

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2016, AND DECEMBER 31, 2015,
AND FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2016 AND 2015

ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of Independent Accountants' Review Report Originally Issued in Korean on August 12, 2016

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

We have reviewed the accompanying consolidated interim financial statement of Ssangyong Motor Company (the "Company"). The consolidated financial statements consist of the consolidated statement of financial position as of June 30, 2016, and December 31, 2015, and the related consolidated statement of comprehensive income for the three and six months ended June 30, 2016 and 2015, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the six months ended June 30, 2016 and 2015, and a summary of significant accounting policies and other explanatory information.

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 consolidated 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 statement of the Company are not presented 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, 2015, and the related consolidated statement of income, retained earnings and cash flows for the year then ended on March 8, 2016, as fairly stated. There is no difference in terms of importance between comparative purposed consolidated financial position on December 31, 2015, and current financial position.

Deloitte Anjin LLC

August 12, 2016

Notice to Readers

This report is effective as of August 12, 2016, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the accountants' review report.

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SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2016, AND DECEMBER 31, 2015

	Korean won		Indian rupee	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	(In thousands)		(In thousands)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 33)	₩ 162,008,621	₩ 197,881,904	Rs. 9,501,806	Rs. 11,605,774
Trade and other receivables, net (Notes 7, 32 and 33)	196,916,687	160,062,466	11,549,164	9,387,664
Derivative assets (Notes 25 and 33)	4,868,965	1,707,695	285,565	100,156
Inventories, net (Notes 8 and 24)	246,206,304	247,673,244	14,440,000	14,526,036
Other current assets (Note 10)	10,109,229	6,567,823	592,906	385,203
Total current assets	<u>620,109,806</u>	<u>613,893,132</u>	<u>36,369,441</u>	<u>36,004,833</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	352	352
Non-current available-for-sale ("AFS") financial assets (Notes 6 and 33)	560,000	560,000	32,844	32,844
Non-current other receivables, net (Notes 7 and 33)	36,364,755	39,728,012	2,132,793	2,330,048
Property, plant and equipment, net (Notes 11 and 13)	1,181,906,721	1,187,844,823	69,318,829	69,667,099
Intangible assets (Note 12)	199,160,202	186,944,585	11,680,746	10,964,300
Investments in joint ventures (Note 9)	12,136,376	9,868,178	711,798	578,769
Other non-current assets (Note 10)	352,819	352,985	20,693	20,703
Total non-current assets	<u>1,430,486,873</u>	<u>1,425,304,583</u>	<u>83,898,055</u>	<u>83,594,115</u>
TOTAL ASSETS	<u>₩ 2,050,596,679</u>	<u>₩ 2,039,197,715</u>	<u>Rs. 120,267,496</u>	<u>Rs. 119,598,948</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Trade and other payables (Notes 14, 18, 32 and 33)	₩ 604,578,548	₩ 637,814,269	Rs. 35,458,532	Rs. 37,407,807
Short-term borrowings (Notes 13, 18 and 33)	165,592,442	153,224,546	9,711,997	8,986,620
Derivative liabilities (Notes 25 and 33)	207,279	24,074	12,157	1,412
Provision for product warranties (Note 15)	54,244,260	56,861,223	3,181,426	3,334,911
Current portion of other long-term employee benefits obligation	997,451	1,960,778	58,500	115,000
Other current liabilities (Note 16)	42,239,489	28,884,729	2,477,346	1,694,089
Total current liabilities	<u>867,859,469</u>	<u>878,769,619</u>	<u>50,899,958</u>	<u>51,539,839</u>

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS OF JUNE 30, 2016, AND DECEMBER 31, 2015

	Korean won		Indian rupee	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Long-term borrowing (Notes 13, 18 and 33)	₩ 27,500,000	₩ 37,500,000	Rs. 1,612,875	Rs. 2,199,375
Other non-current payables (Note 33)	8,731,731	12,612,614	512,116	739,730
Retirement benefit obligation (Note 17)	302,703,212	292,005,725	17,753,543	17,126,136
Other long-term employee benefits obligation	14,999,289	14,321,823	879,708	839,976
Provision for long-term product warranties (Note 15)	<u>90,135,321</u>	<u>86,932,757</u>	<u>5,286,437</u>	<u>5,098,606</u>
Total non-current liabilities	<u>444,069,553</u>	<u>443,372,919</u>	<u>26,044,679</u>	<u>26,003,823</u>
TOTAL LIABILITIES	<u>1,311,929,022</u>	<u>1,322,142,538</u>	<u>76,944,637</u>	<u>77,543,662</u>
SHAREHOLDERS' EQUITY:				
Total shareholders' equity	738,667,657	717,055,177	43,322,859	42,055,286
Capital stock (Note 19)	686,100,480	686,100,480	40,239,793	40,239,793
Other capital surplus (Note 20)	131,678,360	131,678,360	7,722,936	7,722,936
Other capital adjustments (Notes 21 and 25)	2,833,648	1,570,930	166,194	92,135
Retained earnings (accumulated deficit) (Note 22)	(81,944,831)	(102,294,593)	(4,806,064)	(5,999,578)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY	<u>738,667,657</u>	<u>717,055,177</u>	<u>43,322,859</u>	<u>42,055,286</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩ 2,050,596,679</u>	<u>₩ 2,039,197,715</u>	<u>Rs. 120,267,496</u>	<u>Rs. 119,598,948</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	Korean won			
	Three months ended June 30, 2016 (In thousands, except per share amounts)	Six months ended June 30, 2016 (In thousands, except per share amounts)	Three months ended June 30, 2015 (In thousands, except per share amounts)	Six months ended June 30, 2015 (In thousands, except per share amounts)
SALES (Notes 31 and 32)	₩ 964,021,388	₩ 1,777,174,563	₩ 835,508,616	₩ 1,595,881,418
COST OF SALES (Notes 24 and 32)	<u>796,346,640</u>	<u>1,469,534,491</u>	<u>711,507,744</u>	<u>1,372,958,098</u>
GROSS PROFIT	167,674,748	307,640,072	124,000,872	222,923,320
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	<u>148,370,739</u>	<u>280,265,095</u>	<u>143,892,761</u>	<u>277,013,781</u>
OPERATING INCOME (LOSS)	19,304,009	27,374,977	(19,891,889)	(54,090,461)
NON-OPERATING INCOME (Note 27)	7,201,069	14,276,923	9,141,881	16,817,774
NON-OPERATING EXPENSES (Note 27)	10,814,865	20,044,700	6,377,885	13,288,389
FINANCIAL INCOME (Note 28)	6,937,199	10,655,517	2,066,430	11,226,230
FINANCIAL COST (Note 28)	6,100,692	14,174,280	7,647,567	14,602,389
LOSS FROM INVESTMENTS IN JOINT VENTURE	1,465,710	2,268,198	-	-
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	17,992,430	20,356,635	(22,709,030)	(53,937,235)
INCOME TAX EXPENSE (Note 23)	<u>(19,293)</u>	<u>26</u>	<u>(7,562)</u>	<u>10,557</u>
NET LOSS	18,011,723	20,356,609	(22,701,468)	(53,947,792)
Owners of the Company	18,011,723	20,356,609	(22,701,468)	(53,947,792)
Non-controlling interests	-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)	<u>(855,300)</u>	<u>1,255,871</u>	<u>(331,008)</u>	<u>2,160,095</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>₩ 17,156,423</u>	<u>₩ 21,612,480</u>	<u>₩ (23,032,476)</u>	<u>₩ (51,787,697)</u>
Owners of the Company	17,156,423	21,612,480	(23,032,476)	(51,787,697)
Non-controlling interests	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29) Basic and diluted loss per share	<u>₩ 131</u>	<u>₩ 148</u>	<u>₩ (165)</u>	<u>₩ (393)</u>

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	Indian rupee			
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
	(In thousands, except per share amounts)		(In thousands, except per share amounts)	
SALES (Notes 31 and 32)	Rs. 56,539,854	Rs. 104,231,288	Rs. 49,002,580	Rs. 93,598,445
COST OF SALES (Notes 24 and 32)	<u>46,705,730</u>	<u>86,188,198</u>	<u>41,729,929</u>	<u>80,523,992</u>
GROSS PROFIT	9,834,124	18,043,090	7,272,651	13,074,453
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	<u>8,701,944</u>	<u>16,437,548</u>	<u>8,439,310</u>	<u>16,246,859</u>
OPERATING INCOME (LOSS)	1,132,180	1,605,542	(1,166,659)	(3,172,406)
NON-OPERATING INCOME (Note 27)	422,343	837,342	536,171	986,362
NON-OPERATING EXPENSES (Note 27)	634,292	1,175,622	374,063	779,364
FINANCIAL INCOME (Note 28)	406,867	624,947	121,196	658,419
FINANCIAL COST (Note 28)	<u>357,806</u>	<u>831,322</u>	<u>448,530</u>	<u>856,430</u>
LOSS FROM INVESTMENTS IN JOINT VENTURE	85,963	133,030	-	-
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	1,055,255	1,193,917	(1,331,885)	(3,163,419)
INCOME TAX EXPENSE (Note 23)	<u>(1,132)</u>	<u>2</u>	<u>(444)</u>	<u>619</u>
NET LOSS	1,056,387	1,193,915	(1,331,441)	(3,164,038)
Owners of the Company	1,056,387	1,193,915	(1,331,441)	(3,164,038)
Non-controlling interests	-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)	<u>(50,164)</u>	<u>73,658</u>	<u>(19,414)</u>	<u>126,689</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>Rs. 1,006,223</u>	<u>Rs. 1,267,573</u>	<u>Rs. (1,350,855)</u>	<u>Rs. (3,037,349)</u>
Owners of the Company	1,006,223	1,267,573	(1,350,855)	(3,037,349)
Non-controlling interests	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29)				
Basic and diluted loss per share	<u>Rs. 8</u>	<u>Rs. 9</u>	<u>Rs. (10)</u>	<u>Rs. (23)</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

Korean won in thousands

	Other capital surplus							Retained earnings (accumulated deficit)	Total	
	Capital stock	Paid-up capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stock	Other capital surplus			Other capital adjustments
Balance at January 1, 2015	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ (1,189,820)	₩ -	₩ -	₩ (13,065,231)	₩ (25,034,685)	₩ 777,383,966
Net loss	-	-	-	-	-	-	-	-	(53,947,792)	(53,947,792)
Actuarial loss	-	-	-	-	-	-	-	-	(10,398)	(10,398)
Disposal of treasury stock	-	-	-	-	1,189,820	1,105,138	-	-	-	2,294,958
Gain on valuation of derivatives	-	-	-	-	-	-	-	1,820,300	-	1,820,300
Overseas operations translation credit	-	-	-	-	-	-	-	350,193	-	350,193
Balance at June 30, 2015	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 118,189,001</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ 1,105,138</u>	<u>₩ -</u>	<u>₩ (10,894,738)</u>	<u>₩ (78,992,875)</u>	<u>₩ 727,891,227</u>
Balance at January 1, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ -	₩ 1,105,138	₩ -	₩ 1,570,930	₩ (102,294,593)	₩ 717,055,177
Net income	-	-	-	-	-	-	-	-	20,356,609	20,356,609
Actuarial loss	-	-	-	-	-	-	-	-	(6,847)	(6,847)
Gain on valuation of derivatives	-	-	-	-	-	-	-	1,377,029	-	1,377,029
Overseas operations translation credit	-	-	-	-	-	-	-	(114,311)	-	(114,311)
Balance at June 30, 2016	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 118,189,001</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ 1,105,138</u>	<u>₩ -</u>	<u>₩ 2,833,648</u>	<u>₩ (81,944,831)</u>	<u>₩ 738,667,657</u>

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	Indian rupee in thousands									
	Other capital surplus									
	Capital stock	Paid-up capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stock	Other capital surplus	Other capital adjustments	Retained earnings (accumulated deficit)	Total
Balance at January 1, 2015	Rs. 40,239,793	Rs. 671,702	Rs. 6,931,785	Rs. 54,633	Rs. (69,783)	Rs. -	Rs. -	Rs. (766,276)	Rs. (1,468,284)	Rs. 45,593,570
Net loss	-	-	-	-	-	-	-	-	(3,164,038)	(3,164,038)
Actuarial loss	-	-	-	-	-	-	-	-	(610)	(610)
Disposal of treasury stock	-	-	-	-	69,783	64,816	-	-	-	134,599
Gain on valuation of derivatives	-	-	-	-	-	-	-	106,761	-	106,761
Overseas operations translation credit	-	-	-	-	-	-	-	20,539	-	20,539
Balance at June 30, 2015	<u>Rs. 40,239,793</u>	<u>Rs. 671,702</u>	<u>Rs. 6,931,785</u>	<u>Rs. 54,633</u>	<u>Rs. -</u>	<u>Rs. 64,816</u>	<u>Rs. -</u>	<u>Rs. (638,976)</u>	<u>Rs. (4,632,932)</u>	<u>Rs. 42,690,821</u>
Balance at January 1, 2016	Rs. 40,239,793	Rs. 671,702	Rs. 6,931,785	Rs. 54,633	Rs. -	Rs. 64,816	Rs. -	Rs. 92,135	Rs. (5,999,578)	Rs. 42,055,286
Net income	-	-	-	-	-	-	-	-	1,193,915	1,193,915
Actuarial loss	-	-	-	-	-	-	-	-	(401)	(401)
Gain on valuation of derivatives	-	-	-	-	-	-	-	80,763	-	80,763
Overseas operations translation credit	-	-	-	-	-	-	-	(6,704)	-	(6,704)
Balance at June 30, 2016	<u>Rs. 40,239,793</u>	<u>Rs. 671,702</u>	<u>Rs. 6,931,785</u>	<u>Rs. 54,633</u>	<u>Rs. -</u>	<u>Rs. 64,816</u>	<u>Rs. -</u>	<u>Rs. 166,194</u>	<u>Rs. (4,806,064)</u>	<u>Rs. 43,322,859</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	Korean won		Indian rupee	
	Six months ended	Six months ended	Six months ended	Six months ended
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	₩ 20,356,609	₩ (53,947,792)	Rs. 1,193,915	Rs. (3,164,038)
Adjustment (Note 30)	115,972,657	102,400,827	6,801,797	6,005,808
Changes in net working capital (Note 30)	(77,217,251)	(49,029,212)	(4,528,791)	(2,875,563)
	59,112,015	(576,177)	3,466,921	(33,793)
Interests received	1,395,385	1,675,852	81,839	98,289
Interests paid	(1,974,709)	(1,489,452)	(115,817)	(87,356)
Dividend income received	11,000	11,000	645	645
Income tax paid	-	(10,558)	-	(619)
Net cash (used in) provided by operating activities	58,543,691	(389,335)	3,433,588	(22,834)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	1,481,876	4,208,035	86,912	246,801
Disposal of property, plant and equipment	37,000	596,652	2,170	34,994
Decrease in other assets	279	113,159	16	6,637
	1,519,155	4,917,846	89,098	288,432
Cash outflows for investing activities:				
Increase in other receivables	4,080,000	4,109,723	239,292	241,035
Acquisition of property, plant and equipment	60,855,320	76,372,169	3,569,165	4,479,228
Acquisition of intangible assets	29,989,932	31,373,377	1,758,910	1,840,049
	94,925,252	111,855,269	5,567,367	6,560,312
Net cash used in investing activities	(93,406,097)	(106,937,423)	(5,478,269)	(6,271,880)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	-	68,494,534	-	4,017,204
Increase in government grants	-	41,028	-	2,406
Disposal of Treasury stock	-	2,294,957	-	134,599
	₩ -	₩ 70,830,519	Rs. -	Rs. 4,154,209

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

	Korean won		Indian rupee	
	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ 950,524	₩ -	Rs. 55,748	Rs. -
	950,524	-	55,748	-
Net cash (used in) provided by financing activities	<u>(950,524)</u>	<u>70,830,519</u>	<u>(55,748)</u>	<u>4,154,209</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(60,353)</u>	<u>36,277</u>	<u>(3,539)</u>	<u>2,128</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,873,283)	(36,459,962)	(2,103,968)	(2,138,377)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>197,881,904</u>	<u>156,765,307</u>	<u>11,605,774</u>	<u>9,194,285</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>₩ 162,008,621</u>	<u>₩ 120,305,345</u>	<u>Rs. 9,501,806</u>	<u>Rs. 7,055,908</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**AS OF JUNE 30, 2016, AND DECEMBER 31, 2015,
AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015**

1. GENERAL:

(1) Company overview and recent changes in business environment

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

(2) Major shareholders

The Company’s shareholders as of June 30, 2016, are as follows:

<u>Name of shareholders</u>	<u>Number of shares owned</u>	<u>Percentage of ownership (%)</u>
Mahindra & Mahindra Ltd.	99,964,502	72.85
Others	37,255,594	27.15
	<u>137,220,096</u>	<u>100</u>

2. SIGNIFICANT ACCOUNTING POLICIES:

The Company and its subsidiaries (the “Group”) summarized consolidated financial statements, their period belongs to annual financial report and they adopt Korean International Reporting Standards (“K-IFRS”) 1034, Interim Financial Reporting. The audited consolidated financial statements as of and for the year ended December 31, 2015, are used to understand the consolidated financial statements.

The account policy is identified with the audited consolidated financial statement of December 31, 2015, except for the account policy explained as follows.

The Indian rupee amounts presented in these consolidated financial statements were computed by translating the Korean won into Indian rupees based on the Bank of Korea Basic Rate (₩1 to Rs. 0.05865 at June 30, 2016), 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.

1) Amendments to K-IFRS and new interpretations that are mandatorily effective for the current year

Amendments to K-IFRS 1001 – Presentation of Financial Statements

The amendments to K-IFRS 1001 clarify the concept of applying materiality in practice and restrict an entity reducing the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The application of these amendments has no impact on the disclosure in the Group’s consolidated financial statements.

Amendments to K-IFRS 1016 – Property, Plant and Equipment

The amendments to K-IFRS 1016 prohibit the Company from using a revenue-based depreciation method for items of property, plant and equipment. The application of these amendments has no impact on the disclosure in the Group’s consolidated financial statements.

Amendments to K-IFRS 1038 – Intangible Assets

The amendments to K-IFRS 1038 do not allow presumption that revenue is an appropriate basis for the amortization of intangible assets; presumption can only be limited when an intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Amendments to K-IFRS 1016 – Property, Plant and Equipment and K-IFRS 1041 – Agriculture: Bearer Plants

The amendments to K-IFRS 1016 and K-IFRS 1041 define a bearer plant and require biological assets that meet the definition of the bearer plant to be accounted for as property, plant and equipment in accordance with K-IFRS 1016, instead of K-IFRS 1041. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Amendments to K-IFRS 1110 – Consolidated Financial Statements, K-IFRS 1112 – Disclosure of Interests in Other Entities and K-IFRS 1028 – Investment in Associates

The amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or the joint venture used for its subsidiaries. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Amendments to K-IFRS 1111 – Accounting for Acquisitions of Interests in Joint Operations

The amendments to K-IFRS 1111 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in K-IFRS 1103, Business Combinations. A joint operator is also required to disclose the relevant information required by K-IFRS 1103 and other standards for business combinations. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Annual Improvements to K-IFRS 2012-2014 Cycle

The annual improvements include amendments to a number of K-IFRS. The amendments introduce a specific guidance in K-IFRS 1105, Non-current Assets Held for Sale and Discontinued Operations, when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa); such a change is considered as a continuation of the original plan of disposal and not as a change to a plan of sale. Other amendments in the annual improvements include K-IFRS 1107, Financial Instruments: Disclosures, K-IFRS 1019, Employee Benefits, and K-IFRS 1034, Interim Financial Reporting. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

2) New and revised K-IFRS issued but not yet effective

The Group has not applied the following new and revised K-IFRS that have been issued but are not yet effective:

Amendments to K-IFRS 1109 – Financial Instruments

The amendments to K-IFRS 1109 contain the requirements for the classification and measurement of financial assets and financial liabilities based on a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and based on the contractual terms that give rise on specified dates to cash flows, impairment methodology based on the expected credit losses, broadened types of instruments that qualify as hedging instruments, the types of risk components of non-financial items that are eligible for hedge accounting and the change of the hedge effectiveness test. The amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to K-IFRS 1115 – Revenue from Contracts with Customers

The core principle under K-IFRS 1115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments introduce a five-step approach to revenue recognition and measurement: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract and 5) Recognize revenue when (or as) the entity satisfies a performance obligation. This standard will supersede K-IFRS 1011 - Construction Contracts, K-IFRS 1018 - Revenue, K-IFRS 2113 - Customer Loyalty Programs, K-IFRS 2115 - Agreements for the Construction of Real Estate, K-IFRS 2118 - Transfers of Assets from Customers and K-IFRS 2031 - Revenue-Barter Transactions Involving Advertising Services. The amendments are effective for annual periods beginning on or after January 1, 2018.

The Group does not anticipate that these amendments referred above will have a significant effect on its consolidated financial statements and disclosures.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

In the preparation of the Group’s interim consolidated financial statements, management is required to apply accounting policies and make judgments, estimation and assumptions affecting the carrying amounts of assets and liabilities, income and expenses. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimations. The management’s significant judgments about the application of the Group’s accounting policies and the main resources of the uncertainty are consistent with those of the annual consolidated financial statements as of and for the year ended December 31, 2015.

4. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash on hand and in banks 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 June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	Financial institution		June 30, 2016		December 31, 2015	Notes
Cash and cash equivalents	Shinhan Bank and others	₩	1,172,255	₩	567,340	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank and others		745,599		957,689	
Long-term financial instruments	Shinhan Bank and others		6,000		6,000	Overdraft deposit
		₩	<u>1,923,854</u>	₩	<u>1,531,029</u>	

(Unit: Indian rupee in thousands)

	Financial institution	June 30, 2016	December 31, 2015	Notes
Cash and cash equivalents	Shinhan Bank and others Woori Bank and others	Rs. 68,753 43,729	Rs. 33,274 56,168	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others	352	352	Overdraft deposit
		<u>Rs. 112,834</u>	<u>Rs. 89,794</u>	

6. LONG-TERM AFS FINANCIAL ASSETS:

The Group's long-term AFS financial assets as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Classification	Ownership (%)	June 30, 2016		December 31, 2015	
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	₩ 500,000	₩ 685,246	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50	60,000	603,782	60,000	60,000
		<u>₩ 560,000</u>	<u>₩ 1,289,028</u>	<u>₩ 560,000</u>	<u>₩ 560,000</u>

(Unit: Indian rupee in thousands)

Classification	Ownership (%)	June 30, 2016		December 31, 2015	
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 29,325	Rs. 40,190	Rs. 29,325	Rs. 29,325
Korea Management Consultants Association (*)	1.50	3,519	35,412	3,519	3,519
		<u>Rs. 32,844</u>	<u>Rs. 75,602</u>	<u>Rs. 32,844</u>	<u>Rs. 32,844</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 one year from June 30, 2016, 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 June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Financial assets	June 30, 2016			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	₩ 181,550,153	₩ 7,211,448	₩ 8,270,744	₩ 36,488,211
Less: Allowance for doubtful accounts	(70,745)	(3,134)	(41,779)	(123,455)
	<u>₩ 181,479,408</u>	<u>₩ 7,208,314</u>	<u>₩ 8,228,965</u>	<u>₩ 36,364,756</u>

December 31, 2015				
Financial assets	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	₹ 151,034,088	₹ 6,455,062	₹ 2,628,696	₹ 39,887,268
Less: Allowance for doubtful accounts	(44,462)	(2,252)	(8,666)	(159,256)
	<u>₹ 150,989,626</u>	<u>₹ 6,452,810</u>	<u>₹ 2,620,030</u>	<u>₹ 39,728,012</u>

(Unit: Indian rupee in thousands)

June 30, 2016				
Financial assets	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	Rs. 10,647,916	Rs. 422,951	Rs. 485,080	Rs. 2,140,034
Less: Allowance for doubtful accounts	(4,149)	(184)	(2,450)	(7,241)
	<u>Rs. 10,643,767</u>	<u>Rs. 422,767</u>	<u>Rs. 482,630</u>	<u>Rs. 2,132,793</u>

December 31, 2015				
Financial assets	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	Rs. 8,858,149	Rs. 378,589	Rs. 154,174	Rs. 2,339,388
Less: Allowance for doubtful accounts	(2,608)	(132)	(508)	(9,340)
	<u>Rs. 8,855,541</u>	<u>Rs. 378,457</u>	<u>Rs. 153,666</u>	<u>Rs. 2,330,048</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 Group's sales, the respective dealership bears all of the risk; the Group 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 Group'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 one year are usually not collected, and the Group reserves the full amount of those receivables as an allowance for doubtful accounts. The Group estimates an allowance for the receivables that are overdue for more than 90 days through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Group 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 Group 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 Group 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.

- 1) Aging analysis of the trade and non-trade receivables that are overdue, but are not impaired as of June 30, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

Classification	June 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₩ 38,844	₩ 359,600	₩ 1,057,915	₩ 1,456,359
Non-trade receivables	501,541	11,615	4,100,089	4,613,245
Non-current other receivables	-	-	103,250	103,250
	<u>₩ 540,385</u>	<u>₩ 371,215</u>	<u>₩ 5,261,254</u>	<u>₩ 6,172,854</u>

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₩ 344,346	₩ 316,971	₩ 20,749	₩ 682,066
Non-trade receivables	285,124	1,833	4,125,784	4,412,741
Non-current other receivables	-	-	103,250	103,250
	<u>₩ 629,470</u>	<u>₩ 318,804</u>	<u>₩ 4,249,783</u>	<u>₩ 5,198,057</u>

(Unit: Indian rupee in thousands)

Classification	June 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 2,278	Rs. 21,091	Rs. 62,047	Rs. 85,416
Non-trade receivables	29,415	681	240,470	270,566
Non-current other receivables	-	-	6,056	6,056
	<u>Rs. 31,693</u>	<u>Rs. 21,772</u>	<u>Rs. 308,573</u>	<u>Rs. 362,038</u>

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 20,196	Rs. 18,590	Rs. 1,217	Rs. 40,003
Non-trade receivables	16,723	108	241,977	258,808
Non-current other receivables	-	-	6,056	6,056
	<u>Rs. 36,919</u>	<u>Rs. 18,698</u>	<u>Rs. 249,250</u>	<u>Rs. 304,867</u>

- 2) Aging analysis of the trade, non-trade and other long-term receivables that are impaired as of June 30, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

Classification	June 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Non-current other receivables	₩ -	₩ -	₩ 44,607	₩ 44,607

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Non-current other receivables	₩ -	₩ -	₩ 47,349	₩ 47,349

(Unit: Indian rupee in thousands)

Classification	June 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Non-current other receivables	Rs. -	Rs. -	Rs. 2,616	Rs. 2,616

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Non-current other receivables	Rs. _____	Rs. _____	Rs. 2,777	Rs. 2,777

- 3) Changes in allowance for trade and other receivables for the six months ended June 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

Classification	Six months ended June 30, 2016			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Beginning balance	₩ 44,462	₩ 2,252	₩ 8,666	₩ 159,256
Bad debt expense	26,283	882	33,113	(35,801)
Ending balance	₩ 70,745	₩ 3,134	₩ 41,779	₩ 123,455

Classification	Six months ended June 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Beginning balance	₩ 87,169	₩ 393,336	₩ 11,054	₩ 149,638
Bad debt expense	(25,914)	(21,183)	15,648	5,089
Write-offs	-	(368,681)	-	-
Ending balance	₩ 61,255	₩ 3,472	₩ 26,702	₩ 154,727

(Unit: Indian rupee in thousands)

Classification	Six months ended June 30, 2016			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Beginning balance	Rs. 2,608	Rs. 132	Rs. 508	Rs. 9,341
Bad debt expense	1,541	52	1,942	(2,100)
Ending balance	Rs. 4,149	Rs. 184	Rs. 2,450	Rs. 7,241

Classification	Six months ended June 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Beginning balance	Rs. 5,112	Rs. 23,069	Rs. 648	Rs. 8,776
Bad debt expense	(1,520)	(1,242)	918	298
Write-offs	-	(21,623)	-	-
Ending balance	Rs. 3,592	Rs. 204	Rs. 1,566	Rs. 9,074

The Group 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 Group assesses collectibility 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 three years to the remaining balance of the receivables at the end of a reporting period; the three-year average loss rate is calculated by dividing the amount of actual loss occurred in the past three years by the average balance of the receivables.

8. INVENTORIES:

Details of inventories as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	<u>June 30, 2016</u>		<u>December 31, 2015</u>	
Merchandises	₩	39,409,425	₩	41,253,588
Finished goods		67,310,275		56,174,620
Work in process		30,495,432		29,360,159
Raw materials		41,681,606		45,354,455
Submaterials		420,456		454,283
Supplies		3,566,836		3,740,522
Goods in transit		63,322,274		71,335,617
Total	₩	<u>246,206,304</u>	₩	<u>247,673,244</u>

(Unit: Indian rupee in thousands)

	<u>June 30, 2016</u>		<u>December 31, 2015</u>	
Merchandises	Rs.	2,311,363	Rs.	2,419,523
Finished goods		3,947,748		3,294,641
Work in process		1,788,557		1,721,973
Raw materials		2,444,626		2,660,039
Submaterials		24,660		26,644
Supplies		209,195		219,382
Goods in transit		3,713,851		4,183,834
Total	Rs.	<u>14,440,000</u>	Rs.	<u>14,526,036</u>

The Group is using the “lower of cost or market method” on the consolidated statement of financial position in the case of inventories’ market value decrease under the acquisition cost. On the other hand, loss on valuation of inventories that was deducted to “cost of sales” on current period due to the application of “lower of cost or market method” is ₩168,132 thousand (Rs. 9,861 thousand).

9. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE:

(1) Details of investments in subsidiaries and joint venture as of June 30, 2016, are as follows:

<u>Classification</u>	<u>Entities</u>	<u>Location</u>	<u>Ownership (%)</u>	<u>Closing month</u>	<u>Industry</u>
Investments in subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100.00	December	Car sales
	Ssangyong European Parts Center B.V.	Netherland	100.00	December	A/S and sales
Investment in joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51.00	December	Installment finance

(*) SY Auto Capital Co., Ltd. is a joint arrangement whereby the Group and KB Capital Co., Ltd. that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement and the results, and assets and liabilities of joint venture are incorporated in these consolidated financial statements using the equity method of accounting.

(2) Changes in the carrying amounts of investments in joint venture for the six months ended June 30, 2015, are as follows:

(Unit: Korean won in thousands)

<u>Company</u>	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Share of profit of a joint venture</u>	<u>Ending balance</u>
SY Auto Capital Co., Ltd.	₩ 9,868,178	₩ -	₩ 2,268,198	₩ 12,136,376

(Unit: Indian rupee in thousands)

Company	Beginning balance	Acquisition	Share of profit of a joint venture	Ending balance
SY Auto Capital Co., Ltd.	Rs. 578,769	Rs.	- Rs. 133,030	Rs. 711,799

(3) Summarized financial information of subsidiaries and joint venture

The summarized financial information of the Group's subsidiaries and joint venture as of June 30, 2016, and December 31, 2015, and for the six months ended June 30, 2016 and 2015, is as follows:

June 30, 2016

(Unit: Korean won in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 3,659,381	₩ 865,052	₩ 2,794,329
Ssangyong European Parts Center B.V.	9,818,378	12,735,978	(2,917,600)
SY Auto Capital Co., Ltd.	57,840,459	35,109,873	22,730,586

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 113,976	₩ (422,530)	₩ (478,915)
Ssangyong European Parts Center B.V.	8,483,500	836,517	778,590
SY Auto Capital Co., Ltd.	2,668,908	3,381,219	3,381,219

(Unit: Indian rupee in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 214,623	Rs. 50,735	Rs. 163,888
Ssangyong European Parts Center B.V.	575,848	746,965	(171,117)
SY Auto Capital Co., Ltd.	3,392,343	2,059,194	1,333,149

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 6,685	Rs. (24,781)	Rs. (28,088)
Ssangyong European Parts Center B.V.	497,557	49,062	45,664
SY Auto Capital Co., Ltd.	156,531	198,308	198,308

December 31, 2015

(Unit: Korean won in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 4,264,069	₩ 990,824	₩ 3,273,245
Ssangyong European Parts Center B.V.	8,399,103	12,095,292	(3,696,189)
SY Auto Capital Co., Ltd.	19,608,715	259,347	19,349,368

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 1,270,691	₩ (2,505,187)	₩ (2,386,469)
Ssangyong European Parts Center B.V.	14,776,015	105,948	274,428
SY Auto Capital Co., Ltd.	42,256	(650,632)	(650,632)

(Unit: Indian rupee in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 250,088	Rs. 58,112	Rs. 191,976
Ssangyong European Parts Center B.V.	492,607	709,389	(216,782)
SY Auto Capital Co., Ltd.	1,150,051	15,211	1,134,840

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 74,526	Rs. (146,929)	Rs. (139,966)
Ssangyong European Parts Center B.V.	866,613	6,214	16,095
SY Auto Capital Co., Ltd.	2,478	(38,160)	(38,160)

10. OTHER ASSETS:

Carrying values of the Group's other assets as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Account	June 30, 2016	December 31, 2015
Other current assets		
Advance payments	₩ 1,988,341	₩ 1,077,675
Less: Allowance for doubtful accounts	(9,696)	(663)
Prepaid expenses	7,952,587	5,074,020
Income tax refundable	177,997	416,791
	₩ 10,109,229	₩ 6,567,823
Other non-current assets		
Other non-current assets	₩ 352,819	₩ 352,985

(Unit: Indian rupee in thousands)

Account	June 30, 2016	December 31, 2015
Other current assets		
Advance payments	Rs. 116,616	Rs. 63,206
Less: Allowance for doubtful accounts	(569)	(39)
Prepaid expenses	466,419	297,591
Income tax refundable	10,440	24,445
	Rs. 592,906	Rs. 385,203
Other non-current assets		
Other non-current assets	Rs. 20,693	Rs. 20,703

11. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	June 30, 2016				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	537,176,935	1,580,081	201,719,351	148,366,786	185,510,717
Structures	106,823,494	125,631	61,559,053	28,913,882	16,224,928
Machinery	1,315,015,091	375,251	1,035,634,727	98,170,589	180,834,524
Vehicles	8,427,205	-	6,356,264	848,266	1,222,675
Tools and molds	1,064,777,364	2,531	653,314,373	160,677,026	250,783,434
Equipment	67,555,833	3,322	43,349,250	3,846,848	20,356,413
Construction in progress	49,613,331	-	-	-	49,613,331
Machinery in transit	1,829,386	-	-	-	1,829,386
	₩ 3,626,749,952	₩ 2,086,816	₩ 2,001,933,018	₩ 440,823,397	₩ 1,181,906,721

December 31, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₹ 475,531,313	₹ -	₹ -	₹ -	₹ 475,531,313
Buildings	536,914,323	1,603,429	196,449,216	148,366,786	190,494,892
Structures	106,552,738	135,809	60,736,919	28,913,882	16,766,128
Machinery	1,312,354,742	453,057	1,027,789,268	98,337,509	185,774,908
Vehicles	8,798,376	-	6,479,303	896,350	1,422,723
Tools and molds	1,028,887,149	6,657	615,699,091	160,933,311	252,248,090
Equipment	67,396,593	6,874	40,517,584	4,056,991	22,815,144
Construction in progress	40,866,774	-	-	-	40,866,774
Machinery in transit	1,924,851	-	-	-	1,924,851
	<u>₹ 3,579,226,859</u>	<u>₹ 2,205,826</u>	<u>₹ 1,947,671,381</u>	<u>₹ 441,504,829</u>	<u>₹ 1,187,844,823</u>

(Unit: Indian rupee in thousands)

June 30, 2016					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₹ 27,889,912	₹ -	₹ -	₹ -	₹ 27,889,912
Buildings	31,505,427	92,672	11,830,840	8,701,712	10,880,203
Structures	6,265,198	7,368	3,610,438	1,695,799	951,593
Machinery	77,125,635	22,008	60,739,977	5,757,705	10,605,945
Vehicles	494,256	-	372,795	49,751	71,710
Tools and molds	62,449,192	148	38,316,888	9,423,708	14,708,448
Equipment	3,962,150	195	2,542,434	225,618	1,193,903
Construction in progress	2,909,822	-	-	-	2,909,822
Machinery in transit	107,293	-	-	-	107,293
	<u>₹ 212,708,885</u>	<u>₹ 122,391</u>	<u>₹ 117,413,372</u>	<u>₹ 25,854,293</u>	<u>₹ 69,318,829</u>

December 31, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₹ 27,889,912	₹ -	₹ -	₹ -	₹ 27,889,912
Buildings	31,490,025	94,041	11,521,747	8,701,712	11,172,525
Structures	6,249,318	7,965	3,562,220	1,695,799	983,334
Machinery	76,969,606	26,572	60,279,841	5,767,495	10,895,698
Vehicles	516,025	-	380,011	52,571	83,443
Tools and molds	60,344,231	390	36,110,752	9,438,739	14,794,350
Equipment	3,952,810	403	2,376,356	237,943	1,338,108
Construction in progress	2,396,836	-	-	-	2,396,836
Machinery in transit	112,893	-	-	-	112,893
	<u>₹ 209,921,656</u>	<u>₹ 129,371</u>	<u>₹ 114,230,927</u>	<u>₹ 25,894,259</u>	<u>₹ 69,667,099</u>

(2) Changes in the carrying amounts of property, plant and equipment for the six months ended June 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Six months ended June 30, 2016					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	190,494,892	86,835	2,285	178,062	5,246,787	185,510,717
Structures	16,766,128	222,852	47,999	149,036	865,089	16,224,928
Machinery	185,774,908	40,898	65	9,475,483	14,456,700	180,834,524
Vehicles	1,422,723	15,034	6,897	56,232	264,417	1,222,675
Tools and molds	252,248,090	2,474,400	12,364	34,292,650	38,219,342	250,783,434
Equipment	22,815,144	885,182	11,133	103,582	3,436,362	20,356,413
Construction in progress	40,866,774	51,568,037	17,405	(42,804,075)	-	49,613,331
Machinery in transit	1,924,851	798,959	-	(894,424)	-	1,829,386
	<u>₩ 1,187,844,823</u>	<u>₩ 56,092,197</u>	<u>₩ 98,148</u>	<u>₩ 556,546</u>	<u>₩ 62,488,697</u>	<u>₩ 1,181,906,721</u>

	Six months ended June 30, 2015					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	194,648,006	31,446	1242	1,706,040	5,074,808	191,309,442
Structures	16,955,550	165,721	-	472,881	843,587	16,750,565
Machinery	148,061,877	2,389,700	2,199	45,713,753	14,999,785	181,163,346
Vehicles	1,641,197	27,435	5,327	98,191	295,000	1,466,496
Tools and molds	178,424,105	20,748,264	160	107,437,546	34,273,399	272,336,356
Equipment	24,549,765	989,625	2,403	(3,810)	3,177,225	22,355,952
Construction in progress	131,569,206	51,654,433	-	(152,914,258)	-	30,309,381
Machinery in transit	2,355,375	365,545	-	(2,289,898)	-	431,022
	<u>₩ 1,173,736,394</u>	<u>₩ 76,372,169</u>	<u>₩ 11,331</u>	<u>₩ 220,445</u>	<u>₩ 58,663,804</u>	<u>₩ 1,191,653,873</u>

(*) Capitalization cost that has flowed into construction in progress and other accounts is ₩523,935 thousand (2015: ₩339,095 thousand) in this period.

(**) Depreciation cost of suspended assets amounting to ₩9,852 thousand (2015: ₩9,478 thousand) is excluded from the depreciation cost in the consolidated statement of cash flows.

(Unit: Indian rupee in thousands)

	Six months ended June 30, 2016					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	Rs. 27,889,912	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 27,889,912
Buildings	11,172,525	5,093	134	10,443	307,724	10,880,203
Structures	983,334	13,070	2,815	8,741	50,737	951,593
Machinery	10,895,698	2,399	4	555,737	847,885	10,605,945
Vehicles	83,443	882	405	3,298	15,508	71,710
Tools and molds	14,794,350	145,124	725	2,011,263	2,241,564	14,708,448
Equipment	1,338,108	51,916	653	6,075	201,543	1,193,903
Construction in progress	2,396,836	3,024,465	1,021	(2,510,458)	-	2,909,822
Machinery in transit	112,893	46,859	-	(52,459)	-	107,293
	<u>Rs. 69,667,099</u>	<u>Rs. 3,289,808</u>	<u>Rs. 5,757</u>	<u>Rs. 32,640</u>	<u>Rs. 3,664,961</u>	<u>Rs. 69,318,829</u>

	Six months ended June 30, 2015					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	Rs. 27,889,912	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 27,889,912
Buildings	11,416,106	1,844	73	100,059	297,637	11,220,299
Structures	994,443	9,720	-	27,734	49,476	982,421
Machinery	8,683,829	140,156	129	2,681,112	879,738	10,625,230
Vehicles	96,256	1,609	313	5,759	17,302	86,009
Tools and molds	10,464,574	1,216,886	9	6,301,212	2,010,135	15,972,528
Equipment	1,439,844	58,042	141	(223)	186,344	1,311,178

	Six months ended June 30, 2015					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Construction in progress	Rs. 7,716,534	Rs. 3,029,532	Rs. -	Rs. (8,968,421)	Rs. -	Rs. 1,777,645
Machinery in transit	138,143	21,439	-	(134,303)	-	25,279
	<u>Rs. 68,839,641</u>	<u>Rs. 4,479,228</u>	<u>Rs. 665</u>	<u>Rs. 12,929</u>	<u>Rs. 3,440,632</u>	<u>Rs. 69,890,501</u>

(*) Capitalization cost that has flowed into construction in progress and other accounts is Rs. 30,729 thousand (2015: Rs. 19,888 thousand) in this period.

(**) Depreciation cost of suspended assets amounting to Rs. 579 thousand (2015: Rs. 556 thousand) is excluded from the depreciation cost in the consolidated statement of cash flows.

(3) The assets pledged as collateral for the Group's borrowings as of June 30, 2016, are as follows:

(Unit: Korean won in thousands)

Assets pledged as collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	₩ 366,132,440	
Buildings and structures	150-3 (factory site) and others	74,699,285	₩ 267,000,000
Machinery	Pyeongtaek plant production facilities	5,066,667	
		<u>₩ 445,898,392</u>	

(Unit: Indian rupee in thousands)

Assets pledged as collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	Rs. 21,473,668	
Buildings and structures	150-3 (factory site) and others	4,381,113	Rs. 16,000,000
Machinery	Pyeongtaek plant production facilities	297,160	
		<u>Rs. 26,151,941</u>	

(4) Borrowing costs and capitalized interest, which is the capital, for the six months ended June 30, 2016 and 2015, are as follows.

(Unit: Korean won in thousands)

Account	Six months ended June 30, 2016	Six months ended June 30, 2015
Capitalized interest expenses(*)	₩ 1,520,676	₩ 1,074,168
Capitalization interest rate	3.74%	4.05%

(*) Borrowing costs that have been capitalized during the six months in development costs are ₩996,741 thousand (2015: ₩735,073 thousand).

(Unit: Indian rupee in thousands)

Account	Six months ended June 30, 2016	Six months ended June 30, 2015
Capitalized interest expenses(*)	Rs. 89,188	Rs. 63,000
Capitalization interest rate	3.74%	4.05%

(*) Borrowing costs that have been capitalized during the six months in development costs are Rs. 58,459 thousand (2015: Rs. 43,112 thousand).

12. INTANGIBLE ASSETS:

(1) Details of intangible assets as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	June 30, 2016				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	₩ 170,793,490	₩ -	₩ 53,537,059	₩ -	₩ 117,256,431
Patents	3,161,442	20,993	1,429,431	54,066	1,656,952
Other intangible assets	101,854,184	24,239	21,007,021	576,105	80,246,819
	<u>₩ 275,809,116</u>	<u>₩ 45,232</u>	<u>₩ 75,973,511</u>	<u>₩ 630,171</u>	<u>₩ 199,160,202</u>

	December 31, 2015				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	₩ 148,086,281	₩ -	₩ 38,550,140	₩ -	₩ 109,536,141
Patents	2,816,199	22,335	1,170,064	39,190	1,584,610
Other intangible assets	93,908,276	21,283	17,487,054	576,105	75,823,834
	<u>₩ 244,810,756</u>	<u>₩ 43,618</u>	<u>₩ 57,207,258</u>	<u>₩ 615,295</u>	<u>₩ 186,944,585</u>

(Unit: Indian rupee in thousands)

	June 30, 2016				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	Rs. 10,017,038	Rs. -	Rs. 3,139,949	Rs. -	Rs. 6,877,089
Patents	185,419	1,231	83,836	3,171	97,181
Other intangible assets	5,973,748	1,422	1,232,062	33,788	4,706,476
	<u>Rs. 16,176,205</u>	<u>Rs. 2,653</u>	<u>Rs. 4,455,847</u>	<u>Rs. 36,959</u>	<u>Rs. 11,680,746</u>

	December 31, 2015				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	Rs. 8,685,260	Rs. -	Rs. 2,260,966	Rs. -	Rs. 6,424,294
Patents	165,170	1,310	68,624	2,298	92,938
Other intangible assets	5,507,720	1,248	1,025,616	33,788	4,447,068
	<u>Rs. 14,358,150</u>	<u>Rs. 2,558</u>	<u>Rs. 3,355,206</u>	<u>Rs. 36,086</u>	<u>Rs. 10,964,300</u>

(2) Changes in intangible assets for the six months ended June 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Six months ended June 30, 2016						
	Beginning balance	Acquisition(*)	Transfer	Amortization	Impairment loss	Other	Ending balance
Development cost	₩ 109,536,141	₩ -	₩ 22,707,210	₩ 14,986,920	₩ -	₩ -	₩ 117,256,431
Patents	1,584,610	345,243	-	258,024	14,877	-	1,656,952
Other intangible assets	75,823,834	29,644,689	(22,707,210)	3,511,235	-	996,741	80,246,819
	<u>₩ 186,944,585</u>	<u>₩ 29,989,932</u>	<u>₩ -</u>	<u>₩ 18,756,179</u>	<u>₩ 14,877</u>	<u>₩ 996,741</u>	<u>₩ 199,160,202</u>

(*) Of the current-year development costs, the amount that has flowed into the capital of the cost is ₩996,741 thousand, including difference of change of exchange rate.

Six months ended June 30, 2015							
	Beginning balance	Acquisition(*)	Transfer	Amortization	Impairment loss	Other(**)	Ending balance
Development cost	₩ 14,223,033	₩ 1,881,970	₩ 118,722,633	₩ 11,855,500	₩ -	₩ 7,105	₩ 122,979,241
Patents	1,063,611	422,040	-	186,679	4,632	-	1,294,340
Other intangible assets	135,628,790	29,068,780	(118,722,633)	3,304,319	-	801,534	43,472,152
	<u>₩ 150,915,434</u>	<u>₩ 31,372,790</u>	<u>₩ -</u>	<u>₩ 15,346,498</u>	<u>₩ 4,632</u>	<u>₩ 808,639</u>	<u>₩ 167,745,733</u>

(*) Of the patents, the amount that pertains to government subsidies is ₩587 thousand, including difference of change of exchange rate.

(**) Of the current-year development costs and other intangible assets, the amount that has flowed into the capital of the cost is ₩735,073 thousand, including difference of change of exchange rate.

(Unit: Indian rupee in thousands)

Six months ended June 30, 2016							
	Beginning balance	Acquisition(*)	Transfer	Amortization	Impairment loss	Other	Ending balance
Development cost	Rs. 6,424,294	Rs. -	Rs. 1,331,778	Rs. 878,983	Rs. -	Rs. -	Rs. 6,877,089
Patents	92,938	20,249	-	15,133	873	-	97,181
Other intangible assets	4,447,068	1,738,661	(1,331,778)	205,934	-	58,459	4,706,476
	<u>Rs. 10,964,300</u>	<u>Rs. 1,758,910</u>	<u>Rs. -</u>	<u>Rs. 1,100,050</u>	<u>Rs. 873</u>	<u>Rs. 58,459</u>	<u>Rs. 11,680,746</u>

(*) Of the current-year development costs, the amount that has flowed into the capital of the cost is Rs. 58,459 thousand, including difference of change of exchange rate.

Six months ended June 30, 2015							
	Beginning balance	Acquisition(*)	Disposal	Amortization	Impairment loss	Other(**)	Ending balance
Development cost	Rs. 834,181	Rs. 110,378	Rs. 6,963,082	Rs. 695,324	Rs. -	Rs. 417	Rs. 7,212,734
Patents	62,381	24,753	-	10,949	271	-	75,914
Other intangible assets	7,954,629	1,704,884	(6,963,082)	193,798	-	47,010	2,549,643
	<u>Rs. 8,851,191</u>	<u>Rs. 1,840,015</u>	<u>Rs. -</u>	<u>Rs. 900,071</u>	<u>Rs. 271</u>	<u>Rs. 47,427</u>	<u>Rs. 9,838,291</u>

(*) Of the patents, the amount that pertains to government subsidies is Rs. 34 thousand, including difference of change of exchange rate.

(**) Of the current-year development costs and other intangible assets, the amount that has flowed into the capital of the cost is Rs. 43,112 thousand, including difference of change of exchange rate.

(3) Amortization of the Group's intangible assets for the six months ended June 30, 2016 and 2015, is as follows:

Account	Korean won in thousands		Indian rupee in thousands	
	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Cost of goods manufactured	₩ 14,986,919	₩ 11,855,499	Rs. 878,983	Rs. 695,324
Selling and administrative expenses	3,769,260	3,490,999	221,067	204,747
	<u>₩ 18,756,179</u>	<u>₩ 15,346,498</u>	<u>Rs. 1,100,050</u>	<u>Rs. 900,071</u>

(4) Changes in volume and book value of emission rights for the six months ended June 30, 2016, are as follows:

(Unit: tCo2/Korean won in thousands)

	2015		2016		2017		Total	
	Volume	Book value	Volume	Book value	Volume	Book value	Volume	Book value
Beginning balance	129,076	₩ -	127,422	₩ -	124,838	₩ -	381,336	₩ -
Allowance allocated free of charge	-	-	-	-	-	-	-	-
Ending balance	<u>129,076</u>	<u>₩ -</u>	<u>127,422</u>	<u>₩ -</u>	<u>124,838</u>	<u>₩ -</u>	<u>381,336</u>	<u>₩ -</u>

There are no pledged emission rights for the Group's borrowings as of June 30, 2016.

(5) Changes in emission liability for the six months ended June 30, 2016, are as follows:

(Unit: Korean won in thousands)

Account	Beginning balance	Increase	Decrease	Ending balance
Emission liability	₩ 153,050	₩ 58,226	₩ -	₩ 211,276

(Unit: Indian rupee in thousands)

Account	Beginning balance	Increase	Decrease	Ending balance
Emission liability	Rs. 8,976	Rs. 3,415	Rs. -	Rs. 12,391

Estimated amount of greenhouse gas that is discharged during the year is 76,454 tCO₂.

13. **BORROWINGS:**

(1) The Group's short-term borrowings as of June 30, 2016, and December 31, 2015, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	June 30, 2016	December 31, 2015
Korea Development Bank ("KDB")	Operating fund	CD + 2.12	₩ 30,000,000	₩ 30,000,000
Woori Bank(*)	Operating fund	CD + 2.00	20,000,000	17,500,000
Bank of America ("BOA") and others	Banker's usance	0.66-1.35	115,592,442	105,724,546
			₩ 165,592,442	₩ 153,224,546

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	June 30, 2016	December 31, 2015
KDB	Operating fund	CD + 2.12	Rs. 1,759,500	Rs. 1,759,500
Woori Bank(*)	Operating fund	CD + 2.00	1,173,000	1,026,375
BOA and others	Banker's usance	0.66-1.35	6,779,497	6,200,745
			Rs. 9,711,997	Rs. 8,986,620

(*) Of the amount of long-term borrowings, the amount is within one-year arrival worth.

(2) The Group's long-term borrowings as of June 30, 2016, and December 31, 2015, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	June 30, 2016	December 31, 2015
Woori Bank	Operating fund	CD + 2.0	₩ 47,500,000	₩ 55,000,000
Net: Within one-year arrival worth			(20,000,000)	(17,500,000)
			₩ 27,500,000	₩ 37,500,000

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	June 30, 2016	December 31, 2015
Woori Bank	Operating fund	CD + 2.0	Rs. 2,785,875	Rs. 3,225,750
Net: Within one-year arrival worth			(1,173,000)	(1,026,375)
			Rs. 1,612,875	Rs. 2,199,375

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

Creditor	Assets pledged as collaterals	Pledged date	Maximum credit amount
KDB	Land, buildings and machinery	2009-08-13	₩ 195 billion (Rs. 11 billion)
Woori Bank	Land, buildings and machinery	2014-10-29	₩ 36 billion (Rs. 2 billion)
Woori Bank	Land, buildings and machinery	2015-08-07	₩ 36 billion (Rs. 2 billion)

14. OTHER FINANCIAL LIABILITIES:

Carrying amounts of the Group's other financial liabilities as of June 30, 2016, and December 31, 2015, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Other current financial liabilities:				
Accrued expenses	₩ 26,725,663	₩ 32,484,211	Rs. 1,567,459	Rs. 1,905,200

15. PROVISION FOR PRODUCT WARRANTIES:

The Group 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 for the six months ended June 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Six months ended June 30, 2016	₩ 143,793,979	₩ 49,421,345	₩ 48,835,743	₩ 144,379,581	₩ 54,244,260	₩ 90,135,321
Six months ended June 30, 2015	137,866,039	56,470,400	49,095,748	145,240,691	59,420,226	85,820,465

(Unit: Indian rupee in thousands)

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Six months ended June 30, 2016	Rs. 8,433,517	Rs. 2,898,562	Rs. 2,864,216	Rs. 8,467,863	Rs. 3,181,426	Rs. 5,286,437
Six months ended June 30, 2015	8,085,843	3,311,989	2,879,466	8,518,366	3,484,996	5,033,370

16. OTHER CURRENT LIABILITIES:

Carrying amounts of the Group's other liabilities as of June 30, 2016, and December 31, 2015, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Other liabilities				
Advances from customers	₩ 19,301,699	₩ 2,572,498	Rs. 1,132,045	Rs. 150,877
Deposits received	617,234	733,742	36,201	43,034
Withholdings	22,320,556	25,578,489	1,309,100	1,500,178
	₩ 42,239,489	₩ 28,884,729	Rs. 2,477,346	Rs. 1,694,089

17. RETIREMENT BENEFIT OBLIGATION:

(1) Defined benefit plans and related liabilities arising from the Group's consolidated financial statements' configuration items as of June 30, 2016, and December 31, 2015, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Present value of defined benefit obligation	₩ 303,937,538	₩ 293,343,081	Rs. 17,825,937	Rs. 17,204,572
Fair value of plan assets	(1,234,326)	(1,337,356)	(72,394)	(78,436)
	₩ 302,703,212	₩ 292,005,725	Rs. 17,753,543	Rs. 17,126,136

(2) Changes in the Group's defined benefit obligations ("DBO") for the six months ended June 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Six months ended June 30, 2016		
	Present value of DBO	Fair value of scheme assets	Total
Beginning balance	₩ 293,343,081	₩ (1,337,356)	₩ 292,005,725
Net current service cost	20,421,739	-	20,421,739
Interest cost (income) on DBO	4,260,071	(19,386)	4,240,685
Subtotal	<u>318,024,891</u>	<u>(1,356,742)</u>	<u>316,668,149</u>
Remeasurements			
Asset loss	-	6,848	6,848
Payments			
Benefit payment from plan assets	(115,568)	115,568	-
Benefit payment from Company	(13,971,785)	-	(13,971,785)
Ending balance	<u>₩ 303,937,538</u>	<u>₩ (1,234,326)</u>	<u>₩ 302,703,212</u>

	Six months ended June 30, 2015		
	Present value of DBO	Fair value of scheme assets	Total
Beginning balance	₩ 248,189,001	₩ (1,440,612)	₩ 246,748,389
Net current service cost	18,820,542	-	18,820,542
Interest cost (income) on DBO	4,200,489	(24,324)	4,176,165
Subtotal	<u>271,210,032</u>	<u>(1,464,936)</u>	<u>269,745,096</u>
Remeasurements			
Asset loss	-	10,398	10,398
Payments			
Benefit payment from plan assets	(61,371)	61,371	-
Benefit payment from Company	(6,928,442)	-	(6,928,442)
Ending balance	<u>₩ 264,220,219</u>	<u>₩ (1,393,167)</u>	<u>₩ 262,827,052</u>

(Unit: Indian rupee in thousands)

	Six months ended June 30, 2016		
	Present value of DBO	Fair value of scheme assets	Total
Beginning balance	Rs. 17,204,572	Rs. (78,436)	Rs. 17,126,136
Net current service cost	1,197,735	-	1,197,735
Interest cost (income) on DBO	249,853	(1,137)	248,716
Subtotal	<u>18,652,160</u>	<u>(79,573)</u>	<u>18,572,587</u>
Remeasurements			
Asset loss	-	401	401
Payments			
Benefit payment from plan assets	(6,778)	6,778	-
Benefit payment from Company	(819,445)	-	(819,445)
Ending balance	<u>Rs. 17,825,937</u>	<u>Rs. (72,394)</u>	<u>Rs. 17,753,543</u>

	Six months ended June 30, 2015		
	Present value of DBO	Fair value of scheme assets	Total
Beginning balance	Rs. 14,556,285	Rs. (84,492)	Rs. 14,471,793
Net current service cost	1,103,825	-	1,103,825
Interest cost (income) on DBO	246,359	(1,427)	244,932
Subtotal	<u>15,906,469</u>	<u>(85,919)</u>	<u>15,820,550</u>

	Six months ended June 30, 2015		
	Present value of DBO	Fair value of scheme assets	Total
Remeasurements			
Asset loss	Rs. -	Rs. 610	Rs. 610
Payments			
Benefit payment from plan assets	(3,599)	3,599	-
Benefit payment from Company	(406,353)	-	(406,353)
Ending balance	<u>Rs. 15,496,517</u>	<u>Rs. (81,710)</u>	<u>Rs. 15,414,807</u>

(3) Actuarial assumptions used as of June 30, 2016, and December 31, 2015, are as follows:

	June 30, 2016	December 31, 2015
Discount rate (%)	2.92	2.92
Expected rate of salary increase (%)	4.92	4.92

18. CONTINGENCIES AND COMMITMENTS:

The major commitments and contingent liabilities as of June 30, 2016, are as follows:

- (1) The Group carries product liability insurance for all products that it sells.
- (2) As of June 30, 2016, the Group has been providing guarantees from KDB, etc., amounting to USD 297 million (execution amount USD 170 million) related to import letter of credit ("L/C")
- (3) The followings are the major loan arrangements with the financial institutions as of June 30, 2016:

(Unit: Korean won in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	₩ 30,000,000	₩ 30,000,000
Woori Bank	Operating purpose loans	20,000,000	20,000,000
Woori Bank	Operating purpose loans	27,500,000	27,500,000
Nonghyup Bank	Limit purpose loans	15,000,000	-
JP Morgan	Limit purpose loans	30,000,000	-
BNP Paribas	Limit purpose loans	15,000,000	-
Deutsche Bank	Limit purpose loans	17,000,000	-
BOA	Limit purpose loans	50,000,000	-
Total		<u>₩ 204,500,000</u>	<u>₩ 77,500,000</u>

(Unit: Indian rupee in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	Rs. 1,759,500	Rs. 1,759,500
Woori Bank	Operating purpose loans	1,173,000	1,173,000
Woori Bank	Operating purpose loans	1,612,875	1,612,875
Nonghyup Bank	Limit purpose loans	879,750	-
JP Morgan	Limit purpose loans	1,759,500	-
BNP Paribas	Limit purpose loans	879,750	-
Deutsche Bank	Limit purpose loans	997,050	-
BOA	Limit purpose loans	2,932,500	-
Total		<u>Rs. 11,993,925</u>	<u>Rs. 4,545,375</u>

- (4) As of June 30, 2016, the Group has provided payment guarantee of USD 23,445,779 from Standard Chartered Bank Korea Limited in connection with advance refund guarantee and performance bond.

(5) Pending litigations

As of June 30, 2016, the Group has three pending litigations as a plaintiff, with claims amounting to ₩2,435 million (Rs. 143 million), and 25 pending litigations as a defendant, with claims amounting to ₩19,798 million (Rs. 1,161 million). The Group recognized other payables amounting to ₩27,859 million (Rs. 1,634 million) that are expected to be a probable loss and can be reasonably estimated as of June 30, 2016.

19. CAPITAL STOCK:

As of June 30, 2016, and December 31, 2015, the number of authorized shares is three billion shares. Details of capital stock are as follows:

(Unit: Korean won in thousands, except par value)

Classification	No. of shares		Par value	Capital stock
	authorized	Shares outstanding		
June 30, 2016	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480
December 31, 2015	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480

(Unit: Indian rupee in thousands, except par value)

Classification	No. of shares		Par value	Capital stock
	Authorized	Shares outstanding		
June 30, 2016	3,000,000,000	137,220,096	Rs. 293	Rs. 40,239,793
December 31, 2015	3,000,000,000	137,220,096	Rs. 293	Rs. 40,239,793

20. OTHER CAPITAL SURPLUS:

Details of other capital surplus and retained earnings as of June 30, 2016, and December 31, 2015, are as follows:

	June 30, 2016		December 31, 2015		
	(Korean won in thousands)		(Indian rupee in thousands)		
Other capital surplus	Paid-up capital in excess of par value	₩ 11,452,713	₩ 11,452,713	Rs. 671,702	Rs. 671,702
	Gain on capital reduction	118,189,001	118,189,001	6,931,785	6,931,785
	Debt to be swapped for equity	931,508	931,508	54,633	54,633
	Gain on disposal of treasury stocks	1,105,138	1,105,138	64,816	64,816
		<u>₩ 131,678,360</u>	<u>₩ 131,678,360</u>	<u>Rs. 7,722,936</u>	<u>Rs. 7,722,936</u>

21. OTHER CAPITAL ADJUSTMENTS:

(1) Details of the Group's other capital adjustments as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Other capital adjustments	Classification	June 30, 2016	December 31, 2015
		Gain on valuation of derivatives	₩ 1,604,369
	Gain on overseas operation translation	1,229,279	1,343,590
		<u>₩ 2,833,648</u>	<u>₩ 1,570,930</u>

(Unit: Indian rupee in thousands)

Classification		June 30, 2016	December 31, 2015
Other capital adjustments	Gain on valuation of derivatives	Rs. 94,096	Rs. 13,333
	Gain on overseas operation translation	72,098	78,802
		<u>Rs. 166,194</u>	<u>Rs. 92,135</u>

(2) Changes in the Group's gain (loss) on valuation of derivatives for the six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Beginning balance	₩ 227,340	₩ (14,167,300)	Rs. 13,333	Rs. (830,912)
Gain (loss) on valuation of derivatives	1,572,989	(6,832,500)	92,256	(400,726)
Reclassified to net income	(195,960)	8,652,800	(11,493)	507,487
Ending balance	<u>₩ 1,604,369</u>	<u>₩ (12,347,000)</u>	<u>Rs. 94,096</u>	<u>Rs. (724,151)</u>

(3) Changes in the Group's gain (loss) on overseas operation translation credit for the six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Beginning balance	₩ 1,343,590	₩ 1,102,069	Rs. 78,802	Rs. 64,636
Cumulative effect of foreign currency translation	(114,311)	350,193	(6,704)	20,539
Ending balance	<u>₩ 1,229,279</u>	<u>₩ 1,452,262</u>	<u>Rs. 72,098</u>	<u>Rs. 85,175</u>

22. ACCUMULATED DEFICIT:

(1) Details of deficit as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	June 30, 2016	December 31, 2015
Deficit	₩ (81,944,831)	₩ (102,294,593)

(Unit: Indian rupee in thousands)

	June 30, 2016	December 31, 2015
Deficit	Rs. (4,806,064)	Rs. (5,999,578)

(2) Changes in deficit (retained earnings) for the six months ended June 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Six months ended June 30, 2016	Six months ended June 30, 2015
Beginning balance	₩ (102,294,593)	₩ (25,034,685)
Net income (loss)	20,356,609	(53,947,792)
Actuarial loss	(6,847)	(10,398)
Ending balance	<u>₩ (81,944,831)</u>	<u>₩ (78,992,875)</u>

(Unit: Indian rupee in thousands)

	Six months ended June 30, 2016	Six months ended June 30, 2015
Beginning balance	Rs. (5,999,578)	Rs. (1,468,284)
Net income (loss)	1,193,915	(3,164,038)
Actuarial loss	(401)	(610)
Ending balance	<u>Rs. (4,806,064)</u>	<u>Rs. (4,632,932)</u>

23. INCOME TAX:

Composition of income tax expense for the six months ended June 30, 2016 and 2015, is as follows:

	Korean won in thousands		Indian rupee in thousands	
	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Income tax expense of parent company	₩ -	₩ -	Rs. -	Rs. -
Income tax expense of subsidiary company	26	10,558	2	619
Income tax expense of consolidated company	<u>₩ 26</u>	<u>₩ 10,558</u>	<u>Rs. 2</u>	<u>Rs. 619</u>

24. EXPENSES BY CATEGORY:

Details of expenses classified by category for the six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Changes in inventories Raw materials and merchandise goods used	₩ (13,395,332)	₩ (5,967,298)	Rs. (785,636)	Rs. (349,982)
Salaries	1,193,322,241	1,102,879,646	69,988,349	64,683,891
Depreciation	256,756,954	235,739,668	15,058,795	13,826,132
Amortization	62,488,697	58,663,804	3,664,961	3,440,632
Other	18,756,179	15,346,498	1,100,050	900,071
	231,870,847	243,309,561	13,599,227	14,270,107
Total (*)	<u>₩ 1,749,799,586</u>	<u>₩ 1,649,971,879</u>	<u>Rs. 102,625,746</u>	<u>Rs. 96,770,851</u>

(*) The sum of total selling and administrative expenses and cost of sales.

25. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company has a derivative contract with financial institutions, such as KDB, to minimize the risks of exchange rate fluctuations by fitting the amount and period of expected foreign currency transactions (hedged items). Of foreign currency forward contracts applied to cash flow risk aversion accounting treatment, gain of ₩1,604,369 thousand (Rs. 94,096 thousand), which is an efficient part, is recognized as other capital component and gain of ₩93,569 thousand (Rs. 5,488 thousand), which is an inefficient part, is recognized as current income for the six months ended June 30, 2016. Of financial assets at fair value through profit or loss ("FVTPL"), gain on valuation of foreign currency forward contracts of ₩2,903,065 thousand (Rs. 170,265 thousand) and loss on valuation of foreign currency forward contracts of ₩322,145 thousand (Rs. 18,894 thousand) are recognized as current income for the six months ended June 30, 2016.

26. SELLING AND ADMINISTRATIVE EXPENSES:

(1) Details of the Group's selling expenses for the three and six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended June 30, 2016	Six months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2015
Warranty expenses	₩ 19,336,137	₩ 33,154,220	₩ 25,113,768	₩ 43,685,962
Sales commissions	59,653,356	109,625,554	50,473,900	93,447,886
Advertising expenses	5,011,417	10,554,197	1,883,617	8,565,912
Export expenses	10,168,795	19,783,777	11,407,159	23,513,650
Others	9,045,047	18,035,280	10,543,066	21,164,469
	<u>₩ 103,214,752</u>	<u>₩ 191,153,028</u>	<u>₩ 99,421,510</u>	<u>₩ 190,377,879</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Warranty expenses	Rs. 1,134,064	Rs. 1,944,495	Rs. 1,472,922	Rs. 2,562,182
Sales commissions	3,498,669	6,429,539	2,960,294	5,480,719
Advertising expenses	293,920	619,004	110,474	502,391
Export expenses	596,400	1,160,319	669,030	1,379,076
Others	530,493	1,057,769	618,350	1,241,296
	<u>Rs. 6,053,546</u>	<u>Rs. 11,211,126</u>	<u>Rs. 5,831,070</u>	<u>Rs. 11,165,664</u>

(2) Details of the administrative expenses for the three and six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Salaries	₩ 13,384,712	₩ 26,445,960	₩ 13,186,427	₩ 25,385,236
Postemployment benefits	1,972,464	4,319,462	2,177,301	4,053,161
Employee benefits	2,846,967	6,008,305	2,782,124	5,472,164
Rent expense	2,570,273	5,035,340	2,799,595	5,634,355
Service fees	6,850,571	12,870,132	6,532,269	13,137,236
Depreciation	2,848,225	5,718,269	2,865,876	5,768,555
Research and development (“R&D”) expenses	3,132,039	7,653,249	2,723,105	6,967,986
Amortization	1,863,892	3,769,260	1,750,705	3,490,999
Bad debt expense	(23,562)	26,283	(51,824)	(25,914)
Other administrative expenses	9,710,406	17,265,807	9,705,673	16,752,124
	<u>₩ 45,155,987</u>	<u>₩ 89,112,067</u>	<u>₩ 44,471,251</u>	<u>₩ 86,635,902</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Salaries	Rs. 785,013	Rs. 1,551,056	Rs. 773,384	Rs. 1,488,844
Postemployment benefits	115,685	253,336	127,699	237,718
Employee benefits	166,975	352,387	163,172	320,942
Rent expense	150,747	295,323	164,196	330,455
Service fees	401,786	754,833	383,118	770,499
Depreciation	167,048	335,376	168,084	338,326
R&D expenses	183,694	448,863	159,710	408,672
Amortization	109,317	221,067	102,679	204,747
Bad debt expense	(1,382)	1,541	(3,039)	(1,520)
Other administrative expenses	569,515	1,012,640	569,237	982,512
	<u>Rs. 2,648,398</u>	<u>Rs. 5,226,422</u>	<u>Rs. 2,608,240</u>	<u>Rs. 5,081,195</u>

27. NON-OPERATING INCOME (EXPENSES):

- (1) Details of the Group's non-operating income for the three and six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Commission income	₩ -	₩ -	₩ 91,307	₩ 301,868
Gain on foreign currency transactions	3,519,290	6,538,391	2,647,821	5,408,552
Gain on foreign currency translation	(621,905)	176,727	(116,286)	400,381
Gain on disposal of property, plant and equipment	9,085	21,368	581,589	590,739
Others	4,294,599	7,540,437	5,937,451	10,116,234
	<u>₩ 7,201,069</u>	<u>₩ 14,276,923</u>	<u>₩ 9,141,882</u>	<u>₩ 16,817,774</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Commission income	Rs. -	Rs. -	Rs. 5,355	Rs. 17,705
Gain on foreign currency transactions	206,406	383,477	155,295	317,212
Gain on foreign currency translation	(36,475)	10,365	(6,820)	23,482
Gain on disposal of property, plant and equipment	533	1,253	34,110	34,647
Others	251,878	442,247	348,231	593,316
	<u>Rs. 422,342</u>	<u>Rs. 837,342</u>	<u>Rs. 536,171</u>	<u>Rs. 986,362</u>

- (2) Details of the Group's other non-operating expenses for the three and six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Loss on foreign currency transactions	₩ 2,996,498	₩ 6,404,194	₩ 2,294,310	₩ 4,088,000
Loss on foreign currency translation	778,486	1,154,578	(264,493)	846,955
Loss on disposal of property, plant and equipment	50,616	65,113	1,625	5,418
Loss on disposal of trade receivables	6,608,827	11,403,302	3,005,592	4,589,854
Others	380,438	1,017,513	1,340,851	3,758,162
	<u>₩ 10,814,865</u>	<u>₩ 20,044,700</u>	<u>₩ 6,377,885</u>	<u>₩ 13,288,389</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Loss on foreign currency transactions	Rs. 175,745	Rs. 375,606	Rs. 134,561	Rs. 239,761
Loss on foreign currency translation	45,658	67,716	(15,513)	49,674
Loss on disposal of property, plant and equipment	2,969	3,819	95	318

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Loss on disposal of trade receivables	Rs. 387,608	Rs. 668,804	Rs. 176,278	Rs. 269,195
Others	<u>22,313</u>	<u>59,677</u>	<u>78,642</u>	<u>220,416</u>
	<u>Rs. 634,293</u>	<u>Rs. 1,175,622</u>	<u>Rs. 374,063</u>	<u>Rs. 779,364</u>

28. FINANCIAL INCOME AND COST:

- (1) Details of the Group's financial income for the three and six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Interest income	₩ 649,224	₩ 1,318,101	₩ 797,094	₩ 1,729,221
Dividend income	5,000	11,000	5,000	11,000
Gain on foreign currency transactions	1,520,941	2,219,425	3,917,712	5,848,792
Gain on foreign currency translation	(469,056)	801,501	(3,882,454)	395,239
Gain on disposal of derivatives	2,318,349	3,308,856	803,300	921,150
Gain on valuation of derivatives	<u>2,912,741</u>	<u>2,996,634</u>	<u>425,778</u>	<u>2,320,828</u>
	<u>₩ 6,937,199</u>	<u>₩ 10,655,517</u>	<u>₩ 2,066,430</u>	<u>₩ 11,226,230</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Interest income	Rs. 38,077	Rs. 77,307	Rs. 46,750	Rs. 101,419
Dividend income	293	645	293	645
Gain on foreign currency transactions	89,204	130,170	229,774	343,032
Gain on foreign currency translation	(27,510)	47,008	(227,707)	23,181
Gain on disposal of derivatives	135,971	194,064	47,114	54,025
Gain on valuation of derivatives	<u>170,832</u>	<u>175,753</u>	<u>24,972</u>	<u>136,117</u>
	<u>Rs. 406,867</u>	<u>Rs. 624,947</u>	<u>Rs. 121,196</u>	<u>Rs. 658,419</u>

- (2) Details of the Group's financial cost for the three and six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Interest expense	₩ 186,741	₩ 378,806	₩ 298,688	₩ 564,923
Loss on foreign currency transactions	4,504,918	7,917,502	914,733	3,090,392
Loss on foreign currency translation	2,214,063	4,118,534	2,680,346	2,803,374
Loss on disposal of derivatives	602,825	1,437,293	3,743,000	8,132,900
Loss on valuation of derivatives	<u>(1,407,855)</u>	<u>322,145</u>	<u>10,800</u>	<u>10,800</u>
	<u>₩ 6,100,692</u>	<u>₩ 14,174,280</u>	<u>₩ 7,647,567</u>	<u>₩ 14,602,389</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Interest expense	Rs. 10,952	Rs. 22,217	Rs. 17,518	Rs. 33,133
Loss on foreign currency transactions	264,213	464,362	53,650	181,251
Loss on foreign currency translation	129,855	241,552	157,202	164,418
Loss on disposal of derivatives	35,356	84,297	219,527	476,995

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
	Rs.	Rs.	Rs.	Rs.
Loss on valuation of derivatives	(82,571)	18,894	633	633
	<u>357,805</u>	<u>831,322</u>	<u>448,530</u>	<u>856,430</u>

(3) Details of the Group's financial net profit for the three and six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
	₩	₩	₩	₩
Loan and receivables	(5,204,613)	(8,075,815)	(3,061,415)	1,514,563
AFS financial assets	5,000	11,000	5,000	11,000
Derivative assets/liabilities	6,036,120	4,546,052	(2,524,722)	(4,901,722)
	<u>₩ 836,507</u>	<u>₩ (3,518,763)</u>	<u>₩ (5,581,137)</u>	<u>₩ (3,376,159)</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
	Rs.	Rs.	Rs.	Rs.
Loan and receivables	(305,251)	(473,646)	(179,552)	88,829
AFS financial assets	293	645	293	645
Derivative assets/liabilities	354,018	266,626	(148,075)	(287,485)
	<u>Rs. 49,060</u>	<u>Rs. (206,375)</u>	<u>Rs. (327,334)</u>	<u>Rs. (198,011)</u>

29. INCOME (LOSS) PER SHARE:

(1) Basic income (loss) per share for the three and six months ended June 30, 2016 and 2015, is calculated as follows:

(Unit: Korean won and Indian rupee in thousands, except for earnings per share):

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
	₩	₩	₩	₩
Net income (loss)	18,011,723	20,356,609	(22,701,468)	(53,947,792)
Loss contributed to common stocks	18,011,723	20,356,609	(22,701,468)	(53,947,792)
Number of common stocks outstanding	<u>137,182,087</u>	<u>137,182,087</u>	<u>137,220,096</u>	<u>137,143,448</u>
Basic and diluted loss per share(*)	<u>₩ 131</u>	<u>₩ 148</u>	<u>₩ (165)</u>	<u>₩ (393)</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
	Rs.	Rs.	Rs.	Rs.
Net income (loss)	1,056,388	1,193,915	(1,331,441)	(3,164,038)
Loss contributed to common stocks	1,056,388	1,193,915	(1,331,441)	(3,164,038)
Number of common stocks outstanding	<u>137,182,087</u>	<u>137,182,087</u>	<u>137,220,096</u>	<u>137,143,448</u>
Basic and diluted loss per share(*)	<u>Rs. 8</u>	<u>Rs. 9</u>	<u>Rs. (10)</u>	<u>Rs. (23)</u>

(*) Basic and diluted losses per share for the three and six months ended June 30, 2016 and 2015, are identical since there are no dilutive potential common shares.

- (2) The number of shares outstanding for the six months ended June 30, 2016 and 2015, is calculated as follows:

		Six months ended June 30, 2016				
		Time interval		Outstanding	Weighted-average impact	Outstanding
Common stock		2016-01-01	2016-06-30	137,182,087	182/182	137,182,087
Total						<u>137,182,087</u>
		Six months ended June 30, 2015				
		Time interval		Outstanding	Weighted-average impact	Outstanding
Common stock		2015-01-01	2015-06-30	137,220,096	181/181	137,220,096
Treasury stock		2015-01-01	2015-02-22	(237,964)	53/181	(69,679)
Treasury stock		2015-02-23	2015-02-23	(221,997)	1/181	(1,227)
Treasury stock		2015-02-24	2015-02-24	(191,997)	1/181	(1,061)
Treasury stock		2015-02-25	2015-02-25	(161,997)	1/181	(895)
Treasury stock		2015-02-26	2015-02-26	(121,997)	1/181	(674)
Treasury stock		2015-02-27	2015-03-01	(71,997)	3/181	(1,193)
Treasury stock		2015-03-02	2015-03-17	(21,706)	16/181	(1,919)
Total						<u>137,143,448</u>

30. CASH FLOWS FROM OPERATING ACTIVITIES:

Details of cash flows from operating activities for the six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
1. Net income (loss)	₩ 20,356,609	₩ (53,947,792)	Rs. 1,193,915	Rs. (3,164,038)
2. Adjustments	115,972,658	102,400,826	6,801,797	6,005,808
Retirement benefits	24,662,424	22,996,707	1,446,451	1,348,757
Depreciation	62,478,845	58,654,326	3,664,382	3,440,076
Amortization	18,756,179	15,346,498	1,100,050	900,071
Loss on disposal of trade receivables	11,403,302	4,589,854	668,804	269,195
Loss/gain on foreign currency translation	4,294,884	2,854,709	251,895	167,429
Loss/gain on disposal of property, plant and equipment	43,745	(585,321)	2,566	(34,329)
Net interest income/expense	(939,295)	(1,164,298)	(55,090)	(68,286)
Gain on dividends	(11,000)	(11,000)	(645)	(645)
Loss/gain on valuation of inventories	168,132	2,128,836	9,861	124,856
Equity income on investments	(2,268,198)	-	(133,030)	-
Others	(2,616,360)	(2,409,485)	(153,447)	(141,316)
3. Changes in working capital	(77,217,250)	(49,029,212)	(4,528,791)	(2,875,563)
Decrease (increase) in trade receivables	(42,653,226)	3,290,046	(2,501,612)	192,962
Decrease (increase) in non-trade receivables	(313,539)	10,708,667	(18,389)	628,063
Decrease (increase) in inventories	1,317,087	(17,345,984)	77,247	(1,017,342)
Increase in other assets	(2,727,485)	(1,941,930)	(159,967)	(113,894)
Increase (decrease) in trade payables	(4,849,079)	1,972,844	(284,398)	115,707
Decrease in other payables	(18,101,878)	(63,565,287)	(1,061,675)	(3,728,104)
Decrease in accrued charges	(5,683,320)	(2,781,635)	(333,327)	(163,143)
Increase in provision of product warranties	585,603	7,374,652	34,346	432,523
Payment of severance indemnities	(13,971,785)	(6,928,442)	(819,445)	(406,353)
Increase in other liabilities	9,180,372	20,187,857	538,429	1,184,018
Net cash provided by (used in) operating activities	<u>₩ 59,112,017</u>	<u>₩ (576,178)</u>	<u>Rs. 3,466,921</u>	<u>Rs. (33,793)</u>

31. SEGMENT INFORMATION:

(1) The Group determined itself as a single reportable segment in 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 six months ended June 30, 2016 and 2015, is as follows:

(Unit: Korean won and Indian rupee in thousands)

Sales region	Six months ended June 30, 2016			
Republic of Korea	₩	1,248,555,927	Rs.	73,227,805
Europe		281,699,262		16,521,662
Asia Pacific		142,080,878		8,333,043
Others		110,794,005		6,498,068
Consolidation adjustment		(5,955,509)		(349,290)
	₩	1,777,174,563	Rs.	104,231,288

Sales region	Six months ended June 30, 2015			
Republic of Korea	₩	1,136,356,840	Rs.	66,647,329
Europe		221,868,508		13,012,588
Asia Pacific		97,456,567		5,715,828
Others		144,820,259		8,493,708
Consolidation adjustment		(4,620,756)		(271,008)
	₩	1,595,881,418	Rs.	93,598,445

Non-current assets are not separately disclosed as all are located in Korea, and main customer information is not disclosed as most of the Group sales are generated through contracting with individuals and foreign authorized agencies.

(3) Information of each sales product and other parts, etc., for the six months ended June 30, 2016 and 2015, is as follows:

(Unit: Korean won and Indian rupee in thousands)

Sales	Six months ended June 30, 2016			
Automobile	₩	1,554,441,082	Rs.	91,167,969
Goods, etc.		166,875,610		9,787,255
Other parts, etc.		55,857,871		3,276,064
	₩	1,777,174,563	Rs.	104,231,288

Sales	Six months ended June 30, 2015			
Automobile	₩	1,418,935,840	Rs.	83,220,587
Goods, etc.		165,395,185		9,700,428
Other parts, etc.		11,550,393		677,430
	₩	1,595,881,418	Rs.	93,598,445

32. RELATED-PARTY TRANSACTIONS:

(1) Details of related parties as of June 30, 2016, are as follows:

	Related parties
Controlling company	Mahindra & Mahindra Ltd.
Joint ventures	SY Auto Capital Co., Ltd.
Other affiliated companies	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.

The transactions between the Company and its subsidiaries are eliminated in the consolidated financial statements and not separately disclosed in the notes related to receivables and payables.

(2) Major transactions with related parties for the three and six months ended June 30, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Company	Description	Three months ended June 30, 2016	Six months ended June 30, 2015
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩ 43,093,656	₩ 890,104
		Other income	-	13,221
		Purchases	406,278	1,281,142
		Other expenses	32,195	47,476
Transactions with joint ventures	SY Auto Capital Co., Ltd.	Other expenses	₩ 10,619,750	₩ -
Transactions with other affiliates	Mahindra Vehicle Manufacturing Ltd.	Sales	₩ 118,782	₩ 5,054,654
		Other income	-	9,937
	Mahindra & Mahindra South Africa Ltd.	Other expenses	43,269	188,907

(Unit: Indian rupee in thousands)

	Company	Description	Three months ended June 30, 2016	Six months ended June 30, 2015
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs. 2,527,443	Rs. 52,205
		Other income	-	775
		Purchases	23,828	75,139
		Other expenses	1,888	2,784
Transactions with joint ventures	SY Auto Capital Co., Ltd.	Other expenses	Rs. 622,848	Rs. -
Transactions with other affiliates	Mahindra Vehicle Manufacturing Ltd.	Sales	Rs. 6,967	Rs. 296,455
		Other income	-	583
	Mahindra & Mahindra South Africa Ltd.	Other expenses	2,538	11,079

The bad debt expense recognized for the six months ended June 30, 2016 and 2015, does not exist.

(3) Outstanding receivables and payables from transactions with related parties as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	June 30, 2016	December 31, 2015
Receivables from and payables to controlling company:		
Trade receivables	₩ 21,100,380	₩ 89,823
Non-trade receivables	185,261	54,959
Trade payables	-	207,149
Non-trade payables	140,635	2,808
Receivables from and payables to joint ventures:		
Non-trade receivables	₩ -	₩ 96,000
Receivables from and payables to affiliates:		
Trade receivables	₩ 5,326	₩ 20,769
Non-trade payables	86,517	89,314

(Unit: Indian rupee in thousands)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Receivables from and payables to controlling company:		
Trade receivables	Rs. 1,237,537	Rs. 5,268
Non-trade receivables	10,866	3,223
Trade payables	-	12,149
Non-trade payables	8,248	165
Receivables from and payables to controlling company:		
Non-trade receivables	Rs. -	Rs. 5,630
Receivables from and payables to affiliates:		
Trade receivables	Rs. 312	Rs. 1,218
Non-trade payables	5,074	5,238

The Group did not recognize allowance for the above-mentioned receivables, and no bad debt expense was recognized for the six months ended June 30, 2016.

- (4) Loan and borrowing transactions with related parties for the six months ended June 30, 2016 and 2015, do not exist.
- (5) Details of compensation for key executives for the six months ended June 30, 2016 and 2015, are as follows:

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Six months ended June 30, 2016</u>	<u>Six months ended June 30, 2015</u>	<u>Six months ended June 30, 2016</u>	<u>Six months ended June 30, 2015</u>
Short-term employee benefits	₩ 135,909	₩ 414,558	Rs. 7,971	Rs. 24,314
Retirement benefits	11,786	17,287	691	1,014

33. FINANCIAL INSTRUMENTS:

(1) Capital risk management

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

The Group 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 separate financial statements.

The Group is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of June 30, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Debt (A)	₩ 1,311,929,022	₩ 1,322,142,538
Equity (B)	<u>738,667,657</u>	<u>717,055,177</u>
Debt ratio (A/B)	<u>178%</u>	<u>184%</u>

(Unit: Indian rupee in thousands)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Debt (A)	Rs. 76,944,637	Rs. 77,543,662
Equity (B)	<u>43,322,859</u>	<u>42,055,286</u>
Debt ratio (A/B)	<u>178%</u>	<u>184%</u>

(2) Details of financial assets and liabilities by category as of June 30, 2016, and December 31, 2015, are as follows:

1) Financial assets

(Unit: Korean won in thousands)

June 30, 2016						
Financial assets	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 162,008,621	₩ -	₩ -	₩ -	₩ 162,008,621	₩ 162,008,621
Non-current financial instruments	6,000	-	-	-	6,000	6,000
Trade and other receivables	233,281,442	-	-	-	233,281,442	233,281,442
AFS financial assets	-	560,000	-	-	560,000	560,000
Derivative assets	-	-	3,161,211	1,707,754	4,868,965	4,868,965
	<u>₩ 395,296,063</u>	<u>₩ 560,000</u>	<u>₩ 3,161,211</u>	<u>₩ 1,707,754</u>	<u>₩ 400,725,028</u>	<u>₩ 400,725,028</u>
December 31, 2015						
Financial assets	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 197,881,904	₩ -	₩ -	₩ -	₩ 197,881,904	₩ 197,881,904
Non-current financial instruments	6,000	-	-	-	6,000	6,000
Trade and other receivables	199,790,478	-	-	-	199,790,478	199,790,478
AFS financial assets	-	560,000	-	-	560,000	560,000
Derivative assets	-	-	1,429,088	278,607	1,707,695	1,707,695
	<u>₩ 397,678,382</u>	<u>₩ 560,000</u>	<u>₩ 1,429,088</u>	<u>₩ 278,607</u>	<u>₩ 399,946,077</u>	<u>₩ 399,946,077</u>

(Unit: Indian rupee in thousands)

June 30, 2016						
Financial assets	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 9,501,806	Rs. -	Rs. -	Rs. -	Rs. 9,501,806	Rs. 9,501,806
Non-current financial instruments	352	-	-	-	352	352
Trade and other receivables	13,681,957	-	-	-	13,681,957	13,681,957
AFS financial assets	-	32,844	-	-	32,844	32,844
Derivative assets	-	-	185,405	100,160	285,565	285,565
	<u>Rs. 23,184,115</u>	<u>Rs. 32,844</u>	<u>Rs. 185,405</u>	<u>Rs. 100,160</u>	<u>Rs. 23,502,524</u>	<u>Rs. 23,502,524</u>
December 31, 2015						
Financial assets	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 11,605,774	Rs. -	Rs. -	Rs. -	Rs. 11,605,774	Rs. 11,605,774
Non-current financial instruments	352	-	-	-	352	352
Trade and other receivables	11,717,712	-	-	-	11,717,712	11,717,712
AFS financial assets	-	32,844	-	-	32,844	32,844
Derivative assets	-	-	83,816	16,340	100,156	100,156
	<u>Rs. 23,323,838</u>	<u>Rs. 32,844</u>	<u>Rs. 83,816</u>	<u>Rs. 16,340</u>	<u>Rs. 23,456,838</u>	<u>Rs. 23,456,838</u>

2) Financial liabilities

(Unit: Korean won in thousands)

June 30, 2016				
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and other payables	₩ 613,310,279	₩ -	₩ 613,310,279	₩ 613,310,279
Debt	193,092,442	-	193,092,442	193,092,442
Derivative liabilities	-	207,279	207,279	207,279
	<u>₩ 806,402,721</u>	<u>₩ 207,279</u>	<u>₩ 806,610,000</u>	<u>₩ 806,610,000</u>

December 31, 2015				
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and other payables	₩ 650,426,883	₩ -	₩ 650,426,883	₩ 650,426,883
Debt	190,724,546	-	190,724,546	190,724,546
Derivative liabilities	-	24,074	24,074	24,074
	<u>₩ 841,151,429</u>	<u>₩ 24,074</u>	<u>₩ 841,175,503</u>	<u>₩ 841,175,503</u>

(Unit: Indian rupee in thousands)

June 30, 2016				
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and other payables	Rs. 35,970,648	Rs. -	Rs. 35,970,648	Rs. 35,970,648
Debt	11,324,872	-	11,324,872	11,324,872
Derivative liabilities	-	12,157	12,157	12,157
	<u>Rs. 47,295,520</u>	<u>Rs. 12,157</u>	<u>Rs. 47,307,677</u>	<u>Rs. 47,307,677</u>

December 31, 2015				
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and other payables	Rs. 38,147,537	Rs. -	Rs. 38,147,537	Rs. 38,147,537
Debt	11,185,995	-	11,185,995	11,185,995
Derivative liabilities	-	1,412	1,412	1,412
	<u>Rs. 49,333,532</u>	<u>Rs. 1,412</u>	<u>Rs. 49,334,944</u>	<u>Rs. 49,334,944</u>

(3) Financial risk management

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

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

1) Market risk

a. Foreign currency risk

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

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 six months' period ended June 30, 2016.

Current income will increase when the floating exchange ("FX") rate increases (weaker Korean won ("KRW")); likewise, current loss will increase when FX rate decreases (stronger KRW) with respect to the relevant currency as per the following table.

(Unit: Korean won and Indian rupee in thousands)

Currency	Korean won in thousands		Indian rupee in thousands	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 3,888,878	₩ (3,888,878)	Rs. 228,083	Rs. (228,083)
EUR	(2,228,365)	2,228,365	(130,694)	130,694
JPY	(8,674,858)	8,674,858	(508,780)	508,780
Others	852,134	(852,134)	49,978	(49,978)
	₩ (6,162,211)	₩ 6,162,211	Rs. (361,413)	Rs. 361,413

In order to minimize the risk of foreign exchange fluctuation, the Group has a policy of entering into foreign exchange forward agreement, which is accounted for as hedge accounting for future expected transactions.

The cumulative benefits of cash flow hedging related to forward contracts deferred to equity amount to ₩1,604,369 thousand (Rs. 94,096 thousand), and this amount will be reclassified as current income or loss when the contracts are settled. Future transactions related to forward transactions will occur within a year at the latest starting from the end of current period.

b. Interest rate risk

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

When other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Group's current income will decrease/increase by ₩193,219 thousand (Rs. 11,332 thousand) for the six months ended June 30, 2016, due to floating rate debt's interest rate risk.

2) Credit risk

Credit risk arises from transactions in the 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 Group 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 June 30, 2016, and December 31, 2015, the maximum exposed amounts of credit risk for financial assets maintained by the Group are as follows.

	June 30, 2016		December 31, 2015	
	(Korean won in thousands)		(Indian rupee in thousands)	
Trade and other receivables	₩ 233,281,442	₩ 199,790,478	Rs. 13,681,957	Rs. 11,717,712

3) Liquidity risk

The Group makes short-term and long-term fund management plans in order to control the liquidity risk. The Group analyzes and reviews actual cash outflows and its budget to correspond the maturities of financial liabilities to those of financial assets. Management of the Group 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 receivable, the Group has entered into a factoring agreement with capital financial institutions.

Maturity analysis of non-derivative financial liabilities according to their remaining maturities as of June 30, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

	June 30, 2016		
	Within a year	More than 1 year	Total
Trade payables	₩ 427,259,669	₩ -	₩ 427,259,669
Non-trade payables	150,593,217	-	150,593,217
Short-term borrowings(*)	167,101,449	-	167,101,449
Derivative liabilities	207,279	-	207,279
Other payables	26,725,662	-	26,725,662
Long-term borrowings(*)	-	29,101,845	29,101,845
Other non-current payables	-	8,731,731	8,731,731
	<u>₩ 771,887,276</u>	<u>₩ 37,833,576</u>	<u>₩ 809,720,852</u>

	December 31, 2015		
	Within a year	More than 1 year	Total
Trade payables	₩ 432,432,182	₩ -	₩ 432,432,182
Non-trade payables	172,897,876	-	172,897,876
Short-term borrowings(*)	154,713,544	-	154,713,544
Derivative liabilities	24,074	-	24,074
Other payables	32,484,211	-	32,484,211
Long-term borrowings(*)	-	40,037,205	40,037,205
Other non-current payables	-	12,612,614	12,612,614
	<u>₩ 792,551,887</u>	<u>₩ 52,649,819</u>	<u>₩ 845,201,706</u>

(*) Including expected interest expenses.

(Unit: Indian rupee in thousands)

	June 30, 2016		
	Within a year	More than 1 year	Total
Trade payables	Rs. 25,058,780	Rs. -	Rs. 25,058,780
Non-trade payables	8,832,293	-	8,832,293
Short-term borrowings(*)	9,800,500	-	9,800,500
Derivative liabilities	12,157	-	12,157
Other payables	1,567,459	-	1,567,459
Long-term borrowings(*)	-	1,706,823	1,706,823
Other non-current payables	-	512,116	512,116
	<u>Rs. 45,271,189</u>	<u>Rs. 2,218,939</u>	<u>Rs. 47,490,128</u>

	December 31, 2015		
	Within a year	More than 1 year	Total
Trade payables	Rs. 25,362,147	Rs. -	Rs. 25,362,147
Non-trade payables	10,140,460	-	10,140,460
Short-term borrowings(*)	9,073,949	-	9,073,949
Derivative liabilities	1,412	-	1,412
Other payables	1,905,200	-	1,905,200
Long-term borrowings(*)	-	2,348,182	2,348,182
Other non-current payables	-	739,730	739,730
	<u>Rs. 46,483,168</u>	<u>Rs. 3,087,912</u>	<u>Rs. 49,571,080</u>

(*) Including expected interest expenses.

Funding arrangements as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

		June 30, 2016	December 31, 2015
Borrowing limit commitments	Used	₩ 77,500,000	₩ 85,000,000
	Unused	127,000,000	112,000,000
	Total	<u>₩ 204,500,000</u>	<u>₩ 197,000,000</u>

(Unit: Indian rupee in thousands)

		June 30, 2016	December 31, 2015
Borrowing limit commitments	Used	Rs. 4,545,375	Rs. 4,985,250
	Unused	7,448,550	6,568,800
	Total	<u>Rs. 11,993,925</u>	<u>Rs. 11,554,050</u>

(4) Fair value of financial instruments

- 1) The Group's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost in consolidated financial statements are not significant.
- 2) Valuation methods and assumptions applied in fair value measurement.

The fair values of financial instruments (i.e., government bonds and unsecured corporate bonds) traded on active markets are determined with reference to quoted market prices. The Group uses the closing price as the quoted market price for its financial assets.

The fair values of derivatives where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Non-option derivatives are evaluated by discounted cash flow method using the yield curve available. Options are evaluated by option-pricing models. Foreign exchange forward contracts are determined using the yield curve derived from market interest rates with the same maturity of forward contracts. To measure interest rate swaps, the cash flows are estimated by the yield curve derived from market interest rate and discounted to calculate the present value of swaps.

Fair values of other financial assets and liabilities (except those stated above) are calculated by generally accepted valuation models based on discounted cash flow analysis.

- 3) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Levels 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

Level 3 Inputs that are not based on observable market data

Fair values of financial instruments by heirarchy level as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Type	June 30, 2016			Fair value
	Level 1	Level 2	Level 3	
Derivative assets designated to hedge item	₩ -	₩ 4,868,965	₩ -	₩ 4,868,965
Derivative liabilities designated to hedge item	₩ -	₩ 207,279	₩ -	₩ 207,279
Type	December 31, 2015			Fair value
Derivative assets designated to hedge item	₩ -	₩ 1,707,695	₩ -	₩ 1,707,695
Derivative liabilities designated to hedge item	₩ -	₩ 24,074	₩ -	₩ 24,074

(Unit: Indian rupee in thousands)

Type	June 30, 2016			
	Level 1	Level 2	Level 3	Fair value
Derivative assets designated to hedge item	Rs.	- Rs. 285,565	Rs.	- Rs. 285,565
Derivative liabilities designated to hedge item	Rs.	- Rs. 12,157	Rs.	- Rs. 12,157

Type	December 31, 2015			
	Level 1	Level 2	Level 3	Fair value
Derivative assets designated to hedge item	Rs.	- Rs. 100,156	Rs.	- Rs. 100,156
Derivative liabilities designated to hedge item	Rs.	- Rs. 1,412	Rs.	- Rs. 1,412

- 4) The Group measures the foreign exchange forward contract (derivative assets: ₹4,868,965 thousand (Rs. 285,565 thousand) derivative liabilities: ₹207,279 thousand (Rs. 12,157 thousand) based on the forward rate announced officially in the market as of June 30, 2016. In the event that no corresponding forward rate with residual period of the foreign exchange forward contract in the market exists, the Group measures the market value through interpolation method.

As input factors used in measuring market value of foreign exchange forward are from observable exchange forward rate, the Group classified the fair value of the foreign exchange forward as Level 2.