

SSANGYONG MOTOR COMPANY

SEPARATE FINANCIAL STATEMENTS
FOR THE THREE ENDED MARCH 31, 2013 AND 2012
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

To the Shareholders and Board of Directors of Ssangyong Motor Company:

We have reviewed the accompanying separate interim financial statements of Ssangyong Motor Company (the "Company"). The financial statements consist of the separate statement of financial position as of March 31, 2013, and the related separate statement of comprehensive income, separate statement of changes in stockholders' equity and separate statement of cash flows, all expressed in Korean won, for the three months ended March 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the separate financial statements

The Company's management is responsible for the preparation and fair presentation of the accompanying separate interim financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent accountants' responsibility

Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review.

We conducted our review in accordance with standards for review of interim financial statements in the Republic of Korea. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements of the Company are not presently fairly, in all material respects, in accordance with Korean International Financial Reporting Standards (K-IFRS) 1034 Interim Financial Reporting

Other matters

We have given an opinion on the comparative separate statement of financial position as of December 31, 2012 and the related separate statements of operations, retained earnings, and cash flows on March 11, 2013 as fairly state. There is no difference in terms of importance between comparative purposed financial position on December 31, 2012 and current financial position.



May 21, 2013

Notice to Readers

This report is effective as of May 21, 2013, the accountants' review report date. Certain subsequent events or circumstances may have occurred between this review report date and the time the report is read. Such events or circumstances could significantly affect the accompanying separate interim financial statements and may result in modifications to the accountants' review report.

SSANGYONG MOTOR COMPANY
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2013 AND DECEMBER 31, 2012

	Korean won		Indian- Rupee	
	March 31 , 2013	December 31, 2012	March 31 , 2013	December 31, 2012
	(In thousands)		(In thousands)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 33)	₩ 304,860,263	₩ 197,769,855	Rs. 14,999,125	Rs. 9,730,277
Trade and other receivables, net (Notes 7, 32 and 33)	220,549,477	223,530,412	10,851,034	10,997,696
Derivatives assets (Notes 25 and 33)	6,699,260	21,503,503	329,604	1,057,972
Inventories, net (Notes 8 and 24)	285,615,432	264,373,355	14,052,279	13,007,169
Other current assets (Note 10)	7,616,080	6,739,388	374,711	331,578
Total current assets	<u>825,340,512</u>	<u>713,916,513</u>	<u>40,606,753</u>	<u>35,124,692</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	295	295
Non-current available-for-sale financial assets (Notes 7 and 33)	560,000	560,000	27,552	27,552
Non-current other receivables, net (Notes 6 and 33)	32,685,357	30,171,905	1,608,120	1,484,458
Property, plant and equipment, net (Note 11)	1,045,766,473	1,051,358,997	51,451,711	51,726,863
Intangible assets (Note 12)	55,401,130	56,523,357	2,725,736	2,780,949
Investments in subsidiaries (Note 9)	3,527,299	4,720,009	173,543	232,224
Other non-current assets (Note 10)	356,840	360,542	17,557	17,739
Total non-current assets	<u>1,138,303,099</u>	<u>1,143,700,810</u>	<u>56,004,514</u>	<u>56,270,080</u>
TOTAL ASSETS	<u><u>1,963,643,611</u></u>	<u><u>1,857,617,323</u></u>	<u><u>96,611,267</u></u>	<u><u>91,394,772</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Trade and other payables (Notes 32 and 33)	697,948,427	580,411,368	34,339,063	28,556,239
Short-term borrowings (Notes 13, 18 and 33)	44,056,948	30,000,000	2,167,602	1,476,000
Derivatives liabilities (Notes 25 and 33)	4,882,590	-	240,223	-
Provision for product warranties (Note 15)	45,719,819	46,214,861	2,249,415	2,273,771
Long-term employee benefits obligation	768,760	1,174,370	37,823	57,780
Other current liabilities (Notes 14, 16 and 33)	27,094,360	31,098,096	1,333,043	1,530,026
Total current liabilities	<u>₩ 820,470,904</u>	<u>₩ 688,898,695</u>	<u>Rs. 40,367,169</u>	<u>Rs. 33,893,816</u>

(Continued)

SSANGYONG MOTOR COMPANY
SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF MARCH 31, 2013 AND DECEMBER 31, 2012

	Korean won		Indian- Rupee	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Debtentures (Notes 13 and 33)	₩ 95,404,765	₩ 95,404,765	Rs. 4,693,914	Rs. 4,693,914
Other non-current payables(Note 33)	33,155,038	37,977,622	1,631,228	1,868,499
Non current liabilities (Notes 16)	8,270	8,270	407	407
Retirement benefit obligation (Note 17)	150,024,131	143,298,213	7,381,187	7,050,272
Other long-term employee benefits obligation	12,267,561	11,933,389	603,564	587,123
Provision for long-term product warranties (Note 15)	73,821,911	72,384,068	3,632,038	3,561,296
Total non-current liabilities	<u>364,681,676</u>	<u>361,006,327</u>	<u>17,942,338</u>	<u>17,761,511</u>
TOTAL LIABILITIES	<u>1,185,152,580</u>	<u>1,049,905,022</u>	<u>58,309,507</u>	<u>51,655,327</u>
SHAREHOLDERS' EQUITY:				
Capital stock (Note 19)	613,373,205	613,373,205	30,177,962	30,177,962
Other capital surplus (Note 20)	122,584,975	122,584,975	6,031,181	6,031,181
Other capital adjustments(Notes 21 and 25)	(459,500)	18,999,750	(22,607)	934,788
Retained earnings (accumulated deficit) (Note 22)	42,992,351	52,754,371	2,115,224	2,595,514
TOTAL SHAREHOLDERS' EQUITY	<u>778,491,031</u>	<u>807,712,301</u>	<u>38,301,760</u>	<u>39,739,445</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩ 1,963,643,611</u>	<u>₩ 1,857,617,323</u>	<u>Rs. 96,611,267</u>	<u>Rs. 91,394,772</u>

See accompanying notes to the financial statements.

SSANGYONG MOTOR COMPANY
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND MARCH 31, 2012

	Korean Won		Indian-Rupee	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
	(In thousands)		(In thousands)	
SALES (Notes 31 and 32)	₩ 751,567,941	₩ 643,970,094	Rs. 36,977,143	Rs. 31,683,329
COST OF SALES (Notes 24 and 32)	<u>649,447,338</u>	<u>571,218,863</u>	<u>31,952,809</u>	<u>28,103,968</u>
GROSS PROFIT	102,120,603	72,751,231	5,024,334	3,579,361
SELLING AND ADMINISTRATIVE EXPENSES (Note 26)	<u>119,496,987</u>	<u>103,219,783</u>	<u>5,879,252</u>	<u>5,078,414</u>
OPERATING LOSS	(17,376,384)	(30,468,552)	(854,918)	(1,499,053)
NON-OPERATING INCOME (Note 27)	13,567,976	6,635,519	667,544	326,468
NON-OPERATING EXPENSES (Note 27)	13,800,806	8,823,997	679,000	434,141
FINANCIAL INCOME (Note 28)	11,078,006	4,492,332	545,038	221,023
FINANCIAL COST (Note 28)	<u>3,227,171</u>	<u>3,399,030</u>	<u>158,777</u>	<u>167,232</u>
LOSS BEFORE INCOME TAX	(9,758,379)	(31,563,728)	(480,113)	(1,552,935)
INCOME TAX EXPENSE (Note 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET LOSS	(9,758,379)	(31,563,728)	(480,113)	(1,552,935)
OTHER COMPREHENSIVE LOSS	<u>(19,462,891)</u>	<u>(2,592,943)</u>	<u>(957,574)</u>	<u>(127,573)</u>
TOTAL COMPREHENSIVE LOSS	<u>₩ (29,221,270)</u>	<u>₩ (34,156,671)</u>	<u>Rs. (1,437,687)</u>	<u>Rs. (1,680,508)</u>
LOSS PER SHARE (Note 29) Basic and diluted loss per share	<u>₩ (80)</u>	<u>₩ (260)</u>	<u>Rs. (4)</u>	<u>Rs. (13)</u>

See accompanying notes to the financial statements.

SSANGYONG MOTOR COMPANY
SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND MARCH 31, 2012

	Korean won in thousands								
	Capital stock	Paid-in capital in excess of par	Gain on capital reduction	Other capital surplus		Other capital adjustments	Retained earnings (accumulated deficit)	Total	
			Consideration for conversion rights	Debt to be swapped for equity	Other capital surplus				
Balance at January 1, 2012	609,809,205	4,213,878	120,351,580	-	931,508	-	193,310	177,718,020	913,217,501
Net loss	-	-	-	-	-	-	-	(31,563,728)	(31,563,728)
Actuarial losses	-	-	-	-	-	-	-	(883)	(883)
gains on valuation of derivatives	-	-	-	-	-	-	(2,592,060)	-	(2,592,060)
Balance at March 31, 2012,	<u>₩ 609,809,205</u>	<u>₩ 4,213,878</u>	<u>₩ 120,351,580</u>	<u>₩ -</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ (2,398,750)</u>	<u>₩ 146,153,409</u>	<u>₩ 879,060,830</u>
Balance at January 1, 2013	613,373,205	4,545,757	120,351,580	-	931,508	(3,243,869)	18,999,750	52,754,371	807,712,302
Net loss	-	-	-	-	-	-	-	(9,758,379)	(9,758,379)
Actuarial losses	-	-	-	-	-	-	-	(3,641)	(3,641)
gains on valuation of derivatives	-	-	-	-	-	-	(19,459,250)	-	(19,459,250)
Balance at March 31, 2013,	<u>₩ 613,373,205</u>	<u>₩ 4,545,757</u>	<u>₩ 120,351,580</u>	<u>₩ -</u>	<u>₩ 931,508</u>	<u>₩ (3,243,869)</u>	<u>₩ (459,500)</u>	<u>₩ 42,992,351</u>	<u>₩ 778,491,032</u>

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SSANGYONG MOTOR COMPANY
SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND MARCH 31, 2012

	Indian-Rupee in thousands								
	Capital stock	Paid-in capital in excess of par	Gain on capital reduction	Other capital surplus			Other capital adjustments	Retained earnings (accumulated deficit)	Total
				Consideration for conversion rights	Debt to be swapped for equity	Other capital surplus			
						(In thousands)			
Balance at January 1, 2012	30,002,613	207,323	5,921,298	-	45,830	-	9,511	8,743,727	44,930,302
Net loss	-	-	-	-	-	-	-	(1,552,935)	(1,552,935)
Actuarial losses	-	-	-	-	-	-	-	(43)	(43)
gains on valuation of derivatives	-	-	-	-	-	-	(127,529)	-	(127,529)
Balance at March 31, 2012,	<u>Rs. 30,002,613</u>	<u>Rs. 207,323</u>	<u>Rs. 5,921,298</u>	<u>Rs. -</u>	<u>Rs. 45,830</u>	<u>Rs. -</u>	<u>Rs. (118,018)</u>	<u>Rs. 7,190,749</u>	<u>Rs. 43,249,795</u>
Balance at January 1, 2013	30,177,962	223,651	5,921,298	-	45,830	(159,598)	934,788	2,595,514	39,739,445
Net loss	-	-	-	-	-	-	-	(480,113)	(480,113)
Actuarial losses	-	-	-	-	-	-	-	(177)	(177)
gains on valuation of derivatives	-	-	-	-	-	-	(957,395)	-	(957,395)
Balance at March 31, 2013,,	<u>Rs. 30,177,962</u>	<u>Rs. 223,651</u>	<u>Rs. 5,921,298</u>	<u>Rs. -</u>	<u>Rs. 45,830</u>	<u>Rs. (159,598)</u>	<u>Rs. (22,607)</u>	<u>Rs. 2,115,224</u>	<u>Rs. 38,301,760</u>

See accompanying notes to the financial statements.

SSANGYONG MOTOR COMPANY
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND MARCH 31, 2012

	Korean won		Indian-Rupee	
	Three month ended March 31, 2013	Three months ended March 31, 2012	Three month ended March 31, 2013	Three month ended March 31, 2012
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	₩ (9,758,379)	₩ (31,563,728)	Rs. (480,113)	Rs. (1,552,935)
Adjustment (Note 30)	48,521,935	43,408,787	2,387,279	2,135,712
Changes in net working capital (Note 30)	85,570,939	60,941,304	4,210,091	2,998,312
	124,334,495	72,786,363	6,117,257	3,581,089
Interests received	1,671,827	1,622,094	82,254	79,807
Interests paid	(2,146,854)	(2,301,026)	(105,625)	(113,210)
Dividend income received	6,000	71,900	295	3,537
Net cash provided by operating activities	123,865,468	72,179,331	6,094,181	3,551,223
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	894,415	973,317	44,005	47,887
Disposal of property, plant and equipment	11,731	12,140	577	597
Decrease in other assets	-	2,535	-	125
	906,146	987,992	44,582	48,609
Cash outflows from investing activities:				
Increase in other receivables	1,380,000	240,000	67,896	11,808
Acquisition of property, plant and equipment	22,549,729	26,718,658	1,111,850	1,314,558
Acquisition of intangible assets	7,799,287	2,721,112	381,322	133,879
	31,729,016	29,679,770	1,561,068	1,460,245
Net cash provided by(used in) in investing activities	(30,822,870)	(28,691,778)	(1,516,486)	(1,411,636)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	14,073,387	-	692,411	-
	14,073,387	-	692,411	-

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SSANGYONG MOTOR COMPANY
SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND MARCH 31, 2012

	Korean won		Indian-Rupee	
	Three month ended	Three month ended	Three month ended	Three month ended
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ -	₩ 10,306,290	Rs. -	Rs. 507,069
	-	10,306,290	-	507,069
Net cash provided by (used in) financing activities	14,073,387	(10,306,290)	692,411	(507,069)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(25,577)	57,789	(1,258)	2,843
NET INCREASE IN CASH AND CASH EQUIVALENTS	107,090,408	33,239,052	5,268,848	1,635,361
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	197,769,855	202,509,810	9,730,277	9,963,483
CASH AND CASH EQUIVALENTS, END OF THE YEAR	₩ 304,860,263	₩ 235,748,862	Rs. 14,999,125	Rs. 11,598,844

See accompanying notes to the financial statements.

SSANGYONG MOTOR COMPANY
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

1. GENERAL:

(1) Company overview and recent changes in business environment

Ssangyong Motor Company("the Company") was incorporated on December 6, 1962, and listed its stocks on the Korea Stock Exchange in May of 1975. The Company is headquartered in Chilgeo-dong, Pyungtaek and its factories are located in Pyungtaek, Kyeonggi-do and Changwon, Kyeongsangnam-do. The Company manufactures and distributes motor vehicles and parts.

(2) Major shareholders

The Company's shareholders as of March 31, 2013 are as follows:

Name of shareholder	Number of shares owned	Percentage of ownership (%)
Mahindra & Mahindra Ltd.	85,419,047	69.63
Others	37,255,594	30.37
	122,674,641	100.00

2. SIGNIFICANT ACCOUNTING POLICIES:

The company's summarized interim financial statement, its period belong to annual financial report, adopts Korean International Reporting Standards ("K-IFRS") 1034. The audited financial statement, December 31, 2012 is used to understand the interim financial statement.

The account policy is identified with the audited financial statement of December 31, 2012 except for the account policy explained as follow.

1) First-time adoption of IFRSs and its description (change in account policy) as follow:

Amendments to K-IFRS 1001 – Presentation of Financial Statements

The amendments to K-IFRS 1001 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have impact on presentation of financial statement but not the Company's financial position and business performance. The amendments do not have impact on interim financial statement.

Amendments to K-IFRS 1019 – Employee Benefits

The amendments to K-IFRS 1019 require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of K-IFRS 1019. And, after expected return of plan assets is measured using discount rate instead of expected return rate, it is shown to be included in net interest expense of retirement benefit obligation. On the other hand, past service costs not earned is immediately recognized as expense in the early day of when revision or reduction of the system occurs and when related restructuring cost or dismissal allowance is recognized. The amendments have been applied prospectively, and do not have impact on interim financial statement.

Amendments to K-IFRS 1107 – Financial Instruments: Disclosures

The amendments to K-IFRS 1107 are mainly focusing on presentation of the offset between financial assets and financial liabilities. The amendments to K-IFRS 1107 are effective for annual periods beginning on or after January

1, 2013 and require retrospective application with certain exceptions. The amendments do not have impact on interim financial statement.

Amendments to K-IFRS 1113 *Fair Value Measurement*

The amendments to K-IFRS 1113 establish a single source of guidance for fair value measurements and disclosure about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The amendments defines fair value as price to be received by selling assets or to be paid by transferring liabilities in the normal transactions between market participants on the measurement date. Fair value is measured using the assumptions which will be used by market participants when prices of assets or liabilities are determined in the current market situation. The amendments do not have impact on interim financial statement.

2) New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to K-IFRS 1032 – *Financial Instruments: Presentation*

The amendments to K-IFRS 1032 clarify existing application issue relating to the offset of financial assets and financial liabilities requirements. Company's right to offset must not be conditional on the occurrence of future events but enforceable anytime during the contract periods, during the ordinary course of business with counterparty, a default of counterparty and master netting agreement or in some forms of non-recourse debt. The amendments to K-IFRS 1032 are effective for annual periods beginning on January 1, 2014. The Company is in the process of evaluating the impact on the financial statements upon the adoption of amendments.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The Company uses estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates, and the following estimates and assumptions have an inherent significant risk of potentially causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

(1) Provision for product warranties

The Company provides warranties for its products at recognition of sale and establishes a provision for product warranties at the end of each reporting period based on the best estimate of the expenses necessary to provide present and future warranty obligations.

(2) Retirement benefit obligation

The retirement benefit obligation recognized in the statements of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. The present value of defined benefit obligations is expressed in a currency in which retirement benefits will be paid and is calculated by discounting expected future cash outflows with the interest rate of high quality corporate bonds which maturity is similar to the payment date of retirement benefit obligations. Other significant assumptions related to defined benefit obligation are partly based on the current market situation.

4. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash on hand and in banks (MMDA) and highly liquid short-term financial instruments that may be easily converted into cash and whose risk of value fluctuation is not material.

5. RESTRICTED FINANCIAL ASSETS:

Restricted financial assets as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	Financial institution	March 31, 2013		December 31, 2012		Notes
		₩		₩		
Cash and cash equivalents	Shinhan Bank and others	₩	1,039,928	₩	1,084,501	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank and others		14,901,384		14,848,647	
Long-term financial instruments	Shinhan Bank and others		6,000		6,000	Overdraft deposit
		₩	15,947,312	₩	15,939,148	

(Unit: Indian-Rupee in thousands):

	Financial institution	March 31, 2013		December 31, 2012		Notes
		Rs.		Rs.		
Cash and cash equivalents	Shinhan Bank and others	Rs.	51,164	Rs.	53,357	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank and others		733,148		730,553	
Long-term financial instruments	Shinhan Bank and others		295		295	Overdraft deposit
		Rs.	784,607	Rs.	784,205	

6. LONG-TERM AVAILABLE-FOR-SALE FINANCIAL ASSETS:

The Company's long-term available-for-sale financial assets as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

Classification	Ownership (%)	March 31, 2013		December 31, 2012	
		Acquisition Cost	Net asset Value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72%	₩ 500,000	₩ 663,208	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50%	60,000	397,841	60,000	60,000
		₩ 560,000	₩ 1,061,049	₩ 560,000	₩ 560,000

(Unit: Indian-Rupee in thousands):

Classification	Ownership (%)	March 31, 2013		December 31, 2012	
		Acquisition Cost	Net asset Value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72%	Rs. 24,600	Rs. 32,630	Rs. 24,600	Rs. 24,600
Korea Management Consultants Association (*)	1.50%	2,952	19,574	2,952	2,952
		Rs. 27,552	Rs. 52,204	Rs. 27,552	Rs. 27,552

(*) Because the market prices from an active market are not available and the fair values cannot be reliably measured, AFS financial assets are measured at their acquisition costs.

7. TRADE AND OTHER RECEIVABLES:

All current trade and other receivables are due within 1 year from March 31, 2013 and because the present value discount effect is not material, the fair value of the aforementioned receivables is equal to the book value.

(1) Details of current portion of trade and other receivables as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

<u>Financial liabilities</u>	March 31, 2013			
	<u>Trade Receivables</u>	<u>Non-trade Receivables</u>	<u>Other receivables</u>	<u>Other long-term receivables</u>
Receivables – general	₩ 168,737,778	₩ 25,773,433	₩ 2,913,952	₩ 32,855,803
Receivables due from affiliated parties	19,919,539	5,056,330	-	-
Less: Allowance for doubtful accounts	(946,058)	(905,167)	(330)	(170,446)
	<u>₩ 187,711,259</u>	<u>₩ 29,924,596</u>	<u>₩ 2,913,622</u>	<u>₩ 32,685,357</u>

<u>Financial liabilities</u>	December 31, 2012			
	<u>Trade Receivables</u>	<u>Trade Receivables</u>	<u>Trade Receivables</u>	<u>Trade Receivables</u>
Receivables – general	₩ 179,340,351	₩ 20,201,754	₩ 3,041,886	₩ 30,341,837
Receivables due from affiliated parties	17,823,315	5,150,572	-	-
Less: Allowance for doubtful accounts	(1,061,540)	(965,595)	(330)	(169,932)
	<u>₩ 196,102,126</u>	<u>₩ 24,386,731</u>	<u>₩ 3,041,556</u>	<u>₩ 30,171,905</u>

(Unit: Indian-Rupee in thousands):

<u>Financial liabilities</u>	March 31, 2013			
	<u>Trade Receivables</u>	<u>Trade Receivables</u>	<u>Trade Receivables</u>	<u>Trade Receivables</u>
Receivables – general	Rs. 8,301,899	Rs. 1,268,053	Rs. 143,366	Rs. 1,616,506
Receivables due from affiliated parties	980,041	248,771	-	-
Less: Allowance for doubtful accounts	(46,546)	(44,534)	(16)	(8,387)
	<u>Rs. 9,235,394</u>	<u>Rs. 1,472,290</u>	<u>Rs. 143,350</u>	<u>Rs. 1,608,119</u>

<u>Financial liabilities</u>	December 31, 2012			
	<u>Trade Receivables</u>	<u>Trade Receivables</u>	<u>Trade Receivables</u>	<u>Trade Receivables</u>
Receivables – general	Rs. 8,823,545	Rs. 993,926	Rs. 149,661	Rs. 1,492,818
Receivables due from affiliated parties	876,907	253,408	-	-
Less: Allowance for doubtful accounts	(52,228)	(47,507)	(17)	(8,361)
	<u>Rs. 9,648,224</u>	<u>Rs. 1,199,827</u>	<u>Rs. 149,644</u>	<u>Rs. 1,484,457</u>

(2) Credit risk and allowance for doubtful accounts

The above trade and non-trade receivables and other receivables are classified as loans and receivables and measured at amortized cost.

If a credit risk occurs with respect to a dealership sale, which is a major type of the Company's sales, the respective dealership bears all of the risk; the Company manages credit risk on product sales using two management indexes, agreed liability rate and agreed excess rate, and when the management index exceeds the agreed rate, it imposes a release restriction on the respective dealership and transfers a credit risk arising from product sales.

The Company's trade receivables are usually collected within 30 days but some of the notes receivable are collected within 75 days. Based on the past experience, receivables that are overdue for more than 1 year are usually not collected, and the Company reserves the full amount of those receivables as an allowance for doubtful accounts.

The Company estimates an allowance for the receivables that are overdue for more than 90 days but less than 1 year through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Company estimates an allowance based on the historical loss rates.

Some of the trade receivables that are overdue for more than 90 days are not included in the above trade receivables (refer to the aging analysis below); the Company did not reserve an allowance for the aforementioned receivables since their credit ratings did not change materially and they are expected to be collected. The Company has no collaterals pledged or credit enforcement provided for the aforementioned receivables and does not have a legal right to offset those receivables with the debt of the transacting parties.

Aging analysis of the trade and non-trade receivables that are overdue but are not impaired as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

March 31, 2013				
Classification	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ 3,485,998	₩ 3,605,364	₩ 1,609,206	₩ 8,700,568
Non-trade receivables	12,639,825	117,482	4,927,413	17,684,720
Other long-term receivables	-	-	103,250	103,250
	<u>₩ 16,125,823</u>	<u>₩ 3,722,846</u>	<u>₩ 6,639,869</u>	<u>₩ 26,488,538</u>

December 31, 2012				
Classification	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ 2,031,683	₩ 4,313,306	₩ 1,209,924	₩ 7,033,931
Non-trade receivables	709,373	458,725	4,313,001	5,481,099
Other long-term receivables	-	-	103,250	103,250
	<u>₩ 2,741,056</u>	<u>₩ 4,772,031</u>	<u>₩ 5,626,175</u>	<u>₩ 13,139,262</u>

(Unit: Indian-Rupee in thousands):

March 31, 2013				
Classification	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. 171,511	Rs. 177,384	Rs. 79,173	Rs. 428,068
Non-trade receivables	621,879	5,780	242,429	870,088
Other long-term receivables	-	-	5,080	5,080
	<u>Rs. 793,390</u>	<u>Rs. 183,164</u>	<u>Rs. 326,682</u>	<u>Rs. 1,303,236</u>

December 31, 2012				
Classification	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. 99,959	Rs. 212,215	Rs. 59,528	Rs. 371,702
Non-trade receivables	34,901	22,569	212,200	269,670
Non-trade receivables	-	-	5,080	5,080
	<u>Rs. 134,860</u>	<u>Rs. 234,784</u>	<u>Rs. 276,808</u>	<u>Rs. 646,452</u>

Aging analysis of the trade, non-trade receivables and other long-term receivables that are overdue but are impaired as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

March 31, 2013				
Classification	3-6 months	6-12 months	Over 1 year	Total
Non-trade receivables	₩ -	₩ -	₩ 966,124	₩ 966,124
Other long-term receivables	-	-	44,250	44,250
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,010,374</u>	<u>₩ 1,010,374</u>

December 31, 2012				
Classification	3-6 months	6-12 months	Over 1 year	Total
Non-trade receivables	₩ -	₩ -	₩ 961,182	₩ 961,182
Other long-term receivables	-	-	44,250	44,250
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 1,005,432</u>	<u>₩ 1,005,432</u>

(Unit: Indian-Rupee in thousands):

		March 31, 2013			
Classification	3-6 months	6-12 months	Over 1 year	Total	
Non-trade receivables	Rs. -	Rs. -	Rs. 47,533	Rs. 47,533	
Other long-term receivables	-	-	2,177	2,177	
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 49,710</u>	<u>Rs. 49,710</u>	

		December 31, 2012			
Classification	3-6 months	6-12 months	Over 1 year	Total	
Non-trade receivables	Rs. -	Rs. -	Rs. 47,290	Rs. 47,290	
Other long-term receivables	-	-	2,177	2,177	
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 49,467</u>	<u>Rs. 49,467</u>	

(3) Changes in allowance for trade and other receivables for the three months ended March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

		Three months ended March 31, 2013			
Classification	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables	
Beginning balance	₩ 1,061,540	₩ 965,595	₩ 330	₩ 169,932	
Bad debt expense	-	-	-	559	
Write-offs	-	-	-	-	
Reversal of allowance	(115,482)	(60,428)	-	(45)	
Ending balance	<u>₩ 946,058</u>	<u>₩ 905,167</u>	<u>₩ 330</u>	<u>₩ 170,446</u>	

		Years ended December 31, 2012			
Classification	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables	
Beginning balance	₩ 1,193,267	₩ 2,019,821	₩ 1,394	₩ 403,223	
Bad debt expense	-	-	-	44,296	
Write-offs	-	(713,991)	-	-	
Reversal of allowance	(131,727)	(340,235)	(1,064)	(277,587)	
Ending balance	<u>₩ 1,061,540</u>	<u>₩ 965,595</u>	<u>₩ 330</u>	<u>₩ 169,932</u>	

(Unit: Indian-Rupee in thousands):

		Three months ended March 31, 2013			
Classification	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables	
Beginning balance	Rs. 52,228	Rs. 47,507	Rs. 16	Rs. 8,361	
Bad debt expense	-	-	-	28	
Write-offs	-	-	-	-	
Reversal of allowance	(5,682)	(2,973)	-	(2)	
Ending balance	<u>Rs. 46,546</u>	<u>Rs. 44,534</u>	<u>Rs. 16</u>	<u>Rs. 8,387</u>	

		Years ended December 31, 2012			
Classification	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables	
Beginning balance	Rs. 58,709	Rs. 99,375	Rs. 69	Rs. 19,839	
Bad debt expense	-	-	-	2,179	
Write-offs	-	(35,128)	-	-	
Reversal of allowance	(6,481)	(16,740)	(52)	(13,657)	
Ending balance	<u>Rs. 52,228</u>	<u>Rs. 47,507</u>	<u>Rs. 17</u>	<u>Rs. 8,361</u>	

The Company estimates allowances for doubtful accounts through individual analysis, and an allowance for the receivables that are not subject to separate individual analysis is estimated based on the historical collection rates. For troubled receivables (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.), the Company assesses collectability of each receivable through an individual analysis and

reserves 100% allowance. For the receivables that are not subject to individual analysis, the allowance is estimated by applying the average loss rate for the past 3 years to the remaining balance of the receivables at the end of a reporting period; the 3-year average loss rate is calculated by dividing the amount of actual loss occurred in the past 3 years by the average balance of the receivables.

8. INVENTORIES:

Details of the inventories as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	March 31, 2013			December 31, 2012		
	Carrying amount before valuation	Valuation allowance	Book value	Carrying amount before valuation	Valuation allowance	Book value
Merchandises	₩ 50,270,924	₩ (484,134)	₩ 49,786,790	₩ 51,234,457	₩ (509,816)	₩ 50,724,641
Finished goods	59,095,898	(3,837,736)	55,258,162	34,719,883	(3,838,867)	30,881,016
Work-in-process	25,513,525	(1,390,433)	24,123,092	22,463,202	(1,104,219)	21,358,983
Raw materials	85,406,177	(5,949,429)	79,456,748	92,839,434	(5,924,608)	86,914,826
Sub-materials	5,500,170	-	5,500,170	6,282,422	-	6,282,422
Supplies	4,639,709	(2,212)	4,637,497	4,642,578	(2,212)	4,640,366
Goods in transit	66,852,973	-	66,852,973	63,571,101	-	63,571,101
Total	₩ 297,279,376	₩ (11,663,944)	₩ 285,615,432	₩ 275,753,077	₩ (11,379,722)	₩ 264,373,355

(Unit: Indian-Rupee in thousands):

	March 31, 2013			December 31, 2012		
	Carrying amount before valuation	Valuation allowance	Book value	Carrying amount before valuation	Valuation allowance	Book value
Merchandises	Rs. 2,473,329	Rs. (23,819)	Rs. 2,449,510	Rs. 2,520,735	Rs. (25,083)	Rs. 2,495,652
Finished goods	2,907,518	(188,817)	2,718,701	1,708,218	(188,872)	1,519,346
Work-in-process	1,255,265	(68,409)	1,186,856	1,105,190	(54,328)	1,050,862
Raw materials	4,201,984	(292,712)	3,909,272	4,567,700	(291,491)	4,276,209
Sub-materials	270,608	-	270,608	309,095	-	309,095
Supplies	228,274	(109)	228,165	228,415	(109)	228,306
Goods in transit	3,289,167	-	3,289,167	3,127,699	-	3,127,699
Total	Rs. 14,626,145	Rs. (573,866)	Rs. 14,052,279	Rs. 13,567,052	Rs. (559,883)	Rs. 13,007,169

The company is using the “lower of cost or market method” on the balance sheet in the case of inventories’ market value decrease under the acquisition cost. On the other hand, losses on valuation of inventories which was added to “cost of sales” on current period due to the application of “lower of cost or market method”, is ₩ 255,666 thousands (Rs. 12,579 thousands).

9. INVESTMENTS IN SUBSIDIARIES:

(1) Details of investments in subsidiaries

Details of investment in subsidiaries accounted for using equity method as of March 31, 2013 are as follows:

(Unit: Korean won in thousands):

Name of subsidiary	Location	Ownership %	March 31, 2013	
			Acquisition cost	Book value (*1)
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	China	100	₩ 1,618,803	₩ 1,746,922
Ssangyong Motor (Shanghai) Co., Ltd. (*2)	China	100	1,289,417	1,780,377
Ssangyong European Parts Center B.V.	Netherland	100	835,695	-
			₩ 3,743,915	₩ 3,527,299

(Unit: Indian-Rupee in thousands):

Name of subsidiary	Location	Ownership %	March 31, 2013	
			Acquisition cost	Book value
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	China	100	Rs. 79,645	Rs. 85,949
Ssangyong Motor (Shanghai) Co., Ltd. (*)	China	100	63,439	87,594
Ssangyong European Parts Center B.V.	Netherland	100	41,116	-
			<u>Rs. 184,200</u>	<u>Rs. 173,543</u>

(*) The Company has recognized an impairment loss on investment in subsidiaries ₩ 1,192,710 thousands (Rs. 58,681 thousands) as of March 31, 2013 for the Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company's subsidiaries as of and for the year ended March 31, 2013 is as follows:

(Unit: Korean won in thousands):

Companies	Assets	Liabilities	Operating revenues	Net income(loss)
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	₩ 2,064,023	₩ -	₩ -	₩ (2,037)
Ssangyong Motor (Shanghai) Co., Ltd	1,898,961	387,477	101,092	(831,067)
Ssangyong European Parts Center B.V.	8,701,885	13,047,110	3,520,832	130,504

(Unit: Indian-Rupee in thousands):

Companies	Assets	Liabilities	Operating revenues	Net income(loss)
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	Rs. 101,550	Rs. -	Rs. -	Rs. (100)
Ssangyong Motor (Shanghai) Co., Ltd	93,429	19,064	641,918	(40,888)
Ssangyong European Parts Center B.V.	428,133	641,918	173,225	6,421

(3) Summarized statements of financial position with the application of equity method as of March 31, 2013 and December 31, 2012 are as follows:

Account	Korean Won in thousands		Indian-Rupee in thousands	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Current assets	₩ 825,340,512	₩ 713,916,513	Rs. 40,606,753	Rs. 35,124,692
Non-current assets	1,137,232,480	1,143,311,704	55,951,838	56,250,936
Total assets	<u>1,962,572,992</u>	<u>1,857,228,217</u>	<u>96,558,591</u>	<u>91,375,628</u>
Current liabilities	820,470,905	688,898,695	40,367,169	33,893,816
Non-current liabilities	364,681,673	361,006,325	17,942,338	17,761,511
Total liabilities	<u>1,185,152,578</u>	<u>1,049,905,020</u>	<u>58,309,507</u>	<u>51,655,327</u>
Total shareholders' equity	<u>777,420,414</u>	<u>807,323,197</u>	<u>38,249,084</u>	<u>39,720,301</u>
Total liabilities and shareholders' equity	<u>₩ 1,962,572,992</u>	<u>₩ 1,857,228,217</u>	<u>Rs. 96,558,591</u>	<u>Rs. 91,375,628</u>

(4) Summarized statements of comprehensive loss with application of equity method for the three months ended March 31, 2013 and 2012 are as follows:

Account	Korean Won in thousands		Indian-Rupee in thousands	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Operating income(loss)	₩ (17,376,383)	₩ (30,468,551)	Rs. (854,918)	Rs. (1,499,053)
Other operating profit	13,567,976	6,635,519	667,544	326,468
Other operating loss	13,800,806	8,823,997	679,000	434,141
Financial income	11,078,006	4,492,332	545,038	221,023
Financial cost	3,227,173	3,399,030	158,777	167,232
Loss on valuation of investment using the equity method of accounting	(833,822)	(262,854)	(41,024)	(12,932)
Loss before income tax	(10,592,202)	(31,826,581)	(521,137)	(1,565,867)
Income taxes	-	-	-	-
Net loss	(10,592,202)	(31,826,581)	(521,137)	(1,565,867)
Other comprehensive loss	(19,269,348)	(2,592,943)	(948,052)	(127,573)
Total other comprehensive loss	₩ (29,861,550)	₩ (34,419,524)	Rs. (1,469,189)	Rs. (1,693,440)

The Company discontinued applying the equity method on Ssangyong European Parts Center B.V., since the net book value of investments in this subsidiary was valued at zero due to accumulated loss; this was used as deemed cost on transition date. Meanwhile, the unrecognized accumulated change in equity would have amounted to ₩6,420,845 thousands (Rs. 315,906 thousands) assuming that equity method had been applied until Dec 31, 2012.

10. OTHER ASSETS:

Carrying amounts of other assets as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

Account	March 31, 2013	December 31, 2012
Other current assets		
Advance payments	₩ 2,719,429	₩ 3,343,151
Less: Allowance for doubtful accounts	(16,025)	(12,285)
Prepaid expenses	3,871,927	2,590,858
Income tax refundable	1,040,749	817,664
	<u>7,616,080</u>	<u>6,739,388</u>
Other non-current assets		
Other non-current assets	₩ 356,840	₩ 360,542

(Unit: Indian-Rupee in thousands):

Account	March 31, 2013	December 31, 2012
Other current assets		
Advance payments	Rs. 133,796	Rs. 164,483
Less: Allowance for doubtful accounts	(788)	(604)
Prepaid expenses	190,499	127,470
Other current assets	51,204	40,229
	<u>374,711</u>	<u>331,578</u>
Other non-current assets		
Other non-current assets	Rs. 17,557	Rs. 17,739

11. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	March 31, 2013				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 475,459,592	₩ -	₩ -	₩ -	₩ 475,459,592
Buildings	518,289,785	1,731,714	169,543,994	148,652,850	198,361,227
Structures	104,092,357	191,660	56,926,991	29,746,013	17,227,693
Machinery	1,226,674,801	946,856	1,017,389,604	99,681,050	108,657,291
Vehicles	10,807,256	-	7,281,287	1,467,948	2,058,021
Tools and molds	845,829,470	50,402	464,998,194	163,894,413	216,886,461
Equipment	55,311,685	42,634	33,595,685	5,279,149	16,394,217
Construction in progress	10,721,971	-	-	-	10,721,971
	<u>₩3,247,186,917</u>	<u>₩ 2,963,266</u>	<u>₩ 1,749,735,755</u>	<u>₩ 448,721,423</u>	<u>₩ 1,045,766,473</u>

	December 31, 2012				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 469,644,702	₩ -	₩ -	₩ -	₩ 469,644,702
Buildings	518,052,585	1,743,291	167,223,845	148,652,850	200,432,599
Structures	107,121,068	196,654	59,473,892	29,817,703	17,632,819
Machinery	1,221,639,910	998,695	1,009,908,022	99,698,180	111,035,013
Vehicles	10,767,609	-	7,156,946	1,467,948	2,142,715
Tools and molds	810,373,198	57,221	449,941,667	164,093,871	196,280,439
Equipment	54,998,331	49,319	32,767,183	5,313,162	16,868,667
Construction in progress	37,322,042	-	-	-	37,322,042
	<u>₩3,229,919,445</u>	<u>₩ 3,045,180</u>	<u>₩ 1,726,471,555</u>	<u>₩ 449,043,714</u>	<u>₩ 1,051,358,996</u>

(Unit: Indian-Rupee in thousands):

	March 31, 2013				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 23,392,612	Rs. -	Rs. -	Rs. -	Rs. 23,392,612
Buildings	25,499,857	85,200	8,341,565	7,313,720	9,759,372
Structures	5,121,344	9,430	2,800,808	1,463,504	847,602
Machinery	60,352,402	46,585	50,055,569	4,904,308	5,345,940
Vehicles	531,717	-	358,239	72,223	101,255
Tools and molds	41,614,810	2,480	22,877,911	8,063,605	10,670,814
Equipment	2,721,335	2,098	1,652,908	259,734	806,595
Construction in progress	527,521	-	-	-	527,521
	<u>Rs. 159,761,598</u>	<u>Rs. 145,793</u>	<u>Rs. 86,087,000</u>	<u>Rs. 22,077,094</u>	<u>Rs. 51,451,711</u>

	December 31, 2012				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 23,106,519	Rs. -	Rs. -	Rs. -	Rs. 23,106,519
Buildings	25,488,187	85,770	8,227,413	7,313,720	9,861,284
Structures	5,270,357	9,675	2,926,115	1,467,031	867,536
Machinery	60,104,684	49,136	49,687,475	4,905,150	5,462,923
Vehicles	529,766	-	352,122	72,223	105,421
Tools and molds	39,870,361	2,815	22,137,130	8,073,418	9,656,998
Equipment	2,705,918	2,426	1,612,145	261,408	829,939

	December 31, 2012				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Construction in progress	1,836,243	-	-	-	1,836,243
	<u>Rs. 158,912,035</u>	<u>Rs. 149,822</u>	<u>Rs. 84,942,400</u>	<u>Rs. 22,092,950</u>	<u>Rs. 51,726,863</u>

(2) Changes in the carrying amounts of property, plant and equipment for the three months ended March 31, 2013 and 2012 are as follows:

(Unit: Korean won in thousands):

	Three months ended March 31, 2013					
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Land	₩ 469,644,702	₩ 19,360	₩ -	₩ 5,795,530	₩ -	₩ 475,459,592
Buildings	200,432,599	170,000	8,691	98,000	2,330,681	198,361,227
Structures	17,632,819	-	10,350	-	394,776	17,227,693
Machinery	111,035,013	2,163,609	6,309	4,197,117	8,732,139	108,657,291
Vehicles	2,142,715	54,548	1	-	139,241	2,058,021
Tools and molds	196,280,439	12,081,940	24,255	24,088,623	15,540,286	216,886,461
Equipment	16,868,667	482,728	2,939	(4,032)	950,207	16,394,217
Construction in progress	37,322,042	7,577,544	109,568	(34,068,047)	-	10,721,971
Machinery in transit	-	1,088,621	-	(1,088,621)	-	-
	<u>₩ 1,051,358,996</u>	<u>₩ 23,638,350</u>	<u>₩ 162,113</u>	<u>₩ (981,430)</u>	<u>₩ 28,087,330</u>	<u>₩ 1,045,766,473</u>

(*) Depreciation cost of suspended assets amount of ₩15,156 (Rs. 746 thousands) in thousands is excluded from the depreciation cost in statement of cash flow.

	Three months ended March 31, 2012					
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Land	₩ 469,644,702	₩ -	₩ -	₩ -	₩ -	₩ 469,644,702
Buildings	197,526,054	314,020	-	(18,817)	2,199,013	195,622,244
Structures	17,471,619	13,900	-	(1,596)	373,289	17,110,634
Machinery	128,108,292	949,577	3,762	5,422,453	8,168,777	126,307,783
Vehicles	2,492,383	43,000	9	1	139,712	2,395,663
Tools and molds	180,547,205	11,110,586	273	19,102,303	13,253,448	197,506,373
Equipment	10,799,929	1,885,684	20,217	59,084	702,535	12,021,945
Construction in progress	31,748,336	12,401,814	-	(24,608,466)	-	19,541,684
Machinery in transit	87,626	77	-	(87,703)	-	-
	<u>₩ 1,038,426,146</u>	<u>₩ 26,718,658</u>	<u>₩ 24,261</u>	<u>₩ (132,741)</u>	<u>₩ 24,836,774</u>	<u>₩ 1,040,151,028</u>

(*) Depreciation cost of suspended assets amount of ₩16,605 (Rs. 817 thousands) in thousands is excluded from the depreciation cost in statement of cash flow.

(Unit: Indian-Rupee in thousands):

	Three months ended March 31, 2013					
	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 23,106,519	Rs. 953	Rs. -	Rs. 285,140	Rs. -	Rs. 23,392,612
Buildings	9,861,284	8,364	428	4,822	114,670	9,759,372
Structures	867,535	-	510	-	19,423	847,602
Machinery	5,462,923	106,450	310	206,498	429,621	5,345,940
Vehicles	105,422	2,684	-	-	6,851	101,255
Tools and molds	9,656,998	594,431	1,193	1,185,160	764,582	10,670,814
Equipment	829,938	23,750	145	(198)	46,750	806,595
Construction in progress	1,836,244	372,815	5,390	(1,676,148)	-	527,521
Machinery in transit	-	53,560	-	(53,560)	-	-
	<u>Rs. 51,726,863</u>	<u>Rs. 1,163,007</u>	<u>Rs. 7,976</u>	<u>Rs. (48,286)</u>	<u>Rs. 1,381,897</u>	<u>Rs. 51,451,711</u>

Three months ended March 31, 2012

	Beginning balance	Acquisition	Disposal	Other	Depreciation	Ending balance
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	23,106,519	-	-	-	-	23,106,519
Buildings	9,718,282	15,450	-	(926)	108,191	9,624,615
Structures	859,604	684	-	(79)	18,366	841,843
Machinery	6,302,928	46,719	185	266,785	401,904	6,214,343
Vehicles	122,625	2,116	-	-	6,874	117,867
Tools and molds	8,882,922	546,641	13	939,833	652,070	9,717,313
Equipment	531,357	92,776	995	2,907	34,565	591,480
Construction in progress	1,562,018	610,169	-	(1,210,737)	-	961,450
Machinery in transit	4,311	4	-	(4,315)	-	-
	<u>Rs. 51,090,566</u>	<u>Rs. 1,314,559</u>	<u>Rs. 1,193</u>	<u>Rs. (6,532)</u>	<u>Rs. 1,221,970</u>	<u>Rs. 51,175,430</u>

(3) Assets pledged as collateral

The assets pledged as collateral for the Company's borrowings as of March 31, 2013 are as follows:

(Unit: Korean won in thousands):

Assets pledged as Collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	₩ 464,918,494	195 billion Korean Won
Buildings	150-3 (factory site) and others	181,475,642	
Machinery and others	Pyeongtaek plant production facilities	44,996,250	
		<u>₩ 691,390,386</u>	

(Unit: Indian-Rupee in thousands):

Assets pledged as Collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	Rs. 22,873,990	9.6 billion rupee
Buildings	150-3 (factory site) and others	8,928,602	
Machinery and others	Pyeongtaek plant production facilities	2,213,816	
		<u>Rs. 34,016,408</u>	

12. INTANGIBLE ASSETS:

(1) Details of intangible assets as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	March 31, 2013				
	Acquisition cost	Government subsidies	Accumulated Depreciation	Accumulated impairment loss	Book value
Development cost	₩ 209,028,397	₩ -	₩ 164,692,556	₩ -	₩ 44,335,841
Patents	2,123,501	1,673	1,373,895	38,335	709,598
Other intangible assets	18,693,988	50,031	7,601,469	686,797	10,355,691
	<u>₩ 229,845,886</u>	<u>₩ 51,704</u>	<u>₩ 173,667,920</u>	<u>₩ 725,132</u>	<u>₩ 55,401,130</u>
	December 31, 2012				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 204,311,183	₩ -	₩ 156,314,870	₩ -	₩ 47,996,313
Patents	2,003,315	1,718	1,315,805	27,726	658,066
Other intangible assets	15,732,099	88,169	7,088,154	686,797	7,868,979
	<u>₩ 222,046,597</u>	<u>₩ 89,887</u>	<u>₩ 164,718,829</u>	<u>₩ 714,523</u>	<u>₩ 56,523,358</u>

(Unit: Indian-Rupee in thousands):

March 31, 2013					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 10,284,197	Rs. -	Rs. 8,102,873	Rs. -	Rs. 2,181,324
Patents	104,476	82	67,596	1,886	34,912
Other intangible assets	919,744	2,462	373,992	33,790	509,500
	<u>Rs. 11,308,417</u>	<u>Rs. 2,544</u>	<u>Rs. 8,544,461</u>	<u>Rs. 35,676</u>	<u>Rs. 2,725,736</u>
December 31, 2012					
	Acquisition cost	Government subsidies	Accumulated Depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 10,052,110	Rs. -	Rs. 7,690,691	Rs. -	Rs. 2,361,419
Patents	98,563	85	64,738	1,364	32,376
Other intangible assets	774,019	4,338	348,737	33,790	387,154
	<u>Rs. 10,924,692</u>	<u>Rs. 4,423</u>	<u>Rs. 8,104,166</u>	<u>Rs. 35,154</u>	<u>Rs. 2,780,949</u>

(2) Changes in intangible assets for the three months ended March 31, 2013 and 31, 2012 are as follows:

(Unit: Korean won in thousands):

Three months ended March 31, 2013						
	Beginning balance	Acquisition	Transfer	Depreciation	Impairment loss	Ending balance
Development cost	₩ 47,996,313	₩ 4,717,214	₩ -	₩ 8,377,686	₩ -	₩ 44,335,841
Patents	658,066	120,186	-	58,045	10,609	709,598
Other intangible assets(*)	7,868,979	2,961,181	-	474,469	-	10,355,691
	<u>₩ 56,523,358</u>	<u>₩ 7,798,581</u>	<u>₩ -</u>	<u>₩ 8,910,200</u>	<u>₩ 10,609</u>	<u>₩ 55,401,130</u>

(*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is ₩ 706 (Rs. 35 thousands) in thousands.

Three months ended March 31, 2012						
	Beginning balance	Acquisition	Depreciation	Impairment loss	Ending balance	
Development cost	₩ 58,764,596	₩ 2,452,438	₩ 8,005,778	₩ -	₩ 53,211,256	
Patents	701,109	52,893	68,590	4,704	680,708	
Other intangible assets	4,930,999	215,781	323,655	-	4,823,125	
	<u>₩ 64,396,704</u>	<u>₩ 2,721,112</u>	<u>₩ 8,398,023</u>	<u>₩ 4,704</u>	<u>₩ 58,715,089</u>	

(Unit: Indian-Rupee in thousands):

Three months ended March 31, 2013						
	Beginning balance	Acquisition	Transfer	Depreciation	Impairment loss	Ending balance
Development cost	Rs. 2,361,419	Rs. 232,087	Rs. -	Rs. 412,182	Rs. -	Rs. 2,181,324
Patents	32,377	5,913	-	2,856	522	34,912
Other intangible assets	387,154	145,690	-	23,344	-	509,500
	<u>Rs. 2,780,950</u>	<u>Rs. 383,690</u>	<u>Rs. -</u>	<u>Rs. 438,382</u>	<u>Rs. 522</u>	<u>Rs. 2,725,736</u>
Three months ended March 31, 2012						
	Beginning balance	Acquisition	Depreciation	Impairment loss	Ending balance	
Development cost	Rs. 2,891,218	Rs. 120,660	Rs. 393,884	Rs. -	Rs. 2,617,994	
Patents	34,495	2,602	3,375	231	33,491	
Other intangible assets	242,605	10,616	15,924	-	237,297	
	<u>Rs. 3,168,318</u>	<u>Rs. 133,878</u>	<u>Rs. 413,183</u>	<u>Rs. 231</u>	<u>Rs. 2,888,782</u>	

(3) Amortization of the intangible assets for the three months ended March 31, 2013 and 2012 are as follows.

Account	Korean Won in thousands		Indian-Rupee in thousands	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Cost of goods manufactured	₩ 8,286,853	₩ 7,914,945	Rs. 407,713	Rs. 438,382
Selling and administrative expenses	623,347	483,078	30,669	23,768
	<u>₩ 8,910,200</u>	<u>₩ 8,398,023</u>	<u>Rs. 438,382</u>	<u>Rs. 413,183</u>

13. BORROWINGS:

(1) The Company's short-term borrowings as of March 31, 2013 and December 31, 2012 consist of the following.

(Unit: Korean won in thousands):

Creditor	Type	Interest rate (%)	March 31, 2013	December 31, 2012
Korea Development Bank	Operating fund	CD 2.76%	₩ 30,000,000	₩ 30,000,000
Korea Development Bank	Banker's usance	EUR: 1.90% USD: 1.99% JPY: 1.86%	14,056,948	-
			<u>₩ 44,056,948</u>	<u>₩ 30,000,000</u>

(Unit: Indian-Rupee in thousands):

Type	kind	Interest rate (%)	March 31, 2013	December 31, 2012
Korea Development Bank	Operating fund	CD 2.76%	Rs. 1,476,000	Rs. 1,476,000
Korea Development Bank	Banker's usance	EUR: 1.90% USD: 1.99% JPY: 1.86%	691,602	-
			<u>Rs. 2,167,602</u>	<u>Rs. 1,476,000</u>

(2) The Company's bonds and current portion of long-term borrowings as of March 31, 2013 and December 31, 2012 consist of the following:

(Unit: Korean won in thousands):

Type	Issue date	Maturity date	Interest rate (%)	March 31, 2013	December 31, 2012
Private non-guaranteed bonds	2011-02-09	2015-02-09	7.00%	₩ 95,404,765	₩ 95,404,765

(Unit: Indian-Rupee in thousands):

Type	Issue date	Maturity date	Interest rate (%)	March 31, 2013	December 31, 2012
Private non-guaranteed bonds	2011-02-09	2015-02-09	7.00%	Rs. 4,693,914	Rs. 4,693,914

(3) The Company provided the following collaterals in relation to its borrowings:

Creditor	Assets pledged as collaterals	Pledged date	Maximum credit amount
Korea Development Bank	Land, buildings and machinery	2009-08-13	195 billion Korean Won (9.6 billion Rupee)

14. OTHER FINANCIAL LIABILITIES:

Carrying amounts of other financial liabilities as of March 31, 2013 and December 31, 2012 are as follows:

Classification	Korean Won in thousands		Indian-Rupee in thousands	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Other current financial liabilities:				
Accrued expenses	₩ 11,217,152	₩ 16,409,144	Rs. 551,884	Rs. 807,330

15. PROVISION FOR PRODUCT WARRANTIES:

The Company provides warranties for the sale of its products and establishes a provision for product warranties for the amount of expected warranty costs. Provisions for product warranties as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	Beginning Balance	Increase	Decrease	Ending Balance	Current	Non-current
Mar. 31, 2013	₩ 118,598,929	₩ 23,030,740	₩ 22,087,939	₩ 119,541,730	₩ 45,719,819	₩ 73,821,911
Dec. 31, 2012	₩ 122,007,836	₩ 69,299,562	₩ 72,708,469	₩ 118,598,929	₩ 46,214,861	₩ 72,384,068

(Unit: Indian-Rupee in thousands):

	Beginning Balance	Increase	Decrease	Ending Balance	Current	Non-current
Mar. 31, 2013	Rs. 5,835,067	Rs. 1,133,113	Rs. 1,086,726	Rs. 5,881,453	Rs. 2,249,415	Rs. 3,632,038
Dec. 31, 2012	Rs. 6,002,786	Rs. 3,409,538	Rs. 3,577,257	Rs. 5,835,067	Rs. 2,273,771	Rs. 3,561,296

16. OTHER LIABILITIES AND OTHER LONG-TERM LIABILITIES:

Carrying amounts of other liabilities as of March 31, 2013 and December 31, 2012 are as follows:

Classification	Korean won in thousands		Indian-Rupee in thousands	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Other liabilities				
Advances from customers	₩ 7,492,611	₩ 6,712,542	Rs. 368,636	Rs. 330,257
Deposits received	435,710	436,043	21,437	21,453
Withholdings	15,103,591	16,778,055	743,097	825,480
Income in advance	4,062,448	7,171,456	199,872	352,836
	<u>₩ 27,094,360</u>	<u>₩ 31,098,096</u>	<u>Rs. 1,333,042</u>	<u>Rs. 1,530,026</u>
Other Long-term liabilities				
Withholdings	₩ 8,270	₩ 8,270	Rs. 407	Rs. 407

17. RETIREMENT BENEFIT OBLIGATION:

- (1) Defined benefit plans and related liabilities arising from the company's financial statements configuration items as of March 31, 2013 and December 31, 2012 are as follows:

Classification	Korean won in thousands		Indian-Rupee in thousands	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Present value of defined benefit obligation	₩ 151,536,096	₩ 144,823,054	Rs. 7,455,576	Rs. 7,125,294
Fair value of plan assets	(1,511,965)	(1,524,841)	(74,389)	(75,022)
	<u>₩ 150,024,131</u>	<u>₩ 143,298,213</u>	<u>Rs. 7,381,187</u>	<u>Rs. 7,050,272</u>

- (2) Changes in the Company's defined benefit obligation for the three months ended March 31, 2013 and 2012 are as follows (Unit: Korean won and Indian-Rupee in thousands):

	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Beginning balance	₩ 144,823,054	₩ 188,058,593	Rs. 7,125,294	Rs. 9,252,483
Current service cost	7,083,340	5,764,127	348,500	283,595
Interest cost	1,407,428	2,233,078	69,245	109,867
Actuarial gains	-	-	-	-
Wages paid	(1,777,726)	(6,485,284)	(87,463)	(319,076)
Ending balance	<u>₩ 151,536,096</u>	<u>₩ 189,570,514</u>	<u>Rs. 7,455,576</u>	<u>Rs. 9,326,869</u>

- (3) Changes in the fair value of plan assets for the three months ended March 31, 2013 and 2012 are as follows (Unit: Korean won and Indian-Rupee in thousands):

	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Beginning balance	₩ 1,524,841	₩ 3,072,683	Rs. 75,022	Rs. 151,176
Expected return on plan assets	14,781	23,394	727	1,151
Actuarial losses	(3,641)	(883)	(179)	(43)
Wages paid	(24,016)	(146,670)	(1,181)	(7,216)
Ending balance	<u>₩ 1,511,965</u>	<u>₩ 2,948,524</u>	<u>Rs. 74,389</u>	<u>Rs. 145,068</u>

- (4) Actuarial assumptions used as of March 31, 2012 and December 31, 2012 are as follows:

	March 31, 2013	December 31, 2012
Discount rate (%)	3.93	3.93
Expected rate of salary increase (%)	5.31	5.31

The expected rate of return on plan assets was derived from weighted average market values of each plan asset. A long-term historical rate of return, current market situation, and strategic asset allocation are equally considered for the calculation of the expected rate of return.

18. CONTINGENCIES AND COMMITMENTS:

The followings are the major commitments and contingent liabilities as of March 31, 2013.

- (1) The Company carries product liability insurance for all products which it sells domestically.
- (2) As of March 31, 2013, the company has been providing guarantees from WORRI BANK and etc. amounting to USD 25,208,093, EUR 18,849,165 and JPY 882,802,138 related to import L/C.

<u>provided</u>	<u>Contract period</u>	<u>Contract price(USD)</u>	<u>Amount execution</u>	<u>Amount execution</u>
WOORIBANK	2012.8.23~2013.8.23	USD 40,000,000	USD 16,878,419	Usance import credit limit
			USD 7,923,263	
	2012.7.27~2013.7.27		EUR 18,849,165	Usance import credit limit
KDB		USD 65,000,000	JPY 494,920,250	
			USD 406,411	Usance import credit limit
BOA	2012.12.27~2013.12.27	<u>USD 30,000,000</u>	<u>JPY 387,881,888</u>	
			USD 25,208,093	
			EUR 18,849,165	
Total		<u>USD 135,000,000</u>	<u>JPY 882,802,138</u>	

(3) The followings are the major loan arrangements with the financial institutions as of March 31, 2013.

(Unit: Korean won in thousands):

<u>Financial institution</u>	<u>Classification</u>	<u>Limit</u>	<u>Exercise price</u>
KDB	Operating purpose loans	₩ 30,000,000	₩ 30,000,000

(Unit: Indian-Rupee in thousands):

<u>Financial institution</u>	<u>Classification</u>	<u>Limit</u>	<u>Exercise price</u>
KDB	Operating purpose loans	Rs 1,476,000	Rs 1,476,000

(4) Pending litigations

As of March 31, 2013, the Company has four pending litigations as a plaintiff with claims amounting to ₩15,581 million (Rs. 767 million) and twenty-six pending litigations as a defendant with claims amounting to ₩33,375 million (Rs. 1,642 million). Details of significant pending litigations as of March 31, 2013 are as follows:

<u>Type of litigation</u>	<u>Claimed amount</u>		<u>Plaintiff</u>	<u>Defendant</u>	<u>Remarks</u>
	<u>(Korean won in thousands)</u>	<u>(Indian-Rupee in thousands)</u>			
Wages	₩25,535,750	Rs.1,256,359	Sung-Ho Lee and 247 others	The Company	2 nd trial pending (1 st trial lost)
Compensation for damages	10,000,000	492,000	The Company	Federation of Korea Metal Worker's trade Union, Kap Deuk Jung and others	1 st trial pending
Compensation for damages	5,000,000	246,000	The Company		1 st trial pending
Void dismissal	3,020,015	148,585	Suk-joo Noh and 150 others	The Company	2 nd trial pending (1 st trial win)
Objection to confirmation trial	1,238,517	60,935	SK E&C Co., Ltd.	The Company	3 rd trial pending (2 nd trial lose)
Wages	1,618,938	79,652	Il Park and 7 others	The Company	1 st trial pending
Void dismissal	420,002	20,664	Lee, Jong Sik and 20 others	The Company	3 rd trial pending (2 nd trial win)
Void dismissal	200,001	9,840	Han, Sang Kyun and 9 others	The Company	2 nd trial pending (1 nd trial win)

(*) For the above pending litigations, the Company recognized other payables amounting to ₩ 19,460,251 thousands (Rs. 957,444 thousands) that are expected to be a probable loss and can be reasonably estimated as of March 31, 2013.

19. CAPITAL STOCK:

As of March 31, 2013 and December 31, 2012, the number of authorized shares is 3 billion shares. Details of capital stock are as follows:

(Unit: Won in thousands except par value):

Classification	Shares outstanding	Par value	Capital stock
March 31, 2013	122,674,641	₩ 5,000	₩ 613,373,205
December 31, 2012	122,674,641	₩ 5,000	₩ 613,373,205

(Unit: Rupee in thousands except par value):

Classification	Shares outstanding	Par value	Capital stock
March 31, 2013	122,674,641	Rs. 246	Rs. 30,177,962
December 31, 2012	122,674,641	Rs. 246	Rs. 30,177,962

- (1) As a plan for building co-employee-management culture, the Company decided at the board of directors meeting on May 2, 2012 to fund on employee shareholders association without cost and to exercise the third-party assigned paid-in capital increase that allot 644,550 shares for employees through the association. The Company exercised the paid-in capital increase on May 19, 2012. As a result, capital stock and other capital surplus are respectively increased by ₩3,222,750 thousands (Rs. 158,559 thousands) and ₩328,852 thousands (Rs. 16,180 thousands) for the year ended December 31, 2012.
- (2) As a plan for supporting unpaid employee laid off, the Company decided at the board of directors meeting on July 25, 2012 to fund on employee shareholders association without cost and to exercise the third-party assigned paid-in capital increase that allot 68,250 shares for employees through the association. The Company exercised the paid-in capital increase on August 14, 2012. As a result, capital stock and other capital surplus are respectively increased by ₩341,250 thousands (Rs. 16,790 thousands) and ₩3,026 thousands (Rs. 149 thousands) for the year ended December 31, 2012.

20. OTHER CAPITAL SURPLUS AND RETAINED EARNINGS:

Details of other capital surplus and retained earnings as of March 31, 2013 and December 31, 2012 are as follows:

	March 31, 2013		December 31, 2012		
	(Korean Won in thousands)		(Indian-Rupee in thousands)		
Other Capital Surplus	Paid-in capital in excess of par value	₩ 4,545,756	₩ 4,545,756	Rs. 223,651	Rs. 223,651
	Gain on retirement of capital stock	120,351,580	120,351,580	5,921,298	5,921,298
	Consideration for conversion rights	(3,243,869)	(3,243,869)	45,830	45,830
	Debt converted to equity	931,508	931,508	(159,598)	(159,598)
		<u>₩ 122,584,975</u>	<u>₩ 122,584,975</u>	<u>Rs. 6,031,181</u>	<u>Rs. 6,031,181</u>

(*) When the Company completed its debt restructuring as of December 17, 2009, it converted the debt of which SK Engineering and Construction Co., Ltd to equity as proportion of 40%. However, the debt amounts were decreased in accordance with the Court trial results and hence the number of shares was also proportionally decreased. Consequently the Company recognized the excessive debt amounts which come from cancellation of debt to equity as other capital surplus as of December 31, 2012.

21. OTHER CAPITAL ADJUSTMENTS

(1) Detail of the Company's other capital adjustments as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

Classification		March 31, 2013	December 31, 2012
Other capital adjustments	Gains (losses) on valuation of derivatives	₩ (459,500)	₩ 18,999,750

(Unit: Indian-Rupee in thousands):

Classification		March 31, 2013	December 31, 2012
Other capital adjustments	Gains (losses) on valuation of derivatives	Rs. (22,607)	Rs. 934,788

(2) Changes in the Company's gains (losses) on valuation of derivatives for the three months ended March 31, 2013 and for the year ended December 31, 2012 are as follows:

	Korean Won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Year ended December 31, 2012	Three months ended March 31, 2013	Year ended December 31, 2012
Beginning balance	₩ 18,999,750	₩ 193,310	Rs. 934,788	Rs. 9,511
Gains (losses) on valuation of derivatives	(19,459,250)	18,806,440	(957,395)	925,277
Ending balance	₩ (459,500)	₩ 18,999,750	Rs. (22,607)	Rs. 934,788

22. RETAINED EARNINGS

(1) Details of retained earnings as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	March 31, 2013	December 31, 2012
Retained earnings	₩ 42,992,351	₩ 52,754,371

(Unit: Indian-Rupee in thousands)

	March 31, 2013	December 31, 2012
Retained earnings	Rs. 2,115,224	Rs. 2,595,514

(2) Changes in retained earnings for the three months ended March 31, 2013 and for the year ended December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	March 31, 2013	December 31, 2012
Beginning balance	₩ 52,754,371	₩ 177,718,020
Loss on appropriated retained earnings	(9,758,379)	(106,069,451)
Actuarial losses	(3,641)	(18,894,198)
Ending balance	₩ 42,992,351	₩ 52,754,371

(Unit: Indian-Rupee in thousands):

	March 31, 2013	December 31, 2012
Beginning balance	Rs. 2,595,515	Rs. 8,743,727
Loss on appropriated retained earnings	(480,113)	(5,218,617)
Actuarial losses	(178)	(929,596)
Ending balance	Rs. 2,115,224	Rs. 2,595,514

23. INCOME TAX:

As of March 31, 2013 and 2012, there is no deferred income tax assets and income tax the company recognizes due to tax deficit.

24. EXPENSES BY CATEGORY:

Details of expenses classified by category for the three ended March 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Changes in inventories	₩ (26,203,404)	₩ (16,738,963)	Rs. (1,289,207)	Rs. (823,557)
Raw materials and merchandise goods used	567,353,129	474,623,525	27,913,774	23,351,478
Salaries	60,506,960	50,778,525	2,976,942	2,498,303
Depreciation	26,647,730	24,820,169	1,311,068	1,221,152
Amortization	8,910,200	8,398,023	438,382	413,183
Other	131,729,710	132,557,366	6,481,102	6,521,822
	<u>₩ 768,944,325</u>	<u>₩ 674,438,645</u>	<u>Rs. 37,832,061</u>	<u>Rs. 33,182,381</u>

25. DERIVATIVES FINANCIAL INSTRUMENTS:

The Company has a derivative contract with Woori Bank and KDB to avoid the risks of exchange rate fluctuation by fitting the amount and period of expected foreign currency sales (hedged items) and derivative financial instruments (hedging instrument). Gain on valuation of derivatives for ₩ 4,924,600 thousands (Rs. 242,290 thousands) and loss on valuation of derivatives for ₩ 5,384,100 thousands (Rs. 264,898 thousands) applied to cash flow risk aversion accounting treatment are recognized as other capitals components and Gain on valuation of derivatives for ₩ 1,234,301 thousands (Rs. 60,728 thousands) and loss on valuation of derivatives for ₩ 2,745 thousands (Rs. 135 thousands) which are inefficient parts are recognized as accumulated other comprehensive income for the year ended March 31, 2013.

26. SELLING AND ADMINISTRATIVE EXPENSES:

(1) Selling expenses for the three months ended March 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Warranty expenses	₩ 14,640,043	₩ 13,316,390	Rs. 720,290	Rs. 655,166
Sales commissions	31,772,210	22,484,832	1,563,193	1,106,254
Sales promotional expenses	8,181,498	5,933,599	402,530	291,933
Packaging expenses	1,031,393	948,207	50,744	46,652
Freight expenses	2,289,487	7,143,020	112,643	351,437
Advertising expenses	6,384,677	2,050,008	314,126	100,860
Export expenses	18,480,926	18,388,820	909,262	904,730
	<u>₩ 82,780,234</u>	<u>₩ 70,264,876</u>	<u>Rs. 4,072,788</u>	<u>Rs. 3,457,032</u>

(2) Administrative expenses for the three months ended March 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Salaries	₩ 10,840,001	₩ 9,277,120	Rs. 533,328	Rs. 456,434
Post-employment benefits	1,612,476	1,270,212	79,334	62,494
Employee benefits	2,862,658	2,620,838	140,843	128,945
Travel expenses	216,303	193,402	10,642	9,515
Communication expenses	288,871	239,558	14,212	11,786
Electricity expenses	132,812	157,435	6,534	7,746
Utility expenses	110,121	121,311	5,418	5,969
Taxes and dues	498,776	455,713	24,540	22,421
Rent expense	2,470,450	3,739,315	121,546	183,974
Repair expenses	167,212	146,792	8,227	7,222
Insurance	61,973	35,873	3,049	1,765
Entertainment expenses	130,092	74,379	6,400	3,659
Vehicles	206,605	191,756	10,165	9,434
Overseas marketing expenses	50,238	36,911	2,472	1,816
Training	120,516	190,561	5,929	9,376
Printing	113,164	50,462	5,568	2,483
Supplies	100,879	103,739	4,963	5,104
Conference expense	107,108	60,563	5,270	2,980
Service fees	4,111,764	2,185,925	202,299	107,548
Legal expense	80,343	84,364	3,953	4,151
Outsourcing expense	3,939,678	4,785,725	193,832	235,458
Computing expense	1,223,127	1,350,254	60,178	66,432
Depreciation	1,268,683	1,057,717	62,419	52,040
Bad debt expense	(115,482)	176,723	(5,682)	8,695
R&D expenses	5,335,194	3,688,134	262,492	181,456
Amortization	623,347	483,079	30,669	23,767
Other administrative expenses	159,844	177,045	7,864	8,712
	<u>₩ 36,716,753</u>	<u>₩ 32,954,906</u>	<u>Rs. 1,806,464</u>	<u>Rs. 1,621,382</u>

27. NON-OPERATING INCOME (EXPENSES):

(1) Details of the Company's non-operating income for the three months ended March 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Commission income	₩ 3,760,568	₩ 238,785	Rs. 185,020	Rs. 11,748
Gain on foreign currency transactions	3,485,084	1,713,246	171,466	84,292
Gain on foreign currency translation	512,252	520,250	25,203	25,596
Reversal of allowance for doubtful accounts	60,473	45,309	2,975	2,229
Gain on disposal of property, plant and equipment	4,188	12,125	206	597
Gain on disposal of investment assets	-	2,529	-	124
Product warranty reserve	1,410,582	1,154,499	69,401	56,801
Others, net	4,334,829	2,948,775	213,273	145,081
	<u>₩ 13,567,976</u>	<u>₩ 6,635,518</u>	<u>Rs. 667,544</u>	<u>Rs. 326,468</u>

(2) Details of the Company's non-operating expense for the three months ended March 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Loss on foreign currency transactions	₩ 1,696,969	₩ 2,381,006	Rs. 83,491	Rs. 117,146
Loss on foreign currency translation	423,135	368,826	20,818	18,146
Other bad debt expense	4,299	-	212	-
Non-operating assets and depreciation	15,156	16,605	746	817
Loss on disposal of property, plant and equipment	45,002	24,246	2,214	1,193
Loss on disposal of investment assets	4,105	4,874	202	240
Loss on disposal of trade receivables	2,463,602	2,251,929	121,209	110,795
Impairment loss on investments	3,627	110,005	179	5,412
Impairment loss on intangible assets	10,609	4,704	522	231
Impairment loss on investment in subsidiaries	1,192,710	-	58,681	-
Donations	-	10,000	-	492
Others	7,941,592	3,651,802	390,726	179,669
	<u>₩ 13,800,806</u>	<u>₩ 8,823,997</u>	<u>Rs. 679,000</u>	<u>Rs. 434,141</u>

28. FINANCIAL INCOME AND COST:

(1) Details of the Company's financial income for the three months ended March 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Interest income	₩ 1,522,973	₩ 1,741,312	Rs. 74,930	Rs. 85,673
Dividend income	6,000	307,542	295	15,131
Gain on foreign currency transactions	925,709	430,803	45,545	21,195
Gain on foreign currency translation	71,152	62,818	3,501	3,091
Gain on disposal of derivatives	7,298,511	1,792,000	359,087	88,166
Gain on valuation of derivatives	1,234,301	157,858	60,728	7,767
Gains from assets contributed	19,360	-	952	-
	<u>₩ 11,078,006</u>	<u>₩ 4,492,333</u>	<u>Rs. 545,038</u>	<u>Rs. 221,023</u>

(2) Details of the Company's financial cost for the three months ended March 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Interest expense	₩ 2,091,103	₩ 2,327,349	Rs. 102,882	Rs. 114,506
Loss on foreign currency transactions	294,237	463,583	14,477	22,808
Loss on foreign currency translation	80,286	11,679	3,950	575
Loss on disposal of derivatives	758,800	114,500	37,333	5,633
Loss on valuation of derivatives	2,745	481,919	135	23,710
	<u>₩ 3,227,171</u>	<u>₩ 3,399,030</u>	<u>Rs. 158,777</u>	<u>Rs. 167,232</u>

(3) Details of the Company's financial net profit for the three months ended March 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Loan and receivables	₩ 287,650	₩ 75,326	Rs. 14,152	Rs. 3,706
Available-for-sale financial assets	6,000	6,000	295	296
Other financial liabilities	<u>7,557,185</u>	<u>1,011,977</u>	<u>371,814</u>	<u>49,789</u>
	<u>₩ 7,850,835</u>	<u>₩ 1,093,303</u>	<u>Rs. 386,261</u>	<u>Rs. 53,791</u>

29. INCOME(LOSS) PER SHARE:

Basic income (loss) per share for the years ended March 31, 2013 and 2012 are calculated as follows (Unit: Korean won and Indian-Rupee in thousands, except for earnings per share):

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Net loss	₩ (9,758,379)	₩ (31,563,728)	Rs. (480,113)	Rs. (1,552,935)
Preferred stock dividends	-	-	-	-
Loss contributed to common stocks	(9,758,379)	(31,563,728)	(480,113)	(1,552,935)
Number of common stocks outstanding	<u>122,674,641</u>	<u>121,539,603</u>	<u>122,674,641</u>	<u>121,539,603</u>
Basic and diluted loss per share(*1)	<u>₩ (80)</u>	<u>₩ (260)</u>	<u>Rs. (4)</u>	<u>Rs. (13)</u>

(*1) Basic and diluted losses per share for the three months ended March 31, 2013 and 2012 are identical since there are no dilutive potential common shares.

The numbers of shares outstanding for the three months ended March 31, 2013 and 2012 are calculated as follows:

Three months ended March 31, 2013						
	Time interval		Outstanding	Accumulated outstanding	Weighted average impact	Outstanding
Common stock	2013-01-01	2013-03-31	122,674,641	122,674,641	90/90	122,674,641
Total						<u>122,674,641</u>
Three months ended March 31, 2012						
	Time interval		Outstanding	Accumulated outstanding	Weighted average impact	Outstanding
Common stock	2012-01-01	2012-03-31	121,539,603	121,539,603	91/91	121,539,603
Total						<u>121,539,603</u>

30. CASH FLOWS FROM OPERATING ACTIVITIES:

(1) Details of cash flows from operating activities for the three months ended March 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
1. Cash flows from operating activities	₩ 124,334,495	₩ 72,786,363	Rs. 6,117,257	Rs. 3,581,089
1) Net loss	(9,758,379)	(31,563,728)	(480,113)	(1,552,935)
2) Adjustments	48,521,935	43,408,787	2,387,279	2,135,712
(1) Addition of expenses	52,099,865	47,048,721	2,563,313	2,314,797

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Loss on foreign currency translation	503,423	380,505	24,768	18,721
Loss on disposal of trade receivables	2,463,602	2,251,929	121,209	110,795
Loss on disposal of derivatives	2,745	481,919	135	23,710
Loss on valuation of inventories	311,034	-	15,302	-
Rent expense	-	77,860	-	3,831
Bad debt expense	(115,482)	176,723	(5,682)	8,695
Other bad debt expense	4,299	-	212	-
Depreciation	28,072,174	24,820,169	1,381,151	1,221,152
Loss on disposal of investment assets	4,105	4,874	202	240
Loss on disposal of property, plant and equipment	45,002	24,246	2,214	1,193
Impairment loss on investment assets	3,627	110,005	179	5,412
Amortization	8,910,200	8,398,023	438,382	413,183
Impairment loss on intangible assets	10,609	4,704	522	231
Impairment loss on investment in subsidiaries	1,192,710	-	58,681	-
Interest expense	2,091,103	2,327,349	102,882	114,506
Post-employment benefits	8,475,987	7,973,810	417,018	392,311
Depreciation expenses on assets not in use	15,156	16,605	746	817
Miscellaneous losses	109,571	-	5,392	-
(2) Deduction of revenue	(3,577,930)	(3,639,934)	(176,034)	(179,085)
Gain on foreign currency translation	583,404	583,068	28,704	28,687
Reversal of allowance for doubtful accounts	60,473	45,309	2,975	2,229
Reversal of loss on valuation of inventories	55,368	790,191	2,724	38,877
Interest income	1,522,973	1,741,312	74,930	85,673
Gain on dividends	6,000	307,542	295	15,131
Gain on valuation of derivatives	1,234,301	157,858	60,728	7,767
Gain on disposal of investment assets	-	2,529	-	124
Gain on disposal of property, plant and equipment	4,188	12,125	206	597
Miscellaneous gains	111,223	-	5,472	-
3) Changes in working capital	85,570,939	60,941,304	4,210,091	2,998,312
Decrease (increase) in trade receivables, net	6,312,826	(11,366,350)	310,592	(559,224)
Increase in other receivables, net	(5,435,860)	(7,138,554)	(267,444)	(351,217)
Decrease in advanced payments	623,722	5,846,499	30,687	287,648
Increase in prepaid expenses	(1,281,069)	(254,565)	(63,029)	(12,525)
Increase in income tax refundable	(223,085)	(216,549)	(10,976)	(10,654)
Decrease in derivatives	1,459,139	-	71,790	-
Decrease in inventories	(21,497,743)	(13,904,511)	(1,057,689)	(684,102)
Decrease (Increase) in long security	(2,049,300)	289,300	(100,825)	14,233
Increase in trade payables	130,640,188	113,434,164	6,427,497	5,580,961
Decrease in other payables	(13,132,034)	(14,959,371)	(646,096)	(736,001)
Decrease in accrued charges	(5,136,249)	(5,907,606)	(252,703)	(290,654)
Increase (Decrease) in deposits received	(333)	1,819	(16)	89
Decrease in current other long term benefit	(405,610)	(202,730)	(19,956)	(9,974)
Increase in advances from customers	780,070	6,395,641	38,380	314,666

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Decrease in withholdings	(1,674,464)	(5,781,040)	(82,384)	(284,427)
Increase (Decrease) in unearned revenue	(2,980,078)	705,147	(146,620)	34,693
Increase (Decrease) in government subsidies	(128,224)	304,582	(6,309)	14,985
Increase (Decrease) in short-term provision of product warranties	(495,041)	161,326	(24,356)	7,937
Increase in long-term other payables	175,780	-	8,648	-
Increase in other long term benefit	334,171	351,926	16,441	17,315
Payment of severance indemnities	(1,753,710)	(6,338,614)	(86,283)	(311,860)
Increase (Decrease) in long-term provision of product warranties	1,437,843	(479,210)	70,742	23,577
2. Interest received	1,671,827	1,622,094	82,254	79,807
3. Interest paid	(2,146,854)	(2,301,026)	(105,625)	(113,210)
4. Dividends received	6,000	71,900	295	3,537
Net cash provided by operating activities	₩ 123,865,468	₩ 72,179,331	Rs. 6,094,181	Rs. 3,551,223

31. SEGMENT INFORMATION:

(1) The company determined itself as a single reportable segment in the light of nature of goods or service creating operating income and trait of assets providing service. Therefore, writing disclosure according to reportable segment's operating income, income before income tax and its assets and liabilities is omitted

(2) Information of each sales region for the three months ended March 31, 2013 and 2012 as follows: follows:(Unit: Korean won and Indian-Rupee in thousands):

Sales region	Three months ended March 31, 2013	
Republic of Korea	₩ 398,769,822	Rs. 19,619,475
Europe	194,907,192	9,589,434
Asia Pacific	19,235,062	946,365
Others	138,655,865	6,821,869
	₩ 751,567,941	Rs. 36,977,143
Sales region	Three months ended March 31, 2012	
Republic of Korea	₩ 305,974,640	Rs. 15,053,953
Europe	181,119,009	8,911,055
Asia Pacific	37,636,695	1,851,725
Others	119,239,751	5,866,596
	₩ 643,970,095	Rs. 31,683,329

32. RELATED PARTY TRANSACTIONS:

(1) Details of related party as of March 31, 2013 are as follows:

	Related parties
Controlling company	Mahindra & Mahindra Ltd.
Subsidiary company	Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd. Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.
Other affiliates company	Mahindra Vehicle Manufacturing Ltd. Mahindra&Mahindra South Africa Ltd.

(2) Major transactions with the related parties for the three months ended March 31, 2013 and 2012 are as follows:

(Unit: Korean won in thousands):

	Three months ended March 31, 2013		Three months ended March 31, 2012	
	Sales and others	Purchases and others	Sales and others	Purchases and others
Transactions with controlling company	₩ 672,244	₩ 1,818,429	₩ 85,384	₩ 1,810,634
Transactions with subsidiaries	1,606,197	-	3,141,575	-
Transaction with other affiliates	36,052,361	-	6,723,923	3,864

(Unit: Indian-Rupee in thousands):

	Three months ended March 31, 2013		Three months ended March 31, 2012	
	Sales and others	Purchases and others	Sales and others	Purchases and others
Transactions with controlling company	Rs. 33,074	Rs. 89,467	Rs. 4,201	Rs. 89,083
Transactions with subsidiaries	79,025	-	154,565	-
Transactions with other affiliates	1,773,776	-	330,817	190

(3) Outstanding receivables and payables from transactions with related parties as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	March 31, 2013	December 31, 2012
Receivables from and payables to controlling company:		
Receivables and others	₩ 197,039	₩ 377,097
Payables and others	96,905,812	96,501,477
Receivables from and payables to subsidiaries:		
Receivables and others	13,701,972	14,248,992
Payables and others	637,890	633,884
Receivables from and payables to affiliates:		
Receivables and others	11,076,859	8,347,797
Payables and others	3,005,271	1,081,824

(Unit: Indian-Rupee in thousands):

	March 31, 2013	December 31, 2012
Receivables from and payables to controlling company:		
Receivables and others	Rs. 9,694	Rs. 18,553
Payables and others	4,767,766	4,747,873
Receivables from and payables to subsidiaries:		
Receivables and others	674,137	701,050
Payables and others	31,384	31,187
Receivables from and payables to affiliates:		
Receivables and others	544,981	410,712
Payables and others	147,859	53,226

The Company did not recognize allowance for the above receivables and no bad debt expense was recognized for the three months ended March 31, 2013.

(4) Details of compensation for key executives for the three months ended March 31, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Three months ended March 31, 2013	Three months ended March 31, 2012	Three months ended March 31, 2013	Three months ended March 31, 2012
Short-term employee benefits	₩ 182,141	₩ 117,694	Rs. 8,961	Rs. 5,791
Post-employment benefits	4,146	1,119	204	55

33. FINANCIAL INSTRUMENTS:

(1) Capital risk management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as, debt to equity ratio and net borrowings to equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change on the overall capital risk management strategy of the company compared with last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the financial statements. The Company is not subject to externally enforced capital regulation.

Debt to Equity ratio for the period ended March 31, 2013 and December 31, 2012 are as follows

(Unit: Korean won in thousands):

	March 31, 2013		December 31, 2012	
Debt (A)	₩	1,185,152,580	₩	1,049,905,022
Equity (B)		778,491,031		807,712,301
Debt ratio (A/ B)		152.24%		129.99%

(Unit: Indian-Rupee in thousands):

	March 31, 2013		December 31, 2012	
Debt (A)	Rs.	58,309,507	Rs.	51,655,327
Equity (B)		38,301,760		39,739,445
Debt ratio (A/ B)		152.24%		129.99%

(2) Details of financial assets and liabilities by category as of March 31, 2013 and December 31, 2012 are as follows:

1) Financial assets

(Unit: Korean won in thousands):

Financial asset	March 31, 2013				
	Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 304,860,263	₩ -	₩ -	₩ 304,860,263	₩ 304,860,263
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and Other receivables	253,234,834	-	-	253,234,834	253,234,834
Derivatives assets	-	-	6,699,260	6,699,260	6,699,260
Long-term AFS financial assets	-	560,000	-	560,000	560,000
	<u>₩ 558,101,097</u>	<u>₩ 560,000</u>	<u>₩ 6,699,260</u>	<u>₩ 565,360,357</u>	<u>₩ 565,360,357</u>
Financial asset	December 31, 2012				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 197,769,855	₩ -	₩ -	₩ 197,769,855	₩ 197,769,855
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and Other receivables	253,702,317	-	-	253,702,317	253,702,317
Derivatives assets	-	-	21,503,503	21,503,503	21,503,503
Long-term AFS financial assets	-	560,000	-	560,000	560,000
	<u>₩ 451,478,172</u>	<u>₩ 560,000</u>	<u>₩ 21,503,503</u>	<u>₩ 473,541,675</u>	<u>₩ 473,541,675</u>

(Unit: Indian-Rupee in thousands):

March 31, 2013					
Financial asset	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 14,999,125	Rs. -	Rs. -	Rs. 14,999,125	Rs. 14,999,125
Long-term financial instruments	295	-	-	295	295
Trade receivables and Other receivables	12,459,154	-	-	12,459,154	12,459,154
Derivatives assets	-	-	329,604	329,604	329,604
Long-term AFS financial assets	-	27,552	-	27,552	27,552
	<u>Rs. 27,458,574</u>	<u>Rs. 27,552</u>	<u>Rs. 329,604</u>	<u>Rs. 27,815,730</u>	<u>Rs. 27,815,730</u>
December 31, 2012					
Financial asset	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 9,730,277	Rs. -	Rs. -	Rs. 9,730,277	Rs. 9,730,277
Long-term financial instruments	295	-	-	295	295
Trade receivables and Other receivables	12,482,154	-	-	12,482,154	12,482,154
Derivatives assets	-	-	1,057,972	1,057,972	1,057,972
Long-term AFS financial assets	-	27,552	-	27,552	27,552
	<u>Rs. 22,212,726</u>	<u>Rs. 27,552</u>	<u>Rs. 1,057,972</u>	<u>Rs. 23,298,250</u>	<u>Rs. 23,298,250</u>

2) Financial liabilities

Financial liability measured at amortized cost							
March 31, 2013		December 31, 2012		March 31, 2013		December 31, 2012	
(Korean Won in thousands)		(Korean Won in thousands)		(Indian-Rupee in thousands)		(Indian-Rupee in thousands)	
Trade payables and Other payables	₩ 731,103,465	₩ 618,388,989	Rs. 35,970,290	Rs. 30,424,738			
Debt	139,461,713	125,404,765	6,861,516	6,169,914			
Derivatives liabilities	4,882,590	-	240,223	-			
Total	<u>₩ 875,447,768</u>	<u>₩ 743,793,754</u>	<u>Rs. 43,072,029</u>	<u>Rs. 36,594,652</u>			

(3) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

Financial assets that are subject to the financial risk management consist of cash and cash equivalents, AFS financial assets, trade receivables, other receivables and others; financial liabilities subject to the financial risk management consist of trade payables, other payables, borrowings, bonds and others.

1) Market risk

a. Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company assesses, manages and reports, on a regular basis, the foreign currency risk for its receivables and payables denominated in foreign currency.

Details of the Company held foreign currency denominated monetary assets and monetary liabilities of the carrying amount for the years ended March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

		Assets	
		March 31, 2013	December 31, 2012
USD	₩	96,403,214	₩ 113,042,936
EUR		22,824,654	25,724,783
JPY		350,582	113,024
Others		4,153,093	5,366,589
Total	₩	<u>123,731,543</u>	<u>₩ 144,247,332</u>

		Liabilities	
		March 31, 2013	December 31, 2012
USD	₩	14,075,128	₩ 9,685,534
EUR		27,251,362	19,021,629
JPY		7,165,935	6,468,799
Others		1,180,353	1,901,227
Total	₩	<u>49,672,778</u>	<u>₩ 37,077,189</u>

(Unit: Indian-Rupee in thousands):

		Assets	
		March 31, 2013	December 31, 2012
USD	Rs.	4,743,038	Rs. 5,561,712
EUR		1,122,973	1,265,659
JPY		17,249	5,561
Others		204,332	264,036
Total	Rs.	<u>6,087,592</u>	<u>Rs. 7,096,968</u>

		Liabilities	
		March 31, 2013	December 31, 2012
USD	Rs.	692,496	Rs. 476,528
EUR		1,340,767	935,864
JPY		352,564	318,265
Others		58,073	93,540
Total	Rs.	<u>2,443,900</u>	<u>Rs. 1,824,197</u>

The table below shows the sensitivity for each foreign currency when exchange rates change 10 %. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% at the year end of March 31, 2013.

The positive effect (+) in the table below shows the increase of current income of the relevant currencies when the value of the won is 10% stronger. When won is 10% weaker than the relevant currency the effect on current income will be similar but negative (-).

(Unit: Korean won in thousands):

Currency	Financial assets		Financial liabilities	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 9,640,321	₩ (9,640,321)	₩ (1,407,513)	₩ 1,407,513
EUR	2,282,465	(2,282,465)	(2,725,136)	2,725,136
JPY	35,058	(35,058)	(716,594)	716,594
Others	415,309	(415,309)	(118,035)	118,035
	₩ 12,373,153	₩ (12,373,153)	₩ (4,967,278)	₩ 4,967,278

(Unit: Indian-Rupee in thousands):

Currency	Financial assets		Financial liabilities	
	10% increase	10% decrease	10% increase	10% decrease
USD	Rs. 474,304	Rs. (474,304)	Rs. (69,250)	Rs. 69,250
EUR	112,297	(112,297)	(134,077)	134,077
JPY	1,725	(1,725)	(35,256)	35,256

Currency	Financial assets		Financial liabilities	
	10% increase	10% decrease	10% increase	10% decrease
Others	20,433	(20,433)	(5,807)	5,807
	Rs. 608,759	Rs. (608,759)	Rs. (244,390)	Rs. 244,390

In order to avoid the risk of foreign exchange debt payments and foreign exchange receivables collected foreign exchange risk within the range of 30 to 50 percent, the company has a policy of making a foreign exchange forward agreement. Also in order to manage sales transactions and purchase transactions to foreign exchange risk that are expected to occur within the next three months that are within the range of 30 to 50 percent, the Company makes a foreign exchange forward.

Details of non-payment forward contracts for the year ended March 31, 2013 are as follows:

(Unit: Korean won in thousands):

	Average exchange rate contracted	Amount of foreign currency	Amount of Contract	Fair value
Cash flow hedges				
USD purchase	₩ 1,148.01	USD 149,000,000	₩ 171,208,450	₩ 5,070,159
	1,115.43	148,000,000	164,511,800	(1,216,550)
	1,113.07	152,000,000	168,762,200	(2,036,939)
		USD 449,000,000	₩ 504,482,450	₩ 1,816,670

(Unit: Indian-Rupee in thousands):

	Average exchange rate contracted	Amount of foreign currency	Amount of Contract	Fair value
Cash flow hedges				
USD purchase	₩ 1,148.01	USD 149,000,000	Rs. 8,423,456	Rs. 232,894
	1,115.43	148,000,000	8,093,981	(43,296)
	1,113.07	152,000,000	8,303,100	(100,217)
		USD 259,000,000	Rs. 24,820,537	Rs. 89,381

The cumulative benefits of cash flow hedges related to foreign forward contracts, amounts to (-) 459,500 thousands won (Rs. 22,607 thousands). Sales transaction is expected to occur within the first three months after March 31, 2013, and this amount that is deferred in equity will be reclassified as Current income.

b. Interest rate risk.

Sensitivity analysis was conducted assuming in the case of floating rate debt current balance is the same during the whole reporting period. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably possible fluctuations of interest rates.

When other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the company's current income will decrease/increase ₩37,397 thousands won (Rs. 1,840 thousands rupee) for the year ended March 31, 2013, due to floating rate debt's interest rate risk.

2) Credit risk

Credit risk arises from transactions in ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the Company regularly assesses credit ratings of its customers and transacting parties based on their financial status and past experiences and establishes credit limit for each customer or transacting party.

As of March 31, 2013 and December 31, 2012, the maximum exposed amounts of credit risk for financial assets maintained by the Group are as follows. However, the value of acquired collaterals and the effects from other credit enhancement is not considered.

	<u>March 31, 2013</u>	<u>December,31, 2012</u>	<u>March 31, 2013</u>	<u>December,31, 2012</u>
	(Korean Won in thousands)		(Indian-Rupee in thousands)	
Trade and other receivables	₩ 253,234,834	₩ 253,702,317	Rs. 12,459,154	Rs. 12,482,154

3) Liquidity risk

The Company establishes short-term and long-term fund management plans; consequently, exposures to liquidity risk. The Company analyzes and reviews actual cash out flows and its budget to correspond the maturities of financial liabilities to those of financial assets. Management of the Company believes that the financial liabilities may be redeemed by cash flows arising from operating activities and financial assets. To manage risks arising from installment sales receivables, the Company has entered into a factoring agreement with capital financial institutions.

Maturity analysis of non-derivative financial liabilities according to their remaining maturities as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	<u>March 31, 2013</u>		
	<u>Within a year</u>	<u>More than 1 year</u>	<u>Total</u>
Trade payables	₩ 510,991,672	₩ -	₩ 510,991,672
Non-trade payables	175,739,604	-	175,739,604
Short-term borrowings	45,610,701	-	45,610,701
Other payables	11,217,152	-	11,217,152
Long-term other payables	-	33,155,038	33,155,038
Bonds	7,556,580	101,168,258	108,724,838
	<u>₩ 751,115,709</u>	<u>₩ 134,323,296</u>	<u>₩ 885,439,005</u>

	<u>December 31, 2012</u>		
	<u>Within a year</u>	<u>More than 1 year</u>	<u>Total</u>
Trade payables	₩ 380,244,210	₩ -	₩ 380,244,210
Non-trade payables	183,758,014	-	183,758,014
Short-term borrowings	32,067,863	-	32,067,863
Other payables	16,409,144	-	16,409,144
Long-term other payables	-	37,977,622	37,977,622
Bonds	6,678,334	96,136,637	102,814,971
	<u>₩ 619,157,565</u>	<u>₩ 134,114,259</u>	<u>₩ 753,271,824</u>

(Unit: Indian-Rupee in thousands):

	<u>March 31, 2013</u>		
	<u>Within a year</u>	<u>More than 1 year</u>	<u>Total</u>
Trade payables	Rs. 25,140,790	Rs. -	Rs. 25,140,790
Non-trade payables	8,646,389	-	8,646,389
Short-term borrowings	2,244,046	-	2,244,046
Other payables	551,884	-	551,884
Long-term other payables	-	1,631,228	1,631,228
Bonds	371,784	4,977,478	5,349,262
	<u>Rs. 36,954,893</u>	<u>Rs. 6,608,706</u>	<u>Rs. 43,563,599</u>

	<u>December 31, 2012</u>		
	<u>Within a year</u>	<u>More than 1 year</u>	<u>Total</u>
Trade payables	Rs. 18,708,015	Rs. -	Rs. 18,708,015
Non-trade payables	9,040,894	-	9,040,894
Short-term borrowings	1,577,739	-	1,577,739
Other payables	807,330	-	807,330
Long-term other payables	-	1,868,499	1,868,499
Bonds	328,574	4,729,923	5,058,497
	<u>Rs. 30,462,552</u>	<u>Rs. 6,598,422</u>	<u>Rs. 37,060,974</u>

Funding arrangements as of March 31, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

		<u>March 31,2013</u>		<u>December 31,2012</u>	
Borrowing limit commitments	Used	₩	30,000,000	₩	30,000,000
	Unused		-		-
Total		₩	<u>30,000,000</u>	₩	<u>30,000,000</u>

(Unit: Indian-Rupee in thousands):

		<u>March 31,2013</u>		<u>December 31,2012</u>	
Borrowing limit commitments	Used	Rs	1,476,000	Rs	1,476,000
	Unused		-		-
Total		Rs	<u>1,476,000</u>	Rs	<u>1,476,000</u>

(4) Fair value of financial instruments

The fair value of the Company's actively-traded financial instruments (i.e. financial assets AFS and others) is based on the traded market-price as of the reporting period end. The fair value of the Company's financial assets is the amount which the asset could be exchanged for or the amount which a liability could be settled for.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 Inputs that are not based on observable market data.

Fair values of financial instruments by heirarchy level as of March 31, 2013 and December 31, 2012 is as follows:

(Unit: Korean won in thousands):

<u>Type</u>	<u>March 31, 2013</u>			<u>Fair value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Derivatives designated to hedge item	₩	₩ 1,816,670	₩	₩ 1,816,670

<u>Type</u>	<u>December 31, 2012</u>			<u>Fair value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Derivatives designated to hedge item	₩	₩ 21,503,503	₩	₩ 21,503,503

(Unit: Indian-Rupee in thousands):

<u>Type</u>	<u>March 31, 2013</u>			<u>Fair value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Derivatives designated to hedge item	Rs.	Rs. 89,380	Rs.	Rs. 89,380

<u>Type</u>	<u>December 31, 2012</u>			<u>Fair value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Derivatives designated to hedge item	Rs.	Rs. 1,057,972	Rs.	Rs. 1,057,972