

Ssangyong Motor Company

SEPARATE FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2012 AND 2011,
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of a Report Originally Issued in Korean

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

We have reviewed the accompanying separate interim financial statements of Ssangyong Motor Company (the "Company"). The financial statements consist of the statements of financial position as of June 30, 2012, the statements of loss and comprehensive loss for the three and six months ended June 30, 2012 and 2011, the statements of changes in shareholders' equity and cash flows for the six months ended June 30, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the separate financial statements

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

Independent accountants' responsibility

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

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

Review conclusion

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

Other matters

We have given an opinion on the comparative statement of financial position as of December 31, 2011 and the related statements of loss and comprehensive loss, cash flows and changes in shareholder's equity (not included in this report) on March 14, 2012 as fairly state. There is no difference in terms of importance between comparative purposed financial position on December 31, 2011 and current financial position.

Emphasis of matter

As a reference to users of the report in their reasonable decision making, we draw attention to the fact that the Company is not required to submit consolidated interim financial statements even if it has subsidiaries which are subject to consolidation in accordance with K-IFRS and may submit separate semi-annual and quarterly financial statements only by a fiscal year starting from January 1, 2012 pursuant to the Enforcement Decree of the Financial Investment Services and Capital Market Act No. 20947, Article 23. Therefore, the Company may only presents the separate interim financial statements in accordance with K-IFRS 1027. This applies to only interim periods and not to the annual financial statements, thus a company with subsidiaries may prepare both consolidated financial statements and separate financial statements for its annual report.



August 7, 2012

Notice to Readers

This report is effective as of August 7, 2012, the accountants' review report date. Certain subsequent events or circumstances may have occurred between this review report date and the time the report is read. Such events or circumstances could significantly affect the accompanying separate interim financial statements and may result in modifications to the accountants' review report.

SSANGYONG MOTOR COMPANY
SEPARATE STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2012 AND DECEMBER 31, 2011

	Korean Won		India- Rupee	
	June 30, 2012 (In thousands)	December 31, 2011 (In thousands)	June 30, 2012 (In thousands)	December 31, 2011 (In thousands)
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 3 and 32)	₩ 193,331,321	₩ 202,509,810	Rs. 8,796,575	Rs. 9,214,196
Trade and other receivables, net (Notes 5, 31 and 32)	184,299,901	176,137,064	8,385,645	8,014,236
Inventories, net (Notes 6 and 9)	267,039,770	258,859,471	12,150,310	11,778,106
Other current assets (Note 8)	<u>9,810,268</u>	<u>16,175,012</u>	<u>446,367</u>	<u>735,963</u>
Total current assets	<u>654,481,260</u>	<u>653,681,357</u>	<u>29,778,897</u>	<u>29,742,501</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 3 and 32)	6,000	6,000	273	273
Non-current available-for-sale financial assets (Notes 4 and 32)	560,000	560,000	25,480	25,480
Non-current other receivables, net (Notes 5, 31 and 32)	36,351,529	37,593,793	1,653,995	1,710,518
Property, plant and equipment, net (Notes 9 and 11)	1,048,282,917	1,038,426,146	47,696,873	47,248,390
Intangible assets (Note 10)	55,926,726	64,396,704	2,544,666	2,930,050
Investments in subsidiaries (Note 7)	4,456,554	4,456,554	202,773	202,773
Other non-current assets (Note 8)	<u>409,553</u>	<u>569,242</u>	<u>18,635</u>	<u>25,901</u>
Total non-current assets	<u>1,145,993,279</u>	<u>1,146,008,439</u>	<u>52,142,695</u>	<u>52,143,385</u>
TOTAL ASSETS	<u><u>1,800,474,539</u></u>	<u><u>1,799,689,796</u></u>	<u><u>81,921,592</u></u>	<u><u>81,885,886</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Trade and other payables (Notes 17 and 32)	442,523,694	384,521,594	20,134,828	17,495,733
Short-term borrowings (Notes 9, 11 and 32)	30,000,000	40,567,689	1,365,000	1,845,830
Provision for product warranties (Note 14)	47,697,652	47,093,611	2,170,243	2,142,759
Other current liabilities borrowings (Notes 13, 15 and 32)	<u>53,013,088</u>	<u>45,518,171</u>	<u>2,412,096</u>	<u>2,071,077</u>
Total current liabilities	<u>₩ 573,234,434</u>	<u>₩ 517,701,065</u>	<u>Rs. 26,082,167</u>	<u>Rs. 23,555,399</u>

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF JUNE 30, 2012 AND DECEMBER 31, 2011

	Korean Won		India- Rupee	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Debentures (Notes 11 and 32)	₩ 95,404,765	₩ 95,404,765	Rs. 4,340,917	Rs. 4,340,917
Other non-current payables (Notes 15 and 32)	2,241,845	2,150,548	102,004	97,850
Retirement benefit obligation (Note 16)	188,445,159	184,985,910	8,574,255	8,416,859
Other long-term employee benefits obligation	12,019,633	11,315,781	546,892	514,867
Provision for long-term product warranties (Note 14)	<u>73,128,253</u>	<u>74,914,225</u>	<u>3,327,336</u>	<u>3,408,597</u>
Total non-current liabilities	<u>371,239,655</u>	<u>368,771,229</u>	<u>16,891,404</u>	<u>16,779,090</u>
TOTAL LIABILITIES	<u>944,474,089</u>	<u>886,472,294</u>	<u>42,973,571</u>	<u>40,334,489</u>
SHAREHOLDERS' EQUITY:				
Capital stock (Note 18)	613,031,955	609,809,205	27,892,954	27,746,319
Other capital surplus (Note 19)	125,825,819	125,496,967	5,725,075	5,710,112
Other capital adjustments (Notes 20 and 24)	(8,078,000)	193,310	(367,549)	8,796
Retained earnings (Note 21)	<u>125,220,676</u>	<u>177,718,020</u>	<u>5,697,541</u>	<u>8,086,170</u>
TOTAL SHAREHOLDERS' EQUITY	<u>856,000,450</u>	<u>913,217,502</u>	<u>38,948,021</u>	<u>41,551,397</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩ 1,800,474,539</u>	<u>₩ 1,799,689,796</u>	<u>Rs. 81,921,592</u>	<u>Rs. 81,885,886</u>

See accompanying notes to the financial statements.

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF COMPREHENSIVE LOSS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	Korean Won			
	Three months ended June 30, 2012	Six months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2011
	(In thousands, except per share amounts)		(In thousands, except per share amounts)	
SALES (Notes 30 and 31)	₩ 711,905,995	₩ 1,355,876,090	₩ 728,646,296	₩ 1,349,171,453
COST OF SALES (Notes 23 and 31)	<u>621,457,669</u>	<u>1,192,676,532</u>	<u>640,055,154</u>	<u>1,194,723,874</u>
GROSS PROFIT	90,448,326	163,199,558	88,591,142	154,447,579
SELLING AND ADMINISTRATIVE EXPENSES (Notes 23 and 25)	108,976,796	212,196,579	117,700,043	225,190,602
OTHER OPERATING INCOME (Note 26)	6,893,318	13,523,963	8,635,076	18,803,170
OTHER OPERATING EXPENSES (Note 26)	<u>9,465,915</u>	<u>18,285,039</u>	<u>12,928,084</u>	<u>23,355,653</u>
OPERATING LOSS	(21,101,067)	(53,758,097)	(33,401,909)	(75,295,506)
FINANCIAL INCOME (Note 27)	5,813,072	9,844,270	371,843	51,481,479
FINANCIAL COST (Note 27)	<u>5,643,169</u>	<u>8,581,065</u>	<u>1,849,473</u>	<u>8,456,385</u>
LOSS BEFORE INCOME TAX	₩ (20,931,164)	₩ (52,494,892)	₩ (34,879,539)	₩ (32,270,412)
INCOME TAX EXPENSE (Note 22)	-	-	-	-
NET LOSS	(20,931,164)	(52,494,892)	(34,879,539)	(32,270,412)
OTHER COMPREHENSIVE LOSS (Notes 20 and 24)	<u>(5,680,819)</u>	<u>(8,273,762)</u>	<u>(14,827)</u>	<u>(28,420)</u>
TOTAL COMPREHENSIVE LOSS	<u>₩ (26,611,983)</u>	<u>₩ (60,768,654)</u>	<u>₩ (34,894,366)</u>	<u>₩ (32,298,832)</u>
LOSS PER SHARE (Note 28) Basic and diluted loss per share	₩ (169)	₩ (430)	₩ (287)	₩ (313)

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF COMPREHENSIVE LOSS (CONTINUED)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	Indian-Rupee							
	Three months ended June 30, 2012		Six months ended June 30, 2012		Three months ended June 30, 2011		Six months ended June 30, 2011	
	(In thousands, except per share amounts)				(In thousands, except per share amounts)			
SALES (Notes 30 and 31)	Rs.	32,391,723	Rs.	61,692,362	Rs.	33,153,406	Rs.	61,387,301
COST OF SALES (Notes 23 and 31)		<u>28,276,324</u>		<u>54,266,782</u>		<u>29,122,510</u>		<u>54,359,936</u>
GROSS PROFIT		4,115,399		7,425,580		4,030,896		7,027,365
SELLING AND ADMINISTRATIVE EXPENSES (Notes 23 and 25)		4,958,444		9,654,944		5,355,352		10,246,172
OTHER OPERATING INCOME: (Note 26)		313,646		615,340		392,896		855,544
OTHER OPERATING EXPENSES (Note 26)		<u>430,699</u>		<u>831,969</u>		<u>588,228</u>		<u>1,062,682</u>
OPERATING LOSS		(960,098)		(2,445,993)		(1,519,788)		(3,425,945)
FINANCIAL INCOME (Note 27)		264,495		447,914		16,919		2,342,407
FINANCIAL COST (Note 27)		<u>256,764</u>		<u>390,438</u>		<u>84,151</u>		<u>384,766</u>
LOSS BEFORE INCOME TAX	Rs.	(952,367)	Rs.	(2,388,517)	Rs.	(1,395,182)	Rs.	(1,468,304)
INCOME TAX EXPENSE (Note 22)		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
NET LOSS		(952,367)		(2,388,517)		(1,587,020)		(1,468,304)
OTHER COMPREHENSIVE LOSS (Note 20 and 24)		<u>(258,477)</u>		<u>(376,457)</u>		<u>(675)</u>		<u>(1,293)</u>
TOTAL COMPREHENSIVE LOSS	Rs.	<u>(1,210,844)</u>	Rs.	<u>(2,764,974)</u>	Rs.	<u>(1,587,695)</u>	Rs.	<u>(1,469,597)</u>
LOSS PER SHARE (Note 28)								
Basic and diluted loss per share		(8)		(20)	Rs.	(13)	Rs.	(14)

See accompanying notes to the financial statements.

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	Korean Won							
	Capital stock	Other capital surplus			Debt to be swapped for equity	Other capital adjustments	Retained earnings (accumulated deficit)	Total
		Paid-in capital in excess of par	Gain on capital reduction	Consideration for conversion rights				
Unreviewed balance at January 1, 2011	₩ 182,688,005	₩ 4,170,771	₩ 805,577,535	₩29,474,043	₩ 1,009,431	₩ -	₩ (404,029,300)	₩ 618,890,485
Net loss	-	-	-	-	-	-	(32,270,412)	(32,270,412)
Actuarial losses	-	-	-	-	-	-	(28,420)	(28,420)
Capital increase with consideration	427,095,235	-	-	-	-	-	-	427,095,235
Conversion of debt to equity	25,965	51,957	-	-	(77,922)	-	-	-
Reserve for deficit recovery	-	-	(685,225,955)	(29,474,043)	-	-	714,699,998	-
Stock issuance cost	-	(8,850)	-	-	-	-	-	(8,850)
Balance at June 30, 2011	<u>₩ 609,809,205</u>	<u>₩ 4,213,878</u>	<u>₩ 120,351,580</u>	<u>₩ -</u>	<u>₩ 931,509</u>	<u>₩ -</u>	<u>₩ 278,371,866</u>	<u>₩1,013,678,038</u>
Balance at January 1, 2012	₩ 609,809,205	₩ 4,213,878	₩ 120,351,580	₩ -	₩ 931,509	₩ 193,310	₩ 177,718,020	₩ 913,217,502
Net loss	-	-	-	-	-	-	(52,494,892)	(52,494,892)
Actuarial losses	-	-	-	-	-	-	(2,452)	(2,452)
Capital increase with consideration	3,222,750	348,057	-	-	-	-	-	3,570,807
Stock issuance cost	-	(19,205)	-	-	-	-	-	(19,205)
Impairment losses on derivatives evaluation	-	-	-	-	-	(8,271,310)	-	(8,271,310)
Balance at June 30, 2012,	<u>₩ 613,031,955</u>	<u>₩ 4,542,730</u>	<u>₩ 120,351,580</u>	<u>₩ -</u>	<u>₩ 931,509</u>	<u>₩ (8,078,000)</u>	<u>₩ 125,220,676</u>	<u>₩ 856,000,450</u>

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SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	Indian Rupee							Retained earnings (accumulated deficit)	Total
	Capital stock	Paid-in capital in excess of par	Gain on capital reduction	Other capital surplus Consideration for conversion rights	Debt to be swapped for equity	Other capital adjustments			
	(In thousands)								
Unreviewed balance at January 1, 2011	Rs. 8,312,304	Rs. 189,770	Rs. 36,653,778	Rs. 1,341,069	Rs. 45,929	Rs. -	Rs. (18,383,333)	Rs. 28,159,517	
Net loss	-	-	-	-	-	-	(1,468,304)	(1,468,304)	
Actuarial losses	-	-	-	-	-	-	(1,293)	(1,293)	
Capital increase with consideration	19,432,833	-	-	-	-	-	-	19,432,833	
Conversion of debt to equity	1,181	2,364	-	-	(3,545)	-	-	-	
Reserve for deficit recovery	-	-	(31,177,781)	(1,341,069)	-	-	32,518,850	-	
Stock issuance cost	-	(403)	-	-	-	-	-	(403)	
Balance at June 30, 2011	<u>Rs. 27,746,318</u>	<u>Rs. 191,731</u>	<u>Rs. 5,475,997</u>	<u>Rs. -</u>	<u>Rs. 42,384</u>	<u>Rs. -</u>	<u>Rs. 12,665,920</u>	<u>Rs. 46,122,350</u>	
Balance at January 1, 2012	Rs. 27,746,319	Rs. 191,731	Rs. 5,475,997	Rs. -	Rs. 42,384	Rs. 8,796	Rs. 8,086,170	Rs. 41,551,397	
Net loss	-	-	-	-	-	-	(2,388,517)	(2,388,517)	
Actuarial losses	-	-	-	-	-	-	(112)	(112)	
Capital increase with consideration	146,635	15,837	-	-	-	-	-	162,472	
Stock issuance cost	-	(874)	-	-	-	-	-	(874)	
Losses on derivatives evaluation	-	-	-	-	-	(376,345)	-	(376,345)	
Balance at June 30, 2012	<u>Rs. 27,892,954</u>	<u>Rs. 206,694</u>	<u>Rs. 5,475,997</u>	<u>Rs. -</u>	<u>Rs. 42,384</u>	<u>Rs. (367,549)</u>	<u>Rs. 5,697,541</u>	<u>Rs. 38,948,021</u>	

See accompanying notes to financial statements.

SSANGYONG MOTOR COMPANY
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	Korean Won		Indian-Rupee	
	Six months ended June 30, 2012	Six months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	₩ (52,494,892)	₩ (32,270,412)	Rs. (2,388,517)	Rs. (1,468,304)
Adjustment (Note 29)	87,572,450	37,872,229	3,984,546	1,723,186
Changes in net working capital (Note 29)	<u>31,518,105</u>	<u>72,301,198</u>	<u>1,434,073</u>	<u>3,289,705</u>
	66,595,663	77,903,015	3,030,102	3,544,587
Interests received	3,372,690	1,452,234	153,457	66,077
Interests paid	(4,482,925)	(2,860,200)	(203,973)	(130,139)
Dividend income received	<u>71,900</u>	<u>11,000</u>	<u>3,271</u>	<u>501</u>
Net cash provided by operating activities	<u>65,557,328</u>	<u>76,506,049</u>	<u>2,982,857</u>	<u>3,481,026</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash inflows from investing activities:				
Decrease in other receivables	1,948,459	961,316	88,655	43,740
Disposal of property, plant and equipment	132,542	7,062,797	6,031	321,357
Decrease in other assets	<u>12,815</u>	<u>4,652</u>	<u>583</u>	<u>212</u>
	2,093,816	8,028,765	95,269	365,309
Cash outflows from investing activities:				
Increase in other receivables	495,000	-	22,523	-
Acquisition of property, plant and equipment	60,440,451	42,569,425	2,750,041	1,936,909
Acquisition of intangible assets	<u>8,782,633</u>	<u>5,094,486</u>	<u>399,610</u>	<u>231,799</u>
	(69,718,084)	(47,663,911)	(3,172,174)	(2,168,708)
Net cash used in investing activities	<u>(67,624,268)</u>	<u>(39,635,146)</u>	<u>(3,076,905)</u>	<u>(1,803,399)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Issuance of debentures	-	95,404,765	-	4,340,917
Capital increase with consideration	<u>3,570,807</u>	<u>374,763,556</u>	<u>162,472</u>	<u>17,051,742</u>
	<u>3,570,807</u>	<u>470,168,321</u>	<u>162,472</u>	<u>21,392,659</u>

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SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

	<u>Korean Won</u>		<u>Indian-Rupee</u>	
	Six months ended <u>June 30, 2012</u>	Six months ended <u>June 30, 2011</u>	Six months ended <u>June 30, 2012</u>	Six months ended <u>June 30, 2011</u>
	(In thousands)		(In thousands)	
Cash outflows from financing activities:				
Redemption of borrowings	₩ 10,567,689	₩ 310,934,562	Rs. 480,830	Rs. 14,147,523
Redemption of troubled debts	-	170,294,152	-	7,748,384
Stock issuance cost	<u>19,205</u>	<u>8,850</u>	<u>874</u>	<u>403</u>
	<u>(10,586,894)</u>	<u>(481,237,564)</u>	<u>(481,704)</u>	<u>(21,896,310)</u>
Net cash used in financing activities	<u>(7,016,087)</u>	<u>(11,069,243)</u>	<u>(319,232)</u>	<u>(503,651)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(95,462)</u>	<u>9,612</u>	<u>(4,343)</u>	<u>437</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALNTS	(9,178,489)	25,811,272	(417,623)	1,174,413
CASH AND CASH EQUIVALENTS, BEGINNIG OF THE PERIOD	<u>202,509,810</u>	<u>80,566,165</u>	<u>9,214,196</u>	<u>3,665,761</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>₩ 193,331,321</u>	<u>₩ 106,377,437</u>	<u>Rs. 8,796,573</u>	<u>Rs. 4,840,174</u>

See accompanying notes to financial statements.

SSANGYONG MOTOR COMPANY

NOTES TO SEPARATE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011

1. GENERAL:

(1) Company overview and recent changes in business environment

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

On February 6, 2009, Seoul Central District Court (the “Court”) made a decision on a corporate reorganization for the Company and on December 17, 2009 approved the relevant reorganization plan. Subsequently, in the creditors’ meeting held on January 28, 2011, an amended reorganization plan in accordance with the merger and acquisition agreement with Mahindra & Mahindra Ltd. executed on November 23, 2010, was passed, and received the formal consent from the Court on January 31, 2011. In accordance with the amended plan, payments for the capital increase through third-party allotment of 427.1 billion won (17.084 billion rupee) and unguaranteed corporate bonds of 95.4 billion won (3.816 billion rupee) were made to the Company on February 8 and February 9 in 2011, respectively.

Furthermore, the Company repaid rehabilitation security rights and bonds upon the approval of the Court and submitted to the Court a request to terminate reorganization proceedings. The court receivership was terminated as the request for termination of reorganization proceedings was approved on March 14, 2011

(2) Major shareholders

As of June 30, 2012, the Company’s shareholders are as follows:

<u>Name of shareholder</u>	<u>Number of shares owned</u>	<u>Percentage of Ownership (%)</u>
Mahindra & Mahindra Ltd.	85,419,047	69.67
Others	37,187,344	30.33
	<u>122,606,391</u>	<u>100.00</u>

In accordance with the investment contract for the merger and acquisition, Mahindra & Mahindra Ltd. has acquired shares of the Company through the third-party allotment and become the largest shareholder of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES:

The Company’s summarized separate interim financial statement, which period belongs to annual financial report, adopts Korean International Reporting Standards (“K-IFRS”) 1034. The audited financial statement, December 31, 2011 is used to understand the interim financial statement.

The account policy is identified with the audited financial statement of December 31, 2011 except for the account policy explained as follow

(1) Adoption of IFRSs' amendments and its change in account policy are as follows:

K-IFRS 1107 "Financial Instruments": Disclosures – Transfers of Financial Assets

The amendments to K-IFRS 1107 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. There is no effect on interim financial disclosures by amendments.

Amendments to K-IFRS 1012 "Deferred Tax" – Recovery of Underlying Assets

The amendments to K-IFRS 1012 provide an exception to the general principles in K-IFRS 1012 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Investment property measured using the revaluation model under K-IFRS 1040 "Investment Property" or a non-depreciable asset measured using the revaluation model in K-IFRS 1016 "Property, Plant and Equipment", are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The amendments doesn't effect on interim financial statement.

(2) The Company has not applied new policies that have been issued but are not yet effective and these are as follows:

K-IFRS 1019 (as revised in 2011) "Employee Benefits"

The amendments to K-IFRS 1019 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of K-IFRS 1019 and accelerate the recognition of past service costs. The amendments to K-IFRS 1019 are effective for annual periods beginning on or after January 1, 2013 and require retrospective application with certain exceptions.

K-IFRS 1113 "Fair Value Measurement"

K-IFRS 1113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. K-IFRS 1113 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

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

The Indian-Rupee amounts presented in these financial statements were computed by translating the Korean won into Indian-Rupees based on the Bank of Korea Basic Rate (~~₩~~ 21.98 to Rs. 1.00 at June 30, 2012), solely for the convenience of the reader. These convenience translations into Indian-Rupees should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

3. RESTRICTED FINANCIAL ASSETS:

Restricted financial assets as of June 30, 2012 and December 31, 2011 are as follows

(Unit: Won in thousands):

	Financial institution	June 30, 2012	December 31, 2011	Notes
Cash and cash equivalents	Shinhan Bank and others	₩ 1,378,569	₩ 1,249,811	Government subsidies and others
	Woori Bank and others	14,731,344	14,415,666	Pledge and doubted debt recovery
Long-term financial instruments	Shinhan Bank and others	6,000	6,000	Overdraft deposit
		<u>₩ 16,115,913</u>	<u>₩ 15,671,477</u>	

(Unit: Rupee in thousands):

	Financial institution	June 30, 2012	December 31, 2011	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs. 62,725	Rs. 56,866	Government subsidies and others
	Woori Bank and others	670,276	655,913	Pledge and doubted debt recovery
Long-term financial instruments	Shinhan Bank and others	273	273	Overdraft deposit
		<u>Rs. 733,274</u>	<u>Rs. 713,052</u>	

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

The Company's long-term available-for-sale financial assets as of June 30, 2012 and December 31, 2011 are as follows

(Unit: Won in thousands):

Classification	Ownership (%)	June 30, 2012		Book value	December 31, 2011
		Acquisition cost	Net asset value		Book value
Kihyup Technology Banking Corporation (*)	1.72	₩ 500,000	₩ 652,102	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50	60,000	351,402	60,000	60,000
		<u>₩ 560,000</u>	<u>₩ 1,003,504</u>	<u>₩ 560,000</u>	<u>₩ 560,000</u>

(Unit: Rupee in thousands):

Classification	Ownership (%)	June 30, 2012		Book value	December 31, 2011
		Acquisition cost	Net asset value		Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 22,750	Rs. 29,671	Rs. 22,750	Rs. 22,750
Korea Management Consultants Association (*)	1.50	2,730	15,989	2,730	2,730
		<u>Rs. 25,480</u>	<u>Rs. 45,660</u>	<u>Rs. 25,480</u>	<u>Rs. 25,480</u>

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

5. TRADE AND OTHER RECEIVABLES:

All current trade and other receivables are due within 1 year from June 30, 2012 and because the present value discount effect is not material, the fair value of the aforementioned receivables is consistent with the book value.

(1) Details of current portion of trade and other receivables as of June 30, 2012 and December 31, 2011 are as follows:

(Unit: Won in thousands)

Financial liabilities	June 30, 2012			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 145,164,753	₩ 23,512,432	₩ 3,450,325	₩ 36,750,259
Receivables due from affiliated parties	10,365,592	5,318,156	-	-
Less: Allowance for doubtful accounts	(1,490,699)	(2,019,297)	(1,361)	(398,730)
	<u>₩ 154,039,646</u>	<u>₩ 26,811,291</u>	<u>₩ 3,448,964</u>	<u>₩ 36,351,529</u>

Financial liabilities	December 31, 2011			
	Trade receivables	Non-trade Receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 135,269,027	₩ 27,087,061	₩ 2,834,566	₩ 37,996,784
Receivables due from affiliated parties	9,390,769	4,770,122	-	232
Less: Allowance for doubtful accounts	(1,193,267)	(2,019,821)	(1,394)	(403,223)
	<u>₩ 143,466,529</u>	<u>₩ 29,837,362</u>	<u>₩ 2,833,172</u>	<u>₩ 37,593,793</u>

(Unit: Indian-Rupee in thousands):

Financial liabilities	June 30, 2012			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 6,604,996	Rs. 1,069,816	Rs. 156,990	Rs. 1,672,137
Receivables due from affiliated parties	471,634	241,976	-	-
Less: Allowance for doubtful accounts	(67,827)	(91,878)	(62)	(18,142)
	<u>Rs. 7,008,803</u>	<u>Rs. 1,219,914</u>	<u>Rs. 156,928</u>	<u>Rs. 1,653,995</u>

Financial liabilities	December 31, 2011			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 6,154,741	Rs. 1,232,461	Rs. 128,973	Rs. 1,728,854
Receivables due from affiliated parties	427,280	217,041	-	11
Less: Allowance for doubtful accounts	(54,294)	(91,902)	(63)	(18,347)
	<u>Rs. 6,527,727</u>	<u>Rs. 1,357,600</u>	<u>Rs. 128,910</u>	<u>Rs. 1,710,518</u>

(2) Credit risk and allowance for doubtful accounts

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

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

The Company's trade receivables are usually collected within 30 days, but some of the notes receivable are collected within 75 days. The Company estimates an allowance for the receivables that are overdue for more than 90 days through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Company estimates an allowance based on the historical loss rates.

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

- 1) Aging analysis of the trade and non-trade receivables that are overdue but are not impaired as of June 30, 2012 and December 31, 2011 are as follows:

(Unit: Won in thousands):

Classification	June 30, 2012			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ 2,942,298	₩ 4,644,718	₩ 813,517	₩ 8,400,533
Non-trade receivables	2,863,441	176,913	4,356,522	7,396,876
	<u>₩ 5,805,739</u>	<u>₩ 4,821,631</u>	<u>₩ 5,170,039</u>	<u>₩ 15,797,409</u>

Classification	December 31, 2011			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ 2,568,793	₩ 4,444,478	₩ 20,660	₩ 7,033,931
Non-trade receivables	218,450	22,279	4,535,946	4,776,675
	<u>₩ 2,787,243</u>	<u>₩ 4,466,757</u>	<u>₩ 4,556,606</u>	<u>₩ 11,810,606</u>

(Unit: Indian-Rupee in thousands):

Classification	June 30, 2012			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. 133,875	Rs. 211,335	Rs. 37,015	Rs. 382,225
Non-trade receivables	130,287	8,050	198,222	336,559
	<u>Rs. 264,162</u>	<u>Rs. 219,385</u>	<u>Rs. 235,237</u>	<u>Rs. 718,784</u>

Classification	December 31, 2011			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. 116,880	Rs. 202,224	Rs. 940	Rs. 320,044
Non-trade receivables	9,939	1,014	198,222	209,175
	<u>Rs. 126,819</u>	<u>Rs. 203,238</u>	<u>Rs. 199,162</u>	<u>Rs. 529,219</u>

- 2) Aging analysis of the impaired trade and non-trade receivables as of June 30, 2012 and December 31, 2011 are as follows

(Unit: Won thousands):

Classification	June 30, 2012			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ -	₩ -	₩ -	₩ -
Non-trade receivables	-	-	2,011,619	2,011,619
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 2,011,619</u>	<u>₩ 2,011,619</u>

Classification	December 31, 2011			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ -	₩ -	₩ 12,293	₩ 12,293
Non-trade receivables	-	-	2,011,543	2,011,543
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 2,023,836</u>	<u>₩ 2,023,836</u>

(Unit: Indian-Rupee in thousands):

Classification	June 30, 2012			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs -	Rs -	Rs -	Rs -
Non-trade receivables	-	-	91,529	91,529
	<u>Rs -</u>	<u>Rs -</u>	<u>Rs. 91,529</u>	<u>Rs. 91,529</u>

Classification	December 31, 2011			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs -	Rs -	Rs. 559	Rs. 559
Non-trade receivables	-	-	91,525	91,525
	<u>Rs -</u>	<u>Rs -</u>	<u>Rs. 92,084</u>	<u>Rs. 92,084</u>

3) Changes in allowance for trade and other receivables for the six months ended June 30, 2012 and the year ended December 31, 2011 are as follows

(Unit: Won in thousands)

Classification	Six months ended June 30, 2012			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₩ 1,193,267	₩ 2,019,821	₩ 1,394	₩ 403,223
Bad debt expense	297,432	-	-	-
Write-offs	-	-	-	-
Reversal of allowance (*)	-	(524)	(33)	(4,493)
Ending balance	<u>₩ 1,490,699</u>	<u>₩ 2,019,297</u>	<u>₩ 1,361</u>	<u>₩ 398,730</u>

(*) The difference with the number on the statements of comprehensive loss for the six months ended on June 30, 2012 is due to the reversal of allowance on advance payments.

Classification	Year ended December 31, 2011			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₩ 2,348,682	₩ 2,057,840	₩ 13,584	₩ 89,318
Bad debt expense	-	3,059	470	398,681
Write-offs	-	(3,059)	-	(583)
Reversal of allowance	(1,155,415)	(38,019)	(12,660)	(84,193)
Ending balance	<u>₩ 1,193,267</u>	<u>₩ 2,019,821</u>	<u>₩ 1,394</u>	<u>₩ 403,223</u>

(Unit: Indian-Rupee in thousands):

Classification	Six months ended June 30, 2012			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	Rs. 54,294	Rs. 91,902	Rs. 64	Rs. 18,347
Bad debt expense	13,533	-	-	-
Write-offs	-	-	-	-
Reversal of allowance (*)	-	(24)	(2)	(205)
Ending balance	<u>Rs. 67,827</u>	<u>Rs. 91,878</u>	<u>Rs. 62</u>	<u>Rs. 18,142</u>

(*) The difference with the number on the statement of comprehensive loss for the six months ended on June 30, 2012 is due to the reversal of allowance on advance payments.

Classification	Year ended December 31, 2011			
	Trad receivables	Non-trade receivables	Other Receivables	Other long-term receivables
Beginning balance	Rs. 106,865	Rs. 93,632	Rs. 618	Rs. ,064
Bad debt expense	-	139	21	18,140
Write-offs	-	(139)	-	(26)
Reversal of allowance	(52,571)	(1,730)	(576)	(3,831)
Ending balance	Rs. 54,294	Rs. 91,902	Rs. 63	Rs. 18,347

The Company estimates allowances for doubtful accounts through individual analysis, and an allowance for the receivables that are not subject to separate individual analysis is estimated based on the historical collection rates. For troubled receivables (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.), the Company assesses collectability of each receivable through an individual analysis and reserves 100% allowance. For the receivables that are not subject to individual analysis, the allowance is estimated by applying the average loss rate for the past 3 years to the remaining balance of the receivables at the end of a reporting period; the 3-year average loss rate is calculated by dividing the amount of actual loss occurred in the past 3 years by the average balance of the receivables.

6. INVENTORIES:

Details of the inventories as of June 30, 2012 and December 31, 2011 are as follows

(Unit: Won in thousands):

	June 30, 2012			December 31, 2011		
	Carrying amount before valuation	Valuation allowance	Book value	Carrying amount before valuation	Valuation allowance	Book value
Merchandises	₩ 46,630,443	₩ (448,177)	₩ 46,182,266	₩ 47,095,880	₩ (1,635,191)	₩ 5,460,689
Finished goods	51,371,643	-2,925,204	48,446,439	40,715,388	(2,519,949)	38,195,439
Work-in- process	29,133,290	-1,623,807	27,509,483	27,910,491	(1,411,191)	26,499,300
Raw materials	102,846,380	-6,076,830	96,769,550	73,442,261	(6,769,758)	66,672,503
Sub-materials	5,908,515	-	5,908,515	7,253,748	-	7,253,748
Supplies	4,635,859	-2,212	4,633,647	4,609,418	(2,212)	4,607,206
Goods in transit	37,589,870	-	37,589,870	70,170,587	-	70,170,587
Total	₩278,116,000	₩(11,076,230)	₩267,039,770	₩271,197,773	₩(12,338,301)	₩258,859,472

(Unit: Rupee in thousands):

	June 30, 2012			December 31, 2011		
	Carrying amount before valuation	Valuation allowance	Book value	Carrying amount before valuation	Valuation allowance	Book value
Merchandises	Rs. 2,121,685	Rs. (20,392)	Rs. 2,101,293	Rs. 2,142,863	Rs. (74,401)	Rs. 2,068,462
Finished goods	2,337,410	(133,097)	2,204,313	1,852,550	(114,658)	1,737,892
Work-in- process	1,325,565	(73,883)	1,251,681	1,269,927	(64,209)	1,205,718
Raw materials	4,679,510	(276,496)	4,403,015	3,341,623	(308,024)	3,033,599
Sub-materials	268,837	-	268,837	330,046	-	330,046
Supplies	210,932	(101)	210,831	209,729	(102)	209,627
Goods in transit	1,710,339	-	1,710,339	3,192,762	-	3,192,762
Total	Rs. 12,654,278	Rs. (503,969)	Rs. 12,150,309	Rs. 12,339,500	Rs. (561,394)	Rs. 1,778,106

The Company is using the “lower of cost or market method” on the balance sheet in the case of inventories’ market value decrease under the acquisition cost. On the other hand, reversal of loess on valuation of inventories which was reduced from “cost of sales” due to the application of “lower of cost of market method” is ₩2,123 thousand (Rs. 97 thousand).

7. INVESTMENT IN SUBSIDIARIES:

(1) Details of investment in subsidiaries as of June 30, 2012 are as follows:

(Unit: Won in thousands)

Name of subsidiary	Location	Ownership (%)	June 30, 2012	
			Acquisition cost	Book value
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	China	100	₩ 1,618,803	₩ 2,854,568
Ssangyong Motor (Shanghai) Co., Ltd.	China	86.57	1,025,962	1,601,986
Ssangyong European Parts Center B.V.	Netherland	100	835,695	-
			<u>₩ 3,480,460</u>	<u>₩ 4,456,554</u>

(Unit: Rupee in thousands)

Name of subsidiary	Location	Ownership (%)	June 30, 2012	
			Acquisition cost	Book value
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	China	100	Rs. 73,656	Rs. 129,883
Ssangyong Motor (Shanghai) Co., Ltd.	China	86.57	46,681	72,890
Ssangyong European Parts Center B.V.	Netherland	100	38,024	-
			<u>Rs. 158,361</u>	<u>Rs. 202,773</u>

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company’s subsidiaries as of and for the six months ended June 30, 2012 is as follows

(Won in thousands):

Companies	Assets	Liabilities	Operating revenues	Net income (loss)
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	₩ 3,447,417	₩ 992,011	₩ 2,309,348	₩ 99,044
Ssangyong Motor (Shanghai) Co., Ltd	2,436,561	454,402	1,035,405	(873,410)
Ssangyong European Parts Center B.V.	9,873,250	14,280,904	6,705,038	227,618

(Rupee in thousands):

Companies	Assets	Liabilities	Operating revenues	Net income (loss)
Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd.	Rs. 156,857	Rs. 45,137	Rs. 105,075	Rs. 4,507
Ssangyong Motor (Shanghai) Co., Ltd	110,864	20,675	47,111	(39,740)
Ssangyong European Parts Center B.V.	449,233	649,781	305,079	10,357

(3) Summarized statement of financial position with application of equity method

The summarized statement of financial position with application of equity method of the Company as of June 30, 2012 and December 31, 2011 is as follows:

(Unit: Won in thousands)

Account	June 30, 2012	Dec. 31, 2011
Current assets	₩ 654,481,260	₩ 653,681,356
Non-current assets	1,145,773,329	1,146,910,433
Total assets	<u>1,800,254,589</u>	<u>1,800,591,789</u>
Current liabilities	573,234,434	517,701,065
Non-current liabilities	371,239,655	368,771,229
Total liabilities	<u>944,474,089</u>	<u>886,472,294</u>
Total shareholders' equity	855,780,500	914,119,495
Total liabilities and shareholders' equity	<u>₩ 1,800,254,589</u>	<u>₩ 1,800,591,789</u>

(Unit: Rupee in thousands)

Account	June 30, 2012	Dec. 31, 2011
Current assets	Rs. 29,778,897	Rs. 29,742,502
Non-current assets	52,132,686	52,184,424
Total assets	<u>81,911,584</u>	<u>81,926,926</u>
Current liabilities	26,082,166	23,555,398
Non-current liabilities	16,891,404	16,779,091
Total liabilities	<u>42,973,571</u>	<u>40,334,489</u>
Total shareholders' equity	38,938,013	41,592,437
Total liabilities and shareholders' equity	<u>Rs. 81,911,583</u>	<u>Rs. 81,926,926</u>

(4) Summarized statement of comprehensive income with application of equity method

The summarized statement of comprehensive income with application of equity method of the Company for the six months ended June 30, 2012 and 2011 is as follows:

(Unit: Won in thousands)

Account	Six month ended June 30, 2012	Six month ended June 30, 2011
Operating income	₩ (53,758,097)	₩ (75,295,506)
Financial revenues	9,542,728	51,840,373
Financial expenses	8,581,065	8,815,280
Loss on valuation of investment using the equity method of accounting	<u>(780,454)</u>	<u>(330,494)</u>
Loss before income tax	(53,576,888)	(32,600,907)
Income taxes	-	-
Net loss	(53,576,888)	(32,600,907)
Other comprehensive loss	(7,986,800)	(28,420)
Total other comprehensive loss	<u>₩ (61,563,687)</u>	<u>₩ (32,629,327)</u>

(Unit: Rupee in thousands)

Account	Six month ended June 30, 2012	Six month ended June 30, 2011
Operating income	Rs. (2,445,993)	Rs. (3,425,946)
Financial revenues	434,194	2,358,737
Financial expenses	390,438	401,095
Loss on valuation of investment using the equity method of accounting	(35,511)	(15,037)
Loss before income tax	(2,437,748)	(1,483,341)
Income taxes	-	-
Net loss	(2,437,748)	(1,483,341)
Other comprehensive loss	(363,399)	(1,293)
Total other comprehensive loss	Rs. (2,801,148)	Rs. (1,484,634)

The Company discontinued applying the equity method on Ssangyong European Parts Center B.V. of which book value was valued at zero due to accumulated loss, and it was used as deemed cost on transition date. Meanwhile, the unrecognized accumulated change in equity amounts to ₩6,694,758 thousand (Rs. 304,611 thousand) assuming that equity method has been applied until June 30, 2012.

8. OTHER ASSETS:

The carrying values of the other assets of the Company as of June 30, 2012 and December 31, 2011 are as follows:

(Unit: Won in thousands):

Account	June 30, 2012	Dec. 31, 2011
Other current assets		
Advance payments	₩ 5,400,221	₩ 12,946,343
(-) Allowance for doubtful accounts	(37,484)	(72,869)
Prepaid expenses	3,995,913	2,748,375
Income tax refundable	451,618	553,163
Total	₩9,810,268	₩16,175,012
Other non-current assets		
Long-term prepaid expenses	51,907	207,628
Other non-current assets	357,647	361,614
Total	₩ 409,554	₩ 569,242

(Unit: Rupee in thousands):

Account	June 30, 2012	Dec. 31, 2011
Other current assets		
Advance payments	Rs. 245,710	Rs. 589,059
(-) Allowance for doubtful accounts	(1,706)	(3,316)
Prepaid expenses	181,814	125,051
Income tax refundable	20,549	25,169
Total	Rs. 446,367	Rs. 35,963
Other non-current assets		
Long-term prepaid expenses	2,362	9,447
Other non-current assets	16,273	16,453
Total	Rs. 18,635	Rs. 25,900

9. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts

Details of carrying amounts of property, plant and equipment as of June 30, 2012 and December 31, 2011 are as follows:

(Unit: Won in thousands):

	June 30, 2012				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 469,644,702	₩ -	₩ -	₩ -	₩ 469,644,702
Buildings	506,561,731	1,804,919	162,635,546	148,652,850	193,468,416
Structures	105,799,463	205,223	58,724,993	29,842,899	17,026,348
Machinery	1,216,556,579	1,108,765	995,091,828	100,042,699	120,313,287
Vehicles	10,989,308	3	7,120,900	1,512,792	2,355,613
Tools and molds	796,011,440	75,977	422,780,795	164,128,722	209,025,946
Equipment	53,415,417	9,456	33,661,074	5,634,727	14,110,160
Construction in progress	22,338,445	-	-	-	22,338,445
	<u>₩3,181,317,085</u>	<u>₩ 3,204,343</u>	<u>₩1,680,015,136</u>	<u>₩449,814,689</u>	<u>₩1,048,282,917</u>

	December 31, 2011				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 469,644,702	₩ -	₩ -	₩ -	₩ 469,644,702
Buildings	506,326,230	1,828,072	158,258,412	148,713,692	197,526,054
Structures	105,540,140	215,212	58,002,840	29,850,469	17,471,619
Machinery	1,210,350,462	1,127,864	981,024,609	100,089,697	128,108,292
Vehicles	11,389,549	3	7,315,731	1,581,432	2,492,383
Tools and molds	742,363,803	85,803	397,546,435	164,184,360	180,547,205
Equipment	49,653,310	46,417	33,027,963	5,779,001	10,799,929
Construction in progress	31,748,336	-	-	-	31,748,336
Machinery in transit	87,626	-	-	-	87,626
	<u>₩3,127,104,158</u>	<u>₩ 3,303,371</u>	<u>₩1,635,175,990</u>	<u>₩450,198,651</u>	<u>₩ 1,038,426,146</u>

(Unit: Indian-Rupee in thousands):

	June 30, 2012				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 21,368,834	Rs. -	Rs. -	Rs. -	Rs. 21,368,834
Buildings	23,048,559	82,124	7,399,917	6,763,705	8,802,813
Structures	4,813,876	9,338	2,671,987	1,357,852	774,699
Machinery	55,353,324	50,449	45,276,678	4,551,943	5,474,254
Vehicles	500,014	-	324,001	68,832	107,181
Tools and molds	36,218,521	3,457	19,236,526	7,467,857	9,510,681
Equipment	2,430,401	430	1,531,579	256,380	642,012
Construction in progress	1,016,399	-	-	-	1,916,399
	<u>Rs. 144,749,928</u>	<u>Rs. 145,798</u>	<u>Rs. 76,440,688</u>	<u>Rs. 20,466,569</u>	<u>Rs. 47,696,873</u>

December 31, 2011					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying Amount
	Rs.	Rs.	Rs.	Rs.	Rs.
Land	21,368,834	-	-	-	21,368,834
Buildings	23,037,843	83,177	7,200,758	6,766,473	8,987,435
Structures	4,802,076	9,792	2,639,129	1,358,196	794,959
Machinery	55,070,946	51,318	44,636,620	4,554,081	5,828,927
Vehicles	518,224	-	332,866	71,955	113,403
Tools and molds	33,777,553	3,904	18,088,363	7,470,388	8,214,898
Equipment	2,259,226	2,112	1,502,771	262,945	491,398
Construction in progress	1,444,549	-	-	-	1,444,549
Machinery in transit	3,987	-	-	-	3,987
	<u>Rs. 142,283,238</u>	<u>Rs. 150,303</u>	<u>Rs. 74,400,507</u>	<u>Rs. 20,484,038</u>	<u>Rs. 47,248,390</u>

(2) Changes in the carrying amounts of property, plant and equipment for the six months ended June 30, 2012 and 2011 are as follows:

(Unit: Korean won in thousands):

Six months ended June 30, 2012						
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
	₩	₩	₩	₩	₩	₩
Land	469,644,702	-	-	-	-	469,644,702
Buildings	197,526,054	361,407	-	(18,817)	4,400,228	193,468,416
Structures	17,471,619	306,487	858	(1,595)	749,305	17,026,348
Machinery	128,108,292	2,038,591	1,984	6,594,890	16,426,503	120,313,287
Vehicles	2,492,383	149,567	4,010	(154)	282,173	2,355,613
Tools and molds	180,547,205	21,521,683	323	33,942,008	26,984,627	209,025,946
Equipment	10,799,929	4,841,025	77,112	57,777	1,511,459	14,110,160
Construction in progress	31,748,336	29,984,764	-	(39,394,655)	-	22,338,445
Machinery in transit	87,626	1,236,926	-	(1,324,552)	-	-
	<u>₩ 1,038,426,146</u>	<u>₩ 60,440,451</u>	<u>₩ 84,287</u>	<u>₩ (145,098)</u>	<u>₩ 50,354,295</u>	<u>₩ 1,048,282,917</u>

(*) Depreciation expenses on assets not in use amounting to ₩33,210 thousand (Rs.1,511 thousand), has excluded from cash flow.

Six month ended June 30, 2011						
	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
	₩	₩	₩	₩	₩	₩
Land	472,348,135	-	3,126,235	-	-	469,221,900
Buildings	199,962,373	722,271	609,864	502,535	4,241,561	196,335,754
Structures	18,225,114	218,312	103,948	9,989	726,037	17,623,430
Machinery	141,607,790	2,354,907	446	7,624,186	15,470,525	136,115,912
Vehicles	1,435,320	1,203,778	11,653	957	288,494	2,339,908
Tools and molds	173,542,418	8,076,282	41,262	10,344,192	22,090,119	169,831,511
Equipment	6,499,837	1,822,215	13,195	97,650	999,169	7,407,338
Construction in progress	16,413,955	28,171,503	-	(18,356,910)	-	26,228,548
Machinery in transit	-	157	-	-	-	157
	<u>₩ 1,030,034,942</u>	<u>₩ 42,569,425</u>	<u>₩ 3,906,603</u>	<u>₩ 222,599</u>	<u>₩ 43,815,905</u>	<u>₩ 1,025,104,458</u>

(*) Government subsidies have been excluded from depreciation expenses on the statement of cash flows.

(Unit: Indian-Rupee in thousands):

Six month ended June 30, 2012						
	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 21,368,834	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 21,368,834
Buildings	8,987,435	16,444	-	(856)	200,210	8,802,813
Structures	794,959	13,945	39	(73)	34,093	774,699
Machinery	5,828,927	92,756	90	300,067	747,406	5,474,254
Vehicles	113,403	6,805	182	(6)	12,839	107,181
Tools and molds	8,214,898	979,237	15	1,544,362	1,227,801	9,510,681
Equipment	491,397	220,267	3,509	2,628	68,771	642,012
Construction in progress	1,444,549	1,364,307	-	(1,792,457)	-	1,016,399
Machinery in transit	3,987	56,280	-	(60267)	-	-
	<u>Rs. 47,248,389</u>	<u>Rs. 2,750,041</u>	<u>Rs. 3,835</u>	<u>Rs. (6,602)</u>	<u>Rs. 2,291,120</u>	<u>Rs. 47,696,873</u>

(*) Depreciation Expenses on Assets not in use amounting to ₩33,210 thousand (Rs.1,511 thousand), has excluded from cash flow.

Six month ended June 30, 2011						
	Beginning balance	Acquisition	Disposal	Other	Depreciation	Ending balance
Land	Rs. 21,491,840	Rs. -	Rs. 142,244	Rs. -	Rs. -	Rs. 21,349,596
Buildings	9,098,288	32,863	27,749	22,865	192,991	8,933,276
Structures	829,243	9,933	4,730	454	33,035	801,865
Machinery	6,443,154	107,148	20	346,900	703,909	6,193,273
Vehicles	65,307	54,772	530	44	13,126	106,467
Tools and molds	7,896,180	367,471	1,877	470,661	1,005,100	7,727,335
Equipment	295,743	82,911	600	4,443	45,462	337,035
Construction in progress	746,835	1,281,803	-	(835,239)	-	1,193,399
Machinery in transit	-	7	-	-	-	7
	<u>Rs 46,866,590</u>	<u>Rs. 1,936,908</u>	<u>Rs. 177,750</u>	<u>Rs. 10,128</u>	<u>Rs. 1,993,623</u>	<u>Rs. 46,642,253</u>

(*) Government subsidies have been excluded from depreciation expenses on the statement of cash flows.

(3) Insured asset

The Company's assets are insured as follows (Unit: Korean won and India-Rupee in thousands):

Type	Sum insured	Insured period	Insurer	Assets insured
Product liability insurance	USD 2,165,955,461	2012.01.01~2013.01.01	LIG Insurance Co., Ltd.	Products
Property insurance	₩ 2,580,164,238 (Rs 117,397,473)	2011.12.20~2012.12.20	Meritz Fire and Marine Insurance	Property, plant and equipment and inventories

In addition to the above insurances, the Company has subscribed to liability and comprehensive insurance for its vehicles and workers' compensation, health insurance and unemployment insurance for its employees. It has also subscribed to liability insurance for reparation of gas accident, auto insurance, other accident and casualty insurances and cargo insurance.

(4) Assets pledged as collateral

The assets pledged as collateral for the Company's borrowings as of June 30, 2012 are as follows

(Unit: Korean won in thousands except maximum amount):

Assets pledged as Collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	₩ 464,918,494	₩195 (Billion)
Buildings and structures	150-3 (factory site) and others	187,207,134	
Machinery	Pyeongtaek plant production facilities	61,934,928	
Total		<u>₩ 714,060,556</u>	

(Unit: Indian-Rupee in thousands except maximum amount):

Assets pledged as Collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	Rs. 21,153,791	Rs 89 (Billion)
Buildings and structures	150-3 (factory site) and others	8,517,925	
Machinery	Pyeongtaek plant production facilities	2,818,039	
Total		<u>Rs. 32,489,755</u>	

10. INTANGIBLE ASSETS:

(1) Details of intangible assets as of June 30, 2012 and December 31, 2011 are as follows

(Unit: Korean won in thousands):

	June 30, 2012				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 190,032,473	₩ -	₩ 139,559,497	₩ -	₩ 50,472,976
Patents	1,874,919	-	1,181,299	19,620	674,000
Other intangible assets	11,180,903	193,659	6,207,494	-	4,779,750
Total	<u>₩ 203,088,295</u>	<u>₩ 193,659</u>	<u>₩ 146,948,290</u>	<u>₩ 19,620</u>	<u>₩ 55,926,726</u>
	December 31, 2011				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 181,940,629	₩ -	₩ 123,176,033	₩ -	₩ 58,764,596
Patents	1,753,170	-	1,041,499	10,562	701,109
Other intangible assets	10,611,863	251,773	5,429,091	-	4,930,999
Total	<u>₩ 194,305,662</u>	<u>₩ 251,773</u>	<u>₩ 129,646,623</u>	<u>₩ 10,562</u>	<u>₩ 64,396,704</u>

(Unit: Indian-Rupee in thousands):

	June 30, 2012				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 8,646,478	Rs. -	Rs. 6,349,958	Rs. -	Rs. 2,296,520
Patents	85,309	-	53,749	893	30,667
Other intangible assets	508,731	8,811	282,441	-	217,479
Total	<u>Rs. 9,240,518</u>	<u>Rs. 8,811</u>	<u>Rs. 6,686,148</u>	<u>Rs. 893</u>	<u>Rs. 2,544,666</u>

	December 31, 2011				
	Acquisition cost	Government subsidies	Accumulated Depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 8,278,299	Rs. -	Rs. 5,604,510	Rs. -	Rs. 2,673,789
Patents	79,769	-	47,388	481	31,900
Other intangible assets	482,840	11,456	247,023	-	224,361
	<u>Rs. 8,840,908</u>	<u>Rs. 11,456</u>	<u>Rs. 5,898,921</u>	<u>Rs. 481</u>	<u>Rs. 2,930,050</u>

(2) Changes in intangible assets for the six months ended June 30, 2012 and 2011 are as follows

(Unit: Korean won in thousands):

	Six months ended June 30, 2012				
	Beginning balance	Acquisition	Depreciation	Impairment loss	Ending balance
Development cost	₩ 58,764,596	₩ 8,091,845	₩ 16,383,465	₩ -	₩ 50,472,976
Patents	701,109	121,750	139,800	9,059	674,000
Other intangible assets(*)	4,930,999	526,401	677,650	-	4,779,750
	<u>₩ 64,396,704</u>	<u>₩ 8,739,996</u>	<u>₩ 17,200,915</u>	<u>₩ 9,059</u>	<u>₩ 55,926,726</u>

(*) Other intangible assets includes government subsidiaries amounting to ₩42,673 thousand.

	Six months ended June 30, 2011				
	Beginning balance	Acquisition	Depreciation	Impairment loss	Ending balance
Development cost	₩ 84,043,459	₩ 4,030,221	₩ 16,774,221	₩ -	₩ 71,299,459
Patents	603,569	131,853	110,501	3,226	621,695
Other intangible assets	4,524,104	932,411	809,139	-	4,647,376
	<u>₩ 89,171,132</u>	<u>₩ 5,094,485</u>	<u>₩ 17,693,861</u>	<u>₩ 3,226</u>	<u>₩ 76,568,530</u>

(Unit: Indian-Rupee in thousands):

	Six months ended June 30, 2012				
	Beginning balance	Acquisition	Depreciation	Impairment loss	Ending balance
Development cost	Rs. 2,673,789	Rs. 368,179	Rs. 745,448	Rs. -	Rs. 2,296,520
Patents	31,900	5,540	6,361	412	30,667
Other intangible assets(*)	224,360	23,951	30,832	-	217,479
	<u>Rs. 2,930,049</u>	<u>Rs. 397,670</u>	<u>Rs. 782,641</u>	<u>Rs. 412</u>	<u>Rs. 2,544,666</u>

(*) Other intangible assets includes government subsidiaries, amounting to Rs. 1,942 thousand.

	Six months ended June 30, 2011				
	Beginning balance	Acquisition	Depreciation	Impairment loss	Ending balance
Development cost	Rs. 3,823,977	Rs. 183,375	Rs. 763,227	Rs. -	Rs. 3,244,125
Patents	27,462	5,999	5,028	147	28,286
Other intangible assets	205,847	42,425	36,815	-	211,457
	<u>Rs. 4,057,286</u>	<u>Rs. 231,799</u>	<u>Rs. 805,070</u>	<u>Rs. 147</u>	<u>Rs. 3,483,868</u>

(3) Amortization of the Company's intangible assets for the Six months ended June 30, 2012 and 2011 is as follows.

Account	Korean Won in thousands		Indian-Rupee in thousands	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Cost of goods manufactured	₩ 16,201,798	₩ 16,768,110	Rs. 737,182	Rs. 762,949
Selling and administrative expenses	999,117	925,751	45,460	42,122
	<u>₩ 17,200,915</u>	<u>₩ 17,693,861</u>	<u>Rs. 782,642</u>	<u>Rs. 805,071</u>

11. BORROWINGS:

(1) The Company's short-term borrowings as of June 30, 2012 and December 31, 2011 are consist of the following

(Unit: Won in thousands):

<u>Creditor</u>	<u>Type</u>	<u>Interest rate (%)</u>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Korea Development Bank	Operating fund	CD + 3.50	₩ 30,000,000	₩ 30,000,000
Korea Development Bank	Banker's usance	EUR: 3.45 USD: 2.25 JPY: 2.14	-	10,567,689
			<u>₩ 30,000,000</u>	<u>₩ 40,567,689</u>

(Unit: Indian-Rupee in thousands):

<u>Type</u>	<u>kind</u>	<u>Interest rate (%)</u>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Korea Development Bank	Operating fund	CD + 3.50	Rs. 1,365,000	Rs. 1,365,000
Korea Development Bank	Banker's usance	EUR: 3.45 USD: 2.25 JPY: 2.14	-	480,830
			<u>Rs. 1,365,000</u>	<u>Rs. 1,845,830</u>

(2) The Company's bonds and current portion of long-term borrowings as of June 30, 2012 and December 31, 2011 consist of the following

(Unit: Korean won in thousands):

<u>Type</u>	<u>Issue date</u>	<u>Maturity date</u>	<u>Interest rate (%)</u>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Private non-guaranteed bonds	2011-02-09	2014-02-09	7.00	₩ 95,404,765	₩ 95,404,765

(Unit: Indian-Rupee in thousands):

<u>Type</u>	<u>Issue date</u>	<u>Maturity date</u>	<u>Interest rate (%)</u>	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Private non-guaranteed bonds	2011-02-09	2014-02-09	7.00	Rs. 4,340,917	Rs. 4,340,917

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

<u>Creditor</u>	<u>Assets pledged as collaterals</u>	<u>Pledged date</u>	<u>Maximum credit amount</u>
Korea Development Bank	Land, buildings and machinery	2009-08-13	₩195 billion (Rs.8.9 billion)

12. DEBT RESTRUCTURING

The Company completed its debt restructuring, in accordance with the Court approval of the Company's reorganizing plan dated December 17, 2009, and as a result, the Company's capital decreased by ₩421,335,095 thousand (Rs. 19,170,747 thousand). In addition, the Company recognized a gain on exemption of debts amounting to ₩49,047,989 thousand (Rs. 2,231,683 thousand) by approved debt reorganizing plan on January, 28 2011.

13. OTHER FINANCIAL LIABILITIES:

Carrying value of the Company's other financial liabilities as of June 30, 2011 and December 31, 2011 is as follows

(Unit: Won in thousands, Rupee in thousands):

Classification	Korean Won in thousands		Indian-Rupee in thousands	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Other long-term financial liabilities:	₩ 13,173,279	₩ 16,599,583	Rs. 599,384	Rs. 755,281
Derivative liabilities	7,031,257	-	319,922	-
	<u>₩ 20,204,536</u>	<u>₩ 16,599,583</u>	<u>Rs. 919,306</u>	<u>Rs. 755,281</u>

14. 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, 2012 and December 31, 2011 are as follows:

(Unit: Korean won in thousands):

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
June 30, 2012	₩122,007,836	₩ 24,821,424	₩26,003,355	₩120,825,905	₩ 47,697,652	₩ 73,128,253
Dec. 31, 2011	77,265,249	101,046,995	56,304,408	122,007,836	47,093,611	74,914,225

(Unit: Rupee in thousands):

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
June 30, 2012	Rs. 5,551,357	Rs. 1,129,375	Rs. 1,183,153	Rs. 5,497,579	Rs. 2,170,243	Rs. 3,327,336
Dec. 31, 2011	3,515,569	4,597,638	2,561,851	5,551,356	2,142,759	3,408,597

15. OTHER LIABILITIES AND OTHER LONG-TERM LIABILITIES:

Carrying value of the Company's other liabilities as of June 30, 2012 and December 31, 2011 is as follows

Classification	Korean won in thousands		Indian-Rupee in thousands	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Other liabilities				
Advances from customers	₩ 6,920,556	₩ 5,730,529	Rs. 314,885	Rs. 260,739
Deposits received	455,898	469,498	20,743	21,362
Withholdings	14,529,139	17,578,565	661,076	799,825
Income in advance	10,254,025	4,087,888	466,558	185,999
Total	<u>32,159,618</u>	<u>27,866,480</u>	<u>1,463,262</u>	<u>1,267,925</u>
Other Long-term liabilities				
Withholdings	₩ 8,270	₩ 8,270	Rs. 376	Rs. 376

16. RETIREMENT BENEFIT OBLIGATION:

- (1) Defined benefit plans and related liabilities arising from the Company's financial statements configuration items as of June 30, 2012 and December 31, 2011 are as follows:

Classification	Korean won in thousands		Indian-Rupee in thousands	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Present value of defined benefit obligation	₩ 191,288,113	₩ 188,058,593	Rs. 8,703,609	Rs. 8,556,666
Fair value of plan assets	(2,842,954)	(3,072,683)	(129,354)	(139,807)
	₩ 188,445,159	₩ 184,985,910	Rs. 8,574,255	Rs. 8,416,859

- (2) Details of defined benefit plan recognized on the statements of operations for the six months ended June 30, 2012 and 2011 are as follows:

(Unit: Won in thousands):

	Six months ended June 30, 2012	Six months ended June 30, 2011
Current service cost	₩ 11,528,254	₩ 9,785,843
Interest cost	4,466,155	4,270,777
Expected return on plan assets	(46,789)	(80,485)
	₩ 15,947,620	₩ 13,976,135

(Unit: Rupee in thousands):

	Six months ended June 30, 2012	Six months ended June 30, 2011
Current service cost	Rs. 524,536	Rs. 445,256
Interest cost	203,210	194,320
Expected return on plan assets	(2,129)	(3,662)
	Rs. 725,617	Rs. 635,914

- (3) Expenses related to defined benefit plan for the six months ended June 30, 2012 and 2011 are as follows.

(Unit: Won in thousands):

	Six months ended June 30, 2012	Six months ended June, 2011
Cost of goods manufactured	₩ 11,302,428	₩ 9,930,769
Selling and administrative expenses	4,645,192	4,045,366
	₩ 15,947,620	₩ 13,976,135

(Unit: Rupee in thousands):

	Six months ended June 30, 2012	Six months ended June, 2011
Cost of goods manufactured	Rs. 514,260	Rs. 451,850
Selling and administrative expenses	211,356	184,064
	Rs. 725,617	Rs. 635,914

(4) Changes in the Company's defined benefit obligation for the six months ended June 30, 2012 and 2011 are as follows.

(Unit: Won in thousands):

	Six months ended June 30, 2012	Six months ended June 30, 2011
Beginning balance	₩ 188,058,593	₩ 151,897,559
Current service cost	11,528,254	9,785,844
Interest cost	4,466,155	4,270,777
Actuarial gains (losses)	-	-
Wages paid	(12,490,823)	(1,675,299)
Expenses on plan assets	(274,066)	(34,368)
Ending balance	<u>₩ 191,288,113</u>	<u>₩ 164,244,513</u>

(Unit: Rupee in thousands):

	Six months ended June 30, 2012	Six months ended June 30, 2011
Beginning balance	Rs. 8,556,666	Rs. 6,911,339
Current service cost	524,536	445,256
Interest cost	203,210	194,320
Actuarial gains (losses)	-	-
Wages paid	(568,332)	(76,226)
Expenses on plan assets	(12,471)	(1,564)
Ending balance	<u>Rs. 8,703,609</u>	<u>Rs. 7,473,125</u>

(5) Changes in the fair value of plan assets for the six months ended June 30, 2012 and 2011 are as follows.

(Unit: Won in thousands):

	Six months ended June 30, 2012	Six months ended June 30, 2011
Beginning balance	₩ 3,072,683	₩ 3,219,524
Expected return on plan assets	46,789	80,485
Actuarial gains (losses)	(2,452)	(28,419)
Wages paid	(274,066)	(34,368)
Ending balance	<u>₩ 2,842,954</u>	<u>₩ 3,237,222</u>

(Unit: Rupee in thousands):

	Six months ended June 30, 2012	Six months ended June 30, 2011
Beginning balance	Rs. 139,807	Rs. 146,488
Expected return on plan assets	2,129	3,662
Actuarial gains (losses)	(112)	(1,293)
Wages paid	(12,470)	(1,564)
Ending balance	<u>Rs. 129,354</u>	<u>Rs. 147,293</u>

(6) Actuarial assumptions used as of June 30, 2012 and December 31, 2011 are as follows:

	June 30, 2012	December 31, 2011
Discount rate (%)	4.80	4.80
Expected return on plan assets (%)	3.08	3.08
Expected rate of salary increase (%)	5.32	5.32

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

(7) The actual return on plan assets for the six months ended June 30, 2012 and 2011 are as follows

	Korean Won in thousands				Indian-Rupee in thousands			
	June 30, 2012		June 30, 2011		June 30, 2012		June 30, 2011	
Actual return on plan assets	₩	44,337	₩	52,065	Rs.	2,017	Rs.	2,369

(8) Company's plan assets as of June 30, 2012 and December 31, 2011 are composed of as follows:

	Korean Won in thousands				Indian-Rupee in thousands			
	June 30, 2012		December 31, 2011		June 30, 2012		December 31, 2011	
Other assets	₩	2,842,954	₩	3,072,683	Rs.	129,354	Rs.	139,807

17. CONTINGENCIES AND COMMITMENTS:

The following are the major commitments and contingent liabilities as of June 30, 2012.

- The Company carries a product-liability insurance for all products sold in domestic region.
- As of June 30, 2012, the company has been providing guarantees from WOORI BANK and others amounting to USD 18,866,000, EUR 7,226,000, JPY 195,475,000 related to import L/C. Details are as follows:

Provided by	Contract period	Contract price (USD)	Amount execution	Detail
WOORIBANK	2011.08.23~2012.08.23	USD 40,000,000	USD 15,078,000	Usance import credit limit
KDB	2011.07.27~2012.07.27	USD 65,000,000	USD 3,788,000	Usance import credit limit
			EUR 7,226,000	
			JPY 195,475,000	

(3) The followings are the major loan arrangements with the financial institutions as of June 30, 2012.

(Unit: Korean won in thousands):

Financial institution	Classification	Limit	Exercise price
KDB	Limit loans	₩ 50,000,000	₩ -
	Operating purpose loans	30,000,000	30,000,000
		₩ 80,000,000	₩ 30,000,000

(Unit: Indian-Rupee in thousands):

Financial institution	Classification	Limit	Exercise price
KDB	Limit loans	Rs 2,275,000	Rs -
	Operating purpose loans	1,365,000	1,365,000
		Rs 3,640,000	Rs 1,365,000

(4) As of June 30, 2012, the Company has five pending litigations as a plaintiff with claims amounting to ₩15,240 million (Rs. 693 million) and twenty six pending litigations as a defendant with claims amounting to ₩11,917 million (Rs. 542 million). Details of significant pending litigations as of June 30, 2012 are as follows:

Type of litigation	Claimed amount		Plaintiff	Defendant	Remarks
	(Korean won in thousands)	(Indian-Rupee in thousands)			
Compensation for damages	₩ 10,000,000	RS 455,000	The Company	Federation of Korean Metal Workers' Trade Union	1st trial pending
Compensation for damages	5,000,000	227,500	The Company	Labor Union, Kap Deuk Jung and others	1st trial pending
Wages	4,464,000	203,112	Sung-Ho Lee and 247 others	The Company	1st trial pending
Void dismissal	3,120,016	141,961	Suk-joo Noh and 153 others	The Company	2nd trial pending
Objection to confirmation trial	1,560,000	70,980	SK E&C Co., Ltd.	The Company	2nd trial pending
Debt non-existence confirmation	959,090	43,639	Telstar Hommel	The Company	2nd trial pending
Unfair dismissal Remedies	160,000	7,280	The Company	Central Labor Council	3rd trial pending
Unfair dismissal Remedies	80,000	3,640	The Company	Central Labor Council	2nd trial pending
Void dismissal confirmation	420,002	19,110	Jong-shik Lee and 20 others	The Company	2nd trial pending
Void dismissal confirmation	240,001	10,920	Sang-gyun Han and 12 others	The Company	1st trial pending
Prohibition of air pollution emission	₩ 10,000	Rs. 455	Joong-hee Kwon	The Company	3rd trial pending

(*) The Company recognized other payables amounting to ₩2,600,413 thousand (Rs. 118,319 thousand) for the above pending litigations that are expected to be a probable loss and can be reasonably estimated as of June 30, 2012.

18. CAPITAL STOCK:

Details of capital stocks as of June 30, 2012 and December 31, 2011 are as follows:

Classification	Korean won in thousands except par value		Indian-Rupee in thousands except par value	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Number of authorized shares	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Number of issued shares	122,606,391	121,961,841	122,606,391	121,961,841
Par value	5,000	5,000	228	228
Capital stock	₩ 613,031,955	₩ 609,809,205	Rs. 27,892,954	Rs. 27,746,319

As a plan for building co-employee-management culture, the Company decided at the board of directors meeting on May 2, 2012 to fund on employee shareholders association without cost and to exercise the third-party assigned paid-in capital increase through the association. The Company exercised the paid-in capital increase on May 18, 2012.

19. OTHER CAPITAL SURPLUS:

Details of the Company's other capital surplus and retained earnings as of June 30, 2012 and December 31, 2011 are as follows

(Unit: Won in thousands):

Classification		June 30, 2012		December 31, 2011	
Other Capital Surplus	Paid-in capital in excess of par value	₩	4,542,730	₩	4,213,878
	Gain on retirement of capital stock		120,351,580		120,351,580
	Debt converted to equity		931,508		931,508
		₩	125,825,818	₩	125,496,966

(Unit: Indian-Rupee in thousands):

Classification		June 30, 2012		December 31, 2011	
Other Capital Surplus	Paid-in capital in excess of par value	Rs.	206,694	Rs.	191,731
	Gain on retirement of capital stock		5,475,997		5,475,997
	Debt converted to equity		42,384		42,384
		Rs.	5,725,075	Rs.	5,710,112

20. OTHER CAPITAL ADJUSTMENTS

(1) Detail of the company's other Capital adjustment as of June 30, 2012 and December 31, 2011 are as follows

(Unit: Won in thousands):

Classification		June 30, 2012		December 31, 2011	
Other capital adjustments	Gains on valuation of derivatives	₩	(8,078,000)	₩	193,310

(Unit: Indian-Rupee in thousands):

Classification		June 30, 2012		December 31, 2011	
Other capital adjustments	Gains on valuation of derivatives	Rs.	(367,549)	Rs.	8,796

(2) Changes in the Company's Gains on valuation of Derivatives for the six months ended June 30, 2012 and the year ended December 31, 2011 are as follows.

(Unit: Korean Won and India-Rupee in thousands):

	Won in thousands		India-Rupee in thousands	
	June 30, 2012	December 31, 2011	June 30, 2012	December 31, 2011
Beginning balance	₩ 193,310	₩ -	Rs. 8,796	Rs. -
Gains on valuation of derivatives	(8,271,310)	193,310	(376,345)	8,796
Ending balance	₩ (8,078,000)	₩ 193,310	Rs. (367,549)	Rs. 8,796

21. RETAINED EARNINGS

(1) Details of the Company's retained earnings as of June 30, 2012 and December 31, 2011 are as follows

(Unit: Won in thousands):

	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Appropriation of retained earnings	₩ 125,220,676	₩ 177,718,020

(Unit: Indian-Rupee in thousands):

	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Appropriation of retained earnings	Rs. 5,697,540	Rs. 8,086,170

(2) Changes in retained earnings for the six months ended June 30, 2012 and the year ended December 31, 2011 are as follows

(Unit: Won in thousands):

	<u>Six months ended June 30, 2012</u>	<u>Year ended December 31, 2011</u>
Beginning balance	₩ 177,718,020	₩ (404,029,299)
Loss on appropriated retained earnings	(52,494,892)	(112,438,814)
Actuarial losses	(2,452)	(20,513,864)
Appropriated retained earnings for deficit Recovery	-	714,699,997
Ending balance	<u>₩ 125,220,676</u>	<u>₩ 177,718,020</u>

(Unit: Indian-Rupee in thousands):

	<u>Six months ended June 30, 2012</u>	<u>Year ended December 31, 2011</u>
Beginning balance	Rs. 8,086,170	Rs. (18,383,333)
Loss on appropriated Retained earnings	(2,388,518)	(5,115,966)
Actuarial losses	(112)	(933,381)
Appropriated retained earnings for deficit Recovery	-	32,518,850
Ending balance	<u>Rs. 5,697,540</u>	<u>Rs. 8,086,170</u>

22. INCOME TAX:

(1) Composition of income tax expenses for the six months ended June 30, 2012 and 2011 are as follows

(Unit: Won in thousands):

	<u>Six months ended June 30, 2012</u>	<u>Six months ended June 30, 2011</u>
Current income tax payable	₩ -	₩ -
Income tax expense directly reflected to shareholders' equity	-	-
Income tax expense	<u>₩ -</u>	<u>₩ -</u>

(Unit: Rupee in thousands):

	Six months ended June 30, 2012	Six months ended June 30, 2011
Current income tax payable	Rs. -	Rs. -
Income tax expense directly reflected to shareholders' equity	-	-
Income tax expense	Rs. -	Rs. -

(2) The changes in temporary differences and deferred income tax assets for the six months ended June 30, 2012 are as follow.

The changes in temporary differences and deferred income tax assets for the six months ended June 30, 2012 are as follows

(Unit: Won in thousands):

Description	Beginning balance	Decrease	Increase	Ending balance
(Temporary differences)				
Allowance for doubtful accounts	₩ (1,781,828)	₩ 1,535,377	₩ 5,106,856	₩ 1,789,651
Government subsidies	5,565,857	1,123,474	(450,861)	3,991,522
Provision for product warranties	122,007,836	73,140,516	120,825,904	169,693,224
Accrued severance indemnities	180,520,441	-	9,802,866	190,323,307
Impairment loss on property, plant and equipment, net	131,688,428	21,731,792	73,618,360	183,574,996
Development cost	42,473,990	46,472,263	24,713,572	20,715,299
Depreciation	9,532,068	1,170,613	2,321,962	10,683,417
Other payables	13,838,928	13,838,928	84,259,218	84,259,218
Accrued expenses	15,552,941	15,552,941	12,197,762	12,197,762
Investments in subsidiaries	2,684,828	-	178,862	2,863,690
Gain (loss) on foreign currency translation	1,212,429	-	(19,318,719)	(18,106,290)
Present value discount	(8,398,864)	-	(56,982,219)	(65,381,083)
Other long-term employee benefits	12,367,890	-	-	12,367,890
Land	(261,695,316)	-	988,077	(260,707,239)
Other	(628,420)	(286,570)	(298,103)	(639,953)
Deficit carried over	1,051,562,801	-	113,000,379	1,164,563,180
Total	₩ 1,316,504,009			₩ 1,512,188,591
Not recognized as deferred tax assets	1,316,504,009			1,512,188,591
Recognized as deferred tax assets	-			-
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences	-			-
Tax credit carry forwards	20,026,962			20,026,962
Not recognized as deferred tax assets	20,026,962			20,026,962
Recognized as deferred tax assets	-			-
Deferred tax assets resulting from tax credit carry forwards	-			-

Description	Beginning balance	Decrease	Increase	Ending balance
Total deferred income tax	-			-
(Unit: Rupee in thousands):				
Description	Beginning balance	Decrease	Increase	Ending balance
(Temporary differences)				
Allowance for doubtful accounts	Rs. (81,073)	Rs. 69,860	Rs. 232,362	Rs. 81,429
Government subsidies	253,246	51,118	(20,514)	181,614
Provision for product warranties	5,551,357	3,327,893	5,497,579	7,721,043
Accrued severance indemnities	8,213,680	-	446,030	8,659,710
Impairment loss on property, plant and equipment, net	5,991,823	988,797	3,349,635	8,352,661
Development cost	1,932,567	2,114,488	1,124,468	942,547
Depreciation	433,709	53,263	105,649	486,095
Other payables	629,671	629,671	3,833,794	3,833,794
Accrued expenses	707,659	707,659	554,998	554,998
Investments in subsidiaries	122,160	-	8,138	130,298
Gain (loss) on foreign currency translation	55,166	-	(879,002)	(823,836)
Present value discount	(382,148)	-	(2,592,691)	(2,974,839)
Other long-term employee benefits	562,739	-	-	562,739
Land	(11,907,137)	-	44,958	(11,862,179)
Other	(28,593)	(13,039)	(13,564)	(29,118)
Deficit carried over	47,846,107	-	5,141,517	52,987,625
Total	Rs. 59,900,933	Rs. -	Rs. -	Rs. 68,804,581
Not recognized as deferred tax assets	59,900,933			68,804,581
Recognized as deferred tax assets	-			-
Statutory tax rate	22%			22%
Deferred tax assets resulting from temporary differences	-			-
Tax credit carry forwards				
Not recognized as deferred tax assets	911,227			911,227
Not recognized as deferred tax assets	911,227			911,227
Deferred tax assets resulting from tax credit carry forwards	-			-
Total deferred income tax	-			-

Since the Company could not estimate the income tax effect resulting from future taxable income, it did not recognize deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward

23. EXPENSES BY CATEGORY:

Details of expenses classified by category for the six month ended June 30, 2012 and 2011 are as follows

(Unit: Won in thousands):

	Six months ended June 30, 2012				
	Changes in inventories	Cost of goods manufactured (sold)	Selling expenses	Administrative expenses	Total
Changes in inventories					
Manufactured goods	₩ (10,251,001)	₩ -	₩ -	₩ -	₩ (10,251,001)
Work-in-process	(1,010,184)	-	-	-	(1,010,184)
Merchandise goods	(721,576)	-	-	-	(721,576)
Raw materials used	-	884,185,111	-	-	884,185,111
Purchase of merchandise goods	-	95,583,395	-	-	95,583,395
Employee benefits	-	83,325,741	-	21,446,681	104,772,422
Depreciation	-	45,789,451	-	2,211,454	48,000,905
Amortization	-	16,201,797	-	999,117	17,200,914
Service fees	-	495,587	-	4,647,939	5,143,526
Ordinary development cost	-	48,211,365	-	6,732,061	54,943,426
Warranty expenses	-	-	25,336,725	-	25,336,725
Sales commission	-	-	51,568,405	-	51,568,405
Export expenses	-	-	37,930,468	-	37,930,468
Other	-	30,866,846	31,661,875	29,661,855	92,190,576
	₩ (11,982,761)	₩ 1,204,659,293	₩ 146,497,473	₩ 65,699,107	₩ 1,404,873,112

	Six months ended June 30, 2011				
	Changes in inventories	Cost of goods manufactured (sold)	Selling expenses	Administrative expenses	Total
Changes in inventories					
Manufactured goods	₩ (32,259,232)	₩ -	₩ -	₩ -	₩ (32,259,232)
Work-in-process	(4,130,240)	-	-	-	(4,130,240)
Merchandise goods	3,537,992	-	-	-	3,537,992
Raw materials used	-	890,025,910	-	-	890,025,910
Purchase of merchandise goods	-	105,824,683	-	-	105,824,683
Employee benefits	-	85,982,781	-	20,817,766	106,800,547
Depreciation	-	40,147,473	-	1,508,200	41,655,673
Amortization	-	16,768,110	-	925,751	17,693,861
Service fees	-	465,122	-	6,154,178	6,619,300
Ordinary development cost	-	50,265,610	-	8,434,744	58,700,354
Warranty expenses	-	-	45,988,891	-	45,988,891
Sales commission	-	-	45,590,491	-	45,590,491
Export expenses	-	-	43,085,799	-	43,085,799
Other	-	38,095,665	28,236,726	24,448,056	90,780,447
	₩ (32,851,480)	₩ 1,227,575,354	₩ 162,901,907	₩ 62,288,695	₩ 1,419,914,476

(Unit: Rupee in thousands):

	Six months ended June 30, 2012				
	Changes in inventories	Cost of goods manufactured (sold)	Selling expenses	Administrative expenses	Total
Changes in inventories					
Manufactured goods	Rs. (466,421)	Rs. -	Rs. -	Rs. -	Rs. (466,421)
Work-in-process	(45,963)	-	-	-	(45,963)

Six months ended June 30, 2012					
	Changes in inventories	Cost of goods manufactured (sold)	Selling expenses	Administrative expenses	Total
Merchandise goods	(32,832)	-	-	-	(32,832)
Raw materials used	-	40,230,423	-	-	40,230,423
Purchase of merchandise goods	-	4,349,044	-	-	4,349,044
Employee benefits	-	3,791,321	-	975,824	4,767,145
Depreciation	-	2,083,420	-	100,621	2,184,041
Amortization	-	737,182	-	45,460	782,642
Service fees	-	22,549	-	211,481	234,030
Ordinary development cost	-	2,193,617	-	306,309	2,499,926
Warranty expenses	-	-	1,152,821	-	1,152,821
Sales commission	-	-	2,346,362	-	2,346,362
Export expenses	-	-	1,725,836	-	1,725,836
Other	-	1,404,442	1,440,615	1,349,615	4,194,672
	<u>Rs. (545,216)</u>	<u>Rs. 54,811,998</u>	<u>Rs. 6,665,634</u>	<u>Rs. 2,989,310</u>	<u>Rs. 63,921,726</u>

Six months ended June 30, 2011					
	Changes in inventories	Cost of goods manufactured (sold)	Selling expenses	Administrative expenses	Total
Changes in inventories					
Manufactured goods	Rs. (1,467,795)	Rs. -	Rs. -	Rs. -	Rs. (1,467,795)
Work-in-process	(187,926)	-	-	-	(187,926)
Merchandise goods	160,979	-	-	-	160,979
Raw materials used	-	40,496,179	-	-	40,496,179
Purchase of merchandise goods	-	4,815,023	-	-	4,815,023
Employee benefits	-	3,912,217	-	947,208	4,859,425
Depreciation	-	1,826,710	-	68,623	1,895,333
Amortization	-	762,949	-	42,122	805,071
Service fees	-	21,163	-	280,015	301,178
Ordinary development cost	-	2,287,085	-	383,781	2,670,866
Warranty expenses	-	-	2,092,495	-	2,092,495
Sales commission	-	-	2,074,367	-	2,074,367
Export expenses	-	-	1,960,404	-	1,960,404
Other	-	1,733,353	1,284,771	1,112,386	4,130,510
	<u>Rs. (1,494,742)</u>	<u>Rs. 55,854,679</u>	<u>Rs. 7,412,037</u>	<u>Rs. 2,834,135</u>	<u>Rs. 64,606,109</u>

24. DERIVATIVES FINANCIAL INSTRUMENTS:

The company is in the process of making a derivative contract with Woori Bank and KDB to avoid the risks of exchange rate fluctuation by fitting the amount and period of expected foreign currency sales (hedged items) and derivative financial instruments (hedging instrument).

Cash flow risk aversion accounting treatment is applied on valuation of derivatives of ₩8,078,000 thousand (Rs. 367,549 thousand) as other capitals components and also, ₩1,866,880 thousand (Rs. 84,943 thousand) was recognized as accumulated other comprehensive income for the six month ended June 30, 2012.

25. SELLING AND ADMINISTRATIVE EXPENSES:

(1) Selling expenses for the periods ended June 30, 2012 and 2011 are as follows:

(Unit: Won in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Warranty expenses	₩ 12,020,336	₩ 25,336,725	₩ 25,573,439	₩ 45,988,891
Sales commissions	29,083,573	51,568,405	22,871,998	45,590,491
Sales promotional expenses	7,173,709	13,107,309	6,656,314	10,762,657
Packaging expenses	872,720	1,820,927	827,066	1,697,358
Freight expenses	2,100,457	4,150,465	1,525,930	3,028,430
Advertising expenses	5,440,154	12,583,174	6,756,260	12,748,282
Export expenses	19,541,647	37,930,467	24,733,418	43,085,799
	₩ 76,232,596	₩ 146,497,472	₩ 88,944,425	₩ 162,901,908

(Unit: Indian-Rupee in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Warranty expenses	Rs. 546,925	Rs. 1,152,821	Rs. 1,163,591	Rs. 2,092,495
Sales commissions	1,323,303	2,346,362	1,040,676	2,074,367
Sales promotional expenses	326,404	596,383	302,862	489,701
Packaging expenses	39,709	82,852	37,632	77,230
Freight expenses	95,571	188,846	69,430	137,794
Advertising expenses	247,527	572,534	307,410	580,047
Export expenses	889,145	1,725,836	1,125,371	1,960,404
	Rs. 3,468,584	Rs. 6,665,634	Rs. 4,046,972	Rs. 7,412,038

(2) Administrative expenses for the periods ended June 30, 2012 and 2011 are as follows:

(Unit: Won in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Salaries	₩ 9,651,778	₩ 18,928,898	₩ 8,783,062	₩ 18,856,830
Post-employment benefits	1,247,570	2,517,783	945,927	1,960,935
Employee benefits	2,832,323	5,453,161	1,578,498	3,429,333
Travel expenses	285,961	479,363	283,096	534,415
Communication expenses	258,658	498,216	228,229	451,792
Electricity expenses	105,400	262,835	85,841	230,062
Utility expenses	25,991	147,302	20,625	142,169
Taxes and dues	803,328	1,259,041	682,003	1,067,359
Rent expense	3,761,979	7,501,294	3,103,553	6,623,248
Repair expenses	240,683	387,475	176,246	350,232
Insurance	37,317	73,190	39,083	75,814
Entertainment expenses	86,577	160,956	47,503	79,589
Vehicles	190,221	381,977	263,627	477,252
Overseas marketing expenses	91,516	128,427	76,374	128,720
Training	323,000	513,561	163,661	328,002
Printing	99,747	150,209	108,167	218,380
Supplies	84,515	188,255	92,399	177,351
Conference expenses	25,384	85,947	-	-
Service fees	2,462,014	4,647,939	2,419,707	6,154,178
Litigation expenses	1,760	86,124	-	-
Outsourcing expense	3,890,212	8,675,937	3,607,655	7,328,411
Computing expense	1,231,251	2,581,505	1,261,926	2,400,134
Depreciation	1,153,737	2,211,454	762,533	1,508,200

	2012		2011	
	Three months	Six months	Three months	Six months
Miscellaneous expenses	172,603	349,648	-	-
R&D expenses	3,043,927	6,732,061	3,059	8,434,744
Amortization	516,039	999,117	3,383,956	925,751
Bad debt expense	120,709	297,432	449,759	3,059
Other administrative expenses	-	-	189,128	402,734
	<u>₹ 32,744,200</u>	<u>₹ 65,699,107</u>	<u>₹ 28,755,617</u>	<u>₹ 62,288,694</u>

(Unit: Indian-Rupee in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Salaries	Rs. 439,156	Rs. 861,265	Rs. 399,629	Rs. 857,986
Post-employment benefits	56,764	114,559	43,040	89,223
Employee benefits	128,871	248,119	71,822	156,035
Travel expenses	13,011	21,811	12,881	24,316
Communication expenses	11,769	22,669	10,384	20,557
Electricity expenses	4,796	11,959	3,906	10,468
Utility expenses	1,183	6,702	938	6,469
Taxes and dues	36,551	57,286	31,031	48,565
Rent expense	171,170	341,309	141,212	301,358
Repair expenses	10,951	17,630	8,019	15,936
Insurance	1,698	3,330	1,778	3,450
Entertainment expenses	3,939	7,323	2,161	3,621
Vehicles	8,655	17,380	11,995	21,715
Overseas marketing expenses	4,164	5,843	3,475	5,857
Training	14,697	23,367	7,447	14,924
Printing	4,538	6,835	4,922	9,936
Supplies	3,845	8,566	4,204	8,069
Conference expenses	1,155	3,911	-	-
Service fees	112,022	211,481	110,097	280,015
Litigation expenses	80	3,919	-	-
Outsourcing expense	177,005	394,755	164,148	333,443
Computing expense	56,022	117,458	57,418	109,206
Depreciation	52,495	100,621	34,695	68,623
Miscellaneous expenses	7,853	15,909	-	-
R&D expenses	138,499	306,309	139	383,781
Amortization	23,480	45,460	153,970	42,122
Bad debt expense	5,492	13,533	20,464	139
Other administrative expenses	-	-	8,605	18,320
	<u>Rs. 1,489,861</u>	<u>Rs. 2,989,309</u>	<u>Rs. 1,308,380</u>	<u>Rs. 2,834,134</u>

26. OTHER OPERATING INCOME (EXPENSES):

(1) Details of the Company's other operating income for the periods ended June 30, 2012 and 2011 are as follows:

(Unit: Won in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Fee income	₩ 495,484	₩ 734,269	₩ 4,860	₩ 4,860
Gain on foreign currency transactions	2,349,166	4,062,412	2,109,166	4,011,638
Gain on foreign currency translation	78,901	599,151	1,187,700	1,017,619
Reversal of allowance for doubtful accounts	-	40,436	-	505,535
Gain on disposal of property, plant and equipment	115,055	127,180	253,834	3,255,490
Gain on disposal of investment assets	9,133	11,662	4,101	-
Product warranty reserve	1,378,404	2,532,903	1,314,106	2,499,154
Others, net	2,467,175	5,415,950	3,761,309	7,508,874
	<u>₩ 6,893,318</u>	<u>₩ 13,523,963</u>	<u>₩ 8,635,076</u>	<u>₩ 18,803,170</u>

(Unit: Indian-Rupee in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Fee income	Rs. 22,545	Rs. 33,409	Rs. 221	Rs. 221
Gain on foreign currency transactions	106,887	184,840	95,967	182,530
Gain on foreign currency translation	3,590	27,261	54,040	46,302
Reversal of allowance for doubtful accounts	-	1,840	-	23,002
Gain on disposal of property, plant and equipment	5,235	5,787	11,549	148,125
Gain on disposal of investment assets	416	531	187	-
Product warranty reserve	62,717	115,247	59,792	113,712
Others, net	112,256	246,425	171,140	341,652
	<u>Rs. 313,646</u>	<u>Rs. 615,340</u>	<u>Rs. 392,896</u>	<u>Rs. 855,544</u>

2) Details of the Company's other operating expenses for the periods ended June 30, 2012 and 2011 are as follows:

(Unit: Won in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Loss on foreign currency transactions	₩ 2,609,553	₩ 4,990,558	₩ 3,403,527	₩ 6,287,501
Loss on foreign currency translation	493,899	862,725	-	534,261
Depreciation on asset not in use	16,605	33,210	3,758	7,516
Loss on disposal of property, plant and equipment	56,846	81,091	59,259	103,780
Loss on disposal of investment assets	11,108	15,982	969	-
Loss on disposal of trade receivables	2,705,217	4,957,146	4,041,984	8,430,339
Impairment loss on investment assets	8,385	118,390	-	-
Impairment loss on intangible assets	4,355	9,059	768	3,226
Other bad debt expense	4,874	-	184,349	-
Donation	120,324	130,324	73,500	73,500
Others	3,434,749	7,086,554	5,159,970	7,915,530
	<u>₩ 9,465,915</u>	<u>₩ 18,285,039</u>	<u>₩ 12,928,084</u>	<u>₩ 23,355,653</u>

(Unit: Indian-Rupee in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Loss on foreign currency transactions	Rs. 118,735	Rs. 227,070	Rs. 154,860	Rs. 286,081
Loss on foreign currency translation	22,472	39,254	-	24,309
Depreciation on asset not in use	756	1,511	171	342
Loss on disposal of property, plant and equipment	2,586	3,690	2,696	4,722
Loss on disposal of investment assets	505	727	44	-
Loss on disposal of trade receivables	123,087	225,550	183,910	383,580
Impairment loss on investment assets	382	5,387	-	-
Impairment loss on intangible assets	198	412	35	147
Other bad debt expense	222	-	8,388	-
Donation	5,475	5,930	3,344	3,344
Others	156,281	322,438	234,780	360,157
	<u>Rs. 430,699</u>	<u>Rs. 831,969</u>	<u>Rs. 588,228</u>	<u>Rs. 1,062,682</u>

27. FINANCIAL REVENUES AND EXPENSES:

(1) Details of the Company's financial revenues for the periods ended June 30, 2012 and 2011 are as follows:

(Unit: Korean Won in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Interest income	₩ 1,864,707	₩ 3,606,019	₩ 365,747	₩ 1,466,010
Dividend income	-	307,542	5,000	11,000
Gain on foreign currency transaction	905,322	1,336,124	-	-
Gain on foreign currency translation	-	7,206	-	956,480
Gain on disposal of derivatives	257,750	2,049,750	-	-
Gain on evaluation of derivatives	2,190,941	1,943,277	-	-
Gain on debt exemption	594,352	594,352	1,096	49,047,989
	<u>₩ 5,813,072</u>	<u>₩ 9,844,270</u>	<u>₩ 371,843</u>	<u>₩ 51,481,479</u>

(Unit: Indian-Rupee in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Interest income	Rs. 84,844	Rs. 164,074	Rs. 16,641	Rs. 66,703
Dividend income	-	13,993	228	501
Gain on foreign currency transaction	41,192	60,794	-	-
Gain on foreign currency translation	-	328	-	43,520
Gain on disposal of derivatives	11,728	93,264	-	-
Gain on evaluation of derivatives	99,688	88,419	-	-
Gain on debt exemption	27,043	27,043	50	2,231,683
	<u>Rs. 264,495</u>	<u>Rs. 447,915</u>	<u>Rs. 16,919</u>	<u>Rs. 2,342,407</u>

(2) Details of the Company's financial costs for the periods ended June 30, 2012 and 2011 are as follows

(Unit: Won in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Interest expense	₩ 2,300,363	₩ 4,627,711	₩ 1,849,473	₩ 6,463,938
Loss on foreign currency transaction	450,706	914,290	-	-
Loss on foreign currency translation	146,600	102,667	-	1,992,447
Loss on disposal of derivatives	2,745,500	2,860,000	-	-
Loss on evaluation of derivatives	-	76,397	-	-
	<u>₩ 5,643,169</u>	<u>₩ 8,581,065</u>	<u>₩ 1,849,473</u>	<u>₩ 8,456,385</u>

(Unit: Indian-Rupee in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Interest expense	Rs. 104,667	Rs. 210,561	Rs. 84,151	Rs. 294,109
Loss on foreign currency transaction	20,507	41,600	-	-
Loss on foreign currency translation	6,670	4,671	-	90,657
Loss on disposal of derivatives	124,920	130,130	-	-
Loss on evaluation of derivatives	-	3,476	-	-
	<u>Rs. 256,764</u>	<u>Rs. 390,438</u>	<u>Rs. 84,151</u>	<u>Rs. 384,766</u>

(3) Details of the Company's financial net profit for the periods ended June 30, 2012 and 2011 are as follows:

(Unit: Korean Won in thousands):

	2012		2011	
	Three months	Six months	Three months	Six months
Loan & receivables	₩ 71,784	₩ 147,110	₩ 81,611	₩ 166,832
Available-for-sale financial assets	-	6,000	5,000	11,000
Other financial liabilities	98,119	1,110,095	(1,564,241)	42,847,262
	<u>₩ 169,903</u>	<u>₩ 1,263,205</u>	<u>₩ (1,477,630)</u>	<u>₩ 43,025,094</u>

(Unit: Indian-Rupee in thousands):

	2011		2010	
	Three months	Six months	Three months	Six months
Loan & receivables	Rs. 3,266	Rs. 6,694	Rs. 3,713	Rs. 7,591
Available-for-sale financial assets	-	273	228	501
Other financial liabilities	4,464	50,509	(71,173)	1,949,550
	<u>Rs. 7,730</u>	<u>Rs. 57,476</u>	<u>Rs. (67,232)</u>	<u>Rs. 1,957,642</u>

28. LOSS PER SHARE:

(1) Basic loss per share for the periods ended June 30, 2012 and 2011 is calculated as follows

(Unit: Won in thousands, except for earnings per share):

	2012		2011	
	Three months	Six months	Three months	Six months
Net loss	₩ (20,931,164)	₩ (52,494,892)	₩ (34,879,539)	₩ (32,270,412)
Preferred stock dividends	-	-	-	-
Loss contributed to common stocks	(20,931,164)	(52,494,892)	(34,879,539)	(32,270,412)
Number of common stocks outstanding	123,624,924	122,114,125	121,539,603	103,465,652
Basic and diluted loss per share	₩ (169)	₩ (430)	₩ (287)	₩ (313)

(Unit: Indian-Rupee in thousands, except for earnings per share):

	2012		2011	
	Three months	Six months	Three months	Six months
Net loss	Rs. (952,367)	Rs. (2,388,517)	Rs. (1,395,182)	Rs. (1,468,304)
Preferred stock dividends	-	-	-	-
Loss contributed to common stocks	(952,367)	(2,388,517)	(1,395,182)	(1,290,816)
Number of common stocks outstanding	123,624,924	122,114,125	121,539,603	103,465,652
Basic and diluted loss per share	Rs. (8)	Rs (20)	Rs. (11)	Rs. (14)

(*) Basic and diluted losses per share for the periods ended March 31, 2012 and 2011 are identical since there are no dilutive potential common shares.

(2) Number of shares outstanding for the six months ended June 30, 2012 and 2011 is calculated as follows

June 30, 2012					
	Time Interval		Outstanding	Accumulated Outstanding	Weighted average Impact
Common stock	2012-01-01	2012-05-18	121,961,841	121,961,841	93,146,681
Additional Share	2012-05-19	2012-06-30	644,550	122,606,391	28,967,444
Total					122,114,125

June 30, 2011					
	Time Interval		Outstanding	Accumulated Outstanding	Weighted average Impact
Common stock	2012-01-01	2012-05-18	36,120,556	36,120,556	7,782,882
Additional Share	2012-05-19	2012-06-30	85,841,285	121,961,841	95,682,770
Total					103,465,652

29. CASH FLOWS FROM OPERATING ACTIVITIES:

(1) Details of cash flow from operating activities for the six months ended June, 2012 and 2011 are as follows

(Unit: Won in thousands):

	June 30, 2012	June 30, 2011
1. Cash flows from operating activities		
1) Net loss	₩ (52,494,892)	₩ (32,270,412)
2) Adjustments		
(1) Addition of expenses		
Loss on foreign currency translation	965,392	2,526,708
Loss on disposal of trade receivables	4,957,146	8,430,338
Loss on valuation of derivatives	76,397	-
Loss on valuation of inventories	2,123	938,400
Rent expense	155,722	155,722
Bad debt expense	297,432	3,059
Depreciation	50,321,085	43,708,863
Loss on disposal of investment assets	15,982	7,998
Loss on disposal of property, plant and equipment	81,091	95,783
Impairment loss on investment assets	118,390	-
Amortization	17,200,915	17,693,861
Impairment loss on intangible assets	9,059	3,226
Interest expense	4,627,711	6,726,417
Post-employment benefits	15,947,619	13,976,135
Depreciation expenses on assets not in use	33,210	7,516
	<u>94,809,274</u>	<u>94,274,026</u>
(2) Deduction of revenue		
Gain on foreign currency translation	606,357	1,974,099
Reversal of allowance for doubtful accounts	40,436	505,535
Interest income	3,606,019	1,618,686
Dividends received	307,542	-
Gain on evaluation of derivatives	1,943,277	-
Gain on disposal of investment assets	11,661	3,512
Gain on disposal of property, plant and equipment	127,180	3,251,978
Gain on debt exemption	594,352	49,047,989
	<u>(7,236,824)</u>	<u>(56,401,799)</u>
(3) Changes in working capital		
Increase in trade receivables, net	(16,423,073)	(25,826,057)
Decrease (Increase) in other receivables, net	3,074,520	(9,012,793)
Increase in deposits	-	(20,000)
Decrease in advanced payments	7,546,122	7,336,813
Decrease (Increase) in prepaid expenses	(1,247,537)	340,863
Decrease (Increase) in income tax refundable	101,545	(124,206)
Decrease in inventories	(8,182,422)	(17,729,580)
Decrease (Increase) in long security	37,695	(1,036,103)
Increase in trade payables	49,945,917	118,903,599
Increase (Decrease) in other payables	8,910,441	(34,849,657)
Decrease in accrued charges	(3,355,179)	(4,441,854)
Increase(Decrease) in deposits received	(13,600)	21,880,161
Decrease in current other long term benefit	(403,175)	(1,054,345)
Increase (Decrease) in advances from customers	1,190,028	(2,847,426)

	June 30, 2012	June 30, 2011
Decrease in withholdings	(3,049,426)	(2,744,176)
Increase (Decrease) in unearned revenue	5,519,285	(74,341)
Increase in government subsidies	700,867	84,802
Increase (Decrease) in short-term provision of product warranties	(1,181,932)	9,812,218
Increase in long-term other payables	135,000	3,400,414
Increase in other long term benefit	703,852	1,636,701
Payment of severance indemnities	(12,490,823)	(1,675,298)
Increase in long-term provision of product warranties	-	10,341,464
	<u>31,518,105</u>	<u>72,301,199</u>
2. Interest received	3,372,690	1,452,235
3. Interest paid	(4,482,925)	(2,860,200)
4. Dividends received	71,900	11,000
Net cash provided by operating activities	<u>₩ 65,557,328</u>	<u>₩ 76,506,049</u>

(Unit: Indian-Rupee in thousands):

	June 30, 2012	June 30, 2011
1. Cash flows from operating activities		
1) Net	Rs. (2,388,517)	Rs. (1,468,304)
2) Adjustments		
(1) Addition of expenses		
Loss on foreign currency translation	43,925	114,965
Loss on disposal of trade receivables	225,550	383,580
Loss on valuation of derivatives	3,476	-
Loss on valuation of inventories	97	42,697
Rent expense	7,085	7,085
Bad debt expense	13,533	139
Depreciation	2,289,609	1,988,753
Loss on disposal of investment assets	727	364
Loss on disposal of property, plant and equipment	3,690	4,358
Impairment loss on investment assets	5,387	-
Amortization	782,642	805,071
Impairment loss on intangible assets	412	147
Interest expense	210,561	306,052
Post-employment benefits	725,617	635,914
Depreciation expenses on assets not in use	1,511	342
	<u>4,313,822</u>	<u>4,289,467</u>
(2) Deduction of revenue		
Gain on foreign currency translation	27,589	89,822
Reversal of allowance for doubtful accounts	1,840	23,002
Interest income	164,074	73,650
Dividends received	13,993	-
Gain on evaluation of derivatives	88,419	-
Gain on disposal of investment assets	531	159
Gain on disposal of property, plant and equipment	5,787	147,965
Gain on debt exemption	27,043	2,231,683
	<u>(329,276)</u>	<u>(2,566,281)</u>
(3) Changes in working capital		
Increase in trade receivables, net	(747,250)	(1,175,085)
Decrease (Increase) in other receivables, net	139,891	(410,082)
Increase in deposits	-	(910)

	June 30, 2012	June 30, 2011
Decrease in advanced payments	343,349	333,825
Decrease(Increase) in prepaid expenses	(56,763)	15,509
Decrease(Increase) in income tax refundable	4,620	(5,651)
Decrease in inventories	(372,300)	(806,696)
Decrease (Increase) in long security	1,715	(47,143)
Increase in trade payables	2,272,539	5,410,114
Increase (Decrease) in other payables	405,425	(1,585,659)
Decrease in accrued charges	(152,661)	(202,104)
Increase(Decrease) in deposits received	(619)	995,547
Decrease in current other long term benefit	(18,344)	(47,973)
Increase (Decrease) in advances from customers	54,146	(129,558)
Decrease in withholdings	(138,749)	(124,860)
Increase (Decrease) in unearned revenue	251,127	(3,383)
Increase in government subsidies	31,889	3,858
Increase (Decrease) in short-term provision of product warranties	(53,778)	446,456
Increase in long-term other payables	6,143	154,719
Increase in other long term benefit	32,025	74,470
Payment of severance indemnities	(568,332)	(76,226)
Increase in long-term provision of product warranties	-	470,537
	1,434,073	3,289,705
2. Interest received	153,457	66,077
3. Interest paid	(203,973)	(130,139)
4. Dividends received	3,271	501
Net cash provided by operating activities	Rs. 2,982,857	Rs. 3,481,026

30. SEGMENT INFORMATION:

- (1) The Company determines a single reportable segment by considering nature and characteristics of an asset which provides service to generate revenue. Thus, the segment's operating income, income before income tax and its assets and liabilities has been omitted from disclosures.
- (2) Information of each sales region for the six months ended June 30, 2012 and 2011 are as follows.

	Korean won in thousands		Indian-Rupee in thousands	
	2012	2011	2012	2011
Republic of Korea	₩ 657,770,967	₩ 657,932,518	Rs. 29,928,579	Rs. 29,935,930
Europe	390,485,127	381,654,986	17,767,073	17,365,302
Asia Pacific	62,079,063	48,487,216	2,824,597	2,206,168
Others	245,540,933	261,096,733	11,172,112	11,879,901
	₩ 1,355,876,090	₩ 1,349,171,453	Rs. 61,692,361	Rs. 61,387,301

(*)Sales of non-current asset exclude from listed table due to secure the major customer, individual and oversee agency, information.

(3) Sales revenue by model type of automobile for the six months ended June 30, 2012 and 2011 is as follows.

(Unit: won in thousands):

Model	June 30, 2012		June 30, 2011	
	Domestic	Export	Domestic	Export
CHAIRMAN H	₩ 32,569,278	₩ -	₩ 47,358,056	₩ -
CHAIRMAN W	66,111,157	4,096,139	99,335,960	1,422,280
ACTYON	-	25,401,422	442,241	32,721,710
ACTYON SPORTS	2,182	541,801	119,720,059	100,286,513
KORANDO C	138,494,246	275,490,091	115,317,341	279,584,639
KYRON C Sports	257,972,386	126,410,155	-	-
KYRON	22,671	145,592,702	1,970,018	150,693,470
REXTON	35,546,160	67,274,535	113,437,373	60,755,519
RODIUS	107,936	15,600,350	15,321,203	24,537,383
	₩ 530,826,016	₩ 660,407,195	₩ 512,902,251	₩ 650,001,514

(Unit: Indian-Rupee in thousands):

Model	June 30, 2012		June 30, 2011	
	Domestic	Export	Domestic	Export
CHAIRMAN H	Rs. 1,481,902	Rs. -	Rs. 2,154,792	Rs. -
CHAIRMAN W	3,008,058	186,374	4,519,786	64,714
ACTYON	-	1,155,765	20,122	1,488,838
ACTYON SPORTS	99	24,652	5,447,263	4,563,036
KORANDO C	6,301,488	12,534,799	5,246,939	12,721,101
KYRON C Sports	11,737,744	5,751,662	-	-
KYRON	1,032	6,624,468	89,636	6,856,553
REXTON	1,617,350	3,060,991	5,161,400	2,764,376
RODIUS	4,911	709,816	697,115	1,116,451
	Rs. 24,152,584	Rs. 30,048,527	Rs. 23,337,053	Rs. 29,575,069

31. RELATED PARTY TRANSACTIONS:

(1) The Company's controlling company is Mahindra & Mahindra Ltd. and the Company's subsidiaries are Ssangyong (Yizheng) Auto-parts Manufacturing Co., Ltd., Ssangyong Motor (Shanghai) Co., Ltd. and Ssangyong European Parts Center B.V.

(2) Major transactions with the related parties for the six months ended June 30, 2012 and 2011 are as follows.

(Unit: Won in thousands):

	June 30, 2012		June 30, 2011	
	Sales and others	Purchases and others	Sales and others	Purchases and others
Transactions with controlling	₩ 134,762	₩ 3,525,503	₩ 65,443	₩ 2,607,682
Transactions with subsidiaries	5,201,378	-	6,676,005	22,397
Transactions with Other affiliates	11,249,419	3,874	-	-

(Unit: Rupee in thousands):

	June 30, 2012		June 30, 2011	
	Sales and others	Purchases and others	Sales and others	Purchases and others
Transactions with controlling	Rs. 6,132	Rs. 160,410	Rs. 2,978	Rs. 118,650
Transactions with subsidiaries	236,663	-	303,758	1,019
Transactions with Other affiliates	511,849	176	-	-

- (3) Outstanding receivables and payables from transactions with related parties as of June 30, 2012 and December 31, 2011 are as follows.

(Unit: Won in thousands):

	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Receivables and payables to controlling company:		
Receivables and others	₩ 436,266	₩ 91,687
Payables and others	266,087	96,459,115
Receivables and payables to subsidiaries:		
Receivables and others	14,956,473	14,069,436
Payables and others	668,723	668,723
Receivables and payables to other affiliates:		
Receivables and others	291,009	-
Payables and others	149,681	-

(Unit: Rupee in thousands):

	<u>June 30, 2011</u>	<u>December 31, 2011</u>
Receivables and payables to controlling company:		
Receivables and others	Rs. 19,850	Rs. 4,172
Payables and others	12,107	4,388,890
Receivables and payables to subsidiaries:		
Receivables and others	680,520	640,159
Payables and others	30,427	30,427
Receivables and payables to other affiliates:		
Receivables and others	13,241	-
Payables and others	6,810	-

The Company did not recognize allowance for the above receivables and no bad debt expense was recognized for the six months ended June 30, 2012.

- (4) Details of compensation cost for key executives for the six months ended June 30, 2012 and 2011 are as follows

(Unit: Won in thousands):

	<u>Six months ended June 30, 2012</u>	<u>Six months ended June 30, 2011</u>
Short-term employee benefits	₩ 238,859	₩ 366,368
Employment benefits	2,212	69,799

(Unit: Rupee in thousands):

	<u>Six months ended June 30, 2012</u>	<u>Six months ended June 30, 2011</u>
Short-term employee benefits	Rs. 10,868	Rs. 16,670
Post-employment benefits	101	3,176

32. FINANCIAL INSTRUMENTS:

- (1) Capital risk management

The Company manages capital risk in order to maximize shareholders' profit by maintaining a sound capital structure, and in order to achieve an optimum capital structure. The company's strategy doesn't change from 2011.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the financial statements. Also, the Company is not subjected to externally-imposed capital requirement.

Debt to Equity ratio as of June 30, 2012 and December 31, 2011 are as follows

(Unit: Won in thousands):

	June 30, 2012	December 31, 2011
Debt (A)	944,474,089	886,472,294
Equity (B)	856,000,450	913,217,502
Debt ratio (A/ B)	110.34%	97.07%

(Unit: Indian-Rupee in thousands):

	June 30, 2011	December 31, 2011
Debt (A)	42,973,571	40,334,489
Equity (B)	38,948,020	41,551,397
Debt ratio (A/ B)	110.34%	97.07%

(2) Details of financial assets and liabilities by category as of June 30, 2012 and December 31, 2011 are as follows

1) Financial assets

(Unit: Won in thousands):

Financial asset	June 30, 2012				
	Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 193,331,321	₩ -	₩ -	₩ 193,331,321	₩ 193,331,321
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	219,831,294	-	820,137	220,651,431	220,651,431
Long-term AFS financial assets	-	560,000	-	560,000	560,000
	<u>₩ 413,168,615</u>	<u>₩ 560,000</u>	<u>₩ 820,137</u>	<u>₩ 414,548,752</u>	<u>₩ 414,548,752</u>
Financial asset	December 31, 2011				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 202,509,810	₩ -	₩ -	₩ 202,509,810	₩ 202,509,810
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and Other receivables	213,537,547	-	193,310	213,730,857	213,730,857
Long-term AFS financial assets	-	560,000	-	560,000	560,000
	<u>₩ 416,053,357</u>	<u>₩ 560,000</u>	<u>₩ 193,310</u>	<u>₩ 416,806,667</u>	<u>₩ 416,806,667</u>

(Unit: Indian-Rupee in thousands):

Financial asset	June 30, 2012				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 8,796,575	Rs. -	Rs. -	Rs. 8,796,575	Rs. 8,796,575
Long-term financial instruments	273	-	-	273	273
Trade receivables and Other receivables	10,002,324	-	37,316	10,039,640	10,039,640
Long-term AFS financial assets	-	25,480	-	25,480	25,480
	<u>Rs. 18,799,172</u>	<u>Rs. 25,480</u>	<u>Rs. 37,316</u>	<u>Rs. 18,861,968</u>	<u>Rs. 18,861,968</u>

Financial asset	December 31, 2011				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 9,214,196	Rs. -	Rs. -	Rs. 9,214,196	Rs. 9,214,196
Long-term financial instruments	273	-	-	273	273
Trade receivables and Other receivables	9,715,958	-	8,796	9,724,754	9,724,754
Long-term AFS financial assets	-	Rs. 25,480	-	25,480	25,480
	<u>Rs. 18,930,428</u>	<u>Rs. 25,480</u>	<u>Rs. 8,796</u>	<u>Rs. 18,964,703</u>	<u>Rs. 18,964,703</u>

2) Financial liabilities

(Unit: Won in thousands)

Type	June 30, 2012			June 30, 2011		
	Financial liabilities at amortized cost	Derivatives designated as hedged items	Total	Financial liabilities at amortized cost	Derivatives designated as hedged items	Total
Accounts payable and other payables	₩ 457,930,548	₩ 7,031,257	₩ 464,961,805	₩ 403,263,454	₩ -	₩ 403,263,454
Borrowings	125,404,765	-	125,404,765	135,972,454	-	135,972,454
Total	<u>₩ 583,335,313</u>	<u>₩ 7,031,257</u>	<u>₩ 590,366,570</u>	<u>₩ 539,235,908</u>	<u>₩ -</u>	<u>₩ 539,235,908</u>

(Unit: Indian-Rupee in thousands)

Type	June 30, 2012			June 30, 2011		
	Financial liabilities at amortized cost	Derivatives designated as hedged items	Total	Financial liabilities at amortized cost	Derivatives designated as hedged items	Total
Accounts payable and other payables	Rs. 20,835,840	Rs. 319,922	Rs. 21,155,762	Rs. 18,348,487	Rs. -	Rs. 18,348,487
Borrowings	5,705,917	-	5,705,917	6,186,747	-	6,186,747
Total	<u>Rs. 26,541,757</u>	<u>Rs. 319,922</u>	<u>Rs. 26,861,679</u>	<u>Rs. 24,535,234</u>	<u>Rs. -</u>	<u>Rs. 24,535,234</u>

(3) Financial risk management

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

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

1) Market risk

a. Foreign currency risk

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

Details of the Company held foreign currency denominated monetary assets and monetary liabilities of the carrying amount as of June 30, 2012 and December 31, 2011 are as follows:

(Unit: Korean Won in thousands):

Currency	Financial assets		Financial liabilities	
	June 30, 2012	December 31, 2012	June 30, 2012	December 31, 2011
USD	₩ 100,031,946	₩ 52,740,827	₩ 11,294,810	₩ 11,298,102
EUR	19,188,175	23,535,845	15,450,940	27,538,450
JPY	279,114	250,167	6,909,895	5,203,875
Others	2,254,265	12,810,347	1,720,619	7,563,035
	₩ 121,753,500	₩ 89,337,186	₩ 35,376,264	₩ 51,603,462

(Unit: Indian-Rupee in thousands):

Currency	Financial assets		Financial liabilities	
	June 30, 2012	December 31, 2012	June 30, 2012	December 31, 2011
USD	Rs. 4,551,454	Rs. 2,399,708	Rs. 513,914	Rs. 514,064
EUR	873,062	1,070,881	703,018	1,252,999
JPY	12,700	11,383	314,400	236,776
Others	102,569	582,871	78,288	344,118
	Rs. 5,539,785	Rs. 4,064,842	Rs. 1,609,620	Rs. 2,347,958

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes a foreign currency monetary item that is not paid, and it adjusts the translation assuming exchange rate changes 10% as of June 30, 2012.

(Unit: Korean Won in thousands):

Currency	Financial assets		Financial liabilities	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 10,003,195	₩ (10,003,195)	₩ (1,129,481)	₩ 1,129,481
EUR	1,918,818	(1,918,818)	(1,545,094)	1,545,094
JPY	27,911	(27,911)	(690,990)	690,990
Others	225,426	(225,426)	(172,062)	172,062
	₩ 12,175,350	₩ (12,175,350)	₩ (3,537,627)	₩ 3,537,627

(Unit: Indian-Rupee in thousands):

Currency	Financial assets		Financial liabilities	
	10% increase	10% decrease	10% increase	10% decrease
USD	Rs. 455,145	Rs. (455,145)	Rs. (51,391)	Rs. 51,391
EUR	87,306	(87,306)	(70,302)	70,302
JPY	1,270	(1,270)	(31,440)	31,440
Others	10,257	(10,257)	(7,829)	7,829
	Rs. 553,978	Rs. (553,978)	Rs. (160,962)	Rs. 160,962

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

Details of non-payment forward contracts as of June 30, 2012 are as follows:

(Unit: Korean won in thousands):

Type		Average exchange rate contracted	Amount of foreign currency	Amount of Contract	Fair value
<u>Cash flow hedges</u>					
USD	~3 months	1,142.91 won	USD 145,000,000	₩ 165,735,220	₩ (2,103,381)
purchase	3~6 months	1,146.95 won	USD 182,000,000	208,757,990	(2,875,864)
	6~9 months	1,157.41 won	USD 120,000,000	138,889,550	(1,112,511)
	9~12 months	1,166.60 won	USD 79,000,000	92,241,300	(119,364)

(Unit: Indian-Rupee in thousands):

Type		Average exchange rate contracted	Amount of foreign currency	Amount of Contract	Fair value
<u>Cash flow hedges</u>					
USD	~3 months	1,142.91 won	USD 145,000,000	Rs. 7,540,953	Rs. (95,704)
purchase	3~6 months	1,146.95 won	USD 182,000,000	9,498,489	(130,852)
	6~9 months	1,157.41 won	USD 120,000,000	6,319,475	(50,619)
	9~12 months	1,166.60 won	USD 79,000,000	4,196,979	(5,431)

The cumulative benefits of cash flow hedges related to foreign forward contracts, amounts to ₩8,078,000 thousand. (Rs. 367,549 thousand) transaction is expected to occur within the first one year after June 30, 2012, and this amount that is deferred in equity will be reclassified as Current income.

b. Interest rate risk

Interest rate sensitivity analysis was performed based on interest rate risk exposure of non-derivatives as of June 30, 2012. Sensitivity analysis was conducted assuming in the case of floating rate debt current balance is the same during the whole reporting period. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably accruable 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 ₩38,219 thousand (RS.1,739 thousands) for the six months ended June 30, 2012 due to floating rate debt's interest rate risk.

2) Credit risk

The company's trade receivables consist of a number of customers in various regions. The company regularly assesses credit ratings of its customers and transaction parties also, made a credit guarantee with customers or transaction parties if it necessary.

3) Liquidity risk

In order to maintain adequate liquidity, the Company has managed liquidity risk through periodical estimating and adjusting funds receipts and disbursements. The Company sells trade receivables to financial institutions that have maintained a certain level of credit ratings in order to achieve smooth application of funds.

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

(Unit: Won in thousands):

	June 30, 2012		
	Within a year	More than 1 year	Total
Trade payables	₩ 314,286,810	₩ -	₩ 314,286,810
Accrued expenses	128,236,884	-	128,236,884
Short-term borrowings	30,000,000	-	30,000,000
Other payables	20,204,536	-	20,204,536
Long-term other payables	-	2,233,575	2,233,575
Debt	-	95,404,765	95,404,765
Total	₩ 492,728,230	₩ 97,638,340	₩ 590,366,570

	December 31, 2011		
	Within a year	More than 1 year	Total
Trade payables	₩ 264,594,196	₩ -	₩ 264,594,196
Accrued expenses	119,927,398	-	119,927,398
Short-term borrowings	40,567,689	-	40,567,689
Other payables	16,599,583	-	16,599,583
Long-term other payables	-	2,142,277	2,142,277
Debt	6,678,334	103,196,154	109,874,488
Total	₩ 448,367,200	₩ 105,338,431	₩ 553,705,631

(Unit: Rupee in thousands):

	June 30, 2012		
	Within a year	More than 1 year	Total
Trade payables	Rs. 14,300,050	Rs. -	Rs. 14,300,050
Accrued expenses	5,834,778	-	5,834,778
Short-term borrowings	1,365,000	-	1,365,000
Other payables	919,306	-	919,306
Long-term other payables	-	101,628	101,628
Debt	-	4,340,917	4,340,917
Total	Rs. 22,419,134	Rs. 4,442,544	Rs. 26,861,679

	December 31, 2011		
	Within a year	More than 1 year	Total
Trade payables	Rs. 12,039,036	Rs. -	Rs. 12,039,036
Accrued expenses	5,456,697	-	5,456,697
Short-term borrowings	1,845,830	-	1,845,830
Other payables	755,281	-	755,281
Long-term other payables	-	97,474	97,474
Debt	303,864	4,695,425	4,999,289
Total	Rs. 20,400,708	Rs. 4,792,899	Rs. 25,193,606

Funding arrangements as of June 30, 2012 and December 31, 2011 are as follows:

(Unit: Korean won in thousands):

Borrowing limit commitments	Commitment	June 30, 2012	December 31, 2011
		₩ 80,000,000	₩ 50,000,000

(Unit: Indian-Rupee in thousands):

		<u>June 30, 2012</u>		<u>December 31, 2011</u>	
Borrowing limit commitments	Commitment	Rs.	3,640,000	Rs.	2,275,000

(4) Fair value of financial instruments

Based on input variables used for fair value measurement, the Company rated financial instruments that were stated as fair value on the financial statements as follows:

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

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

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

The table above 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.

1) Fair values of financial instruments by heirarchy level as of June 30, 2012 and December 31, 2011 are as follows

(Unit: Korean won in thousands):

		<u>June 30, 2012</u>			
<u>Type</u>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
Derivatives designated to hedge item		₩ -	₩ (6,211,120)	₩ -	₩ (6,211,120)

		<u>December 31, 2011</u>			
<u>Type</u>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
Derivatives designated to hedge item		₩ -	₩ 193,310	₩ -	₩ 193,310

(Unit: Indian-Rupee in thousands):

		<u>June 30, 2012</u>			
<u>Type</u>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
Derivatives designated to hedge item		Rs. -	Rs. (282,606)	Rs. -	Rs. (282,606)

		<u>December 31, 2011</u>			
<u>Type</u>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
Derivatives designated to hedge item		Rs. -	Rs. 8,796	Rs. -	Rs. 8,796