

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2013 AND SEPTEMBER 30, 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 consolidated interim financial statements of Ssangyong Motor Company (the "Company"). The financial statements consist of the consolidated statement of financial position as of September 30, 2013, and the related consolidated statement of comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statement of cash flows, all expressed in Korean won, for the three and nine months ended September 30, 2013 and 2012, and a summary of significant accounting policies and other explanatory information. The accompanying consolidated statement of comprehensive income, consolidated statement of changes in stockholders' equity, and consolidated statement of cash flows for the three and nine months ended September 30, 2012, which are presented for comparative purposes, were not reviewed.

Management's responsibility for the consolidated financial statements

The Company's management is responsible for the preparation and fair presentation of the accompanying consolidated 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 consolidated interim financial statements based on our review.

We conducted our review in accordance with standards for review of consolidated 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 consolidated 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 consolidated statement of financial position as of December 31, 2012 and the related consolidated 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 consolidated financial position on December 31, 2012 and current financial position.



November 19, 2013

Notice to Readers

This report is effective as of November 19, 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 consolidated interim financial statements and may result in modifications to the accountants' review report.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012

	Korean Won		Indian- Rupee	
	September 30,	December 31,	September 30,	December 31 ,
	2013	2012	2013	2012
	(In thousands)		(In thousands)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 33)	₩	278,304,500 ₩	203,666,542	Rs. 16,175,058 Rs. 11,837,099
Trade and other receivables, net (Notes 7, 32 and 33)		208,336,770	210,295,481	12,108,533 12,222,373
Derivatives assets (Notes 25 and 33)		26,795,480	21,503,503	1,557,353 1,249,784
Inventories, net (Notes 8 and 24)		294,363,410	269,034,085	17,108,401 15,636,261
Other current assets (Note 10)		10,666,325	6,773,225	619,927 393,660
Total current assets		818,466,485	711,272,836	47,569,272 41,339,177
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)		6,000	6,000	349 349
Non-current available-for-sale financial assets (Notes 6 and 33)		560,000	560,000	32,547 32,547
Non-current other receivables, net (Notes 7 and 33)		34,956,003	30,178,703	2,031,643 1,753,986
Property, plant and equipment, net (Note 11)		1,057,091,418	1,051,401,751	61,438,153 61,107,470
Intangible assets (Note 12)		67,874,391	56,615,012	3,944,860 3,290,464
Deferred income tax assets (Note 23)		95,585	95,525	5,555 5,552
Other non-current assets (Note 10)		385,338	360,542	22,396 20,955
Total non-current assets		1,160,968,735	1,139,217,533	67,475,503 66,211,323
TOTAL ASSETS		1,979,435,220	1,850,490,369	115,044,775 107,550,500
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Trade and other payables (Notes 18, 32 and 33)		574,245,807	580,299,180	33,375,166 33,726,988
Short-term borrowings (Notes 13,18 and 33)		74,682,501	30,000,000	4,340,547 1,743,600
Provision for product warranties (Note 15)		48,911,817	46,214,861	2,842,755 2,686,008
Long-term employee benefits obligation		2,257,795	1,174,371	131,223 68,255
Other current liabilities (Notes 14,16 and 33)		21,042,908	31,132,915	1,223,014 1,809,445
Total current liabilities	₩	721,140,828 ₩	688,821,327	Rs. 41,912,705 Rs. 40,034,296

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF SEPTEMBER 30, 2013 AND DECEMBER 31, 2012

	Korean won		Indian- Rupee	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31 , 2012
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Debentures (Notes 13 and 33)	₩ 95,404,765	₩ 95,404,765	Rs. 5,544,925	Rs. 5,544,925
Other non-current payables(Note 33)	26,519,514	37,985,892	1,541,314	2,207,740
Retirement benefit obligation (Note 17)	165,536,656	143,298,213	9,620,990	8,328,492
Other long-term employee benefits obligation	10,760,147	11,933,388	625,380	693,568
Provision for long-term product warranties (Note 15)	75,342,605	72,384,068	4,378,912	4,206,962
Total non-current liabilities	<u>373,563,687</u>	<u>361,006,326</u>	<u>21,711,521</u>	<u>20,981,687</u>
TOTAL LIABILITIES	<u>1,094,704,515</u>	<u>1,049,827,653</u>	<u>63,624,226</u>	<u>61,015,983</u>
SHAREHOLDERS' EQUITY:				
Total shareholders' equity	884,730,705	800,662,716	51,420,549	46,534,517
Capital stock (Note 19)	686,100,480	613,373,205	39,876,160	35,649,251
Other capital surplus (Note 20)	129,383,402	122,584,975	7,519,763	7,124,639
Other capital adjustments(Notes 21 and 25)	25,855,328	19,862,240	1,502,712	1,154,393
Retained earnings (accumulated deficit) (Note 22)	<u>43,391,495</u>	<u>44,842,296</u>	<u>2,521,914</u>	<u>2,606,234</u>
Non-controlling interests	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	<u>884,730,705</u>	<u>800,662,716</u>	<u>51,420,549</u>	<u>46,534,517</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩ 1,979,435,220</u>	<u>₩ 1,850,490,369</u>	<u>Rs. 115,044,775</u>	<u>Rs. 107,550,500</u>

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012

	Korean won			
	Three months ended	Nine months ended	Three months ended	Nine months ended
	<u>September 30, 2013</u>	<u>September 30, 2013</u>	<u>September 30, 2012</u>	<u>September 30, 2012</u>
	(In thousands, except per share amounts)		(In thousands, except per share amounts)	
SALES (Notes 31 and 32)	₩ 837,478,218	₩ 2,498,044,600	₩ 698,609,346	₩ 2,059,578,004
COST OF SALES (Notes 24 and 32)	<u>721,309,239</u>	<u>2,142,051,697</u>	<u>612,906,537</u>	<u>1,806,570,793</u>
GROSS PROFIT	116,168,979	355,992,903	85,702,809	253,007,211
SELLING AND ADMINISTRATIVE EXPENSES (Note 26)	<u>115,423,119</u>	<u>369,591,961</u>	<u>103,799,036</u>	<u>319,667,500</u>
OPERATING INCOME (LOSS)	745,860	(13,599,058)	(18,096,227)	(66,660,289)
NON-OPERATING INCOME (Note 27)	13,017,121	38,296,035	10,997,386	24,211,787
NON-OPERATING EXPENSES (Note 27)	10,755,714	35,396,946	8,656,220	26,941,259
FINANCIAL INCOME (Note 28)	5,910,524	26,439,760	5,299,472	15,157,124
FINANCIAL COST (Note 28)	<u>7,374,059</u>	<u>16,977,181</u>	<u>3,278,963</u>	<u>11,865,856</u>
INCOME (LOSS) BEFORE INCOME TAX	1,543,732	(1,237,390)	(13,734,552)	(66,098,493)
INCOME TAX EXPENSE (Note 23)	<u>1,213</u>	<u>198,059</u>	<u>(18,098)</u>	<u>16,131</u>
NET INCOME (LOSS)	1,542,519	(1,435,449)	(13,716,454)	(66,114,624)
Owners of the Company	1,542,519	(1,435,449)	(13,716,454)	(66,114,624)
Non-controlling interests	-	-	-	-
OTHER COMPREHENSIVE LOSS	<u>54,912,406</u>	<u>5,977,736</u>	<u>17,557,117</u>	<u>9,425,569</u>
TOTAL COMPREHENSIVE LOSS	<u>₩ 56,454,925</u>	<u>₩ 4,542,287</u>	<u>₩ 3,840,663</u>	<u>₩ (56,689,055)</u>
Owners of the Company	56,454,925	4,542,287	3,840,663	(56,689,055)
Non-controlling interests	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29)				
Basic and diluted loss per share	₩ 11	₩ (11)	₩ (112)	₩ (541)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012

	Indian-Rupee			
	Three months ended September 30, 2013	Nine months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2012
	(In thousands, except per share amounts)		(In thousands, except per share amounts)	
SALES (Notes 31 and 32)	Rs. 48,674,234	Rs. 145,186,352	Rs. 40,603,175	Rs. 119,702,674
COST OF SALES (Notes 24 and 32)	<u>41,922,493</u>	<u>124,496,045</u>	<u>35,622,128</u>	<u>104,997,895</u>
GROSS PROFIT	6,751,741	20,690,307	4,981,047	14,704,779
SELLING AND ADMINISTRATIVE EXPENSES (Note 26)	<u>6,708,392</u>	<u>21,480,685</u>	<u>6,032,800</u>	<u>18,579,075</u>
OPERATING INCOME (LOSS)	43,349	(790,378)	(1,051,753)	(3,874,296)
NON-OPERATING INCOME (Note 27)	756,555	2,225,766	639,168	1,407,189
NON-OPERATING EXPENSES (Note 27)	625,122	2,057,271	503,099	1,565,826
FINANCIAL INCOME (Note 28)	343,520	1,536,679	308,005	880,932
FINANCIAL COST (Note 28)	<u>428,580</u>	<u>986,714</u>	<u>190,573</u>	<u>689,644</u>
INCOME (LOSS) BEFORE INCOME TAX	89,722	(71,918)	(798,252)	(3,841,645)
INCOME TAX EXPENSE (Note 23)	<u>70</u>	<u>11,511</u>	<u>(1,052)</u>	<u>938</u>
NET INCOME (LOSS)	89,652	(83,429)	(797,200)	(3,842,583)
Owners of the Company	89,652	(83,429)	(797,200)	(3,842,583)
Non-controlling interests	-	-	-	-
OTHER COMPREHENSIVE LOSS	<u>3,191,509</u>	<u>347,426</u>	<u>1,020,420</u>	<u>547,814</u>
TOTAL COMPREHENSIVE LOSS	<u>Rs. 3,281,161</u>	<u>Rs. 263,997</u>	<u>Rs. 223,220</u>	<u>Rs. (3,294,769)</u>
Owners of the Company	3,281,161	263,997	223,220	(3,294,769)
Non-controlling interests	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29)				
Basic and diluted loss per share	Rs. 1	Rs. (1)	Rs. (7)	Rs. (31)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

	Korean won in thousands								
	Other capital surplus								
	Capital stock	Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Other capital surplus (In thousands)	Other capital adjustments	Retained earnings	Total
Balance at January 1, 2012	609,809,205	4,213,878	120,351,580	931,508	-	-	1,093,152	169,663,313	906,062,636
Net loss	-	-	-	-	-	-	-	(66,114,624)	(66,114,624)
Actuarial losses	-	-	-	-	-	-	-	(3,633)	(3,633)
Paid in capital increase	3,564,000	353,517	-	-	-	-	-	-	3,917,517
Costs of stock issuance	-	(21,639)	-	-	-	-	-	-	(21,639)
Gains on valuation of derivatives	-	-	-	-	-	-	9,407,490	-	9,407,490
Overseas operations translation credit	-	-	-	-	-	-	21,712	-	21,712
Balance at September 30, 2012	<u>₩ 613,373,205</u>	<u>₩ 4,545,756</u>	<u>₩ 120,351,580</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 10,522,354</u>	<u>₩ 103,545,056</u>	<u>₩ 853,269,459</u>
Balance at January 1, 2013	613,373,205	4,545,756	120,351,580	931,508	-	(3,243,869)	19,862,240	44,842,296	800,662,716
Net loss	-	-	-	-	-	-	-	(1,435,449)	(1,435,449)
Actuarial losses	-	-	-	-	-	-	-	(15,352)	(15,352)
Paid in capital increase	72,727,275	7,272,728	-	-	-	-	-	-	80,000,003
Costs of stock issuance	-	(365,771)	-	-	-	-	-	-	(365,771)
Increase in treasury stock	-	-	-	-	(108,530)	-	-	-	(108,530)
Gains on valuation of derivatives	-	-	-	-	-	-	6,033,530	-	6,033,530
Overseas operations translation credit	-	-	-	-	-	-	(40,442)	-	(40,442)
Balance at September 30, 2013	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 120,351,580</u>	<u>₩ 931,508</u>	<u>₩ (108,530)</u>	<u>₩ (3,243,869)</u>	<u>₩ 25,855,328</u>	<u>₩ 43,391,495</u>	<u>₩ 884,730,705</u>

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SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

	Indian-Rupee in thousands								
	Capital stock	Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Other capital surplus (In thousands)	Other capital adjustments	Retained earnings	Total
Balance at January 1, 2012	35,442,111	244,911	6,994,834	54,139	-	-	63,534	9,860,832	52,660,361
Net loss	-	-	-	-	-	-	-	(3,842,582)	(3,842,582)
Actuarial losses	-	-	-	-	-	-	-	(211)	(211)
Paid in capital increase	207,140	20,546	-	-	-	-	-	-	227,686
Costs of stock issuance	-	(1,258)	-	-	-	-	-	-	(1,258)
Gains on valuation of derivatives	-	-	-	-	-	-	546,763	-	546,763
Overseas operations translation credit	-	-	-	-	-	-	1,262	-	1,262
Balance at September 30, 2012,	<u>Rs. 35,649,251</u>	<u>Rs. 264,199</u>	<u>Rs. 6,994,834</u>	<u>Rs. 54,139</u>	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 611,559</u>	<u>Rs. 6,018,039</u>	<u>Rs. 49,592,021</u>
Balance at January 1, 2013	35,649,251	264,199	6,994,834	54,139	-	(188,533)	1,154,393	2,606,234	46,534,517
Net loss	-	-	-	-	-	-	-	(83,428)	(83,428)
Actuarial losses	-	-	-	-	-	-	-	(892)	(892)
Paid in capital increase	4,226,909	422,691	-	-	-	-	-	-	4,649,600
Costs of stock issuance	-	(21,259)	-	-	-	-	-	-	(21,259)
Increase in treasury stock	-	-	-	-	(6,308)	-	-	-	(6,308)
Gains on valuation of derivatives	-	-	-	-	-	-	350,669	-	350,669
Overseas operations translation credit	-	-	-	-	-	-	(2,350)	-	(2,350)
Balance at September 30, 2013,	<u>Rs. 39,876,160</u>	<u>Rs. 665,631</u>	<u>Rs. 6,994,834</u>	<u>Rs. 54,139</u>	<u>Rs. (6,308)</u>	<u>Rs. (188,533)</u>	<u>Rs. 1,502,712</u>	<u>Rs. 2,521,914</u>	<u>Rs. 51,420,549</u>

(*) Non-controlling interests are not shown separately because the Company doesn't have non-controlling interests

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012

	Korean won		Indian-Rupee	
	Nine months ended	Nine months ended	Nine months ended	Nine months ended
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	₩ (1,435,449)	₩ (66,114,624)	Rs. (83,428)	Rs. (3,842,582)
Adjustment (Note 30)	143,426,482	137,698,357	8,335,947	8,003,028
Changes in net working capital (Note 30)	<u>(61,512,376)</u>	<u>1,235,390</u>	<u>(3,575,099)</u>	<u>71,801</u>
	80,478,657	72,819,123	4,677,420	4,232,247
Interests received	5,145,995	4,867,481	299,085	282,898
Interests paid	(6,482,150)	(6,527,756)	(376,742)	(379,394)
Dividend income received	382,462	83,682	22,229	4,864
Corporate income tax	<u>(195,748)</u>	<u>(16,131)</u>	<u>(11,377)</u>	<u>(938)</u>
Net cash provided by operating activities	<u>79,329,216</u>	<u>71,226,399</u>	<u>4,610,615</u>	<u>4,139,677</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash inflows from investing activities:				
Decrease in other receivables	15,288,977	2,924,268	888,595	169,958
Disposal of property, plant and equipment	476,686	353,613	27,705	20,552
Decrease in other assets	<u>-</u>	<u>13,665</u>	<u>-</u>	<u>794</u>
	15,765,663	3,291,546	916,300	191,304
Cash outflows from investing activities:				
Increase in other receivables	17,194,683	1,395,000	999,355	81,077
Acquisition of property, plant and equipment	93,995,054	91,380,789	5,462,993	5,311,051
Acquisition of intangible assets	<u>34,046,251</u>	<u>16,127,677</u>	<u>1,978,768</u>	<u>937,341</u>
	145,235,988	108,903,466	8,441,116	6,329,469
Net cash (used in) provided by investing activities	<u>(129,470,325)</u>	<u>(105,611,920)</u>	<u>(7,524,816)</u>	<u>(6,138,165)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	45,315,935	-	2,633,762	-
Paid in capital increase	<u>80,000,003</u>	<u>3,917,517</u>	<u>4,649,600</u>	<u>227,686</u>
	125,315,938	3,917,517	7,283,362	227,686

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SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012

	Korean Won		Indian-Rupee	
	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ -	₩ 10,567,689	Rs. -	Rs. 614,194
Costs of stock issuance	<u>365,771</u>	<u>21,639</u>	<u>21,259</u>	<u>1,258</u>
	<u>365,771</u>	<u>10,589,328</u>	<u>21,259</u>	<u>615,452</u>
Net cash provided by (used in) financing activities	<u>124,950,167</u>	<u>(6,671,811)</u>	<u>7,262,103</u>	<u>(387,766)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(171,100)</u>	<u>(198,635)</u>	<u>(9,944)</u>	<u>(11,544)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	74,637,958	(41,255,967)	4,337,958	(2,397,798)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>203,666,542</u>	<u>208,521,613</u>	<u>11,837,100</u>	<u>12,119,277</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>₩ 278,304,500</u>	<u>₩ 167,265,646</u>	<u>Rs. 16,175,058</u>	<u>Rs. 9,721,479</u>

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

1. GENERAL:

(1) Patent Company overview and recent changes in business environment

Ssangyong Motor Company and its subsidiaries (“the Company”) were 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 September 30, 2013 are as follows:

<u>Name of shareholder</u>	<u>Number of shares owned</u>	<u>Percentage of ownership (%)</u>
Mahindra & Mahindra Ltd.	99,964,502	72.85
Treasury stock	21,706	0.02
Others	37,233,888	27.13
	<u>137,220,096</u>	<u>100.00</u>

2. SIGNIFICANT ACCOUNTING POLICIES:

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

The account policies are identified with the audited financial statements of December 31, 2012, except for the account policies explained as follows.

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 consolidated financial statements but not the Company’s consolidated financial position and business performance. The amendments do not have impact on the Company’s consolidated interim financial statements.

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. 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 are immediately recognized as expense on the earliest 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 the Company’s consolidated interim financial statements.

Amendments to K-IFRS 1107 – Financial Instruments: Disclosures

The amendments to K-IFRS 1107 mainly focus 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 the Company's consolidated interim financial statements.

K-IFRS 1110 – Consolidated Financial Statements

The amendments to K-IFRS 1110 include a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's return. The amendments do not have impact on the Company's consolidated interim financial statements.

K-IFRS 1111 Joint Arrangement

K-IFRS 1111 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under K-IFRS 1111, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. If the group is a joint operator, the group is to recognize assets, liabilities, revenues and expenses proportionally to its investment; and if the group is in a joint venture, the group is to account for that investment using the equity method accounting. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact on its consolidated interim financial statements upon the adoption of amendments.

K-IFRS 1112 Disclosure of Interest in Other Entities

K-IFRS 1112 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is reviewing the impact of the application of this standard on its consolidated interim financial statements.

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 to K-IFRS 1113 are effective for annual periods beginning on or after January 1, 2013 and require retrospective application with certain exceptions.

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 a 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 its consolidated interim financial statements upon the adoption of the amendments.

The Indian-Rupee amounts presented in these separate financial consolidated interim were computed by translating the Korean Won into Indian-Rupees based on the Bank of Korea Basic Rate (₩1 to Rs. 0.05812 at September 30, 2013), solely for the convenience of the reader. These convenience translations into Indian-Rupees should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

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.

The estimates and assumptions of the Company are identified with the audited financial statement of December 31, 2012.

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 September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	Financial institution	September 30, 2013	December 31, 2012	Notes
Cash and cash equivalents	Shinhan Bank and others	₩ 1,319,220	₩ 1,084,501	Government subsidies and others
	Woori Bank and others	14,784,144	14,848,647	Unconfirmed reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others	6,000	6,000	Overdraft deposit
		<u>₩ 16,109,364</u>	<u>₩ 15,939,148</u>	

(Unit: Indian-Rupee in thousands):

	Financial institution	September 30, 2013	December 31, 2012	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs. 76,673	Rs. 63,031	Government subsidies and others
	Woori Bank and others	859,254	863,003	Unconfirmed reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others	349	349	Overdraft deposit
		<u>Rs. 936,276</u>	<u>Rs. 926,383</u>	

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

The Company's long-term available-for-sale financial assets as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

Classification	Ownership (%)	September 30, 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
		<u>₩ 560,000</u>	<u>₩ 1,061,049</u>	<u>₩ 560,000</u>	<u>₩ 560,000</u>

(Unit: Indian-Rupee in thousands):

Classification	Ownership (%)	September 30, 2013		December 31 2012	
		Acquisition Cost	Net asset Value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72%	Rs. 29,060	Rs. 38,546	Rs. 29,060	Rs. 29,060
Korea Management Consultants Association (*)	1.50%	3,487	23,123	3,487	3,487
		<u>Rs. 32,547</u>	<u>Rs. 61,669</u>	<u>Rs. 32,547</u>	<u>Rs. 32,547</u>

(*) 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 September 30, 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 September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

Financial liabilities	September 30, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 181,647,046	₩ 24,343,033	₩ 33,381,536	₩ 35,146,580
Less: Allowance for doubtful accounts	(536,501)	(498,030)	(314)	(190,577)
	<u>₩ 181,110,545</u>	<u>₩ 23,845,003</u>	<u>₩ 33,381,222</u>	<u>₩ 34,956,003</u>

Financial liabilities	December 31, 2012			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 188,518,518	₩ 20,733,944	₩ 3,070,484	₩ 30,348,635
Less: Allowance for doubtful accounts	(1,061,540)	(965,595)	(330)	(169,932)
	<u>₩ 187,456,978</u>	<u>₩ 19,768,349</u>	<u>₩ 3,070,154</u>	<u>₩ 30,178,703</u>

(Unit: Indian-Rupee in thousands):

Financial liabilities	September 30, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 10,557,326	Rs. 1,414,817	Rs. 1,940,135	Rs. 2,042,719
Less: Allowance for doubtful accounts	(31,181)	(28,946)	(18)	(11,076)
	<u>Rs. 10,526,145</u>	<u>Rs. 1,385,871</u>	<u>Rs. 1,940,117</u>	<u>Rs. 2,031,643</u>

Financial liabilities	December 31, 2012			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 10,956,696	Rs. 1,205,057	Rs. 178,457	Rs. 1,763,863
Less: Allowance for doubtful accounts	(61,697)	(56,120)	(19)	(9,876)
	<u>Rs. 10,894,999</u>	<u>Rs. 1,148,937</u>	<u>Rs. 178,438</u>	<u>Rs. 1,753,987</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 September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

		September 30, 2013			
Classification		3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩	286,248	-	-	286,248
Non-trade receivables		403,630	19,666	8,418	431,714
Other long-term receivables		-	-	103,250	103,250
	₩	<u>689,878</u>	<u>19,666</u>	<u>111,668</u>	<u>821,212</u>

		December 31, 2012			
Classification		3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩	95,523	49,809	-	145,332
Non-trade receivables		709,374	84,764	20,367	814,505
Other long-term receivables		-	-	103,250	103,250
	₩	<u>804,897</u>	<u>134,573</u>	<u>123,617</u>	<u>1,063,087</u>

(Unit: Indian-Rupee in thousands):

		September 30, 2013			
Classification		3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs.	16,637	-	-	16,637
Non-trade receivables		23,459	1,143	489	25,091
Other long-term receivables		-	-	6,001	6,001
	Rs.	<u>40,096</u>	<u>1,143</u>	<u>6,490</u>	<u>47,729</u>

		December 31, 2012			
Classification		3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs.	5,552	2,895	-	8,447
Non-trade receivables		41,229	4,926	1,184	47,339
Other long-term receivables		-	-	6,001	6,001
	Rs.	<u>46,781</u>	<u>7,821</u>	<u>7,185</u>	<u>61,787</u>

Aging analysis of the trade, non-trade receivables and other long-term receivables that are overdue but are impaired as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

		September 30, 2013			
Classification		3-6 months	6-12 months	Over 1 year	Total
Non-trade receivables	₩	-	95,542	379,819	475,361
Other long-term receivables		-	-	44,250	44,250
	₩	<u>-</u>	<u>95,542</u>	<u>424,069</u>	<u>519,611</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):

Classification	September 30, 2013			
	3-6 months	6-12 months	Over 1 year	Total
Non-trade receivables	Rs. -	Rs. 5,553	Rs. 22,075	Rs. 27,628
Other long-term receivables	-	-	2,572	2,572
	<u>Rs. -</u>	<u>Rs. 5,553</u>	<u>Rs. 24,647</u>	<u>Rs. 30,200</u>

Classification	December 31, 2012			
	3-6 months	6-12 months	Over 1 year	Total
Non-trade receivables	Rs. -	Rs. -	Rs. 55,864	Rs. 55,864
Other long-term receivables	-	-	2,572	2,572
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 58,436</u>	<u>Rs. 58,436</u>

(3) Changes in allowance for trade and other receivables for the nine months ended September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

Classification	Nine months ended September 30, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₩ 1,061,540	₩ 965,595	₩ 330	₩ 169,932
Bad debt expense	(525,039)	-	-	24,912
Write-offs	-	(462,099)	-	-
Reversal of allowance	-	(5,466)	(16)	(4,267)
Ending balance	<u>₩ 536,501</u>	<u>₩ 498,030</u>	<u>₩ 314</u>	<u>₩ 190,577</u>

Classification	Years ended December 31, 2012			
	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):

Classification	Nine months ended September 30, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	Rs. 61,697	Rs. 56,120	Rs. 19	Rs. 9,876
Bad debt expense	(30,515)	-	-	1,448
Write-offs	-	(26,857)	-	-
Reversal of allowance	-	(318)	(1)	(248)
Ending balance	<u>Rs. 31,182</u>	<u>Rs. 28,945</u>	<u>Rs. 18</u>	<u>Rs. 11,076</u>

Classification	Years ended December 31, 2012			
	Trade receivables	Non-trade receivables	Other Receivables	Other long-term receivables
Beginning balance	Rs. 69,353	Rs. 117,392	Rs. 81	Rs. 23,435
Bad debt expense	-	-	-	2,574
Write-offs	-	(41,497)	-	-
Reversal of allowance	(7,656)	(19,774)	(62)	(16,133)
Ending balance	<u>Rs. 61,697</u>	<u>Rs. 56,121</u>	<u>Rs. 19</u>	<u>Rs. 9,876</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 September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	September 30, 2013			December 31, 2012		
	Carrying amount before valuation	Valuation allowance	Book value	Carrying amount before valuation	Valuation allowance	Book value
Merchandises	₩ 55,140,894	₩ (2,838,953)	₩ 52,301,941	₩ 57,582,379	₩ (2,811,165)	₩ 54,771,214
Finished goods	38,777,086	(2,752,141)	36,024,945	34,719,883	(3,838,867)	30,881,016
Work-in- process	26,974,340	(958,527)	26,015,813	22,463,203	(1,104,219)	21,358,984
Raw materials	88,775,389	(5,942,913)	82,832,476	92,839,435	(5,924,609)	86,914,826
Sub-materials	441,938	-	441,938	6,282,422	-	6,282,422
Supplies	4,194,588	(2,212)	4,192,376	4,642,578	(2,212)	4,640,366
Goods in transit	<u>92,553,921</u>	<u>-</u>	<u>92,553,921</u>	<u>64,185,257</u>	<u>-</u>	<u>64,185,257</u>
Total	<u>₩ 306,858,156</u>	<u>₩ (12,494,746)</u>	<u>₩ 294,363,410</u>	<u>₩ 282,715,157</u>	<u>₩ (13,681,072)</u>	<u>₩ 269,034,085</u>

(Unit: Indian-Rupee in thousands):

	September 30, 2013			December 31, 2012		
	Carrying amount before valuation	Valuation allowance	Book value	Carrying amount before valuation	Valuation allowance	Book value
Merchandises	Rs. 3,204,789	Rs. (165,000)	Rs. 3,039,789	Rs. 3,346,688	Rs. (163,385)	Rs. 3,183,303
Finished goods	2,253,724	(159,954)	2,093,770	2,017,920	(223,115)	1,794,805
Work-in- process	1,567,749	(55,710)	1,512,039	1,305,561	(64,177)	1,241,384
Raw materials	5,159,626	(345,402)	4,814,224	5,395,828	(344,338)	5,051,490
Sub-materials	25,685	-	25,685	365,134	-	365,134
Supplies	243,789	(129)	243,660	269,827	(129)	269,698
Goods in transit	<u>5,379,234</u>	<u>-</u>	<u>5,379,234</u>	<u>3,730,447</u>	<u>-</u>	<u>3,730,447</u>
Total	<u>Rs. 17,834,596</u>	<u>Rs. (726,195)</u>	<u>Rs. 17,108,401</u>	<u>Rs. 16,431,405</u>	<u>Rs. (795,144)</u>	<u>Rs. 15,636,261</u>

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, reversal of losses on valuation of inventories, which is deducted from cost of sales on current period, is ₩ 1,243,279 thousands (Rs. 72,259 thousands) due to the rise of net realizable value of inventories.

9. CONSOLIDATED SUBSIDIARIES:

(1) Detail of investments in subsidiaries

Details of investment in securities as of September 30, 2013 are as follows:

Name of subsidiary	Location	Ownership %	Closing Month	Industry
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	China	100.00	December	Auto part production & Sales
Ssangyong Motor (Shanghai) Co., Ltd.	China	100.00	December	Car Sales
Ssangyong European Parts Center B.V.	Netherland	100.00	December	A/S & Sales

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company's subsidiaries as of and nine months ended September 30, 2013 is as follows:

(Unit: Korean Won in thousands):

Companies	Assets	Liabilities	Equity	Sales
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	₩ 1,772,933	₩ 1,758	₩ 1,771,175	₩ -
Ssangyong Motor (Shanghai) Co., Ltd.	5,335,460	62,925	5,272,535	1,866,850
Ssangyong European Parts Center B.V.	8,727,630	12,972,390	(4,244,760)	10,524,707

Companies	Net income(loss)	Comprehensive income(loss)
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	₩ (263,308)	₩ (263,308)
Ssangyong Motor (Shanghai) Co., Ltd.	(350,832)	(350,832)
Ssangyong European Parts Center B.V.	313,473	313,473

(Unit: Indian-Rupee in thousands):

Companies	Assets	Liabilities	Equity	Sales
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	Rs. 103,043	Rs. 102	Rs. 102,941	Rs. -
Ssangyong Motor (Shanghai) Co., Ltd.	310,097	3,657	306,440	108,501
Ssangyong European Parts Center B.V.	507,250	753,955	(246,705)	611,696

Companies	Net income(loss)	Comprehensive income(loss)
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	Rs (15,303)	Rs (15,303)
Ssangyong Motor (Shanghai) Co., Ltd.	(20,390)	(20,390)
Ssangyong European Parts Center B.V.	18,219	18,219

10. OTHER ASSETS:

The carrying values of the Company's other assets as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

Account	September 30, 2013	December 31, 2012
Other current assets		
Advance payments	₩ 3,162,961	₩ 3,344,984
Less: Allowance for doubtful accounts	(22,262)	(12,285)
Prepaid expenses	6,828,178	2,622,862
Income tax refundable	697,448	817,664
	<u>10,666,325</u>	<u>6,773,225</u>
Other non-current assets		
Other non-current assets	₩ 385,338	₩ 360,542

(Unit: Indian-Rupee in thousands):

Account	September 30, 2013	December 31, 2012
Other current assets		
Advance payments	Rs. 183,831	Rs. 194,410
Less: Allowance for doubtful accounts	(1,294)	(714)
Prepaid expenses	396,854	152,441
Income tax refundable	40,536	47,523
	<u>619,927</u>	<u>393,660</u>
Other non-current assets		
Other non-current assets	Rs. 22,396	Rs. 20,955

11. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	September 30, 2013				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 475,305,570	₩ -	₩ -	₩ -	₩ 475,305,570
Buildings	519,184,009	1,708,496	174,059,457	148,371,912	195,044,144
Structures	104,571,257	181,608	57,730,234	29,746,013	16,913,402
Machinery	1,228,045,899	842,483	1,031,327,937	99,494,010	96,381,469
Vehicles	10,237,793	-	7,045,035	1,350,097	1,842,661
Tools and molds	872,565,331	37,204	497,261,408	163,886,470	211,380,249
Equipment	63,409,956	31,449	35,166,473	5,126,751	23,085,283
Construction in progress	34,362,214	-	-	-	34,362,214
Machinery in transit	2,776,426	-	-	-	2,776,426
	<u>₩3,310,458,455</u>	<u>₩ 2,801,240</u>	<u>₩ 1,802,590,544</u>	<u>₩ 447,975,253</u>	<u>₩ 1,057,091,418</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	167,223,844	148,652,851	200,432,599
Structures	107,121,068	196,654	59,473,892	29,817,703	17,632,819
Machinery	1,221,599,080	998,695	1,009,867,191	99,698,181	111,035,013
Vehicles	10,918,111	-	7,271,535	1,487,828	2,158,748
Tools and molds	810,373,198	57,221	449,941,667	164,093,870	196,280,440
Equipment	55,124,445	49,319	32,866,576	5,313,162	16,895,388
Construction in progress	37,322,042	-	-	-	37,322,042
	<u>₩ 3,230,155,231</u>	<u>₩ 3,045,180</u>	<u>₩ 1,726,644,705</u>	<u>₩ 449,063,595</u>	<u>₩ 1,051,401,751</u>

(Unit: Indian-Rupee in thousands):

	September 30, 2013				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 27,624,760	Rs. -	Rs. -	Rs. -	Rs. 27,624,760
Buildings	30,174,975	99,298	10,116,336	8,623,376	11,335,965
Structures	6,077,681	10,555	3,355,281	1,728,838	983,007
Machinery	71,374,028	48,965	59,940,780	5,782,592	5,601,691
Vehicles	595,021	-	409,457	78,468	107,096
Tools and molds	50,713,497	2,162	28,900,833	9,525,082	12,285,420
Equipment	3,685,387	1,828	2,043,875	297,968	1,341,716
Construction in progress	1,997,132	-	-	-	1,997,132
Machinery in transit	161,366	-	-	-	161,366
	<u>Rs. 192,403,847</u>	<u>Rs. 162,808</u>	<u>Rs. 104,766,562</u>	<u>Rs. 26,036,324</u>	<u>Rs. 61,438,153</u>

	December 31, 2012				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 27,295,750	Rs. -	Rs. -	Rs. -	Rs. 27,295,750
Buildings	30,109,216	101,320	9,719,050	8,639,704	11,649,142
Structures	6,225,876	11,430	3,456,623	1,733,005	1,024,818
Machinery	70,999,339	58,044	58,693,481	5,794,458	6,453,356
Vehicles	634,561	-	422,622	86,473	125,466
Tools and molds	47,098,890	3,326	26,150,610	9,537,136	11,407,818

December 31, 2012

	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Equipment	3,203,833	2,866	1,910,205	308,801	981,961
Construction in progress	2,169,157	-	-	-	2,169,157
	<u>Rs. 187,736,622</u>	<u>Rs. 176,986</u>	<u>Rs. 100,352,591</u>	<u>Rs. 26,099,577</u>	<u>Rs. 61,107,468</u>

(2) Changes in the carrying amounts of property, plant and equipment for the nine months ended September 30, 2013 and 2012 are as follows:

(Unit: Korean Won in thousands):

	Nine months ended September 30, 2013					
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Land	₩ 469,644,702	₩ 19,360	₩ 154,021	₩ 5,795,529	₩ -	₩ 475,305,570
Buildings	200,432,599	1,295,223	129,642	467,001	7,021,037	195,044,144
Structures	17,632,819	90,000	10,351	390,000	1,189,066	16,913,402
Machinery	111,035,013	3,263,441	128,758	8,898,305	26,686,532	96,381,469
Vehicles	2,158,748	170,576	63,362	(11,198)	412,103	1,842,661
Tools and molds	196,280,440	26,015,204	40,389	37,567,013	48,442,019	211,380,249
Equipment	16,895,388	8,321,791	14,481	1,190,247	3,307,662	23,085,283
Construction in progress	37,322,042	50,760,226	109,568	(53,610,486)	-	34,362,214
Machinery in transit	-	4,059,233	-	(1,282,807)	-	2,776,426
	<u>₩ 1,051,401,751</u>	<u>₩ 93,995,054</u>	<u>₩ 650,572</u>	<u>₩ (596,396)</u>	<u>₩ 87,058,419</u>	<u>₩ 1,057,091,418</u>

(*) Depreciation cost of suspended assets amount of ₩31,119 (Rs. 1,809 thousands) in thousands is excluded from the depreciation cost in statement of cash flow.

Nine months ended September 30, 2012

	Nine months ended September 30, 2012					
	Beginning balance	Acquisition	Disposal	Other	Depreciation(**)	Ending balance
Land	₩ 469,644,702	₩ -	₩ -	₩ -	₩ -	₩ 469,644,702
Buildings	197,526,053	4,968,922	-	5,857,486	6,642,133	201,710,328
Structures	17,471,619	599,740	859	(1,681)	1,129,055	16,939,764
Machinery(*)	128,596,974	4,025,080	450,782	7,516,594	24,839,350	114,848,516
Vehicles	2,497,832	206,282	12,532	(1,957)	425,891	2,263,734
Tools and molds	180,547,205	23,589,451	16,160	36,281,037	41,149,979	199,251,554
Equipment(*)	10,836,698	7,053,517	94,476	(21,373)	2,434,283	15,340,083
Construction in progress	31,748,336	49,072,135	-	(47,830,769)	-	32,989,702
Machinery in transit	87,626	1,854,288	-	(1,941,914)	-	-
	<u>₩ 1,038,957,045</u>	<u>₩ 91,369,415</u>	<u>₩ 574,809</u>	<u>₩ (142,577)</u>	<u>₩ 76,620,691</u>	<u>₩ 1,052,988,383</u>

(*) Of the acquisition amount of machinery and equipment, the amount that you obtained in government subsidy is ₩10,500 (Rs. 610 thousands) in thousand and ₩875 (Rs. 51 thousands) in thousands.

(**) Depreciation cost of suspended assets amount of ₩49,815 (Rs. 2,895 thousands) in thousands is excluded from the depreciation cost in statement of cash flow.

(Unit: Indian-Rupee in thousands):

	Nine months ended September 30, 2013					
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Land	Rs. 27,295,750	Rs. 1,125	Rs. 8,952	Rs. 336,836	Rs. -	Rs. 27,624,760
Buildings	11,649,143	75,278	7,535	27,142	408,063	11,335,965
Structures	1,024,819	5,231	602	22,668	69,109	983,007
Machinery	6,453,355	189,671	7,483	517,169	1,551,021	5,601,691
Vehicles	125,466	9,914	3,683	(650)	23,951	107,096
Tools and molds	11,407,819	1,512,004	2,347	2,183,394	2,815,450	12,285,420
Equipment	981,960	483,662	842	69,177	192,241	1,341,716
Construction in progress	2,169,157	2,950,184	6,368	(3,115,841)	-	1,997,132

Nine months ended September 30, 2013

	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Machinery in transit	-	235,923	-	(74,557)	-	161,366
	<u>Rs. 61,107,469</u>	<u>Rs. 5,462,992</u>	<u>Rs. 37,812</u>	<u>Rs. (34,661)</u>	<u>Rs. 5,059,835</u>	<u>Rs. 61,438,153</u>

Nine months ended September 30, 2012

	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 27,295,750	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 27,295,750
Buildings	11,480,214	288,794	-	340,437	386,041	11,723,404
Structures	1,015,450	34,857	50	(98)	65,620	984,539
Machinery	7,474,056	233,938	26,199	436,864	1,443,663	6,674,996
Vehicles	145,174	11,989	728	(114)	24,753	131,568
Tools and molds	10,493,404	1,371,019	939	2,108,654	2,391,638	11,580,500
Equipment	629,829	409,950	5,491	(1,242)	141,480	891,566
Construction in progress	1,845,213	2,852,072	-	(2,779,924)	-	1,917,361
Machinery in transit	5,093	107,771	-	(112,864)	-	-
	<u>Rs. 60,384,183</u>	<u>Rs. 5,310,390</u>	<u>Rs. 33,407</u>	<u>Rs. (8,287)</u>	<u>Rs. 4,453,195</u>	<u>Rs. 61,199,684</u>

(3) Assets pledged as collateral

The assets pledged as collateral for the Company's borrowings as of September 30, 2013 are as follows:

(Unit: Korean Won in thousands):

Assets pledged as Collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do 150-3 (factory site) and others	₩ 281,318,706	195 billion Korean Won
Buildings		63,343,553	
Machinery	Pyeongtaek plant production facilities	15,511,943	
		<u>₩ 360,174,202</u>	

(Unit: Indian-Rupee in thousands):

Assets pledged as collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do 150-3 (factory site) and others	Rs. 16,350,243	11 billion rupee
Buildings		3,681,527	
Machinery	Pyeongtaek plant production facilities	901,554	
		<u>Rs. 20,933,324</u>	

12. INTANGIBLE ASSETS:

(1) Details of intangible assets as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	September 30, 2013				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 183,070,780	₩ -	₩ 176,756,921	₩ -	₩ 6,313,859
Patents	2,264,589	3,989	1,489,413	45,978	725,209
Other intangible assets	70,870,837	30,550	9,312,973	691,991	60,835,323
	<u>₩ 256,206,206</u>	<u>₩ 34,539</u>	<u>₩ 187,559,307</u>	<u>₩ 737,969</u>	<u>₩ 67,874,391</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

	December 31, 2012				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Patents	2,003,315	1,718	1,315,805	27,726	658,066
Other intangible assets	15,868,214	88,169	7,132,615	686,797	7,960,633
	<u>₩ 222,182,712</u>	<u>₩ 89,887</u>	<u>₩ 164,763,290</u>	<u>₩ 714,523</u>	<u>₩ 56,615,012</u>

(Unit: Indian-Rupee in thousands):

	September 30, 2013				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 10,640,074	Rs. -	Rs. 10,273,112	Rs. -	Rs. 366,962
Patents	131,618	232	86,565	2,672	42,149
Other intangible assets	4,119,013	1,776	541,270	40,218	3,535,749
	<u>Rs. 14,890,705</u>	<u>Rs. 2,008</u>	<u>Rs. 10,900,947</u>	<u>Rs. 42,890</u>	<u>Rs. 3,944,860</u>

	December 31, 2012				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 11,874,566	Rs. -	Rs. 9,085,020	Rs. -	Rs. 2,789,546
Patents	116,433	100	76,475	1,611	38,247
Other intangible assets	922,261	5,124	414,548	39,917	462,672
	<u>Rs. 12,913,260</u>	<u>Rs. 5,224</u>	<u>Rs. 9,576,043</u>	<u>Rs. 41,528</u>	<u>Rs. 3,290,465</u>

(2) Changes in intangible assets for the nine months ended September 30, 2013 and 2012 are as follows:

(Unit: Korean Won in thousands):

	Nine months ended September 30, 2013					
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	₩ 47,996,313	₩ 25,536,233	₩ 20,442,051	₩ -	₩ (46,776,636)	₩ 6,313,859
Patents	658,066	258,744	173,349	18,252	-	725,209
Other intangible assets(*)	7,960,633	8,248,037	2,147,268	5,194	46,779,115	60,835,323
	<u>₩ 56,615,012</u>	<u>₩ 34,043,014</u>	<u>₩ 22,762,668</u>	<u>₩ 23,446</u>	<u>₩ 2,479</u>	<u>₩ 67,874,391</u>

(*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is ₩3,237 (Rs. 188 thousands) in thousands.

(**) Some part of development cost which is not to be depreciated has been re-categorized to the account of other intangible assets in progress.

	Nine months ended September 30, 2012					
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other	Ending balance
Development cost	₩ 58,764,596	₩ 13,871,784	₩ 24,761,150	₩ -	₩ -	₩ 47,875,230
Patents	701,109	196,315	207,666	13,668	-	676,090
Other intangible assets(*)	5,025,626	2,016,258	1,082,710	-	(2,801)	5,956,373
	<u>₩ 64,491,331</u>	<u>₩ 16,084,357</u>	<u>₩ 26,051,526</u>	<u>₩ 13,668</u>	<u>₩ (2,801)</u>	<u>₩ 54,507,693</u>

(*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is ₩43,320 (Rs. 2,518 thousands) in thousands.

(Unit: Indian-Rupee in thousands):

	Nine months ended September 30, 2013					
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 2,789,546	Rs. 1,484,166	Rs. 1,188,092	Rs. -	Rs. (2,718,658)	Rs. 366,962
Patents	38,247	15,038	10,075	1,061	-	42,149

Nine months ended September 30, 2013						
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other	Ending balance
Other intangible assets	462,672	479,376	124,799	302	2,718,802	3,535,749
	<u>Rs. 3,290,465</u>	<u>Rs. 1,978,580</u>	<u>Rs. 1,322,966</u>	<u>Rs. 1,363</u>	<u>Rs. 144</u>	<u>Rs. 3,944,860</u>
Nine months ended September 30, 2012						
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 3,415,398	Rs. 806,228	Rs. 1,439,118	Rs. -	Rs. -	Rs. 2,782,508
Patents	40,748	11,410	12,070	794	-	39,294
Other intangible assets	292,089	117,185	62,927	-	(163)	346,184
	<u>Rs. 3,748,235</u>	<u>Rs. 934,823</u>	<u>Rs. 1,514,115</u>	<u>Rs. 794</u>	<u>Rs. (163)</u>	<u>Rs. 3,167,986</u>

(3) Amortization of the Company's intangible assets for the nine months ended September 30, 2013 and 2012 are as follows:

Account	Korean Won in thousands		Indian-Rupee in thousands	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Cost of goods manufactured	₩ 20,169,551	₩ 24,488,650	Rs. 1,172,254	Rs. 1,423,280
Selling and administrative expenses	2,593,117	1,562,876	150,712	90,834
	<u>₩ 22,762,668</u>	<u>₩ 26,051,526</u>	<u>Rs. 1,322,966</u>	<u>Rs. 1,514,114</u>

13. BORROWINGS:

(1) The Company's short-term borrowings as of September 30, 2013 and December 31, 2012 consist of the following:

(Unit: Korean won in thousands):

Creditor	Type	Interest rate (%)	September 30, 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: 1.82%		
		USD: 1.97%	21,045,436	-
		JPY: 1.85%		
BOA	Banker's usance	EUR: 0.78%	23,637,065	-
		JPY: 0.80%		
			<u>₩ 74,682,501</u>	<u>₩ 30,000,000</u>

(Unit: Indian-Rupee in thousands):

Type	kind	Interest rate (%)	September 30, 2013	December 31, 2012
Korea Development Bank	Operating fund	CD 2.76%	Rs. 1,743,600	Rs. 1,743,600
		EUR: 1.90%		
Korea Development Bank	Banker's usance	USD: 1.99%	1,223,161	-
		JPY: 1.86%		
		EUR: 0.78%		
BOA	Banker's usance	JPY: 0.80%	1,373,786	-
			<u>Rs. 4,340,547</u>	<u>Rs. 1,743,600</u>

(2) The Company's bonds and current portion of long-term borrowings as of September 30, 2013 and December 31, 2012 consist of the following:

(Unit: Korean won in thousands):

Type	Issue date	Maturity date	Interest rate (%)	September 30, 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 (%)	September 30, 2013	December 31, 2012
Private non-guaranteed bonds	2011-02-09	2015-02-09	7.00%	Rs. 5,544,925	Rs. 5,544,925

(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 (11 billion Rupee)

14. OTHER FINANCIAL LIABILITIES:

Carrying amounts of the Company's other financial liabilities as of September 30, 2013 and December 31, 2012 are as follows:

Classification	Korean Won in thousands		Indian-Rupee in thousands	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Other current financial liabilities:				
Accrued expenses	₩ 18,177,197	₩ 16,409,144	Rs. 1,056,459	Rs. 953,699

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 September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Sept. 30, 2013	₩ 118,598,929	₩ 69,188,452	₩ 63,532,958	₩ 124,254,423	₩ 48,911,818	₩ 75,342,605
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
Sept. 30, 2013	Rs. 6,892,970	Rs. 4,021,233	Rs. 3,692,536	Rs. 7,221,667	Rs. 2,842,755	Rs. 4,378,912
Dec. 31, 2012	Rs. 7,091,095	Rs. 4,027,691	Rs. 4,225,816	Rs. 6,892,970	Rs. 2,686,008	Rs. 4,206,962

16. OTHER LIABILITIES AND OTHER LONG-TERM LIABILITIES:

Carrying amounts of the Company's other liabilities as of September 30, 2013 and December 31, 2012 are as follows:

Classification	Korean Won in thousands		Indian-Rupee in thousands	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Other liabilities				
Advances from customers	₩ 4,218,587	₩ 6,712,542	Rs. 245,184	Rs. 390,133

Classification	Korean Won in thousands		Indian-Rupee in thousands	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Deposits received	458,231	436,043	26,632	25,343
Withholdings	16,357,742	16,812,873	950,712	977,164
Income in advance	8,348	7,171,457	486	416,805
	<u>₩ 21,042,908</u>	<u>₩ 31,132,915</u>	<u>Rs. 1,223,014</u>	<u>Rs. 1,809,445</u>
Other Long-term liabilities				
Withholdings	₩ -	₩ 8,270	-	481

17. RETIREMENT BENEFIT OBLIGATION:

(1) Defined benefit plans and related liabilities arising from the Company's financial statements configuration items as of September 30, 2013 and December 31, 2012 are as follows:

Classification	Korean won in thousands		Indian-Rupee in thousands	
	Sept 30, 2013	December 31, 2012	Sept 30, 2013	December 31, 2012
Present value of defined benefit obligation	₩ 167,021,666	₩ 144,823,054	Rs. 9,707,299	Rs. 8,417,116
Fair value of plan assets	(1,485,010)	(1,524,841)	(86,309)	(88,624)
	<u>₩ 165,536,656</u>	<u>₩ 143,298,213</u>	<u>Rs. 9,620,990</u>	<u>Rs. 8,328,492</u>

(2) Changes in the Company's defined benefit obligation for the nine months ended September 30, 2013 and 2012 are as follows (Unit: Korean won and Indian-Rupee in thousands):

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Beginning balance	₩ 144,823,054	₩ 188,058,593	Rs. 8,417,116	Rs. 10,929,965
Current service cost	22,450,021	17,292,380	1,304,795	1,005,033
Interest cost	4,222,283	6,013,088	245,399	349,481
Actuarial gains	-	-	-	-
Wages paid	(4,473,692)	(91,188,601)	(260,011)	(5,299,881)
Ending balance	<u>₩ 167,021,666</u>	<u>₩ 120,175,460</u>	<u>Rs. 9,707,299</u>	<u>Rs. 6,984,598</u>

(3) Changes in the fair value of plan assets for the nine months ended September 30, 2013 and 2012 are as follows (Unit: Korean won and Indian-Rupee in thousands):

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Beginning balance	₩ 1,524,841	₩ 3,072,683	Rs. 88,624	Rs. 178,584
Expected return on plan assets	44,342	70,184	2,577	4,079
Actuarial losses	(15,351)	(3,633)	(892)	(211)
Wages paid	(68,822)	(415,759)	(4,000)	(24,164)
Ending balance	<u>₩ 1,485,010</u>	<u>₩ 2,723,475</u>	<u>Rs. 86,309</u>	<u>Rs. 158,288</u>

(4) Actuarial assumptions used as of September 30, 2013 and December 31, 2012 are as follows:

	September 30, 2013	December 31, 2012
Discount rate (%)	3.93	3.93
Expected rate of salary increase (%)	5.31	5.31

18. CONTINGENCIES AND COMMITMENTS:

The followings are the major commitments and contingent liabilities as of September 30, 2013.

(1) The Company carries product liability insurance for all products which it sells domestically.

(2) As of September 30, 2013, the company has been providing guarantees from WORRI BANK and etc. amounting to USD 14,607,682, EUR 19,259,769 and JPY 889,242,279 related to import L/C.

<u>Provider</u>	<u>Contract period</u>	<u>Contract price(USD)</u>	<u>Amount execution</u>	<u>Amount execution</u>
WOORI BANK	2013.08.23~2014.08.23	USD 40,000,000	USD 8,140,000	
KDB	2013.07.27~2014.07.27	USD 65,000,000	USD 1,892,583	
			EUR 9,730,206	
			JPY 444,546,481	
BOA	2012.12.27~2013.12.27	USD 30,000,000	USD 4,575,099	
			EUR 9,529,563	
			JPY 444,695,798	
			USD 14,607,682	
			EUR 19,259,769	
Total		<u>USD 135,000,000</u>	<u>JPY 889,242,279</u>	

(3) The followings are the major loan arrangements with the financial institutions as of September 30, 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 1,743,600	Rs 1,743,600

(4) Pending litigations

As of September 30, 2013, the Company has five pending litigations as a plaintiff with claims amounting to ₩ 15,422 million (Rs. 896 million) and twenty-four pending litigations as a defendant with claims amounting to ₩ 21,179 million (Rs. 1,231 million). Details of significant pending litigations more than ₩ 1,000 million (Rs. 58 million) as of September 30, 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	₩12,785,493	Rs. 743,093	Sung-Ho Lee and 243 others	The Company	2 nd trial pending (1 st trial lost)
Compensation for damages	10,000,000	581,200	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	290,600	The Company	others	1 st trial pending
Void dismissal	3,020,015	175,523	Suk-joo Noh and 150 others	The Company	2 nd trial pending (1 st trial win)
Objection to confirmation trial	1,238,517	71,983	SK E&C Co., Ltd.	The Company	3 rd trial pending (2 nd trial lose)

(*) For the above pending litigations, the Company recognized other payables amounting to ₩ 21,446,822 thousands (Rs. 1,246,489 thousands) that are expected to be a probable loss and can be reasonably estimated as of September 30, 2013.

19. CAPITAL STOCK:

As of September 30, 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
September 30, 2013	137,220,096	₩ 5,000	₩ 686,100,480
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
September 30, 2013	137,220,096	Rs. 291	Rs. 39,876,160
December 31, 2012	122,674,641	Rs. 291	Rs. 35,649,251

(*) Depending on board resolution on February 14, 2013, the Company increased its capital by ₩80,000,003 thousands (Rs. 4,649,600 thousands) (issue price per share: ₩5,500 (Rs. 320), number of shares issued: 14,545,455 shares).

20. OTHER CAPITAL SURPLUS AND RETAINED EARNINGS:

Details of other capital surplus and retained earnings as of September 30, 2013 and December 31, 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Other Capital Surplus				
Paid-in capital in excess of par value	₩ 11,452,713	₩ 4,545,756	Rs. 665,632	Rs. 264,200
Gain on retirement of capital stock	120,351,580	120,351,580	6,994,834	6,994,834
Debt converted to equity	931,508	931,508	54,139	54,139
Treasury stock(*)	(108,530)	-	(6,308)	-
Consideration for conversion rights	(3,243,869)	(3,243,869)	(188,534)	(188,534)
	<u>₩ 129,383,402</u>	<u>₩ 122,584,975</u>	<u>Rs. 7,519,763</u>	<u>Rs. 7,124,639</u>

(*)The Company acquired treasury stock by getting back a part of stock(21,706 shares), which it had converted debt into on the approval of the relevant reorganization plan of the court in 2009, in accordance with a decision of the court for the nine months ended September 30, 2013.

21. OTHER CAPITAL ADJUSTMENTS:

(1) Detail of the Company's other capital adjustments as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

Classification	September 30, 2013	December 31, 2012
Other capital adjustments		
Gains (losses) on valuation of derivatives	₩ 25,033,280	₩ 18,999,750
Cumulative effect of foreign currency translation	822,048	862,490
	<u>₩ 25,855,328</u>	<u>₩ 19,862,240</u>

(Unit: Indian-Rupee in thousands)

Classification	September 30, 2013	December 31, 2012
Other capital adjustments		
Gains (losses) on valuation of derivatives	Rs. 1,454,934	Rs. 1,104,265
Cumulative effect of foreign currency translation	47,778	50,128
	<u>Rs. 1,502,712</u>	<u>Rs. 1,154,393</u>

(2) Changes in the Company's Gains on valuation of Derivatives for the nine months ended September 30, 2013 and for the year ended December 31, 2012 are as follows (Unit: Korean Won and India-Rupee in thousands):

	Korean won in thousands		Indian-Rupee in thousands	
	Nine months ended	Year ended	Nine months ended	Year ended
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Beginning balance	₩ 18,999,750	₩ 193,310	Rs. 1,104,265	Rs. 11,235
Gains (losses) on valuation of derivatives	25,033,280	18,999,750	1,454,934	1,104,265
The amount reclassified to profit or loss	(18,999,750)	(193,310)	(1,104,265)	(11,235)
Ending balance	₩ 25,033,280	₩ 18,999,750	Rs. 1,454,934	Rs. 1,104,265

(3) Changes in the Company's Cumulative effect of Foreign currency Translation for the nine months ended September 30, 2013 and for the year ended December 31, 2012 are as follows (Unit: Korean Won and India-Rupee in thousands):

	Korean won in thousands		Indian-Rupee in thousands	
	Nine months ended	Year ended	Nine months ended	Year ended
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Beginning balance	₩ 862,490	₩ 899,841	Rs. 50,128	Rs. 52,299
Cumulative effect of foreign currency translation	(40,442)	(37,351)	(2,350)	(2,171)
Ending balance	₩ 822,048	₩ 862,490	Rs. 47,778	Rs. 50,128

22. RETAINED EARNINGS:

(1) Details of retained earnings as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	September 30, 2013	December 31, 2012
Retained earnings	₩ 43,391,495	₩ 44,842,295

(Unit: Indian-Rupee in thousands)

	September 30, 2013	December 31, 2012
Retained earnings	Rs. 2,521,914	Rs. 2,606,234

(2) Changes in retained earnings for the nine months ended September 30, 2013 and for the year ended December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	September 30, 2013	December 31, 2012
Beginning balance	₩ 44,842,295	₩ 169,663,313
Loss on appropriated retained earnings	(1,435,449)	(105,926,820)
Actuarial losses	(15,351)	(18,894,198)
Ending balance	₩ 43,391,495	₩ 44,842,295

(Unit: Indian-Rupee in thousands)

	September 30, 2013	December 31, 2012
Beginning balance	Rs. 2,606,234	Rs. 9,860,832
Loss on appropriated retained earnings	(83,428)	(6,156,467)
Actuarial losses	(892)	(1,098,131)
Ending balance	Rs. 2,521,914	Rs. 2,606,234

23. INCOME TAX:

(1) Composition of income tax expense for the nine months ended September 30, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Income tax expense of Parent Company	₩ -	₩ -	Rs. -	Rs. -
Income tax expense of Subsidiary Company	198,059	16,131	11,511	938
Income tax expense of Consolidated Company	₩ 198,059	₩ 16,131	Rs. 11,511	Rs. 938

(2) As of September 30, 2013 and December 31, 2012, there is no deferred income tax assets the parent company recognizes due to tax deficit. Ssangyong European Parts Center B.V., Subsidiary Company, recognizes deferred income tax assets for ₩ 96,000 thousands (Rs. 5,580 thousands) due to temporary difference and so on.

24. EXPENSES BY CATEGORY:

Details of expenses classified by category for the nine months ended September 30, 2013 and 2012 are as follows:

	Korean won in thousands		Indian-Rupee in thousands	
	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Changes in inventories Raw materials and merchandise goods used	₩ (7,332,362)	₩ (13,854,111)	Rs. (426,157)	Rs. (805,201)
Salaries	1,794,979,588	1,485,643,453	104,324,214	86,345,597
Depreciation	201,120,107	158,829,550	11,689,101	9,231,173
Amortization	87,027,300	76,570,876	5,058,027	4,450,299
Other	22,762,668	26,051,526	1,322,966	1,514,115
	413,086,357	392,996,999	24,008,579	22,840,986
	₩ 2,511,643,658	₩ 2,126,238,293	Rs. 145,976,730	Rs. 123,576,969

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). Loss on valuation of derivatives for ₩25,033,280 thousands (Rs. 1,454,934 thousands) applied to cash flow risk aversion accounting treatment are recognized as other capitals components. And loss on valuation of derivatives for ₩1,762,200 thousands (Rs. 102,419 thousands) which are inefficient parts are recognized as accumulated other comprehensive income for the year ended September 30, 2013.

26. SELLING AND ADMINISTRATIVE EXPENSES:

(1) Selling expenses for the nine months ended September 30, 2013 and 2012 are as follows (Unit: Korean won and Indian-Rupee in thousands):

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Warranty expenses	₩ 13,069,797	₩ 47,588,545	₩ 10,922,792	₩ 36,259,517
Sales commissions	36,201,828	105,771,246	28,710,421	80,278,826
Sales promotional expenses	6,317,265	20,676,229	5,429,310	19,887,888
Packaging expenses	1,002,057	3,003,099	843,024	2,709,124
Freight expenses	2,268,687	6,896,595	2,033,713	6,184,178
Advertising expenses	5,280,994	15,633,116	4,041,147	16,624,322
Export expenses	15,746,780	56,466,233	18,835,825	56,766,292

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
	<u>₹ 79,887,408</u>	<u>₹ 256,035,063</u>	<u>₹ 70,816,232</u>	<u>₹ 218,710,147</u>
	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Warranty expenses	Rs. 759,617	Rs. 2,765,846	Rs. 634,833	Rs. 2,107,403
Sales commissions	2,104,050	6,147,425	1,668,650	4,665,805
Sales promotional expenses	367,159	1,201,702	315,551	1,155,884
Packaging expenses	58,240	174,540	48,997	157,454
Freight expenses	131,856	400,830	118,199	359,424
Advertising expenses	306,931	908,597	234,871	966,206
Export expenses	915,203	3,281,817	1,094,738	3,299,257
	<u>Rs. 4,643,056</u>	<u>Rs. 14,880,757</u>	<u>Rs. 4,115,839</u>	<u>Rs. 12,711,433</u>

(2) Administrative expenses for the nine months ended September 30, 2013 and 2012 are as follows (Unit: Korean won and Indian-Rupee in thousands):

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Salaries	₹ 11,155,838	₹ 33,581,658	₹ 10,039,051	₹ 29,439,396
Post-employment benefits	1,487,436	4,813,309	891,377	3,409,160
Employee benefits	2,792,165	8,349,059	2,766,848	8,528,409
Travel expenses	267,117	917,974	293,501	841,358
Communication expenses	184,097	775,526	258,336	775,257
Electricity expenses	128,067	352,427	120,223	383,058
Utility expenses	48,738	194,696	30,473	177,775
Taxes and dues	2,055,338	3,448,443	1,266,241	2,527,917
Rent expense	2,655,481	7,745,117	3,212,231	10,780,623
Repair expenses	793,216	1,175,911	106,541	618,837
Insurance	249,710	333,300	39,710	112,901
Entertainment expenses	142,119	382,471	128,977	298,402
Vehicles	231,489	652,106	210,787	605,940
Overseas marketing expenses	34,306	262,185	60,869	189,296
Training	231,620	589,274	309,744	825,260
Printing	265,826	570,303	57,140	214,412
Supplies	191,811	376,360	85,482	278,474
Conference expense	41,769	199,546	30,550	117,418
Service fees	5,473,041	15,929,814	3,142,964	8,931,222
Legal expense	1,201	109,643	83,914	170,037
Outsourcing expense	2,554,602	10,552,696	3,703,262	12,379,200
Computing expense	1,326,167	3,915,163	1,373,748	3,958,967
Depreciation	1,530,723	4,044,263	1,237,693	3,453,725
Other administrative expenses	175,848	731,365	321,142	672,146
R&D expenses	880,717	11,486,212	2,919,814	9,651,876
Amortization	1,212,805	2,593,116	536,979	1,563,648
Bad debt expenses	(575,536)	(525,039)	(244,793)	52,639
	<u>₹ 35,535,711</u>	<u>₹ 113,556,898</u>	<u>₹ 32,982,804</u>	<u>₹ 100,957,353</u>

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Salaries	Rs. 648,377	Rs. 1,951,766	Rs. 583,470	Rs. 1,711,018
Post-employment benefits	86,450	279,750	51,807	198,140
Employee benefits	162,281	485,247	160,809	495,671
Travel expenses	15,525	53,353	17,058	48,900
Communication expenses	10,700	45,074	15,014	45,058
Electricity expenses	7,443	20,483	6,987	22,263
Utility expenses	2,833	11,316	1,771	10,332

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Taxes and dues	119,456	200,424	73,594	146,923
Rent expense	154,337	450,146	186,695	626,570
Repair expenses	46,102	68,344	6,192	35,967
Insurance	14,513	19,371	2,308	6,562
Entertainment expenses	8,260	22,229	7,496	17,343
Vehicles	13,454	37,900	12,251	35,217
Overseas marketing expenses	1,994	15,238	3,538	11,002
Training	13,462	34,249	18,002	47,964
Printing	15,450	33,146	3,321	12,462
Supplies	11,148	21,874	4,968	16,185
Conference expense	2,428	11,598	1,776	6,824
Service fees	318,093	925,841	182,669	519,083
Legal expense	70	6,372	4,877	9,883
Outsourcing expense	148,473	613,323	215,234	719,479
Computing expense	77,077	227,549	79,842	230,095
Depreciation	88,966	235,053	71,935	200,730
Other administrative expenses	10,219	42,506	18,665	39,066
R&D expenses	51,187	667,579	169,700	560,967
Amortization	70,488	150,712	31,209	90,879
Bad debt expenses	(33,450)	(30,515)	(14,227)	3,059
	<u>Rs. 2,065,336</u>	<u>Rs. 6,599,928</u>	<u>Rs. 1,916,961</u>	<u>Rs. 5,867,642</u>

27. NON-OPERATING INCOME (EXPENSES):

- (1) Details of the Company's non-operating income for the nine months ended September 30, 2013 and 2012 are as follows (Unit: Korean won and Indian-Rupee in thousands):

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Commission income	₩ 6,726,301	₩ 13,451,753	₩ 3,084,093	₩ 3,818,362
Gain on foreign currency transactions	3,330,798	10,655,811	1,680,712	5,743,124
Gain on foreign currency translation	(557,273)	484,787	(205,561)	393,589
Reversal of allowance for doubtful accounts	-	9,751	514,621	555,057
Gain on disposal of property, plant and equipment	208,201	243,657	70,189	188,855
Gain on disposal of investment assets	-	-	849	12,511
Gains on insurance settlements	-	4	390	390
Gains on assets contributed	-	19,360	-	-
Miscellaneous income	3,309,094	13,430,912	5,852,093	13,499,899
	<u>₩ 13,017,121</u>	<u>₩ 38,296,035</u>	<u>₩ 10,997,386</u>	<u>₩ 24,211,787</u>

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Commission income	Rs. 390,933	Rs. 781,816	Rs. 179,247	Rs. 221,923
Gain on foreign currency transactions	193,586	619,316	97,683	333,790
Gain on foreign currency translation	(32,389)	28,176	(11,947)	22,875
Reversal of allowance for doubtful accounts	-	567	29,910	32,260
Gain on disposal of property, plant and equipment	12,101	14,161	4,079	10,976

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Gain on disposal of investment assets	-	-	49	727
Gains on insurance settlements	-	-	23	23
Gains on assets contributed	-	1,125	-	-
Miscellaneous income	192,324	780,605	340,124	784,615
	<u>Rs. 756,555</u>	<u>Rs. 2,225,766</u>	<u>Rs. 639,168</u>	<u>Rs. 1,407,189</u>

(2) Details of the Company's non-operating expense for the nine months ended September 30, 2013 and 2012 are as follows (Unit: Korean won and Indian-Rupee in thousands):

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Loss on foreign currency transactions	₩ 4,944,490	₩ 10,237,976	₩ 3,279,471	₩ 8,270,030
Loss on foreign currency translation	27,108	1,088,441	(276,661)	586,064
Other bad debt expense	30,874	34,889	44,353	44,353
Non-operating assets and depreciation	6,605	31,119	16,605	49,816
Loss on disposal of property, plant and equipment	78,107	281,806	328,959	410,050
Loss on disposal of investment assets	1,341	6,088	953	16,935
Loss on disposal of trade receivables	3,213,957	8,079,230	2,241,884	7,199,030
Impairment loss on investments	6,656	703,554	690	119,080
Impairment loss on intangible assets	-	23,446	4,610	13,668
Donations	10,000	107,900	12,500	142,824
Miscellaneous loss	2,436,576	14,802,497	3,002,856	10,089,409
	<u>₩ 10,755,714</u>	<u>₩ 35,396,946</u>	<u>₩ 8,656,220</u>	<u>₩ 26,941,259</u>

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Loss on foreign currency transactions	Rs. 287,374	Rs. 595,031	Rs. 190,603	Rs. 480,654
Loss on foreign currency translation	1,576	63,260	(16,080)	34,062
Other bad debt expense	1,794	2,028	2,578	2,578
Non-operating assets and depreciation	384	1,809	965	2,895
Loss on disposal of property, plant and equipment	4,540	16,379	19,119	23,832
Loss on disposal of investment assets	78	354	55	984
Loss on disposal of trade receivables	186,795	469,565	130,298	418,408
Impairment loss on investments	387	40,891	40	6,921
Impairment loss on intangible assets	-	1,363	268	794
Donations	581	6,271	727	8,301
Others	141,613	860,320	174,526	586,397
	<u>Rs. 625,122</u>	<u>Rs. 2,057,271</u>	<u>Rs. 503,099</u>	<u>Rs. 1,565,826</u>

28. FINANCIAL INCOME AND COST:

(1) Details of the Company's financial income for the nine months ended September 30, 2013 and 2012 are as follows (Unit: Korean won and Indian-Rupee in thousands):

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Interest income	₩ 2,147,810	₩ 5,364,890	₩ 1,761,720	₩ 5,379,004
Dividend income	-	8,500	81,421	388,963
Gain on foreign currency transactions	1,802,273	4,366,849	121,355	1,459,458
Gain on foreign currency translation	528,475	751,066	(7,169)	175
Gain on disposal of derivatives	2,233,280	13,757,655	1,918,540	3,968,290
Gain on valuation of derivatives	(801,314)	2,190,800	1,423,605	3,366,882
Gain on debt exemption	-	-	-	594,352
	<u>₩ 5,910,524</u>	<u>₩ 26,439,760</u>	<u>₩ 5,299,472</u>	<u>₩ 15,157,124</u>
	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Interest income	Rs. 124,831	Rs. 311,807	Rs. 102,391	Rs. 312,628
Dividend income	-	494	4,732	22,607
Gain on foreign currency transactions	104,748	253,802	7,053	84,823
Gain on foreign currency translation	30,715	43,652	(417)	10
Gain on disposal of derivatives	129,798	799,595	111,506	230,637
Gain on valuation of derivatives	(46,572)	127,329	82,740	195,683
Gain on debt exemption	-	-	-	34,544
	<u>Rs. 343,520</u>	<u>Rs. 1,536,679</u>	<u>Rs. 308,005</u>	<u>Rs. 880,932</u>

(2) Details of the Company's financial cost for the nine months ended September 30, 2013 and 2012 are follows (Unit: Korean won and Indian-Rupee in thousands):

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Interest expense	₩ 2,204,576	₩ 6,534,540	₩ 2,327,710	₩ 6,961,059
Loss on foreign currency transactions	3,672,318	5,314,941	667,471	1,581,761
Loss on foreign currency translation	(478,730)	422,202	(61,531)	41,326
Loss on disposal of derivatives	1,712,600	4,276,898	421,710	3,281,710
Loss on valuation of derivatives	263,295	428,600	(76,397)	-
	<u>₩ 7,374,059</u>	<u>₩ 16,977,181</u>	<u>₩ 3,278,963</u>	<u>₩ 11,865,856</u>
	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Interest expense	Rs. 128,130	Rs. 379,787	Rs. 135,287	Rs. 404,577
Loss on foreign currency transactions	213,435	308,906	38,792	91,932
Loss on foreign currency translation	(27,824)	24,538	(3,576)	2,402
Loss on disposal of derivatives	99,536	248,573	24,510	190,733
Loss on valuation of derivatives	15,303	24,910	(4,440)	-
	<u>Rs. 428,580</u>	<u>Rs. 986,714</u>	<u>Rs. 190,573</u>	<u>Rs. 689,644</u>

(3) Details of the Company's financial net profit for the nine months ended September 30, 2013 and 2012 are follows
(Unit: Korean won and Indian-Rupee in thousands):

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Loan and receivables	₩ (178,233)	₩ 109,416	₩ 79,338	₩ 154,664
Available-for-sale financial assets	-	6,000	-	6,000
Other financial liabilities	(1,285,302)	9,347,163	1,941,171	3,130,604
	<u>₩ (1,463,536)</u>	<u>₩ 9,462,579</u>	<u>₩ 2,020,509</u>	<u>₩ 3,291,268</u>
	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Loan and receivables	Rs. (10,358)	Rs. 6,359	Rs. 4,611	Rs. 8,988
Available-for-sale financial assets	-	349	-	349
Other financial liabilities	(74,702)	543,257	112,821	181,951
	<u>Rs. (85,060)</u>	<u>Rs. 549,965</u>	<u>Rs. 117,432</u>	<u>Rs. 191,288</u>

29. INCOME(LOSS) PER SHARE:

(1) Basic income (loss) per share for the years ended September 30, 2013 and 2012 are calculated as follows (Unit: Korean won and Indian-Rupee in thousands, except for earnings per share):

	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Net loss	₩ 1,542,519	₩ (1,435,449)	₩ (13,716,454)	₩ (66,114,624)
Loss contributed to common stocks	1,542,519	(1,435,449)	(13,716,454)	(66,114,624)
Number of common stocks outstanding	137,198,390	129,693,297	122,641,258	122,291,118
Basic and diluted loss per share(*)	<u>₩ 11</u>	<u>₩ (11)</u>	<u>₩ (112)</u>	<u>₩ (541)</u>
	Periods ended September 30, 2013		Periods ended September 30, 2012	
	Three months	Nine months	Three months	Nine months
Net loss	Rs. 89,652	Rs. (83,429)	Rs. (797,200)	Rs. (3,842,583)
Loss contributed to common stocks	89,652	(83,429)	(797,200)	(3,842,583)
Number of common stocks outstanding	137,198,390	129,693,297	122,641,258	122,291,118
Basic and diluted loss per share(*)	<u>Rs. 1</u>	<u>Rs. (1)</u>	<u>Rs. (7)</u>	<u>Rs. (31)</u>

(*) Basic and diluted losses per share for the nine months ended September 30, 2013 and 2012 are identical since there are no dilutive potential common shares.

(2) The numbers of shares outstanding for the nine months ended September 30, 2013 and 2012 are calculated as follows:

	Nine months ended September 30, 2013					
	Time interval	Outstanding	Accumulated outstanding	Weighted average impact	Outstanding	
Common stock	2013-01-01	2013-04-03	122,674,641	122,674,641	93/273	41,790,262
Acquisition of treasury stock	2013-04-04	2013-05-21	(21,706)	122,652,935	48/273	21,565,351
Additional Share	2013-05-22	2013-09-30	14,545,455	137,198,390	132/273	66,337,684
Total						<u>129,693,297</u>

Nine months ended September 30, 2012

	Time interval		Outstanding	Accumulated outstanding	Weighted average impact	Outstanding
	2012-01-01	2012-05-18				
Common stock	2012-01-01	2012-05-18	121,961,841	121,961,841	139/274	61,871,153
Additional Share	2012-05-19	2012-08-14	644,550	122,606,391	88/274	39,377,235
Additional Share	2012-08-15	2012-09-30	68,250	122,674,641	47/274	21,042,730
Total						122,291,118

30. CASH FLOWS FROM OPERATING ACTIVITIES:

(1) Details of cash flow from operating activities for the nine months ended September 30, 2013 and 2012 are as follows:

	Korean Won in thousands		Indian-Rupee in thousands	
	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
1. Cash flows from operating activities	₩ 80,478,657	₩ 72,819,123	Rs. 4,677,420	Rs. 4,232,247
1) Net loss	(1,435,449)	(66,114,624)	(83,428)	(3,842,582)
2) Adjustments	143,426,482	137,698,357	8,335,947	8,003,028
(1) Addition of expenses	153,834,434	148,577,746	8,940,856	8,635,339
Income tax expense	198,059	16,131	11,511	938
Loss on foreign currency translation	1,510,643	627,390	87,799	36,464
Loss on disposal of trade receivables	8,079,230	7,199,030	469,565	418,408
Loss on disposal of derivatives	428,600	-	24,910	-
Loss on valuation of inventories	-	8,597,066	-	499,661
Rent expense	-	207,630	-	12,068
Bad debt expense	(525,039)	52,639	(30,515)	3,059
Other bad debt expense	34,889	44,353	2,028	2,578
Depreciation	87,027,300	76,570,876	5,058,027	4,450,299
Loss on disposal of investment assets	6,088	16,935	354	984
Loss on disposal of property, plant and equipment	281,806	410,050	16,379	23,832
Impairment loss on investment assets	703,554	119,080	40,891	6,921
Amortization	22,762,668	26,051,526	1,322,966	1,514,115
Impairment loss on intangible assets	23,446	13,668	1,363	794
Interest expense	6,534,540	6,961,059	379,787	404,577
Post-employment benefits	26,627,962	21,640,498	1,547,617	1,257,746
Depreciation expenses on assets not in use	31,119	49,815	1,809	2,895
Miscellaneous losses	109,569	-	6,365	-
(2) Deduction of revenue	(10,407,952)	(10,879,389)	(604,909)	(632,311)
Gain on foreign currency translation	1,235,853	393,765	71,828	22,886
Reversal of allowance for doubtful accounts	9,751	555,057	567	32,260
Reversal of loss on valuation of inventories	1,243,279	-	72,259	-
Interest income	5,364,890	5,379,004	311,807	312,628
Dividend income	8,500	388,963	494	22,607
Gain on valuation of derivatives	2,190,800	3,366,882	127,329	195,683
Gain on disposal of investment assets	-	12,511	-	727
Gain on disposal of property, plant and equipment	243,657	188,855	14,161	10,976
Gain on debt exemption	-	594,352	-	34,544
Miscellaneous gains	111,222	-	6,464	-
3) Changes in working capital	(61,512,376)	1,235,390	(3,575,099)	71,801
Increase in trade receivables, net	(9,875,655)	(23,493,511)	(573,972)	(1,365,442)
Decrease (Increase) in other receivables, net	(8,324,728)	6,867,698	(483,833)	399,151
Decrease (Increase) in deposits	(24,733)	42,756	(1,437)	2,485

	Korean Won in thousands		Indian-Rupee in thousands	
	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Decrease in advanced payments	182,001	6,674,264	10,578	387,908
Increase in prepaid expenses	(4,204,829)	(2,569,537)	(244,385)	(149,341)
Decrease (Increase) in income tax refundable	120,217	(95,935)	6,987	(5,576)
Decrease in derivatives assets	2,503,753	-	145,518	-
Increase in inventories	(23,916,311)	(19,587,607)	(1,390,016)	(1,138,432)
Decrease (Increase) in long security	(2,988,610)	6,521,195	(173,698)	379,012
Decrease in non-current assets	-	158,753	-	9,227
Increase in trade payables	5,082,699	57,732,348	295,406	3,355,404
Increase(Decrease) in other payables	(11,534,568)	57,052,331	(670,389)	3,315,881
Increase in accrued charges	1,715,664	402,262	99,714	23,379
Increase(Decrease) in deposits received	13,918	(8,403)	809	(488)
Increase(Decrease) in current other long term benefit	1,083,425	(420,875)	62,969	(24,461)
Decrease in advances from customers	(2,493,749)	(1,594,275)	(144,937)	(92,659)
Decrease in withholdings	(420,217)	(4,831,677)	(24,423)	(280,817)
Increase(Decrease) in unearned revenue	(6,906,502)	9,391,113	(401,406)	545,811
Increase (Decrease) in government subsidies	(253,371)	434,280	(14,726)	25,240
Increase (Decrease) in short-term provision of product warranties	5,655,494	(3,199,631)	328,697	(185,963)
Increase in long-term other payables	(1,348,164)	(117,883)	(78,355)	(6,851)
Increase(Decrease) in other long term benefit	(1,173,240)	1,055,779	(68,189)	61,362
Payment of severance indemnities	(4,404,870)	(89,178,055)	(256,011)	(5,183,029)
2. Interest received	5,145,995	4,867,481	299,085	282,898
3. Interest paid	(6,482,150)	(6,527,756)	(376,742)	(379,394)
4. Dividends received	382,462	83,682	22,229	4,864
5. Income tax expense	(195,748)	(16,131)	(11,377)	(938)
Net cash provided by operating activities	<u>₩ 79,329,216</u>	<u>₩ 71,226,399</u>	<u>Rs. 4,610,615</u>	<u>Rs. 4,139,677</u>

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 nine months ended September 30, 2013 and 2012 as follows: follows (Unit: Korean won and Indian-Rupee in thousands):

Sales region	Nine months ended September 30, 2013	
Republic of Korea	₩ 1,323,355,438	Rs. 76,913,418
Europe	638,411,807	37,104,494
Asia Pacific	250,809,819	14,577,067
Others	279,032,451	16,217,366
Consolidation adjustment	6,435,085	374,007
	<u>₩ 2,498,044,600</u>	<u>Rs. 145,186,352</u>

Sales region	Nine months ended September 30, 2012	
Republic of Korea	₩ 1,012,349,195	Rs. 58,837,735
Europe	589,209,266	34,244,843
Asia Pacific	77,533,458	4,506,245
Others	373,327,739	21,697,808
Consolidation adjustment	7,158,346	416,043
	<u>₩ 2,059,578,004</u>	<u>Rs. 119,702,674</u>

(3) Information of products and services for the nine months ended September 30, 2013 and 2012 as follows (Unit: Korean won and Indian-Rupee in thousands):

<u>Sales region</u>	<u>Nine months ended September 30, 2013</u>			
Vehicles	₩	2,168,581,848	Rs.	126,037,977
Merchandises		314,247,329		18,264,055
Others		15,215,423		884,320
	₩	<u>2,498,044,600</u>	Rs.	<u>145,186,352</u>

<u>Sales region</u>	<u>Nine months ended September 30, 2012</u>			
Vehicles	₩	1,791,444,686	Rs.	104,118,765
Merchandises		248,408,009		14,437,473
Others		19,725,309		1,146,435
	₩	<u>2,059,578,004</u>	Rs.	<u>119,702,673</u>

32. RELATED PARTY TRANSACTIONS:

(1) Details of related party as of September 30, 2013 are as follows:

	<u>Related parties</u>
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 nine months ended September 30, 2013 and 2012 are as follows:

(Unit: Korean won in thousands):

	<u>Nine months ended September 30, 2013</u>		<u>Nine months ended September 30, 2012</u>	
	<u>Sales and others</u>	<u>Purchases and others</u>	<u>Sales and others</u>	<u>Purchases and others</u>
Transactions with controlling company	₩ 2,560,848	₩ 5,365,512	₩ 464,614	₩ 5,135,429
Transactions with subsidiaries	6,674,291	-	7,294,953	-
Transaction with other affiliates	60,971,430	-	17,796,344	13,872

(Unit: Indian-Rupee in thousands):

	<u>Nine months ended September 30, 2013</u>		<u>Nine months ended September 30, 2012</u>	
	<u>Sales and others</u>	<u>Purchases and others</u>	<u>Sales and others</u>	<u>Purchases and others</u>
Transactions with controlling company	Rs. 148,836	Rs. 311,844	Rs. 27,003	Rs. 298,471
Transactions with subsidiaries	387,910	-	423,983	-
Transactions with other affiliates	3,543,660	-	1,034,324	806

(3) Outstanding receivables and payables from transactions with related parties as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Receivables from and payables to controlling company:		
Receivables and others	₩ 898,760	₩ 377,097
Payables and others	96,998,040	96,501,477
Receivables from and payables to subsidiaries:		
Receivables and others	13,008,908	14,248,992
Payables and others	547,926	633,884
Receivables from and payables to affiliates:		
Receivables and others	8,596	8,347,797

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Payables and others	14,281	1,081,824

(Unit: Indian-Rupee in thousands):

	<u>Sept 30, 2013</u>	<u>December 31, 2012</u>
Receivables from and payables to controlling company:		
Receivables and others	Rs. 52,236	Rs. 21,917
Payables and others	5,637,526	5,608,666
Receivables from and payables to subsidiaries:		
Receivables and others	756,078	828,151
Payables and others	31,845	36,841
Receivables from and payables to affiliates:		
Receivables and others	500	485,174
Payables and others	830	62,876

The Company did not recognize allowance for the above receivables and no bad debt expense was recognized for the nine months ended September 30, 2013.

(4) Details of compensation for key executives for the nine months ended September 30, 2013 and 2012 are as follows:

	<u>Korean won in thousands</u>		<u>Indian-Rupee in thousands</u>	
	<u>Nine months ended September 30, 2013</u>	<u>Nine months ended September 30, 2012</u>	<u>Nine months ended September 30, 2013</u>	<u>Nine months ended September 30, 2012</u>
Short-term employee benefits	₩ 499,726	₩ 354,198	Rs. 29,044	Rs. 20,586
Post-employment benefits	3,450	2,989	201	174

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.

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 ratio as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Debt (A)	₩ 1,094,704,515	₩ 1,049,827,653
Equity (B)	884,730,705	800,662,716
Debt ratio (A/ B)	<u>123.73%</u>	<u>131.12%</u>

(Unit: Indian-Rupee in thousands):

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Debt (A)	Rs. 63,624,226	Rs. 61,015,983
Equity (B)	51,420,549	46,534,517
Debt ratio (A/ B)	<u>123.73%</u>	<u>131.12%</u>

(2) Details of financial assets and liabilities by category as of September 30, 2013 and December 31, 2012 are as follows:

1) Financial assets

(Unit: Korean Won in thousands):

Financial asset	September 30, 2013				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 278,304,500	₩ -	₩ -	₩ 278,304,500	₩ 278,304,500
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	243,292,773	-	-	243,292,773	243,292,773
Derivatives assets	-	-	26,795,480	26,795,480	26,795,480
Long-term AFS financial assets	-	560,000	-	560,000	560,000
	<u>₩ 521,603,273</u>	<u>₩ 560,000</u>	<u>₩ 26,795,480</u>	<u>₩ 548,958,753</u>	<u>₩ 548,958,753</u>

Financial asset	December 31, 2012				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 203,666,542	₩ -	₩ -	₩ 203,666,542	₩ 203,666,542
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	240,474,184	-	-	240,474,184	240,474,184
Derivatives assets	-	-	21,503,503	21,503,503	21,503,503
Long-term AFS financial assets	-	560,000	-	560,000	560,000
	<u>₩ 444,146,726</u>	<u>₩ 560,000</u>	<u>₩ 21,503,503</u>	<u>₩ 466,210,229</u>	<u>₩ 466,210,229</u>

(Unit: Indian-Rupee in thousands):

Financial asset	September 30, 2013				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 16,175,058	Rs. -	Rs. -	Rs. 16,175,058	Rs. 16,175,058
Long-term financial instruments	349	-	-	349	349
Trade receivables and Other receivables	14,140,176	-	-	14,140,176	14,140,176
Derivatives assets	-	-	1,557,353	1,557,353	1,557,353
Long-term AFS financial assets	-	32,547	-	32,547	32,547
	<u>Rs. 30,315,583</u>	<u>Rs. 32,547</u>	<u>Rs. 1,557,353</u>	<u>Rs. 31,905,483</u>	<u>Rs. 31,905,483</u>

Financial asset	December 31, 2012				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 11,837,099	Rs. -	Rs. -	Rs. 11,837,099	Rs. 11,837,099
Long-term financial instruments	349	-	-	349	349
Trade receivables and Other receivables	13,976,360	-	-	13,976,360	13,976,360
Derivatives assets	-	-	1,249,784	1,249,784	1,249,784
Long-term AFS financial assets	-	32,547	-	32,547	32,547
	<u>Rs. 25,813,808</u>	<u>Rs. 32,547</u>	<u>Rs. 1,249,784</u>	<u>Rs. 27,096,139</u>	<u>Rs. 27,096,139</u>

2) Financial liabilities

(Unit: Korean won in thousands):

September 30, 2013				
Financial liabilities	Fianncial liabilities after amortization	Designated to hedge item	Total	Fair value
Total payables and other payables	₩600,765,320	₩ -	₩600,765,320	₩600,765,320
Debt	<u>170,087,266</u>	<u>-</u>	<u>170,087,266</u>	<u>170,087,266</u>
	<u>₩ 770,852,586</u>	<u>₩ -</u>	<u>₩ 770,852,586</u>	<u>₩ 770,852,586</u>

December, 31, 2012				
Financial liabilities	Fianncial liabilities after amortization	Designated to hedge item	Total	Fair value
Total payables and other payables	₩ 618,276,802	₩ -	₩ 618,276,802	₩ 618,276,802
Debt	<u>125,404,765</u>	<u>-</u>	<u>125,404,765</u>	<u>125,404,765</u>
	<u>₩ 743,681,567</u>	<u>₩ -</u>	<u>₩ 743,681,567</u>	<u>₩ 743,681,567</u>

(Unit: Indian-Rupee in thousands):

September 30, 2013				
Financial liabilities	Fianncial liabilities after amortization	Designated to hedge item	Total	Fair value
Total payables and other payables	Rs. 34,916,480	Rs. -	Rs. 34,916,480	Rs. 34,916,480
Debt	<u>9,885,472</u>	<u>-</u>	<u>9,885,472</u>	<u>9,885,472</u>
	<u>Rs. 44,801,952</u>	<u>Rs. -</u>	<u>Rs. 44,801,952</u>	<u>Rs. 44,801,952</u>

December 31, 2012				
Financial Liabilities	Fianncial liabilities after amortization	Designated to hedge item	Total	Fair value
Total payables and other payables	Rs. 35,934,248	Rs. -	Rs. 35,934,248	Rs. 35,934,248
Debt	<u>7,288,525</u>	<u>-</u>	<u>7,288,525</u>	<u>7,288,525</u>
	<u>Rs. 43,222,773</u>	<u>Rs. -</u>	<u>Rs. 43,222,773</u>	<u>Rs. 43,222,773</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 perform 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 as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

Currency	Assets		Liabilities	
	Sept 30, 2013	Dec 31, 2012	Sept 30, 2013	Dec 31, 2012
USD	₩ 107,440,787	₩ 113,042,936	₩ 17,319,435	₩ 9,685,534
EUR	29,007,881	25,724,783	45,390,489	19,021,629
JPY	558,590	113,024	16,560,182	6,468,799
Others	907,474	5,366,589	1,522,660	1,901,227
Total	<u>₩ 137,914,732</u>	<u>₩ 144,247,332</u>	<u>₩ 80,792,766</u>	<u>₩ 37,077,189</u>

(Unit: Indian-Rupee in thousands):

Currency	Assets		Liabilities	
	Sept 30, 2013	Dec 31, 2012	Sept 30, 2013	Dec 31, 2012
USD	Rs. 6,244,459	Rs. 6,570,055	Rs. 1,006,606	Rs. 562,923
EUR	1,685,938	1,495,124	2,638,095	1,105,537
JPY	32,465	6,569	962,478	375,967
Others	52,742	311,906	88,497	110,499
Total	<u>Rs. 8,015,604</u>	<u>Rs. 8,383,654</u>	<u>Rs. 4,695,676</u>	<u>Rs. 2,154,926</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 September 30, 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	₩ 10,744,079	₩ (10,744,079)	₩ (1,731,944)	₩ 1,731,944
EUR	2,900,788	(2,900,788)	(4,539,049)	4,539,049
JPY	55,859	(55,859)	(1,656,018)	1,656,018
Others	90,747	(90,747)	(152,266)	152,266
	<u>₩ 13,791,473</u>	<u>₩ (13,791,473)</u>	<u>₩ (8,079,277)</u>	<u>₩ 8,079,277</u>

(Unit: Indian-Rupee in thousands):

Currency	Financial assets		Financial liabilities	
	10% increase	10% decrease	10% increase	10% decrease
USD	Rs. 624,446	Rs. (624,446)	Rs. (100,661)	Rs. 100,661
EUR	168,594	(168,594)	(263,810)	263,810
JPY	3,247	(3,247)	(96,248)	96,248
Others	5,274	(5,274)	(8,850)	8,850
	<u>Rs. 801,561</u>	<u>Rs. (801,561)</u>	<u>Rs. (469,569)</u>	<u>Rs. 469,569</u>

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 an 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 nine months that are within the range of 30 to 50 percent, the Company makes a foreign exchange forward.

Details of non-payment forward contracts as of September 30, 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	₩ 1,108.33	USD 217,000,000	₩ 242,226,950	₩ 8,083,800
	1,119.87	185,000,000	209,163,450	8,511,550

	Average exchange rate contracted	Amount of foreign currency	Amount of contract	Fair value
	1,121.15	185,000,000	209,163,450	8,113,930
	1,148.68	30,000,000	34,815,750	2,086,200
		<u>USD 617,000,000</u>	<u>₩ 695,738,180</u>	<u>₩ 26,795,480</u>

(Unit: Indian-Rupee in thousands):

	Average exchange rate contracted	Amount of foreign currency	Amount of contract	Fair value
Cash flow hedges				
USD purchase	₩ 1,108.33	USD 217,000,000	Rs. 14,078,230	Rs. 469,830
	1,119.87	185,000,000	12,156,580	494,691
	1,121.15	185,000,000	12,178,002	471,582
	1,148.68	30,000,000	2,023,491	121,250
		<u>USD 617,000,000</u>	<u>Rs. 40,436,303</u>	<u>Rs. 1,557,353</u>

The cumulative benefits of cash flow hedges related to foreign forward contracts, amounts to (+) ₩25,033,280 thousands won (Rs. 1,454,934 thousands). Sales transaction is expected to occur within the first one year after September 30, 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 occurable 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. 2,194 thousands rupee) for the year ended September 30, 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 September 30, 2013 and December 31, 2012, the maximum exposed amounts of credit risk for financial assets maintained by the Company are the carrying amount of financial assets.

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 September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	September 30, 2013		
	Within a year	More than 1 year	Total
Trade payables	₩ 373,908,062	₩ -	₩ 373,908,062
Non-trade payables	182,160,547	-	182,160,547
Short-term borrowings	75,190,898	-	75,190,898
Other payables	18,177,197	-	18,177,197

	September 30, 2013		
	Within a year	More than 1 year	Total
Long-term other payables	-	26,519,514	26,519,514
Bonds	6,678,334	97,819,943	104,498,277
	<u>₩ 656,115,038</u>	<u>₩ 124,339,457</u>	<u>₩ 780,454,495</u>

	December 31, 2012		
	Within a year	More than 1 year	Total
Trade payables	₩ 380,259,503	₩ -	₩ 380,259,503
Non-trade payables	183,630,533	-	183,630,533
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>₩ 619,045,377</u>	<u>₩ 134,114,259</u>	<u>₩ 753,159,636</u>

(Unit: Indian-Rupee in thousands):

	September 30, 2013		
	Within a year	More than 1 year	Total
Trade payables	Rs. 21,731,537	Rs. -	Rs. 21,731,537
Non-trade payables	10,587,171	-	10,587,171
Short-term borrowings	4,370,095	-	4,370,095
Other payables	1,056,459	-	1,056,459
Long-term other payables	-	1,541,314	1,541,314
Bonds	388,145	5,685,295	6,073,440
	<u>Rs. 38,133,407</u>	<u>Rs. 7,226,609</u>	<u>Rs. 45,360,016</u>

	December 31, 2012		
	Within a year	More than 1 year	Total
Trade payables	Rs. 22,100,682	Rs. -	Rs. 22,100,682
Non-trade payables	10,672,607	-	10,672,607
Short-term borrowings	1,863,784	-	1,863,784
Other payables	953,699	-	953,699
Long-term other payables	-	2,207,259	2,207,259
Bonds	388,145	5,587,461	5,975,606
	<u>Rs. 35,978,917</u>	<u>Rs. 7,794,720</u>	<u>Rs. 43,773,637</u>

Funding arrangements as of September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

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

(Unit: Indian-Rupee in thousands):

		September 30, 2013		December 31, 2012	
		Used	Unused	Used	Unused
Borrowing limit commitments	Used	Rs 1,743,600	-	Rs 1,743,600	-
	Unused	-	-	-	-
	Total	<u>Rs 1,743,600</u>	<u>-</u>	<u>Rs 1,743,600</u>	<u>-</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 September 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

Type	September 30, 2013			Fair value
	Level 1	Level 2	Level 3	
Derivatives designated to hedge item	₩	₩ 26,795,480	₩	₩ 26,795,480

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

(Unit: Indian-Rupee in thousands):

Type	September 30, 2013			Fair value
	Level 1	Level 2	Level 3	
Derivatives designated to hedge item	Rs.	Rs. 1,557,353	Rs.	Rs. 1,557,353

Type	December 31, 2012			Fair value
	Level 1	Level 2	Level 3	
Derivatives designated to hedge item	Rs.	Rs. 1,249,784	Rs.	Rs. 1,249,784