	33,018	-	(3,042)	(22,548)
Hyundai Heavy Industries Europe N.V.	151,902	92,611	59,291	327,540	6,499	1,454

2. Basis of Preparation

(1) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed in *the Act on External Audits of Corporations*.

These condensed consolidated interim financial statements were prepared in accordance with K-IFRS No.1034, 'Interim Financial Reporting' as part of the period covered by the Group's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2014. These condensed consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

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2. Basis of Preparation, Continued

(2) Use of estimates and judgments

(i) Judgments and uncertainties of assumptions and estimation

The preparation of the condensed consolidated interim financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2014.

(ii) Measurement of fair value

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the note 43.

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3. Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2014. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2015.

(1) Changes in accounting policies

The Group has applied the following new standards and amendments, with a date of initial application of January 1, 2015.

The nature and effects of the changes are explained below.

Contributions (K-IFRS 1019 Employee benefits)

The Group has adopted amendments to K-IFRS 1019, 'Employee benefits', since July 1, 2014. For contributions from employees or third parties which meet the conditions set out in the formal terms of the plan, an entity may choose to reduce service cost in the period in which the related service is rendered.

Contributions which are linked to service should be included in calculations of net current service cost and defined benefit liabilities, and those contributions shall be attributed to periods of services either using the plan's contribution formula or on a straight-line basis.

In accordance with the transitional requirements of K-IFRS 1019, the Group applied the amendments retrospectively. The change in accounting policy had no impact on the consolidated financial statements.

(2) Emissions Rights

The Group accounts for greenhouse gases emission right and the relevant liability as below pursuant to the Act on Allocation and Trading of Greenhouse Gas Emission which became effective in 2015.

(i) Greenhouse Gases Emission Right

Greenhouse Gases Emission Right consists of emission allowances which are allocated from the government free of charge or purchased from the market. The cost includes any directly attributable costs incurred during the normal course of business.

Emission rights held for the purpose of performing the obligation are classified as an intangible asset and are initially measured at cost and after initial recognition, are carried at cost less accumulated impairment losses. Emission rights held for short-swing profits are classified as current asset and are measured at fair value with any changes in fair value recognized through profit or loss in the respective reporting period.

The Group derecognizes an emission right asset when the emission allowance is unusable, disposed or submitted to government in which the future economic benefits are no longer expected to be probable.

(ii) Emission liability

Emission liability is a present obligation of submitting emission rights to the government with regard to emission of greenhouse gas. Emission liability is recognized when there is a high possibility of outflows of resources in performing the obligation and the costs required to perform the obligation are reliably estimable. Emission liability is an amount of estimated obligations for emission rights to be submitted to the government for the performing period. The emission liability is measured based on the expected quantity of emission for the performing period in excess of emission allowance in possession and the unit price for such emission rights in the market at of the end of the reporting period.

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4. Risk Management

The Group's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as of and for the year ended December 31, 2014.

The Group's liability to equity ratio and net borrowing to equity ratio as of June 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won, except ratio)</i>	<u>2015</u>	<u>2014</u>
Total liabilities	₩ 36,002,091	36,745,842
Total equity	16,201,431	16,638,576
Cash and deposits(*1)	2,981,722	3,619,302
Borrowings(*2)	17,974,055	16,543,127
Liability to equity ratio	222.22%	220.85%
Net borrowing to equity ratio(*3)	92.54%	77.67%

(*1) Cash and deposits consist of cash and cash equivalents and short-term and long-term financial instruments.

(*2) Discount on debentures is deducted from the face value of debentures.

(*3) Net borrowing represents borrowings net of cash and deposits.

The interest coverage ratio and basis of calculation for the six-month periods ended June 30, 2015 and 2014 are as follows.

<i>(In millions of won, except ratio)</i>	<u>2015</u>	<u>2014</u>
Operating loss	₩ (363,356)	(1,292,610)
Interest	109,751	128,530
Interest coverage ratio	(*)	(*)

(*) Due to operating loss, the Group did not calculate the interest coverage ratio.

5. Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won)</i>	<u>2015</u>	<u>2014</u>
Cash	₩ 3,304	27,700
Current deposit	122,087	44,956
Ordinary deposit	340,891	247,681
MMF	224,672	301,938
MMDA	1,203,972	1,152,454
Others	731,901	1,454,586
	<u>₩ 2,626,827</u>	<u>3,229,315</u>

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6. Short-term and Long-term Financial Assets

Short-term and long-term financial assets as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

	2015		2014	
	Current	Non-current	Current	Non-current
Financial instruments	₩ 352,755	2,140	384,845	5,142
Held-for-trading investments	3,836,840	11,550	3,936,165	31,943
Financial assets at fair value through profit or loss	255,539	197,242	234,009	154,752
Available-for-sale financial assets	228,269	1,899,889	176,881	2,304,193
Others	12,390	-	10,623	-
	₩ <u>4,685,793</u>	<u>2,110,821</u>	<u>4,742,523</u>	<u>2,496,030</u>

7. Restricted Financial Instruments and Others

Financial instruments and others, which are restricted in use, as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

	Description	Financial institutions	2015	2014	Restrictions
Short-term financial assets	Investors' deposits and others	Korea Securities Finance Corporation and others	₩ 35,076	39,650	Investors' deposits and others
Trade and other receivables			366,422	303,327	
Long-term financial assets	Deposits in won	Korea Exchange Bank and others	121	122	Guarantee deposits for checking accounts
			₩ <u>401,619</u>	<u>343,099</u>	

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8. Trade and Other Receivables and Due from Customers for Contract Work

(1) Trade and other receivables as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

	2015		2014	
	Current	Non-current	Current	Non-current
Trade receivables:				
Trade receivables	₩ 5,782,130	509,296	5,095,505	578,820
Allowance for doubtful accounts	(1,165,784)	(190,883)	(1,064,384)	(201,337)
	<u>4,616,346</u>	<u>318,413</u>	<u>4,031,121</u>	<u>377,483</u>
Loan receivables:				
Loan receivables	338,188	74,248	303,443	99,832
Allowance for doubtful accounts	(396)	(12,537)	(407)	(1,698)
	<u>337,792</u>	<u>61,711</u>	<u>303,036</u>	<u>98,134</u>
Other receivables:				
Other accounts receivable	1,594,847	2,550	1,075,298	2,882
Allowance for doubtful accounts	(217,977)	(255)	(208,409)	(249)
Accrued income	43,946	-	46,516	-
Allowance for doubtful accounts	(102)	-	(102)	-
Loans	612	180,970	5,273	208,237
Guarantee deposits	12,305	102,226	10,476	114,797
Deposits	274,087	-	261,015	-
Receivable for finance leases	177,630	88,330	213,031	130,767
Allowance for doubtful accounts	(2,610)	(1,297)	(3,143)	(1,919)
	<u>1,882,738</u>	<u>372,524</u>	<u>1,399,955</u>	<u>454,515</u>
	<u>₩ 6,836,876</u>	<u>752,648</u>	<u>5,734,112</u>	<u>930,132</u>

(2) Due from customers for contract work as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

	2015	2014
Due from customers for contract work	₩ 7,283,194	7,154,391
Allowance for doubtful accounts	(1,578)	(346)
	<u>₩ 7,281,616</u>	<u>7,154,045</u>

(3) The movement in the allowance for impairment in respect of loans and receivables for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In millions of won)

	2015	2014
Beginning balance	₩ 1,481,994	1,186,250
Impairment loss recognized	115,381	331,915
Reversal of impairment loss	(2,007)	(32,246)
Write-offs and others	(1,949)	(3,925)
Ending balance	<u>₩ 1,593,419</u>	<u>1,481,994</u>

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8. Trade and Other Receivables and Due from Customers for Contract Work, Continued

- (4) For the six-month periods ended June 30, 2015 and 2014, impairment losses and impairment reversals that occur in other receivables is recorded as other non-operating income and detail of this is as follows:

(In millions of won)

		2015		2014	
		Three-month period	Six-month period	Three-month period	Six-month period
Other bad debt expense	₩	1,397	6,622	516	856
Other allowance for bad debts reversal		-	(128)	(25,886)	(25,906)
	₩	<u>1,397</u>	<u>6,494</u>	<u>(25,370)</u>	<u>(25,050)</u>

9. Finance Leases

- (1) Gross investment in leases and the present value of minimum lease payments receivable as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

		2015		2014	
		Minimum lease payments	Unguaranteed residual value	Minimum lease payments	Unguaranteed residual value
Less than one year	₩	177,630	-	213,031	-
Later than one year between five years		88,330	-	130,767	-
Total	₩	<u>265,960</u>	<u>-</u>	<u>343,798</u>	<u>-</u>
Unearned finance income	₩	-	-	-	-
Net investment in the lease		265,960	-	343,798	-

- (2) There are no contingent rents incurred for the six-month periods ended June 30, 2015 and the year ended December 31, 2014.

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10. Inventories

Inventories as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

	2015			2014		
	Acquisition cost	Provision for inventory valuation	Carrying amount	Acquisition cost	Provision for inventory valuation	Carrying amount
Merchandise	₩ 307,510	(13,531)	293,979	383,805	(20,464)	363,341
Finished goods	630,537	(20,741)	609,796	701,579	(24,292)	677,287
Work-in-progress	1,415,979	(123,841)	1,292,138	1,518,132	(113,486)	1,404,646
Raw materials	1,518,774	(21,028)	1,497,746	2,035,170	(9,576)	2,025,594
Supplies	50,180	(732)	49,448	45,807	(778)	45,029
Materials-in-transit	1,284,104	-	1,284,104	1,306,306	-	1,306,306
	₩ 5,207,084	(179,873)	5,027,211	5,990,799	(168,596)	5,822,203

The reversal of write-down amounting to ₩11,277 million and the write-down of inventories to net realizable value amounting to ₩15,156 million are included in cost of sales for the six-month periods ended June 30, 2015 and 2014, respectively.

11. Other Assets

Other assets as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

	2015		2014	
	Current	Non-current	Current	Non-current
Advance payments	₩ 1,742,582	-	2,409,984	-
Allowance for doubtful accounts	(64)	-	(62)	-
Prepaid expenses	404,259	46,526	485,235	50,158
Plan assets	-	-	-	1,651
Others	2,029	12,502	1,103	12,613
	₩ 2,148,806	59,028	2,896,260	64,422

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12. Investments in Associates

(1) Investments in associates as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won, except percentage of ownership)

Associates	Location	Fiscal year end	Business	2015		2014	
				Ownership (%)	Carrying amount	Ownership (%)	Carrying amount
New Korea Country Club	Korea	December	Country club	29.00	₩ 24,760	40.00	₩ 33,993
Taebaek Wind Power Co., Ltd.	Korea	December	Sale and manufacture of facilities for wind power generation	35.00	7,785	35.00	7,334
Muju Wind Power Co., Ltd.	Korea	December	Sale and manufacture of facilities for wind power generation	45.00	4,868	45.00	4,871
Pyeongchang Wind Power Co., Ltd.(*)	Korea	December	Sale and manufacture of facilities for wind power generation	23.00	3,188	23.00	3,397
Jinan Jangsu Wind Power Co., Ltd.	Korea	December	Sale and manufacture of facilities for wind power generation	32.00	98	32.00	99
Changjuk Wind Power Co., Ltd.	Korea	December	Sale and manufacture of facilities for wind power generation	43.00	10,281	43.00	9,609
Hyundai Corporation	Korea	December	Exporting	22.36	225,332	22.36	211,305
Daesung Win-Win Fund	Korea	December	Investment service in culture contents field	23.81	10,830	23.81	10,268
KoFC-HVIC Pioneer Champ 2010-11 Venture Fund	Korea	December	Venture capital	40.00	4,311	40.00	4,586
KoFC-HVIC Pioneer Champ 2011-7 Venture Fund	Korea	December	Venture capital	37.50	9,087	37.50	9,906
KoFC-Partners Pioneer Champ 2011-1 Investment Fund	Korea	December	Collective investment	21.21	5,396	21.21	4,935
Qinhuangdao Shouqin Metal Materials Co., Ltd.	China	December	Thick plate-oriented comprehensive iron manufacturing	20.00	-	20.00	-
PT. HYUNDAI MACHINERY INDONESIA	Indonesia	December	Import and wholesale of machinery equipment for construction	20.83	-	20.83	-
Hyundai Primorye Ltd.	Russia	December	Farmland leasing service	49.99	3,573	49.99	3,473
Hyundai Green Industries Co., W.L.L.	Kuwait	December	Education	49.00	911	49.00	920
Tribridge Capital Management	Cayman	December	Asset management	23.93	-	23.93	-
HI Global Dynamic Asset Allocation Private Securities Investment Trust 1	Korea	December	Other financial	44.49	7,902	41.25	3,635
					₩ 318,322		₩ 308,331

(*) As of June 30, 2015, the Group collateralized its equity securities for Pyeongchang Wind Power Co., Ltd., which is a related party (note 46).

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12. Investments in Associates, Continued

- (2) The fair value of marketable securities of associates as of June 30, 2015 and December 31, 2014 is summarized as follows:
(In millions of won)

	<u>2015</u>	<u>2014</u>
Hyundai Corporation	₩ 179,241	149,783

- (3) Condensed financial information of associates as of June 30, 2015 and December 31, 2014 is summarized as follows:
(In millions of won)

Associates	<u>2015</u>										Dividends received from investments in associates
	Condensed financial information of associates										
	Current assets	Non-Current assets	Current liabilities	Non-Current liabilities	Equity	Sales	Operating profit (loss)	Profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
New Korea Country Club	₩ 18,263	16,470	2,235	3,793	28,705	5,864	943	897	-	897	200
Taebaek Wind Power Co., Ltd.	6,136	44,935	1,997	25,721	23,353	4,276	2,206	1,254	-	1,254	-
Muju Wind Power Co., Ltd.	10,554	263	-	-	10,817	-	(11)	(9)	-	(9)	-
Pyeongchang Wind Power Co., Ltd.	4,504	56,840	83	47,400	13,861	-	(574)	(909)	-	(909)	-
Jinan Jangsu Wind Power Co., Ltd.	306	-	-	-	306	-	2	(2)	-	(2)	-
Changjuk Wind Power Co., Ltd.	6,051	37,373	1,476	18,744	23,204	4,230	2,513	1,585	-	1,585	-
Hyundai Corporation	1,336,961	519,128	1,045,408	114,313	696,368	2,334,596	25,322	34,391	6,114	40,505	2,496
Daesung Win-Win Fund	38,827	6,823	164	-	45,486	2,683	2,359	2,359	-	2,359	-
KoFC-HVIC Pioneer Champ 2010-11 Venture Fund	3,713	8,395	1,330	-	10,778	1,641	1,540	1,540	(1,157)	383	-
KoFC-HVIC Pioneer Champ 2011-7 Venture Fund	2,752	21,735	255	-	24,232	2,299	43	43	(1,158)	(1,115)	-
KoFC-Partners Pioneer Champ 2011-1 Investment Fund	3,440	23,226	1,226	-	25,440	6,052	5,805	5,809	-	5,809	372
Qinhuangdao Shouqin Metal Materials Co., Ltd.	879,983	1,411,980	2,276,582	162,375	(146,994)	530,254	(76,400)	(76,413)	(3,987)	(80,400)	-
PT. Hyundai Machinery Indonesia	10,839	855	13,466	-	(1,772)	7,114	5	(806)	40	(766)	-
HYUNDAI Primorye Ltd.	1,136	4,601	33	-	5,704	111	86	84	116	200	-
Hyundai Green Industries Co., W.L.L.	-	1,860	-	-	1,860	-	-	-	(18)	(18)	-
Tribridge Capital Management	34	-	72	-	(38)	-	-	-	(2)	(2)	-
HI Global Dynamic Asset Allocation Private Securities Investment Trust 1	6,941	13,046	30	2,197	17,760	1,307	987	987	-	987	310
	₩ 2,330,440	2,167,530	3,344,357	374,543	779,070	2,900,427	(35,174)	(29,190)	(52)	(29,242)	3,378

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12. Investments in Associates, Continued

(3) Condensed financial information of associates as of June 30, 2015 and December 31, 2014 is summarized as follows, continued:

(In millions of won)

Associates	2014										
	Condensed financial information of associates										Dividends received from investments in associates
	Current assets	Non-Current assets	Current liabilities	Non-Current liabilities	Equity	Sales	Operating profit (loss)	Profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
New Korea Country Club	₩ 33,678	15,854	17,389	3,835	28,308	11,727	1,152	1,301	-	1,301	200
Taebaek Wind Power Co., Ltd.	4,585	46,191	2,998	25,679	22,099	10,362	6,157	3,856	-	3,856	1,387
Muju Wind Power Co., Ltd.	10,577	249	-	-	10,826	-	(20)	(4)	-	(4)	-
Pyeongchang Wind Power Co., Ltd.	1,144	13,628	2	-	14,770	-	(524)	(513)	-	(513)	-
Jinan Jangsu Wind Power Co., Ltd.	308	-	-	-	308	-	(1)	(1)	-	(1)	-
Changjuk Wind Power Co., Ltd.	3,924	38,425	2,007	18,723	21,619	10,487	7,130	4,741	-	4,741	1,852
Hyundai Corporation	1,433,085	493,576	1,146,017	113,622	667,022	5,366,815	38,908	33,858	49,945	83,803	2,496
Daesung Win-Win Fund	34,642	8,650	165	-	43,127	1,971	1,965	(1,378)	-	(1,378)	-
KoFC-HVIC Pioneer Champ 2010-11 Venture Fund	2,948	9,943	1,426	-	11,465	248	(453)	(447)	1,157	710	-
KoFC-HVIC Pioneer Champ 2011-7 Venture Fund	2,370	24,227	180	-	26,417	318	(918)	(918)	1,157	239	-
KoFC-Partners Pioneer Champ 2011-1 Investment Fund	2,144	22,126	1,004	-	23,266	213	(1,124)	(1,107)	-	(1,107)	-
Qinhuangdao Shouqin Metal Materials Co., Ltd.	716,930	1,415,153	2,030,973	167,704	(66,594)	1,286,741	(107,019)	(110,688)	(3,071)	(113,759)	-
PT. Hyundai Machinery Indonesia	11,371	1,515	13,892	-	(1,006)	23,129	969	860	(146)	714	-
HYUNDAI Primorye Ltd.	1,125	4,463	84	-	5,504	564	509	678	(3,346)	(2,668)	-
Hyundai Green Industries Co., W.L.L.	-	1,878	-	-	1,878	-	-	-	7	7	-
Tribridge Capital Management	32	-	68	-	(36)	-	(285)	(601)	(172)	(773)	-
HI Global Dynamic Asset Allocation Private Securities Investment Trust 1	10,343	-	1,531	-	8,812	1,193	812	812	-	812	-
	₩ 2,269,206	2,095,878	3,217,736	329,563	817,785	6,713,768	(52,742)	(69,551)	45,531	(24,020)	5,935

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
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12. Investments in Associates, Continued

(4) Changes in equity-method accounted investees for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are summarized as follows:

(In millions of won)

Associates	2015					
	Beginning balance	Acquisition (disposal)	Share of profit (loss) of equity accounted investees	Changes in equity of equity accounted investees	Dividends received	Ending balance
New Korea Country Club	₩ 33,993	(9,293)	260	-	(200)	24,760
Taebaek Wind Power Co., Ltd.	7,334	-	451	-	-	7,785
Muju Wind Power Co., Ltd.	4,871	-	(3)	-	-	4,868
Pyeongchang Wind Power Co., Ltd.	3,397	-	(209)	-	-	3,188
Jinan Jangsu Wind Power Co., Ltd.	99	-	(1)	-	-	98
Changjuk Wind Power Co., Ltd.	9,609	-	672	-	-	10,281
Hyundai Corporation	211,305	-	3,192	13,331	(2,496)	225,332
Daesung Win-Win Fund	10,268	-	562	-	-	10,830
KoFC-HVIC Pioneer Champ 2010-11 Venture Fund	4,586	(428)	617	(464)	-	4,311
KoFC-HVIC Pioneer Champ 2011-7 Venture Fund	9,906	(401)	16	(434)	-	9,087
KoFC-Partners Pioneer Champ 2011-1 Investment Fund	4,935	(399)	1,232	-	(372)	5,396
Qinhuangdao Shouqin Metal Materials Co., Ltd.(*)	-	-	-	-	-	-
PT. HYUNDAI MACHINERY INDONESIA(*)	-	-	-	-	-	-
Hyundai Primorye Ltd.	3,473	-	41	59	-	3,573
Hyundai Green Industries Co., W.L.L.	920	-	-	(9)	-	911
Tribridge Capital Management(*)	-	-	-	-	-	-
HI Global Dynamic Asset Allocation Private Securities Investment Trust 1	3,635	4,310	267	-	(310)	7,902
	₩ 308,331	(6,211)	7,097	12,483	(3,378)	318,322

(*) Application of equity method was discontinued as book value reduced to nil due to accumulated loss. The unrecognized changes in equity amounted to ₩29,777 million.

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12. Investments in Associates, Continued

(4) Changes in equity-method accounted investees for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are summarized as follows, continued:

(In millions of won)

Associates	2014					
	Beginning balance	Acquisition (disposal)	Share of profit (loss) of equity accounted investees	Changes in equity of equity accounted investees	Dividends received	Ending balance
New Korea Country Club	₩ 33,672	-	521	-	(200)	33,993
Hyundai Merchant Marine Co., Ltd.	69,815	(83,469)	(13,368)	27,022	-	-
Taebaek Wind Power Co., Ltd.	7,348	-	1,373	-	(1,387)	7,334
Muju Wind Power Co., Ltd.	4,873	-	(2)	-	-	4,871
Pyeongchang Wind Power Co., Ltd.	840	2,673	(100)	(16)	-	3,397
Jinan Jangsu Wind Power Co., Ltd.	99	-	-	-	-	99
Changjuk Wind Power Co., Ltd.	9,440	-	2,021	-	(1,852)	9,609
Hyundai Corporation	181,389	-	16,185	16,228	(2,497)	211,305
Daesung Win-Win Fund	10,597	-	(329)	-	-	10,268
KoFC-HVIC Pioneer Champ 2010-11 Venture Fund	5,561	(1,259)	(179)	463	-	4,586
KoFC-HVIC Pioneer Champ 2011-7 Venture Fund	5,579	4,238	(345)	434	-	9,906
The Second Partners Win-Win Investment Fund	245	-	(245)	-	-	-
KoFC-Partners Pioneer Champ 2011-1 Investment Fund	5,177	(7)	(235)	-	-	4,935
Qinhuangdao Shouqin Metal Materials Co., Ltd.(*)	9,433	-	(9,262)	(171)	-	-
PT. HYUNDAI MACHINERY INDONESIA(*)	-	-	-	-	-	-
Hyundai Primorje Ltd.	4,807	-	339	(1,673)	-	3,473
Hyundai Green Industries Co., W.L.L.	917	-	-	3	-	920
Tribridge Capital Management(*)	-	-	-	-	-	-
Mahy E-Cell	13,494	(13,494)	-	-	-	-
HI Global Dynamic Asset Allocation Private Securities Investment Trust 1	-	3,325	310	-	-	3,635
	₩ <u>363,286</u>	<u>(87,993)</u>	<u>(3,316)</u>	<u>42,290</u>	<u>(5,936)</u>	<u>308,331</u>

(*) Application of equity method was discontinued as book value reduced to nil due to accumulated loss. The unrecognized changes in equity amounted to ₩13,538 million.

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12. Investments in Associates, Continued

(5) Reconciliation from net assets of the associates to the carrying amount of investments in associates in the Group's consolidated financial statements as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

Associates	2015						
	Ending net assets	Ownership	Net value	Corporate adjustments (e.g. : goodwill etc)	Elimination of intra-company transactions and unrealized profits and losses	Others	Ending carrying amount
New Korea Country Club	₩ 28,705	29.00%	8,324	16,436	-	-	24,760
Taebaek Wind Power Co., Ltd.	23,353	35.00%	8,174	-	(389)	-	7,785
Muju Wind Power Co., Ltd.	10,817	45.00%	4,868	-	-	-	4,868
Pyeongchang Wind Power Co., Ltd.	13,861	23.00%	3,188	-	-	-	3,188
Jinan Jangsu Wind Power Co., Ltd.	306	32.00%	98	-	-	-	98
Changjuk Wind Power Co., Ltd.	23,204	43.00%	9,978	-	303	-	10,281
Hyundai Corporation (*)	696,368	22.36%	153,233	72,262	(163)	-	225,332
Daesung Win-Win Fund	45,486	23.81%	10,830	-	-	-	10,830
KoFC-HVIC Pioneer Champ 2010-11 Venture Fund	10,778	40.00%	4,311	-	-	-	4,311
KoFC-HVIC Pioneer Champ 2011-7 Venture Fund	24,232	37.50%	9,087	-	-	-	9,087
KoFC-Partners Pioneer Champ 2011-1 Investment Fund	25,440	21.21%	5,396	-	-	-	5,396
Qinhuangdao Shouqin Metal Materials Co., Ltd.	(146,994)	20.00%	(29,399)	-	-	29,399	-
PT. Hyundai Machinery Indonesia	(1,772)	20.83%	(369)	-	-	369	-
HYUNDAI Primorye Ltd.	5,704	49.99%	2,851	722	-	-	3,573
Hyundai Green Industries Co., W.L.L.	1,860	49.00%	911	-	-	-	911
Tribridge Capital Management	(38)	23.93%	(9)	-	-	9	-
HI Global Dynamic Asset Allocation Private Securities Investment Trust 1	17,760	44.49%	7,902	-	-	-	7,902
	<u>₩ 779,070</u>		<u>199,374</u>	<u>89,420</u>	<u>(249)</u>	<u>29,777</u>	<u>318,322</u>

(*) The net asset value of associates represents the amount attributable to the controlling interests in the associates.

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12. Investments in Associates, Continued

(5) Reconciliation from net assets of the associates to the carrying amount of investments in associates in the Group's consolidated financial statements as of June 30, 2015 and December 31, 2014 are summarized as follows, continued:

(In millions of won)

Associates	2014						
	Ending net assets	Ownership	Net value	Corporate adjustments (e.g. : goodwill etc)	Elimination of intra-company transactions and unrealized profits and losses	Others	Ending carrying amount
New Korea Country Club	₩ 28,308	40.00%	11,323	22,670	-	-	33,993
Taebaek Wind Power Co., Ltd.	22,099	35.00%	7,735	-	(401)	-	7,334
Muju Wind Power Co., Ltd.	10,826	45.00%	4,871	-	-	-	4,871
Pyeongchang Wind Power Co., Ltd.	14,770	23.00%	3,397	-	-	-	3,397
Jinan Jangsu Wind Power Co., Ltd.	308	32.00%	99	-	-	-	99
Changjuk Wind Power Co., Ltd.	21,619	43.00%	9,297	-	312	-	9,609
Hyundai Corporation (*)	667,022	22.36%	139,112	72,262	(69)	-	211,305
Daesung Win-Win Fund	43,127	23.81%	10,268	-	-	-	10,268
KoFC-HVIC Pioneer Champ 2010-11 Venture Fund	11,465	40.00%	4,586	-	-	-	4,586
KoFC-HVIC Pioneer Champ 2011-7 Venture Fund	26,417	37.50%	9,906	-	-	-	9,906
KoFC-Partners Pioneer Champ 2011-1 Investment Fund	23,266	21.21%	4,935	-	-	-	4,935
Qinhuangdao Shouqin Metal Materials Co., Ltd.	(66,594)	20.00%	(13,319)	-	-	13,319	-
PT. Hyundai Machinery Indonesia	(1,006)	20.83%	(210)	-	-	210	-
HYUNDAI Primorye Ltd.	5,504	49.99%	2,751	722	-	-	3,473
Hyundai Green Industries Co., W.L.L.	1,878	49.00%	920	-	-	-	920
Tribridge Capital Management	(36)	23.93%	(9)	-	-	9	-
HI Global Dynamic Asset Allocation Private Securities Investment Trust 1	8,812	41.25%	3,635	-	-	-	3,635
	<u>₩ 817,785</u>		<u>199,297</u>	<u>95,654</u>	<u>(158)</u>	<u>13,538</u>	<u>308,331</u>

(*) The net asset value of associates represents the amount attributable to the controlling interests in the associates.

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13. Investments in Joint Ventures

(1) Investments in joint ventures as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won, except percentage of ownership)

Joint ventures	Location	Fiscal year end	Business	2015		2014	
				Ownership (%)	Carrying amount	Ownership (%)	Carrying amount
Wärtsilä-Hyundai Engine Company Ltd.	Korea	December	Manufacture, assemble and test of marine engines and parts	50.00	₩ 71,744	50.00	₩ 98,556
Hyundai Cummins Engine Company	Korea	December	Manufacture of engines	50.00	7,181	50.00	20,802
Hyundai-Avancis Co., Ltd.	Korea	December	Sale and manufacture of solar module	50.00	31,878	50.00	32,333
Hyundai Cosmo Petrochemical Co., Ltd.	Korea	December	Manufacturing of petrochemicals	50.00	77,512	50.00	92,714
Grand China Hyundai Shipping Co., Ltd.	Hong Kong	December	Acquisition, rental, lease and charter of bulk carriers	50.00	60	50.00	59
BMC Hyundai S.A.	Brazil	December	Sale of machinery equipment for construction	30.00	-	30.00	-
Hyundai Agro-Bio Fund I	Korea	December	Other financial business	50.00	1,946	50.00	1,495
					₩ 190,321		₩ 245,959

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13. Investments in Joint Ventures, Continued

(2) Condensed financial information of joint ventures as of and for the six-month period ended June 30, 2015 and the year ended December 31, 2014 is summarized as follows:

1) Summary finance information

(In millions of won)

Joint ventures	2015										
	Condensed financial information of joint ventures										Dividends received from investments in joint ventures
	Current assets	Non-Current assets	Current liabilities	Non-Current liabilities	Equity	Sales	Operating profit (loss)	Profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
Wärtsilä-Hyundai Engine Company Ltd.	₩ 332,085	48,069	236,370	190	143,594	140,241	25,658	16,886	-	16,886	35,229
Hyundai Cummins Engine Company	22,837	-	7,144	1,331	14,362	22,260	(4,645)	(90,934)	-	(90,934)	-
Hyundai-Avancis Co., Ltd.	20,375	46,389	392	704	65,668	-	(1,135)	(935)	-	(935)	-
Hyundai Cosmo Petrochemical Co., Ltd.	344,185	900,275	375,537	464,568	404,355	1,002,705	(13,520)	(30,406)	251	(30,155)	-
Grand China Hyundai Shipping Co., Ltd.	121	-	-	-	121	-	-	-	2	2	-
BMC Hyundai S.A.	104,998	91,429	142,544	83,749	(29,866)	65,393	(946)	(5,780)	3,744	(2,036)	-
Hyundai Agro-Bio Fund I	955	3,000	63	-	3,892	28	(98)	(98)	-	(98)	-
	₩ 825,556	1,089,162	762,050	550,542	602,126	1,230,627	5,314	(111,267)	3,997	(107,270)	35,229

(In millions of won)

Joint ventures	2014										
	Condensed financial information of joint ventures										Dividends received from investments in joint ventures
	Current assets	Non-Current assets	Current liabilities	Non-Current liabilities	Equity	Sales	Operating profit (loss)	Profit (loss)	Other comprehensive income (loss)	Total comprehensive income (loss)	
Wärtsilä-Hyundai Engine Company Ltd.	₩ 387,419	54,143	214,007	30,389	197,166	396,006	89,676	70,569	(111)	70,458	27,137
Hyundai Cummins Engine Company	26,187	86,050	11,350	59,284	41,603	25,343	(17,248)	(18,513)	(158)	(18,671)	-
Hyundai-Avancis Co., Ltd.	21,250	46,697	599	745	66,603	-	(2,427)	(1,681)	-	(1,681)	-
Hyundai Cosmo Petrochemical Co., Ltd.	344,415	902,415	366,654	445,666	434,510	2,885,284	(85,259)	(112,350)	(997)	(113,347)	-
Grand China Hyundai Shipping Co., Ltd.	119	-	-	-	119	-	(5)	(5)	5	-	-
BMC Hyundai S.A.	144,485	4,283	163,239	13,359	(27,830)	271,235	(19,844)	(42,467)	2,136	(40,331)	-
Hyundai Agro-Bio Fund I	3,003	-	13	-	2,990	3	(11)	(11)	-	(11)	-
	₩ 926,878	1,093,588	755,862	549,443	715,161	3,577,871	(35,118)	(104,458)	875	(103,583)	27,137

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13. Investments in Joint Ventures, Continued

(2) Condensed financial information of joint ventures as of and for the six-month period ended June 30, 2015 and the year ended December 31, 2014 is summarized as follows, continued:

2) Additional financial information

(In millions of won)

Joint ventures	2015						
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation expense	Interest revenues	Interest expenses	Tax expense
Wärtsilä-Hyundai Engine Company Ltd.	₩ 24,259	-	-	2,235	626	-	5,207
Hyundai Cummins Engine Company	10,819	-	-	2,968	10	1,625	-
Hyundai-Avancis Co., Ltd.	19,567	-	-	308	208	31	-
Hyundai Cosmo Petrochemical Co., Ltd.	9,896	57,674	453,177	24,285	188	17,567	-
Grand China Hyundai Shipping Co., Ltd.	121	-	-	-	-	-	-
BMC Hyundai S.A.	370	16,929	11,644	1,081	235	4,225	-
Hyundai Agro-Bio Fund I	954	-	-	-	-	-	-
	₩ 65,986	74,603	464,821	30,877	1,267	23,448	5,207

(In millions of won)

Joint ventures	2014						
	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Depreciation expense	Interest revenues	Interest expenses	Tax expense
Wärtsilä-Hyundai Engine Company Ltd.	₩ 33,613	-	-	4,473	2,033	-	17,873
Hyundai Cummins Engine Company	2,232	-	58,580	4,719	111	2,145	-
Hyundai-Avancis Co., Ltd.	20,436	599	745	615	583	92	-
Hyundai Cosmo Petrochemical Co., Ltd.	27,767	173,767	432,938	70,345	1,722	29,032	-
Grand China Hyundai Shipping Co., Ltd.	118	-	-	-	-	-	-
BMC Hyundai S.A.	4,432	37,260	13,359	1,027	1,627	24,250	-
Hyundai Agro-Bio Fund I	3,003	-	-	-	-	-	-
	₩ 91,601	211,626	505,622	81,179	6,076	55,519	17,873

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13. Investments in Joint Ventures, Continued

- (3) Changes in equity method accounted joint ventures for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are summarized as follows:

(In millions of won)

Joint ventures	2015					
	Beginning balance	Acquisition	Share of profit (loss) of equity accounted investees	Changes in equity of equity accounted investees	Dividends received	Ending balance
Wärtsilä-Hyundai Engine Company Ltd. ₩	98,556	-	8,417	-	(35,229)	71,744
Hyundai Cummins Engine Company	20,802	32,000	(45,467)	(154)	-	7,181
Hyundai-Avancis Co., Ltd.	32,333	-	(455)	-	-	31,878
Hyundai Cosmo Petrochemical Co., Ltd.	92,714	-	(15,328)	126	-	77,512
Grand China Hyundai Shipping Co., Ltd.	59	-	-	1	-	60
BMC Hyundai S.A.(*)	-	-	-	-	-	-
Hyundai Agro-Bio Fund I	1,495	500	(49)	-	-	1,946
	₩ 245,959	32,500	(52,882)	(27)	(35,229)	190,321

(*) Application of equity method was discontinued as book value reduced to nil due to accumulated loss. The unrecognized changes in equity amounted to ₩2,642 million.

(In millions of won)

Joint ventures	2014					
	Beginning balance	Acquisition	Share of profit (loss) of equity accounted investees	Changes in equity of equity accounted investees	Dividends received	Ending balance
Wärtsilä-Hyundai Engine Company Ltd. ₩	90,388	-	35,360	(55)	(27,137)	98,556
Hyundai Cummins Engine Company	28,092	2,055	(9,256)	(89)	-	20,802
Hyundai-Avancis Co., Ltd.	33,149	-	(816)	-	-	32,333
Hyundai Cosmo Petrochemical Co., Ltd.	146,690	-	(53,477)	(499)	-	92,714
Grand China Hyundai Shipping Co., Ltd.	59	-	(2)	2	-	59
BMC Hyundai S.A.(*)	-	5,338	(5,588)	250	-	-
Hyundai Agro-Bio Fund I	-	1,500	(5)	-	-	1,495
	₩ 298,378	8,893	(33,784)	(391)	(27,137)	245,959

(*) Application of equity method was discontinued as book value reduced to nil due to accumulated loss. The unrecognized changes in equity amounted to ₩5,558 million.

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13. Investments in Joint Ventures, Continued

- (4) Reconciliation from net assets of the joint ventures to the carrying amount of investments in joint ventures in the Group's consolidated financial statements as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

Joint ventures	Ending net assets	Owner-ship	Net value	2015			Ending carrying amount
				Elimination of inter-segment transactions and unrealized profits and losses	Other		
Wärtsilä-Hyundai Engine Company Ltd.	₩ 143,594	50%	71,797	(53)	-	71,744	
Hyundai Cummins Engine Company	14,362	50%	7,181	-	-	7,181	
Hyundai-Avancis Co., Ltd.	65,668	50%	32,834	(956)	-	31,878	
Hyundai Cosmo Petrochemical Co., Ltd.	404,355	50%	202,178	(124,666)	-	77,512	
Grand China Hyundai Shipping Co., Ltd.	121	50%	60	-	-	60	
BMC Hyundai S.A.	(29,866)	30%	(8,960)	6,318	2,642	-	
Hyundai Agro-Bio Fund I	3,892	50%	1,946	-	-	1,946	
	₩ 602,126		307,036	(119,357)	2,642	190,321	

(In millions of won)

Joint ventures	Ending net assets	Owner-ship	Net value	2014			Ending carrying amount
				Elimination of inter-segment transactions and unrealized profits and losses	Other		
Wärtsilä-Hyundai Engine Company Ltd.	₩ 197,166	50%	98,583	(27)	-	98,556	
Hyundai Cummins Engine Company	41,603	50%	20,802	-	-	20,802	
Hyundai-Avancis Co., Ltd.	66,603	50%	33,302	(969)	-	32,333	
Hyundai Cosmo Petrochemical Co., Ltd.	434,510	50%	217,255	(124,541)	-	92,714	
Grand China Hyundai Shipping Co., Ltd.	119	50%	59	-	-	59	
BMC Hyundai S.A.	(27,830)	30%	(8,349)	2,791	5,558	-	
Hyundai Agro-Bio Fund I	2,990	50%	1,495	-	-	1,495	
	₩ 715,161		363,147	(122,746)	5,558	245,959	

14. Joint Operation

The joint operation as of June 30, 2015 and December 31, 2014 is summarized as follows:

Joint operation	Main Office	Main business	2015	2014
			Ownership (%)	Ownership (%)
FDH JV	Kuwait	Chemical plant	33.33	33.33

The Group holds a significant joint operation 'FDH JV' as of June 30, 2015 and December 31, 2014. FDH JV is a joint operation that the main purpose of arrangement is construction of Clean Fuels Project MAB2 EPC PKG ordered by Kuwait National Petroleum Company. The Group recognizes the assets and liabilities relating to its interest in a joint operation and recognizes revenues and expenses relating to its interest in a joint operation.

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15. Available-for-sale Financial Assets

Available-for-sale financial assets as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

		2015		2014	
		Current	Non-current	Current	Non-current
Listed equity securities(*1)	₩	-	1,652,636	-	2,065,917
Unlisted equity securities		-	132,103	-	137,602
Beneficiary certificates		-	57,271	-	44,116
Debt securities		228,269	17,949	176,881	18,962
Investments in capital and others(*2)		-	39,930	-	37,596
	₩	<u>228,269</u>	<u>1,899,889</u>	<u>176,881</u>	<u>2,304,193</u>

(*1) During the six-month period ended June 30, 2015, the Group issued exchangeable bond that is exchangeable to common stocks of Hyundai Merchant Marine Co., Ltd. which are listed equity securities the Company holds. The total number of exchangeable stocks is 23,424,037 shares. Should the exchangeable bond be exchanged to common stocks of Hyundai Merchant Marine Co., Ltd. in full, the percentage of ownership in the Group's investment in Hyundai Merchant Marine Co., Ltd. will decrease from 15.60% to 4.82%. Upon issuance of the exchangeable bond, the Group deposited common stocks of Hyundai Merchant Marine Co., Ltd. in Korea Securities Depository, and disposal of the stocks is restricted. In conjunction with this transaction, the Group entered into agreement with Merrill Lynch International and The Hong Kong and Shanghai Banking Corporation Limited to lend up to 10,479,174 shares of the common stocks of Hyundai Merchant Marine Co., Ltd. which was previously held by Hyundai Samho Heavy Industries Co., Ltd., one of the Company's subsidiaries. The number of common stocks Hyundai Samho Heavy Industries Co., Ltd. lent pursuant to this agreement is 6,386,023 as of June 30, 2015. According to this stock lending agreement, the lent stocks of Hyundai Samho Heavy Industries Co., Ltd. do not have voting rights and are restricted in disposal.

(*2) As of June 30, 2015 and December 31, 2014, others includes Joint Compensation Fund for Damages in the amounts of ₩8,772 million and ₩8,736 million, respectively. Pursuant to Financial Investment Services and Capital Markets Act, Section 394, as a company listed in the Korea Exchange, the Company is required to make cash deposits with the Korea Exchange which is set aside in order to compensate for damages incurred from the failure to repay liabilities with respect to transactions on the securities market or the derivative market. Withdraw of such fund by the Company is restricted.

Changes in the six-month period ended June 30, 2015 are caused by acquisition, disposal, fair value evaluation and impairment.

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16. Investment Property

- (1) Changes in investment property for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In millions of won)

		2015		
		Land	Buildings	Total
Beginning balance	₩	226,887	166,588	393,475
Acquisition and other		2,580	15,858	18,438
Disposals		-	-	-
Depreciation		-	(4,281)	(4,281)
Effects of movements in exchange rates		-	30	30
Ending balance	₩	<u>229,467</u>	<u>178,195</u>	<u>407,662</u>
Acquisition cost		229,467	223,308	452,775
Accumulated depreciation		-	(45,113)	(45,113)

(In millions of won)

		2014		
		Land	Buildings	Total
Beginning balance	₩	260,814	172,803	433,617
Acquisition and other		(18,640)	1,235	(17,405)
Disposals		(15,287)	-	(15,287)
Depreciation		-	(7,468)	(7,468)
Effects of movements in exchange rates		-	18	18
Ending balance	₩	<u>226,887</u>	<u>166,588</u>	<u>393,475</u>
Acquisition cost		226,887	204,810	431,697
Accumulated depreciation		-	(38,222)	(38,222)

- (2) Fair value of investment property for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In millions of won)

		2015		2014	
		Book value	Fair value	Book value	Fair value
Land	₩	229,467	369,563	226,887	317,791
Buildings		178,195	254,896	166,588	232,824
	₩	<u>407,662</u>	<u>624,459</u>	<u>393,475</u>	<u>550,615</u>

The fair value of investment property was determined by an external, independent appraiser, having the appropriate professional qualifications and experience in relation to the assessment of real estate in the Republic of Korea as of January 1, 2010, date of transition to K-IFRS. The valuation is determined by using comparison methods to obtain the economic value based on marketability of the property. The Group estimated fair value of investment property as of June 30, 2015 considering individual appraised value of land after the transition date.

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17. Property, Plant and Equipment

- (1) Changes in property, plant and equipment for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In millions of won)

	2015						
	Land	Buildings	Structures	Machinery and equipment	Construction in-progress	Others	Total
Beginning balance	₩ 4,413,775	3,172,324	2,779,593	4,142,572	693,083	858,875	16,060,222
Acquisitions and other	16,844	189,715	29,235	48,031	31,228	319,577	634,630
Disposals	(12,708)	(4,679)	(545)	(2,891)	(14)	(1,737)	(22,574)
Depreciation	-	(55,136)	(52,020)	(212,498)	-	(148,955)	(468,609)
Impairment	-	(13,798)	(1,093)	-	-	(64)	(14,955)
Effect of movements in exchange rates	(1,386)	(1,846)	1,367	(1,004)	173	786	(1,910)
Effects of changes in scope of consolidation	-	-	-	-	-	(32)	(32)
Ending balance	₩ 4,416,525	3,286,580	2,756,537	3,974,210	724,470	1,028,450	16,186,772
Acquisition cost	4,418,099	4,479,603	3,858,087	8,331,229	740,012	3,432,719	25,259,749
Government grants	(1,574)	(9,292)	(2,196)	(423)	-	(4,288)	(17,773)
Accumulated depreciation	-	(1,169,236)	(1,098,206)	(4,273,561)	-	(2,398,700)	(8,939,703)
Accumulated impairment	-	(14,495)	(1,148)	(83,035)	(15,542)	(1,281)	(115,501)

(In millions of won)

	2014						
	Land	Buildings	Structures	Machinery and equipment	Construction in-progress	Others	Total
Beginning balance	₩ 4,444,946	3,266,834	2,712,836	3,975,114	522,861	790,406	15,712,997
Acquisitions and other	73,316	44,808	167,456	612,777	187,516	344,993	1,430,866
Disposals	(102,780)	(7,985)	(1,559)	(9,086)	(1,068)	(5,304)	(127,782)
Depreciation	-	(110,258)	(101,202)	(432,712)	-	(271,884)	(916,056)
Impairment	-	-	-	-	(15,542)	-	(15,542)
Effect of movements in exchange rates	(1,707)	(21,075)	2,062	(3,521)	(684)	664	(24,261)
Ending balance	₩ 4,413,775	3,172,324	2,779,593	4,142,572	693,083	858,875	16,060,222
Acquisition cost	4,415,314	4,300,117	3,827,467	8,323,030	708,625	3,159,259	24,733,812
Government grants	(1,539)	(9,255)	(2,147)	(448)	-	(4,985)	(18,374)
Accumulated depreciation	-	(1,118,538)	(1,045,727)	(4,096,975)	-	(2,294,186)	(8,555,426)
Accumulated impairment	-	-	-	(83,035)	(15,542)	(1,213)	(99,790)

- (2) Construction-in-progress is related to the construction of employee dormitory buildings, the development and construction of Ihwa Industrial Park and construction of petrochemical refinery facility in Korea as of June 30, 2015.

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18. Intangible Assets

- (1) Changes in goodwill for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

<i>(In millions of won)</i>	2015	2014
Beginning balance	₩ 1,360,149	1,399,915
Impairment	-	(39,640)
Effects of changes in scope of consolidation	-	(126)
Ending balance	₩ <u>1,360,149</u>	<u>1,360,149</u>
Acquisition cost	1,515,282	1,515,282
Accumulated impairment	(155,133)	(155,133)

Details of goodwill as of June 30, 2015 and December 31, 2014 are as follows:

<i>(In millions of won)</i>	2015	2014
Hyundai Oilbank Co., Ltd	₩ 1,087,419	1,087,419
HI Investment & Securities Co., Ltd. by a subsidiary of the Company	251,899	251,899
Hyundai Samho Heavy Industry Co., Ltd	13,141	13,141
Hyundai (Shandong) Heavy Machinery Co., Ltd	7,690	7,690
	₩ <u>1,360,149</u>	<u>1,360,149</u>

- (2) Changes in development costs, networks and other intangible assets for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

	2015						
	Development costs	Networks	Customer relationships	Brands	Know-how	Other intangible assets	Total
Beginning balance	₩ 335,135	79,879	56,552	192,220	34,895	152,798	851,479
Acquisition and other	18,106	-	-	-	-	4,339	22,445
Disposals	-	-	-	-	-	(12,856)	(12,856)
Amortization	(38,890)	(2,563)	(6,168)	-	(1,506)	(4,198)	(53,325)
Impairment loss(*1)	-	-	-	-	-	(621)	(621)
Effect of movements in exchange rates	47	-	-	-	-	113	160
Effects of changes in scope of consolidation	-	-	-	-	-	(657)	(657)
Ending balance(*)	₩ <u>314,398</u>	<u>77,316</u>	<u>50,384</u>	<u>192,220</u>	<u>33,389</u>	<u>138,918</u>	<u>806,625</u>
Acquisition cost	940,029	102,519	111,048	192,220	48,201	229,781	1,623,798
Accumulated amortization	(604,894)	(25,203)	(60,664)	-	(14,812)	(84,550)	(790,123)
Accumulated impairment	(20,737)	-	-	-	-	(6,313)	(27,050)

- (*1) The Group recognized an impairment loss for a membership for which it is not probable the carrying amount will be recoverable for the six-month period ended June 30, 2015.

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18. Intangible Assets, Continued

- (2) Changes in development costs, networks and other intangible assets for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows, continued:

(In millions of won)

	2014						
	Development costs	Networks	Customer relationships	Brands	Know-how	Other intangible assets	Total
Beginning balance	₩ 350,623	85,005	68,890	192,220	37,907	151,089	885,734
Acquisition and other	72,220	-	-	-	-	15,971	88,191
Disposals	-	-	-	-	-	(5,620)	(5,620)
Amortization	(68,010)	(5,126)	(12,338)	-	(3,012)	(6,163)	(94,649)
Impairment loss	(19,678)	-	-	-	-	(2,521)	(22,199)
Effect of movements in exchange rates	(20)	-	-	-	-	42	22
Ending balance(*)	₩ 335,135	79,879	56,552	192,220	34,895	152,798	851,479
Acquisition cost	921,798	102,519	111,048	192,220	48,201	238,870	1,614,656
Accumulated amortization	(565,926)	(22,640)	(54,496)	-	(13,306)	(80,332)	(736,700)
Accumulated impairment	(20,737)	-	-	-	-	(5,740)	(26,477)

(*) The carrying amount of intangible assets with indefinite useful lives is ₩268,966 million and ₩280,414 million as of June 30, 2015 and December 31, 2014, respectively.

- (3) Research costs amounting to ₩12,095 million and ₩17,243 million, and ordinary development costs amounting to ₩84,137 million and ₩82,319 million are included in selling, general and administrative expenses for the six-month periods ended June 30, 2015 and 2014, respectively. Amortization of capitalized development costs of ₩38,890 million and ₩33,591 million are included in the manufacturing cost and selling, general and administrative expenses for the six-month periods ended June 30, 2015 and 2014, respectively.

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19. Pledged Assets

(1) Assets pledged as collateral for the Group's borrowings as of June 30, 2015 are summarized as follows:

(In millions of won and in thousands of foreign currency)

Assets	Carrying amount	Collateralized amount	Type of borrowings	Borrowings amount	Lender
Land and buildings	KRW 82,022	KRW 76,919	Long-term borrowings	KRW 36,901	Kookmin Bank
Land	KRW 112,753		Long-term borrowings		The Korea Development Bank and Others
Buildings	KRW 93,988				
Machinery and structures	KRW 1,892,958	KRW 1,440,000		KRW 524,926	
Land	KRW 8,563		Long-term borrowings		Korea Exchange Bank and Others
Buildings	KRW 3,530				
Machinery and structures	KRW 287,423	KRW 234,000		KRW 195,000	
Land	KRW 13,743		Long-term borrowings		Shinhan Bank
Buildings	KRW 2,467				
Structure	KRW 20,004	KRW 36,000		KRW 25,000	
The Korea Exchange stock	KRW 11,354	KRW 10,000	Secured loans	-	The Korea Securities Finance Corporation
Inventories and trade receivables	EUR 5,500	EUR 5,500	General purpose loans	EUR 4,500	BNP Paribas Fortis Bank, Belgium
Stocks of MS Dandy Ltd.	USD -	USD 5,645	Long-term borrowings	USD 10,554	National Federation of Fisheries Cooperatives
	<u>KRW 2,528,805</u>	<u>KRW 1,796,919</u>		<u>KRW 781,827</u>	
	-	USD 5,645		USD 10,554	
	EUR 5,500	EUR 5,500		EUR 4,500	

(2) The Group has received payment guarantees from financial institutions for advance payments on ships as of June 30, 2015. In connection with the guarantee, the Group provides as collateral its ships under construction and materials for construction (see note 44).

(3) The Group collateralized ₩3,304,216 million of held-for-trading investments, ₩326,513 million of borrowed securities and ₩161,398 million of available-for-sale financial assets for loan transactions, warranty for derivative instruments and fund for stock clearing to Korea Exchange and others.

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20. Short-term and Long-term Financial Liabilities

Short-term and long-term financial liabilities as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

		2015		2014	
		Current	Non-current	Current	Non-current
Borrowings	₩	9,753,204	3,941,283	8,907,856	3,932,725
Held-for-trading liabilities		1,000,301	64,630	1,611,249	43,581
Financial liability at fair value through profit or loss		76,919	899,375	64,739	1,010,769
Debentures		637,230	3,444,000	1,250,000	2,459,760
Discount on debentures		(974)	(9,763)	(415)	(6,799)
Exchangeable bond		-	249,101	-	-
Discount on exchangeable bond		-	(2,471)	-	-
Conversion rights adjustment		-	(37,555)	-	-
Deposit liabilities		344,173	-	285,028	-
Others		18,336	-	11,251	-
	₩	<u>11,829,189</u>	<u>8,548,600</u>	<u>12,129,708</u>	<u>7,440,036</u>

21. Trade and Other Payables

Trade and other payables as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

		2015		2014	
		Current	Non-current	Current	Non-current
Trade payables	₩	3,513,335	-	3,753,892	-
Other accounts payable		1,968,191	49	1,302,121	389
Dividend payable		-	-	933	-
Accrued expense		1,314,750	-	1,305,222	-
Deposits received		-	97,997	-	104,008
	₩	<u>6,796,276</u>	<u>98,046</u>	<u>6,362,168</u>	<u>104,397</u>

22. Other Liabilities

Other liabilities as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

		2015		2014	
		Current	Non-current	Current	Non-current
Unearned revenues	₩	42,427	-	34,405	-
Deferred revenues		-	28,886	-	28,532
Others		2,676	5,135	3,568	5,095
	₩	<u>45,103</u>	<u>34,021</u>	<u>37,973</u>	<u>33,627</u>

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23. Borrowings and Debentures

(1) Short-term borrowings as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

Type of borrowing	Lender	Annual interest rate (%)	2015	2014
General loan	Hanyang Securities	2.22~2.90	₩ 350,000	320,038
Call money	Kookmin Bank and others	1.55~1.62	110,000	80,000
Commercial paper	SK Securities Co., Ltd and others	1.65~4.60	1,459,000	1,401,400
Repurchase agreements sales	Korea Securities Finance Corporation and others	0.90~4.20	2,162,802	1,338,807
Invoice loan	Hanyang Securities	0.78	7,272	584,843
Import loan	Bank of china and others	1.19~1.78	93,709	133,137
Usance L/C	Woori Bank and others	0.28~1.35	1,895,414	2,319,210
Other borrowings from Korea Exim Bank	Export-Import Bank of Korea	2.49~2.63	167,607	300,580
Pre-shipment credit	Export-Import Bank of Korea and others	2.78~3.60	640,000	600,000
Other borrowings from KSFC	Korea Securities Finance Corporation	1.60~2.20	85,000	50,000
Borrowings from margin loans	Korea Securities Finance Corporation	2.05	6,946	13,494
Asset backed short-term bond	HMC Investment securities Co., Ltd	1.80~4.20	51,000	185,700
Loan in foreign currency	Mizuho Corporate Bank and others	LIB(1M)+0.85 ~11.25	512,924	550,123
			7,541,674	7,877,332
Current portion of long-term borrowings			2,211,530	1,030,524
			₩ 9,753,204	8,907,856

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23. Borrowings and Debentures, Continued

(2) Long-term borrowings as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

Type of borrowing	Lender	Annual interest rate (%)	2015	2014
General loan	Hana Bank and others	1.46~3.30	₩ 1,102,878	650,000
Commercial paper	SK Securities Co., Ltd and others	3.01~3.26	880,000	880,000
General loan in foreign currency	Hana Bank	1.48~2.43	1,586,555	876,502
National Housing Fund	Kookmin Bank	2.70	36,901	37,869
Energy rationalization	The Korea Development Bank	1.75	3,014	3,725
Environment improvement fund	The Korea Development Bank	2.13	1,063	1,398
General fund for equipment	The Korea Development Bank and others	3.46~3.75	743,745	823,633
Business loans (*)	Korea National Oil Corporation and others	0.75~3.75	11,864	11,602
Pre-shipment credit	Export-Import Bank of Korea	2.59~3.60	1,420,000	1,263,000
Loan in foreign currency	Standard Chartered Bank and others	LIB(1M)+0.95~6.15	366,793	415,520
			6,152,813	4,963,249
Current portion			(2,211,530)	(1,030,524)
			₩ 3,941,283	3,932,725

(*) During 2013, the consortium that included the Group decided to withdraw from its oil development business in the 4 mining areas in Yemen and Kazakhstan mining development business through sale of shares. The maturities of business loans (₩11,864 million and ₩11,602 million as of June 30, 2015 and December 31, 2014, respectively) from Korea National Oil Corporation are not readily determinable since the decision on the redemptions of these business loans are still being deliberated by the supervisory institution.

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23. Borrowings and Debentures, Continued

(3) Debentures as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

Description	Maturity	Annual interest rate (%)	2015	2014
113th debenture	2015.02.17	-	₩ -	500,000
114th -1 debenture	2015.07.24	3.23	300,000	300,000
114th -2 debenture	2017.07.24	3.35	400,000	400,000
116th -1 debenture	2017.02.26	3.14	200,000	200,000
116th -2 debenture	2019.02.26	3.45	300,000	300,000
117th -1 debenture	2018.03.03	2.45	180,000	-
117th -2 debenture	2020.03.03	2.65	50,000	-
117th -3 debenture	2022.03.03	3.05	70,000	-
Foreign currency bond	2016.06.10	1.18	337,230	329,760
105th debenture	2015.06.28	-	-	200,000
108th debenture	2015.01.25	-	-	150,000
109th debenture	2015.03.27	-	-	100,000
110th debenture	2017.07.20	3.52	300,000	300,000
111th -1 debenture	2016.10.23	3.24	100,000	100,000
111th -2 debenture	2019.10.23	3.52	100,000	100,000
112th -1 debenture	2018.01.27	3.35	150,000	150,000
112th -2 debenture	2019.01.27	3.59	50,000	50,000
113th debenture	2018.06.25	3.01	100,000	100,000
114th -1 debenture	2017.11.21	2.36	80,000	80,000
114th -2 debenture	2019.11.21	2.59	160,000	160,000
114th -3 debenture	2021.11.21	2.94	60,000	60,000
115th -1 debenture	2018.03.27	1.98	70,000	-
115th -2 debenture	2020.03.27	2.20	190,000	-
115th -3 debenture	2022.03.27	2.53	140,000	-
2th -1 debenture	2017.04.22	2.50	70,000	-
2th -2 debenture	2018.04.22	2.75	230,000	-
8th	2019.06.15	3.16	150,000	-
9th -1 debenture	2017.06.25	2.61	84,000	-
9th -2 debenture	2018.06.25	2.92	80,000	-
1st -1 subordinated bonds	2018.03.11	4.88	60,000	60,000
1st -2 subordinated bonds	2019.09.11	5.18	40,000	40,000
2nd subordinated bonds	2019.10.31	5.30	30,000	30,000
			4,081,230	3,709,760
Discount on debentures			(10,737)	(7,214)
Current portion			(637,230)	(1,250,000)
Discount on current portion			974	415
			₩ 3,434,237	2,452,961

As of June 30, 2015 the bonds of ₩36,000 million issued by the Hyundai Mipo Dockyard Co., Ltd. as held by HI Investment & Securities Co., Ltd. are eliminated as inter-segment transactions.

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23. Borrowings and Debentures, Continued

(4) Exchangeable bond

(i) Exchangeable bond as of June 30, 2015 is summarized as follows:

(In millions of won)

Description	Maturity	Annual interest rate (%)	2015	Guarantee
1 st Exchangeable bond	2020.06.29	0.00	₩ 249,101	Secured debenture
Discount on exchangeable bond			(2,471)	
Exchange rights adjustment			(37,555)	
			₩ 209,075	

(ii) Terms and conditions of the exchangeable bond issued as of June 30, 2015 are as follows:

	Description
Type of debenture.....	1st secured foreign currency denominated exchangeable bond in foreign public offering
Total face value of debenture (USD).....	221,600,000
The name of overseas listing market.....	Singapore Stock Exchange
Interest rate of debenture	
Par interest rate (%).....	0.00
Interest rate of maturity (%).....	0.00
Maturity of debenture.....	2020.06.29
Interest payment method.....	No interest payments
Principal redemption method.....	Redemption at maturity: Lump sum redemption of principal and interest at maturity only if reasons for early redemption don't occur and exchange rights aren't exercised until maturity Early redemption: There are Company's early redemption right (Call option) and investors' early redemption right (Put option)
Issue method of debenture.....	Private Placement
Details of exchange	
Exchange rate (%).....	100.00
Exchange price (in won per share).....	10,491
Determination method of exchange price...	The amount is determined by complying with 'Regulations on securities issuance and disclosure article 5-22 (decision of conversion price of conversion bonds)' and adding the exchange premium of 37.50% to the closing price of the Korea Exchange listed stocks at the time of exchange price is fixed
Exchange object.....	Common stocks of Hyundai Merchant Marine Co., Ltd.
Exercise period	
Start date.....	2015.08.10
End date.....	2020.06.18
Adjustments to exchange price.....	The amount is adjusted according to the terms and conditions of the debentures, in the event of a dilution reason such as stock split, share consolidation, change of par value, paid-in capital increase, issuance of additional stocks, company reorganization procedure, stock dividends and others
Guarantee institutions.....	The Korea Development Bank
Investors' early redemption right (Put Option).....	The early redemption rights can be exercised when following events occur - After three years from the date of payment (2018.6.29) - If change in control of the company has occurred - If stocks which the company issued are delisted or the trading is halted for more than 30 consecutive trading days

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23. Borrowings and Debentures, Continued

(4) Exchangeable bond, continued

(ii) Terms and conditions of the exchangeable bond issued as of June 30, 2015 are as follows, continued:

	Description
Company's early redemption right (Call Option).....	The early redemption is possible when following events occur <ul style="list-style-type: none"> - From 3 years after the date of payment (2018.6.29) to 30 business days prior to maturity, 20 trading days closing price of 30 trading days exceeds 130% of the exchange price - If the balance of outstanding debentures is less than 10% of the total issued amount (Clean Up Call) - If the additional tax burden by amendments of the relevant laws and others has occurred
Share lending agreement.....	Hyundai Samho Heavy Industries Co., Ltd. has procured a lender under a share lending agreement to transfer to the initial purchase a certain number of the shares, subject to the terms of such share lending agreement. <ul style="list-style-type: none"> - Purpose: Derivative transactions - The number of stocks: 10,479,174 (it can lend up to 50% of the number of lending stocks per borrowers) - Lender: Hyundai Samho Heavy Industries Co., Ltd. - Borrowers: Merrill Lynch International, The Hong Kong and Shanghai Banking Corporation Limited - Loan conditions: Until 5 years after issuance of exchangeable bond or the date of all redemption or all exchange of exchangeable bond, borrowers can borrow the number of stocks that they want within the limit of lending stocks (designated transaction method through Daewoo Securities) - Redemption method: The same type of stocks - Connectivity of exchangeable bond issuance: Loan stocks are common stocks of Hyundai Merchant Marine Co., Ltd. - Loan charges: Annual 1.0%

(iii) Characteristics of the exchange rights, investors and the Company's early redemption rights given to the above exchangeable bonds are not closely related to economic specifics and risks of the host contract, therefore they are classified as embedded derivative instruments separately from the host contract. Thus, the Company recorded a financial liability at fair value through profit or loss of ₩ 37,555 million, which is the value of the exchange rights and others as of June 30, 2015. The Company measures the fair value at each period ending and records the gain/loss in profit or loss.

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23. Borrowings and Debentures, Continued

- (5) Aggregate maturities of the Group's borrowings and debentures as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

Periods	2015			
	Borrowings	Debentures	Exchangeable bond	Total
2015.07.01 ~ 2016.06.30	₩ 9,753,204	637,230	-	10,390,434
2016.07.01 ~ 2020.06.30	3,779,520	3,174,000	249,101	7,202,621
2020.07.01 and thereafter	161,763	270,000	-	431,763
	₩ <u>13,694,487</u>	<u>4,081,230</u>	<u>249,101</u>	<u>18,024,818</u>

(In millions of won)

Periods	2014		
	Borrowings	Debentures	Total
2015.01.01 ~ 2015.12.31	₩ 8,907,856	1,250,000	10,157,856
2015.01.01 ~ 2019.12.31	3,759,814	2,399,760	6,159,574
2020.01.01 and thereafter	172,911	60,000	232,911
	₩ <u>12,840,581</u>	<u>3,709,760</u>	<u>16,550,341</u>

- (6) Issues and repayments during the six-month period ended June 30, 2015

(In millions of won)

	2015			
	Borrowings	Debentures	Exchangeable bond	Total
Beginning balance	₩ 12,840,581	3,702,546	-	16,543,127
Issues	15,434,224	1,308,503	207,080	16,949,807
Repayments	(14,674,379)	(950,000)	-	(15,624,379)
Effect of movements in exchange rates	94,061	7,470	1,995	103,526
Amortization of discount on debentures	-	1,974	-	1,974
Ending balance	₩ <u>13,694,487</u>	<u>4,070,493</u>	<u>209,075</u>	<u>17,974,055</u>

24. Employee Benefits

- (1) Recognized liabilities for defined benefit obligations as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	2015	2014
Present value of defined benefit obligations	₩ 1,864,699	1,915,147
Fair value of plan assets(*)	(1,206,507)	(1,363,914)
	₩ <u>658,192</u>	<u>551,233</u>

(*) Certain subsidiaries' (including HI Investment Securities, Co., Ltd. and others) plan assets exceed the present value of defined benefit obligations in the amount of ₩1,651 million as of December 31, 2014. Such amounts were recognized as plan assets (in other non-current assets). The fair value of plan assets included such amounts of ₩1,365,565 million as of December 31, 2014.

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24. Employee Benefits, Continued

(2) Plan assets as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	<u>2015</u>	<u>2014</u>
Retirement pension	₩ 1,195,616	1,352,929
Transfer to National Pension Fund	10,891	12,636
	<u>₩ 1,206,507</u>	<u>1,365,565</u>

(3) Expenses recognized in profit or loss for the six-month periods ended June 30, 2015 and 2014 are as follows:

(In millions of won)

	<u>2015</u>		<u>2014</u>	
	<u>Three-month period</u>	<u>Six-month period</u>	<u>Three-month period</u>	<u>Six-month period</u>
Current service costs	₩ 59,105	115,018	47,996	103,180
Past service costs	(24)	151	(172)	-
Gain or loss on adjustment	(19)	(1,158)	-	-
Interest on obligations	12,759	25,761	13,396	26,809
Expected return on plan assets	(9,302)	(18,814)	(12,492)	(24,986)
Contributions	207	370	77	133
	<u>₩ 62,726</u>	<u>121,328</u>	<u>48,805</u>	<u>105,136</u>

The Group introduced a voluntary retirement in the six-month period ended June 30, 2015. ₩193,448 million was recorded as additional retirement benefits in selling and administrative expenses.

(4) Changes in the defined benefit obligations for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In millions of won)

	<u>2015</u>	<u>2014</u>
Beginning balance	₩ 1,915,147	1,483,146
Current service costs	115,018	247,935
Past service costs	151	126,937
Gain or loss on adjustment	(1,158)	-
Interest on obligations	25,761	56,037
Benefits paid	(90,337)	(185,810)
Increase or decrease due to reduced	(100,180)	-
Transfers from related parties	2,937	1,168
Effect of movements in exchange rates	(468)	(705)
Actuarial losses in other comprehensive income (loss) :		
Demographic assumption	-	9,801
Financial assumption (discount rate and future wage increase)	1,990	136,877
Experience adjustment	(2,114)	39,761
Effects of changes in scope of consolidation	(2,048)	-
Ending balance	<u>₩ 1,864,699</u>	<u>1,915,147</u>

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24. Employee Benefits, Continued

- (5) Changes in the plan assets for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In millions of won)

	<u>2015</u>	<u>2014</u>
Beginning balance	₩ 1,365,565	1,337,212
Benefits paid	(72,098)	(157,063)
Increase or decrease due to reduced Contributions paid into the plan	(100,180)	-
Expected return on plan assets	188	150,563
Actuarial gains in other comprehensive income (loss)	18,814	50,591
Effects of changes in scope of consolidation	(3,817)	(15,738)
Ending balance	<u>₩ 1,206,507</u>	<u>1,365,565</u>

The Group reviews the level of the fund each year, and takes the policy to preserve fund in the event of a loss to the fund.

- (6) Principal actuarial assumptions as of June 30, 2015 and December 31, 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	2.71%~3.41%	3.08%~3.41%
Future salary growth	2.53%~4.42%	2.53%~4.42%
Future mortality (Males, at age 45)	0.25%~0.26%	0.25%~0.26%

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25. Long-term Provisions

Changes in long-term provisions for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In millions of won)

		2015			
		Provision for construction warranty	Provision for product warranty	Other Provision	Total
Beginning balance	₩	296,950	175,630	29,792	502,372
Additions		56,020	105,698	31,123	192,841
Reversals		(24,700)	(5,051)	(1,810)	(31,561)
Utilization		(13,001)	(50,656)	(1,860)	(65,517)
Effect of movements in exchange rates		51	489	465	1,005
Ending balance	₩	<u>315,320</u>	<u>226,110</u>	<u>57,710</u>	<u>599,140</u>

(In millions of won)

		2014			
		Provision for construction warranty	Provision for product warranty	Other Provision	Total
Beginning balance	₩	357,976	130,805	64,136	552,917
Additions		63,891	168,206	16,043	248,140
Reversals		(42,718)	(38,308)	(12,940)	(93,966)
Utilization		(82,267)	(85,197)	(37,466)	(204,930)
Effect of movements in exchange rates		68	124	19	211
Ending balance	₩	<u>296,950</u>	<u>175,630</u>	<u>29,792</u>	<u>502,372</u>

26. Derivative Financial Instruments

The Group has entered into derivative instrument contracts with various banks, including Korea Exchange Bank, to hedge the risk related to changes in foreign exchange rates, crude oil prices and others. Derivatives are measured at fair value by using the forward exchange rate presented by contract counterparty and others. Also, the Group measured the exchange right and others given to the exchangeable bond at fair value as it meets the definition of embedded derivatives instruments which needs to be separated from the host contract.

(1) The description of derivative instrument and hedge accounting is as follows:

Hedge accounting	Type	Description
Fair value hedge	Foreign currency forward	(i) Hedges the risk of changes in the fair value of firm commitments (ii) Hedges the risk of changes in foreign currency exchange rate for payables in foreign currency
Cash flow hedge	Foreign currency forward	Hedges the variability in cash flows attributable to foreign currency exposure in respect of forecasted sales and purchases
	Interest rate swap	Hedges cash flow risk on interest rate fluctuation
	Product forward	Hedges cash flow risk on refinery margin fluctuation

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26. Derivative Financial Instruments, Continued

(2) Terms of derivative contracts as of June 30, 2015 are as follows:

(In millions of won and in thousands of foreign currency)

Description	Type	Currency		Contract amount	Weighted average exchange rate	Average maturities	Number of contracts		
		Sell	Buy						
Fair value hedge	Foreign currency forward	EUR	KRW ₩	1,763	1,488.84	2016-01-07	2		
		USD	KRW	15,120,753	1,097.49	2016-05-31	3,412		
		USD	CNY	8,515	6.14	2015-09-19	6		
Cash flow hedge	Foreign currency forward	EUR	KRW	25,730	1,239.29	2015-10-20	8		
		KRW	EUR	8,205	1,440.41	2016-05-20	10		
		KRW	USD	377,461	1,098.90	2016-01-18	66		
		KRW	JPY	2,076	9.54	2016-02-29	2		
		USD	CHF	8,005	1.13	2016-01-04	6		
		USD	EUR	147,377	0.77	2015-12-08	74		
		USD	GBP	373	0.61	2015-11-16	3		
		USD	JPY	59,032	95.83	2015-09-20	5		
		USD	KRW	718,707	1,099.00	2015-12-16	142		
			Interest rate swap	KRW	KRW	57,500	-	2020-11-20	1
			Product forward	USD	USD	40,717	-	2015-07-31	4
		For trading	Foreign currency forward	USD	KRW	161,592	1,102.65	2015-10-02	11
				KRW	USD	90,539	1,115.02	2015-07-24	9
Foreign currency futures	USD		KRW	1,054	1,116.20	2015-07-20	944		
Interest rate swap	KRW		KRW	130,000	-	2016-08-31	9		
	USD		USD	20,000	-	2016-03-19	1		
Interest rate futures	KRW		KRW	378,904	-	2015-09-15	3,422		
Index futures	KRW		KRW	14,252	-	2015-07-09	113		
	USD		USD	4,108	-	2015-07-30	331		
	HKD		HKD	182,243	-	2015-07-30	282		
Index options	KRW		KRW	125	-	2015-07-09	3,821		
Stock Warrants	KRW		KRW	1,083	-	2016-11-11	2		
Commodity futures	USD		KRW	1,187	-	2015-09-12	14		
Conversion rights to exchangeable bond	KRW		KRW	249,101	-	2020-06-18	1		
Others	KRW	KRW	1,050,951	-	2017-10-10	1,226			

(*) Terms of settlement: Netting the settlement or collecting total

(**) The contract amount is denominated in the selling currency

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26. Derivative Financial Instruments, Continued

(3) Book value related to derivatives as of June 30, 2015 is as follows:

(In millions of won)

Description	Type	Financial assets or liabilities at fair value											
		Derivatives				through profit or loss				Firm commitment			
		Assets		Liabilities		Assets		Liabilities		Assets		Liabilities	
		Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Fair value hedge	Foreign currency forward	₩ 21,482	1,098	274,015	215,292	-	-	-	-	214,195	212,504	17,579	745
Cash flow hedge	Foreign currency forward	10,329	498	56,158	2,715	-	-	-	-	-	-	-	-
	Interest rate swap	-	-	-	3,951	-	-	-	-	-	-	-	-
	Product forward	6,794	-	8,760	-	-	-	-	-	-	-	-	-
For trading	Foreign currency forward	-	-	-	-	929	-	3,511	-	-	-	-	-
	Interest rate swap	-	-	-	-	10,950	163	3,633	911	-	-	-	-
	Index futures	-	-	-	-	79	1,132	-	1,132	-	-	-	-
	Index option	-	-	-	-	60	-	65	-	-	-	-	-
	Stock warrants	-	-	-	-	-	1,143	-	-	-	-	-	-
	Commodity futures	-	-	-	-	51	-	38	-	-	-	-	-
	Conversion rights to exchangeable bond	-	-	-	-	-	-	-	37,555	-	-	-	-
	Others	-	-	-	-	389	9,112	96,079	25,032	-	-	-	-
		₩ 38,605	1,596	338,933	221,958	12,458	11,550	103,288	64,630	214,195	212,504	17,579	745

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26. Derivative Financial Instruments, Continued

(4) Gain and loss on valuation and transaction of derivatives for the six-month period ended June 30, 2015 are as follows, continued

(In millions of won)

Description	Type	Increase (decrease) to sales	Increase (decrease) to cost of sales	Increase to finance income	Increase to finance costs	Increase to other non- operating income	Increase to other non- operating expenses	Accumulated other comprehensive income (loss)
Fair value hedge	Foreign currency forward	₩ (4,382)	-	80,016	362,586	305,271	30,742	-
Cash flow hedge	Foreign currency forward	(17,972)	41,670	-	-	-	-	28,164
	Interest rate swap	-	-	-	-	-	-	288
	Product forward	-	-	-	-	-	-	(1,965)
For trading	Foreign currency forward	-	1,265	23,797	20,450	-	-	-
	Foreign currency futures	3,810	3,874	-	-	-	-	-
	Interest rate swap	430	1,016	8,312	3,266	-	-	-
	Interest rate futures	45,723	14,865	-	-	-	-	-
	Index futures	15,592	17,459	-	-	-	-	-
	Index option	11,471	8,724	-	-	-	-	-
	Stock warrants	2,208	83	-	-	-	-	-
	Commodity futures	66	43	-	-	-	-	-
	Product forward	-	-	828	14	-	-	-
	Others	42,374	28,139	-	-	-	-	-
		₩ <u>99,320</u>	<u>117,138</u>	<u>112,953</u>	<u>386,316</u>	<u>305,271</u>	<u>30,742</u>	<u>26,487</u>

As of June 30, 2015, the Group applies cash flow hedge accounting, for which the Group accounted for the effective portion of the hedge amounting to ₩19,648 million, after netting off deferred tax effect of ₩6,273 million and non-controlling interest portion of ₩566 million, as gain (loss) on valuation of derivatives in accumulated other comprehensive income (loss).

The expected period of exposure to cash flow risk, where cash flow hedge accounting is applied, is approximately 65 months.

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27. Capital and Capital Surplus

(1) The Group is authorized to issue 160,000,000 shares of capital stock (par value ₩5,000), and as of June 30, 2015 and December 31, 2014, the number of issued common shares is 76,000,000. There have been no changes in the capital stock for the six-month period ended June 30, 2015.

(2) Capital surplus

Capital surplus is comprised of paid-in capital in excess of par value, capital surplus related to acquisition or disposal of interests in subsidiaries and investments in associates, and other capital surplus of the Company. Other capital surplus of the Company is derived from various sources including gains arising from previous business combination, and gains on disposal of treasury stocks and others. Capital surplus is only available for the reduction of accumulated deficit or transfer to capital stock.

Capital surplus as of June 30, 2015 and December 31, 2014 are summarized as follows:

<i>(In millions of won)</i>	<u>2015</u>	<u>2014</u>
Beginning	₩ 1,109,309	1,109,309
Gains on disposal of treasury stocks	30,801	-
	<u>₩ 1,140,110</u>	<u>1,109,309</u>

(3) Dividends

Dividends which have been paid by the Company by resolution of the general meeting of shareholders for the six-month periods ended June 30, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	<u>2015</u>	<u>2014</u>
₩ per common stock (₩2,000 for 2014)	₩ -	122,577

28. Hybrid Bonds

(1) Hybrid bonds classified as capital as of June 30, 2015 and December 31, 2014 are as follows:

<u>Description</u>	<u>Issue</u>	<u>Maturity</u>	<u>Annual interest rate (%)</u>		<u>2015</u>	<u>2014</u>
1 st -1 Hybrid bond	2014-12-15	2044-12-15	4.90	₩	360,000	360,000
1 st -2 Hybrid bond	2014-12-15	2044-12-15	4.80		70,000	70,000
					430,000	430,000
Issuance costs					(1,411)	(1,411)
				₩	<u>428,589</u>	<u>428,589</u>

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28. Hybrid Bonds, continued

(2) Terms and conditions of the hybrid bonds issued as of June 30, 2015 are as follows:

(In millions of won)

	1 st -1 Hybrid bond	1 st -2 Hybrid bond
Amount Issued	KRW 360,000	KRW 70,000
Maturity	30years(At maturity, it can be extended in accordance with the Group's decision)	
Interest Rate	Issue date ~ 2019-12-15 : Fixed rate 4.90% Re-calculated and applied every 5 years, 5-year treasury bond yield + annual 2.55% + annual 2.00% (Step-up clauses)	Issue date ~ 2019-12-15 : Fixed rate 4.80% Re-calculated and applied every 5 years, 5-year treasury bond yield + annual 2.45% + annual 2.00% (Step-up clauses)
Interest payment condition	3 months deferred payment, selective payment postpone is possible	
Other	Depending on the Company's choice, the Company can redeem at the date of 5 th anniversary after issuance and every interest payment thereafter.	

The Company has an unconditional option to extend the maturity of hybrid bonds at maturity. Also, payment of interest on the bonds can be postponed at the discretion of the Company. If the payment of interest is postponed, the Company cannot pay any dividend on common stock until the deferred interest is paid in full. The Company classifies hybrid bonds as equity because the Company holds unconditional rights to avoid the contractual obligation to deliver cash or other financial assets to the holder. In case of liquidation, the hybrid bonds are subordinated bonds which have priority over common stocks.

29. Treasury Stock

(1) Treasury stock of the Company as of June 30, 2015 and December 31, 2014 is summarized as follows:

(In millions of won, except share data)

	2015			2014		
	Number of shares	Acquisition cost	Fair value	Number of shares	Acquisition cost	Fair value
Treasury stock	13,502,638 ₩	1,285,373	1,498,793	14,711,560 ₩	1,400,455	1,691,829

Due to the wage negotiation agreements, the number of 1,208,922 treasury stocks has been distributed as wages to the Company's employees for the six-month period June 30, 2015. The Group accounted for the gain on disposal of treasury stock amounting to ₩ 30,801 million, after netting off deferred tax effect ₩ 9,834 million, as capital surplus.

(2) As of June 30, 2015, 6,063,000 of the Company's treasury stocks valued at ₩ 236,721 million at acquisition cost and ₩ 672,993 million at fair value are owned by Hyundai Mipo Dockyard Co., Ltd., a subsidiary of the Group. The Group recorded its portion as treasury stock in capital adjustments, in the amount of ₩ 99,089 million.

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30. Accumulated Other Comprehensive Income

(1) Accumulated other comprehensive income as of June 30, 2015 and December 31, 2014 is summarized as follows:

(In millions of won)

		<u>2015</u>	<u>2014</u>
Change in fair value of available-for-sale financial assets	₩	534,606	780,350
Effective portion of changes in fair value of cash flow hedges		(42,052)	(61,700)
Exchange differences on translating foreign operations		(35,753)	(45,980)
Change in equity of equity method investments		87,174	73,822
	₩	<u>543,975</u>	<u>746,492</u>

(2) Other comprehensive income (loss) for the three-month and six-month periods ended June 30, 2015 and 2014 is as follows:

(In millions of won)

	2015						
	Other comprehensive Income (loss)		Owners of the Company		Non-controlling interests		
	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period	
Change in fair value of available-for-sale financial assets	₩	(240,627)	(257,582)	(224,342)	(245,744)	(16,285)	(11,838)
Effective portion of changes in fair value of cash flow hedges		12,775	20,214	12,886	19,648	(111)	566
Exchange differences on translating foreign operations		21,520	13,835	18,843	10,227	2,677	3,608
Change in equity of equity method investments		(16)	12,880	211	13,352	(227)	(472)
Change in retained earnings of equity method investments		(8)	(225)	(8)	(225)	-	-
Defined benefit plan actuarial gains (losses)		(128)	(2,776)	41	(2,647)	(169)	(129)
	₩	<u>(206,484)</u>	<u>(213,654)</u>	<u>(192,369)</u>	<u>(205,389)</u>	<u>(14,115)</u>	<u>(8,265)</u>

(In millions of won)

	2014						
	Other comprehensive Income (loss)		Owners of the Company		Non-controlling interests		
	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period	
Change in fair value of available-for-sale financial assets	₩	(69,400)	36,021	(84,214)	17,785	14,814	18,236
Effective portion of changes in fair value of cash flow hedges		(21,128)	(15,492)	(21,047)	(15,493)	(81)	1
Exchange differences on translating foreign operations		(56,393)	(67,775)	(42,982)	(53,359)	(13,411)	(14,416)
Change in equity of equity method investments		19,839	58,815	20,155	58,824	(316)	(9)
Change in retained earnings of equity method investments		810	8,547	810	8,420	-	127
	₩	<u>(126,272)</u>	<u>20,116</u>	<u>(127,278)</u>	<u>16,177</u>	<u>1,006</u>	<u>3,939</u>

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31. Retained Earnings

Retained earnings as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

	2015	2014
Legal reserves:		
Legal appropriated retained earnings	₩ 190,000	190,000
Reserve for corporate development	30,000	30,000
Asset revaluation surplus	1,800,414	1,800,414
	<u>2,020,414</u>	<u>2,020,414</u>
Voluntary reserves:		
Reserve for business rationalization	87,277	87,277
Reserve for facilities	78,270	78,270
Reserve for research and human development	456,667	626,667
Others	10,371,831	12,068,839
	<u>10,994,045</u>	<u>12,861,053</u>
Unappropriated retained earnings	<u>867,408</u>	<u>(609,541)</u>
	<u>₩ 13,881,867</u>	<u>14,271,926</u>

32. Acquisitions of Subsidiary and Non-controlling Interests

- (1) There were no business combination transactions during the six-month period ended June 30, 2015 and the year ended December 31, 2014.
- (2) Details of changes in the Group's interests in subsidiaries which did not result in a change in control during the six-month period ended June 30, 2015 are as follows:

(i) Increases in ownership

(In millions of won)

Company	Ownership before transaction (%)	Ownership after transaction (%)	Changes in equity grounds	Original cost and others	Increase in non-controlling interests	Increase in controlling interest
Hyundai Finance Corporation	67.49%	72.13%	Additional acquisition	₩ 4,744	(6,739)	1,995
Hyundai Venture Investment Corporation	68.38%	70.05%	Additional acquisition	996	(1,177)	181
				<u>₩ 5,740</u>	<u>(7,916)</u>	<u>2,176</u>

(ii) There were no decreases in ownership.

- (3) Gain (loss) on loss of control of subsidiaries during the six-month period ended June 30, 2015 are as follows:

(In millions of won)

	Gain (loss) on loss of control(*)	Gain (loss) on measurement of remaining investments at fair value upon disposal
Hyundai Energy & Resources Co., Ltd.	₩ (941)	-
Hi Himsen Private Funds Investment Trust 1	(665)	-

(*) Gain or loss on disposal upon loss of control is presented in other non-operating income or expenses.

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33. Outstanding Contracts

(1) Sales for the three-month and six-month periods ended June 30, 2015 and 2014 are as follows:

(In millions of won)

		2015		2014	
		Three-month period	Six-month period	Three-month period	Six-month period
Construction contracts	₩	6,407,476	12,916,164	5,259,974	10,719,596
Goods sold		5,205,353	10,615,768	7,334,396	15,152,735
Services		76,917	144,659	53,766	140,265
Financial service					
Interest income		41,532	86,199	45,918	96,096
Dividend income		2,058	4,394	393	1,062
Commission income		57,854	104,469	36,044	72,283
Gain on valuation of financial instruments		29,992	75,990	22,711	38,749
Gain on disposal of financial instruments		120,228	217,632	54,034	105,499
Other operating income		4,695	8,928	4,264	5,986
	₩	<u>11,946,105</u>	<u>24,174,203</u>	<u>12,811,500</u>	<u>26,332,271</u>

(2) Changes in outstanding contracts and other sales for the six-month period ended June 30, 2015 are as follows:

(In millions of won)

		Shipbuilding	Others	Total
Beginning balance(*)	₩	26,516,383	23,952,757	50,469,140
Increase during the period		7,340,313	11,874,747	19,215,060
Recognized as revenue		(8,456,403)	(15,717,800)	(24,174,203)
Ending balance	₩	<u>25,400,293</u>	<u>20,109,704</u>	<u>45,509,997</u>

(*) The beginning balance includes the impact from changes in the exchange rate.

As of June 30, 2015, the Group has provided a certain amount of financial institution guarantee deposits or letters of guarantee from various financial institutions to the customers, in connection with construction contracts.

(3) Accumulated revenue and cost of construction and others connected with construction in progress as of June 30, 2015 are as follows:

(In millions of won)

		Accumulated revenue of construction	Accumulated cost of construction	Accumulated profit and loss of construction	Billed receivables on construction contracts	Unbilled receivables on construction contracts	Due to customers for contract work
Shipbuilding	₩	14,036,962	14,741,476	(704,514)	841,556	6,120,628	3,797,445
Others		22,106,282	22,908,238	(801,956)	680,448	1,160,988	2,122,198
	₩	<u>36,143,244</u>	<u>37,649,714</u>	<u>(1,506,470)</u>	<u>1,522,004</u>	<u>7,281,616</u>	<u>5,919,643</u>

Among the receivables on construction contracts, the amount of retentions according to the contract terms is ₩ 402,308 million.

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34. Operating Segments

The Group has 10 reportable segments, as described below, which are its strategic business units. The policies of strategic business units are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2014.

- (i) Shipbuilding: Manufacturing and sale of VLCCs, containerships, P/C ships, LNG carriers, and warships.
- (ii) Offshore and Engineering: Manufacturing and installation of offshore facilities and floating units.
- (iii) Industrial Plant and Engineering: Manufacturing and installation of thermal power plants, co-generating power plants, and processing equipment.
- (iv) Engine and Machinery: Manufacturing and sale of engines for ships, diesel power plants, industrial and marine pumps, hydraulic machinery, and industrial robots.
- (v) Electro Electric Systems: Manufacturing and sale of transformers, low and medium voltage circuit breakers, switchgears, and power electronics and control systems.
- (vi) Construction Equipment: Manufacturing and sale of construction equipment and wheel loaders.
- (vii) Green Energy: Services related to solar power systems, wind turbine systems, and new and renewable energy systems.
- (viii) Financial Services: Financing services.
- (ix) Oil Refining: Oil refining business.
- (x) Others: Hotel operation, football club and others.

Information about these reportable segments is as follows:

- (1) The financial performance of each reportable segment for the six-month periods ended June 30, 2015 and 2014 is as follows:

(In millions of won)

		2015				
		Sales	Intra-company sales	Operating profit (loss)	Profit (Loss)	Depreciation
Shipbuilding	₩	8,875,303	(418,900)	(234,007)	(157,313)	165,779
Offshore and Engineering		2,361,923	(805)	(377,008)	(367,296)	29,770
Industrial Plant and Engineering		2,403,917	(55,745)	33,163	36,722	6,955
Engine and Machinery		1,214,779	(270,745)	8,480	(10,839)	40,454
Electro Electric Systems		1,391,120	(118,441)	45,348	36,583	26,589
Construction Equipment		1,733,682	(375,956)	(1,462)	(25,273)	21,654
Green Energy		156,504	(2,476)	3,377	1,609	11,256
Financial Services		502,057	(4,445)	32,833	24,196	3,029
Oil Refining		8,235,960	(1,532,220)	331,977	281,469	137,538
Others		249,731	(171,040)	(158,658)	(233,831)	33,039
Consolidation adjustments(*)		<u>(2,950,773)</u>	<u>2,950,773</u>	<u>(47,399)</u>	<u>46,419</u>	<u>(3,173)</u>
	₩	<u>24,174,203</u>	<u>-</u>	<u>(363,356)</u>	<u>(367,554)</u>	<u>472,890</u>

(*) Consolidation adjustments are made by eliminating intra-company transactions and unrealized profits and losses, and valuations of joint venture and investments in associates using the equity method.

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34. Operating Segments, Continued

- (1) The financial performance of each reportable segment for the six-month periods ended June 30, 2015 and 2014 is as follows, continued:

(In millions of won)

		2014				
		Sales	Intra-company sales	Operating profit (loss)	Profit (Loss)	Depreciation
Shipbuilding	₩	8,575,087	(405,139)	(767,115)	(563,534)	161,670
Offshore and Engineering		1,903,030	(428)	(402,274)	(400,687)	25,963
Industrial Plant and Engineering		937,417	(68,104)	(272,798)	(277,849)	5,783
Engine and Machinery		1,012,535	(283,503)	2,913	16,252	41,887
Electro Electric Systems		1,271,571	(112,322)	59,203	41,623	25,542
Construction Equipment		2,029,840	(367,401)	60,649	43,151	22,046
Green Energy		157,908	(2,265)	(9,530)	2,576	12,538
Financial Services		324,831	(5,170)	17,318	13,634	3,215
Oil Refining		13,521,800	(2,265,534)	137,900	63,090	121,020
Others		236,902	(128,784)	(148,430)	(23,501)	32,421
Consolidation adjustments(*)		(3,638,650)	3,638,650	29,554	377,665	(3,219)
	₩	<u>26,332,271</u>	<u>-</u>	<u>(1,292,610)</u>	<u>(707,580)</u>	<u>448,866</u>

(*) Consolidation adjustments are made by eliminating intra-company transactions and unrealized profits and losses, and valuations of joint venture and investments in associates using the equity method.

- (2) The assets and liabilities of each segment as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

		2015		2014	
		Total assets	Total liabilities	Total assets	Total liabilities
Shipbuilding	₩	20,033,460	11,514,268	19,854,047	11,768,563
Offshore and Engineering		2,925,693	1,561,541	3,497,753	1,753,849
Industrial Plant and Engineering		2,011,703	2,381,068	2,092,646	3,439,383
Engine and Machinery		1,880,194	1,027,463	1,938,024	1,096,338
Electro Electric Systems		2,043,321	912,813	1,991,669	910,846
Construction Equipment		2,571,357	1,163,722	2,581,100	1,190,989
Green Energy		566,740	23,047	752,341	65,099
Financial Services		7,218,593	6,025,634	6,594,122	5,385,250
Oil Refining		8,974,515	5,102,110	8,801,272	5,320,108
Others		14,082,051	8,202,608	15,045,692	7,570,703
Consolidation adjustments(*)		(10,104,105)	(1,912,183)	(9,764,248)	(1,755,286)
	₩	<u>52,203,522</u>	<u>36,002,091</u>	<u>53,384,418</u>	<u>36,745,842</u>

(*) Consolidation adjustments are made by eliminating intra-company transactions and unrealized profits and losses, and valuations of joint venture and investments in associates using the equity method.

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34. Operating Segments, Continued

(3) Geographical information by subsidiary location is as follows:

(i) Sales for the six-month periods ended June 30, 2015 and 2014

(In millions of won)

	2015		2014	
	Sales	Intra-company sales	Sales	Intra-company sales
Korea	₩ 24,068,738	(2,246,312)	24,745,234	(2,621,445)
North America	215,817	(3,059)	224,188	(1,316)
Asia	2,587,511	(693,129)	4,654,758	(1,008,562)
Europe	209,791	(6,492)	218,091	(7,237)
Others	43,119	(1,781)	128,650	(90)
Consolidation adjustments(*)	(2,950,773)	2,950,773	(3,638,650)	3,638,650
	₩ 24,174,203	-	26,332,271	-

(*) Consolidation adjustments are made by eliminating intra-company transactions and unrealized profits and losses.

(ii) Non-current assets as of June 30, 2015 and December 31, 2014

(In millions of won)

	2015	2014
Korea	₩ 16,585,870	16,406,153
North America	118,282	122,871
Asia	411,830	417,803
Europe	63,406	80,653
Others	104,441	119,441
	17,283,829	17,146,921
Consolidation adjustments(*1)	1,477,379	1,518,404
Total(*2)	₩ 18,761,208	18,665,325

(*1) Consolidation adjustments are made by eliminating intra-company transactions and unrealized profits and losses, and valuations of joint venture and investments in associates using the equity method.

(*2) Represents the sum of investment property, property, plant and equipment and intangible assets.

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35. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three-month and six-month periods ended June 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period	Six-month period	Three-month period	Six-month period
Salaries	₩ 169,944	330,456	158,249	320,771
Post-employment benefit costs	42,515	214,932	9,614	24,758
Employee welfare	35,084	68,946	35,399	74,608
Depreciation	22,611	45,000	23,262	45,869
Bad debt expenses (reversal of bad debt allowance)	38,524	88,305	(27,913)	29,438
Ordinary development costs	43,060	84,137	42,361	82,319
Advertising	15,964	24,160	13,861	31,989
Printing	746	1,731	805	1,687
Warranty expenses (reversal)	112,519	130,580	(383)	46,070
Insurance	3,461	7,362	3,999	7,670
Supplies	2,777	5,406	4,207	7,688
Utilities	1,368	3,482	1,282	4,166
Repairs	2,141	3,869	277	2,595
Travel	6,160	11,334	7,314	13,568
Research	6,912	12,095	9,118	17,243
Training	3,068	5,312	4,137	7,555
Service contract expenses	32,948	44,552	19,536	38,151
Transportation	50,979	102,626	52,046	104,780
Rent	10,190	21,402	13,351	27,651
Data processing	9,312	14,144	7,573	12,528
Entertainment	3,243	6,798	2,858	6,481
Taxes and dues	13,949	23,441	9,499	17,453
Service charges	28,829	54,831	32,066	60,745
Automobile maintenance	2,429	5,093	2,971	6,038
Sales commissions	16,662	23,382	10,715	30,576
Others	19,187	54,404	25,562	51,784
	₩ <u>694,582</u>	<u>1,387,780</u>	<u>461,766</u>	<u>1,074,181</u>

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36. Nature of Expenses

The classification of expenses by nature for the three-month and six-month periods ended June 30, 2015 and 2014 is as follows:

(In millions of won)

	2015		2014	
	Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	₩ 188,658	790,415	306,278	421,344
Purchase of inventories	8,068,322	16,172,526	9,763,969	19,711,184
Depreciation	237,252	472,890	225,078	448,866
Amortization	26,888	53,325	23,211	46,846
Labor cost	1,040,781	2,115,279	807,561	1,622,043
Other expenses	2,555,139	4,933,124	2,789,136	5,374,598
	₩ <u>12,117,040</u>	<u>24,537,559</u>	<u>13,915,233</u>	<u>27,624,881</u>

Total expenses consist of cost of sales and selling, general and administrative expenses.

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37. Finance Income and Finance Costs

Finance income and finance costs for the three-month and six-month periods ended June 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period	Six-month period	Three-month period	Six-month period
Finance income:				
Interest income	₩ 19,353	40,944	23,805	46,887
Gain on valuation of financial instruments at fair value through profit or loss	1,924	9,760	1,417	500
Gain on disposal of financial instruments at fair value through profit or loss	9,226	23,177	1,922	20,160
Gain on disposal of available-for-sale financial assets	414	5,469	-	314
Dividend income	-	31,264	-	35,132
Gain on foreign currency translation	65,437	158,726	44,255	171,362
Gain on foreign currency transactions	181,725	340,494	175,882	305,748
Gain on valuation of derivatives	-	1,740	892,816	773,109
Gain on derivatives transactions	56,820	78,276	140,501	144,976
Others	62	80	17	17
	₩ <u>334,961</u>	<u>689,930</u>	<u>1,280,615</u>	<u>1,498,205</u>
Finance costs:				
Interest expense	₩ 55,948	109,751	56,678	128,530
Loss on valuation of financial instruments at fair value through profit or loss	3,722	5,414	-	3,536
Loss on disposal of financial instruments at fair value through profit or loss	9,057	18,316	29,547	41,506
Loss on disposal of available-for-sale financial assets	1,514	1,619	6	15
Impairment loss on available-for-sale financial assets	26,814	67,362	10,995	12,027
Loss on foreign currency translation	66,727	165,902	173,246	226,185
Loss on foreign currency transactions	185,690	372,831	160,230	283,570
Loss on valuation of derivatives	257,524	306,757	-	9,448
Loss on derivatives transactions	39,631	55,829	308	36,037
Others	-	-	47	47
	₩ <u>646,627</u>	<u>1,103,781</u>	<u>431,057</u>	<u>740,901</u>

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38. Other Non-operating Income and Other Non-operating Expenses

Other non-operating income and other non-operating expenses for the three-month and six-month periods ended June 30, 2015 and 2014 are as follows:

(In millions of won)

	2015		2014	
	Three-month period	Six-month period	Three-month period	Six-month period
Other non-operating income:				
Gain on disposal of investments in associates	₩ -	6,732	210,892	210,892
Gain on disposal of investment property	-	-	213	213
Gain on disposal of property, plant and equipment	5,613	8,217	1,283	3,421
Gain on disposal of intangible assets	153	1,986	-	-
Gain on valuation of firm commitments	242,794	305,271	-	9,588
Reversal of allowance for other doubtful accounts	-	128	25,886	25,906
Others	35,239	165,545	40,634	140,881
	₩ <u>283,799</u>	<u>487,879</u>	<u>278,908</u>	<u>390,901</u>
Other non-operating expenses:				
Service charges	₩ 3,688	4,472	2,387	4,472
Impairment loss on property, plant and equipment	14,955	14,955	-	-
Impairment loss on intangible assets	38	621	99	99
Loss on disposal of investments in associates	-	-	2,622	8,654
Loss on disposal of property, plant and equipment	1,628	1,628	4,055	5,843
Loss on disposal of intangible assets	68	965	-	13
Loss on valuation of firm commitments	15,847	30,742	907,579	798,095
Other bad debt expenses	1,397	6,622	516	856
Donation	3,949	8,014	19,389	35,603
Others	23,560	60,056	18,411	35,968
	₩ <u>65,130</u>	<u>132,466</u>	<u>955,058</u>	<u>889,603</u>

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39. Income Tax Expense (Income)

The component of income tax expense (income) for the six-month periods ended June 30, 2015 and 2014 are as follows:

(In millions of won)

	<u>2015</u>	<u>2014</u>
Current tax expense	₩ 77,588	43,664
Adjustment for prior periods	(760)	(4,710)
Origination and reversal of temporary differences	(245,935)	(381,083)
Income tax recognized in other comprehensive income (loss)	69,083	(12,356)
Total income tax expense (income)	₩ <u>(100,024)</u>	<u>(354,485)</u>
Effective tax rate	<u>(*)</u>	<u>(*)</u>

(*) Effective tax rate is not calculated since income tax expense is negative.

40. Loss per Share

(1) Basic loss per share for three month and the six-month periods ended June 30, 2015 and 2014 are as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Three-month period</u>	<u>Six-month period</u>	<u>Three-month period</u>	<u>Six-month period</u>
Loss attributable to owners of the Company <i>(in millions of won)</i>	₩ (241,166)	(379,935)	(489,031)	(547,350)
Interest for hybrid bonds	(3,980)	(7,252)	-	-
Weighted average number of ordinary shares outstanding <i>(in thousands of shares)</i>	<u>56,431</u>	<u>55,909</u>	<u>55,225</u>	<u>55,225</u>
Loss per share <i>(in won)</i>	₩ <u>(4,344)</u>	<u>(6,925)</u>	<u>(8,855)</u>	<u>(9,911)</u>

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40. Loss per Share, Continued

- (2) The weighted average number of ordinary shares for the six-month periods ended June 30, 2015 and 2014 is as follows:

<i>(In shares)</i>	2015		
	Number of shares outstanding	Weighted average	Weighted average number of shares outstanding
Beginning balance	55,225,440	181/181	55,225,440
Disposal of treasury shares	1,167,690	103/181	664,487
Disposal of treasury shares	41,232	84/181	19,135
Weighted average number of ordinary shares outstanding	56,434,362		55,909,062
<i>(In shares)</i>	2014		
	Number of shares outstanding	Weighted average	Weighted average number of shares outstanding
Beginning balance	55,225,440	181/181	55,225,440
Disposal of treasury shares	-	-	-
Weighted average number of ordinary shares outstanding	55,225,440		55,225,440

- (3) Since there are no dilutive potential common shares for the three-month and six-month periods ended June 30, 2015 and 2014, diluted earnings per share have not been calculated.

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41. Cash Generated from Operations

(1) Cash generated from operations for six-month periods ended June 30, 2015 and 2014 are summarized as follows:

(In millions of won)

	<u>2015</u>	<u>2014</u>
Loss for the period	₩ (367,554)	(707,580)
Adjustments for:		
Post-employment benefit costs	120,958	105,003
Depreciation	472,890	448,866
Amortization	53,325	46,846
Bad debt expenses	88,305	29,438
Compensation expenses (income) associated with stock options	14,529	(5,546)
Finance income	(247,902)	(1,027,304)
Finance costs	743,375	445,053
Other non-operating income	(331,376)	(335,700)
Other non-operating expenses	66,929	816,749
Share of loss of equity accounted investees	45,785	28,057
Income tax expense (income)	(100,024)	(354,485)
Finance income (sales)	(182,717)	(138,152)
Finance costs (cost of sales)	123,130	91,653
Changes in assets and liabilities:		
Short-term financial assets	41,953	684,040
Trade receivables	(540,655)	(53,944)
Other receivables	(487,368)	(1,030,737)
Due from customers for contract work	(98,773)	27,564
Inventories	790,415	421,344
Derivatives	(720,296)	251,316
Firm commitments	30,378	(349,159)
Other current assets	729,643	(409,261)
Long-term financial assets	(28)	(821)
Long-term trade receivables	37,222	(1,643)
Long-term other receivables	44,459	(2,882)
Other non-current assets	(1,944)	238
Short-term financial liabilities	66,230	122,995
Trade payables	(276,750)	(56,931)
Other payables	809,444	1,335,169
Advances from customers	(124,323)	(14,218)
Due to customers for contract work	(2,227,411)	1,542,219
Other current liabilities	2,601	7,108
Long-term other payables	(8,314)	(15,009)
Benefits paid	(190,517)	(19,262)
Succession of benefits	2,937	1,070
Plan assets	172,090	14,599
Non-current liabilities	95,764	(27,566)
Other non-current liabilities	552	297
	₩ <u>(1,353,038)</u>	<u>1,869,424</u>

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41. Cash Flows from Operations, Continued

(2) Significant transactions that do not involve cash inflows and outflows as of June 30, 2015 and 2014 are as follow:

<i>(In millions of won)</i>	<u>2015</u>	<u>2014</u>
Reclassification of construction-in-progress	₩ 468,148	211,640
Reclassification of current portion of bond and borrowings	1,780,262	1,185,247
Increase (decrease) of change in fair value of available-for-sale financial assets	(257,582)	36,021
Reclassification of accrued expense and treasury stocks due to payment of treasury stocks in accordance with wage and collective bargaining	141,189	-

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42. Categories of Financial Instruments and Income and Costs by Categories

(1) Categories of financial instruments as of June 30, 2015 and December 31, 2014 are summarized as follows:

(In millions of won)

	2015									
	Cash and cash equivalents	Held-for-trading investments	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Derivative assets	Held-for-trading liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivative liabilities
Cash and cash equivalents	₩ 2,626,827	-	-	-	-	-	-	-	-	-
Short-term financial assets	-	3,836,840	255,539	228,269	365,145	-	-	-	-	-
Trade and other receivables	-	-	-	-	6,836,876	-	-	-	-	-
Due from customers for contract work	-	-	-	-	7,281,616	-	-	-	-	-
Derivative assets (current)	-	-	-	-	-	38,605	-	-	-	-
Long-term financial assets	-	11,550	197,242	1,899,889	2,140	-	-	-	-	-
Long-term trade and other receivables	-	-	-	-	752,648	-	-	-	-	-
Derivative assets (non-current)	-	-	-	-	-	1,596	-	-	-	-
Short-term financial liabilities	-	-	-	-	-	-	1,000,301	76,919	10,751,969	-
Trade and other payables	-	-	-	-	-	-	-	-	6,796,276	-
Derivative liabilities (current)	-	-	-	-	-	-	-	-	-	338,933
Long-term financial liabilities	-	-	-	-	-	-	64,630	899,375	7,584,595	-
Long-term trade and other liabilities	-	-	-	-	-	-	-	-	98,046	-
Derivative liabilities (non-current)	-	-	-	-	-	-	-	-	-	221,958
	<u>₩ 2,626,827</u>	<u>3,848,390</u>	<u>452,781</u>	<u>2,128,158</u>	<u>15,238,425</u>	<u>115,009</u>	<u>1,064,931</u>	<u>976,294</u>	<u>25,230,886</u>	<u>560,891</u>

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42. Categories of Financial Instruments and Income and Costs by Categories, Continued

(1) Categories of financial instruments as of June 30, 2015 and December 31, 2014 are summarized as follows, continued:

(In millions of won)

	2014									
	Cash and cash equivalents	Held-for- trading investments	Financial assets at fair value through profit or loss	Available-for- sale financial assets	Loans and receivables	Derivative assets	Held-for- trading liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivative liabilities
Cash and cash equivalents	₩ 3,229,315	-	-	-	-	-	-	-	-	-
Short-term financial assets	-	3,936,165	234,009	176,881	395,468	-	-	-	-	-
Trade and other receivables	-	-	-	-	5,734,112	-	-	-	-	-
Due from customers for contract work	-	-	-	-	7,154,045	-	-	-	-	-
Derivative assets (current)	-	-	-	-	-	127,429	-	-	-	-
Long-term financial assets	-	31,943	154,752	2,304,193	5,142	-	-	-	-	-
Long-term trade and other receivables	-	-	-	-	930,132	-	-	-	-	-
Derivative assets (non-current)	-	-	-	-	-	19,376	-	-	-	-
Short-term financial liabilities	-	-	-	-	-	-	1,611,249	64,739	10,453,720	-
Trade and other payables	-	-	-	-	-	-	-	-	6,362,168	-
Derivative liabilities (current)	-	-	-	-	-	-	-	-	-	204,790
Long-term financial liabilities	-	-	-	-	-	-	43,581	1,010,769	6,385,686	-
Long-term trade and other liabilities	-	-	-	-	-	-	-	-	104,397	-
Derivative liabilities (non-current)	-	-	-	-	-	-	-	-	-	162,567
	<u>₩ 3,229,315</u>	<u>3,968,108</u>	<u>388,761</u>	<u>2,481,074</u>	<u>14,218,899</u>	<u>146,805</u>	<u>1,654,830</u>	<u>1,075,508</u>	<u>23,305,971</u>	<u>367,357</u>

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42. Categories of Financial Instruments and Income and Costs by Categories, Continued

(2) Financial instruments income and costs by categories for the six-month periods ended June 30, 2015 and 2014 are as follows:

	2015									
	Net income (loss)		Other comprehensive income (loss)		Interest income and interest expense(*)		Fee income and fee expense		Impairment loss	
	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period
Cash and cash equivalents	₩ 20,724	45,452	-	-	1,022	14,006	-	-	-	-
Held-for-trading investments	81,792	186,902	-	-	24,821	52,393	-	-	-	-
Financial assets at fair value through profit or loss	5,544	15,477	-	-	563	1,143	-	-	-	-
Available-for-sale financial assets	(21,994)	(13,843)	(240,627)	(257,582)	1,408	2,769	236	475	(28,036)	(68,584)
Loans and receivables	79,268	35,788	-	-	33,070	56,831	544	4,303	(55,438)	(113,374)
Held-for-trading liabilities	(44,426)	(84,587)	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	(9,156)	(35,771)	-	-	(332)	(805)	-	-	-	-
Financial liabilities measured at amortized cost	(236,701)	(377,133)	-	-	(114,364)	(226,991)	-	-	-	-
Derivatives	(240,072)	(282,568)	12,775	20,214	-	-	-	-	-	-

(*) Interest income and interest expense includes interest income and interest expense arising from effective interest rate amortization.

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42. Categories of Financial Instruments and Income and Costs by Categories, Continued

(2) Financial instruments income and costs by categories for the six-month periods ended June 30, 2015 and 2014 are as follows, continued:

	2014									
	Net income (loss)		Other comprehensive income (loss)		Interest income and interest expense(*)		Fee income and fee expense		Impairment loss	
	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period
Cash and cash equivalents	₩ (33,948)	(698)	-	-	8,002	17,582	-	-	-	-
Held-for-trading investments	73,657	105,646	-	-	24,741	53,554	-	-	-	-
Financial assets at fair value through profit or loss	1,162	8,705	-	-	-	-	-	-	-	-
Available-for-sale financial assets	(19,778)	31,135	(69,400)	36,021	1,438	3,460	217	449	(10,995)	(12,036)
Loans and receivables	(289,491)	(206,115)	-	-	35,543	68,387	1,240	2,200	47,922	(14,817)
Held-for-trading liabilities	(63,928)	(66,102)	-	-	-	-	-	-	-	-
Financial liabilities at fair value through profit or loss	(12,579)	(23,558)	-	-	-	-	-	-	-	-
Financial liabilities measured at amortized cost	198,693	20,178	-	-	(114,047)	(232,764)	-	-	-	-
Derivatives	1,027,581	870,874	(21,128)	(15,492)	-	-	-	-	-	-

(*) Interest income and interest expense includes interest income and interest expense arising from effective interest rate amortization.

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43. Risk of Financial Instruments

(1) Currency risk

The Group's exposure to foreign currency risk based on notional amounts as of June 30, 2015 and December 31, 2014 is as follows:

(In millions of won)

		2015					
		USD	EUR	CNY	JPY	Others	Total
Cash and cash equivalents	₩	545,430	380	8,447	317	90,357	644,931
Loans and receivables		11,688,889	134,116	9,534	447	632,437	12,465,423
Trade and other payables		(2,554,693)	(176,117)	(1,325)	(8,347)	(229,840)	(2,970,322)
Borrowings		(4,078,376)	(198,938)	-	(80,761)	(871)	(4,358,946)
Gross statement of financial position exposure		5,601,250	(240,559)	16,656	(88,344)	492,083	5,781,086
Derivative contracts		(480,826)	(22,398)	-	(14,413)	282	(517,355)
Net exposure	₩	<u>5,120,424</u>	<u>(262,957)</u>	<u>16,656</u>	<u>(102,757)</u>	<u>492,365</u>	<u>5,263,731</u>

(In millions of won)

		2014					
		USD	EUR	CNY	JPY	Others	Total
Cash and cash equivalents	₩	570,755	8,536	997	285	79,262	659,835
Loans and receivables		10,486,196	121,199	112,947	3,500	468,871	11,192,713
Trade and other payables		(2,326,570)	(122,775)	(7,236)	(11,751)	(213,397)	(2,681,729)
Borrowings		(3,909,110)	(290,275)	-	(94,122)	(22)	(4,293,529)
Gross statement of financial position exposure		4,821,271	(283,315)	106,708	(102,088)	334,714	4,877,290
Derivative contracts		(169,291)	(20,814)	-	(26,806)	(404)	(217,315)
Net exposure	₩	<u>4,651,980</u>	<u>(304,129)</u>	<u>106,708</u>	<u>(128,894)</u>	<u>334,310</u>	<u>4,659,975</u>

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43. Risk of Financial Instruments, Continued

(2) Fair values

(i) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

(In millions of won)

	2015		2014	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Assets carried at fair value:				
Held-for-trading investments	₩ 3,848,390	3,848,390	3,968,108	3,968,108
Financial assets at fair value through profit or loss	452,781	452,781	388,761	388,761
Available-for-sale financial assets(*)	2,128,158	2,128,158	2,481,074	2,481,074
Derivative assets	40,201	40,201	146,805	146,805
	<u>₩ 6,469,530</u>	<u>6,469,530</u>	<u>6,984,748</u>	<u>6,984,748</u>
Cash and cash equivalents	₩ 2,626,827	2,626,827	3,229,315	3,229,315
Assets carried at amortized cost:				
Loans and receivables	15,238,425	15,238,425	14,218,899	14,218,899
Financial assets total	<u>₩ 24,334,782</u>	<u>24,334,782</u>	<u>24,432,962</u>	<u>24,432,962</u>
Liabilities carried at fair value:				
Held-for-trading liabilities	₩ 1,064,931	1,064,931	1,654,830	1,654,830
Financial liabilities at fair value through profit or loss	976,294	976,294	1,075,508	1,075,508
Derivative liabilities	560,891	560,891	367,357	367,357
	<u>₩ 2,602,116</u>	<u>2,602,116</u>	<u>3,097,695</u>	<u>3,097,695</u>
Liabilities carried at amortized cost:				
Bank loans	₩ 13,694,487	13,694,487	12,840,581	12,840,581
Bond issues	4,070,493	4,070,493	3,702,546	3,702,546
Exchangeable bond	209,075	209,075	-	-
Trade and other payables	6,894,322	6,894,322	6,466,565	6,466,565
Deposit liabilities	344,173	344,173	285,028	285,028
Others	18,336	18,336	11,251	11,251
	<u>25,230,886</u>	<u>25,230,886</u>	<u>23,305,971</u>	<u>23,305,971</u>
Financial assets total	<u>₩ 27,833,002</u>	<u>27,833,002</u>	<u>26,403,666</u>	<u>26,403,666</u>

(*) The amounts of available-for-sale financial assets that were recorded at their acquisition cost because the fair values cannot be estimated reliably as of June 30, 2015 and December 31, 2014 are ₩99,480 million and ₩99,169 million, respectively.

(ii) Fair value hierarchy

The different levels have been defined as follows:

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

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43. Risk of Financial Instruments, Continued

(2) Fair values, continued

The financial instruments carried at fair value, by fair value hierarchy as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

		Level 1	Level 2	Level 3	Total
2015:					
Held-for-trading investments	₩	1,363,427	2,475,462	9,501	3,848,390
Financial assets at fair value through profit or loss		-	190,813	261,968	452,781
Available-for-sale financial assets		1,657,212	296,709	74,757	2,028,678
Derivative assets		-	40,201	-	40,201
Held-for-trading liabilities		837,939	105,880	121,112	1,064,931
Financial liabilities at fair value through profit or loss		-	-	976,294	976,294
Derivative liabilities		-	560,891	-	560,891
2014:					
Held-for-trading investments		934,946	3,001,080	32,082	3,968,108
Financial assets at fair value through profit or loss		-	135,839	252,922	388,761
Available-for-sale financial assets		2,072,015	236,133	73,757	2,381,905
Derivative assets		-	146,805	-	146,805
Held-for-trading liabilities		1,377,832	134,498	142,500	1,654,830
Financial liabilities at fair value through profit or loss		-	-	1,075,508	1,075,508
Derivative liabilities		-	367,357	-	367,357

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 are comprised primarily of listed equity investments.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fairly value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of reporting period, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Unlisted equity securities, investments in capital and others investments in companies newly established or having no comparative company are excluded from the fair value valuation because their fair value cannot be measured reliably.

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43. Risk of Financial Instruments, Continued

(3) Valuation techniques and input variables of Level 2 fair values

The valuation techniques and input variables used in measuring Level 2 fair values as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	<u>2015</u>	<u>2014</u>	<u>Valuation techniques</u>	<u>Input variables</u>
Held-for-trading investments:				
Debt securities			Cash flow discount model and others	Discount rate and others
	₩ 2,447,552	2,986,838		
Beneficiary certificates	14,725	10,661	Net asset value, cash flow discount model and others	Discount rate and others
Derivatives	13,185	581	Cash flow discount model and others	Currency forward price, discount rate and others
Others	-	3,000	Base price	
	<u>2,475,462</u>	<u>3,001,080</u>		
Financial assets at fair value through profit or loss:				
Others	190,813	135,839	Net asset value, cash flow discount model and others	Discount rate and others
Available-for-sale financial assets:				
Debt securities	223,825	176,462	Cash flow discount model and others	Discount rate and others
Beneficiary certificates	64,012	50,835	Market approach, net asset value, cash flow discount model and others	CER future price, discount rate and others
Others	8,872	8,836	Net asset value and others	
	<u>296,709</u>	<u>236,133</u>		
Derivative assets:				
Derivatives	40,201	146,805	Cash flow discount model and others	Currency forward price, discount rate and others
Held-for-trading liabilities:				
Sale securities	60,270	130,995	Cash flow discount model and others	Discount rate and others
Derivatives	8,055	2,997	Cash flow discount model and others	Currency forward price, discount rate and others
Exchange rights to exchangeable bond	37,555	-	Binomial model	Variability of stock price, discount rate and others
Others	-	506	Cash flow discount model and others	Currency forward price, discount rate and others
	<u>105,880</u>	<u>134,498</u>		
Derivative liabilities:				
Derivatives	560,891	367,357	Cash flow discount model and others	Currency forward price, discount rate and others

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43. Risk of Financial Instruments, Continued

(4) Level 3 fair values

(i) Changes in assets and liabilities which are classified as Level 3 fair values among assets and liabilities measured at fair value for the six-month period ended June 30, 2015 and the year ended December 31, 2014 are as follows:

(In millions of won)

	2015						
	Beginning Balance	Acquisitions	Disposals	Transfer to Level 3	Transfer from Level 3	Valuation	Ending Balance
Held-for-trading investments	₩ 32,082	9,090	(66,607)	-	-	34,936	9,501
Financial assets at fair value through profit or loss	252,922	239,120	(238,558)	-	-	8,484	261,968
Available-for-sale financial assets	73,757	1,330	-	-	-	(330)	74,757
Held-for-trading liabilities	142,500	22,932	(20,181)	-	-	(24,139)	121,112
Financial liabilities at fair value through profit or loss	1,075,508	897,346	(972,511)	-	-	(24,049)	976,294

(In millions of won)

	2014						
	Beginning Balance	Acquisitions	Disposals	Transfer to Level 3	Transfer from Level 3	Valuation	Ending Balance
Held-for-trading investments	₩ 36,126	37,870	(41,683)	-	-	(231)	32,082
Financial assets at fair value through profit or loss	100,115	367,591	(193,719)	-	-	(21,065)	252,922
Available-for-sale financial assets	93,496	15,178	(17,067)	-	(9,316)	(8,534)	73,757
Held-for-trading liabilities	9,919	145,728	(16,898)	-	-	3,751	142,500
Financial liabilities at fair value through profit or loss	484,017	1,662,382	(982,501)	-	-	(88,390)	1,075,508

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43. Risk of Financial Instruments, Continued

(4) Level 3 fair values, continued

(ii) The valuation techniques and input variables used in measuring Level 3 fair values as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	2015	Valuation techniques	Input variables	Significant unobservable input variables	Ranges of significant unobservable input variables
Held-for-trading investments:					
Derivatives	₩ 9,501	Black-Scholes Models and others	Volatility and others	Underlying asset price, volatility of underlying asset and others	0.108573~0.520957
Financial asset at fair value through profit or loss:					
Others	261,968	Black-Scholes Models and others	Volatility and others	Underlying asset price, volatility of underlying asset and others	0.108573~0.520957
Available-for-sale financial assets:					
Equity securities	64,054	Black-Scholes Models and others, Market comparison technique	Discount rate, Market multiple and others	Discount rate, market multiples and others	3.84%~13.92% 0.83
Beneficiary certificates	508	Base price	-	-	-
Others	10,195	Cash flow discount model	Discount rate and others	Discount rate and others	4.53%~9.83%
	<u>74,757</u>				
Financial liabilities held for trading:					
Derivatives	121,112	Black-Scholes model and others	Volatility and others	Underlying asset price, volatility of underlying asset and others	0.108573~0.520957
Financial liabilities at fair value through profit or loss:					
Others	976,294	Black-Scholes model and others	Volatility and others	Underlying asset price, variability of underlying asset	0.108573~0.520957

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43. Risk of Financial Instruments, Continued

(4) Level 3 fair values, continued

(ii) The valuation techniques and input variables used in measuring Level 3 fair values as of June 30, 2015 and December 31, 2014 are as follows, continued:

(In millions of won)

	2014	Valuation techniques	Input variables	Significant unobservable input variables	Ranges of significant unobservable input variables
Held-for-trading investments:					
Derivatives	₩ 32,082	Black-Scholes Models and others	Volatility and others	Underlying asset price, volatility of underlying asset and others	0.030967 ~ 0.488671
Financial asset at fair value through profit or loss:					
Others	252,922	Black-Scholes Models and others	Volatility and others	Underlying asset price, volatility of underlying asset and others	0.030967 ~ 0.488671
Available-for-sale financial assets:					
Equity securities	63,622	Black-Scholes Models and others, Market comparison technique	Discount rate, Market multiple and others	Discount rate, market multiples and others	3.84%~13.92% 0.83
Beneficiary certificates	530	Base price	-	-	-
Others	9,605	Cash flow discount model	Discount rate and others	Discount rate and others	4.53%~9.83%
	<u>73,757</u>				
Financial liabilities held for trading:					
Derivatives	142,500	Black-Scholes model and others	Volatility and others	Underlying asset price, volatility of underlying asset and others	0.030967 ~ 0.488671
Financial liabilities at fair value through profit or loss:					
Others	1,075,508	Black-Scholes model and others	Volatility and others	Underlying asset price, variability of underlying asset	0.030967 ~ 0.488671

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43. Risk of Financial Instruments, Continued

(4) Level 3 fair values, continued

(iii) Effects by changes in unobservable input variables on fair value measurement of financial assets and liabilities as of June 30, 2015 are as follows:

(In millions of won)

	Unobservable input variables	Effects by changes in unobservable input variables on fair value measurement	Measuring methods of the effect of changes	Effects of changes in fair value			
				Profit (loss) for the period		Other comprehensive income (loss)	
				Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Held-for-trading investments:							
Derivatives	Volatility of underlying asset	Fair value decrease by volatility increase	Measuring fair value changes by 10% volatility increase or decrease	₩ 6,007	(7,569)	-	-
Financial assets at fair value through profit or loss:							
Others	Volatility of underlying asset	Fair value decrease by volatility increase	Measuring fair value changes by 10% volatility increase or decrease	1,132	(1,380)	-	-
Available-for-sale financial assets:							
Equity securities	Discount rate	Fair value decrease by discount rate increase	Measuring fair value changes by 1% discount rate increase or decrease	-	-	8,781	(5,920)
	Stock price multiple	Fair value decrease by stock price multiple increase	Measuring fair value changes by 10% stock price multiple increase or decrease	-	(4,536)	748	3,786
Held-for-trading liabilities:							
Derivatives	Volatility of underlying asset	Fair value decrease by volatility increase	Measuring fair value changes by 10% volatility increase or decrease	5,975	(6,527)	-	-
Financial assets at fair value through profit or loss:							
Others	Volatility of underlying asset	Fair value decrease by volatility increase	Measuring fair value changes by 10% volatility increase or decrease	27,548	(24,434)	-	-

As the impact from changes in unobservable input variables on financial assets and liabilities cannot be reliably estimated, they are excluded from the effects of changes in fair value.

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43. Risk of Financial Instruments, Continued

(4) Level 3 fair values, continued

(iii) Effects by changes in unobservable input variables on fair value measurement of financial assets and liabilities as of December 31, 2014 are as follows:

(In millions of won)

	Unobservable input variables	Effects by changes in unobservable input variables on fair value measurement	Measuring methods of the effect of changes	Effects of changes in fair value			
				Profit (loss) for the period		Other comprehensive income (loss)	
				Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Held-for-trading investments:							
Derivatives	Volatility of underlying asset	Fair value decrease by volatility increase	Measuring fair value changes by 10% volatility increase or decrease	₩ 1,446	(2,495)	-	-
Financial assets at fair value through profit or loss:							
Others	Volatility of underlying asset	Fair value decrease by volatility increase	Measuring fair value changes by 10% volatility increase or decrease	629	(761)	-	-
Available-for-sale financial assets:							
Equity securities	Discount rate	Fair value decrease by discount rate increase	Measuring fair value changes by 1% discount rate increase or decrease	-	-	7,987	(5,152)
	Stock price multiple	Fair value decrease by stock price multiple increase	Measuring fair value changes by 10% stock price multiple increase or decrease	-	(4,536)	748	3,786
Held-for-trading liabilities:							
Derivatives	Volatility of underlying asset	Fair value decrease by volatility increase	Measuring fair value changes by 10% volatility increase or decrease	364	(342)	-	-
Financial assets at fair value through profit or loss:							
Others	Volatility of underlying asset	Fair value decrease by volatility increase	Measuring fair value changes by 10% volatility increase or decrease	2,080	(3,232)	-	-

As the impact from changes in unobservable input variables on financial assets and liabilities cannot be reliably estimated, they are excluded from the effects of changes in fair value.

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43. Risk of Financial Instruments, Continued

(5) Transfers of financial assets

(i) Transferred financial assets

Transferred financial assets that are not derecognized in their entirety as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	2015	
	Financial assets at fair value through profit or loss	
	Trade Receivables	
Carrying amount of assets	₩	1,077,901
Carrying amount of associated liabilities		1,026,400
For those liabilities that have recourse only to the transferred assets:		
Fair value of assets		1,077,901
Fair value of associated liabilities		1,026,400
Net position	₩	51,501

(In millions of won)

	2014	
	Financial assets at fair value through profit or loss	
	Trade Receivables	
Carrying amount of assets	₩	177,928
Carrying amount of associated liabilities		168,700
For those liabilities that have recourse only to the transferred assets:		
Fair value of assets		177,928
Fair value of associated liabilities		168,700
Net position	₩	9,228

(ii) Lending securities

The Group continues to recognize whole lending securities in which the Group retains substantially all the risks and rewards of ownership of transferred lending securities because the Group will reacquire the securities after the rental periods expires. For the 6-month periods ended June 30, 2015 and 2014, book value of the lending securities is as follows:

(In millions of won)

	Securities	2015	2014	Borrower
Available-for-sale financial assets	Common stocks of Hyundai Merchant Marine Co., Ltd.	44,064	-	Merrill Lynch International and The Hongkong and Shanghai Banking Corporation Limited

(iii) The Group has entered into a financial asset transfer agreement up to USD 318,860 thousand with HSBC Bank Plc on July 6, 2015 in order to sell trade receivables of Jeddah South construction. According to this agreement, the Group sold trade receivables related to the construction amounting to USD 180,519 thousand on July 7, 2015.

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43. Risk of Financial Instruments, Continued

(6) Offsetting of financial assets and financial liabilities

The details of financial assets or financial liabilities netting arrangements as of June 30, 2015 and December 31, 2014 are as follows:

(In millions of won)

	2015					
	Total recognized financial assets	Total recognized financial assets that will be setoff	Net financial assets presented in the Statement of Financial Position	Related amount : won't be setoff in the Statement of Financial Position		Net amount
				Financial instruments	Received cash security	
Financial assets						
Held-for-trading investments	₩ 3,289,703	-	3,289,703	(3,000,078)	-	289,625
Financial assets at fair value through profit or loss	184,891	-	184,891	(37,844)	-	147,047
Available for sale financial asset	161,398	-	161,398	(49,355)	-	112,043
Loans and receivables	181,615	(115,843)	65,772	-	-	65,772
	<u>₩ 3,817,607</u>	<u>(115,843)</u>	<u>3,701,764</u>	<u>(3,087,277)</u>	<u>-</u>	<u>614,487</u>
Financial liabilities						
Held-for-trading liabilities	₩ 907,045	-	907,045	(879,416)	(24,500)	3,129
Financial liabilities at fair value through profit or loss	307,528	-	307,528	(37,331)	-	270,197
Financial liabilities carried at amortized cost	2,355,255	(115,843)	2,239,412	(2,146,030)	-	93,382
	<u>₩ 3,569,828</u>	<u>(115,843)</u>	<u>3,453,985</u>	<u>(3,062,777)</u>	<u>(24,500)</u>	<u>366,708</u>

The 'related amount that won't be setoff in the statement of financial position' is accounted only to the limit of 'Net financial assets presented in the statement of financial position'.

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43. Risk of Financial Instruments, Continued

(6) Offsetting of financial assets and financial liabilities, continued

The details of financial assets or financial liabilities netting arrangements as of June 30, 2015 and December 31, 2014 are as follows, continued:

(In millions of won)

	2014					
	Total recognized financial assets	Total recognized financial assets that will be setoff	Net financial assets presented in the Statement of Financial Position	Related amount : won't be setoff in the Statement of Financial Position		Net amount
				Financial instruments	Received cash security	
Financial assets						
Held for trading investments	₩ 3,081,827	-	3,081,827	(2,854,884)	-	226,943
Financial assets at fair value through profit or loss	175,832	-	175,832	(71,167)	-	104,665
Available for sale financial asset	120,416	-	120,416	-	-	120,416
Loans and receivables	219,249	(147,423)	71,826	-	-	71,826
	<u>₩ 3,597,324</u>	<u>(147,423)</u>	<u>3,449,901</u>	<u>(2,926,051)</u>	<u>-</u>	<u>523,850</u>
Financial liabilities						
Held for trading liabilities	₩ 1,617,077	-	1,617,077	(1,506,883)	(19,300)	90,894
Financial liabilities at fair value through profit or loss	922,185	-	922,185	(71,167)	-	851,018
Financial liabilities carried at amortized cost	1,528,028	(147,423)	1,380,605	(1,328,701)	-	51,904
	<u>₩ 4,067,290</u>	<u>(147,423)</u>	<u>3,919,867</u>	<u>(2,906,751)</u>	<u>(19,300)</u>	<u>993,816</u>

The 'related amount that won't be setoff in the statement of financial position' is accounted only to the limit of 'Net financial assets presented in the statement of financial position'.

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44. Commitments and Contingencies

- (1) As of June 30, 2015, the Group has entered into bank overdraft agreements with Korea Exchange Bank and others amounting to ₩542,000 million, USD 20,000 thousand, EUR 7,500 thousand, CNY 151,815 thousand, INR 45,000 thousand and general loan agreements amounting to ₩1,825,000 million, USD 1,896,847 thousand, EUR 47,750 thousand, CNY 3,637,996 thousand, INR 740,000 thousand and BRL 189,742 thousand.
- (2) As of June 30, 2015, the Group has entered into credit facilities agreements such as letters of credit with various banks for the Group's exports and imports totaling ₩55,000 million, USD 10,581,683 thousand and INR 630,000 thousand.
- (3) As of June 30, 2015, the Group has entered into credit facilities agreements such as pre-shipment credit and network loan with various banks amounting to ₩5,198,700 million, USD 350,909 thousand and CNY 770,000 thousand.
- (4) As of June 30, 2015, six bank notes and one check have been provided to customers as collaterals for the Group's borrowings from the customers and construction contract performance guarantees.
- (5) As of June 30, 2015, the Group is contingently liable for loan guarantees of its foreign subsidiaries amounting to USD 1,768,046 thousand, EUR 64,250 thousand, CNY 3,762,110 thousand, INR 740,000 thousand and BRL 109,956 thousand and purchase loans of customers amounting to CNY 138,646 thousand jointly with local dealers. The Group has provided performance guarantees in relation to Jazan Refinery and Terminal Project Package 2 (contract amount: USD 327,409 thousand) which is being built by Hyundai Arabia Company LLC., Moho Nord Tension Leg Platform Project (contract amount: USD 799,499 thousand, EUR 45,296 thousand) and Moho Nord Floating Production Unit Project (contract amount: USD 1,232,915 thousand) which is being built by HHI France SAS and HHI Mauritius Ltd, one of the Group's subsidiaries. Furthermore, the Group has also entered into joint shipbuilding contracts with Hyundai Samho Heavy Industries Co., Ltd., one of the Group's subsidiaries, for the construction of nine ships at a contract amount of USD 1,195,099 thousand.
- (6) In connection with the Group's contract performance guarantees, the Group has been provided with maximum guarantees amounting to ₩4,997,132 million and USD 35,640,517 thousand by various banking facilities, and regarding advance from customers for ship building, the Group has also been provided with maximum guarantees amounting to USD 25,635,546 by Export-Import Bank of Korea and others. Regarding this, the Group provides as collateral its ships under construction and materials for construction.
- (7) The Group entered into a consortium agreement on a natural resource development project with various organizations including Korea National Oil Corporation. Related other non-current assets relate to resource development as of June 30, 2015 and December 31, 2014 are summarized as follows.

<i>(In millions of won)</i>	<u>2015</u>	<u>2014</u>
Other non-current assets	₩ 63,307	63,307
Accumulated impairment	(63,307)	(63,307)
	<u>₩ -</u>	<u>-</u>

The Group obtained borrowings for a natural resource development project from the Korea National Oil Corporation (see Note 23).

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44. Commitments and Contingencies, Continued

- (8) As of June 30, 2015, the Group entered into a conditional commercial paper purchase guarantee contract guaranteed by SK Engineering & Construction Co., Ltd. and other companies amounting to ₩220,800 million.
- (9) As of June 30, 2015, the Group entered into guarantee contracts as follows.

(In millions of won)

	Issuing entity	Agreement limits	Maturity	Business
Underlying asset purchase commitment	HIGH4SQUARE CO., LTD.	₩ 40,000	2016-10-11	Anyang and Pyeongchon apartment construction project
	Change Gimpo 2 ND CO.,LTD	30,000	2016-10-26	Gimpo and Poongmu apartment construction project
	IVYMOONJUNG 4 th CO.,LTD	10,000	2017-11-24	Munjeong-dong knowledge industry construction project
	IVYMOONJUNG 2 nd CO.,LTD	5,000	2017-11-24	Munjeong-dong knowledge industry construction project
	DHK 2 ND CO.,LTD	15,000	2017-06-30	Sejong City block C49 commercial / business facility expansion project
	DIONE PLUS 1 CO., LTD.	63,600	2019-12-18	New Songdo City public housing construction project
	HIGUMDAN 1 st CO.,LTD	20,600	2017-02-24	Gumdang knowledge industry center construction project
	NINEGOLD 1 st CO.,LTD	30,000	2015-08-11	Guro knowledge business center Bridge Loan
	SUJISEONGBOK 1 st CO.,LTD	40,000	2018-04-30	Yongin and Seongbok residential complex construction project
	ShineCross 1 st	30,000	2016-02-29	Hwaseong Hyangnam public housing New Construction Project
	HIPROJECT 19 th CO.,LTD	25,000	2016-02-22	Gimpo Hakwoon 4 th industrial complex construction project
	HIPROJECT 20 th CO.,LTD	30,500	2016-02-22	Gimpo Hakwoon 4 th industrial complex construction project
	HIPROJECT 9 th CO.,LTD	25,000	2016-07-08	Yangju and Baeksuk district apartment construction project
	AAGONGSAM 5 th CO.,LTD	15,000	2017-11-20	Gimpo Hangang new city apartment construction project
	THE K SONGSAN 2 nd CO., LTD	10,500	2016-09-29	Songsan Dangjin 2 General Industrial Complex expansion project
	HIFIVE 6 th CO.,LTD	13,200	2017-10-02	Incheon BukHang behind the site mortgage loan
	TRIUMPH1 3 th CO.,LTD	8,000	2015-09-11	Incheon-Midan city Facility A mortgage loan
	TRIUMPH2 2 nd CO.,LTD	5,600	2015-09-11	Incheon-Midan city Facility A mortgage loan
	TRIUMPH3 1 st CO.,LTD	8,000	2015-09-11	Incheon-Midan city Facility A mortgage loan
	HLPROJECT CO.,LTD	10,400	2015-12-17	Lotte Construction Co.,Ltd, redeemable convertible preference shares
HSBLUE 1 st CO.,LTD	20,320	2019-02-12	Subordinated debt of JB Woori Capital Co.,Ltd	
JINIFOREVER 1ST CO., LTD.	40,640	2020-11-11	Subordinated debt of Lotte Non-Life Insurance Co., Ltd.	

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44. Commitments and Contingencies, Continued

(9) As of June 30, 2015, the Group entered into guarantee contracts as follows, continued:

(In millions of won)

	Issuing entity	Agreement limits	Maturity	Business
Underlying asset purchase commitment	JINIFOREVER 2ND CO., LTD.	₩ 61,110	2017-11-14	Future freight receivables of KOREAN AIR LINES CO.,LTD
	HIPROJECT 10 th CO.,LTD	50,280	2016-02-05	Increasing cash loans of SBI Saving Bank.
	FLOATIONG 1 st CO.,LTD	15,290	2016-09-30	Floating island loan.
	HY project	9,700	2016-09-12	Unsold industry complex Secured loan
	Dongsak express 2nd	30,000	2018-06-19	Cooperative apartment Housing Project
	KG Aju 1 st	13,000	2015-09-23	Cooperative apartment secured loan
	Hi Securitization 13th	40,100	2018-03-27	Secured loan
	Hi Yeongjong 1nd	5,625	2020-06-15	Paradise city development business
	Hi Yeongjong 2nd	55,000	2020-06-15	Paradise city development business
		<u>776,465</u>		
Unsecured loan commitment	Daewon urban development Co., Ltd.	17,500	2016-05-29	Moonjeongdong Office building construction project
	Cheongju Technopolis Co., Ltd.	20,000	2018-02-26	Cheongju Industrial Complex land development project
		<u>37,500</u>		
		<u>₩ 813,965</u>		

(10) HI GOLD OCEAN KMARIN NO.11 SHIP INVESTMENT COMPANY entered into a currency interest swap contract for ship building and chartering with Korea Exchange Bank. When HI GOLD OCEAN KMARIN NO.11 SHIP INVESTMENT COMPANY pays settlement amount to Korea Exchange Bank upon termination of a contract, HI GOLD OCEAN KMARIN NO.11 SHIP INVESTMENT COMPANY will be able to get a loan from banks. If these loans are executed, the Group entered into a guarantee contract, which ensures that it will be able to borrow up to ₩40,000 million.

(11) The Group entered into a stock purchase agreement with Busan Bank, which is an investment trust company of Hyundai Ship Private Fund 2, on December 28, 2012. The Group, pursuant to the agreement, sold stocks of HI Gold Ocean Kmarin No. 8 Ship Investment Company (7,788,229 shares of common stock) in January 2013. In connection with this transaction, the Group made a beneficiary contract with Hanwha Life Insurance Co., Ltd. on December 27, 2012, retaining the right of first refusal to purchase a beneficiary certificate of Hyundai Ship Private Fund 2, within an exercise period and amount of contracted price for sale. The Group also entered into a guarantee contract to ensure its ability to pay the difference between the contracted price for sale and the actual price, should Hanwha Life Insurance Co., Ltd. sell this beneficiary certificate to a third party for less than the contracted price.

(12) The Group entered into convertible loan agreements with ship owners in Liberia. As of June 30, 2015, the loan balance is USD 71,000 thousand.

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45. Litigations

- (1) The National Tax Service imposed additional income tax amounting to ₩107,600 million on March 27, 2006. The assessment resulted from the participation in the capital increase of Hyundai Space and Aircraft Co., Ltd. when Korea was experiencing a foreign currency exchange crisis in the late 1990s. The National Tax Service ruled this capital increase to be unfair financial support for the insolvent affiliate. The Group's appeal to the National Tax Tribunal was dismissed, but was partially successful. On April 27, 2009, the Group filed administrative litigation. However, the Group lost the first trial on January 5, 2011 and appealed on January 25, 2011. In relation to the intermediate appeal, the Group partially won the litigation on February 15, 2013 for the settlement of the claim amounting to ₩52,700 million. However, the Group and the National Tax Service did not accept the Court's decision and filed appeals on February 27, 2013 and February 28, 2013, respectively.
- (2) In connection with orders for submarine pipeline and equipment installation construction from PTT Public Group Limited. ("PTT") on June 25, 2011, the Group engaged a subcontractor ("Britoil") that owned a tugboat. While the tugboat was moving a barge, for reasons unknown, an existing gas pipeline owned by PTT, was damaged resulting in a gas leak. At the request of the PTT, the Group worked on recovery and repair, which was completed around October 2011, and billed PTT for the cost of repairs. PTT in turn asked for compensation for damages related to the gas leak and loss of gas. The Group and PTT were unable to reach an agreement regarding the cause of accident, amount of damages, contractual limitations of liability, and distribution of insurance proceeds. On June 22, 2012, PTT filed a lawsuit in Thai court claiming damages amounting to USD 143 million against the Group, Britoil and PTT's insurer ("Dhipaya") as a co-defendants. The Group vigorously defended itself against that claim and filed a lawsuit requesting the cost of repairs against PTT on March 28, 2013 and requesting insurance against Dhipaya on February 11, 2013. The Group and PTT are undertaking mediation on the court's guidelines, signed a MOU for the agreement on the December 29, 2014. Currently, the impact on the Group's consolidated financial statements, if any, cannot be reliably estimated.
- (3) On January 16, 2009, the Group entered into a long-term contract for purchasing polysilicon with Woongjin Polysilicon Co.,Ltd. ("WPC"), and paid USD 91 million in advance. WPC interrupted facilities operation without any notice, and a creditor of WPC declared default on October 17, 2012. The Group gave notice of the cancellation of a contract to WPC on January 25, 2013, and requested prepaid payment to Seoul guarantee insurance company ("SGI") that guaranteed refund of the prepaid payment on February 7, 2013, but SGI did not accept the request for payment. The Group filed a lawsuit in Seoul Central District Court claiming guarantee insurance amounting to USD 91 million against SGI on April 5, 2013. The Group won the first trial on May 1, 2014. SGI filed an appeal on May 20, 2014 but the Seoul High Court announced the rejection of the appeals of SGI on July 17, 2015. SGI filed appeals in the Supreme Court on August 3, 2015 and the case is currently pending.
- (4) The Fair Trade Commission imposed fines on two LPG importers and four domestic oil refinery companies including the Group for alleged collusive price-fixing on LPG prices from January 1, 2003 to December 31, 2008. A fine of ₩26,314 million was imposed on the Group, which it paid on June 29, 2010. However, the Group appealed the Fair Trade Commission decision to the Seoul High Court in May 2010. After losing the second trial, the Group appealed to the Supreme Court, where the case is currently pending. Additionally, 117,626 private cab drivers and others jointly filed a lawsuit against four domestic oil refinery companies including the Group and two LPG importers claiming damages of ₩12,400 million based on the Fair Trade Commission's decision. The case is currently pending. Currently, the impact on the Group's consolidated financial statements, if any, cannot be reliably estimated.

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45. Litigations, Continued

- (5) Hankook Shell Oil Co., Ltd. filed litigation in Seoul Central District Court in February 2012 against the Group, amounting to ₩14,800 million, for damages for contamination cleanup costs due to fuel spills at the Group's refinery on the site of the Hankook Shell Oil Co., Ltd.. The case is currently pending. The Group did not recognize a provision related to this lawsuit in the consolidated financial statements because the amount of provision cannot be reliably estimated as of June 30, 2015.
- (6) The Seoul Customs concluded that a part of a customs refund of crude oil imports is unjust. They imposed customs on the Group amount to ₩41,600 million in 2013, which was recognized as expenses in the same year. The Group filed litigation in Tax tribunal in December 2013, for canceling the imposed customs. Currently, the impact on the Group's consolidated financial statements, if any, cannot be reliably estimated.
- (7) Korea National Oil Corporation ("KNOC") imposed a fine amounting to ₩9,700 million in regard to the refund of the excessive tax on oil imports. The Group filed litigation seeking the revocation of the administrative fine order to by KNOC. Suwon District Court ruled in favor of the Group in 2013, and KNOC appealed. Additionally, the Group filed a request for refund from KNOC amounting to ₩ 3,100 million to KNOC, but it has been denied. The Group filed litigation in Suwon District Court in January, 2014. Currently, the impact on the Group's consolidated financial statements, if any, cannot be reliably estimated.
- (8) The Defense Acquisition Program Administration ("DAPA") offset a payment of oil of ₩9,300 million due to the Group, for alleged collusive bidding for the supply of military fuel. As a result, the Group filed a lawsuit against DAPA for non-payment of oil sold to DAPA amounting to ₩9,300 million in December 2012. The Group won the first trial on January 10, 2014 and the DAPA appealed. The case is currently pending in the Seoul Central District Court. Currently, the impact on the Group's consolidated financial statements, if any, cannot be reliably estimated.
- (9) The Company and Hyundai Mipo Dockyard Co., Ltd. partially lost the first trial of ordinary wage lawsuit (amounting to ₩600 million against Hyundai Heavy Industry Co., Ltd. and ₩200 million against Hyundai Mipo Dockyard Co., Ltd.) on February 12, 2015. The court ruled that the 800% regular bonus should be considered ordinary wages, and the ruling would apply retroactively for three years (estimated additional payment: Hyundai Heavy Industry ₩ 629,500 million, Hyundai Mipo dockyard ₩86,800 million). The Company and Hyundai Mipo Dockyard Co., Ltd. appealed on March 2, 2015 and the case is currently pending. Hyundai Samho Heavy Industries Co., Ltd. was also named as a defendant for ordinary wage lawsuit with a claim of ₩89,200 million and first trial litigation is currently pending. The Group did not recognize provision related to those lawsuits in the consolidated financial statements because the Group believes it is more likely than not it will win as of June 30, 2015.

In addition to the cases mentioned above, the Group is currently a defendant in 78 lawsuits involving claims totaling: ₩175,900 million. Currently, the impact on the Group's consolidated financial statements, if any, cannot be reliably estimated. However, management of the Group believes that the ultimate outcomes will not have a significant impact on the Group's operations and financial position.

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46. Related Parties

- (1) Significant transactions for the six-month periods ended June 30, 2015 and 2014 between the Company and associates or joint ventures are as follows:

(In millions of won)

	2015			
	Sales and other		Purchases and other	
	Sales	Dividends Income	Raw materials purchase	Others purchase
Associates:				
Hyundai Corporation	₩ 353,149	2,496	459	3,529
Wärtsilä-Hyundai Engine Company Ltd.	1,148	35,229	31,018	1
Others	11,640	200	22,174	2
	₩ <u>365,937</u>	<u>37,925</u>	<u>53,651</u>	<u>3,532</u>

Including associates and joint ventures' subsidiaries.

In addition to the above transactions, the Group has sold its entire equity interest in its subsidiary, Hyundai Energy & Resources Co., Ltd., to Hyundai Corporation which is a related party for the ₩43,273 million.

(In millions of won)

	2014			
	Sales and other		Purchases and other	
	Sales	Dividends Income	Raw materials purchase	Others purchase
Associates:				
Hyundai Corporation	₩ 426,073	2,496	2,873	735
Wärtsilä-Hyundai Engine Company Ltd.	1,723	27,137	82,137	-
Others	4,132	3,439	3,822	11
	₩ <u>431,928</u>	<u>33,072</u>	<u>88,832</u>	<u>746</u>

Including associates and joint ventures' subsidiaries.

- (2) Outstanding balances as of June 30, 2015 and December 31, 2014 between the Company and associates or joint venture are as follows:

(In millions of won)

	2015			
	Trade and other receivables		Trade and other payables	
	Trade Receivable	Other receivables	Trade Payables	Other payables
Associates:				
Hyundai Corporation	₩ 234,268	1,665	226	28,914
Wärtsilä-Hyundai Engine Company Ltd.	-	14,398	1	239
Others	3,511	268	1,272	11,816
	₩ <u>237,779</u>	<u>16,331</u>	<u>1,499</u>	<u>40,969</u>

Including associates and joint ventures' subsidiaries.

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
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46. Related Parties, Continued

- (2) Outstanding balances as of June 30, 2015 and December 31, 2014 between the Company and associates or joint venture are as follows, continued:

(In millions of won)

	2014			
	Trade and other receivables		Trade and other payables	
	Trade Receivable	Other receivables	Trade Payables	other payables
Associates:				
Hyundai Corporation	₩ 265,391	1,665	6,451	37,615
Wärtsilä-Hyundai Engine Company Ltd.	540	12,135	-	-
Others	491	661	1,644	11,395
	<u>₩ 266,422</u>	<u>14,461</u>	<u>8,095</u>	<u>49,010</u>

Including associates and joint ventures' subsidiaries.

- (3) Significant transactions for the six-month periods ended June 30, 2015 and 2014 between subsidiaries and associates or joint ventures are as follows:

(In millions of won)

		2015		
		Sales and other	Purchases and other Raw materials purchase	Others purchase
Subsidiaries	Associates and joint ventures			
Hyundai Samho Heavy Industries Co., Ltd.	Hyundai Corporation	₩ 1	25	-
	Wärtsilä-Hyundai Engine Company Ltd.	11	14,186	-
Hyundai Oilbank Co., Ltd.	New Korea Country Club	41	-	-
	Hyundai Corporation	171,291	166	130
	Wärtsilä-Hyundai Engine Company Ltd.	634	-	-
	Hyundai Cummins Engine Company	135	-	-
	Hyundai Cosmo Petrochemical Co., Ltd.	557,575	357,326	6
Hyundai Venture Investment Corporation	KoFC-HVIC Pioneer Champ 2010-11 Venture Fund	98	-	-
	KoFC-HVIC Pioneer Champ 2011-7 Venture Fund	251	-	-
	Hyundai Agro-Bio Fund 1st	125	-	-
Hyundai Oilbank (Shanghai) Co., Ltd.	Hyundai Cosmo Petrochemical Co., Ltd.	-	51,006	-
Hyundai Heavy Industries Brasil - Manufacturing and Trading of Construction Equipment	BMC Hyundai S.A.	39,409	1,666	-
Hyundai Heavy Industries Brasil - Real Estate Developments	BMC Hyundai S.A.	153	-	-
		<u>₩ 769,724</u>	<u>424,375</u>	<u>136</u>

Including associates and joint ventures' subsidiaries.

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46. Related Parties, Continued

- (3) Significant transactions for the six-month periods ended June 30, 2015 and 2014 between subsidiaries and associates or joint ventures are as follows, continued:

(In millions of won)

Subsidiaries	Associates and joint ventures		2014		
			Sales and other	Raw materials purchase	Others purchase
Hyundai Samho Heavy Industries Co., Ltd.	Hyundai Corporation	₩	1	66	-
	Wärtsilä-Hyundai Engine Company Ltd.		133	17,815	-
Hyundai Mipo Dockyard Co., Ltd.	Hyundai Corporation		-	-	150
	New Korea Country Club		55	-	-
Hyundai Oilbank Co., Ltd.	Hyundai Merchant Marine Co., Ltd.		33,600	-	14,521
	Hyundai Corporation		184,517	-	-
	Wärtsilä-Hyundai Engine Company Ltd.		964	-	-
	Hyundai Cummins Engine Company		194	-	-
	Hyundai Cosmo Petrochemical Co., Ltd.		1,009,884	630,330	-
Hyundai Energy & Resources Co., Ltd.	Hyundai Corporation		712	-	-
Hyundai Venture Investment Corporation	KoFC-HVIC Pioneer Champ 2010-11 Venture Fund		96	-	-
	KoFC-HVIC Pioneer Champ 2011-7 Venture Fund		354	-	-
	Hyundai Corporation		40,811	-	-
Hyundai Oilbank (Shanghai) Co., Ltd.	Hyundai Corporation		-	55,636	-
	Hyundai Cosmo Petrochemical Co., Ltd.		-	55,636	-
Hyundai Heavy Industries Co. Bulgaria	Hyundai Corporation		19	-	-
Hyundai Heavy Industries Brasil - Manufacturing and Trading of Construction Equipment	BMC Hyundai S.A.		128,408	-	-
Hyundai Heavy Industries Brasil - Real Estate Developments	BMC Hyundai S.A.		265	-	-
		₩	<u>1,400,013</u>	<u>746,024</u>	<u>14,671</u>

Including associates and joint ventures' subsidiaries.

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46. Related Parties, Continued

- (4) Outstanding balances as of June 30, 2015 and December 31, 2014 between subsidiaries and associates or joint ventures are as follows:

(In millions of won)

Subsidiaries	Associates and joint ventures	2015				
		Trade and other receivables		Trade and other payables		
		Trade Receivable	Other receivables	Trade Payables	other payables	
Hyundai Samho Heavy Industries Co., Ltd.	Hyundai Corporation	₩	-	1,170	-	1,253
	Wärtsilä-Hyundai Engine Company Ltd.		2	9,744	10,915	-
Hyundai Oilbank Co., Ltd.	New Korea Country Club		10	-	-	-
	Hyundai Corporation		22,345	-	-	-
	Wärtsilä-Hyundai Engine Company Ltd.		239	-	-	-
	Hyundai Cummins Engine Company		-	-	-	-
	Hyundai Cosmo Petrochemical Co., Ltd.		130,350	8	66,548	-
Hyundai Venture Investment Corporation	KoFC-HVIC Pioneer Champ 2010-11 Venture Fund		-	1,299	-	-
	KoFC-HVIC Pioneer Champ 2011-7 Venture Fund		-	251	-	-
	Hyundai Agro-Bio Fund 1st		-	63	-	-
Hyundai Oilbank (Shanghai) Co., Ltd.	Hyundai Cosmo Petrochemical Co., Ltd.		-	-	9,896	-
Hyundai Heavy Industries Brasil - Manufacturing and Trading of Construction Equipment	BMC Hyundai S.A.		116,528	-	-	-
Hyundai Heavy Industries Brasil - Real Estate Developments	BMC Hyundai S.A.		50	-	-	-
		₩	<u>269,524</u>	<u>12,535</u>	<u>76,444</u>	<u>1,253</u>

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46. Related Parties, Continued

- (4) Outstanding balances as of June 30, 2015 and December 31, 2014 between subsidiaries and associates or joint ventures are as follows, continued:

(In millions of won)

Subsidiaries	Associates and joint ventures	2014				
		Trade and other receivables		Trade and other payables		
		Trade Receivable	Other receivables	Trade Payables	other payables	
Hyundai Samho Heavy Industries Co., Ltd.	Hyundai Corporation	₩	-	26	-	193
	Wärtsilä-Hyundai Engine Company Ltd.		18	13,015	-	-
Hyundai Oilbank Co., Ltd.	New Korea Country Club		7	-	-	-
	Hyundai Corporation		27,372	2,116	-	39
	Hyundai Cummins Engine Company		35	-	-	-
	Hyundai Cosmo Petrochemical Co., Ltd.		13,276	10	74,461	-
Hyundai Venture Investment Corporation	KoFC-HVIC Pioneer Champ 2010-11 Venture Fund		-	1,403	-	-
	KoFC-HVIC Pioneer Champ 2011-7 Venture Fund		-	169	-	-
	Hyundai Agro-Bio Fund I		-	12	-	-
Hyundai Oilbank (Shanghai) Co., Ltd.	Hyundai Cosmo Petrochemical Co., Ltd.		-	-	5,039	-
Hyundai Heavy Industries Co. Bulgaria	Hyundai Corporation		-	-	226	-
Hyundai Heavy Industries Brasil						
- Manufacturing and Trading of Construction Equipment	BMC Hyundai S.A.		118,579	-	-	-
Hyundai Heavy Industries Brasil						
- Real Estate Developments	BMC Hyundai S.A.		70	-	-	-
		₩	<u>159,357</u>	<u>16,751</u>	<u>79,726</u>	<u>232</u>

Including associates and joint ventures' subsidiaries.

HYUNDAI HEAVY INDUSTRIES CO., LTD. AND SUBSIDIARIES
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46. Related Parties, Continued

(5) Details of guarantees between the Group and associates or joint ventures as of June 30, 2015 are as follows:

(In thousands of foreign currency)

<u>Guarantee provider</u>	<u>Guarantee recipient</u>	<u>Provider</u>	<u>Type of guarantees</u>	<u>Currency</u>	<u>Guaranteed amount</u>
Hyundai Oilbank Co., Ltd.	Hyundai Cosmo Petrochemical Co., Ltd.	Mizuho Corporate Bank	Payment	USD	30,000

(6) Details of guarantee which the Group provided for the related parties are as follows:

(In millions of won)

	<u>Pledged asset</u>	<u>Book value</u>	<u>Amount</u>	<u>Provider</u>
Associate:				
Pyeongchang wind power Co., Ltd.	Investments in associates - Pyeongchang wind power Co., Ltd.	₩ 3,188	62,000	Woori bank and others

(7) Compensation for key management of the Group for the six-month periods ended June 30, 2015 and 2014 is ₩9,865 million and ₩10,546 million, respectively. Key management is defined as directors and internal auditors who have important roles and responsibilities involving the planning, operation and control of the Group.

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47. Shares in Non-consolidated Structured Companies

- (1) Non-consolidated structured companies is taking into account the nature, purpose, activities of the structured entity and how the structured entity is financed, entered into such a structured asset-backed security, structured finance, investment fund and trust agreement with structured company. Shares in non-consolidated structured company fails to retain its dominance pursuant to K-IFRS NO.1110 are held by the Group is classified as asset-backed security, structured finance and investment fund according to the nature and purpose of the structured company, the nature of the equity and risk is as follows :

Nature of structured company	Purpose and Activities	Main financing method
Asset-backed security	Financing through asset-backed security and securitization	Issue ABCP
Structured finance	Real estate development project(including Social Overhead Capital)	Investment and borrowing
Investment fund and trust	Asset management and distribution	Issue beneficiary certificates

- (2) The carrying amount of the assets and liabilities recognized in the line items of the consolidated financial statements and the Group's maximum exposure to loss from its interests in unconsolidated structured entities.

(In millions of won)

	Asset-based security	Structured finance	Investment fund and trust	Total
Asset				
Security	₩ -	250	324,534	324,784
Investments in associates	-	-	13,433	13,433
	-	250	337,967	338,217
Off balance account				
Purchase agreement	1,034,765	-	40,000	1,074,765
Maximum amount of exposure	₩ 1,034,765	250	377,967	1,412,982
A method to determine the maximum exposure	Purchase agreement, Lending firm commitment	Book value	Book value and payment guarantee	