ANNUAL REPORT 2009

KIA Motors Slovakia s. r. o.

KIA MOTORS
The Power to Surprise™

Contents

1 KIA Motors Slovakia

On March 18, 2004, KIA Motors Corporation (hereinafter "KMC") officially confirmed the construction of its first European automotive plant in Slovakia. KIA Motors Slovakia is 100% owned by KMC.

KMC is a maker of quality vehicles for the young-at-heart. KMC is emerging as one of the world's elite car companies with focus on the ongoing complete regeneration of its product line-up. In 2009, the company produced a total of 1,534,000 cars.

KIA Motors Slovakia near Zilina is a key tool for KMC on how to succeed in the European market where it delivers high quality cars to an expanding network of European dealers.

The ultimate annual capacity of KIA Motors Slovakia plant is 300,000 cars. There are three models produced at KIA Motors Slovakia, cee'd, the C-segment car, and two SUV models, Sportage and Hyundai ix35.

1.1 KIA Motors Slovakia in 2009

The volume production at KIA Motors Slovakia started in December 2006 with the 5-door version of the model cee'd. Year 2007 presented the first year of volume production during which the company smoothly introduced three new models in one year: the SUV model Sportage in June, the family cee'd_sw in July and the three-door sporty pro_cee'd in October.

In 2007, KIA Motors Slovakia aimed its attention at the stabilization of production of all models. The focus from the previous year was in 2008 shifted to maintaining the high level of efficiency and quality. In 2009, KIA Motors Slovakia focused its attention on the adjustment of the production lines and the launch of volume production of the upgraded model cee'd as well as the preparation for the production of the model Hyundai ix35. KIA Motors Slovakia produced in total more than 150,000 vehicles in 2009.

With its own engine shop, KIA Motors Slovakia is the only engine producer in Slovakia. Five different types of engines are produced – 1.4 L and 1.6 L gasoline, and 1.4 L, 1.6 L and 2.0 L diesel. In 2009, a total of 243,973 engines were produced, posting a year-on-year jump of 38.5%.

KIA in Slovakia is the biggest employer in the region. We currently have more than 2,800 employees. In 2009, KIA created 100 new positions due to the third shift that was introduced in the Engine shop.

<table>
<tr><td rowspan="2">Plant size</td><td colspan="2">Site: 166 ha</td></tr>
<tr><td colspan="2">Buildings: 16.3 ha</td></tr>
<tr><td>Capacity</td><td colspan="2">300,000 cars per year</td></tr>
<tr><td rowspan="6">Products</td><td rowspan="4">Cars</td><td>cee’d – 5-door version</td></tr>
<tr><td>cee’d_sw</td></tr>
<tr><td>pro_cee’d</td></tr>
<tr><td>Sportage</td></tr>
<tr><td rowspan="2">Engines</td><td>Gasoline: 1.4 L and 1.6L</td></tr>
<tr><td>Diesel: 1.4L, 1.6L and 2.0L</td></tr>
<tr><td rowspan="4">Production</td><td rowspan="2">Cars</td><td>2009 – 150,020</td></tr>
<tr><td>2006 - 2009 – 501,639</td></tr>
<tr><td rowspan="2">Engines</td><td>2009 – 243,973</td></tr>
<tr><td>2006 - 2009 – 524,745</td></tr>
</table>

1.2 Facts and Figures

2004

March	Investment Agreement signed between KIA Motors Corporation and the Slovak Republic
April	Groundbreaking ceremony held in Zilina
August	Completion of ground- levelling
October	Launch of construction

2005

December	Completion of plant construction

2006

January	Installation of production technologies
June	Launch of trial production of vehicles
December	Launch of 5-door cee’d volume production

2007

June	Launch of volume production of SUV Sportage
July	Launch of volume production of the family wagon cee’d_sw
September	Production of the 100,000th car
October	Launch of volume production of the three-door sporty pro_cee’d
November	Obtained the international Environmental Management ISO 14001 certificate

2008

March	Production of the 200,000th car
June	Launch of Kia Sportage facelift
July	Establishment of Kia Foundation Fund with Pontis Foundation
September	Production of the 300,000th car
November	Acquired the international Quality Management ISO 9001 certificate

2009

May	Production of the 400,000th car
July	Production launch of the upgraded 5-door cee'd and cee'd_sw
September	The third work shift in Engine shop
September	Trial production of model Hyundai ix35
December	Production of the 500,000th car

1.3 Production process

Press shop

The production process of a car starts at the press shop. Apart from the blanking line where the steel coil enters and the panels are cut, the testing line where adjusted forms are tested and set up, there are two main press lines. The production capacity of the press shop is up to 5 million panels per year. The quality of the produced panels is checked by using a unique 3D optical inspection system that can distinguish even the smallest defects on the surface. The auto palletizing system loads manufactured parts onto pallets using four robots at each production line which are then further supplied to the body shop by forklift trucks. Only the side panels of car body are transferred by an electric monorail system into the automatic storage area having a capacity of 7,000 panels.

Body shop

The welding automation ratio in the body shop is 100% which means there is no manual welding. There are 320 robots used for welding as well as loading and conveying of car parts. The production of the body shop is highly flexible and allows us to manufacture up to 8 different car models on the same production line. From January 2010, we will produce car bodies of models such as cee'd (in its three car body versions), Sportage as well as the Hyundai ix35 model.

Paint shop

The total length of the conveyor system, on which a body passes through individual phases of the production process in the paint shop including buffer zones, is 7.5 km. In the pre-treatment and electrochemical coating processes, a unique rotation-dipping system is used, which ensures the coating of a protection substance. A total of 46 robots participate in the sealer and paint applications. However, KIA Motors Slovakia wants to behave environmentally friendly, only water-borne paints are used. Currently, we offer 12 colours to our customers for the model cee'd and 10 colours for the Sportage model.

Engine shop

We produce gasoline (1.4 L, 1.6 L) and diesel engines (1.4 L, 1.6 L, 2.0 L) in the only Engine shop in Slovakia. The engine shop production capacity is 300,000 units per year. We also produce engines for the Hyundai Motor Manufacturing Czech production plant in Nosovice,

the Czech Republic. At the engine shop, four metal cutting lines operate and produce cylinder blocks, cylinder heads and crank shafts as well as the assembly line. Here we assemble all components of the engine, which is around a total of 350 .
Fully functioning engines leave the engine shop and are stored in the automatic storage system. After which they are moved by a conveyor system to Mobis, the biggest supplier of KIA Motors Slovakia where they are assembled to the front suspension.

Assembly shop
The assembly shop is the biggest shop of all the production halls. Over 1,100 operators work here in two shifts. Under each car there is so called skillet which can move the car body for the convenience of operators. The assembly shop can be divided into four parts. In the first one, there are trim lines where basic interior and exterior parts of the car are assembled. In the second part, the chassis lines for underbody parts of the car are assembled. In the third part of the assembly shop are the final lines where the car is completed. Tests and adjustments of lights as well as breaking system, are performed in the last, fourth part of the shop.

1.4 Employment

Highly qualified employees are the key to the success of KIA Motors Slovakia. KIA has thus invested in training programs where each employee acquires special education and training program based on the position and job description. The company provides education in forms of basic common entry courses, special programs and trainings for blue-collar workers in Slovakia as well as abroad. Almost 900 employees in total have participated in training courses with the parent company in Korea. The aim of the course is to brush up the employee’s knowledge and skills in their field of expertise. In April 2009, 36 employees were trained in Korea for the production launch of the model Hyundai ix35 and in December 2009, 38 employees were trained in Korea for the production of the brand- new Sportage model.

1.5 The company’s impact on the environment

KIA Motors Slovakia realizes its responsibility to the environment so it focuses its attention on the production of environmentally friendly cars and monitors the impact on the environment during the whole production process.

Environmental Management system according to the international standard ISO 14001 was implemented and certified in 2007. As a part of it, KIA Motors Slovakia monitors the consumption of water, energy, material as well as the amount of scrap and emissions in term of one car production and accepts savings measures. The aim of KIA Motors Slovakia is to proceed in the development of environmental management because environment protection is a key to the successful business.

The production plant is located in the second degree protected water source area so therefore a network of boreholes were constructed before the starting plant construction to monitor the impact of work and later the impact of the production plant operation on the underground water sources. Apart from the state-of-the-art technologies used in the production plant, KIA Motors Slovakia uses the latest available technologies for environment protection such as the revolutionary system of exhausts in the assembly shop. All industrial waste water from the production plant is treated in the water treatment plant (WTP) at physical and chemical levels, and then the water is further biological treated at the WTP in Hricov.

The waste management system is well-established in all production shops to ensure the right waste separation. Attention is also focused on the selection of used materials in the production process. So we use only water-borne paints in the paint shop and waxes with a minimum content of volatile organic compounds for the final car treatment.

1.6 Quality Management System

Customer satisfaction is of top priority and importance for KIA Motors Slovakia and all its employees. Qualified and educated employees ensure the requested quality on all production process levels, from the quality control of the supplied parts and material, through quality control during the production process in each production shop until the final quality control of the assembled cars. To evaluate the quality of the cars from the customers' point of view we use so called Customer audit.

Automobiles produced at KIA Motors Slovakia meet the high demanding needs of the European Union. The Quality Management System of KIA Motors Slovakia has been certified by the independent certification body Det Norske Veritas according to ISO 9001. The certification by the renowned company, as well as the upgrade of the certificate according the revised standard ISO 9001:2008 confirm our long term commitment to focus on quality of our products and oblige us to the continuous improvement of all processes.

After the new Hyundai-Kia Automotive Group's strategy, called GQ-3355 (Global Quality Strategy), was announced, activities of all employees are focused on achieving the main targets of the strategy:
to achieve a place in the top 3 ranks in actual quality of vehicles within 3 years starting from 2009,
to achieve a place in the top 5 ranks in perceived brand quality within 5 years starting from 2009,
to reduce warranty claims by 50 % in 3 years starting from 2009.

Thus the activities of KIA Motor Slovakia in the first year of the GQ-3355 strategy application were successful, and this was confirmed with the company receiving the award of the 2009 Best Kia Overseas Plant at the Global Quality Strategy Conference in Namjang, South Korea, in December 2009.

1.7 Corporate Social Responsibility

KIA Motors Slovakia is a responsible corporate citizen. The company established the Kia Foundation Fund with the Pontis Foundation in the second half of 2008 with the aim to improve the quality of life in the Zilina region. The Kia Foundation fund strategy includes environmental protection, support of marginalized groups and mobility.

In cooperation with the Pontis Foundation, KIA Motors Slovakia prepared an Employee Grant Program through which employees were able to support one of the non-profit organizations in the Zilina region. Experts from an independent committee considering 8 criteria chose 14 projects from 74 involved organizations. KIA Motors Slovakia supported this program with the financial amount of 16,597 EUR. In 2010, the company plans to prepare the second year of Employee Grant Program.
On May 22 and 23, 2009, the project called Nasa Zilina was held. Almost 200 volunteers from 9 involved companies included KIA Motors Slovakia employees helped 16 non-profit organizations. Besides traditional activities such as cleaning of parks and public places, decorating of interior facilities, experience and know-how from the field of marketing, communication and information technologies were donated. The Nasa Zilina project was also

supported by the Mayor of Zilina, chargé d'affairs of the Korean Embassy and executives from KIA Motors Slovakia. Volunteers worked 1,280 hours which represents 150 work days of an individual. The Nasa Zilina project will be held in 2010 again.

The third project of 2009 financed from the Kia Foundation Fund was direct financial support of young talented sportsmen from the sport club Kinex Bytca, who were preparing for the Winter Paralympic Games placed in Vancouver in 2010. Thanks to this support, Petra Smarzova and Marek Kubacka succeeded and qualified for the Paralympic Games 2010.

1.8 Goals and expansion forecast for years 2010/2011

KIA Motors Slovakia plans to launch the volume production of the Hyundai ix35 model at the beginning of 2010. Adjustment of the production lines will be in progress, which allows start with the production of a brand new Sportage in June 2010. Design changes will be made with a 3-door version of the model cee'd which will be added to the production process in the second half of the year.

One of the biggest aims of KIA Motors Slovakia in 2010 is to start the construction of the second engine shop. We plan to begin with construction works in the first half of the year. Volume production should be launched in 2011. The total investment amount will reach around EUR 110 million and will create more than 270 new job positions. Production capacity of the new engine shop will be 150,000 engines per year.

In the field of personal policy the efforts of KIA Motors Slovakia will be to keep those already employed. The company will try to increase the qualifications of its employees on all management as well as operation levels.

The company has set several aims that are to be achieved for 2010 in the field of environment. One of the most important will be following of environmental rules in accordance with national and European legislation and ISO 14 001 norm. A re-certification audit will be made in KIA Motors Slovakia to obtain the renewal of the certificate that will confirm the functionality and development of the environmental management system.

The obligation to decrease energy consumption used per one produced car will be also significant for the following year. Emissions pollution measures will be made in the paint and assembly shops as well. The Facility and Environment team will also continue with employees' education and implementation of new legislation connected with environmental protection.

In terms of quality, the company's aim for 2010 is also to improve the Quality Management System.

2 President's Message

The year of 2009 brought many changes, demanding tasks, challenges as well as successes for KIA Motors Slovakia. The complicated economic situation meant for us a reevaluation of the way of resources management in general and the implementation of successful safety measures.

In 2009, we produced more than 150,000 vehicles and almost 244,000 engines. Thus reaching the highest quality which is a key factor in satisfying our current as well as potential customers. In July, we launched new cee'd production and during the second half of 2009 we adjusted the production lines for the production of the new Hyundai ix35 model which started to leave the assembly lines in January 2010.

During the uncertain economic situation we did not shirk out duty to be a responsible employer in the Zilina region and we did not decrease the number of employees in 2009. By the end of the year we had together 2,800 employees. In September 2009, we hired 100 new people for the third shift in the engine shop. We did not lay off any workers rather we shortened the working time to solve this difficult period in the economy. Our decision was right.

The launch of the third shift in the Engine shop meant another step forward for KIA Motors Slovakia. We started with the production of a new 1.4-litre diesel engine. We developed cooperation with the Hyundai Motor Manufacturing Czech plant in Nosovice, the Czech Republic in terms of engines production for models such as the Hyundai i30 and Kia Venga.

Education in itself is still a very important part of KIA Motors Slovakia. We trained 74 employees directly in Korea in 2009 who passed through theoretical preparation and gained the necessary practical skills for the Hyundai ix35 and brand new Sportage production. We cooperate with technical secondary schools, organize excursions in production facilities, support individual students via consultations.

Quality, as a key factor of every car producer, was confirmed by much positive feedback in automobile magazines as well as independent customers' evaluations.

The model cee'd is still one of the safest, highly economical car with great driving performance. It became the "Best Car" in Poland in Auto Swiat's 2008 National Auto Test (NAT) from the point of functionality, spaciousness and economical operation.

In terms of long term testing (100,000 kilometers) which was executed by the professional German magazine AutoBild in November 2009, Kia cee'd reached 5th position from 60 evaluated cars and was placed 2nd in C-segment.

We did not stagnate in the field of company social responsibilities either. We are a responsible partner in the Zilina region and want to develop the quality of life.

The tool for support is the Kia Foundation Fund with Pontis which was founded in 2008. Through the successful Employee Grant Program we financially supported meaningful projects prepared by 14 non-profit organizations. In cooperation with the Pontis Foundation, Stredoslovenska energetika SSE and the City of Zilina, we cooperate in the Nasa Zilina project, where more that 200 volunteers including KIA Motors Slovakia employees worked almost 1,300 hours in 16 non-profit organizations.

The dynamic of existence can be expressed through sport. KIA Motors Slovakia supported auto motor sport, young Slovak paralympic skiers and also active sports activities of its own employees in 2009. We organized a Sports and Family Day for more than 3,500 employees and their family members in June. In 2009, more than 4,300 people visited our plant, almost 1,800 of them were students from universities and secondary technical schools.

The year 2010 will be very dynamic for us again. We will launch the production of the Hyundai ix35 model at the beginning of the year and in the middle of 2010 we plan to start with the production of the brand new Sportage model which will be officially introduced to the public at the motor show in Geneva in March 2010. The upgrade of the 3-door pro_cee'd is planned for the second half of the year. An important moment for KIA Motors Slovakia will be the ground-breaking ceremony on the occasion of the construction of the second engine shop, which will create more than 270 new positions.

I would like to thank all those who were a part of KIA Motors Slovakia in 2009, mainly our employees and their families, suppliers and business partners. We will try to achieve a positive impact on the Slovak economy and we will continue in activities which will lead to the development of the Zilina region.

Thank you.

In-Kyu Bae,
President of KIA Motors Slovakia

3 Financial overview

3.1 Income Statement

in TEUR

	2009	2008
Sales	1,684,599	2 ,142,898
Cost of sales	(1,547,712)	(1,956,479)
Gross profit	**136,887**	**186,419**
Administrative and selling expenses, net	(92,647)	(183,137)
Other operating income/(expenses), net	(13,493)	54 ,553
Operating profit	**30,747**	**57,835**
Interest costs	(24,940)	(47,998)
Interest revenue	15,806	21,788
Other financial income / (cost), net	(269)	2 ,457
Net finance costs	**(9,403)**	**(23,753)**
Profit before taxes	**21,344**	**34,082**
Income tax	4 ,591	(6,781)
Profit for the period	**25,935**	**27,301**

3.2 Balance sheet

in TEUR

	December 31, 2009	December 31, 2008
Assets		
Non-current assets	**610,868**	**653,130**
Current assets	**964,853**	**899,636**
Total assets	**1,575,721**	**1,552,766**
Equity		
Issued capital	433,323	433,323
Retained earnings and legal reserve fund	37,040	11,105
Total equity	**470,363**	**444,428**
Liablities		
Total non-current liabilities	214,869	302,540
Total current liabilities	890,489	805,798
Total liabilities	**1,105,358**	**1,108,338**
Total equity and liabilities	**1,575,721**	**1,552,766**

3.3 Statement of changes in share capital

in TEUR

Capital increasing	Amount (EUR)	Contributions of capital	EUR/SKK
Balance as of 1.1.2009	433,323		EUR
Balance as of 31.12.2009	433,323		EUR

3.4 Distribution of profit/loss

Description	Proposed for the Decision to Sole Partner of KMS
	in TEUR
contribution to reserve fund	1,297
transfer to accumulated profits from previous years	24,638
Total net profit/loss for the year 2009	**25,935**

The general meeting will decide on the distribution of profit in the amount of 25,935 TEUR for the year 2009 accounting period. The proposal presented by the statutory body to the general meeting is as follows:

- contribution to reserve fund in the amount of 1,297 TEUR,
- transfer to accumulated profits from previous years 24,638 TEUR.

The general meeting will be held after March 2010.

4 Yearly Closing

Balance sheet

in TEUR

	Note	December 31, 2009	December 31, 2008
Assets			
Property, plant and equipment	*11*	589,831	619,937
Intangible assets	*12*	5,801	8,831
Prepaid royalty expense	*17*	15,236	24,362
Total non-current assets		**610,868**	**653,130**
Inventories	*13*	162,600	189,219
Trade and other accounts receivables	*14*	748,802	626,670
Cash and cash equivalents	*15*	38,786	8,603
Inter-group loan	*16*	-	60,108
Prepaid expenses	*17*	14,663	14,940
Income tax receivable		2	96
Total current assets		964,853	899,636
Total assets		**1,575,721**	**1,552,766**
Equity			
Issued capital	*18*	433,323	433,323
Legal reserve fund	*19*	3,964	1,467
Retained earnings		33,076	9,638
Total equity		**470,363**	**444,428**
Liabilities			
Interest-bearing loans and borrowings	*1919*	151,517	241,126
Provisions	*20*	63,352	54,687
Deferred tax liabilities	*21*	-	6,727
Total non-current liabilities		**214,869**	**302,540**
Interest-bearing loans and borrowings	*19*	521,222	553,199
Trade and other accounts payables	*22*	349,227	239,347
Provisions	*20*	20,040	13,252
Total current liabilities		**890,489**	**805,798**
Total liabilities		**1,105,358**	**1,108,338**
Total equity and liabilities		**1,575,721**	**1,552,766**

Statement of cash flows

in TEUR

	Note	2009	2008
Cash flows from operating activities			
Profit for the year		25,935	27,301
Adjustments for:			
Depreciation of property, plant and equipment and intangible assets	*11,12*	77,911	74,428
Write down of inventories	*8,13*	705	-
Impairment provision to property, plant and equipment	*8,11*	16,209	-
Release of state aid related to property, plant and equipment	*6,11*	(11,105)	(12,045)
Interest expense	*9*	24,940	47,998
Interest income	*9*	(15,806)	(21,788)
Warranty provision charges	*20*	32,232	41,628
Warranty provision release	*20*	(4,122)	-
Release of prepaid royalty	*6,17*	12,656	11,399
Tax expense	*10*	(4,591)	6,781
Other		(107)	(70)
Operating profit before changes in working capital items		**154,857**	**175,632**
Decrease in inventories	*13*	25,914	61,228
(Increase) in trade, other receivables and other prepayments	*14,17*	(138,358)	(21,673)
Increase/(decrease) in trade, other payables and other provisions	*20,22*	109,955	(75,105)
Cash generated from operating activities		**152,368**	**140,082**
Interest paid from financing receivables, overdrafts and other		(10,999)	(27,815)
Interest received from financing receivables and bank deposits		18,112	230
Tax paid		(2,049)	(50)
Warranty charges net of supplier chargebacks	*20*	(12,738)	(6,640)
Net cash generated from operating activities		**144,694**	**105,807**
Cash flows from investing activities			
Acquisition of property, plant and equipment, excluding finance lease	*11*	(56,311)	(28,996)
Acquisition of intangible assets	*12*	(76)	(375)
Lump sum royalty prepaid	*17*	(5,000)	(2,609)
Inter-group loan provided	*16*	60,000	(10,000)
Interest received on intragroup loan provided		1,361	3,774
Proceeds from sale of non-current assets		651	597
Subsidies for acquisition of property, plant and equipment	*11*	7,748	25,697
Net cash generated from (used for) investing activities		**8,373**	**(11,912)**
Cash flows from financing activities			
Repayment of long term bank loans	*19*	(40,554)	(40,554)
Repayment of short term bank loans	*19*	(4,000)	(41,500)
Interest paid on long term bank loans and short term bank loans		(10,919)	(18,878)
Net cash provided by financing activities		**(55,473)**	**(100,932)**
Net decrease in cash and cash equivalents	*15*	97,594	(7,037)
Cash and cash equivalents at beginning of year	*15*	(128,951)	(121,914)
Cash and cash equivalents at end of year	*15*	**(31,357)**	**(128,951)**

Note: Bills of exchange amounting to TEUR 295,643 (in 2008: TEUR 308,361) accounted for as trade receivables and short term bank loans was considered as non cash effective for the purpose of the cash flow statement (see Note 14 and 19 for details).

Income Statement

in TEUR

	Note	2009	2008
Sales	*5*	1,684,599	2,142,898
Cost of sales	6	(1,547,712)	(1,956,479)
Gross profit		**136,887**	**186,419**
Administrative and selling expenses, net	7	(92,647)	(183,137)
Other operating income/(expenses), net	*8*	(13,493)	54,553
Operating profit		**30,747**	**57,835**
Interest costs		(24,940)	(47,998)
Interest revenue		15,806	21,788
Other financial income/(cost), net		(269)	2,457
Net finance costs	*9*	**(9,403)**	**(23,753)**
Profit before taxes		**21,344**	**34,082**
Income tax	*10*	4,591	(6,781)
Profit for the period		**25,935**	**27,301**

Statement of changes in equity

in TEUR

	Note	Share capital (Note 18)	Legal reserve fund (Note 18)	(Accumulated deficit)/ Retained earnings	Total
Balance as of January 1, 2008		**433,323**	**-**	**(16,196)**	**417,127**
Contribution to legal reserve fund		-	1,467	(1,467)	-
Total comprehensive income for the year ended December 31, 2008		-	-	27,301	27,301
Balance as of December 31, 2008	*18*	**433,323**	**1,467**	**9,638**	**444,428**
Contribution to legal reserve fund		-	2,497	(2,497)	-
Total comprehensive income for the year ended December 31, 2009		-	-	25,935	25,935
Balance as of December 31, 2009	*18*	**433,323**	**3,964**	**33,076**	**470,363**

Notes to the Financial Statements as at December 31, 2009

1. General information about the Company

KIA Motors Slovakia s.r.o. (hereinafter referred to as "the Company") is a company incorporated in Slovakia.

The Company's registered address is:

KIA Motors Slovakia s.r.o.
Mariánske námestie 30/5
Zilina 010 01
Slovakia

The principal activity of the Company is the manufacture and sale of automobiles and engines.

These financial statements have been prepared as on December 31, 2009 and for the year then ended and were prepared and authorized for issue by the Company's directors on February 5, 2010.

The Financial Statements have been prepared as ordinary financial statements in accordance with Article 17 (6) of Slovak Act No. 431/2002 Coll. on Accounting for the accounting period from January 1, 2009 to December 31, 2009.

The Statutory Financial Statements of the Company as at December 31, 2008, i.e. for the preceding accounting period, were approved by the shareholders at the Company's general meeting on June 4, 2009 and were filed together with the audited annual report in the collection of deeds of the Commercial Register on July 1, 2009. The balance sheet and income statement for the preceding period were published in the commercial bulletin on June 30, 2009.

The Company's bodies:

Directors	In Kyu Bae
	Jung-Pil Kuk (since August 10, 2009)
	Jong-Pil Kim (until August 9, 2009)

Information about the ultimate parent

The Company is consolidated into the financial statements of KIA Motors Corporation Yengje – Dong, Seocho – Gu 231, Seoul, Korea 137 0 938, which is the Company's parent, which is further consolidated in the group financial statements of Hyundai Motors Corporation Yengje – Dong, Seocho – Gu 231, Seoul, Korea 137 0 938, an ultimate controlling party

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Notes to the Financial Statements as at December 31, 2009

1. General information about the Company

KIA Motors Slovakia s.r.o. (hereinafter referred to as "the Company") is a company incorporated in Slovakia.

The Company's registered address is:

KIA Motors Slovakia s.r.o.
Mariánske námestie 30/5
Zilina 010 01
Slovakia

The principal activity of the Company is the manufacture and sale of automobiles and engines.

These financial statements have been prepared as on December 31, 2009 and for the year then ended and were prepared and authorized for issue by the Company's directors on February 5, 2010.

The Financial Statements have been prepared as ordinary financial statements in accordance with Article 17 (6) of Slovak Act No. 431/2002 Coll. on Accounting for the accounting period from January 1, 2009 to December 31, 2009.

The Statutory Financial Statements of the Company as at December 31, 2008, i.e. for the preceding accounting period, were approved by the shareholders at the Company's general meeting on June 4, 2009 and were filed together with the audited annual report in the collection of deeds of the Commercial Register on July 1, 2009. The balance sheet and income statement for the preceding period were published in the commercial bulletin on June 30, 2009.

The Company's bodies:

Directors	In Kyu Bae
	Jung-Pil Kuk (since August 10, 2009)
	Jong-Pil Kim (until August 9, 2009)

Information about the ultimate parent

The Company is consolidated into the financial statements of KIA Motors Corporation Yengje – Dong, Seocho – Gu 231, Seoul, Korea 137 0 938, which is the Company's parent, which is further consolidated in the group financial statements of Hyundai Motors Corporation Yengje – Dong, Seocho – Gu 231, Seoul, Korea 137 0 938, an ultimate controlling party

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

3. Basis of preparation

The financial statements have been prepared on a historical cost basis.

Functional currency

The financial statements are presented in euro, which is the Company's functional currency, and are rounded to the nearest thousand.

Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 20 – Provision for warranty repairs

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currency

Transactions in foreign currencies are translated to euro at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

As on January 1, 2009, Slovakia entered the Eurozone and converted its previous currency the Slovak Koruna (SKK) to Euro (EUR) at a fixed conversion rate of 30.126 SKK/EUR.

b) Property, plant and equipment

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy i)X. The cost of self-constructed assets includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

ii. Subsequent costs

The Company recognizes in the carrying amount of an item of property or plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

iii. Leased assets

Leases in terms of which the Company assumes substantially all the risk and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value or the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized in the Company's statement of financial position.

iv. Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

● buildings	30 years
● machinery and equipment	4-15 years
● moulds	6 years

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use.

Expenditure on repairs or maintenance of property and equipment incurred to restore or maintain future economic benefits expected from the assets is recognized as an expense when incurred. Depreciation methods and useful lives, as well as residual values, are reassessed at the reporting date.

c) Intangible assets

i. Owned assets

Intangible assets acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses (see accounting policy).

ii. Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

iii. Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of each part of intangible assets. The estimated useful lives are as follows:

● software	4-6 years
● other intangible assets	5 years

d) Prepaid royalties

The Company pays a lump sum and running royalty to its parent Company for the production of cars and engines.

i. Lump sum royalty

Prepaid lump sump royalties are initially recorded as prepayments and are amortized on a straight-line basis over the period for which the royalty has been paid. Amortization cost is recorded as cost of goods sold (refer to Note 6).

ii. Running royalty

Running royalties represent regular expenses derived from the number of cars produced, and are recorded as cost of goods sold (refer to the Note 6).

e) Trade and other accounts receivables

Trade and other receivables are recognized initially at fair value, subsequent to initial recognition they are stated at their amortized cost using the effective interest rate method, less impairment losses (see accounting policy).

f) Bills of Exchange and related borrowings

The Company finance its receivable balances with two customers, related parties, through external banks. The Company remains liable to the banks until its customers have paid in full. The Company is grossing up its receivables balances in the balance sheet as receivables from related parties and liabilities due to banks. Both amounts are presented as Bills of Exchange and are accounted for as trade and other accounts receivables (refer to the Note 14) and short term borrowings (refer to the Note 19).

According to the agreement with these customers, the parties are shares interest costs from the transactions. The interest paid to the bank is recorded as an interest expenses and the interest re-invoiced to related parties is recorded as interest income (refer to note 9).

g) Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of production inventories is based on standard cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of non production inventories is based on a weighted average cost formula and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

i) Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

Non-financial assets

The carrying amounts of the Company's assets, other than inventories (see accounting policy b, c, d and e) and deferred tax assets (see accounting policy o) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

j) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

k) Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold.

l) Trade and other payables

Trade and other payables are recognized initially at fair value. Subsequent to initial recognition they are stated at amortized cost.

m) Revenue for goods sold

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods also continuing management involvement with the goods. A significant element of the Company's revenue is with related parties (see Note 25).

n) Finance costs and finance income

Finance costs and finance income comprise interest expense on borrowings calculated using the effective interest rate method, interest income on funds invested and foreign exchange gains and losses.

Interest income and expense are recognized in the income statement as they accrue, using the effective interest method, except to the extent that they relate to the financing of property, plant and equipment, in which case they are capitalized as part of the acquisition costs of the related assets.

Interest paid from the secured bank loan and short term bank loan facilities are presented in the cash flows from financing activities. Interest received from intercompany loans is presented in cash flows from investing activities. Interest paid on overdrafts, interest paid and received from financing receivables (see accounting policy f) and other interest paid and received are presented in cash flows from operating activities.

o) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

p) Employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

q) Government grants

Government grants are initially recognized in the balance sheet when there is reasonable assurance that it will be received and that the Company will comply with the conditions attaching to it.

Grants that compensate the Company for expenses incurred are initially recognized as deferred revenue and it is released to the income statement as other operating income on a systematic basis in the same periods in which the expenses are recognized.

Grants that compensate the Company for the acquisition costs of property, plant and equipment are initially recognized as a deduction of property, plant and equipment and are amortized, reflected in the income statement as a deduction of depreciation expense over the useful life of the assets to which they relate.

r) New standards

The following new standards, amendments to standards and interpretations are not yet effective as on December 31, 2009, and have not been applied in preparing the financial statements:

- Revised IFRS 3 Business Combinations (effective for annual periods beginning on or after July 1, 2009) – the scope of the revised Standard has been amended and the definition of a business has been expanded. The revised Standard also includes a number of other potentially significant changes including:
  - All items of consideration transferred by the acquirer are recognised and measured at fair value as of the acquisition date, including contingent consideration.
  - Subsequent change in contingent consideration will be recognized in profit or loss.
  - Transaction costs, other than share and debt issuance costs, will be expensed as incurred.

  The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquire, on a transaction-by-transaction basis.

Revised IFRS 3 is not relevant to the Company's financial statements as the Company does not have any interests in subsidiaries that will be affected by the revisions to the Standard.

- Revised IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 1, 2009) – in the revised Standard the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest.

  Revised IAS 27 is, however, not relevant to the Company's financial statements as the Company has no interests in subsidiaries that will be affected by the revisions to the Standard.

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for the annual period beginning on or after February 1, 2010) – the amendment requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency, are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

  The amendments to IAS 32 are not relevant to the Company's financial statements as the Company has not issued such instruments at any time in the past.

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual periods beginning on or after July 1, 2009) – the amended Standard clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however inflation cannot be designated, except in limited circumstances.

  The amendments to IAS 39 are not relevant to the Company's financial statements as the Company does not apply hedge accounting.

- IFRIC 12 Service Concession Arrangements (effective for first annual reporting period beginning on or after April 1, 2009) – the Interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements.

  IFRIC 12 is not relevant to the Company's operations as the Company has not entered into any service concession arrangements.

- IFRIC 15 Agreements for the Construction of Real Estate (effective for annual periods beginning on or after January 1, 2010). IFRIC 15 clarifies that revenue arising from agreements for the construction of real estate is recognised by reference to the stage of completion of the contract activity in the following cases:

  1. the agreement meets the definition of a construction contract in accordance with IAS 11.3;
  2. the agreement is only for the rendering of services in accordance with IAS 18 (e.g. the entity is not required to supply construction materials); and
  3. the agreement is for the sale of goods but the revenue recognition criteria of IAS 18.14 are met continuously as construction progresses.

In all other cases, revenue is recognised when all of revenue recognition criteria of IAS 18.14 are satisfied (e.g. upon completion of construction or upon delivery).

IFRIC 15 is not relevant to the Company's financial statements as the Company does not provide real estate construction services or develop real estate for sale.

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after July 1, 2009) – the Interpretation explains the type of exposure that may be hedged, where in the group the hedged item may be held, whether the method of consolidation affects hedge effectiveness, the form the hedged instrument may take and which amounts are reclassified from equity to profit or loss on disposal of the foreign operation.

  IFRIC 16 is not relevant to the Company's financial statements as the Company does not have any investment in a foreign operation.

- IFRIC 17 Distributions of Non-cash Assets to Owners (effective prospectively for annual periods beginning on or after November 1, 2009) – the Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognised in equity as adjustments to the amount of the distribution. When the dividend payable is settled, the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.

  As the Company does not distribute non-cash assets to shareholders, the interpretation will have no impact on the Company's financial statements.

- IFRIC 18 Transfers of Assets from Customers (effective prospectively for annual period beginning on or after November 1, 2009) – the Interpretation requires an entity that receives a contribution in the scope of the Interpretation to recognize the item as an asset at its fair value if the transferred item meets the criteria for property, plant, and equipment in IAS 16, Property, Plant and Equipment. The Interpretation also requires the entity to recognize the amount as revenue; the timing of revenue recognition depends on the facts and circumstances of the particular arrangement.

As the Company receives no contributions in the scope of the interpretation, the interpretation will have no impact on the Company's financial statements.

5. Revenue

Revenue is principally represented by sale of cars (cee'd and Sportage model) and sale of engines to another production plant. The breakdown by key products and geographical area is as follows:

in thousands of euro	2009	2008
Revenue from sale of cars in EU countries excluding Slovakia	1,099,870	1,475,768
Revenue from sale of cars to non EU countries	390,717	602,349
Sale of engines and spare parts	158,892	16,982
Revenue from sale of cars in Slovakia	35,120	47,799
	1,684,599	**2,142,898**

6. Cost of sales

in thousands of euro	2009	2008
Material consumption	1,358,420	1,751,671
Depreciation and amortization (refer to Note 11, 12)	77,453	74,034
Personnel expenses	44,724	47,500
Energy consumption	16,263	22,418
Running royalty charge	14,752	18,664
Lump sum royalty charge (refer to Note 17)	12,656	11,399
Amortization of government grants (refer to Note 11)	(11,105)	(12,045)
Other	34,549	42,838
	1,547,712	**1,956,479**

7. Administrative and selling expenses

in thousands of euro	2009	2008
Logistics services	57,520	77,881
Warranty charge net of release (refer to Note 20)	28,110	40,534
Personnel expenses	2,434	2,227
Marketing services	2,075	58,107
Depreciation and amortisation (refer to Note 11, 12)	458	394
Other	2,050	3,994
	92,647	**183,137**

8. Other operating (expenses)/income, net

in thousands of euro	2009	2008
Impairment of property, plant and equipment (refer to Note 11)	(16,209)	-
Write down of inventories (refer to Note 13)	(705)	-
Sale of scrap material	2,662	6,528
Government grants received for job creation and education	995	3,689
Sale of non-exclusive rights	-	42,460
Other operating	(236)	1,876
	(13,493)	**54,553**

9. Net finance expenses

Recognized in the income statement

in thousands of euro	2009	2008
Interest expense, long term bank loan	(9,168)	(16,263)
Interest expense, short term bank loans	(3,054)	(5,972)
Interest expense, overdraft	(1,256)	(4,150)
Interest expense, lease	(23)	-
Interest expense, financing of receivables	(11,439)	(21,613)
	(24,940)	**(47,998)**
Interest income, refunded interest expense from financing of receivables	14,543	18,102
Interest income, intercompany loan	1,253	3,456
Interest income, bank deposits	10	230
	15,806	**21,788**
Net interest expense	**(9,134)**	**(26,210)**
Foreign exchange losses	(5,225)	(15,500)
Foreign exchange gains	4,956	17,957
Net foreign exchange (loss)/gains	**(269)**	**2,457**
Net finance costs	**(9,403)**	**(23,753)**

Financing of receivables

The Company is finance its receivable balances with two customers, related parties, through external banks. According to the agreement with customers, the parties share interest costs from the transactions, which are reflected as interest expenses paid by the Company to the bank and interest income from the related parties (refer to point 4, f).

10. Income tax

in thousands of euro	2009	2008
Current tax expense		
Period income tax charge	(2,142)	-
Deferred tax expense		
Origination and reversal of temporary differences	(2,449)	6,781
Total income tax expense in the income statement	**(4,591)**	**6,781**

Reconciliation of effective tax rate

in thousands of euro	2009	%	2008	%
Profit before tax	21,344		34,082	
Income tax using the domestic corporation tax rate	4,055	19.0%	6,475	19.0%
Prior year income tax payment	(2,142)	(10.0%)		
Deferred tax change resulted from prior year tax payments	2,142	10.0%		
Deferred tax from previous year unrecognized deferred tax asset	(8,869)	(41.5%)		
Tax non-deductible expenses and other items	223	1.0%	306	0.9%
Income tax (recovery)/charge for the year	**(4,591)**	**(21.5%)**	**6,781**	**19.9%**

11. Property, plant and equipment

in thousands of euro	Buildings	Machinery and equipment	Other	Assets under construction	Advance payments	Total
Cost						
Balance on January 1, 2008	203,528	570,545	3,602	38,471	1,119	817,265
Acquisitions	1,305	23,060	940	2,975	716	28,996
Transfers	2,877	34,736	349	(37,069)	(1,084)	(191)
Disposals	-	(1,071)	(1)			(1,072)
Balance on December 31, 2008	**207,710**	**627,270**	**4,890**	**4,377**	**751**	**844,998**
Balance on January 1, 2009	207,710	627,270	4,890	4,377	751	844,998
Acquisitions	1,915	18,555	364	37,212	35	58,081
Transfer	196	2,505	157	(2,107)	(751)	-
Disposals	-	(1,080)	(135)			(1,215)
Balance on December, 31 2009	**209,821**	**647,250**	**5,276**	**39,482**	**35**	**901,864**
Depreciation and impairment losses						
Balance on January 1, 2008	7,328	48,224	975	-		56,527
Depreciation charge for the year	6,882	61,863	1,497	-		70,242
Disposals	-	(534)	(1)	-		(535)
Balance on December 31, 2008	**14,210**	**109,553**	**2,471**	**-**		**126,234**
Balance on January 1, 2009	14,210	109,553	2,471	-	-	126,234
Depreciation charge for the year	7,046	66,196	1,563	-		74,805
Impairment provision		16,209				16,209
Disposals		(557)	(128)	-		(685)
Balance on December 1, 2009	**21,256**	**191,401**	**3,906**	**-**		**216,563**
Government grants						
On December 31, 2008	(24,900)	(73,927)	-	-	-	(98,827)
On December 31, 2009	(24,047)	(71,423)	-	-	-	**(95,470)**
Carrying amounts						
On January 31, 2008	172,418	460,928	2,627	38,471	1 119	675,563
On December 31, 2008	**168,600**	**443,790**	**2,419**	**4,377**	**751**	**619,937**
On January 1, 2009	168,600	443,790	2,419	4,377	751	619,937
On December 31, 2009	**164,518**	**384,426**	**1,370**	**39,482**	**35**	**589,831**

Impairment provision

Due to planned discontinuance of the Sportage production in May 2010, the Company assessed the recoverable amount of the assets related directly with its production. The recoverable amount of the cash-generating unit was estimated based on its value in use, assuming that the production line would operate until May 2010. The carrying amount was determined to be TEUR 16,209 higher than its recoverable amount, and an impairment loss was recognised for this amount.

The estimate of value in use does not use a discount rate as the cash flow projections after May 2010 relate solely to the sale of spare parts and were not considered to be material for the calculation of the recoverable amount.

11. Property, plant and equipment (continued)

Land under the building

As further described in Note 24, the Company has no ownership title to the land on which the buildings are constructed.

Work performed by the entity and capitalized to property, plant and equipment

Acquisitions to property, plant and equipment includes seventy vehicles produced mounting to TEUR 765 (2008: eighty eight in total amount of TEUR 980) added to other assets.

Insurance

Property, plant and equipment is insured against damage up to TEUR 1,186,388 (2008: TEUR 910,822).

Government grants

The Company is entitled to receive government grants related to the acquisition costs of property, plant and equipment if certain conditions are fulfilled. The conditions are stipulated in the Investment Agreement between the Company and the Slovak State. The grants received are recorded as a deduction of property, plant and equipment and are being amortized over the estimated useful lives of the property, plant and equipment for which they have been received once such assets are placed into use. Details of amounts received and amounts amortized are as follows:

in thousands of euro	December 31, 2009	December 31, 2008
Balance as on January 1	98,827	85,175
Additions	7,748	25,697
Amortization for the period (refer to Note 6)	(11,105)	(12,045)
Balance as on December 31	**95,470**	**98,827**

Overview of government grants by long term and short term is set out in the table below:

in thousands of euro	December 31, 2009	December 31, 2008
Short term	10,404	9,516
Long term	85,066	89,311
	95,470	**98,827**

The release of government grants related to property, plant and equipment is recorded in cost of goods sold (refer to Note 6).

12. Intangible assets

In thousands of euro	**Information technologies and software**
Cost	
Balance on January 1, 2008	14,934
Acquisitions	375
Transfers from property, plant and equipment	191
Balance on December 31, 2008	**15,500**
Balance on January 1, 2009	15,500
Acquisitions	76
Transfers from property, plant and equipment	-
Balance on December 31, 2009	**15,576**
Amortization and impairment losses	
Balance on January 1, 2008	2,483
Amortization for the year	4,186
Balance on December 31, 2008	**6,669**
Balance on January 1, 2009	6,669
Amortization for the year	3,106
Balance on December 31, 2009	**9,775**
Carrying amounts	
On January 1, 2008	12,451
On December 31, 2008	**8,831**
On January 1, 2009	8,831
On December 31, 2009	**5,801**

13. Inventories

in thousands of euro	December 31, 2009	December 31, 2008
Raw materials and consumables	127,453	147,251
Work in progress and semi-finished goods	10,401	14,155
Finished goods	25,451	27,813
Write down provision	(705)	-
	162,600	**189,219**

14. Trade and other accounts receivables

in thousands of euro	December 31, 2009	December 31, 2008
Trade account receivables	402,583	246,825
Bills of exchange (refer to accounting policy 4,f)	295,643	308,361
Value added tax receivable	48,246	68,384
Other receivables	2,330	3,100
	748,802	**626,670**

The breakdown by currency is as follows:

in thousands of euro	**December 31, 2009** Balance recalculated to TEUR	**%**	**December 31, 2008** Balance recalculated to TEUR	**%**
EUR / (SKK)	732,731	97.9%	587,662	93.8%
GBP	16,071	2.1%	39,008	6.22%
	748,802	**100.0%**	**626,670**	**100.00%**

The Company did not recognize any impairment provision as on December 31, 2009 (December 31, 2008: TEUR 0) as trade and other receivables are due from companies within the Hyundai-Kia Automotive Group (totaled 86% and 82% as on December 31, 2009 and December 31, 2008, respectively). The Company has not incurred any significant historical impairment losses.

The Company expects to recover value added tax in two months from the balance sheet date on the grounds of valid legislation.

The Company is exposed to a customer concentration risk as 79%, 5% and 2% of trade account receivables including bills of exchange (as well as 62%, 19% and 9% of revenues during the period ended December 31, 2009) relate to Kia Motors Europe GmbH, Kia Motors Russia and Hyundai Motor Manufacturing Czech, respectively (December 31, 2008: 64%, 16% and 1% respectively).

15. Cash and cash equivalents (as presented in the Balance Sheet and Statement of Cash flows)

in thousands of euro	December 31, 2009	December 31, 2008
Bank balances	38,785	8,602
Vouchers	1	1
Cash and cash equivalents	**38,786**	**8,603**
Bank overdrafts (refer to Note 19)	(70,143)	(137,554)
Cash and cash equivalents as presented in Cash flow Statement	**(31,357)**	**(128,951)**

16. Inter-group loan

in thousands of euro	December 31, 2009	December 31, 2008
Receivable due from Kia Motors Europe	-	60,000
Unpaid interest receivable against Kia Motors Europe	-	108
	-	**60,108**

17. Prepaid expenses

in thousands of euro	December 31, 2009	December 31, 2008
Non-current assets:		
Prepaid royalty expense net of cumulated amortization	28,105	35,761
less: current portion	(12,869)	(11,399)
Total	**15,236**	**24,362**

in thousands of euro	December 31, 2009	December 31, 2008
Current assets:		
Current portion of prepaid royalty expense net of cumulated amortization	12,869	11,399
Prepaid interest from financing of receivables	1,794	3,471
Other prepayments	-	70
Total	**14,663**	**14,940**

Following is the overview of royalty pre payments made:

in thousands of euro	Year	Royalty prepaid (TEUR)	Amortization period (months)
Royalty for car model	2006	54,887	64
Royalty for engine	2007	951	48
Royalty for car model	2008	2,609	36
Royalty for car model	2009	5,000	33

17. Prepaid expenses (continued)

Overview of movement in prepaid expenses is set out in the table below:

in thousands of euro	Royalty cars	Royalty engines	Total
Initial payments			
Balance on January 1, 2008	54,887	951	55,838
Additional payments made in the year	2,609	-	2,609
Balance on December 31, 2008	**57,496**	**951**	**58,447**
Balance on January 1, 2009	57,496	951	58,447
Additional payments made in the year	5,000	-	5,000
Balance on December 31, 2009	**62,496**	**951**	**63,447**
Amortization and impairment losses			
Balance on January 1, 2008	11,148	139	11,287
Amortization for the year (Refer to Note 6)	11,161	238	11,399
Balance on December 31, 2008	**22,309**	**377**	**22,686**
Balance on January 1, 2009	22,309	377	22,686
Amortization for the year (Refer to Note 6)	12,418	238	12,656
Balance on December 31, 2009	**34,727**	**615**	**35,342**
Carrying amounts			
On January 1, 2008	43,738	812	44,551
On December 31, 2008	**35,186**	**574**	**35,761**
On January 1, 2009	35,187	574	35,761
On December 31, 2009	**27,769**	**336**	**28,105**

The amortization of royalty prepayments is recorded in cost of goods sold (refer to Note 6).

18. Capital and reserves

Share capital

The Company's authorized total authorized and issued share capital amounted to TEUR 433,323 as of December 31, 2009 (December 31, 2008: TEUR 433,323). The share capital is fully paid up.

The sole shareholder of the Company exercise full voting rights and has rights to receive dividends.

Legal reserve fund

The Company is obliged by Slovak law to create a legal reserve totaling a minimum of 5% of net profit (annually) and up to a maximum of 10% of registered share capital. As the fund's balance has not yet reached yet the maximum balance, a further distribution amounting to TEUR 39,368 from the Company's profits is required in the future. The legal reserve fund can only be used to cover the Company's losses.

19. Interest-bearing loans and borrowings

in thousands of euro	Interest	December 31, 2009	December 31, 2008
Non-current liabilities			
Long term bank loans including current portion	see below	244,782	285,335
Unamortized transaction costs long term		(1,982)	(3,655)
Leasing liability	7.4%	1,331	-
Current portion of long term loan		(92,614)	(40,554)
Long term bank loans		**151,517**	**241,126**
Current liabilities			
Current portion of secured bank loans	see below	92,614	40,554
Unamortized transaction costs		(1,117)	(770)
Bank overdrafts (refer to Note 15)	Average 2.6%	70,143	137,554
Short term loan facilities	Average 4.3%	63,500	67,500
Leasing liability	7.4%	439	-
Bill of exchange (refer to accounting policy 4,f)	Average 3.9%	295,643	308,361
Short term bank loans		**521,222**	**553,199**

Long term loans

The long term bank loans were given in three tranches denominated in euro and scheduled repayment of these loans is as follows:

	Carrying amount in TEUR	Interest rate	Final maturity date	Maturity <1 year in TEUR	Maturity 1 to 5 ears in TEUR	Maturity > 5 years in TEUR
Tranche A	77,559	3.57%	31/12/2013	19,615	57,944	-
Tranche B	115,163	Euribor+0.15%	30/6/2015	20,939	83,758	10,466
Tranche C	52,060	Euribor+0,4%	12/8/2010	52,060	-	
Long term loans	**244,782**			**92,614**	**141,702**	**10,466**

The long term bank loans are fully covered by a guarantee provided by KIA Motors Corporation, the Company's parent company.

Unamortized transaction costs related to transaction costs incurred in concluding the long facilities. These are amortized over the period of the loan using effective interest rate method. Annual amortization is recorded in the income statement together in the line interest expense from long term bank loan.

Finance lease

Finance lease liability represents present value of payments to Glovis for long term five and is payable as follows:

in thousands of euro	Future minimum lease payments December 31, 2009	Interest December 31, 2009	Present value of minimum lease payments December 31, 2009	Finance lease December 31, 2008
Less then one year	564	125	439	-
Between one and five years	1,551	220	1,331	-
	2,115	**345**	**1,770**	-

20. Provisions

in thousands of euro	Warranty	Other	Total
Balance on January 1, 2008	32,172	664	32,836
Provision charges (refer to Note 7)	41,628	779	42,407
Actual costs	(6,640)	(664)	(7,304)
Balance on December 31, 2008	**67,160**	**779**	**67,939**
Balance on January 1, 2009	67,160	779	67,939
Provisions charges (refer to Note 7)	32,232	860	33,092
Actual costs	(15,327)	(779)	(16,106)
Supplier chargebacks	2,589	-	2,589
Provision release (refer to Note 7)	(4,122)	-	(4,122)
Balance on December 31, 2009	**82,532**	**860**	**83,392**

In 2008 the warranty charge reported in note 7 of TEUR 40,534 included supplier charge backs amounting to EUR 1.1 million. Since 2009 KMS has recorded supplier charge backs directly against the provision in the balance sheet.

An overview of long term and short term provisions is set out in the following table:

in thousands of euro	December 31, 2009	December 31, 2008
Non-current	63,352	54,687
Current	20,040	13,252
Balance on the reporting date	**83,392**	**67,939**

The warranty provision is measured based on the probability of the products requiring repair or replacement and the best estimate of the costs to be incurred in respect of defective products sold on or before the balance sheet date.

21. Deferred tax liability

in thousands of euro	December 31, 2009	December 31, 2008
Property, plant and equipment	(15,798)	(19,335)
Warranty charges	15,681	12,760
Tax losses carried forward	-	294
Other items	117	(446)
Deferred tax liability	**-**	**(6,727)**

The Company has unrecognized deferred tax assets related to tax losses carried forward and other tax deductible temporary difference amounting to TEUR 11,000.

22. Trade and other accounts payables

in thousands of euro	December 31,2009	December 31,2008
Trade payables including accruals	342,313	232,894
Employee related liabilities	3,290	2,996
Other payables	3,318	3,235
Payroll withholding taxes	306	222
	349,227	**239,347**

The entire balance of Trade and other account payables are denominated in EUR.

23. Capital commitments

On December 31, 2009 the Company had orders in place to acquire property, plant and equipment in the amount of TEUR 3,800 (December 31, 2008: TEUR 3,600).

24. Contingencies

Land under the building

The Company has no ownership title to the land on which the buildings are constructed. According to the investment agreement with the Slovak Government, the Company is entitled to receive the ownership in the form of state support, for a nominal cost. The land is currently being acquired from all existing owners by the Slovak State and when acquired in its entity, it will be transferred to the Company. Resolution of this matter is not within the direct control of the Company. In January 2010, the Company commenced discussion with the Slovak government entity who owns the land on its potential transfer.

According to the investment agreement dated March 5, 2004, the estimated value of the land to be transferred is TEUR 16,600.

Uncertainties in tax legislation

Many parts of Slovak tax legislation remain untested and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the authorities are available.

Pending litigations

The directors do not expect the outcome of pending litigations to have a material effect on the Company's financial position.

25. Related parties

Identity of related parties

The Company has a related party relationship with its parent Kia Motors Corporation and other group companies within the Hyundai-Kia Automotive Group and with its directors and executive officers. The ultimate controlling party is Hyundai Motors Corporation.

Transactions with key management personnel

There have been no transactions with management, except for their salaries, which are included in the caption of administrative expense in the income statement and in total amount to TEUR 404 (2008: TEUR 467).

25. Related parties (continued)

Other related party transactions

Other related parties, which are also part of the Hyundai-Kia Automotive Group, include: Mobis Slovakia, Hyundai Motors Corporation, Glovis Co. Ltd, Hysco Slovakia, Glovis Slovakia, Autoever systems corp. (Slovak branch), AutoEver Systems Europe GmbH (Slovak branch), AMCO (Slovak branch), Kia Austria GmbH, Kia Motors Belgium N.V., Kia Automobiles France, Kia Motors Deutschland GmbH, Kia Motors Ireland, Kia Motors Iberia S.L., Kia Sverige AB, Kia Motors (UK) Ltd., Kia Motors Czech s.r.o., Kia Hungary KFT, Kia Motors Polska, Kia Motors Russia LLC, Kia Motors Nederland B.V., Kia Motors Sales Slovakia, Kia Motors Europe GmbH.

Transactions with the parent company	**2009**	**2008**
in thousands of euro		
Purchase of services, material and acquisitions of property, plant and equipment	242,626	265,831
Revenues	552	2,791
Technical support and other costs	1,890	1,617
Running royalty charge	14,752	18,664
Royalty prepaid	5,000	2,609

Transactions with other group companies in thousands of euro	**2009**	**2008**
Revenues	1,596,014	1,502,300
Purchase of services, material and acquisitions of property, plant and equipment	621,162	882,102
Revenues from the sale of non-exclusive rights	-	42,460
Increase of Intercopmany loan	-	10,000
Interest received from intercompany loan	1,253	3,774
Interest income from refunded interest expense from financing receivables	14,537	18,102

Selected assets and liabilities arising from related-party transactions are presented in the table below:

Assets and liabilities arising from transactions with the parent company in thousands of euro	**December 31, 2009**	**December 31, 2008**
Trade, other receivables and prepayments	117	10
Trade payables	140,417	103,873

Assets and liabilities arising from transactions with other group companies in thousands of euro	**December 31, 2009**	**December 31, 2008**
Trade accounts receivable	375,015	154,069
Trade accounts receivable – Bills of Exchange	295,643	308,361
Trade accounts payable	114,811	62,459

26. Financial risk management

Overview
The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- operational risk;
- currency risk;
- interest rate risk;

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Directors monitor compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

95 % (2008 90%) of the Company's revenue is attributable to sales transactions with customers in the Hyundai-Kia Automotive Group which are related parties. To date the Company has recovered all due amounts from Hyundai-Kia Automotive Group customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers outside the Hyundai-Kia Automotive Group requiring credit over a certain amount. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The Company uses overdraft accounts and short term facilities to finance their operational needs, whereas long term financing and equity are used to finance investments.

The Company prepares monthly, quarterly and annual cash flow forecasts to manage liquidity.

26. Financial risk management (continued)

The following are contractual maturities of financial liabilities net of estimated interest payments as on: **December 31, 2009**

in thousands of euro	Note	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	more than 5 years
Trade and other receivables	14	748,802	748,802		-	-	-
Cash and cash equivalents	15	38,786	38,786		-	-	-
Intercompany loan	16	-	-		-	-	-
Interest bearing loans and borrowings, excl. unamortized costs	19	(675,838)	(358,896)	(163,443)	(81,947)	(61,086)	(10,466)
Trade and other accounts payables	22	(349,227)	(349,227)				
Income tax receivable		-		-	-	-	-
		(237,477)	**79,465**	**(163,443)**	**(81,947)**	**(61,086)**	**(10,466)**

The Company's management expects the current short term loan facilities which fall due in 2010 to be fully prolonged in 2010.

The following are contractual maturities of financial liabilities net of estimated interest payments as on: **December 31, 2008**

in thousands of euro	Note	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	more than 5 years
Trade and other receivables	14	626,670	626,670	-	-	-	-
Cash and cash equivalents	15	8,603	8,603	-	-	-	-
Intercompany loan	16	60,108	60,108	-	-	-	-
Interest bearing loans and borrowings, excl. unamortized costs	19	(798,750)	(434,641)	(119,328)	(81,108)	(132,268)	(31,405)
Trade and other accounts payables	22	(239,347)	(239,347)	-	-	-	-
Income tax receivable		-	-	-	-	-	-
		(342,716)	**21,393**	**(119,328)**	**(81,108)**	**(132,268)**	**(31,405)**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Company is exposed indirectly to the purchasing trends of consumers in the automotive sector. This risk is managed by the Company's parent company through monitoring market trends and adjusting production volumes accordingly.

Operational risk

Day-to-day operations harbor various risks that could potentially weaken the Company's financial position and performance. Business risks that could result from production interruptions due to e.g. energy outages, technical failures, fires, floods, etc., are partially hedged using insurance contracts.

26. Financial risk management (continued)

New products inherently carry the risk that customer might not accept them. For this reason, the parent Company conducts extensive analyses and customer surveys. Trends are identified in timely fashion and examined closely to determine their relevance to customers.

Currency risk

The Company is exposed to foreign currency risk in sales that are denominated in GBP and purchases that are dependent of the fluctuation of KRW against EUR.

In 2009 9.5% of sales were realized in GBP. A decrease or increase of the EUR/GBP exchange rate by 1% would increase or decrease net profit by TEUR 1,600. Some 20% of purchases depend on the fluctuation of exchange rate between the Korean won and EUR. A decrease or increase of EUR/KRW exchange rate by 1% would decrease or increase net profits by TEUR 2,700.

Interest rate risk

Management has entered in to loan contracts which are exposed to floating interest rates in the normal course of business.

An increase or decrease of interest rate (euribor, libor) by 100 basis points, considering all other factors remain unchanged, would cause a decrease or an increase of profitability by TEUR 3,808 (2008: TEUR 4,032).

Capital management

The Company defines the capital as its Equity. The Company's policy is to maintain a strong capital base so as to sustain future development of the business and maintain sufficient funds for significant capital expenditures that are planned within the next three years. The Company's needs for capital are satisfied through borrowings and through contributions to share capital. The Company does not provide share options to employees or other external parties.

There were no changes in the Group's approach to capital management during the year.

27. Fair values

Fair values versus carrying amounts

The fair value of trade and other receivables, cash and cash equivalents, trade and other payables, loans and interest bearing borrowings with variable interest rate is approximated by their carrying amounts as on December 31, 2009 as well as on December 31, 2008.

The fair value of tranche A with a fixed interest rate of 3.57% is approximated by its carrying amount as on December 31, 2009.

Basis for determining fair values

The fair value of trade, other receivables and payables is estimated as the present value of the future cash flows discounted at market rate of interest at the reporting date.

28. Accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. 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 period affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 20 – Provisions for warranty repairs

Provisions for warranty repairs
The Company has a provision for warranty costs, which on December 31, 2009 amounted to TEUR 82,532 thousand (2008: TEUR 67,160) as disclosed in note 20. The Company provides a warranty coverage period of five years on it's cee'd and Sportage models. In addition, for vehicles sold in the European Union and other selected countries a further two-year warranty coverage period is provided on engines and transmissions. All warranty coverage periods are subject to a maximum mileage of 150,000 kilometers. Future warranty costs are impacted by a number of uncertainties that include, but are not limited to, the fact that the cee'd is a new model first produced in 2006 and the period of the warranty coverage is above that previously provided by the Kia Group. Management monitors the development of the actual warranty claims in comparison to their expectation. Increasing or decreasing the warranty trend line by 10% would increase or decrease the warranty provision by TEUR 7,200.

Based on currently available information management believes the warranty provision is adequate. However, the timings of the cash outflows are by their nature uncertain and the best estimates are shown in note 20. Such changes that arise could impact the provisions recognized in the balance sheet in future periods.

These financial statements were approved on February 5, 2010

____

Jung-Pil Kuk
CFO

KPMG

KPMG Slovensko spol. s r.o.
Mostová 2
P. O. Box 7
820 04 Bratislava 24
Slovakia

Telephone +421 2 59984 111
Fax +421 2 59984 222
Internet www.kpmg.sk

Report on Audit of Consistency

of the annual report with the financial statements pursuant to Article 23 (5) of Act No. 540/2007 Coll. on Auditors, Audit and Oversight of Audit

To the Owner and Management of KIA Motors Slovakia, s.r.o.

We have audited the financial statements of the company Kia Motors Slovakia, s.r.o. as of 31 December 2009, presented on pages 11 – 40 of the annual report. We have issued an independent auditor's report on the financial statements on 5 February 2010 with the following wording:

Independent Auditor's Report

To the Owners and Directors of KIA Motors Slovakia s.r.o.:

We have audited the accompanying financial statements of KIA Motors Slovakia s.r.o. ("the Company"), which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

5 February 2010
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko, spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ľuboš Vančo
License SKAU No. 745

Responsible audit partner:
Kenneth Ryan

Supplementary auditor's report on the audit of the consistency of the annual report with the financial statements

We have audited the consistency of the annual report with the financial statements in accordance with the Act on Accounting.

The accuracy of the annual report is the responsibility of the company's management. Our responsibility is to audit the consistency of the annual report with the financial statements, based on which we are required to issue an appendix to the auditor's report on the consistency of the annual report with the financial statements.

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the information presented in the annual report, subject to presentation in the financial statements, is consistent, in all material respects, with the relevant financial statements.

We have reviewed the consistency of the information presented in the annual report on pages 1 - 10 with the information presented in the financial statements as of 31 December 2009. We have not audited any data or information other than the accounting information obtained from the financial statements and accounting books. We believe that the audit performed provides a sufficient and appropriate basis for our opinion.

In our opinion, the accounting information presented in the annual report is consistent, in all material respects, with the financial statements as of 31 December 2009, presented on pages 11 – 40 of the annual report.

Date: 23 March 2010
Bratislava, Slovak Republic

Audit firm:
KPMG Slovensko spol. s r. o.
License SKAU No. 96

Slovenská komora audítorov • SKAU Č. licencie 96 KPMG Slovensko spol. s r.o.

Responsible auditor:
Ľuboš Vančo
License SKAU No. 745