

**SSANGYONG MOTOR COMPANY**

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

ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW REPORT

## Independent Accountants' Review Report

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

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

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

### Management's responsibility for the separate financial statements

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

### Independent accountants' responsibility

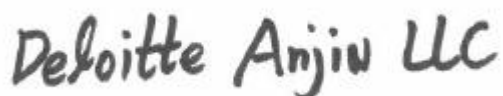
Our responsibility is to express a conclusion on the accompanying interim financial statements based on our review. We conducted our review in accordance with standards for review of interim financial statements in the Republic of Korea. A review is limited primarily to inquiries of company personnel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

### Review conclusion

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

### Other matters

We have given an opinion on the comparative separate statement of financial position as of December 31, 2015, and the related separate statement of income, retained earnings and cash flows for the year then ended on March 8, 2016, as fairly stated. There is no difference in terms of importance between comparative purposed financial position on December 31, 2015, and current financial position.



August 12, 2016

### Notice to Readers

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

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**SSANGYONG MOTOR COMPANY**

**SEPARATE STATEMENT OF FINANCIAL POSITION**

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

	Korean won		Indian rupee	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	(In thousands)		(In thousands)	
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents (Notes 4, 5 and 33) ₩	157,030,265	₩ 192,773,290	Rs. 9,209,825	Rs. 11,306,153
Trade and other receivables, net (Notes 7, 32 and 33)	202,867,803	161,044,205	11,898,197	9,445,243
Derivative assets (Notes 25 and 33)	4,868,965	1,707,695	285,565	100,156
Inventories, net (Notes 8 and 24)	242,276,607	243,631,536	14,209,523	14,288,990
Other current assets (Note 10)	10,036,180	6,537,137	588,622	383,403
Total current assets	<u>617,079,820</u>	<u>605,693,863</u>	<u>36,191,732</u>	<u>35,523,945</u>
<b>NON-CURRENT ASSETS:</b>				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	352	352
Non-current AFS financial assets (Notes 6 and 33)	560,000	560,000	32,844	32,844
Non-current other receivables, net (Notes 7 and 33)	42,216,421	50,222,268	2,475,993	2,945,536
Property, plant and equipment, net (Notes 11 and 13)	1,181,853,753	1,187,781,726	69,315,723	69,663,398
Intangible assets (Note 12)	199,160,202	186,944,585	11,680,746	10,964,300
Investments in subsidiaries (Note 9)	5,829,056	5,829,056	341,874	341,874
Investments in joint ventures (Note 9)	10,200,000	10,200,000	598,230	598,230
Other non-current assets (Note 10)	352,819	352,985	20,693	20,703
Total non-current assets	<u>1,440,178,251</u>	<u>1,441,896,620</u>	<u>84,466,455</u>	<u>84,567,237</u>
<b>TOTAL ASSETS</b>	<u>₩ 2,057,258,071</u>	<u>₩ 2,047,590,483</u>	<u>Rs. 120,658,187</u>	<u>Rs. 120,091,182</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Trade and other payables (Notes 18, 32 and 33) ₩	604,344,955	₩ 637,482,215	Rs. 35,444,832	Rs. 37,388,332
Short-term borrowings (Notes 13, 18 and 34)	165,592,442	153,224,546	9,711,997	8,986,620
Derivative liabilities (Notes 25 and 33)	207,279	24,074	12,157	1,412
Provision for product warranties (Note 15)	54,244,260	56,861,222	3,181,426	3,334,911
Long-term employee benefits obligation	997,451	1,960,778	58,500	115,000
Other current liabilities (Note 16)	42,184,405	28,855,529	2,474,115	1,692,377
Total current liabilities	<u>867,570,792</u>	<u>878,408,364</u>	<u>50,883,027</u>	<u>51,518,652</u>

(Continued)

**SSANGYONG MOTOR COMPANY**

**SEPARATE STATEMENT OF FINANCIAL POSITION (CONTINUED)**

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

	Korean won		Indian rupee	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	(In thousands)		(In thousands)	
<b>NON-CURRENT LIABILITIES:</b>				
Long-term borrowing (Notes 13, 18 and 33)	₩ 27,500,000	₩ 37,500,000	Rs. 1,612,876	Rs. 2,199,375
Other non-current payables (Note 33)	8,731,731	12,612,614	512,116	739,730
Retirement benefit obligation (Note 17)	302,703,212	292,005,725	17,753,543	17,126,136
Other long-term employee benefits obligation	14,999,291	14,321,821	879,709	839,975
Provision for long-term product warranties (Note 15)	90,135,321	86,932,757	5,286,438	5,098,606
Total non-current liabilities	<u>444,069,555</u>	<u>443,372,917</u>	<u>26,044,682</u>	<u>26,003,822</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,311,640,347</u></u>	<u><u>1,321,781,281</u></u>	<u><u>76,927,709</u></u>	<u><u>77,522,474</u></u>
<b>SHAREHOLDERS' EQUITY:</b>				
Capital stock (Note 19)	686,100,480	686,100,480	40,239,793	40,239,793
Other capital surplus (Note 20)	131,678,360	131,678,360	7,722,936	7,722,936
Other capital adjustments (Notes 21 and 25)	1,604,369	227,340	94,096	13,333
Retained earnings (accumulated deficit) (Note 22)	<u>(73,765,485)</u>	<u>(92,196,978)</u>	<u>(4,326,347)</u>	<u>(5,407,354)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>745,617,724</u>	<u>725,809,202</u>	<u>43,730,478</u>	<u>42,568,708</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>₩ 2,057,258,071</u></u>	<u><u>₩ 2,047,590,483</u></u>	<u><u>Rs. 120,658,187</u></u>	<u><u>Rs. 120,091,182</u></u>

(Concluded)

See notes to separate financial statements.

**SSANGYONG MOTOR COMPANY**

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

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

	Korean won			
	Three months ended June 30, 2016 (In thousands, except per share amounts)	Six months ended June 30, 2016 (In thousands, except per share amounts)	Three months ended June 30, 2015 (In thousands, except per share amounts)	Six months ended June 30, 2015 (In thousands, except per share amounts)
SALES (Notes 31 and 32)	₩ 962,553,933	₩ 1,774,532,595	₩ 833,636,958	₩ 1,592,559,405
COST OF SALES (Notes 24 and 32)	796,114,429	1,468,543,584	711,284,550	1,372,989,912
GROSS PROFIT	166,439,504	305,989,011	122,352,408	219,569,493
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	147,285,805	278,221,495	141,605,391	273,195,782
OPERATING INCOME (LOSS)	19,153,699	27,767,516	(19,252,983)	(53,626,289)
NON-OPERATING INCOME (Note 27)	7,199,453	14,275,308	9,140,995	16,816,886
NON-OPERATING EXPENSES (Note 27)	10,814,865	20,044,700	6,377,885	13,288,389
FINANCIAL INCOME (Note 28)	6,931,433	10,607,002	2,530,214	11,629,487
FINANCIAL COST (Note 28)	6,097,117	14,166,786	7,643,685	14,596,105
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	16,372,603	18,438,340	(21,603,344)	(53,064,410)
INCOME TAX EXPENSE (Note 23)	-	-	-	-
NET INCOME (LOSS)	16,372,603	18,438,340	(21,603,344)	(53,064,410)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)	(829,610)	1,370,182	(232,781)	1,809,902
TOTAL COMPREHENSIVE INCOME (LOSS)	₩ 15,542,993	₩ 19,808,522	₩ (21,836,125)	₩ (51,254,508)
INCOME (LOSS) PER SHARE (Note 29) Basic and diluted income (loss) per share	₩ 119	₩ 134	₩ (157)	₩ (387)

(Continued)

**SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

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

	Indian rupee			
	Three months ended June 30, 2016 (In thousands, except per share amounts)	Six months ended June 30, 2016 (In thousands, except per share amounts)	Three months ended June 30, 2015 (In thousands, except per share amounts)	Six months ended June 30, 2015 (In thousands, except per share amounts)
SALES (Notes 31 and 32)	Rs. 56,453,788	Rs. 104,076,337	Rs. 48,892,808	Rs. 93,403,609
COST OF SALES (Notes 24 and 32)	<u>46,692,111</u>	<u>86,130,081</u>	<u>41,716,839</u>	<u>80,525,858</u>
GROSS PROFIT	9,761,677	17,946,256	7,175,969	12,877,751
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	<u>8,638,312</u>	<u>16,317,691</u>	<u>8,305,156</u>	<u>16,022,933</u>
OPERATING INCOME (LOSS)	1,123,365	1,628,565	(1,129,187)	(3,145,182)
NON-OPERATING INCOME (Note 27)	422,248	837,247	536,119	986,310
NON-OPERATING EXPENSES (Note 27)	634,292	1,175,622	374,063	779,364
FINANCIAL INCOME (Note 28)	406,529	622,101	148,397	682,069
FINANCIAL COST (Note 28)	<u>357,596</u>	<u>830,882</u>	<u>448,302</u>	<u>856,062</u>
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	960,254	1,081,409	(1,267,036)	(3,112,229)
INCOME TAX EXPENSE (Note 23)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	960,254	1,081,409	(1,267,036)	(3,112,229)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)	<u>(48,657)</u>	<u>80,361</u>	<u>(13,653)</u>	<u>106,151</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>Rs. 911,597</u>	<u>Rs. 1,161,770</u>	<u>Rs. (1,280,689)</u>	<u>Rs. (3,006,078)</u>
INCOME (LOSS) PER SHARE (Note 29) Basic and diluted income (loss) per share	<u>Rs. 7</u>	<u>Rs. 8</u>	<u>Rs. (9)</u>	<u>Rs. (23)</u>

(Concluded)

See notes to separate financial statements.

**SSANGYONG MOTOR COMPANY**

**SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

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

	Korean won in thousands								
	Capital stock	Other capital surplus				Treasury stock	Gain on disposal of Treasury stocks	Other capital adjustments	Retained earnings (accumulated deficit)
Paid-up capital in excess of par value		Gain on capital reduction	Debt to be swapped for equity	Treasury stock					
Balance at January 1, 2015	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ (1,189,820)	₩ -	₩ (14,167,300)	₩ (18,220,064)	₩ 783,096,518
Net loss	-	-	-	-	-	-	-	(53,064,410)	(53,064,410)
Actuarial loss	-	-	-	-	-	-	-	(10,398)	(10,398)
Acquisition of treasury shares	-	-	-	-	1,189,820	1,105,138	-	-	2,294,958
Gains on valuation of derivatives	-	-	-	-	-	-	1,820,300	-	1,820,300
Balance at June 30, 2015	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 118,189,001</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ 1,105,138</u>	<u>₩ (12,347,000)</u>	<u>₩ (71,294,872)</u>	<u>₩ 734,136,968</u>
Balance at January 1, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ -	₩ 1,105,138	₩ 227,340	₩ (92,196,978)	₩ 725,809,202
Net income	-	-	-	-	-	-	-	18,438,340	18,438,340
Actuarial loss	-	-	-	-	-	-	-	(6,847)	(6,847)
Gain on valuation of derivatives	-	-	-	-	-	-	1,377,029	-	1,377,029
Balance at June 30, 2016	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 118,189,001</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ 1,105,138</u>	<u>₩ 1,604,369</u>	<u>₩ (73,765,485)</u>	<u>₩ 745,617,724</u>

(Continued)

**SSANGYONG MOTOR COMPANY**

**SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)**

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

	Indian rupee in thousands								
	Other capital surplus					Gain on disposal of Treasury stocks	Other capital adjustments	Retained earnings (accumulated deficit)	Total
	Capital stock	Paid-up capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock				
Balance at January 1, 2015	Rs. 40,239,793	Rs. 671,702	Rs. 6,931,785	Rs. 54,633	Rs. (69,783)	Rs. -	Rs. (830,912)	Rs. (1,068,607)	Rs. 45,928,611
Net loss	-	-	-	-	-	-	-	(3,112,229)	(3,112,229)
Actuarial loss	-	-	-	-	-	-	-	(610)	(610)
Acquisition of treasury shares	-	-	-	-	69,783	64,816	-	-	134,599
Gains on valuation of derivatives	-	-	-	-	-	-	106,761	-	106,761
Balance at June 30, 2015	<u>Rs. 40,239,793</u>	<u>Rs. 671,702</u>	<u>Rs. 6,931,785</u>	<u>Rs. 54,633</u>	<u>Rs. -</u>	<u>Rs. 64,816</u>	<u>Rs. (724,151)</u>	<u>Rs. (4,181,446)</u>	<u>Rs. 43,057,132</u>
Balance at January 1, 2016	Rs. 40,239,793	Rs. 671,702	Rs. 6,931,785	Rs. 54,633	Rs. -	Rs. 64,816	Rs. 13,333	Rs. (5,407,354)	Rs. 42,568,708
Net income	-	-	-	-	-	-	-	1,081,409	1,081,409
Actuarial loss	-	-	-	-	-	-	-	(402)	(402)
Gain on valuation of derivatives	-	-	-	-	-	-	80,763	-	80,763
Balance at June 30, 2016	<u>Rs. 40,239,793</u>	<u>Rs. 671,702</u>	<u>Rs. 6,931,785</u>	<u>Rs. 54,633</u>	<u>Rs. -</u>	<u>Rs. 64,816</u>	<u>Rs. 94,096</u>	<u>Rs. (4,326,347)</u>	<u>Rs. 43,730,478</u>

(Concluded)

See notes to separate financial statements.



**SSANGYONG MOTOR COMPANY**

**STATEMENT OF CASH FLOWS**

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

	Korean won		Indian rupee	
	Six months ended	Six months ended	Six months ended	Six months ended
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In thousands)		(In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income (loss)	₩ 18,438,340	₩ (53,064,410)	Rs. 1,081,409	Rs. (3,112,229)
Adjustments (Note 30)	118,267,681	101,968,128	6,936,400	5,980,431
Changes in net working capital (Note 30)	<u>(77,489,366)</u>	<u>(47,987,920)</u>	<u>(4,544,750)</u>	<u>(2,814,491)</u>
	59,216,655	915,798	3,473,059	53,711
Interests received	1,354,048	1,602,253	79,415	93,972
Interests paid	(1,968,109)	(1,483,821)	(115,430)	(87,026)
Dividend income received	<u>11,000</u>	<u>491,159</u>	<u>645</u>	<u>28,806</u>
Net cash (used in) provided by operating activities	<u>58,613,594</u>	<u>1,525,389</u>	<u>3,437,689</u>	<u>89,463</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash inflows from investing activities:				
Decrease in other receivables	1,481,878	4,208,035	86,912	246,801
Disposal of property, plant and equipment	37,000	596,652	2,170	34,994
Decrease in other assets	<u>279</u>	<u>113,159</u>	<u>16</u>	<u>6,637</u>
	1,519,157	4,917,846	89,098	288,432
Cash outflows for investing activities:				
Increase in other receivables	4,080,000	4,109,723	239,292	241,033
Acquisition of property, plant and equipment	60,855,320	76,372,169	3,569,165	4,479,228
Acquisition of intangible assets	<u>29,989,932</u>	<u>31,373,377</u>	<u>1,758,910</u>	<u>1,840,049</u>
	94,925,252	111,855,269	5,567,367	6,560,310
Net cash used in investing activities	<u>(93,406,095)</u>	<u>(106,937,423)</u>	<u>(5,478,269)</u>	<u>(6,271,878)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Cash inflows from financing activities:				
Increase in borrowings	-	68,494,534	-	4,017,204
Increase in government grants	-	41,028	-	2,406
Paid-up capital increase	-	<u>2,294,957</u>	-	<u>134,599</u>
	₩ -	₩ 70,830,519	Rs. -	Rs. 4,154,209

(Continued)

**SSANGYONG MOTOR COMPANY**

**SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)**

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

	Korean won		Indian rupee	
	Six months ended	Six months ended	Six months ended	Six months ended
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ 950,524	₩ -	Rs. 55,748	Rs. -
	950,524	-	55,748	-
Net cash (used in) provided by financing activities	(950,524)	70,830,519	(55,748)	4,154,209
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,743,025)	(34,581,515)	(2,096,328)	(2,028,206)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	192,773,290	149,091,232	11,306,153	8,744,201
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	₩ 157,030,265	₩ 114,509,717	Rs. 9,209,825	Rs. 6,715,995

(Concluded)

See notes to separate financial statements.

## SSANGYONG MOTOR COMPANY

### NOTES TO SEPARATE FINANCIAL STATEMENTS

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

#### 1. GENERAL:

(1) Company overview and recent changes in business environment

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

(2) Major shareholders

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

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES:

The Company’s summarized interim separate financial statements, its period belongs to annual financial report, adopt Korean International Financial Reporting Standards (“K-IFRS”) 1034, *Interim Financial Reporting*. The Company’s financial statements are separate financial statements prepared in accordance with the requirements of K-IFRS 1027, *Separate Financial Statements*. The audited separate financial statements as of and for the year ended December 31, 2015, are used to understand the interim separate financial statements.

The accounting policy is identified with the audited separate financial statements as of December 31, 2015, except for the accounting policy explained as follows.

The Indian rupee amounts presented in these separate financial statements were computed by translating the Korean won into Indian rupees based on the Bank of Korea Basic Rate (₩1 to Rs. 0.05820 at June 30, 2016), solely for the convenience of the reader. These convenience translations into Indian rupees should not be construed as representations that the Korean won amounts have been, could have been or could in the future be converted at this or any other rate of exchange.

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

##### Amendments to K-IFRS 1001 – Presentation of Financial Statements

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

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

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

#### Amendments to K-IFRS 1027 – Separate Financial Statements

The following amendments discuss accounting for investment in subsidiaries, related parties and joint ventures at cost basis, as well as allowing application of K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, methods and application of equity method accounting under K-IFRS 1028, *Investment in Associates and Joint Ventures*. The application of these amendments has no impact on the disclosure in the Company's separate financial statements.

#### Amendments to K-IFRS 1038 – Intangible Assets

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

#### Amendments to K-IFRS 1110 – Consolidated Financial Statements, K-IFRS 1112 – Disclosure of interests in other entities and K-IFRS – 1028 Investment in associates

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

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

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

#### Annual Improvements to K-IFRS 2012-2014 Cycle

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

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

#### Amendments to K-IFRS 1109 – Financial Instruments

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

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

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

The Company does not anticipate that the amendments referred above will have a significant effect on the Company's separate financial statements and disclosures.

**3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:**

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

**4. CASH AND CASH EQUIVALENTS:**

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

**5. RESTRICTED FINANCIAL ASSETS:**

Restricted financial assets as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

	Financial institution	June 30, 2016		December 31, 2015		Notes
		Rs.		Rs.		
Cash and cash equivalents	Shinhan Bank and others	Rs. 68,753		Rs. 33,275		Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank		43,729		56,168	
Long-term financial instruments	Shinhan Bank and others		352		352	Overdraft deposit
		Rs. 112,834		Rs. 89,795		

## 6. AVAILABLE-FOR-SALE (“AFS”) FINANCIAL ASSETS:

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

Classification	Ownership (%)	June 30, 2016		December 31, 2015	
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 29,325	Rs. 40,190	Rs. 29,325	Rs. 29,325
Korea Management Consultants Association (*)	1.50	3,519	35,412	3,519	3,519
		Rs. 32,844	Rs. 75,602	Rs. 32,844	Rs. 32,844

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

## 7. TRADE AND OTHER RECEIVABLES:

All current trade and other receivables are due within one year from June 30, 2016, and because the present value discount effect is not material, the fair value of the aforementioned receivables is equal to the book value.

(1) Details of current portion of trade and other receivables as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Financial assets	June 30, 2016			
	Trade receivables	Non-trade receivables	Other Receivables	Other long-term receivables
Receivables – general	₩ 187,321,781	₩ 7,436,778	₩ 8,224,902	₩ 42,339,876
Less: Allowance for doubtful accounts	(70,745)	(3,134)	(41,779)	(123,455)
	₩ 187,251,036	₩ 7,433,644	₩ 8,183,123	₩ 42,216,421

Financial assets	December 31, 2015			
	Trade receivables	Non-trade receivables	Other Receivables	Other long-term receivables
Receivables – general	₩ 151,800,114	₩ 6,718,300	₩ 2,581,171	₩ 50,381,524
Less: Allowance for doubtful accounts	<u>(44,462)</u>	<u>(2,252)</u>	<u>(8,666)</u>	<u>(159,256)</u>
	<u>₩ 151,755,652</u>	<u>₩ 6,716,048</u>	<u>₩ 2,572,505</u>	<u>₩ 50,222,268</u>

(Unit: Indian rupee in thousands)

Financial assets	June 30, 2016			
	Trade receivables	Non-trade receivables	Other Receivables	Other long-term receivables
Receivables – general	Rs. 10,986,422	Rs. 436,167	Rs. 482,391	Rs. 2,483,234
Less: Allowance for doubtful accounts	<u>(4,149)</u>	<u>(184)</u>	<u>(2,450)</u>	<u>(7,241)</u>
	<u>Rs. 10,982,273</u>	<u>Rs. 435,983</u>	<u>Rs. 479,941</u>	<u>Rs. 2,475,993</u>

Financial assets	December 31, 2015			
	Trade receivables	Non-trade receivables	Other Receivables	Other long-term receivables
Receivables – general	Rs. 8,903,077	Rs. 394,028	Rs. 151,385	Rs. 2,954,876
Less: Allowance for doubtful accounts	<u>(2,608)</u>	<u>(132)</u>	<u>(507)</u>	<u>(9,340)</u>
	<u>Rs. 8,900,469</u>	<u>Rs. 393,896</u>	<u>Rs. 150,878</u>	<u>Rs. 2,945,536</u>

(2) Credit risk and allowance for doubtful accounts

The above-mentioned 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 one 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 one 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-mentioned 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.

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

(Unit: Korean won in thousands)

Classification	June 30, 2016			
	3–6 months	6–12 months	More than 1 year	Total
Trade receivables	₩ 30,930	₩ 7,316,114	₩ 1,057,915	₩ 8,404,959
Non-trade receivables	501,541	11,615	4,558,554	5,071,710
Other long-term receivables	<u>2,723,685</u>	-	<u>103,250</u>	<u>2,826,935</u>
	<u>₩ 3,256,156</u>	<u>₩ 7,327,729</u>	<u>₩ 5,719,719</u>	<u>₩ 16,303,604</u>

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₹ 502,783	₹ 316,971	₹ 467,374	₹ 1,287,128
Non-trade receivables	285,124	470,299	4,125,784	4,881,207
Other long-term receivables	2,894,991	4,843,854	103,250	7,842,095
	<u>₹ 3,682,898</u>	<u>₹ 5,631,124</u>	<u>₹ 4,696,408</u>	<u>₹ 14,010,430</u>

(Unit: Indian rupee in thousands)

Classification	June 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₹ 1,814	₹ 429,090	₹ 62,047	₹ 492,951
Non-trade receivables	29,415	681	267,359	297,455
Other long-term receivables	159,744	-	6,056	165,800
	<u>₹ 190,973</u>	<u>₹ 429,771</u>	<u>₹ 335,462</u>	<u>₹ 956,206</u>

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₹ 29,488	₹ 18,590	₹ 27,411	₹ 75,489
Non-trade receivables	16,723	27,583	241,977	286,283
Other long-term receivables	169,791	284,092	6,056	459,939
	<u>₹ 216,002</u>	<u>₹ 330,265</u>	<u>₹ 275,444</u>	<u>₹ 821,711</u>

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

(Unit: Korean won in thousands)

Classification	June 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₩ -	₩ -	₩ 44,607	₩ 44,607

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₩ -	₩ -	₩ 47,349	₩ 47,349

(Unit: Indian rupee in thousands)

Classification	June 30, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₹ -	₹ -	₹ 2,616	₹ 2,616

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₹ -	₹ -	₹ 2,777	₹ 2,777

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

(Unit: Korean won in thousands)

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



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

(Unit: Indian rupee in thousands)

Classification	Six months ended June 30, 2016			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₹ 2,608	₹ 132	₹ 507	₹ 9,340
Bad debt expense	1,541	52	1,943	(2,099)
Ending balance	<u>₹ 4,149</u>	<u>₹ 184</u>	<u>₹ 2,450</u>	<u>₹ 7,241</u>

Classification	Six months ended June 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₹ 5,112	₹ 23,069	₹ 648	₹ 8,776
Bad debt expense	(1,520)	(1,242)	918	298
Write-offs	-	(21,623)	-	-
Ending balance	<u>₹ 3,592</u>	<u>₹ 204</u>	<u>₹ 1,566</u>	<u>₹ 9,074</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 collectibility of each receivable through an individual analysis and reserves 100% allowance. For the receivables that are not subject to individual analysis, the allowance is estimated by applying the average loss rate for the past three years to the remaining balance of the receivables at the end of a reporting period; the three-year average loss rate is calculated by dividing the amount of actual loss that occurred in the past three years by the average balance of the receivables.

## 8. INVENTORIES:

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

(Unit: Korean won in thousands)

	June 30, 2016	December 31, 2015
Merchandises	₩ 36,883,426	₩ 38,356,970
Finished goods	67,310,275	56,174,620
Work in process	30,495,432	29,360,159
Raw materials	41,681,606	45,354,455
Submaterials	420,456	454,283
Supplies	3,566,836	3,740,522
Goods in transit	61,918,576	70,190,527
Total	<u>₩ 242,276,607</u>	<u>₩ 243,631,536</u>

(Unit: Indian rupee in thousands)

	June 30, 2016	December 31, 2015
Merchandises	₹ 2,163,213	₹ 2,249,636
Finished goods	3,947,748	3,294,641
Work in process	1,788,557	1,721,973
Raw materials	2,444,626	2,660,039
Submaterials	24,660	26,644
Supplies	209,195	219,382
Goods in transit	3,631,524	4,116,675
Total	<u>₹ 14,209,523</u>	<u>₹ 14,288,990</u>

The Company uses the “lower of cost or market method” in the statement of financial position in case inventories’ market value decreases under the acquisition cost. On the other hand, reversal of loss on valuation of inventories, which was deducted to “cost of sales” during the current period due to the application of “lower of cost or market method,” amounted to ₩168,132 thousand (Rs. 9,861 thousand).

## 9. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURE:

(1) Details of investment in subsidiaries and joint venture as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Classification	Company	Location	Ownership %	Closing month	June 30, 2016		December 31, 2015
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100	December	₩ 5,338,097	₩ 5,829,056	₩ 5,829,056
	Ssangyong European Parts Center B.V.	Netherlands	100	December	835,695	-	-
Joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51	December	6,173,792	5,829,056	5,829,056
					10,200,000	10,200,000	10,200,000
					₩ 16,373,792	₩ 16,029,056	₩ 16,029,056

(Unit: Indian rupee in thousands)

Classification	Company	Location	Ownership %	Closing month	June 30, 2016		December 31, 2015
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100	December	Rs. 313,079	Rs. 341,874	Rs. 341,874
	Ssangyong European Parts Center B.V.	Netherlands	100	December	49,014	-	-
Joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51	December	362,093	341,874	341,874
					598,230	598,230	598,230
					Rs. 960,323	Rs. 940,104	Rs. 940,104

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

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company’s subsidiaries and joint venture as of and for the six months ended June 30, 2016, is as follows:

(Unit: Korean won in thousands)

Classification	Company	Assets	Liabilities	Sales	Net income (loss)
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	₩ 3,659,381	₩ 865,052	₩ 113,976	₩ (422,530)
	Ssangyong European Parts Center B.V.	9,818,378	12,735,978	8,483,500	836,517
Joint venture	SY Auto Capital Co., Ltd.	57,840,459	35,109,873	2,668,908	3,381,219

(Unit: Indian rupee in thousands)

Classification	Company	Assets	Liabilities	Sales	Net income (loss)
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd	Rs. 214,623	Rs. 50,735	Rs. 6,685	Rs. (24,781)
	Ssangyong European Parts Center B.V.	575,848	746,965	497,557	49,062
Joint venture	SY Auto Capital Co., Ltd.	3,392,343	2,059,194	156,531	198,308

#### 10. OTHER ASSETS:

Carrying amounts of other assets as of June 30, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Account	June 30, 2016	December 31, 2015
Other current assets		
Advance payments	₩ 1,987,753	₩ 1,077,125
Less: Allowance for doubtful Accounts	(9,696)	(663)
Prepaid expenses	7,880,126	5,043,884
Income tax refundable	177,997	416,791
	<u>₩ 10,036,180</u>	<u>₩ 6,537,137</u>
Other non-current assets		
Other non-current assets	352,819	352,985
	<u>₩ 352,819</u>	<u>₩ 352,985</u>

(Unit: Indian rupee in thousands)

Account	June 30, 2016	December 31, 2015
Other current assets		
Advance payments	Rs. 116,582	Rs. 63,173
Less: Allowance for doubtful accounts	(569)	(39)
Prepaid expenses	462,169	295,824
Other current assets	10,440	24,445
	<u>Rs. 588,622</u>	<u>Rs. 383,403</u>
Other non-current assets		
Other non-current assets	20,693	20,703
	<u>Rs. 20,693</u>	<u>Rs. 20,703</u>

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

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

(Unit: Korean won in thousands)

	June 30, 2016				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	537,176,935	1,580,081	201,719,351	148,366,786	185,510,717
Structures	106,823,494	125,631	61,559,053	28,913,882	16,224,928
Machinery	1,315,015,091	375,251	1,035,634,727	98,170,589	180,834,524
Vehicles	8,362,338	-	6,327,074	848,267	1,186,997
Tools and molds	1,064,777,365	2,531	653,314,374	160,677,027	250,783,433
Equipment	67,431,688	3,322	43,242,396	3,846,848	20,339,122

June 30, 2016					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Construction in progress	₹ 49,613,331	₹ -	₹ -	₹ -	₹ 49,613,331
Machinery in transit	1,829,387	-	-	-	1,829,387
	<u>₹ 3,626,560,942</u>	<u>₹ 2,086,816</u>	<u>₹ 2,001,796,975</u>	<u>₹ 440,823,399</u>	<u>₹ 1,181,853,752</u>

December 31, 2015					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₹ 475,531,313	₹ -	₹ -	₹ -	₹ 475,531,313
Buildings	536,914,323	1,603,429	196,449,216	148,366,786	190,494,892
Structures	106,552,738	135,809	60,736,919	28,913,882	16,766,128
Machinery	1,312,354,742	453,057	1,027,789,268	98,337,509	185,774,908
Vehicles	8,732,094	-	6,455,442	896,350	1,380,302
Tools and molds	1,028,887,149	6,657	615,699,092	160,933,311	252,248,089
Equipment	67,272,687	6,874	40,414,354	4,056,990	22,794,469
Construction in progress	40,866,774	-	-	-	40,866,774
Machinery in transit	1,924,851	-	-	-	1,924,851
	<u>₹ 3,579,036,671</u>	<u>₹ 2,205,826</u>	<u>₹ 1,947,544,291</u>	<u>₹ 441,504,828</u>	<u>₹ 1,187,781,726</u>

(Unit: Indian rupee in thousands)

June 30, 2016					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₹. 27,889,912	₹. -	₹. -	₹. -	₹. 27,889,912
Buildings	31,505,427	92,672	11,830,839	8,701,712	10,880,204
Structures	6,265,198	7,368	3,610,439	1,695,799	951,592
Machinery	77,125,635	22,008	60,739,977	5,757,705	10,605,945
Vehicles	490,451	-	371,083	49,751	69,617
Tools and molds	62,449,192	148	38,316,888	9,423,708	14,708,448
Equipment	3,954,869	195	2,536,167	225,618	1,192,890
Construction in progress	2,909,822	-	-	-	2,909,822
Machinery in transit	107,294	-	-	-	107,294
	<u>₹. 212,697,800</u>	<u>₹. 122,391</u>	<u>₹. 117,405,393</u>	<u>₹. 255,854,293</u>	<u>₹. 69,315,723</u>

December 31, 2015					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₹. 27,889,912	₹. -	₹. -	₹. -	₹. 27,889,912
Buildings	31,490,025	94,041	11,521,747	8,701,712	11,172,525
Structures	6,249,318	7,965	3,562,220	1,695,799	983,334
Machinery	76,969,606	26,572	60,279,841	5,767,495	10,895,698
Vehicles	512,137	-	378,612	52,571	80,954
Tools and molds	60,344,231	390	36,110,752	9,438,739	14,794,350
Equipment	3,945,543	403	2,370,302	237,942	1,336,896
Construction in progress	2,396,836	-	-	-	2,396,836
Machinery in transit	112,893	-	-	-	112,893
	<u>₹. 209,910,501</u>	<u>₹. 129,371</u>	<u>₹. 114,223,474</u>	<u>₹. 25,894,258</u>	<u>₹. 69,663,398</u>

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

(Unit: Korean won in thousands)

	Six months ended June 30, 2016					
	Beginning balance	Acquisition	Disposal	Other (*)	Depreciation (**)	Ending balance
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	190,494,892	86,834	2,285	178,063	5,246,787	185,510,717
Structures	16,766,128	222,851	47,999	149,037	865,089	16,224,928
Machinery	185,774,908	40,897	65	9,475,484	14,456,700	180,834,524
Vehicles	1,380,302	15,034	6,897	56,945	258,387	1,186,997
Tools and molds	252,248,089	2,474,401	12,364	34,292,648	38,219,341	250,783,433
Equipment	22,794,469	885,182	11,134	103,700	3,433,095	20,339,122
Construction in progress	40,866,774	51,568,037	17,405	(42,804,075)	-	49,613,331
Machinery in transit	1,924,851	798,959	-	(894,423)	-	1,829,387
	<u>₩ 1,187,781,726</u>	<u>₩ 56,092,195</u>	<u>₩ 98,149</u>	<u>₩ 557,379</u>	<u>₩ 62,479,399</u>	<u>₩ 1,181,853,752</u>

	Six months ended June 30, 2015					
	Beginning balance	Acquisition	Disposal	Other (*)	Depreciation (**)	Ending balance
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	194,648,005	31,446	1,242	1,706,041	5,074,808	191,309,442
Structures	16,955,549	165,721	-	472,882	843,587	16,750,565
Machinery	148,061,878	2,389,700	2,199	45,713,752	14,999,785	181,163,346
Vehicles	1,587,353	27,435	5,327	97,040	289,099	1,417,402
Tools and molds	178,424,106	20,748,264	160	107,437,546	34,273,400	272,336,356
Equipment	24,525,850	989,626	2,403	(3,771)	3,172,920	22,336,382
Construction in progress	131,569,206	51,654,432	-	(152,914,257)	-	30,309,381
Machinery in transit	2,355,375	365,545	-	(2,289,898)	-	431,022
	<u>₩ 1,173,658,635</u>	<u>₩ 76,372,169</u>	<u>₩ 11,331</u>	<u>₩ 219,335</u>	<u>₩ 58,653,599</u>	<u>₩ 1,191,585,209</u>

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

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

(Unit: Indian rupee in thousands)

	Six months ended June 30, 2016					
	Beginning balance	Acquisition	Disposal	Other (*)	Depreciation (**)	Ending balance
Land	Rs. 27,889,912	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 27,889,912
Buildings	11,172,525	5,093	134	10,445	307,725	10,880,204
Structures	983,334	13,070	2,815	8,740	50,737	951,592
Machinery	10,895,698	2,399	4	555,737	847,885	10,605,945
Vehicles	80,954	882	405	3,340	15,154	69,617
Tools and molds	14,794,350	145,124	725	2,011,263	2,241,564	14,708,448
Equipment	1,336,896	51,916	653	6,081	201,351	1,192,890
Construction in progress	2,396,836	3,024,465	1,021	(2,510,458)	-	2,909,822
Machinery in transit	112,893	46,859	-	(52,458)	-	107,294
	<u>Rs. 69,663,398</u>	<u>Rs. 3,289,808</u>	<u>Rs. 5,757</u>	<u>Rs. 32,690</u>	<u>Rs. 3,664,416</u>	<u>Rs. 69,315,723</u>

	Six months ended June 30, 2015					
	Beginning balance	Acquisition	Disposal	Other (*)	Depreciation (**)	Ending balance
Land	Rs. 27,889,912	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 27,889,912
Buildings	11,416,105	1,844	74	100,059	297,638	11,220,296
Structures	994,443	9,720	-	27,735	49,476	982,422
Machinery	8,683,829	140,156	129	2,681,112	879,737	10,625,231
Vehicles	93,098	1,609	312	5,691	16,956	83,130
Tools and molds	10,464,574	1,216,886	9	6,301,212	2,010,135	15,972,528
Equipment	1,438,441	58,042	141	(221)	186,092	1,310,029

	Six months ended June 30, 2015					
	Beginning balance	Acquisition	Disposal	Other (*)	Depreciation (**)	Ending balance
Construction in progress	Rs. 7,716,534	Rs. 3,029,532	Rs. -	Rs. (8,968,421)	Rs. -	Rs. 1,777,645
Machinery in transit	138,143	21,439	-	(134,303)	-	25,279
	<u>Rs. 68,835,079</u>	<u>Rs. 4,479,228</u>	<u>Rs. 665</u>	<u>Rs. 12,864</u>	<u>Rs. 3,440,034</u>	<u>Rs. 69,886,472</u>

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

(\*\*) Depreciation cost of suspended assets amounting to Rs. 577 thousand (2015: Rs. 556 thousand) is excluded from the depreciation cost in separate statement of cash flows.

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

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

(Unit: Korean won in thousands)

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

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

(Unit: Indian rupee in thousands)

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

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

**12. INTANGIBLE ASSETS:**

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

(Unit: Korean won in thousands)

	June 30, 2016				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	₩ 170,793,490	₩ -	₩ 53,537,059	₩ -	₩ 117,256,431
Patents	3,161,442	20,993	1,429,431	54,067	1,656,951
Other intangible assets	101,729,675	24,239	20,882,512	576,105	80,246,819
	<u>₩ 275,684,607</u>	<u>₩ 45,232</u>	<u>₩ 75,849,002</u>	<u>₩ 630,172</u>	<u>₩ 199,160,201</u>

	December 31, 2015				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	₩ 148,086,281	₩ -	₩ 38,550,140	₩ -	₩ 109,536,141
Patents	2,816,199	22,335	1,170,064	39,190	1,584,610
Other intangible assets	93,785,206	21,283	17,363,984	576,105	75,823,834
	<u>₩ 244,687,686</u>	<u>₩ 43,618</u>	<u>₩ 57,084,188</u>	<u>₩ 615,295</u>	<u>₩ 186,944,585</u>

(Unit: Indian rupee in thousands)

	June 30, 2016				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	Rs. 10,017,038	Rs. -	Rs. 3,139,949	Rs. -	Rs. 6,877,089
Patents	185,419	1,231	83,836	3,170	97,182
Other intangible assets	5,966,445	1,422	1,224,759	33,789	4,706,475
	<u>Rs. 16,168,902</u>	<u>Rs. 2,653</u>	<u>Rs. 4,448,544</u>	<u>Rs. 36,959</u>	<u>Rs. 11,680,746</u>

	December 31, 2015				
	Acquisition cost	Government subsidies	Accumulated amortization	Accumulated impairment loss	Book value
Development cost	Rs. 8,685,260	Rs. -	Rs. 2,260,966	Rs. -	Rs. 6,424,294
Patents	165,170	1,310	68,625	2,297	92,938
Other intangible Assets	5,500,502	1,247	1,018,399	33,788	4,447,068
	<u>Rs. 14,350,932</u>	<u>Rs. 2,557</u>	<u>Rs. 3,347,990</u>	<u>Rs. 36,085</u>	<u>Rs. 10,964,300</u>

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

(Unit: Korean won in thousands)

	Six months ended June 30, 2016						
	Beginning balance	Acquisition	Transfer	Amortization	Impairment loss	Other (*)	Ending balance
Development cost	₩ 109,536,141	₩ -	₩ 22,707,210	₩ 14,986,920	₩ -	₩ -	₩ 117,256,431
Patents	1,584,610	345,243	-	258,024	14,878	-	1,656,951
Other intangible assets	75,823,834	29,644,689	(22,707,210)	3,511,235	-	996,741	80,246,819
	<u>₩ 186,944,585</u>	<u>₩ 29,989,932</u>	<u>₩ -</u>	<u>₩ 18,756,179</u>	<u>₩ 14,878</u>	<u>₩ 996,741</u>	<u>₩ 199,160,201</u>

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

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

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

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

(Unit: Indian rupee in thousands)

	Six months ended June 30, 2016						
	Beginning balance	Acquisition	Transfer	Amortization	Impairment loss	Other (*)	Ending balance
Development cost	Rs. 6,424,294	Rs. -	Rs. 1,331,778	Rs. 878,983	Rs. -	Rs. -	Rs. 6,877,089
Patents	92,938	20,249	-	15,133	872	-	97,182
Other intangible assets	4,447,068	1,738,661	(1,331,778)	205,934	-	58,458	4,706,475
	<u>Rs. 10,964,300</u>	<u>Rs. 1,758,910</u>	<u>Rs. -</u>	<u>Rs. 1,100,050</u>	<u>Rs. 872</u>	<u>Rs. 58,458</u>	<u>Rs. 11,680,746</u>

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

	Six months ended June 30, 2015						
	Beginning balance	Acquisition(*)	Transfer	Amortization	Impairment loss	Other(**)	Ending balance
Development cost	Rs. 834,181	Rs. 110,378	Rs. 6,963,082	Rs. 695,326	Rs. -	Rs. 417	Rs. 7,212,732
Patents	62,381	24,753	-	10,949	272	-	75,913
Other intangible assets	7,954,629	1,704,884	(6,963,082)	193,799	-	47,010	2,549,642
	<u>Rs. 8,851,191</u>	<u>Rs. 1,840,015</u>	<u>Rs. -</u>	<u>Rs. 900,074</u>	<u>Rs. 272</u>	<u>Rs. 47,427</u>	<u>Rs. 9,838,287</u>

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

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

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

Account	Korean won in thousands		Indian rupee in thousands	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Cost of goods manufactured	₩ 14,986,919	₩ 11,855,499	Rs. 878,983	Rs. 695,327
Selling and administrative expenses	3,769,260	3,490,999	221,067	204,747
	<u>₩ 18,756,179</u>	<u>₩ 15,346,498</u>	<u>Rs. 1,100,050</u>	<u>Rs. 900,074</u>

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

(Unit: tCo2 / Korean won in thousands)

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



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

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

Estimated amount of greenhouse gas that is discharged during the year is 76,454t CO<sub>2</sub>.

### 13. **BORROWINGS:**

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

(Unit: Korean won in thousands)

<u>Creditor</u>	<u>Type</u>	<u>Interest rate</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Korea Development Bank ("KDB")	Operating fund	CD + 2.12%	₩ 30,000,000	₩ 30,000,000
Woori Bank (*)	Operating fund	CD + 2.0%	20,000,000	17,500,000
Besides Bank Of America ("BOA")	Banker's usance	0.66%–1.35%	115,592,442	105,724,546
			₩ 165,592,442	₩ 153,224,546

(Unit: Indian rupee in thousands)

<u>Creditor</u>	<u>Type</u>	<u>Interest rate</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
KDB	Operating fund	CD + 2.12%	Rs. 1,759,500	Rs. 1,759,500
Woori Bank (*)	Operating fund	CD + 2.0%	1,173,000	1,026,375
Besides BOA	Banker's usance	0.66%–1.35%	6,779,497	6,200,745
			Rs. 9,711,997	Rs. 8,986,620

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

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

<u>Creditor</u>	<u>Type</u>	<u>Interest rate</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Woori Bank	Operating fund	CD + 2.0%	Rs. 2,785,876	Rs. 3,225,750
Net: Within one-year arrival worth			(1,173,000)	(1,026,375)
			Rs. 1,612,876	Rs. 2,199,375

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

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

**14. OTHER FINANCIAL LIABILITIES:**

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

Classification	Korean won in thousands		Indian rupee in thousands	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Other current financial liabilities:				
Accrued expenses	₩ 26,725,663	₩ 32,484,211	Rs. 1,567,460	Rs. 1,905,199

**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, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
June 30, 2016	Rs. 8,433,517	Rs. 2,898,562	Rs. 2,864,215	Rs. 8,467,864	Rs. 3,181,426	Rs. 5,286,438
June 30, 2015	Rs. 8,085,843	Rs. 3,311,989	Rs. 2,879,466	Rs. 8,518,366	Rs. 3,484,996	Rs. 5,033,370

**16. OTHER LIABILITIES:**

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

Classification	Korean won in thousands		Indian rupee in thousands	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Advances from customers	₩ 19,272,477	₩ 2,572,498	Rs. 1,130,331	Rs. 150,877
Deposits received	617,234	733,742	36,200	43,034
Withholdings	22,294,694	25,549,289	1,307,584	1,498,466
	₩ 42,184,405	₩ 28,855,529	Rs. 2,474,115	Rs. 1,692,377

**17. RETIREMENT BENEFIT OBLIGATION:**

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

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

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

(Unit: Korean won in thousands)

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

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

(Unit: Indian rupee in thousands)

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

	Six months ended June 30, 2015		
	Present value of DBOs	Fair value of scheme assets	Total
Beginning balance	Rs. 14,556,285	Rs. (84,492)	Rs. 14,471,793
Net current service cost	1,103,825	-	1,103,825
Interest cost (income) on DBO	246,359	(1,427)	244,932
Subtotal	<u>15,906,469</u>	<u>(85,919)</u>	<u>15,820,550</u>
Remeasurements			
Asset loss	-	610	610
Payments			
Benefit payment from plan assets	(3,599)	3,599	-
Benefit payment from Company	(406,353)	-	(406,353)
Ending balance	<u>Rs. 15,496,517</u>	<u>Rs. (81,710)</u>	<u>Rs. 15,414,807</u>

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

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

#### **18. CONTINGENCIES AND COMMITMENTS:**

The following are the major commitments and contingent liabilities as of June 30, 2016.

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

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

(5) Pending litigations

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

**19. CAPITAL STOCK:**

As of June 30, 2016, and December 31, 2015, the number of authorized shares is 3 billion shares. Details of capital stock are as follows:

(Unit: Won in thousands, except for par value)

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

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

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

**20. OTHER CAPITAL SURPLUS AND RETAINED EARNINGS:**

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

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

**21. OTHER CAPITAL ADJUSTMENTS:**

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

(Unit: Korean won in thousands)

Classification	June 30, 2016	December 31, 2015
Other capital adjustments	₩ 1,604,369	₩ 227,340

(Unit: Indian rupee in thousands)

Classification	June 30, 2016	December 31, 2015
Other capital adjustments	Rs. 94,096	Rs. 13,333

- (2) Changes in the Company's gains (losses) on valuation of derivatives as of and for the six months ended June 30, 2016 and 2015, are as follows:

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

## 22. DEFICIT:

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

(Unit: Korean won in thousands)

	June 30, 2016	December 31, 2015
Deficit	₩ (73,765,485)	₩ (92,196,978)

(Unit: Indian rupee in thousands)

	June 30, 2016	December 31, 2015
Deficit	Rs. (4,326,347)	Rs. (5,407,354)

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

(Unit: Korean won in thousands)

	Six months ended June 30, 2016	Six months ended June 30, 2015
Beginning balance	₩ (92,196,978)	₩ (18,220,064)
Net loss	18,438,340	(53,064,410)
Actuarial losses	(6,847)	(10,398)
Ending balance	₩ (73,765,485)	₩ (71,294,872)

(Unit: Indian rupee in thousands)

	Six months ended June 30, 2016	Six months ended June 30, 2015
Beginning balance	Rs. (5,407,354)	Rs. (1,068,607)
Net loss	1,081,409	(3,112,228)
Actuarial losses	(402)	(610)
Ending balance	Rs. (4,326,347)	Rs. (4,181,445)

## 23. INCOME TAX:

The Company did not recognize deferred income tax assets and income tax because of deficit as of and for the six months ended June 30, 2016.

**24. EXPENSES BY CATEGORY:**

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

	Korean won in thousands		Indian rupee in thousands	
	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Changes in inventories	₩ (10,797,384)	₩ (5,657,882)	Rs. (633,267)	Rs. (331,835)
Raw materials and merchandise goods used	1,189,733,385	1,102,602,045	69,777,863	64,667,610
Employee benefits	256,061,871	234,950,481	15,018,029	13,779,846
Depreciation	62,479,399	58,653,599	3,664,416	3,440,034
Amortization	18,756,180	15,346,498	1,100,050	900,074
Other	230,531,628	240,290,953	13,520,680	14,093,062
Total (*)	₩ 1,746,765,079	₩ 1,646,185,694	Rs. 102,447,772	Rs. 96,548,791

(\*) It is the sum of cost of sales and selling and administrative expenses.

**25. DERIVATIVE FINANCIAL INSTRUMENTS:**

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

**26. SELLING AND ADMINISTRATIVE EXPENSES:**

(1) Selling expenses for the three and six months ended June 30, 2016 and 2015, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended June 30, 2016	Six months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2015
Warranty expenses	₩ 19,311,286	₩ 33,128,742	₩ 25,071,814	₩ 43,644,046
Sales commissions	59,653,357	109,625,554	50,473,900	93,447,886
Advertising expenses	5,011,417	10,554,197	1,883,617	8,565,912
Export expenses	10,168,795	19,783,777	11,407,160	23,513,650
Others	8,955,753	17,940,920	9,339,216	19,384,854
	₩ 103,100,608	₩ 191,033,190	₩ 98,175,707	₩ 188,556,348

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended June 30, 2016	Six months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2015
Warranty expenses	Rs. 1,132,607	Rs. 1,943,001	Rs. 1,470,462	Rs. 2,559,723
Sales commissions	3,498,669	6,429,539	2,960,294	5,480,719
Advertising expenses	293,920	619,004	110,474	502,391
Export expenses	596,400	1,160,319	669,030	1,379,076
Others	525,255	1,052,235	547,745	1,136,922
	Rs. 6,046,851	Rs. 11,204,098	Rs. 5,758,005	Rs. 11,058,831

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Salaries	₩ 13,186,491	₩ 25,954,285	₩ 12,938,563	₩ 24,822,471
Postemployment benefits	1,972,464	4,319,462	2,177,301	4,053,161
Employee benefits	2,747,962	5,804,897	2,657,306	5,245,742
Rent expense	2,536,208	4,967,141	2,766,931	5,568,995
Service fees	6,769,765	12,763,249	6,482,401	13,075,944
Depreciation	2,843,749	5,708,971	2,860,711	5,758,350
R&D expenses	3,132,039	7,653,249	2,723,105	6,967,986
Amortization	1,863,892	3,769,260	1,750,705	3,490,999
Bad debt expense	(23,562)	26,283	(51,824)	(25,914)
Other administrative expenses	9,156,188	16,221,508	9,124,485	15,681,700
	<u>₩ 44,185,196</u>	<u>₩ 87,188,305</u>	<u>₩ 43,429,684</u>	<u>₩ 84,639,434</u>

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Salaries	Rs. 773,388	Rs. 1,522,219	Rs. 758,847	Rs. 1,455,838
Postemployment benefits	115,685	253,336	127,699	237,718
Employee benefits	161,168	340,457	155,851	307,663
Rent expense	148,749	291,323	162,281	326,622
Service fees	397,047	748,565	380,193	766,904
Depreciation	166,786	334,831	167,781	337,727
R&D expenses	183,694	448,863	159,710	408,672
Amortization	109,317	221,067	102,679	204,747
Bad debt expense	(1,382)	1,541	(3,039)	(1,520)
Other administrative expenses	537,010	951,391	535,149	919,731
	<u>Rs. 2,591,462</u>	<u>Rs. 5,113,593</u>	<u>Rs. 2,547,151</u>	<u>Rs. 4,964,102</u>

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

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Commission income	₩ -	₩ -	₩ 91,307	₩ 301,868
Gain on foreign currency transactions	3,519,290	6,538,391	2,647,821	5,408,552
Gain on foreign currency translation	(621,905)	176,727	(116,286)	400,381
Gain on disposal of property, plant and equipment	9,085	21,368	581,589	590,739
Others	4,292,983	7,538,822	5,936,564	10,115,346
	<u>₩ 7,199,453</u>	<u>₩ 14,275,308</u>	<u>₩ 9,140,995</u>	<u>₩ 16,816,886</u>



	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Commission income	Rs. -	Rs. -	Rs. 5,355	Rs. 17,705
Gain on foreign currency transactions	206,406	383,477	155,295	317,212
Gain on foreign currency translation	(36,475)	10,365	(6,820)	23,482
Gain on disposal of property, plant and equipment	533	1,253	34,110	34,647
Others	251,783	442,152	348,179	593,264
	<u>Rs. 422,247</u>	<u>Rs. 837,247</u>	<u>Rs. 536,119</u>	<u>Rs. 986,310</u>

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

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

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Loss on foreign currency transactions	Rs. 175,745	Rs. 375,606	Rs. 134,561	Rs. 239,761
Loss on foreign currency translation	45,658	67,716	(15,513)	49,674
Loss on disposal of property, plant and equipment	2,969	3,819	95	318
Loss on disposal of trade receivables	387,608	668,804	176,278	269,195
Others	22,313	59,677	78,642	220,416
	<u>Rs. 634,293</u>	<u>Rs. 1,175,622</u>	<u>Rs. 374,063</u>	<u>Rs. 779,364</u>

**28. FINANCIAL INCOME AND COST:**

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Interest income	₩ 647,415	₩ 1,276,764	₩ 781,413	₩ 1,655,622
Dividend income	5,000	11,000	485,159	491,159
Gain on foreign currency transactions	1,518,696	2,214,527	3,917,378	5,846,397
Gain on foreign currency translation	(470,769)	799,221	(3,882,813)	394,331
Gain on disposal of derivatives	2,318,349	3,308,856	803,300	921,150
Gain on valuation of derivatives	2,912,742	2,996,634	425,777	2,320,828
	<u>₩ 6,931,433</u>	<u>₩ 10,607,002</u>	<u>₩ 2,530,214</u>	<u>₩ 11,629,487</u>

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Interest income	Rs. 37,971	Rs. 74,882	Rs. 45,830	Rs. 97,102
Dividend income	293	645	28,455	28,806
Gain on foreign currency transactions	89,074	129,882	229,754	342,891
Gain on foreign currency translation	(27,612)	46,875	(227,728)	23,128
Gain on disposal of derivatives	135,971	194,064	47,114	54,025
Gain on valuation of derivatives	170,832	175,753	24,972	136,117
	<u>Rs. 406,529</u>	<u>Rs. 622,101</u>	<u>Rs. 148,397</u>	<u>Rs. 682,069</u>

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Interest expense	₩ 183,175	₩ 372,206	₩ 295,355	₩ 559,291
Loss on foreign currency transactions	4,504,917	7,917,501	914,734	3,090,392
Loss on foreign currency translation	2,214,054	4,117,641	2,679,796	2,802,722
Loss on disposal of derivatives	602,825	1,437,293	3,743,000	8,132,900
Loss on valuation of derivatives	(1,407,854)	322,145	10,800	10,800
	<u>₩ 6,097,117</u>	<u>₩ 14,166,786</u>	<u>₩ 7,643,685</u>	<u>₩ 14,596,105</u>

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Interest expense	Rs. 10,743	Rs. 21,830	Rs. 17,323	Rs. 32,802
Loss on foreign currency transactions	264,214	464,361	53,649	181,251
Loss on foreign currency translation	129,854	241,500	157,170	164,380
Loss on disposal of derivatives	35,356	84,297	219,527	476,996
Loss on valuation of derivatives	(82,571)	18,894	633	633
	<u>Rs. 357,596</u>	<u>Rs. 830,882</u>	<u>Rs. 448,302</u>	<u>Rs. 856,062</u>

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Loan and receivables	₩ (5,206,804)	₩ (8,116,836)	₩ (3,073,907)	₩ 1,443,945
AFS financial assets	5,000	11,000	485,159	491,159
Other financial liabilities	6,036,120	4,546,052	(2,524,723)	(4,901,722)
	<u>₩ 834,316</u>	<u>₩ (3,559,784)</u>	<u>₩ (5,113,471)</u>	<u>₩ (2,966,618)</u>

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Loan and receivables	Rs. (305,379)	Rs. (476,052)	Rs. (180,285)	Rs. 84,687
AFS financial assets	293	645	28,455	28,806
Other financial liabilities	354,019	266,626	(148,075)	(287,486)
	<u>Rs. 48,933</u>	<u>Rs. (208,781)</u>	<u>Rs. (299,905)</u>	<u>Rs. (173,993)</u>

## 29. INCOME (LOSS) PER SHARE:

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

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Net income (loss)	₩ 16,372,604	₩ 18,438,840	₩ (21,603,344)	₩ (53,064,410)
Loss contributed to common stocks	16,372,604	18,438,840	(21,603,344)	(53,064,410)
Number of common stocks outstanding	<u>137,182,087</u>	<u>137,182,087</u>	<u>137,220,096</u>	<u>137,143,448</u>
Basic and diluted income (loss) per share(*)	<u>₩ 119</u>	<u>₩ 134</u>	<u>₩ (157)</u>	<u>₩ (387)</u>

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
Net income(loss)	Rs. 960,253	Rs. 1,081,409	Rs. (1,267,036)	Rs. (3,112,229)
Loss contributed to common stocks	960,253	1,081,409	(1,267,036)	(3,112,229)
Number of common stocks outstanding	<u>137,182,087</u>	<u>137,182,087</u>	<u>137,220,096</u>	<u>137,143,448</u>
Basic and diluted income (loss) per share(*)	<u>Rs. 7</u>	<u>Rs. 8</u>	<u>Rs. (9)</u>	<u>Rs. (23)</u>

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

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

		Six months ended June 30, 2016					
		Time interval		Outstanding	Accumulated outstanding	Weighted-average impact	Outstanding
Common stock		2015-01-01	2015-12-31	137,182,087	137,182,087	182/182	137,182,087
		Six months ended June 30, 2015					
		Time interval		Outstanding	Accumulated outstanding	Weighted-average impact	Outstanding
Common stock		2015-01-01	2015-12-31	137,220,096	137,220,096	181/181	137,220,096
Treasury stock		2015-01-01	2015-02-22	(237,964)	(237,964)	53/181	(69,679)
		2015-02-23	2015-02-23	(221,997)	(221,997)	1/181	(1,227)
		2015-02-24	2015-02-24	(191,997)	(191,997)	1/181	(1,061)
		2015-02-25	2015-02-25	(161,997)	(161,997)	1/181	(895)
		2015-02-26	2015-02-26	(121,997)	(121,997)	1/181	(674)
		2015-02-27	2015-03-01	(71,997)	(71,997)	3/181	(1,193)
		2015-03-02	2015-03-17	(21,706)	(21,706)	16/181	(1,919)
Total							<u>137,143,448</u>

### 30. CASH FLOWS FROM OPERATING ACTIVITIES:

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

	Korean won in thousands		Indian rupee in thousands	
	Six months ended	Six months ended	Six months ended	Six months ended
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
1. Net income (loss)	₩ 18,438,840	₩ (53,064,410)	Rs. 1,081,409	Rs. (3,112,229)
2. Adjustments	118,267,681	101,968,127	6,936,400	5,980,431
Postemployment benefits	24,662,424	22,996,707	1,446,451	1,348,757
Depreciation	62,469,547	58,644,121	3,663,839	3,439,478
Amortization	18,756,179	15,346,498	1,100,050	900,074
Loss on disposal of trade receivables	11,403,302	4,589,854	668,804	269,195
Gain / loss on foreign currency translation	4,296,271	2,854,965	251,976	167,444
Gain / loss on disposal of property, plant and equipment	43,745	(585,321)	2,566	(34,329)
Interest income / expense	(904,558)	(1,096,331)	(53,052)	(64,300)
Gain on dividends	(11,000)	(491,159)	(645)	(28,806)
Gain/ loss on valuation of inventories	168,132	2,128,836	9,861	124,856
Others	(2,616,361)	(2,420,043)	(153,450)	(141,938)
3. Changes in working capital	(77,489,365)	(47,987,920)	(4,544,750)	(2,814,491)
Decrease (increase) in trade receivables, net	(47,572,406)	4,387,141	(2,790,121)	257,306
Decrease (increase) in non-trade receivables, net	(746,675)	10,464,777	(43,791)	613,759
Decrease (increase) in inventories	1,138,951	(16,582,765)	66,799	(972,579)
Decrease (increase) in other assets	2,492,991	(3,385,917)	146,214	(198,584)
Increase (decrease) in trade payables	(5,314,676)	2,705,777	(311,706)	158,694
Decrease in other payables	(17,571,979)	(63,430,590)	(1,030,597)	(3,720,204)
Decrease in accrued charges	(5,683,320)	(2,781,635)	(333,327)	(163,143)
Increase in provision of product warranties	585,603	7,374,652	34,346	432,523
Payment of severance indemnities	(13,971,785)	(6,928,442)	(819,445)	(406,353)
Increase in other assets	9,153,931	20,189,082	536,878	1,184,090
Net cash (used in) provided by operating activities	₩ 59,216,656	₩ 915,797	Rs. 3,473,059	Rs. 53,711

**31. SEGMENT INFORMATION:**

- (1) The Company determined itself as a single reportable segment in light of nature of goods or service creating operating income and trait of assets providing service. Therefore, writing disclosure according to reportable segment's operating income, income before income tax and its assets and liabilities is omitted.
- (2) Information of each sales region for the six months ended June 30, 2016 and 2015, is as follows:

(Unit: Korean won and Indian rupee in thousands)

Sales region	Six months ended June 30, 2016	
Republic of Korea	₩	1,248,555,927 Rs. 73,227,805
Europe		273,215,761 16,024,104
Asia Pacific		141,966,902 8,326,359
Others		110,794,005 6,498,069
	₩	1,774,532,595 Rs. 104,076,337

Sales region	Six months ended June 30, 2015	
Republic of Korea	₩	1,136,356,840 Rs. 66,647,329
Europe		215,071,999 12,613,973
Asia Pacific		96,310,308 5,648,600
Others		144,820,258 8,493,707
	₩	1,592,559,405 Rs. 93,403,609

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

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

(Unit: Korean won and Indian rupee in thousands)

Sales	Six months ended June 30, 2016	
Automobile	₩	1,554,441,082 Rs. 91,167,969
Other parts, etc.		220,091,513 12,908,368
	₩	1,774,532,595 Rs. 104,076,337

Sales	Six months ended June 30, 2015	
Automobile	₩	1,418,935,840 Rs. 83,220,587
Other parts, etc.		173,623,565 10,183,022
	₩	1,592,559,405 Rs. 93,403,609

**32. RELATED-PARTY TRANSACTIONS:**

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

	Related parties
Controlling company	Mahindra & Mahindra Ltd.
Subsidiary companies	Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.
Joint venture company	SY Auto Capital Co., Ltd.
Other affiliate companies	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.

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

(Unit: Korean won in thousands)

<u>Related party</u>	<u>Company</u>	<u>Description</u>	<u>Six months ended June 30, 2016</u>	<u>Six months ended June 30, 2015</u>
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩ 43,093,656	₩ 890,104
		Other income	-	13,221
		Purchases	406,278	1,281,142
		Other expenses	32,195	47,476
Transactions with subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	Sales	₩ 5,955,373	₩ 4,620,718
		Other income	-	480,159
		Purchases	-	-
	Ssangyong European Parts Center B.V.	Other expenses	137	38
Transactions with joint venture company	SY Auto Capital Co., Ltd.	Other expenses	₩ 10,619,750	₩ -
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Sales	₩ 118,782	₩ 5,054,654
		Other income	-	9,937
		Purchases	-	-
		Other expenses	43,269	188,907

(Unit: Indian rupee in thousands)

<u>Related party</u>	<u>Company</u>	<u>Description</u>	<u>Six months ended June 30, 2016</u>	<u>Six months ended June 30, 2015</u>
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs. 2,508,051	Rs. 51,804
		Other income	-	769
		Purchases	23,645	74,562
		Other expenses	1,874	2,763
Transactions with subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	Sales	346,603	268,926
		Other income	-	27,945
		Purchases	-	-
	Ssangyong European Parts Center B.V.	Other expenses	8	2
Transactions with joint venture company	SY Auto Capital Co., Ltd.	Other expenses	Rs. 618,069	Rs. -
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Sales	6,913	294,181
		Other income	-	578
		Purchases	-	-
		Other expenses	2,518	10,994

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

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

(Unit: Korean won in thousands)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Receivables from and payables to controlling company:		
Trade receivables	₩ 21,100,380	₩ 89,823
Non-trade receivables	185,261	54,959
Trade payables	-	207,149
Non-trade payables	140,635	2,808
Receivables from and payables to subsidiaries:		
Trade receivables	₩ 12,808,181	₩ 12,200,938
Non-trade receivables	458,465	468,466
Non-trade payables	506,617	511,041
Receivables from and payables to joint ventures:		
Non-trade receivables	₩ -	₩ 96,000
Receivables from and payables to affiliates:		
Trade receivables	₩ 5,326	₩ 20,769
Non-trade payables	86,517	89,314

(Unit: Indian rupee in thousands)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Receivables from and payables to controlling company:		
Trade receivables	Rs. 1,228,042	Rs. 5,228
Non-trade receivables	10,782	3,199
Trade payables	-	12,056
Non-trade payables	8,185	163
Receivables from and payables to subsidiaries:		
Trade receivables	Rs. 745,436	Rs. 710,095
Non-trade receivables	26,683	27,265
Non-trade payables	29,485	29,743
Receivables from and payables to joint ventures:		
Non-trade receivables	Rs. -	Rs. 5,587
Receivables from and payables to affiliates:		
Trade receivables	Rs. 310	Rs. 1,209
Non-trade payables	5,035	5,198

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

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

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	Six months ended June 30, 2016	Six months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Short-term employee benefits	₩ 135,909	₩ 414,558	Rs. 7,910	Rs. 24,127
Postemployment benefits	11,786	17,287	686	1,006

### 33. FINANCIAL INSTRUMENTS:

#### (1) Capital risk management

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

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

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

(Unit: Korean won in thousands)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Debt (A)	₩ 1,311,640,347	₩ 1,321,781,281
Equity (B)	745,617,724	725,809,202
Debt ratio (A/ B)	175.91%	182.11%

(Unit: Indian rupee in thousands)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Debt (A)	Rs. 76,927,709	Rs. 77,522,474
Equity (B)	43,730,478	42,568,708
Debt ratio (A/ B)	175.91%	182.11%

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

1) Financial assets

(Unit: Korean won in thousands)

Financial assets	June 30, 2016					
	Loans and Receivables	AFS financial Assets	Financial asset at fair value through profit or loss	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 157,030,265	₩ -	₩ -	₩ -	₩ 157,030,265	₩ 157,030,265
Long-term financial instruments	6,000	-	-	-	6,000	6,000
Trade receivables and other receivables	245,084,224	-	-	-	245,084,224	245,084,224
AFS financial assets	-	560,000	-	-	560,000	560,000
Derivative assets	-	-	3,161,211	1,707,754	4,868,965	4,868,965
	<u>₩ 402,120,489</u>	<u>₩ 560,000</u>	<u>₩ 3,161,211</u>	<u>₩ 1,707,754</u>	<u>₩ 407,549,454</u>	<u>₩ 407,549,454</u>
Financial assets	December 31, 2015					
	Loans and Receivables	AFS financial Assets	Financial asset at fair value through profit or loss	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 192,773,290	₩ -	₩ -	₩ -	₩ 192,773,290	₩ 192,773,290
Long-term financial instruments	6,000	-	-	-	6,000	6,000
Trade receivables and other receivables	211,266,473	-	-	-	211,266,473	211,266,473
AFS financial assets	-	560,000	-	-	560,000	560,000
Derivative assets	-	-	1,429,088	278,607	1,707,695	1,707,695
	<u>₩ 404,045,763</u>	<u>₩ 560,000</u>	<u>₩ 1,429,088</u>	<u>₩ 278,607</u>	<u>₩ 406,313,458</u>	<u>₩ 406,313,458</u>

(Unit: Indian rupee in thousands)

Financial assets	June 30, 2016					
	Loans and Receivables	AFS financial Assets	Financial asset at fair value through profit or loss	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 9,209,825	Rs. -	Rs. -	Rs. -	Rs. 9,209,825	Rs. 9,209,825
Long-term financial instruments	352	-	-	-	352	352
Trade receivables and other receivables	14,374,190	-	-	-	14,374,190	14,374,190
AFS financial assets	-	32,844	-	-	32,844	32,844
Derivative assets	-	-	185,405	100,160	285,565	285,565
	<u>Rs. 23,584,367</u>	<u>Rs. 32,844</u>	<u>Rs. 185,405</u>	<u>Rs. 100,160</u>	<u>Rs. 23,902,776</u>	<u>Rs. 23,902,776</u>
Financial assets	December 31, 2015					
	Loans and Receivables	AFS financial Assets	Financial asset at fair value through profit or loss	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 11,306,153	Rs. -	Rs. -	Rs. -	Rs. 11,306,153	Rs. 11,306,153
Long-term financial instruments	352	-	-	-	352	352
Trade receivables and other receivables	12,390,779	-	-	-	12,390,779	12,390,779
AFS financial assets	-	32,844	-	-	32,844	32,844
Derivative assets	-	-	83,816	16,340	100,156	100,156
	<u>Rs. 23,697,284</u>	<u>Rs. 32,844</u>	<u>Rs. 83,816</u>	<u>Rs. 16,340</u>	<u>Rs. 23,830,284</u>	<u>Rs. 23,830,284</u>



2) Financial liabilities

(Unit: Korean won in thousands)

June 30, 2016					
<u>Financial liabilities</u>	<u>Financial liability measured at amortized cost</u>	<u>Financial liability at fair value through profit or loss</u>	<u>Derivatives designated to hedge item</u>	<u>Total</u>	<u>Fair value</u>
Trade payables and other payables	₩ 613,076,686	₩ -	₩ -	₩ 613,076,686	₩ 613,076,686
Debt	193,092,442	-	-	193,092,442	193,092,442
Derivative liabilities	-	-	207,279	207,279	207,279
	<u>₩ 806,169,128</u>	<u>₩ -</u>	<u>₩ 207,279</u>	<u>₩ 806,376,407</u>	<u>₩ 806,376,407</u>

December 31, 2015					
<u>Financial liabilities</u>	<u>Financial liability measured at amortized cost</u>	<u>Derivatives designated to hedge item</u>	<u>Total</u>	<u>Fair value</u>	
Trade payables and other payables	₩ 650,094,829	₩ -	₩ 650,094,829	₩ 650,094,829	
Debt	190,724,546	-	190,724,546	190,724,546	
Derivative liabilities	-	24,074	24,074	24,074	
	<u>₩ 840,819,375</u>	<u>₩ 24,074</u>	<u>₩ 840,843,449</u>	<u>₩ 840,843,449</u>	

(Unit: Indian Rupee in thousands)

June 30, 2016					
<u>Financial liabilities</u>	<u>Financial liability measured at amortized cost</u>	<u>Financial liability at fair value through profit or loss</u>	<u>Derivatives designated to hedge item</u>	<u>Total</u>	<u>Fair value</u>
Trade payables and other payables	Rs. 35,956,948	Rs. -	Rs. -	Rs. 35,956,948	Rs. 35,956,948
Debt	11,324,873	-	-	11,324,873	11,324,873
Derivative liabilities	-	-	12,157	12,157	12,157
	<u>Rs. 47,281,821</u>	<u>Rs. -</u>	<u>Rs. 12,157</u>	<u>Rs. 47,293,978</u>	<u>Rs. 47,293,978</u>

December 31, 2015					
<u>Financial liabilities</u>	<u>Financial liability measured at amortized cost</u>	<u>Derivatives designated to hedge item</u>	<u>Total</u>	<u>Fair value</u>	
Trade payables and other payables	Rs. 38,128,062	Rs. -	Rs. 38,128,062	Rs. 38,128,062	
Debt	11,185,995	-	11,185,995	11,185,995	
Derivative liabilities	-	1,412	1,412	1,412	
	<u>Rs. 49,314,057</u>	<u>Rs. 1,412</u>	<u>Rs. 49,315,469</u>	<u>Rs. 49,315,469</u>	

(3) Financial risk management

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

Financial assets that are subjected 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.

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 period-end of June 30, 2016.

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

(Unit: Korean won and Indian rupee in thousands)

Currency	Korean won in thousands		Indian rupee in thousands	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 3,886,600	₩ (3,886,600)	Rs. 227,949	Rs. (227,949)
EUR	(993,638)	993,638	(58,277)	58,277
JPY	(8,674,858)	8,674,858	(508,780)	508,780
Others	895,688	(895,688)	52,532	(52,532)
	<u>₩ (4,886,208)</u>	<u>₩ 4,886,208</u>	<u>Rs. (286,576)</u>	<u>Rs. 286,576</u>

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

The cumulative benefits of cash flow hedging related to forward contracts deferred to equity, amount to ₩1,604,369 thousand (Rs. 94,096 thousand), and this amount will be reclassified as current income or loss, when the contracts are settled. Future transactions related to forward transactions will occur within 12 months at the latest starting from the end of current period.

b. Interest rate risk

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

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

2) Credit risk

Credit risk arises from transactions in the ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the 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, 2016 and December 31, 2015, the maximum exposed amounts of credit risk for financial assets maintained by the Company are as follows.

	June 30, 2016		December 31, 2015	
	(Korean won in thousands)		(Indian rupee in thousands)	
Trade and other receivables	₩	245,084,224	₩	211,266,473
	Rs.	14,374,190	Rs.	12,390,779

3) Liquidity risk

The Company establishes short-term and long-term fund management plans; consequently, exposures to liquidity risk arise. 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, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

	June 30, 2016		
	Within a year	More than one year	Total
Trade payables	₩ 427,243,488	₩ -	₩ 427,243,488
Non-trade payables	150,375,805	-	150,375,805
Short-term borrowings(*)	167,101,449	-	167,101,449
Derivatives liabilities	207,279	-	207,279
Other payables	26,725,663	-	26,725,663
Long-term borrowings(*)	-	29,101,845	29,101,845
Long-term non-trade payables	-	8,731,731	8,731,731
	<u>₩ 771,653,684</u>	<u>₩ 37,833,576</u>	<u>₩ 809,487,260</u>

	December 31, 2015		
	Within a year	More than one year	Total
Trade payables	₩ 432,415,649	₩ -	₩ 432,415,649
Non-trade payables	172,582,355	-	172,582,355
Short-term borrowings(*)	154,713,544	-	154,713,544
Derivatives liabilities	24,074	-	24,074
Other payables	32,484,211	-	32,484,211
Long-term borrowings(*)	-	40,037,205	40,037,205
Long-term non-trade payables	-	12,612,614	12,612,614
	<u>₩ 792,219,833</u>	<u>₩ 52,649,819</u>	<u>₩ 844,869,652</u>

(\*) Including expected interest expenses.

(Unit: Indian rupee in thousands)

	June 30, 2016		
	Within a year	More than 1 year	Total
Trade payables	Rs. 25,057,830	Rs. -	Rs. 25,057,830
Non-trade payables	8,819,541	-	8,819,541
Short-term borrowings(*)	9,800,500	-	9,800,500
Derivatives liabilities	12,157	-	12,157
Other payables	1,567,461	-	1,567,461
Long-term borrowings(*)	-	1,706,823	1,706,823
Long-term non-trade payables	-	512,116	512,116
	<u>Rs. 45,257,489</u>	<u>Rs. 2,218,939</u>	<u>Rs. 47,476,428</u>

	December 31, 2015		
	Within a year	More than 1 year	Total
Trade payables	Rs. 25,361,178	Rs. -	Rs. 25,361,178
Non-trade payables	10,121,955	-	10,121,955
Short-term borrowings(*)	9,073,949	-	9,073,949
Derivatives liabilities	1,412	-	1,412
Other payables	1,905,199	-	1,905,199
Long-term borrowings(*)	-	2,348,182	2,348,182
Long-term non-trade payables	-	739,730	739,730
	<u>Rs. 46,463,693</u>	<u>Rs. 3,087,912</u>	<u>Rs. 49,551,605</u>

(\*) Including expected interest expenses.

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

(4) Fair value of financial instruments

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

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

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

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

- 3) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as 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
Level 3	Inputs that are not based on observable market data

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

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

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

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