

**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED  
JUNE 30, 2013 AND JUNE 30, 2012,  
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

# Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

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

We have reviewed the accompanying consolidated interim financial statements of Ssangyong Motor Company (the "Company"). The financial statements consist of the consolidated statement of financial position as of June 30, 2013, and the related consolidated statement of comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statement of cash flows, all expressed in Korean won, for the three and six months ended June 30, 2013 and 2012, 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Independent accountants' responsibility

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

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

### Review conclusion

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

### Other matters

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



August 21, 2013

### Notice to Readers

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

**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**AS OF JUNE 30, 2013 AND DECEMBER 31, 2012**

	Korean Won		Indian- Rupee	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
	(In thousands)		(In thousands)	
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents (Notes 4, 5 and 33)	₩ 487,954,479	₩ 203,666,542	Rs. 25,433,163	Rs. 10,615,508
Trade and other receivables, net (Notes 7, 32 and 33)	212,258,075	210,295,481	11,063,315	10,961,021
Derivatives assets (Notes 25 and 33)	-	21,503,503	-	1,120,806
Inventories, net (Notes 8 and 24)	300,765,626	269,034,085	15,676,506	14,022,595
Other current assets (Note 10)	7,167,890	6,773,225	373,606	353,033
<b>Total current assets</b>	<b>1,008,146,070</b>	<b>711,272,836</b>	<b>52,546,590</b>	<b>37,072,963</b>
<b>NON-CURRENT ASSETS:</b>				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	313	313
Non-current available-for-sale financial assets (Notes 6 and 33)	560,000	560,000	29,188	29,188
Non-current other receivables, net (Notes 7 and 33)	34,114,041	30,178,703	1,778,092	1,572,974
Property, plant and equipment, net (Note 11)	1,044,656,289	1,051,401,751	54,449,575	54,801,162
Intangible assets (Note 12)	57,428,475	56,615,012	2,993,287	2,950,888
Deferred income tax assets (Note 23)	98,675	95,525	5,143	4,979
Other non-current assets (Note 10)	385,939	360,542	20,116	18,792
<b>Total non-current assets</b>	<b>1,137,249,419</b>	<b>1,139,217,533</b>	<b>59,275,714</b>	<b>59,378,296</b>
<b>TOTAL ASSETS</b>	<b>2,145,395,489</b>	<b>1,850,490,369</b>	<b>111,822,304</b>	<b>96,451,259</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Trade and other payables (Notes 18, 32 and 33)	778,996,280	580,299,180	40,602,844	30,246,354
Short-term borrowings (Notes 13,18 and 33)	68,616,289	30,000,000	3,576,418	1,563,660
Derivatives liabilities (Notes 25 and 33)	27,253,761	-	1,420,521	-
Provision for product warranties (Note 15)	48,769,543	46,214,861	2,541,966	2,408,811
Long-term employee benefits obligation	2,459,470	1,174,371	128,192	61,211
Other current liabilities (Notes 14,16 and 33)	22,315,590	31,132,915	1,163,133	1,622,710
<b>Total current liabilities</b>	<b>₩ 948,410,933</b>	<b>₩ 688,821,327</b>	<b>Rs. 49,433,074</b>	<b>Rs. 35,902,746</b>

(Continued)

**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

**AS OF JUNE 30, 2013 AND DECEMBER 31, 2012**

	Korean won		Indian- Rupee	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31 , 2012
	(In thousands)		(In thousands)	
<b>NON-CURRENT LIABILITIES:</b>				
Debentures (Notes 13 and 33)	₩ 95,404,765	₩ 95,404,765	Rs. 4,972,687	Rs. 4,972,687
Other non-current payables(Note 33)	27,951,340	37,985,892	1,456,880	1,979,901
Retirement benefit obligation (Note 17)	158,730,764	143,298,213	8,273,365	7,468,989
Other long-term employee benefits obligation	10,425,975	11,933,388	543,423	621,992
Provision for long-term product warranties (Note 15)	76,195,931	72,384,068	3,971,484	3,772,802
Total non-current liabilities	<u>368,708,775</u>	<u>361,006,326</u>	<u>19,217,839</u>	<u>18,816,371</u>
<b>TOTAL LIABILITIES</b>	<u>1,317,119,708</u>	<u>1,049,827,653</u>	<u>68,650,913</u>	<u>54,719,117</u>
<b>SHAREHOLDERS' EQUITY:</b>				
Total shareholders' equity	828,275,781	800,662,716	43,171,391	41,732,142
Capital stock (Note 19)	686,100,480	613,373,205	35,760,929	31,970,238
Other capital surplus (Note 20)	129,383,402	122,584,976	6,743,722	6,389,374
Other capital adjustments(Notes 21 and 25)	(29,063,031)	19,862,240	(1,514,823)	1,035,260
Retained earnings (accumulated deficit) (Note 22)	<u>41,854,930</u>	<u>44,842,295</u>	<u>2,181,563</u>	<u>2,337,270</u>
Non-controlling interests	-	-	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>828,275,781</u>	<u>800,662,716</u>	<u>43,171,391</u>	<u>41,732,142</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>₩ 2,145,395,489</u>	<u>₩ 1,850,490,369</u>	<u>Rs. 111,822,304</u>	<u>Rs. 96,451,259</u>

See accompanying notes to consolidated financial statements.

**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND JUNE 30, 2012**

	Korean won			
	Three months ended	Six months ended	Three months ended	Six months ended
	<u>June 30, 2013</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2012</u>
	(In thousands, except per share amounts)		(In thousands, except per share amounts)	
SALES (Notes 31 and 32)	₩ 906,982,713	₩ 1,660,566,381	₩ 714,469,581	₩ 1,360,968,658
COST OF SALES (Notes 24 and 32)	<u>770,416,252</u>	<u>1,420,742,458</u>	<u>622,535,448</u>	<u>1,193,664,256</u>
GROSS PROFIT	136,566,461	239,823,923	91,934,133	167,304,402
SELLING AND ADMINISTRATIVE EXPENSES (Note 26)	<u>132,876,548</u>	<u>254,168,842</u>	<u>111,026,920</u>	<u>215,868,464</u>
OPERATING INCOME (LOSS)	3,689,913	(14,344,919)	(19,092,787)	(48,564,062)
NON-OPERATING INCOME (Note 27)	11,699,715	25,296,197	6,893,322	13,214,401
NON-OPERATING EXPENSES (Note 27)	12,083,830	24,658,515	9,463,958	18,285,039
FINANCIAL INCOME (Note 28)	9,466,469	20,529,235	5,820,315	9,857,652
FINANCIAL COST (Note 28)	<u>6,371,598</u>	<u>9,603,121</u>	<u>5,645,957</u>	<u>8,586,893</u>
INCOME (LOSS) BEFORE INCOME TAX	6,400,669	(2,781,123)	(21,489,065)	(52,363,941)
INCOME TAX EXPENSE (Note 23)	<u>164,221</u>	<u>196,846</u>	<u>(9,880)</u>	<u>34,229</u>
NET INCOME (LOSS)	6,236,448	(2,977,969)	(21,479,185)	(52,398,170)
Owners of the Company	6,236,448	(2,977,969)	(21,479,185)	(52,398,170)
Non-controlling interests	-	-	-	-
OTHER COMPREHENSIVE LOSS	<u>(29,595,461)</u>	<u>(48,934,669)</u>	<u>(5,410,810)</u>	<u>(8,131,548)</u>
TOTAL COMPREHENSIVE LOSS	<u>₩ (23,359,013)</u>	<u>₩ (51,912,638)</u>	<u>₩ (26,889,995)</u>	<u>₩ (60,529,718)</u>
Owners of the Company	(23,359,013)	(51,912,638)	(26,889,995)	(60,529,718)
Non-controlling interests	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29)				
Basic and diluted loss per share	₩ 48	₩ (24)	₩ (174)	₩ (429)

**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND JUNE 30, 2012**

	Indian-Rupee			
	Three months ended June 30, 2013	Six months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2012
	(In thousands, except per share amounts)		(In thousands, except per share amounts)	
SALES (Notes 31 and 32)	Rs. 47,273,753	Rs. 86,552,041	Rs. 37,239,584	Rs. 70,936,408
COST OF SALES (Notes 24 and 32)	40,155,636	74,051,938	32,447,793	62,216,168
GROSS PROFIT	7,118,117	12,500,103	4,791,791	8,720,240
SELLING AND ADMINISTRATIVE EXPENSES (Note 26)	6,925,791	13,247,788	5,786,945	11,251,496
OPERATING INCOME (LOSS)	192,326	(747,685)	(995,154)	(2,531,256)
NON-OPERATING INCOME (Note 27)	609,813	1,318,488	359,294	688,761
NON-OPERATING EXPENSES (Note 27)	629,833	1,285,251	493,280	953,053
FINANCIAL INCOME (Note 28)	493,411	1,070,025	303,367	513,801
FINANCIAL COST (Note 28)	332,100	500,534	294,279	447,566
INCOME (LOSS) BEFORE INCOME TAX	333,617	(144,957)	(1,120,052)	(2,729,313)
INCOME TAX EXPENSE (Note 23)	8,560	10,260	(515)	1,784
NET INCOME (LOSS)	325,057	(155,217)	(1,119,537)	(2,731,097)
Owners of the Company	325,057	(155,217)	(1,119,537)	(2,731,097)
Non-controlling interests	-	-	-	-
OTHER COMPREHENSIVE LOSS	(1,542,575)	(2,550,573)	(282,022)	(423,833)
TOTAL COMPREHENSIVE LOSS	Rs. (1,217,518)	Rs. (2,705,790)	Rs. (1,401,559)	Rs. (3,154,930)
Owners of the Company	(1,217,518)	(2,705,790)	(1,401,559)	(3,154,930)
Non-controlling interests	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29)				
Basic and diluted loss per share	Rs. 3	Rs. (1)	Rs. (9)	Rs. (22)

See accompanying notes to consolidated financial statements.

**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012**

	Korean won in thousands								
	Other capital surplus								
	Capital stock	Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Other capital surplus	Other capital adjustments	Retained earnings	Total
	(In thousands)								
Balance at January 1, 2012	609,809,205	4,213,878	120,351,580	931,508	-	-	1,093,152	169,663,313	906,062,636
Net loss	-	-	-	-	-	-	-	(52,398,171)	(52,398,171)
Actuarial losses	-	-	-	-	-	-	-	(2,452)	(2,452)
Paid in capital increase	3,222,750	348,057	-	-	-	-	-	-	3,570,807
Costs of stock issuance	-	(19,205)	-	-	-	-	-	-	(19,205)
Gains on valuation of derivatives	-	-	-	-	-	-	(8,271,310)	-	(8,271,310)
Overseas operations translation credit	-	-	-	-	-	-	142,214	-	142,214
Balance at June 30, 2012	<u>₩ 613,031,955</u>	<u>₩ 4,542,730</u>	<u>₩ 120,351,580</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ -</u>	<u>₩ (7,035,944)</u>	<u>₩ 117,262,690</u>	<u>₩ 849,084,519</u>
Balance at January 1, 2013	613,373,205	4,545,756	120,351,580	931,508	-	(3,243,869)	19,862,240	44,842,296	800,662,716
Net loss	-	-	-	-	-	-	-	(2,977,969)	(2,977,969)
Actuarial losses	-	-	-	-	-	-	-	(9,397)	(9,397)
Paid in capital increase	72,727,275	7,272,728	-	-	-	-	-	-	80,000,003
Costs of stock issuance	-	(365,771)	-	-	-	-	-	-	(365,771)
Increase in treasury stock	-	-	-	-	(108,530)	-	-	-	(108,530)
Gains on valuation of derivatives	-	-	-	-	-	-	(49,147,170)	-	(49,147,170)
Overseas operations translation credit	-	-	-	-	-	-	221,899	-	221,899
Balance at June 30, 2013	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 120,351,580</u>	<u>₩ 931,508</u>	<u>₩ (108,530)</u>	<u>₩ (3,243,869)</u>	<u>₩ (29,063,031)</u>	<u>₩ 41,854,930</u>	<u>₩ 828,275,781</u>

(continued)

**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)**

**FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012**

	Indian-Rupee in thousands								
	Capital stock	Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Other capital surplus	Other capital adjustments	Retained earnings	Total
	(In thousands)								
Balance at January 1, 2012	31,784,475	219,636	6,272,965	48,552	-	-	56,977	8,843,191	47,225,796
Net loss	-	-	-	-	-	-	-	(2,731,097)	(2,731,097)
Actuarial losses	-	-	-	-	-	-	-	(128)	(128)
Paid in capital increase	167,976	18,141	-	-	-	-	-	-	186,117
Costs of stock issuance	-	(1,001)	-	-	-	-	-	-	(1,001)
Gains on valuation of derivatives	-	-	-	-	-	-	(431,117)	-	(431,117)
Overseas operations translation credit	-	-	-	-	-	-	7,412	-	7,412
Balance at June 30, 2012,	<u>Rs. 31,952,451</u>	<u>Rs. 236,776</u>	<u>Rs. 6,272,965</u>	<u>Rs. 48,552</u>	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. (366,728)</u>	<u>Rs. 6,111,966</u>	<u>Rs. 44,255,982</u>
Balance at January 1, 2013	31,970,238	236,934	6,272,965	48,552	-	(169,077)	1,035,260	2,337,270	41,732,142
Net loss	-	-	-	-	-	-	-	(155,217)	(155,217)
Actuarial losses	-	-	-	-	-	-	-	(490)	(490)
Paid in capital increase	3,790,691	379,069	-	-	-	-	-	-	4,169,760
Costs of stock issuance	-	(19,065)	-	-	-	-	-	-	(19,065)
Increase in treasury stock	-	-	-	-	(5,656)	-	-	-	(5,656)
Gains on valuation of derivatives	-	-	-	-	-	-	(2,561,649)	-	(2,561,649)
Overseas operations translation credit	-	-	-	-	-	-	11,566	-	11,566
Balance at June 30, 2013,	<u>Rs. 35,760,929</u>	<u>Rs. 596,938</u>	<u>Rs. 6,272,965</u>	<u>Rs. 48,552</u>	<u>Rs. (5,656)</u>	<u>Rs. (169,077)</u>	<u>Rs. (1,514,823)</u>	<u>Rs. 2,181,563</u>	<u>Rs. 43,171,391</u>

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

See accompanying notes to consolidated financial statements.



**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND JUNE 30, 2012**

	Korean won		Indian-Rupee	
	Six months ended	Six months ended	Six months ended	Six months ended
	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
	(In thousands)		(In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net loss	₩ (2,977,969)	₩ (52,398,170)	Rs. (155,217)	Rs. (2,731,097)
Adjustment (Note 30)	96,684,976	87,707,993	5,039,414	4,571,516
Changes in net working capital (Note 30)	<u>144,727,562</u>	<u>30,470,208</u>	<u>7,543,490</u>	<u>1,588,168</u>
	238,434,569	65,780,031	12,427,687	3,428,587
Interests received	2,713,435	3,383,956	141,430	176,379
Interests paid	(4,071,205)	(4,488,563)	(212,201)	(233,954)
Dividend income received	382,462	71,900	19,935	3,748
Corporate income tax	<u>(194,547)</u>	<u>(34,229)</u>	<u>(10,140)</u>	<u>(1,784)</u>
Net cash provided by operating activities	<u>237,264,714</u>	<u>64,713,095</u>	<u>12,366,711</u>	<u>3,372,976</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash inflows from investing activities:				
Decrease in other receivables	1,881,553	1,948,459	98,070	101,558
Disposal of property, plant and equipment	66,350	132,542	3,459	6,908
Decrease in other assets	-	<u>12,815</u>	-	<u>668</u>
	1,947,903	2,093,816	101,529	109,134
Cash outflows from investing activities:				
Increase in other receivables	3,030,000	495,000	157,930	25,800
Acquisition of property, plant and equipment	51,237,494	60,467,641	2,670,601	3,151,694
Acquisition of intangible assets	<u>18,776,630</u>	<u>8,829,667</u>	<u>978,675</u>	<u>460,221</u>
	73,044,124	69,792,308	3,807,206	3,637,715
Net cash (used in) provided by investing activities	<u>(71,096,221)</u>	<u>(67,698,492)</u>	<u>(3,705,677)</u>	<u>(3,528,581)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Cash inflows from financing activities:				
Increase in borrowings	37,954,509	-	1,978,265	-
Paid in capital increase	<u>80,000,003</u>	<u>3,570,807</u>	<u>4,169,760</u>	<u>186,118</u>
	117,954,512	3,570,807	6,148,025	186,118

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**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND JUNE 30, 2012**

	<u>Korean Won</u>		<u>Indian-Rupee</u>	
	Six months ended <u>June 30, 2013</u>	Six months ended <u>June 30, 2012</u>	Six months ended <u>June 30, 2013</u>	Six months ended <u>June 30, 2012</u>
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ -	₩ 10,567,689	Rs. -	Rs. 550,809
Costs of stock issuance	<u>365,771</u>	<u>19,205</u>	<u>19,065</u>	<u>1,001</u>
	<u>365,771</u>	<u>10,586,894</u>	<u>19,065</u>	<u>551,810</u>
Net cash provided by (used in) financing activities	<u>117,588,741</u>	<u>(7,016,087)</u>	<u>6,128,960</u>	<u>(365,692)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>530,703</u>	<u>(177,076)</u>	<u>27,661</u>	<u>(9,230)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	284,287,937	(10,178,560)	14,817,655	(530,527)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>203,666,542</u>	<u>208,521,613</u>	<u>10,615,508</u>	<u>10,868,564</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>₩ 487,954,479</u>	<u>₩ 198,343,053</u>	<u>Rs. 25,433,163</u>	<u>Rs. 10,338,037</u>

See accompanying notes to consolidated financial statements.

**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012**

**1. GENERAL:**

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

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

(2) Major shareholders

The Company’s shareholders as of June 30, 2013 are as follows:

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

**2. SIGNIFICANT ACCOUNTING POLICIES:**

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

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

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

Amendments to K-IFRS 1001 – Presentation of Financial Statements

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

Amendments to K-IFRS 1019 – Employee Benefits

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

Amendments to K-IFRS 1107 – Financial Instruments: Disclosures

The amendments to K-IFRS 1107 mainly focus on presentation of the offset between financial assets and financial liabilities. The amendments to K-IFRS 1107 are effective for annual periods beginning on or after January 1, 2013, and require retrospective application with certain exceptions. The amendments do not have impact on the Company's consolidated interim financial statements.

K-IFRS 1110 – Consolidated Financial Statements

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

K-IFRS 1111 Joint Arrangement

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

K-IFRS 1112 Disclosure of Interest in Other Entities

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

Amendments to K-IFRS 1113 Fair Value Measurement

The amendments to K-IFRS 1113 establish a single source of guidance for fair value measurements and disclosure about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The amendments to K-IFRS 1113 are effective for annual periods beginning on or after January 1, 2013 and require retrospective application with certain exceptions.

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

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

Amendments to K-IFRS 1032 – Financial Instruments: Presentation

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

The Indian-Rupee amounts presented in these separate financial consolidated interim were computed by translating the Korean Won into Indian-Rupees based on the Bank of Korea Basic Rate (₩1 to Rs. 0.0521 at June 30, 2013), solely for the convenience of the reader. These convenience translations into Indian-Rupees should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

### 3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

The Company uses estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

### 4. CASH AND CASH EQUIVALENTS:

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

### 5. RESTRICTED FINANCIAL ASSETS:

Restricted financial assets as of June 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	Financial institution	June 30, 2013	December 31, 2012	Notes
Cash and cash equivalents	Shinhan Bank and others	₩ 899,712	₩ 1,084,501	Government subsidies and others
	Woori Bank and others	14,964,513	14,848,647	Unconfirmed reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others	6,000	6,000	Overdraft deposit
		<u>₩ 15,870,225</u>	<u>₩ 15,939,148</u>	

(Unit: Indian-Rupee in thousands):

	Financial institution	June 30, 2013	December 31, 2012	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs. 46,895	Rs. 56,526	Government subsidies and others
	Woori Bank and others	779,980	773,941	Unconfirmed reorganization debt pledged as collateral
Long-term financial instruments	Shinhan Bank and others	313	313	Overdraft deposit
		<u>Rs. 827,188</u>	<u>Rs. 830,780</u>	

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

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

(Unit: Korean Won in thousands):

Classification	Ownership (%)	June 30, 2013		December 31, 2012	
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72%	₩ 500,000	₩ 663,208	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50%	60,000	397,841	60,000	60,000
		<u>₩ 560,000</u>	<u>₩ 1,061,049</u>	<u>₩ 560,000</u>	<u>₩ 560,000</u>

(Unit: Indian-Rupee in thousands):

Classification	Ownership (%)	June 30, 2013			December 31 2012	
		Acquisition cost	Net asset value	Book value	Book value	
Kihyup Technology Banking Corporation (*)	1.72%	Rs. 26,061	Rs. 34,568	Rs. 26,061	Rs. 26,061	
Korea Management Consultants Association (*)	1.50%	3,127	20,736	3,127	3,127	
		<u>Rs. 29,188</u>	<u>Rs. 55,304</u>	<u>Rs. 29,188</u>	<u>Rs. 29,188</u>	

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

## 7. TRADE AND OTHER RECEIVABLES:

All current trade and other receivables are due within 1 year from June 30, 2013 and because the present value discount effect is not material, the fair value of the aforementioned receivables is equal to the book value.

(1) Details of current portion of trade and other receivables as of June 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

Financial liabilities	June 30, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 190,027,306	₩ 20,237,805	₩ 3,584,184	₩ 34,305,225
Less: Allowance for doubtful accounts	(1,112,036)	(478,854)	(330)	(191,184)
	<u>₩ 188,915,270</u>	<u>₩ 19,758,951</u>	<u>₩ 3,583,854</u>	<u>₩ 34,114,041</u>

  

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

(Unit: Indian-Rupee in thousands):

Financial liabilities	June 30, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 9,904,603	Rs. 1,054,835	Rs. 186,815	Rs. 1,788,057
Less: Allowance for doubtful accounts	(57,962)	(24,959)	(17)	(9,965)
	<u>Rs. 9,846,641</u>	<u>Rs. 1,029,876</u>	<u>Rs. 186,798</u>	<u>Rs. 1,778,092</u>

  

Financial liabilities	December 31, 2012			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 9,825,962	Rs. 1,080,695	Rs. 160,040	Rs. 1,581,832
Less: Allowance for doubtful accounts	(55,330)	(50,329)	(17)	(8,857)
	<u>Rs. 9,770,632</u>	<u>Rs. 1,030,366</u>	<u>Rs. 160,023</u>	<u>Rs. 1,572,975</u>

(2) Credit risk and allowance for doubtful accounts

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

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

The Company's trade receivables are usually collected within 30 days but some of the notes receivable are collected within 75 days. Based on the past experience, receivables that are overdue for more than 1 year are usually not collected, and the Company reserves the full amount of those receivables as an allowance for doubtful accounts. The Company estimates an allowance for the receivables that are overdue for more than 90 days but less than 1 year through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Company estimates an allowance based on the historical loss rates.

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

Aging analysis of the trade and non-trade receivables that are overdue but are not impaired as of June 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

Classification	June 30, 2013			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ -	₩ 124,112	₩ -	₩ 124,112
Non-trade receivables	11,006,671	7,883	9,693	11,024,247
Other long-term receivables	-	-	103,250	103,250
	<u>₩ 11,006,671</u>	<u>₩ 131,995</u>	<u>₩ 112,943</u>	<u>₩ 11,251,609</u>

  

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

(Unit: Indian-Rupee in thousands):

Classification	June 30, 2013			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. -	Rs. 6,469	Rs. -	Rs. 6,469
Non-trade receivables	573,690	411	505	574,606
Other long-term receivables	-	-	5,382	5,382
	<u>Rs. 573,690</u>	<u>Rs. 6,880</u>	<u>Rs. 5,887</u>	<u>Rs. 586,457</u>

  

Classification	December 31, 2012			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. 4,979	Rs. 2,596	Rs. -	Rs. 7,575
Non-trade receivables	36,974	4,418	1,062	42,454
Other long-term receivables	-	-	5,382	5,382
	<u>Rs. 41,953</u>	<u>Rs. 7,014</u>	<u>Rs. 6,444</u>	<u>Rs. 55,411</u>

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

(Unit: Korean won in thousands):

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

  

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

(Unit: Indian-Rupee in thousands):

Classification	June 30, 2013			
	3-6 months	6-12 months	Over 1 year	Total
Non-trade receivables	Rs. -	Rs. 4,980	Rs. 19,797	Rs. 24,777
Other long-term receivables	-	-	2,306	2,306
	<u>Rs. -</u>	<u>Rs. 4,980</u>	<u>Rs. 22,103</u>	<u>Rs. 27,083</u>

Classification	December 31, 2012			
	3-6 months	6-12 months	Over 1 year	Total
Non-trade receivables	Rs. -	Rs. -	Rs. 50,099	Rs. 50,099
Other long-term receivables	-	-	2,306	2,306
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 52,405</u>	<u>Rs. 52,405</u>

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

(Unit: Korean won in thousands):

Classification	Six months ended June 30, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₩ 1,061,540	₩ 965,595	₩ 330	₩ 169,932
Bad debt expense	50,496	-	-	21,297
Write-offs	-	(462,099)	-	-
Reversal of allowance	-	(24,642)	-	(45)
Ending balance	<u>₩ 1,112,036</u>	<u>₩ 478,854</u>	<u>₩ 330</u>	<u>₩ 191,184</u>

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

(Unit: Indian-Rupee in thousands):

Classification	Six months ended June 30, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	Rs. 55,330	Rs. 50,329	Rs. 17	Rs. 8,857
Bad debt expense	2,632	-	-	1,110
Write-offs	-	(24,086)	-	-
Reversal of allowance	-	(1,284)	-	(2)
Ending balance	<u>Rs. 57,962</u>	<u>Rs. 24,959</u>	<u>Rs. 17</u>	<u>Rs. 9,965</u>

Classification	Years ended December 31, 2012			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	Rs. 62,195	Rs. 105,277	Rs. 73	Rs. 21,017
Bad debt expense	-	-	-	2,309
Write-offs	-	(37,215)	-	-
Reversal of allowance	(6,866)	(17,734)	(55)	(14,468)
Ending balance	<u>Rs. 55,329</u>	<u>Rs. 50,328</u>	<u>Rs. 18</u>	<u>Rs. 8,858</u>

The Company estimates allowances for doubtful accounts through individual analysis, and an allowance for the receivables that are not subject to separate individual analysis is estimated based on the historical collection rates. For troubled receivables (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.), the Company assesses collectability of each receivable through an individual analysis and reserves 100% allowance. For the receivables that are not subject to individual analysis, the allowance is estimated by applying the



average loss rate for the past 3 years to the remaining balance of the receivables at the end of a reporting period; the 3-year average loss rate is calculated by dividing the amount of actual loss occurred in the past 3 years by the average balance of the receivables.

## 8. INVENTORIES:

Details of the inventories as of June 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	June 30, 2013			December 31, 2012		
	Carrying amount before valuation	Valuation allowance	Book value	Carrying amount before valuation	Valuation allowance	Book value
Merchandises	₩ 53,579,814	₩ (2,941,824)	₩ 50,637,990	₩ 57,582,379	₩ (2,811,165)	₩ 54,771,214
Finished goods	58,265,325	(2,224,285)	56,041,040	34,719,883	(3,838,867)	30,881,016
Work-in- process	26,901,499	(1,290,517)	25,610,982	22,463,203	(1,104,219)	21,358,984
Raw materials	76,312,487	(5,946,801)	70,365,686	92,839,435	(5,924,609)	86,914,826
Sub-materials	5,807,783	-	5,807,783	6,282,422	-	6,282,422
Supplies	4,572,393	(2,211)	4,570,182	4,642,578	(2,212)	4,640,366
Goods in transit	87,731,963	-	87,731,963	64,185,257	-	64,185,257
Total	₩ 313,171,264	₩ (12,405,638)	₩ 300,765,626	₩ 282,715,157	₩ (13,681,072)	₩ 269,034,085

(Unit: Indian-Rupee in thousands):

	June 30, 2013			December 31, 2012		
	Carrying amount before valuation	Valuation allowance	Book value	Carrying amount before valuation	Valuation allowance	Book value
Merchandises	Rs. 2,792,687	Rs. (153,334)	Rs. 2,639,353	Rs. 3,001,309	Rs. (146,524)	Rs. 2,854,785
Finished goods	3,036,905	(115,934)	2,920,971	1,809,670	(200,089)	1,609,581
Work-in- process	1,402,160	(67,264)	1,334,896	1,170,827	(57,554)	1,113,273
Raw materials	3,977,559	(309,958)	3,667,601	4,838,977	(308,802)	4,530,175
Sub-materials	302,713	-	302,713	327,452	-	327,452
Supplies	238,322	(115)	238,207	241,980	(115)	241,865
Goods in transit	4,572,765	-	4,572,765	3,345,464	-	3,345,464
Total	Rs. 16,323,111	Rs. (646,605)	Rs. 15,676,506	Rs. 14,735,679	Rs. (713,084)	Rs. 14,022,595

The Company is using the "lower of cost or market method" on the balance sheet in the case of inventories' market value decrease under the acquisition cost. On the other hand, reversal of losses on valuation of inventories, which is deducted from cost of sales on current period, is ₩ 1,408,629 thousands (Rs. 73,420 thousands) due to the rise of net realizable value of inventories.

## 9. CONSOLIDATED SUBSIDIARIES:

(1) Detail of investments in subsidiaries

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

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

(2) Summarized financial information of subsidiaries

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

(Unit: Korean Won in thousands):

Companies	Assets	Liabilities	Equity	Sales
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	₩ 1,890,161	₩ 5,609	₩ 1,884,552	₩ -
Ssangyong Motor (Shanghai) Co., Ltd.	4,657,689	38,003	4,619,686	457,394
Ssangyong European Parts Center B.V.	9,017,263	13,459,988	(4,442,725)	7,077,556

Companies	Net income(loss)	Comprehensive income(loss)
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	₩ (261,404)	₩ (261,404)
Ssangyong Motor (Shanghai) Co., Ltd.	(1,292,091)	(1,292,091)
Ssangyong European Parts Center B.V.	253,049	253,049

(Unit: Indian-Rupee in thousands):

Companies	Assets	Liabilities	Equity	Sales
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	Rs. 98,519	Rs. 292	Rs. 98,227	Rs. -
Ssangyong Motor (Shanghai) Co., Ltd.	242,768	1,981	240,787	23,840
Ssangyong European Parts Center B.V.	469,998	701,561	(231,563)	368,896

Companies	Net income(loss)	Comprehensive income(loss)
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	Rs (13,625)	Rs (13,625)
Ssangyong Motor (Shanghai) Co., Ltd.	(67,346)	(67,346)
Ssangyong European Parts Center B.V.	13,189	13,189

**10. OTHER ASSETS:**

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

(Unit: Korean Won in thousands):

Account	June 30, 2013	December 31, 2012
Other current assets		
Advance payments	₩ 2,526,371	₩ 3,344,984
Less: Allowance for doubtful accounts	(9,938)	(12,285)
Prepaid expenses	4,284,396	2,622,862
Income tax refundable	<u>367,061</u>	<u>817,664</u>
	<u>7,167,890</u>	<u>6,773,225</u>
Other non-current assets		
Other non-current assets	₩ 385,939	₩ 360,542

(Unit: Indian-Rupee in thousands):

Account	June 30, 2013	December 31, 2012
Other current assets		
Advance payments	Rs. 131,680	Rs. 174,347
Less: Allowance for doubtful accounts	(518)	(640)
Prepaid expenses	223,311	136,709
Income tax refundable	<u>19,133</u>	<u>42,617</u>
	<u>373,606</u>	<u>353,033</u>
Other non-current assets		
Other non-current assets	Rs. 20,116	Rs. 18,792

**11. PROPERTY, PLANT AND EQUIPMENT:**

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

(Unit: Korean Won in thousands):

June 30, 2013					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 475,459,592	₩ -	₩ -	₩ -	₩ 475,459,592
Buildings	518,772,008	1,720,137	171,693,765	148,371,912	196,986,194
Structures	104,182,357	186,666	57,327,620	29,746,013	16,922,058
Machinery	1,227,032,767	895,016	1,025,326,713	99,552,437	101,258,601
Vehicles	10,719,397	-	7,266,581	1,451,022	2,001,794
Tools and molds	851,975,670	43,748	480,400,444	163,893,521	207,637,957
Equipment	60,721,852	37,327	34,201,591	5,178,787	21,304,147
Construction in progress	23,085,946	-	-	-	23,085,946
	<u>₩ 3,271,949,589</u>	<u>₩ 2,882,894</u>	<u>₩ 1,776,216,714</u>	<u>₩ 448,193,692</u>	<u>₩ 1,044,656,289</u>

  

December 31, 2012					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 469,644,702	₩ -	₩ -	₩ -	₩ 469,644,702
Buildings	518,052,585	1,743,291	167,223,844	148,652,851	200,432,599
Structures	107,121,068	196,654	59,473,892	29,817,703	17,632,819
Machinery	1,221,599,080	998,695	1,009,867,191	99,698,181	111,035,013
Vehicles	10,918,111	-	7,271,535	1,487,828	2,158,748
Tools and molds	810,373,198	57,221	449,941,667	164,093,870	196,280,440
Equipment	55,124,445	49,319	32,866,576	5,313,162	16,895,388
Construction in progress	37,322,042	-	-	-	37,322,042
	<u>₩ 3,230,155,231</u>	<u>₩ 3,045,180</u>	<u>₩ 1,726,644,705</u>	<u>₩ 449,063,595</u>	<u>₩ 1,051,401,751</u>

(Unit: Indian-Rupee in thousands):

June 30, 2013					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 24,781,905	Rs. -	Rs. -	Rs. -	Rs. 24,781,905
Buildings	27,039,435	89,657	8,949,022	7,733,441	10,267,315
Structures	5,430,193	9,729	2,988,030	1,550,422	882,012
Machinery	63,955,402	46,650	53,442,079	5,188,872	5,277,801
Vehicles	558,716	-	378,749	75,630	104,337
Tools and molds	44,406,676	2,280	25,039,432	8,542,458	10,822,506
Equipment	3,164,944	1,947	1,782,655	269,929	1,110,413
Construction in progress	1,203,286	-	-	-	1,203,286
	<u>Rs. 170,540,557</u>	<u>Rs. 150,263</u>	<u>Rs. 92,579,967</u>	<u>Rs. 23,360,752</u>	<u>Rs. 54,449,575</u>

  

December 31, 2012					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 24,478,821	Rs. -	Rs. -	Rs. -	Rs. 24,478,821
Buildings	27,001,937	90,864	8,716,041	7,748,084	10,446,948
Structures	5,583,364	10,250	3,099,898	1,554,158	919,058
Machinery	63,672,187	52,054	52,636,298	5,196,469	5,787,366
Vehicles	569,074	-	379,007	77,549	112,518
Tools and molds	42,238,272	2,981	23,451,860	8,552,901	10,230,530
Equipment	2,873,196	2,570	1,713,071	276,933	880,622
Construction in progress	1,945,299	-	-	-	1,945,299
	<u>Rs. 168,362,150</u>	<u>Rs. 158,719</u>	<u>Rs. 89,996,175</u>	<u>Rs. 23,406,094</u>	<u>Rs. 54,801,162</u>

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

(Unit: Korean Won in thousands):

	Six months ended June 30, 2013					
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Land	₩ 469,644,702	₩ 19,360	₩ -	₩ 5,795,530	₩ -	₩ 475,459,592
Buildings	200,432,599	1,252,223	129,642	98,001	4,666,987	196,986,194
Structures	17,632,819	90,000	10,350	-	790,411	16,922,058
Machinery	111,035,013	3,510,824	41,981	4,485,116	17,730,371	101,258,601
Vehicles	2,158,748	136,176	15,804	1,947	279,273	2,001,794
Tools and molds	196,280,440	17,366,649	28,210	25,549,911	31,530,833	207,637,957
Equipment	16,895,388	6,461,845	8,607	(15,455)	2,029,024	21,304,147
Construction in progress	37,322,042	22,305,308	109,568	(36,431,836)	-	23,085,946
Machinery in transit	-	1,183,728	-	(1,183,728)	-	-
	<u>₩ 1,051,401,751</u>	<u>₩ 52,326,113</u>	<u>₩ 344,162</u>	<u>₩ (1,700,514)</u>	<u>₩ 57,026,899</u>	<u>₩ 1,044,656,289</u>

(\*) Depreciation cost of suspended assets amount of ₩24,514 (Rs. 1,278 thousands) in thousands is excluded from the depreciation cost in statement of cash flow.

	Six months ended June 30, 2012					
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Land	₩ 469,644,702	₩ -	₩ -	₩ -	₩ -	₩ 469,644,702
Buildings	197,526,053	361,407	-	(18,817)	4,400,227	193,468,416
Structures	17,471,619	306,487	858	(1,595)	749,305	17,026,348
Machinery	128,596,974	2,038,592	1,984	6,591,762	16,491,872	120,733,472
Vehicles	2,497,832	171,709	12,524	(177)	282,752	2,374,088
Tools and molds	180,547,205	21,521,683	323	33,942,008	26,984,627	209,025,946
Equipment	10,836,698	4,846,073	77,112	57,418	1,521,353	14,141,724
Construction in progress	31,748,336	29,984,764	-	(39,394,655)	-	22,338,445
Machinery in transit	87,626	1,236,926	-	(1,324,552)	-	-
	<u>₩ 1,038,957,045</u>	<u>₩ 60,467,641</u>	<u>₩ 92,801</u>	<u>₩ (148,608)</u>	<u>₩ 50,430,136</u>	<u>₩ 1,048,753,141</u>

(\*) Depreciation cost of suspended assets amount of ₩33,210 (Rs. 1,731 thousands) in thousands is excluded from the depreciation cost in statement of cash flow.

(Unit: Indian-Rupee in thousands):

	Six months ended June 30, 2013					
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Land	Rs. 24,478,821	Rs. 1,009	Rs. -	Rs. 302,075	Rs. -	Rs. 24,781,905
Buildings	10,446,948	65,268	6,757	5,108	243,253	10,267,314
Structures	919,058	4,691	539	-	41,198	882,012
Machinery	5,787,367	182,991	2,188	233,773	924,142	5,277,801
Vehicles	112,518	7,098	824	101	14,556	104,337
Tools and molds	10,230,529	905,184	1,470	1,331,712	1,643,450	10,822,505
Equipment	880,621	336,804	449	(805)	105,757	1,110,414
Construction in progress	1,945,300	1,162,597	5,711	(1,898,899)	-	1,203,287
Machinery in transit	-	61,698	-	(61,698)	-	-
	<u>Rs. 54,801,162</u>	<u>Rs. 2,727,340</u>	<u>Rs. 17,938</u>	<u>Rs. (88,633)</u>	<u>Rs. 2,972,356</u>	<u>Rs. 54,449,575</u>

Six months ended June 30, 2012

	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 24,478,821	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 24,478,821
Buildings	10,295,453	18,837	-	(981)	229,349	10,083,960
Structures	910,656	15,975	45	(83)	39,055	887,448
Machinery	6,702,731	106,255	103	343,576	859,589	6,292,870
Vehicles	130,192	8,950	653	(9)	14,738	123,742
Tools and molds	9,410,481	1,121,753	17	1,769,125	1,406,493	10,894,849
Equipment	564,830	252,587	4,019	2,993	79,296	737,095
Construction in progress	1,654,787	1,562,866	-	(2,053,328)	-	1,164,325
Machinery in transit	4,567	64,471	-	(69,038)	-	-
	<u>Rs. 54,152,518</u>	<u>Rs. 3,151,694</u>	<u>Rs. 4,837</u>	<u>Rs. (7,745)</u>	<u>Rs. 2,628,520</u>	<u>Rs. 54,663,110</u>

(3) Assets pledged as collateral

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

(Unit: Korean Won in thousands):

Assets pledged as Collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-	₩ 281,318,706	195 billion Korean Won
Buildings	do 150-3 (factory site) and others	64,229,827	
Machinery	Pyeongtaek plant production facilities	17,224,099	
		<u>₩ 362,772,632</u>	

(Unit: Indian-Rupee in thousands):

Assets pledged as collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-	Rs. 14,662,894	10 billion rupee
Buildings	do 150-3 (factory site) and others	3,347,787	
Machinery	Pyeongtaek plant production facilities	897,754	
		<u>Rs. 18,908,435</u>	

**12. INTANGIBLE ASSETS:**

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

(Unit: Korean Won in thousands):

	June 30, 2013				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 216,862,730	₩ -	₩ 173,070,241	₩ -	₩ 43,792,489
Patents	2,199,669	4,096	1,432,215	45,978	717,380
Other intangible assets	21,904,820	38,990	8,255,233	691,991	12,918,606
	<u>₩ 240,967,219</u>	<u>₩ 43,086</u>	<u>₩ 182,757,689</u>	<u>₩ 737,969</u>	<u>₩ 57,428,475</u>
	December 31, 2012				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 204,311,183	₩ -	₩ 156,314,870	₩ -	₩ 47,996,313
Patents	2,003,315	1,718	1,315,805	27,726	658,066
Other intangible assets	15,868,214	88,169	7,132,615	686,797	7,960,633
	<u>₩ 222,182,712</u>	<u>₩ 89,887</u>	<u>₩ 164,763,290</u>	<u>₩ 714,523</u>	<u>₩ 56,615,012</u>

(Unit: Indian-Rupee in thousands):

	June 30, 2013				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 11,303,319	Rs. -	Rs. 9,020,767	Rs. -	Rs. 2,282,552
Patents	114,651	213	74,650	2,396	37,392
Other intangible assets	<u>1,141,723</u>	<u>2,033</u>	<u>430,279</u>	<u>36,068</u>	<u>673,343</u>
	<u>Rs. 12,559,693</u>	<u>Rs. 2,246</u>	<u>Rs. 9,525,696</u>	<u>Rs. 38,464</u>	<u>Rs. 2,993,287</u>

  

	December 31, 2012				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 10,649,107	Rs. -	Rs. 8,147,444	Rs. -	Rs. 2,501,663
Patents	104,417	90	68,582	1,445	34,300
Other intangible assets	<u>827,083</u>	<u>4,595</u>	<u>371,766</u>	<u>35,797</u>	<u>414,925</u>
	<u>Rs. 11,580,607</u>	<u>Rs. 4,685</u>	<u>Rs. 8,587,792</u>	<u>Rs. 37,242</u>	<u>Rs. 2,950,888</u>

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

(Unit: Korean Won in thousands):

	Six months ended June 30, 2013					
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other	Ending balance
Development cost	₩ 47,996,313	₩ 12,551,548	₩ 16,755,372	₩ -	₩ -	₩ 43,792,489
Patents	658,066	193,824	116,258	18,252	-	717,380
Other intangible assets	<u>7,960,633</u>	<u>6,028,021</u>	<u>1,069,352</u>	<u>5,194</u>	<u>4,498</u>	<u>12,918,606</u>
	<u>₩ 56,615,012</u>	<u>₩ 18,773,393</u>	<u>₩ 17,940,982</u>	<u>₩ 23,446</u>	<u>₩ 4,498</u>	<u>₩ 57,428,475</u>

  

	Six months ended June 30, 2012					
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other	Ending balance
Development cost	₩ 58,764,596	₩ 8,091,845	₩ 16,383,465	₩ -	₩ -	₩ 50,472,976
Patents	701,109	121,750	139,800	9,059	-	674,000
Other intangible assets	<u>5,025,626</u>	<u>573,434</u>	<u>700,185</u>	<u>-</u>	<u>(3,038)</u>	<u>4,895,837</u>
	<u>₩ 64,491,331</u>	<u>₩ 8,787,029</u>	<u>₩ 17,223,450</u>	<u>₩ 9,059</u>	<u>₩ (3,038)</u>	<u>₩ 56,042,813</u>

(Unit: Indian-Rupee in thousands):

	Six months ended June 30, 2013					
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 2,501,664	Rs. 654,212	Rs. 873,323	Rs. -	Rs. -	Rs. 2,282,553
Patents	34,300	10,102	6,060	951	-	37,391
Other intangible assets	<u>414,924</u>	<u>314,193</u>	<u>55,737</u>	<u>271</u>	<u>234</u>	<u>673,343</u>
	<u>Rs. 2,950,888</u>	<u>Rs. 978,507</u>	<u>Rs. 935,120</u>	<u>Rs. 1,222</u>	<u>Rs. 234</u>	<u>Rs. 2,993,287</u>

  

	Six months ended June 30, 2012					
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 3,062,928	Rs. 421,763	Rs. 853,939	Rs. -	Rs. -	Rs. 2,630,752
Patents	36,543	6,346	7,287	472	-	35,130
Other intangible assets	<u>261,946</u>	<u>29,889</u>	<u>36,495</u>	<u>-</u>	<u>(158)</u>	<u>255,182</u>
	<u>Rs. 3,361,417</u>	<u>Rs. 457,998</u>	<u>Rs. 897,721</u>	<u>Rs. 472</u>	<u>Rs. (158)</u>	<u>Rs. 2,921,064</u>

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

Account	Korean Won in thousands		Indian-Rupee in thousands	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Cost of goods manufactured	₩ 16,573,705	₩ 16,201,798	Rs. 863,855	Rs. 844,470
Selling and administrative expenses	1,367,277	1,021,652	71,265	53,251
	<u>₩ 17,940,982</u>	<u>₩ 17,223,450</u>	<u>Rs. 935,120</u>	<u>Rs. 897,721</u>

### 13. BORROWINGS:

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

(Unit: Korean won in thousands):

Creditor	Type	Interest rate (%)	June 30, 2013	December 31, 2012
Korea Development Bank	Operating fund	CD 2.76%	₩ 30,000,000	₩ 30,000,000
Korea Development Bank	Banker's usance	EUR: 1.82%	33,474,127	-
		USD: 1.97%		
BOA	Banker's usance	JPY: 1.85%	5,142,162	-
		EUR: 0.78%		
		JPY: 0.80%	<u>₩ 68,616,289</u>	<u>₩ 30,000,000</u>

(Unit: Indian-Rupee in thousands):

Type	kind	Interest rate (%)	June 30, 2013	December 31, 2012
Korea Development Bank	Operating fund	CD 2.76%	Rs. 1,563,660	Rs. 1,563,660
Korea Development Bank	Banker's usance	EUR: 1.90%	1,744,738	-
		USD: 1.99%		
BOA	Banker's usance	JPY: 1.86%	268,020	-
		EUR: 0.78%		
		JPY: 0.80%	<u>Rs. 3,576,418</u>	<u>Rs. 1,563,660</u>

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

(Unit: Korean won in thousands):

Type	Issue date	Maturity date	Interest rate (%)	June 30, 2013	December 31, 2012
Private non-guaranteed bonds	2011-02-09	2015-02-09	7.00%	₩ 95,404,765	₩ 95,404,765

(Unit: Indian-Rupee in thousands):

Type	Issue date	Maturity date	Interest rate (%)	June 30, 2013	December 31, 2012
Private non-guaranteed bonds	2011-02-09	2015-02-09	7.00%	Rs. 4,972,687	Rs. 4,972,687

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

Creditor	Assets pledged as collaterals	Pledged date	Maximum credit amount
Korea Development Bank	Land, buildings and machinery	2009-08-13	195 billion Korean Won ( 10 billion Rupee)

**14. OTHER FINANCIAL LIABILITIES:**

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

Classification	Korean Won in thousands		Indian-Rupee in thousands	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Other current financial liabilities:				
Accrued expenses	₩ 15,114,539	₩ 16,409,144	Rs. 787,800	Rs. 855,277

**15. PROVISION FOR PRODUCT WARRANTIES:**

The Company provides warranties for the sale of its products and establishes a provision for product warranties for the amount of expected warranty costs. Provisions for product warranties as of June 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Jun. 30, 2013	₩ 118,598,929	₩ 50,554,300	₩ 44,187,756	₩ 124,965,473	₩ 48,769,542	₩ 76,195,931
Dec. 31, 2012	₩ 122,007,836	₩ 69,299,562	₩ 72,708,469	₩ 118,598,929	₩ 46,214,861	₩ 72,384,068

(Unit: Indian-Rupee in thousands):

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Jun. 30, 2013	Rs. 6,181,613	Rs. 2,634,991	Rs. 2,303,154	Rs. 6,513,450	Rs. 2,541,966	Rs. 3,971,484
Dec. 31, 2012	Rs. 6,359,292	Rs. 3,612,032	Rs. 3,789,711	Rs. 6,181,613	Rs. 2,408,811	Rs. 3,772,802

**16. OTHER LIABILITIES AND OTHER LONG-TERM LIABILITIES:**

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

Classification	Korean Won in thousands		Indian-Rupee in thousands	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Other liabilities				
Advances from customers	₩ 4,108,454	₩ 6,712,542	Rs. 214,141	Rs. 349,871
Deposits received	444,577	436,043	23,172	22,727
Withholdings	16,135,422	16,812,873	841,010	876,321
Income in advance	1,627,137	7,171,457	84,810	373,791
	<u>₩ 22,315,590</u>	<u>₩ 31,132,915</u>	<u>Rs. 1,163,133</u>	<u>Rs. 1,622,710</u>
Other Long-term liabilities				
Withholdings	₩ 8,270	₩ 8,270	431	431

**17. RETIREMENT BENEFIT OBLIGATION:**

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

Classification	Korean won in thousands		Indian-Rupee in thousands	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Present value of defined benefit obligation	₩ 160,230,047	₩ 144,823,054	Rs. 8,351,511	Rs. 7,548,467
Fair value of plan assets	(1,499,283)	(1,524,841)	(78,146)	(79,478)
	<u>₩ 158,730,764</u>	<u>₩ 143,298,213</u>	<u>Rs. 8,273,365</u>	<u>Rs. 7,468,989</u>



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

	Six months ended June 30, 2013		Six months ended June 30, 2012	
Beginning balance	₩	144,823,054	₩	188,058,593
Current service cost		15,366,680		11,528,254
Interest cost		2,814,855		4,466,155
Actuarial gains		-		-
Wages paid		(2,774,542)		(12,764,889)
Ending balance	₩	<u>160,230,047</u>	₩	<u>191,288,113</u>

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

	Six months ended June 30, 2013		Six months ended June 30, 2012	
Beginning balance	₩	1,524,841	₩	3,072,683
Expected return on plan assets		29,561		46,789
Actuarial losses		(9,397)		(2,452)
Wages paid		(45,722)		(274,066)
Ending balance	₩	<u>1,499,283</u>	₩	<u>2,842,954</u>

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

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

## 18. CONTINGENCIES AND COMMITMENTS:

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

- (1) The Company carries product liability insurance for all products which it sells domestically.
- (2) As of June 30, 2013, the company has been providing guarantees from WORRI BANK and etc. amounting to USD 14,154,490, EUR 16,850,130 and JPY 553,147,396 related to import L/C.

provided	Contract period	Contract price(USD)	Amount execution	Amount execution
WOORI BANK	2012.8.23~2013.8.23	USD 40,000,000	USD 8,140,000	Usance import credit limit
			USD 6,014,490	
KDB	2012.7.27~2013.7.27	USD 65,000,000	EUR 15,358,568	Usance import credit limit
			JPY 304,039,816	
BOA	2012.12.27~2013.12.27	USD 30,000,000	EUR 1,491,562	Usance import credit limit
			JPY 249,107,580	
			USD 14,154,490	
			EUR 16,850,130	
Total		USD 135,000,000	JPY 553,147,396	

(3) The followings are the major loan arrangements with the financial institutions as of June 30, 2013.

(Unit: Korean won in thousands):

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	₩ 30,000,000	₩ 30,000,000

(Unit: Indian-Rupee in thousands):

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	Rs 1,563,660	Rs 1,563,660

(4) Pending litigations

As of June 30, 2013, the Company has six pending litigations as a plaintiff with claims amounting to ₩ 15,380 million (Rs. 802 million) and twenty-seven pending litigations as a defendant with claims amounting to ₩ 33,158 million (Rs. 1,728 million). Details of significant pending litigations more than ₩ 1,000 million (Rs. 52 million) as of June 30, 2013 are as follows

Type of litigation	Claimed amount		Plaintiff	Defendant	Remarks
	(Korean won in thousands)	(Indian-Rupee in thousands)			
Wages	₩25,535,751	Rs.1,330,974	Sung-Ho Lee and 244 others	The Company Federation of Korea Metal Worker's trade Union, Kap Deuk Jung and others	2 <sup>nd</sup> trial pending (1 <sup>st</sup> trial lost)
Compensation for damages	10,000,000	521,220	The Company	Labor Union, Kap Deuk Jung and others	1 <sup>st</sup> trial pending
Compensation for damages	5,000,000	260,610	The Company	others	1 <sup>st</sup> trial pending
Void dismissal	3,020,015	157,409	Suk-joo Noh and 150 others	The Company	2 <sup>nd</sup> trial pending (1 <sup>st</sup> trial win)
Objection to confirmation trial	1,560,000	81,310	SK E&C Co., Ltd.	The Company	3 <sup>rd</sup> trial pending (2 <sup>nd</sup> trial lose)

(\*) For the above pending litigations, the Company recognized other payables amounting to ₩ 21,487,208 thousands (Rs. 1,119,956 thousands) that are expected to be a probable loss and can be reasonably estimated as of June 30, 2013.

## 19. CAPITAL STOCK:

As of June 30, 2013 and December 31, 2012, the number of authorized shares is 3 billion shares. Details of capital stock are as follows:

(Unit: Korean Won in thousands except par value):

Classification	Shares outstanding(*)	Par value	Capital stock
June 30, 2013	137,220,096	₩ 5,000	₩ 686,100,480
December 31, 2012	122,674,641	₩ 5,000	₩ 613,373,205

(Unit: Indian-Rupee in thousands except par value):

Classification	Shares outstanding(*)	Par value	Capital stock
June 30, 2013	137,220,096	Rs. 261	Rs. 35,760,929
December 31, 2012	122,674,641	Rs. 261	Rs. 31,970,238

(\*) Depending on board resolution on February 14, 2013, the Company increased its capital by ₩ 80,000,003 thousands (Rs. 4,169,760 thousands) (issue price per share: ₩ 5,500 (Rs. 287), number of shares issued: 14,545,455 shares).

## 20. OTHER CAPITAL SURPLUS AND RETAINED EARNINGS:

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

	Korean won in thousands		Indian-Rupee in thousands	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Other Capital Surplus				
Paid-in capital in excess of par value	₩ 11,452,713	₩ 4,545,756	Rs. 596,939	Rs. 236,934
Gain on retirement of capital stock	120,351,580	120,351,580	6,272,965	6,272,965
Debt converted to equity	931,508	931,508	48,552	48,552
Treasury stock(*)	(108,530)	-	(5,657)	-
Consideration for conversion rights	(3,243,869)	(3,243,869)	(169,077)	(169,077)
	<u>₩ 129,383,402</u>	<u>₩ 122,584,975</u>	<u>Rs. 6,743,722</u>	<u>Rs. 6,389,374</u>

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

## 21. OTHER CAPITAL ADJUSTMENTS:

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

(Unit: Korean Won in thousands):

Classification	June 30, 2013	December 31, 2012
Other capital adjustments		
Gains (losses) on valuation of derivatives	₩ (30,147,420)	₩ 18,999,750
Cumulative effect of foreign currency translation	1,084,389	862,490
	<u>₩ (29,063,031)</u>	<u>₩ 19,862,240</u>

(Unit: Indian-Rupee in thousands)

Classification	June 30, 2013	December 31, 2012
Other capital adjustments		
Gains (losses) on valuation of derivatives	Rs. (1,571,344)	Rs. 990,305
	56,521	44,955
	<u>Rs. (1,514,823)</u>	<u>Rs. 1,035,260</u>

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

	Korean won in thousands		Indian-Rupee in thousands	
	Six months ended June 30, 2013	Year ended December 31, 2012	Six months ended June 30, 2013	Year ended December 31, 2012
Beginning balance	₩ 18,999,750	₩ 193,310	Rs. 990,305	Rs. 10,076
Gains (losses) on valuation of derivatives	(30,147,420)	18,999,750	(1,571,344)	990,305
The amount reclassified to profit or loss	(18,999,750)	(193,310)	(990,305)	(10,076)
Ending balance	<u>₩ (30,147,420)</u>	<u>₩ 18,999,750</u>	<u>Rs. (1,571,344)</u>	<u>Rs. 990,305</u>

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

	Korean won in thousands		Indian-Rupee in thousands	
	Six months ended	Year ended	Six months ended	Year ended
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Beginning balance	₩ 862,490	₩ 899,841	Rs. 44,955	Rs. 46,902
Cumulative effect of foreign currency translation	221,899	(37,351)	11,566	(1,947)
Ending balance	₩ 1,084,389	₩ 862,490	Rs. 56,521	Rs. 44,955

## 22. RETAINED EARNINGS:

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

(Unit: Korean Won in thousands):

	June 30, 2013	December 31, 2012
Retained earnings	₩ 41,854,930	₩ 44,842,295

(Unit: Indian-Rupee in thousands)

	June 30, 2013	December 31, 2012
Retained earnings	Rs. 2,181,563	Rs. 2,337,270

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

(Unit: Korean Won in thousands):

	June 30, 2013	December 31, 2012
Beginning balance	₩ 44,842,295	₩ 169,663,313
Loss on appropriated retained earnings	(2,977,968)	(105,926,820)
Actuarial losses	(9,397)	(18,894,198)
Ending balance	₩ 41,854,930	₩ 44,842,295

(Unit: Indian-Rupee in thousands)

	June 30, 2013	December 31, 2012
Beginning balance	Rs. 2,337,270	Rs. 8,843,191
Loss on appropriated retained earnings	(155,218)	(5,521,117)
Actuarial losses	(489)	(984,804)
Ending balance	Rs. 2,181,563	Rs. 2,337,270

## 23. INCOME TAX:

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

	Korean won in thousands		Indian-Rupee in thousands	
	Six months ended June 30, 2013	Six months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Income tax expense of Parent Company	₩ -	₩ -	Rs. -	Rs. -
Income tax expense of Subsidiary Company	196,846	34,229	10,260	1,784
Income tax expense of Consolidated Company	₩ 196,846	₩ 34,229	Rs. 10,260	Rs. 1,784

- (2) As of June 30, 2013 and December 31, 2012, there is no deferred income tax assets the company recognizes due to tax deficit.

## 24. EXPENSES BY CATEGORY:

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

	Korean won in thousands		Indian-Rupee in thousands	
	Six months ended June 30, 2013	Six months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Changes in inventories	₩ (25,279,675)	₩ (13,158,545)	Rs. (1,317,627)	Rs. (685,850)
Raw materials and merchandise goods used	1,217,583,261	981,801,804	63,462,875	51,173,474
Salaries	132,570,418	105,243,870	6,909,835	5,485,521
Depreciation	54,054,154	48,005,482	2,817,411	2,502,142
Amortization	17,954,017	17,228,466	935,799	897,982
Other	278,029,125	270,411,643	14,491,434	14,094,396
	<u>₩ 1,674,911,300</u>	<u>₩ 1,409,532,720</u>	<u>Rs. 87,299,727</u>	<u>Rs. 73,467,665</u>

## 25. DERIVATIVES FINANCIAL INSTRUMENTS:

The Company has a derivative contract with Woori Bank and KDB to avoid the risks of exchange rate fluctuation by fitting the amount and period of expected foreign currency sales (hedged items) and derivative financial instruments (hedging instrument). Loss on valuation of derivatives for ₩ 30,147,420 thousands (Rs. 1,571,344 thousands) applied to cash flow risk aversion accounting treatment are recognized as other capitals components. And loss on valuation of derivatives for ₩ 2,826,809 thousands (Rs. 147,339 thousands) which are inefficient parts are recognized as accumulated other comprehensive income for the year ended June 30, 2013.

## 26. SELLING AND ADMINISTRATIVE EXPENSES:

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

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Warranty expenses	₩ 19,878,705	₩ 34,518,748	₩ 12,006,423	₩ 25,336,725
Sales commissions	37,797,209	69,569,418	29,083,573	51,568,405
Sales promotional expenses	5,451,895	14,358,964	8,053,842	14,458,578
Packaging expenses	969,649	2,001,042	917,893	1,866,100
Freight expenses	2,338,422	4,627,909	2,100,456	4,150,465
Advertising expenses	3,967,444	10,352,121	5,440,154	12,583,174
Export expenses	22,230,422	40,719,453	19,541,647	37,930,468
	<u>₩ 92,633,746</u>	<u>₩ 176,147,655</u>	<u>₩ 77,143,988</u>	<u>₩ 147,893,915</u>

  

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Warranty expenses	Rs. 1,036,118	Rs. 1,799,186	Rs. 625,799	Rs. 1,320,601
Sales commissions	1,970,066	3,626,097	1,515,894	2,687,848
Sales promotional expenses	284,164	748,419	419,782	753,610
Packaging expenses	50,540	104,298	47,842	97,265
Freight expenses	121,883	241,216	109,480	216,331
Advertising expenses	206,791	539,573	283,552	655,860
Export expenses	1,158,694	2,122,379	1,018,550	1,977,012
	<u>Rs. 4,828,256</u>	<u>Rs. 9,181,168</u>	<u>Rs. 4,020,899</u>	<u>Rs. 7,708,527</u>

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

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Salaries	₩ 11,315,930	₩ 22,425,820	₩ 9,820,860	₩ 19,400,345
Post-employment benefits	1,713,397	3,325,873	1,247,570	2,517,783
Employee benefits	2,561,376	5,556,894	3,059,737	5,761,561
Travel expenses	417,576	650,856	319,659	547,858
Communication expenses	296,551	591,429	274,444	516,922
Electricity expenses	91,548	224,360	105,400	262,835
Utility expenses	35,837	145,958	25,991	147,302
Taxes and dues	894,185	1,393,105	805,703	1,261,676
Rent expense	2,585,701	5,089,635	3,814,653	7,568,392
Repair expenses	215,482	382,694	290,394	512,296
Insurance	21,617	83,590	37,317	73,190
Entertainment expenses	105,655	240,352	45,622	169,425
Vehicles	207,427	420,617	179,752	395,153
Overseas marketing expenses	177,641	227,879	91,516	128,427
Training	235,884	357,654	323,821	515,517
Printing	142,706	304,477	103,758	157,271
Supplies	81,945	184,550	87,890	192,992
Conference expense	50,668	157,776	26,198	86,869
Service fees	5,875,662	10,456,774	3,070,944	5,788,258
Legal expense	28,099	108,443	1,760	86,124
Outsourcing expense	4,058,416	7,998,094	3,890,212	8,675,937
Computing expense	1,315,096	2,588,996	1,234,965	2,585,219
Depreciation	1,242,532	2,513,540	1,153,537	2,216,032
Bad debt expense	390,203	555,518	173,572	351,004
R&D expenses	5,270,301	10,605,495	3,043,927	6,732,061
Amortization	745,389	1,380,311	533,021	1,026,669
Bad debt expenses	165,978	50,497	120,709	297,431
	₩ 40,242,802	₩ 78,021,187	₩ 33,882,932	₩ 67,974,549

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Salaries	Rs. 589,808	Rs. 1,168,878	Rs. 511,883	Rs. 1,011,185
Post-employment benefits	89,306	173,351	65,026	131,232
Employee benefits	133,504	289,636	159,480	300,304
Travel expenses	21,765	33,924	16,661	28,555
Communication expenses	15,457	30,826	14,304	26,943
Electricity expenses	4,772	11,694	5,494	13,699
Utility expenses	1,868	7,608	1,355	7,677
Taxes and dues	46,607	72,611	41,995	65,761
Rent expense	134,772	265,282	198,827	394,480
Repair expenses	11,231	19,947	15,136	26,702
Insurance	1,127	4,357	1,945	3,815
Entertainment expenses	5,507	12,528	2,378	8,831
Vehicles	10,811	21,923	9,369	20,596
Overseas marketing expenses	9,259	11,877	4,770	6,694
Training	12,295	18,642	16,878	26,870
Printing	7,438	15,870	5,408	8,197
Supplies	4,271	9,619	4,581	10,059
Conference expense	2,641	8,224	1,365	4,528
Service fees	306,251	545,028	160,064	301,696
Legal expense	1,464	5,652	92	4,489
Outsourcing expense	211,533	416,877	202,765	452,207
Computing expense	68,545	134,944	64,369	134,747
Depreciation	64,763	131,011	60,125	115,504

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Bad debt expense	20,338	28,955	9,047	18,295
R&D expenses	274,699	552,779	158,655	350,888
Amortization	38,851	71,945	27,782	53,512
Bad debt expenses	8,652	2,632	6,292	15,503
	<u>Rs. 2,097,535</u>	<u>Rs. 4,066,620</u>	<u>Rs. 1,766,046</u>	<u>Rs. 3,542,969</u>

**27. NON-OPERATING INCOME (EXPENSES):**

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

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Commission income	₩ 2,964,884	₩ 6,725,452	₩ 495,484	₩ 734,269
Gain on foreign currency transactions	3,839,929	7,325,013	2,349,166	4,062,412
Gain on foreign currency translation	529,808	1,042,061	78,901	599,151
Reversal of allowance for doubtful accounts	-	27,034	-	40,435
Gain on disposal of property, plant and equipment	31,267	35,456	115,055	118,666
Gain on disposal of investment assets	-	-	9,133	11,662
Product warranty reserve	1,207,819	2,618,401	1,378,404	2,532,903
Gains on insurance settlements	4	4	-	-
Gains on assets contributed	-	19,360	-	-
Miscellaneous income	3,126,004	7,503,416	2,467,179	5,114,903
	<u>₩ 11,699,715</u>	<u>₩ 25,296,197</u>	<u>₩ 6,893,322</u>	<u>₩ 13,214,401</u>

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Commission income	Rs. 154,536	Rs. 350,544	Rs. 25,826	Rs. 38,271
Gain on foreign currency transactions	200,145	381,794	122,443	211,741
Gain on foreign currency translation	27,614	54,314	4,113	31,229
Reversal of allowance for doubtful accounts	-	1,409	-	2,108
Gain on disposal of property, plant and equipment	1,630	1,848	5,997	6,185
Gain on disposal of investment assets	-	-	476	608
Product warranty reserve	62,954	136,477	71,845	132,020
Gains on insurance settlements	-	-	-	-
Gains on assets contributed	-	1,009	-	-
Miscellaneous income	162,934	391,093	128,594	266,599
	<u>Rs. 609,813</u>	<u>Rs. 1,318,488</u>	<u>Rs. 359,294</u>	<u>Rs. 688,761</u>

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

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Loss on foreign currency transactions	₩ 3,596,516	₩ 5,293,486	₩ 2,609,553	₩ 4,990,559
Loss on foreign currency translation	638,198	1,061,332	493,899	862,725
Other bad debt expense	50,438	21,297	4,873	-
Non-operating assets and depreciation	9,358	24,514	16,605	33,210
Loss on disposal of property, plant and equipment	158,697	203,700	56,846	81,091
Loss on disposal of investment assets	641	4,747	11,108	15,982
Loss on disposal of trade receivables	2,401,671	4,865,273	2,705,217	4,957,146
Impairment loss on investments	693,272	696,899	8,385	118,390
Impairment loss on intangible assets	12,837	23,446	4,355	9,059
Donations	97,900	97,900	120,324	130,324
Miscellaneous loss	4,424,302	12,365,921	3,432,793	7,086,553
	<u>₩ 12,083,830</u>	<u>₩ 24,658,515</u>	<u>₩ 9,463,958</u>	<u>₩ 18,285,039</u>

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Loss on foreign currency transactions	Rs. 187,457	Rs. 275,907	Rs. 136,015	Rs. 260,118
Loss on foreign currency translation	33,264	55,319	25,743	44,967
Other bad debt expense	2,629	1,110	254	-
Non-operating assets and depreciation	488	1,278	865	1,731
Loss on disposal of property, plant and equipment	8,272	10,617	2,963	4,227
Loss on disposal of investment assets	33	247	579	833
Loss on disposal of trade receivables	125,180	253,588	141,001	258,376
Impairment loss on investments	36,135	36,324	437	6,171
Impairment loss on intangible assets	669	1,222	227	472
Donations	5,103	5,103	6,272	6,793
Others	230,603	644,536	178,924	369,365
	<u>Rs. 629,833</u>	<u>Rs. 1,285,251</u>	<u>Rs. 493,280</u>	<u>Rs. 953,053</u>

## 28. FINANCIAL INCOME AND COST:

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

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Interest income	₩ 1,689,987	₩ 3,217,080	₩ 1,869,973	₩ 3,617,284
Dividend income	2,500	8,500	-	307,542
Gain on foreign currency transactions	1,638,866	2,564,576	907,299	1,338,102
Gain on foreign currency translation	151,439	222,590	-	7,345



Gain on disposal of derivatives	4,225,864	11,524,375	257,750	2,049,750
Gain on valuation of derivatives	1,757,813	2,992,114	2,190,941	1,943,277
Gain on debt exemption	-	-	594,352	594,352
	<u>₩ 9,466,469</u>	<u>₩ 20,529,235</u>	<u>₩ 5,820,315</u>	<u>₩ 9,857,652</u>

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Interest income	Rs. 88,086	Rs. 167,681	Rs. 97,467	Rs. 188,540
Dividend income	130	443	-	16,030
Gain on foreign currency transactions	85,420	133,671	47,291	69,745
Gain on foreign currency translation	7,893	11,602	-	383
Gain on disposal of derivatives	220,261	600,673	13,434	106,837
Gain on valuation of derivatives	91,621	155,955	114,196	101,287
Gain on debt exemption	-	-	30,979	30,979
	<u>Rs. 493,411</u>	<u>Rs. 1,070,025</u>	<u>Rs. 303,367</u>	<u>Rs. 513,801</u>

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

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Interest expense	₩ 2,235,558	₩ 4,329,964	₩ 2,303,279	₩ 4,633,349
Loss on foreign currency transactions	1,348,027	1,642,622	450,706	914,289
Loss on foreign currency translation	819,956	900,932	146,472	102,858
Loss on disposal of derivatives	1,805,498	2,564,298	2,745,500	2,860,000
Loss on valuation of derivatives	162,559	165,305	-	76,397
	<u>₩ 6,371,598</u>	<u>₩ 9,603,121</u>	<u>₩ 5,645,957</u>	<u>₩ 8,586,893</u>

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Interest expense	Rs. 116,522	Rs. 225,686	Rs. 120,052	Rs. 241,499
Loss on foreign currency transactions	70,261	85,618	23,492	47,655
Loss on foreign currency translation	42,738	46,958	7,634	5,361
Loss on disposal of derivatives	94,106	133,656	143,101	149,069
Loss on valuation of derivatives	8,473	8,616	-	3,982
	<u>Rs. 332,100</u>	<u>Rs. 500,534</u>	<u>Rs. 294,279</u>	<u>Rs. 447,566</u>

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

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Loan and receivables	₩ (166,064)	₩ 121,586	₩ 79,338	₩ 154,664
Available-for-sale financial assets	-	6,000	-	6,000
Other financial liabilities	3,260,935	10,798,528	95,020	1,110,095
	<u>₩ 3,094,871</u>	<u>₩ 10,926,114</u>	<u>₩ 174,358</u>	<u>₩ 1,270,759</u>

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Loan and receivables	Rs. (8,656)	Rs. 6,337	Rs. 4,135	Rs. 8,061
Available-for-sale financial assets	-	313	-	313
Other financial liabilities	169,967	562,841	4,953	57,861
	<u>Rs. 161,311</u>	<u>Rs. 569,491</u>	<u>Rs. 9,088</u>	<u>Rs. 66,235</u>

**29. INCOME(LOSS) PER SHARE:**

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

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Net loss	₩ 6,236,448	₩ (2,977,969)	₩ (21,479,185)	₩ (52,398,170)
Preferred stock dividends	-	-	-	-
Loss contributed to common stocks	6,236,448	(2,977,969)	(21,479,185)	(52,398,170)
Number of common stocks outstanding	129,047,257	125,878,553	123,624,924	122,114,125
Basic and diluted loss per share(*)	₩ 48	₩ (24)	₩ (174)	₩ (429)

  

	Periods ended June 30, 2013		Periods ended June 30, 2012	
	Three months	Six months	Three months	Six months
Net loss	Rs. 325,057	Rs. (155,217)	Rs. (1,119,537)	Rs. (2,731,097)
Preferred stock dividends	-	-	-	-
Loss contributed to common stocks	325,057	(155,217)	(1,119,537)	(2,731,097)
Number of common stocks outstanding	129,047,257	125,878,553	123,624,924	122,114,125
Basic and diluted loss per share(*)	Rs. 3	Rs. (1)	Rs. (9)	Rs. (22)

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

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

	Six months ended June 30, 2013					
	Time interval		Outstanding	Accumulated outstanding	Weighted average impact	Outstanding
Common stock	2013-01-01	2013-04-03	122,674,641	122,674,641	93/181	63,031,722
Acquisition of treasury stock	2013-04-04	2013-05-21	(21,706)	122,652,935	48/181	32,526,745
Additional Share	2013-05-22	2013-06-30	14,545,455	137,198,390	40/181	30,320,086
Total						<u>125,878,553</u>

  

	Six months ended June 30, 2012					
	Time interval		Outstanding	Accumulated outstanding	Weighted average impact	Outstanding
Common stock	2012-01-01	2012-05-18	121,961,841	121,961,841	139/182	93,146,681
Additional Share	2012-05-19	2012-06-30	644,550	122,606,391	43/182	28,967,444
Total						<u>122,114,125</u>

**30. CASH FLOWS FROM OPERATING ACTIVITIES:**

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

	Korean Won in thousands		Indian-Rupee in thousands	
	Six months ended June 30, 2013	Six months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
1. Cash flows from operating activities	₩ 238,434,569	₩ 65,780,031	Rs. 12,427,687	Rs. 3,438,587
1) Net loss	(2,977,968)	(52,398,171)	(155,218)	(2,731,097)
2) Adjustments	96,684,976	87,707,993	5,039,415	4,571,516
(1) Addition of expenses	105,749,662	96,209,778	5,511,885	5,014,647
Income tax expense	196,846	34,229	10,260	1,784
Loss on foreign currency translation	1,962,265	965,583	102,277	50,328

	Korean Won in thousands		Indian-Rupee in thousands	
	Six months ended June 30, 2013	Six months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Loss on disposal of trade receivables	4,865,273	4,957,146	253,589	258,376
Loss on disposal of derivatives	165,305	76,397	8,616	3,982
Loss on valuation of inventories	-	1,264,194	-	65,892
Rent expense	-	155,722	-	8,117
Bad debt expense	50,496	297,432	2,632	15,503
Other bad debt expense	21,297	-	1,110	-
Depreciation	57,002,385	50,396,926	2,971,078	2,626,789
Loss on disposal of investment assets	4,747	15,982	247	833
Loss on disposal of property, plant and equipment	203,700	81,091	10,617	4,227
Impairment loss on investment assets	696,899	118,390	36,324	6,171
Amortization	17,940,982	17,223,449	935,120	897,721
Impairment loss on intangible assets	23,446	9,059	1,222	472
Interest expense	4,329,964	4,633,349	225,686	241,499
Post-employment benefits	18,151,975	15,947,619	946,117	831,222
Depreciation expenses on assets not in use	24,514	33,210	1,278	1,731
Miscellaneous losses	109,568	-	5,712	-
(2) Deduction of revenue	(9,064,686)	(8,501,785)	(472,470)	(443,131)
Gain on foreign currency translation	1,264,651	606,495	65,916	31,612
Reversal of allowance for doubtful accounts	27,034	40,436	1,409	2,108
Reversal of loss on valuation of inventories	1,408,629	1,262,071	73,421	65,782
Interest income	3,217,080	3,617,284	167,681	188,540
Dividend income	8,500	307,542	443	16,030
Gain on valuation of derivatives	2,992,114	1,943,277	155,955	101,287
Gain on disposal of investment assets	-	11,662	-	608
Gain on disposal of property, plant and equipment	35,456	118,666	1,848	6,185
Gain on debt exemption	-	594,352	-	30,979
Miscellaneous gains	111,222	-	5,797	-
3) Changes in working capital	144,727,561	30,470,209	7,543,490	1,588,168
Increase in trade receivables, net	(14,384,037)	(16,378,258)	(749,725)	(853,668)
Increase in other receivables, net	(4,488,909)	3,447,488	(233,971)	179,690
Decrease in deposits	(35,455)	36,632	(1,848)	1,909
Decrease in advanced payments	820,021	7,607,067	42,741	396,496
Increase in prepaid expenses	(1,657,526)	(1,299,812)	(86,393)	(67,749)
Increase in income tax refundable	450,603	101,545	23,486	5,293
Decrease in derivatives assets	2,436,903	-	127,016	-
Increase in inventories	(29,956,866)	(9,745,072)	(1,561,412)	(507,933)
Decrease (Increase) in long security	(2,809,300)	37,695	(146,426)	1,965
Decrease in non-current assets	-	161,116	-	8,398
Increase in trade payables	219,113,370	51,041,119	11,420,627	2,660,365
Decrease in other payables	(17,861,285)	7,703,668	(930,966)	401,531
Decrease in accrued charges	(1,555,012)	(3,355,179)	(81,050)	(174,879)
Increase(Decrease) in deposits received	8,533	(13,600)	445	(709)
Decrease in current other long term benefit	1,285,100	(403,175)	66,982	(21,014)
Increase in advances from customers	(2,604,351)	1,192,152	(135,744)	62,137
Decrease in withholdings	(644,027)	(3,049,426)	(33,568)	(158,942)
Increase(Decrease) in unearned revenue	(5,508,282)	5,519,285	(287,102)	287,676
Increase (Decrease) in government subsidies	(32,802)	700,867	(1,710)	36,531
Increase (Decrease) in short-term provision of product warranties	6,366,545	(1,181,932)	331,837	(61,605)
Increase in long-term other payables	20,571	135,000	1,072	7,037

	Korean Won in thousands		Indian-Rupee in thousands	
	Six months ended June 30, 2013	Six months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Increase in other long term benefit	(1,507,412)	703,852	(78,569)	36,686
Payment of severance indemnities	(2,728,821)	(12,490,823)	(142,232)	(651,047)
2. Interest received	2,713,435	3,383,956	141,429	176,378
3. Interest paid	(4,071,205)	(4,488,563)	(212,199)	(233,953)
4. Dividends received	382,462	71,900	19,934	3,748
5. Income tax expense	(194,547)	(34,229)	(10,140)	(1,784)
Net cash provided by operating activities	<u>₩ 237,264,714</u>	<u>₩ 64,713,095</u>	<u>Rs. 12,366,711</u>	<u>Rs. 3,372,976</u>

### 31. SEGMENT INFORMATION:

- (1) The company determined itself as a single reportable segment in the light of nature of goods or service creating operating income and trait of assets providing service. Therefore, writing disclosure according to reportable segment's operating income, income before income tax and its assets and liabilities is omitted
- (2) Information of each sales region for the six months ended June 30, 2013 and 2012 as follows: follows (Unit: Korean won and Indian-Rupee in thousands):

Sales region	Six months ended June 30, 2013	
Republic of Korea	₩ 870,573,868	Rs. 45,376,051
Europe	444,453,880	23,165,825
Asia Pacific	52,362,760	2,729,252
Others	289,393,612	15,083,774
Consolidation adjustment	3,782,261	197,139
	<u>₩ 1,660,566,381</u>	<u>Rs. 86,552,041</u>

Sales region	Six months ended June 30, 2012	
Republic of Korea	₩ 657,770,967	Rs. 34,284,338
Europe	390,485,127	20,352,866
Asia Pacific	62,079,063	3,235,685
Others	245,540,933	12,798,085
Consolidation adjustment	5,092,568	265,434
	<u>₩ 1,360,968,658</u>	<u>Rs. 70,936,408</u>

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

Sales region	Six months ended June 30, 2013	
Vehicles	₩ 1,427,672,100	Rs. 74,413,125
Merchandises	223,044,381	11,625,519
Others	9,849,900	513,397
	<u>₩ 1,660,566,381</u>	<u>Rs. 86,552,041</u>

Sales region	Six months ended June 30, 2012	
Vehicles	₩ 1,191,233,211	Rs. 62,089,457
Merchandises	156,019,280	8,132,037
Others	13,716,167	714,914
	<u>₩ 1,360,968,658</u>	<u>Rs. 70,936,408</u>

**32. RELATED PARTY TRANSACTIONS:**

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

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

(2) Major transactions with the related parties for the six months ended June 30, 2013 and 2012 are as follows:

(Unit: Korean won in thousands):

	<u>Six months ended June 30, 2013</u>		<u>Six months ended June 30, 2012</u>	
	<u>Sales and others</u>	<u>Purchases and others</u>	<u>Sales and others</u>	<u>Purchases and others</u>
Transactions with controlling company	₩ 1,709,866	₩ 3,445,702	₩ 134,762	₩ 3,525,503
Transactions with subsidiaries	4,470,507	-	5,201,378	-
Transaction with other affiliates	55,670,524	-	11,249,419	3,874

(Unit: Indian-Rupee in thousands):

	<u>Six months ended June 30, 2013</u>		<u>Six months ended June 30, 2012</u>	
	<u>Sales and others</u>	<u>Purchases and others</u>	<u>Sales and others</u>	<u>Purchases and others</u>
Transactions with controlling company	Rs. 89,122	Rs. 179,597	Rs. 7,024	Rs. 183,756
Transactions with subsidiaries	233,012	-	271,106	-
Transactions with other affiliates	2,901,659	-	586,342	202

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

(Unit: Korean won in thousands):

	<u>June 30, 2013</u>	<u>December 31, 2012</u>
Receivables from and payables to controlling company:		
Receivables and others	₩ 360,311	₩ 377,097
Payables and others	96,480,858	96,501,477
Receivables from and payables to subsidiaries:		
Receivables and others	13,616,358	14,248,992
Payables and others	565,640	633,884
Receivables from and payables to affiliates:		
Receivables and others	5,497,590	8,347,797
Payables and others	2,066,875	1,081,824

(Unit: Indian-Rupee in thousands):

	<u>June 30, 2013</u>	<u>December 31, 2012</u>
Receivables from and payables to controlling company:		
Receivables and others	Rs. 18,780	Rs. 19,655
Payables and others	5,028,775	5,029,850
Receivables from and payables to subsidiaries:		
Receivables and others	709,712	742,686
Payables and others	29,482	33,039
Receivables from and payables to affiliates:		
Receivables and others	286,545	435,104
Payables and others	107,730	56,387

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

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

	Korean won in thousands		Indian-Rupee in thousands	
	Six months ended June 30, 2013	Six months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Short-term employee benefits	₩ 340,976	₩ 238,859	Rs. 17,772	Rs. 12,450
Post-employment benefits	7,840	2,212	409	115

### 33. FINANCIAL INSTRUMENTS:

#### (1) Capital risk management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as, debt to equity ratio and net borrowings to equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

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

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

(Unit: Korean Won in thousands):

	June 30, 2013	December 31, 2012
Debt (A)	₩ 1,317,119,708	₩ 1,049,827,653
Equity (B)	828,275,781	800,662,716
Debt ratio (A/ B)	159.02%	131.12%

(Unit: Indian-Rupee in thousands):

	June 30, 2013	December 31, 2012
Debt (A)	Rs. 68,650,913	Rs. 54,719,117
Equity (B)	43,171,391	41,732,142
Debt ratio (A/ B)	159.02%	131.12%

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

#### 1) Financial assets

(Unit: Korean Won in thousands):

Financial asset	June 30, 2013				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 487,954,479	₩ -	₩ -	₩ 487,954,479	₩ 487,954,479
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	246,372,116	-	-	246,372,116	246,372,116
Long-term AFS financial assets	-	560,000	-	560,000	560,000
	₩ 734,332,595	₩ 560,000	₩ -	₩ 734,892,595	₩ 734,892,595

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

(Unit: Indian-Rupee in thousands):

June 30, 2013					
Financial asset	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 25,433,163	Rs. -	Rs. -	Rs. 25,433,163	Rs. 25,433,163
Long-term financial instruments	313	-	-	313	313
Trade receivables and Other receivables	12,841,408	-	-	12,841,408	12,841,408
Long-term AFS financial assets	-	29,188	-	29,188	29,188
	<u>Rs. 38,274,884</u>	<u>Rs. 29,188</u>	<u>Rs. -</u>	<u>Rs. 38,304,072</u>	<u>Rs. 38,304,072</u>

December 31, 2012					
Financial asset	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 10,615,508	Rs. -	Rs. -	Rs. 10,615,508	Rs. 10,615,508
Long-term financial instruments	313	-	-	313	313
Trade receivables and Other receivables	12,533,995	-	-	12,533,995	12,533,995
Derivatives assets	-	-	1,120,806	1,120,806	1,120,806
Long-term AFS financial assets	-	29,188	-	29,188	29,188
	<u>Rs. 23,149,816</u>	<u>Rs. 29,188</u>	<u>Rs. 1,120,806</u>	<u>Rs. 24,299,810</u>	<u>Rs. 24,299,810</u>

## 2) Financial liabilities

(Unit: Korean won in thousands):

June 30, 2013				
Financial liabilities	Fianncial liabilities after amortization	Designated to hedge item	Total	Fair value
Total payables and other payables	₩ 806,939,351	₩ -	₩ 806,939,351	₩ 806,939,351
Debt	164,021,054	-	164,021,054	164,021,054
Derivative liabilities	-	27,253,761	27,253,761	27,253,761
	<u>₩ 970,960,405</u>	<u>₩ 27,253,761</u>	<u>₩ 998,214,166</u>	<u>₩ 998,214,166</u>

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

(Unit: Indian-Rupee in thousands):

Financial liabilities	June 30, 2013			
	Financial liabilities after amortization	Designated to hedge item	Total	Fair value
Total payables and other payables	Rs. 42,059,293	Rs. -	Rs. 42,059,293	Rs. 42,059,293
Debt	8,549,105	-	8,549,105	8,549,105
Derivative liabilities	-	1,420,521	1,420,521	1,420,521
	<u>Rs. 50,608,398</u>	<u>Rs. 1,420,521</u>	<u>Rs. 52,028,919</u>	<u>Rs. 52,028,919</u>

Financial Liabilities	December 31, 2012			
	Financial liabilities after amortization	Designated to hedge item	Total	Fair value
Total payables and other payables	Rs. 32,225,823	Rs. -	Rs. 32,225,823	Rs. 32,225,823
Debt	6,536,348	-	6,536,348	6,536,348
Derivative liabilities	-	-	-	-
	<u>Rs. 38,762,171</u>	<u>Rs. -</u>	<u>Rs. 38,762,171</u>	<u>Rs. 38,762,171</u>

### (3) Financial risk management

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

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

#### 1) Market risk

##### a. Foreign currency risk

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

Details of the Company held foreign currency denominated monetary assets and monetary liabilities of the carrying amount as of June 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

Currency	Assets		Liabilities	
	June 30, 2013	Dec 31, 2012	June 30, 2013	Dec 31, 2012
USD	₩ 118,905,494	₩ 113,042,936	₩ 20,791,353	₩ 9,685,534
EUR	31,527,193	25,724,783	43,190,330	19,021,629
JPY	771,350	113,024	11,532,173	6,468,799
Others	2,333,974	5,366,589	3,918,718	1,901,227
Total	<u>₩ 153,538,011</u>	<u>₩ 144,247,332</u>	<u>₩ 79,432,574</u>	<u>₩ 37,077,189</u>

(Unit: Indian-Rupee in thousands):

Currency	Assets		Liabilities	
	June 30, 2013	Dec 31, 2012	June 30, 2013	Dec 31, 2012
USD	Rs. 6,197,592	Rs. 5,892,024	Rs. 1,083,687	Rs. 504,829
EUR	1,643,260	1,340,827	2,251,166	991,445
JPY	40,204	5,891	601,080	337,167
Others	121,652	279,717	204,252	99,096
Total	<u>Rs. 8,002,708</u>	<u>Rs. 7,518,459</u>	<u>Rs. 4,140,185</u>	<u>Rs. 1,932,537</u>



The table below shows the sensitivity for each foreign currency when exchange rates change 10 %. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% at the year end of June 30, 2013.

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

(Unit: Korean won in thousands):

Currency	Financial assets		Financial liabilities	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 11,890,550	₩ (11,890,550)	₩ (2,079,135)	₩ 2,079,135
EUR	3,152,719	(3,152,719)	(4,319,033)	4,319,033
JPY	77,135	(77,135)	(1,153,217)	1,153,217
Others	233,397	(233,397)	(391,872)	391,872
	₩ 15,353,801	₩ (15,353,801)	₩ (7,943,257)	₩ 7,943,257

(Unit: Indian-Rupee in thousands):

Currency	Financial assets		Financial liabilities	
	10% increase	10% decrease	10% increase	10% decrease
USD	Rs. 619,759	Rs. (619,759)	Rs. (108,369)	Rs. 108,369
EUR	164,326	(164,326)	(225,117)	225,117
JPY	4,021	(4,021)	(60,108)	60,108
Others	12,165	(12,165)	(20,424)	20,424
	Rs. 800,271	Rs. (800,271)	Rs. (414,018)	Rs. 414,018

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

Details of non-payment forward contracts as of June 30, 2013 are as follows:

(Unit: Korean won in thousands):

	Average exchange rate contracted	Amount of foreign currency	Amount of contract	Fair value
Cash flow hedges				
USD purchase	₩ 1,106.16	USD 191,000,000	₩ 210,914,400	₩ (7,852,378)
	1,119.27	217,000,000	242,226,950	(8,744,655)
	1,130.61	185,000,000	209,163,450	(5,333,983)
	1,121.15	185,000,000	209,532,030	(5,322,745)
		USD 778,000,000	₩ 871,836,830	₩ (27,253,761)

(Unit: Indian-Rupee in thousands):

	Average exchange rate contracted	Amount of foreign currency	Amount of contract	Fair value
Cash flow hedges				
USD purchase	₩ 1,106.16	USD 191,000,000	Rs. 10,993,280	Rs. (409,281)
	1,119.27	217,000,000	12,625,353	(455,789)
	1,130.61	185,000,000	10,902,017	(278,018)
	1,121.15	185,000,000	10,921,229	(277,433)
		USD 778,000,000	Rs. 45,441,879	Rs. (1,420,521)

The cumulative benefits of cash flow hedges related to foreign forward contracts, amounts to (-) ₩30,147,420 thousands won (Rs. 1,571,344 thousands). Sales transaction is expected to occur within the first six months after June 30, 2013, and this amount that is deferred in equity will be reclassified as Current income.

b. Interest rate risk.

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

When other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Company's current income will decrease/increase ₩37,808 thousands won (Rs. 1,840 thousands rupee) for the year ended June 30, 2013, due to floating rate debt's interest rate risk.

2) Credit risk

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

As of June 30, 2013 and December 31, 2012, the maximum exposed amounts of credit risk for financial assets maintained by the Company are as follows. However, the value of acquired collaterals and the effects from other credit enhancement is not considered.

	<u>June 30, 2013</u>	<u>December 31, 2012</u>	<u>June 30, 2013</u>	<u>December 31, 2012</u>
	(Korean Won in thousands)		(Indian-Rupee in thousands)	
Trade and other receivables	₩ 246,372,116	₩ 240,474,184	Rs. 12,841,407	Rs. 12,533,995

3) Liquidity risk

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

Maturity analysis of non-derivative financial liabilities according to their remaining maturities as of June 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean Won in thousands):

	<u>June 30, 2013</u>		
	<u>Within a year</u>	<u>More than 1 year</u>	<u>Total</u>
Trade payables	₩ 587,528,440	₩ -	₩ 587,528,440
Non-trade payables	176,353,301	-	176,353,301
Short-term borrowings	69,650,221	-	69,650,221
Other payables	15,114,539	-	15,114,539
Long-term other payables	-	27,943,070	27,943,070
Bonds	6,678,334	99,503,249	106,181,583
	<u>₩ 855,324,835</u>	<u>₩ 127,446,319</u>	<u>₩ 982,771,154</u>

	December 31, 2012		
	Within a year	More than 1 year	Total
Trade payables	₩ 380,259,503	₩ -	₩ 380,259,503
Non-trade payables	183,630,533	-	183,630,533
Short-term borrowings	32,067,863	-	32,067,863
Other payables	16,409,144	-	16,409,144
Long-term other payables	-	37,977,622	37,977,622
Bonds	6,678,334	96,136,637	102,814,971
	<u>₩ 619,045,377</u>	<u>₩ 134,114,259</u>	<u>₩ 753,159,636</u>

(Unit: Indian-Rupee in thousands):

	June 30, 2013		
	Within a year	More than 1 year	Total
Trade payables	Rs. 30,623,157	Rs. -	Rs. 30,623,157
Non-trade payables	9,191,887	-	9,191,887
Short-term borrowings	3,630,309	-	3,630,309
Other payables	787,800	-	787,800
Long-term other payables	-	1,456,449	1,456,449
Bonds	348,088	5,186,308	5,534,396
	<u>Rs. 44,581,241</u>	<u>Rs. 6,642,757</u>	<u>Rs. 51,223,998</u>

	December 31, 2012		
	Within a year	More than 1 year	Total
Trade payables	Rs. 19,819,886	Rs. -	Rs. 19,819,886
Non-trade payables	9,571,191	-	9,571,191
Short-term borrowings	1,671,441	-	1,671,441
Other payables	855,277	-	855,277
Long-term other payables	-	1,979,470	1,979,470
Bonds	348,088	5,010,834	5,358,922
	<u>Rs. 32,265,883</u>	<u>Rs. 6,990,304</u>	<u>Rs. 39,256,187</u>

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

(Unit: Korean won in thousands):

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

(Unit: Indian-Rupee in thousands):

Borrowing limit commitments		June 31, 2013		December 31, 2012	
		Used	Unused	Used	Unused
	Used	Rs 1,563,660	-	Rs 1,563,660	-
	Unused	-	-	-	-
	Total	<u>Rs 1,563,660</u>	<u>-</u>	<u>Rs 1,563,660</u>	<u>-</u>

#### (4) Fair value of financial instruments

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

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

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

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

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

Fair values of financial instruments by heirarchy level as of June 30, 2013 and December 31, 2012 are as follows:

(Unit: Korean won in thousands):

Type	June 30, 2013			Fair value
	Level 1	Level 2	Level 3	
Derivatives designated to hedge item	₩	₩ (27,253,761)	₩	₩ (27,253,761)

  

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

(Unit: Indian-Rupee in thousands):

Type	June 30, 2013			Fair value
	Level 1	Level 2	Level 3	
Derivatives designated to hedge item	Rs.	Rs. (1,420,521)	Rs.	Rs. (1,420,521)

  

Type	December 31, 2012			Fair value
	Level 1	Level 2	Level 3	
Derivatives designated to hedge item	Rs.	Rs. 1,120,806	Rs.	Rs. 1,120,806