

SSANGYONG MOTOR COMPANY

SEPARATE FINANCIAL STATEMENTS
AS OF MARCH 31, 2015, AND DECEMBER 31, 2014,
AND FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of Independent Accountants' Review Report Originally Issued in Korean on May 15, 2015

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 separate statement of financial position as of March 31, 2015, and the related separate statements of comprehensive income, separate statements of changes in shareholders' equity and separate statements of cash flows, all expressed in Korean won, for the three months ended March 31, 2015 and 2014, 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 separate statement of financial position as of December 31, 2014, and the related separate statements of operations, retained earnings and cash flows on March 9, 2015, as fairly stated. There is no difference in terms of importance between comparative purposed financial position on December 31, 2014, and current financial position.



May 15, 2015

Notice to Readers

This report is effective as of May 15, 2015, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the separate financial statements and may result in modifications to the accountants' review report.

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2015, AND DECEMBER 31, 2014

	Korean won		Indian rupee	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
	(In thousands)		(In thousands)	
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 33)	₩ 179,223,078	₩ 149,091,232	Rs. 10,126,104	Rs. 8,423,655
Trade and other receivables, net (Notes 7, 32 and 33)	174,734,965	178,789,880	9,872,526	10,101,628
Derivative assets (Notes 25 and 33)	1,094,400	1,232,650	61,834	69,645
Inventories, net (Notes 8 and 24)	285,871,505	257,522,706	16,151,740	14,550,033
Other current assets (Note 10)	11,838,727	7,716,268	668,887	435,968
Total current assets	<u>652,762,675</u>	<u>594,352,736</u>	<u>36,881,091</u>	<u>33,580,929</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	339	339
Non-current AFS financial assets (Notes 6 and 33)	560,000	560,000	31,640	31,640
Non-current other receivables, net (Notes 7 and 33)	46,553,303	48,163,339	2,630,262	2,721,229
Property, plant and equipment, net (Note 11)	1,198,060,228	1,173,658,635	67,690,403	66,311,713
Intangible assets (Note 12)	160,806,989	150,915,434	9,085,595	8,526,722
Investments in subsidiaries (Note 9)	5,829,056	5,829,056	329,342	329,342
Other non-current assets (Note 10)	355,109	360,473	20,064	20,367
Total non-current assets	<u>1,412,170,685</u>	<u>1,379,492,937</u>	<u>79,787,645</u>	<u>77,941,352</u>
TOTAL ASSETS	<u>₩2,064,933,360</u>	<u>₩1,973,845,673</u>	<u>₩ 116,668,736</u>	<u>₩ 111,522,281</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES:				
Trade and other payables (Notes 18, 32 and 33)	₩ 681,952,081	₩ 625,003,152	Rs. 38,530,293	Rs. 35,312,678
Short-term borrowings (Notes 13, 18 and 33)	136,719,766	99,540,013	7,724,667	5,624,011
Derivative liabilities (Notes 25 and 33)	11,157,650	14,974,250	630,407	846,045
Provision for product warranties (Note 15)	56,578,386	57,556,475	3,196,679	3,251,941
Long-term employee benefits obligation	1,035,489	1,770,267	58,505	100,020
Other current liabilities (Note 16)	29,517,837	22,463,040	1,667,758	1,269,163
Total current liabilities	<u>916,961,209</u>	<u>821,307,197</u>	<u>51,808,309</u>	<u>46,403,858</u>

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF MARCH 31, 2015, AND DECEMBER 31, 2014

	Korean won		Indian rupee	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Long-term borrowing (Notes 13, 18 and 33)	₩ 22,500,000	₩ 25,000,000	Rs. 1,271,250	Rs. 1,412,500
Other non-current payables (Note 33)	19,538,048	3,534,693	1,103,900	199,710
Retirement benefit obligation (Note 17)	254,247,453	246,748,389	14,364,981	13,941,284
Other long-term employee benefits obligation	14,203,583	13,849,312	802,502	782,486
Provision for long-term product warranties (Note 15)	81,509,976	80,309,564	4,605,314	4,537,490
Total non-current liabilities	391,999,060	369,441,958	22,147,947	20,873,470
TOTAL LIABILITIES	1,308,960,269	1,190,749,155	73,956,256	67,277,328
SHAREHOLDERS' EQUITY:				
Capital stock (Note 19)	686,100,480	686,100,480	38,764,677	38,764,677
Other capital surplus (Note 20)	131,678,359	129,383,402	7,439,827	7,310,162
Other capital adjustments (Notes 21 and 25)	(12,119,450)	(14,167,300)	(684,749)	(800,452)
Accumulated deficit (Note 22)	(49,686,298)	(18,220,064)	(2,807,275)	(1,029,434)
TOTAL SHAREHOLDERS' EQUITY	755,973,091	783,096,518	42,712,480	44,244,953
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	₩2,064,933,360	₩1,973,845,673	Rs. 116,668,736	Rs. 111,522,281

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014**

	Korean won		Indian rupee	
	Three months ended March 31, 2015 (In thousands)	Three months ended March 31, 2014 (In thousands)	Three months ended March 31, 2015 (In thousands)	Three months ended March 31, 2014 (In thousands)
SALES (Notes 31 and 32)	₩ 758,922,447	₩ 859,108,832	Rs. 42,879,118	Rs. 48,539,649
COST OF SALES (Notes 24 and 32)	<u>661,705,362</u>	<u>731,449,259</u>	<u>37,386,353</u>	<u>41,326,883</u>
GROSS PROFIT	97,217,085	127,659,573	5,492,765	7,212,766
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	<u>131,590,391</u>	<u>129,944,457</u>	<u>7,434,857</u>	<u>7,341,862</u>
OPERATING LOSS	(34,373,306)	(2,284,884)	(1,942,092)	(129,096)
NON-OPERATING INCOME (Note 27)	7,675,891	7,560,861	433,688	427,189
NON-OPERATING EXPENSES (Note 27)	6,910,504	8,333,782	390,443	470,859
FINANCIAL INCOME (Notes 25 and 28)	9,099,272	14,600,580	514,109	824,933
FINANCIAL COST (Note 28)	<u>6,952,420</u>	<u>2,088,844</u>	<u>392,812</u>	<u>118,020</u>
INCOME (LOSS) BEFORE INCOME TAX	(31,461,067)	9,453,931	(1,777,550)	534,147
INCOME TAX EXPENSE (Note 23)	-	-	-	-
NET INCOME (LOSS)	(31,461,067)	9,453,931	(1,777,550)	534,147
OTHER COMPREHENSIVE INCOME (LOSS)	<u>2,042,683</u>	<u>(14,104,380)</u>	<u>115,412</u>	<u>(796,897)</u>
TOTAL COMPREHENSIVE LOSS	<u>₩ (29,418,384)</u>	<u>₩ (4,650,449)</u>	<u>Rs. (1,662,138)</u>	<u>Rs. (262,750)</u>
INCOME (LOSS) PER SHARE (Note 29) Basic and diluted Income (loss) per share	<u>₩ (230)</u>	<u>₩ 69</u>	<u>Rs. (13)</u>	<u>Rs. 4</u>

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	Korean won in thousands										
	Other capital surplus									Retained earnings (accumulated deficit)	Total
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stocks	Other capital surplus	Other capital adjustments			
Balance at January 1, 2014	₩ 686,100,480	₩ 11,452,713	₩ 120,351,580	₩ 931,508	₩ (108,530)	₩ -	₩ (3,243,869)	₩ 26,833,680	₩ 47,725,963	₩ 890,043,525	
Net income	-	-	-	-	-	-	-	-	9,453,931	9,453,931	
Actuarial loss	-	-	-	-	-	-	-	-	(7,780)	(7,780)	
Loss on valuation of derivatives	-	-	-	-	-	-	-	(14,096,600)	-	(14,096,600)	
Balance at March 31, 2014,	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 120,351,580</u>	<u>₩ 931,508</u>	<u>₩ (108,530)</u>	<u>₩ -</u>	<u>₩ (3,243,869)</u>	<u>₩ 12,737,080</u>	<u>₩ 57,172,114</u>	<u>₩ 885,393,076</u>	
Balance at January 1, 2015	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ (1,189,820)	₩ -	₩ -	₩ (14,167,300)	₩ (18,220,064)	₩ 783,096,518	
Net loss	-	-	-	-	-	-	-	-	(31,461,067)	(31,461,067)	
Actuarial loss	-	-	-	-	-	-	-	-	(5,167)	(5,167)	
Disposal of treasury stock	-	-	-	-	1,189,820	1,105,137	-	-	-	2,294,957	
Gain on valuation of derivatives	-	-	-	-	-	-	-	2,047,850	-	2,047,850	
Balance at March 31, 2015	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 118,189,001</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ 1,105,137</u>	<u>₩ -</u>	<u>₩ (12,119,450)</u>	<u>₩ (49,686,298)</u>	<u>₩ 755,973,091</u>	

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	Indian rupee in thousands									
	Other capital surplus							Other capital adjustments	Retained earnings (accumulated deficit)	Total
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stocks	Other capital surplus			
Balance at January 1, 2014	Rs. 38,764,677	Rs. 647,078	Rs. 6,799,864	Rs. 52,630	Rs. (6,132)	Rs. -	Rs. (183,279)	Rs. 1,516,103	Rs. 2,696,517	Rs. 50,287,458
Net income	-	-	-	-	-	-	-	-	534,147	534,147
Actuarial loss	-	-	-	-	-	-	-	-	(440)	(440)
Loss on valuation of derivatives	-	-	-	-	-	-	-	(796,457)	-	(796,457)
Balance at March 31, 2014	<u>Rs. 38,764,677</u>	<u>Rs. 647,078</u>	<u>Rs. 6,799,864</u>	<u>Rs. 52,630</u>	<u>Rs. (6,132)</u>	<u>Rs. -</u>	<u>Rs. (183,279)</u>	<u>Rs. 719,646</u>	<u>Rs. 3,230,224</u>	<u>Rs. 50,024,708</u>
Balance at January 1, 2015	Rs. 38,764,677	Rs. 647,078	Rs. 6,677,679	Rs. 52,630	Rs. (67,225)	Rs. -	Rs. -	Rs. (800,452)	Rs. (1,029,434)	Rs. 44,244,953
Net loss	-	-	-	-	-	-	-	-	(1,777,550)	(1,777,550)
Actuarial loss	-	-	-	-	-	-	-	-	(291)	(291)
Disposal of treasury stock	-	-	-	-	67,225	62,440	-	-	-	129,665
Gain on valuation of derivatives	-	-	-	-	-	-	-	115,703	-	115,703
Balance at March 31, 2015	<u>Rs. 38,764,677</u>	<u>Rs. 647,078</u>	<u>Rs. 6,677,679</u>	<u>Rs. 52,630</u>	<u>Rs. -</u>	<u>Rs. 62,440</u>	<u>Rs. -</u>	<u>Rs. (684,749)</u>	<u>Rs. (2,807,275)</u>	<u>Rs. 42,712,480</u>

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	Korean won		Indian rupee	
	Three months ended March 31, 2015	Three months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	₩ (31,461,067)	₩ 9,453,931	Rs. (1,777,550)	Rs. 534,147
Adjustment (Note 30)	46,636,839	41,966,984	2,634,981	2,371,135
Changes in net working capital (Note 30)	<u>44,350,952</u>	<u>(39,450,334)</u>	<u>2,505,829</u>	<u>(2,228,944)</u>
	59,526,724	11,970,581	3,363,260	676,338
Interests received	761,484	2,832,346	43,024	160,028
Interests paid	(749,025)	(2,074,605)	(42,320)	(117,215)
Dividend income received	<u>6,000</u>	<u>11,000</u>	<u>339</u>	<u>622</u>
Net cash provided by operating activities	<u>59,545,183</u>	<u>12,739,322</u>	<u>3,364,303</u>	<u>719,773</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	1,996,982	1,025,860	112,829	57,961
Disposal of property, plant and equipment	9,735	173,792	550	9,818
Decrease in other assets	<u>105,825</u>	<u>1,525</u>	<u>5,979</u>	<u>86</u>
	2,112,542	1,201,177	119,358	67,865
Cash outflows for investing activities:				
Increase in other receivables	1,954,620	1,800,000	110,436	101,700
Acquisition of property, plant and equipment	53,622,212	25,507,656	3,029,655	1,441,183
Acquisition of intangible assets	<u>17,118,415</u>	<u>13,641,166</u>	<u>967,190</u>	<u>770,726</u>
	72,695,247	40,948,822	4,107,281	2,313,609
Net cash used in investing activities	<u>(70,582,705)</u>	<u>(39,747,645)</u>	<u>(3,987,923)</u>	<u>(2,245,744)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	38,833,971	21,699,410	2,194,119	1,226,017
Increase in government grants	40,440	2,178	2,285	123
Disposal of treasury stock	<u>2,294,957</u>	<u>-</u>	<u>129,665</u>	<u>-</u>
	41,169,368	21,701,588	2,326,069	1,226,140

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	Korean won		Indian rupee	
	Three months ended March 31, 2015	Three months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ -	₩ 95,404,765	Rs. -	Rs. 5,390,369
	-	95,404,765	-	5,390,369
Net cash provided by (used in) financing activities	41,169,368	(73,703,177)	2,326,069	(4,164,229)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,131,846	(100,711,500)	1,702,449	(5,690,200)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	149,091,232	359,712,082	8,423,655	20,323,733
CASH AND CASH EQUIVALENTS, ENDING OF YEAR	₩ 179,223,078	₩ 259,000,582	Rs. 10,126,104	Rs. 14,633,533

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

NOTES TO SEPARATE FINANCIAL STATEMENTS

AS OF MARCH 31, 2015, AND DECEMBER 31, 2014, AND FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

1. **GENERAL:**

(1) Company overview and recent changes in business environment

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

(2) Major shareholders

The Company’s shareholders as of March 31, 2015, are as follows:

<u>Name of shareholder</u>	<u>Number of shares owned</u>	<u>Percentage of ownership (%)</u>
Mahindra & Mahindra Ltd.	99,964,502	72.85
Others	37,255,594	27.15
	<u>137,220,096</u>	<u>100.00</u>

2. **SIGNIFICANT ACCOUNTING POLICIES:**

The Company’s summarized interim financial statement, its period belong to annual financial report and adopts Korean International Financial Reporting Standards (“K-IFRS”) 1034. The Company’s financial statements are separate financial statements prepared in accordance with the requirements of K-IFRS 1027, *Separate Financial Statements*. The audited financial statement, December 31, 2014, is used to understand the interim separate financial statement.

The account policy is identified with the audited financial statement of December 31, 2014, except for the account policy explained as follows.

The Indian rupee amounts presented in these separate financial statements were computed by translating the Korean won into Indian rupees based on the Bank of Korea Basic Rate (₩1 to Rs. 0.056500 at March 31, 2015), solely for the convenience of the reader. These convenience translations into Indian rupees should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

1) First-time adoption of K-IFRS and its description (change in accounting policy) as follows:

Amendments to K-IFRS 1019 – Employee Benefits

The amendments permit the Company to recognize the amount of contributions as a reduction in the service cost in which the related service is rendered if the amount of the contributions is independent of the number of years of service. The application of these amendments has no impact on the disclosure in the Company’s separate financial statements.

Annual Improvements to K-IFRS 2010-2012 Cycle

The amendments to K-IFRS 1002 (i) change the definitions of 'vesting condition' and 'market condition' and (ii) add definition for 'performance condition' and 'service condition,' which were previously included within the definition of 'vesting condition.' The amendments to K-IFRS 1103 clarify the classification and measurement of the contingent consideration in business combination. The amendments to K-IFRS 1108 clarify that a reconciliation of the total of the reportable segments' assets should only be provided if the segment assets are regularly provided to the chief operating decision maker. The application of these amendments has no impact on the disclosure in the Company's separate financial statements.

Annual Improvements to K-IFRS 2011-2013 Cycle

The amendments to K-IFRS 1103 clarify the scope of the portfolio exception for measuring the fair values of the Company's financial assets and financial liabilities on a net basis, and include all contracts that are within the scope the standard does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself. The amendments to K-IFRS 1113, *Fair Value Measurements*, and K-IFRS 1040, *Investment Properties*, exist and these amendments have no impact on the disclosure in the Company's separate financial statements.

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

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

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

The amendments to K-IFRS 1016 prohibit the Company from using a revenue-based depreciation method for items of property, plant and equipment. The amendments are effective for the annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1038 – Intangible Assets

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. The amendments to K-IFRS 1038 rebut the presumption that revenue is not an appropriate basis for the amortization of intangible assets, which the presumption can only be rebutted when the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

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

The amendments to K-IFRS 1111 provide guidance on how to account for the acquisition of joint operation that constitutes a business as defined in K-IFRS 1103, *Business Combinations*. A joint operator is also required to disclose the relevant information required by K-IFRS 1103 and other standards for business combinations. The amendments to K-IFRS 1111 are effective for the annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1027 – Separate Financial Statements

The following amendments discuss accounting for investment in subsidiaries, related parties and joint ventures at cost basis, as well as allowing application of K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, methods and application of equity method accounting under K-IFRS 1028, *Investment in Associates and Joint Ventures*. The amendments are effective for the annual periods beginning on or after January 1, 2016.

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

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

In the preparation of the Company's interim separate financial statements, management is required to apply accounting policies and make judgments, estimation and assumptions affecting the carrying amounts of assets and liabilities, income and expenses. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimates. The management's significant judgments about the application of the Company's accounting policies and the main resources of the uncertainty are consistent with those of the annual separate financial statements for the year ended December 31, 2014.

4. CASH AND CASH EQUIVALENTS:

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

5. RESTRICTED FINANCIAL ASSETS:

Restricted financial assets as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	Financial institution		March 31, 2015		December 31, 2014	Notes
Cash and cash equivalents	Shinhan Bank and others	₩	665,505	₩	405,689	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank		955,400		14,147,553	
Long-term financial instruments	Shinhan Bank and others		6,000		6,000	Overdraft deposit
		₩	<u>1,626,905</u>	₩	<u>14,559,242</u>	

(Unit: Indian rupee in thousands)

	Financial institution		March 31, 2015		December 31, 2014	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs.	37,601	Rs.	22,921	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank		53,980		799,337	
Long-term financial instruments	Shinhan Bank and others		339		339	Overdraft deposit
		Rs.	<u>91,920</u>	Rs.	<u>822,597</u>	

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

The Company's long-term available-for-sale ("AFS") financial assets as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Classification	Ownership (%)	March 31, 2015			December 31, 2014
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	₩ 500,000	₩ 675,625	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50	60,000	528,903	60,000	60,000
		<u>₩ 560,000</u>	<u>₩ 1,204,528</u>	<u>₩ 560,000</u>	<u>₩ 560,000</u>

(Unit: Indian rupee in thousands)

Classification	Ownership (%)	March 31, 2015			December 31, 2014
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 28,250	Rs. 38,173	Rs. 28,250	Rs. 28,250
Korea Management Consultants Association (*)	1.50	3,390	29,883	3,390	3,390
		<u>Rs. 31,640</u>	<u>Rs. 68,056</u>	<u>Rs. 31,640</u>	<u>Rs. 31,640</u>

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

7. TRADE AND OTHER RECEIVABLES:

All current trade and other receivables are due within one year from March 31, 2015, and because the present value discount effect is not material, the fair value of the aforementioned receivables is equal to the book value.

(1) Details of current portion of trade and other receivables as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Financial assets	March 31, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 153,691,844	₩ 18,507,042	₩ 2,661,028	₩ 46,696,841
Less: Allowance for doubtful accounts	(113,079)	(3,785)	(8,085)	(143,538)
	<u>₩ 153,578,765</u>	<u>₩ 18,503,257</u>	<u>₩ 2,652,943</u>	<u>₩ 46,553,303</u>

Financial assets	December 31, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 157,769,207	₩ 18,734,369	₩ 2,777,863	₩ 48,312,977
Less: Allowance for doubtful accounts	(87,169)	(393,336)	(11,054)	(149,638)
	<u>₩ 157,682,038</u>	<u>₩ 18,341,033</u>	<u>₩ 2,766,809</u>	<u>₩ 48,163,339</u>

(Unit: Indian rupee in thousands)

Financial assets	March 31, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 8,683,589	Rs. 1,045,648	Rs. 150,349	Rs. 2,638,372
Less: Allowance for doubtful accounts	(6,389)	(214)	(457)	(8,110)
	<u>Rs. 8,677,200</u>	<u>Rs. 1,045,434</u>	<u>Rs. 149,892</u>	<u>Rs. 2,630,262</u>

Financial assets	December 31, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 8,913,960	Rs. 1,058,492	Rs. 156,949	Rs. 2,729,684
Less: Allowance for doubtful accounts	(4,925)	(22,223)	(625)	(8,455)
	<u>Rs. 8,909,035</u>	<u>Rs. 1,036,269</u>	<u>Rs. 156,324</u>	<u>Rs. 2,721,229</u>

(2) Credit risk and allowance for doubtful accounts

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

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

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

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

- 1) Aging analysis of the trade and non-trade receivables that are overdue but are not impaired as of March 31, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

Classification	March 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₩ 833,769	₩ 3,770	₩ 2,372,844	₩ 3,210,383
Non-trade receivables	1,837,848	173,394	4,248,614	6,259,856
Other long-term receivables	<u>1,991,906</u>	<u>3,890,628</u>	<u>103,250</u>	<u>5,985,784</u>
	<u>₩ 4,663,523</u>	<u>₩ 4,067,792</u>	<u>₩ 6,724,708</u>	<u>₩ 15,456,023</u>

Classification	December 31, 2014			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₩ 1,819,742	₩ 44,594	₩ 2,719,299	₩ 4,583,635
Non-trade receivables	580,975	7,435	4,734,672	5,323,082
Other long-term receivables	<u>2,121,889</u>	<u>4,207,765</u>	<u>107,179</u>	<u>6,436,833</u>
	<u>₩ 4,522,606</u>	<u>₩ 4,259,794</u>	<u>₩ 7,561,150</u>	<u>₩ 16,343,550</u>

(Unit: Indian rupee in thousands)

March 31, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 47,108	Rs. 213	Rs. 134,066	Rs. 181,387
Non-trade receivables	103,838	9,797	240,047	353,682
Other long-term receivables	112,543	219,820	5,834	338,197
	<u>Rs. 263,489</u>	<u>Rs. 229,830</u>	<u>Rs. 379,947</u>	<u>Rs. 873,266</u>

December 31, 2014				
Classification	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 102,815	Rs. 2,520	Rs. 153,640	Rs. 258,975
Non-trade receivables	32,825	420	267,509	300,754
Other long-term receivables	119,887	237,739	6,056	363,682
	<u>Rs. 255,527</u>	<u>Rs. 240,679</u>	<u>Rs. 427,205</u>	<u>Rs. 923,411</u>

2) Aging analysis of the trade, non-trade receivables and other long-term receivables that are impaired as of March 31, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

March 31, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	-	-	47,349	47,349
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 47,349</u>	<u>₩ 47,349</u>

December 31, 2014				
Classification	3-6 months	6-12 months	More than 1 year	Total
Non-trade receivables	₩ -	₩ -	₩ 388,237	₩ 388,237
Other long-term receivables	-	-	47,349	47,349
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 435,586</u>	<u>₩ 435,586</u>

(Unit: Indian rupee in thousands)

March 31, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	-	-	2,675	2,675
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 2,675</u>	<u>Rs. 2,675</u>

December 31, 2014				
Classification	3-6 months	6-12 months	More than 1 year	Total
Non-trade receivables	Rs. -	Rs. -	Rs. 21,935	Rs. 21,935
Other long-term receivables	-	-	2,675	2,675
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 24,610</u>	<u>Rs. 24,610</u>

3) Changes in allowance for trade and other receivables for the three months ended March 31, 2015, and 2014, are as follows:

(Unit: Korean won in thousands)

Classification	Three months ended March 31, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₩ 87,169	₩ 393,336	₩ 11,054	₩ 149,638
Bad debt expense	25,910	(20,870)	(2,969)	(6,100)
Write-offs	-	(368,681)	-	-
Ending balance	<u>₩ 113,079</u>	<u>₩ 3,785</u>	<u>₩ 8,085</u>	<u>₩ 143,538</u>

Classification	Three months ended March 31, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₹ 208,701	₹ 491,039	₹ -	₹ 241,459
Bad debt expense	167,644	6,476	183	-
Transfer	-	-	404	(404)
Ending balance	<u>₹ 376,345</u>	<u>₹ 497,515</u>	<u>₹ 587</u>	<u>₹ 241,055</u>

(Unit: Indian rupee in thousands)

Classification	Three months ended March 31, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₹ 4,925	₹ 22,223	₹ 625	₹ 8,455
Bad debt expense	1,464	(1,179)	(168)	(345)
Write-offs	-	(20,830)	-	-
Ending balance	<u>₹ 6,389</u>	<u>₹ 214</u>	<u>₹ 457</u>	<u>₹ 8,110</u>

Classification	Three months ended March 31, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₹ 11,792	₹ 27,744	₹ -	₹ 13,642
Bad debt expense	9,472	366	10	-
Transfer	-	-	23	(23)
Ending balance	<u>₹ 21,264</u>	<u>₹ 28,110</u>	<u>₹ 33</u>	<u>₹ 13,619</u>

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

8. INVENTORIES:

Details of inventories as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	March 31, 2015	December 31, 2014
Merchandises	₩ 53,688,987	₩ 52,417,962
Finished goods	80,854,767	43,801,591
Work in process	28,899,582	29,184,732
Raw materials	51,585,394	51,686,249
Submaterials	485,035	601,473
Supplies	3,786,483	3,821,023
Goods in transit	<u>66,571,257</u>	<u>76,009,676</u>
Total	<u>₩ 285,871,505</u>	<u>₩ 257,522,706</u>

(Unit: Indian rupee in thousands)

	March 31, 2015	December 31, 2014
Merchandises	₹ 3,033,428	₹ 2,961,615
Finished goods	4,568,294	2,474,790
Work in process	1,632,826	1,648,937
Raw materials	2,914,575	2,920,273
Submaterials	27,404	33,983
Supplies	213,937	215,888
Goods in transit	<u>3,761,276</u>	<u>4,294,547</u>
Total	<u>₹ 16,151,740</u>	<u>₹ 14,550,033</u>

The Company uses the “lower of cost or market method” on the balance sheet in case inventories’ market value decreases under the acquisition cost. On the other hand, loss on valuation of inventories, which was added to “cost of sales” during the current period due to the application of “lower of cost or market method,” amounted to ₩2,803,230 thousand (Rs. 158,382 thousand).

9. INVESTMENTS IN SUBSIDIARIES:

(1) Details of investments in subsidiaries

Details of investments in subsidiaries accounted for using the equity method as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Name of subsidiary	Location	Ownership (%)	March 31, 2015		December 31, 2014
			Acquisition cost	Book value	Book value
Ssangyong Motor (Shanghai) Co., Ltd.	China	100	₩ 5,338,097	₩ 5,829,056	₩ 5,829,056
Ssangyong European Parts Center B.V.	Netherlands	100	835,695	-	-
			<u>₩ 6,173,792</u>	<u>₩ 5,829,056</u>	<u>₩ 5,829,056</u>

(Unit: Indian rupee in thousands)

Name of subsidiary	Location	Ownership (%)	March 31, 2015		December 31, 2014
			Acquisition cost	Book value	Book value
Ssangyong Motor (Shanghai) Co., Ltd.	China	100	Rs. 301,602	Rs. 329,342	Rs. 329,342
Ssangyong European Parts Center B.V.	Netherlands	100	47,217	-	-
			<u>Rs. 348,819</u>	<u>Rs. 329,342</u>	<u>Rs. 329,342</u>

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company’s subsidiaries as of and for the three months ended March 31, 2015, is as follows:

(Unit: Korean won in thousands)

Companies	Assets	Liabilities	Sales	Net income(loss)
Ssangyong Motor (Shanghai) Co., Ltd	₩ 6,230,802	₩ 311,823	₩ 476,524	₩ (293,189)
Ssangyong European Parts Center B.V.	6,638,308	10,072,713	2,972,944	125,340

(Unit: Indian rupee in thousands)

Companies	Assets	Liabilities	Sales	Net income(loss)
Ssangyong Motor (Shanghai) Co., Ltd	Rs. 352,040	Rs. 17,618	Rs. 26,924	Rs. (16,565)
Ssangyong European Parts Center B.V.	375,064	569,108	167,971	7,082

10. OTHER ASSETS:

Carrying amounts of other assets as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Account	March 31, 2015	December 31, 2014
Other current assets		
Advance payments	₩ 2,360,133	₩ 2,190,288
Less: Allowance for doubtful accounts	(19,888)	(10,298)
Prepaid expenses	8,604,348	4,741,584
Income tax refundable	894,134	794,694
	<u>₩ 11,838,727</u>	<u>₩ 7,716,268</u>

Account	March 31, 2015	December 31, 2014
Other non-current assets	355,109	360,473
	<u>₩ 355,109</u>	<u>₩ 360,473</u>

(Unit: Indian rupee in thousands)

Account	March 31, 2015	December 31, 2014
Other current assets		
Advance payments	Rs. 133,348	Rs. 123,751
Less: Allowance for doubtful accounts	(1,124)	(582)
Prepaid expenses	486,146	267,899
Other current assets	50,517	44,900
	<u>Rs. 668,887</u>	<u>Rs. 435,968</u>
Other non-current assets		
Other non-current assets	20,064	20,367
	<u>Rs. 20,064</u>	<u>Rs. 20,367</u>

11. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	March 31, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	532,277,745	1,638,451	188,710,406	148,366,786	193,562,102
Structures	105,941,939	151,075	59,598,825	29,156,377	17,035,662
Machinery	1,296,166,309	587,198	1,014,206,026	98,839,863	182,533,222
Vehicles	9,718,066	-	7,001,405	1,191,381	1,525,280
Tools and molds	1,001,484,660	12,846	566,353,142	162,637,822	272,480,850
Equipment	67,219,540	13,119	39,403,469	4,540,789	23,262,163
Construction in progress	30,991,077	-	-	-	30,991,077
Machinery in transit	1,138,559	-	-	-	1,138,559
	<u>₩3,520,469,208</u>	<u>₩ 2,402,689</u>	<u>₩1,875,273,273</u>	<u>₩ 444,733,018</u>	<u>₩1,198,060,228</u>
	December 31, 2014				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	530,841,465	1,650,125	186,171,422	148,371,913	194,648,005
Structures	105,440,373	156,164	59,172,283	29,156,377	16,955,549
Machinery	1,255,831,372	593,294	1,008,322,247	98,853,953	148,061,878
Vehicles	9,555,846	-	6,773,531	1,194,962	1,587,353
Tools and molds	891,332,596	14,909	550,255,759	162,637,822	178,424,106
Equipment	67,042,627	15,571	37,958,542	4,542,664	24,525,850
Construction in progress	131,569,206	-	-	-	131,569,206
Machinery in transit	2,355,375	-	-	-	2,355,375
	<u>₩3,469,500,173</u>	<u>₩ 2,430,063</u>	<u>₩1,848,653,784</u>	<u>₩ 444,757,691</u>	<u>₩1,173,658,635</u>

(Unit: Indian rupee in thousands)

March 31, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	Rs. 26,867,519	Rs. -	Rs. -	Rs. -	Rs. 26,867,519
Buildings	30,073,693	92,572	10,662,138	8,382,723	10,936,260
Structures	5,985,720	8,536	3,367,334	1,647,335	962,515
Machinery	73,233,396	33,177	57,302,640	5,584,452	10,313,127
Vehicles	549,071	-	395,579	67,313	86,179
Tools and molds	56,583,883	726	31,998,953	9,189,037	15,395,167
Equipment	3,797,904	741	2,226,296	256,555	1,314,312
Construction in progress	1,750,995	-	-	-	1,750,995
Machinery in transit	64,329	-	-	-	64,329
	<u>Rs. 198,906,510</u>	<u>Rs. 135,752</u>	<u>Rs. 105,952,940</u>	<u>Rs. 25,127,415</u>	<u>Rs. 67,690,403</u>

December 31, 2014					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	Rs. 26,867,519	Rs. -	Rs. -	Rs. -	Rs. 26,867,519
Buildings	29,992,543	93,232	10,518,685	8,383,013	10,997,613
Structures	5,957,381	8,823	3,343,234	1,647,335	957,989
Machinery	70,954,473	33,521	56,970,208	5,585,248	8,365,496
Vehicles	539,905	-	382,705	67,515	89,685
Tools and molds	50,360,292	842	31,089,450	9,189,037	10,080,963
Equipment	3,787,908	880	2,144,658	256,661	1,385,709
Construction in progress	7,433,660	-	-	-	7,433,660
Machinery in transit	133,079	-	-	-	133,079
	<u>Rs. 196,026,760</u>	<u>Rs. 137,298</u>	<u>Rs. 104,448,940</u>	<u>Rs. 25,128,809</u>	<u>Rs. 66,311,713</u>

(2) Changes in the carrying amounts of property, plant and equipment for the three months ended March 31, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

Three months ended March 31, 2015						
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	194,648,005	14,681	1,242	1,437,240	2,536,582	193,562,102
Structures	16,955,549	28,951	-	472,882	421,720	17,035,662
Machinery	148,061,878	1,512,700	1,802	40,533,963	7,573,517	182,533,222
Vehicles	1,587,353	-	8	97,041	159,106	1,525,280
Tools and molds	178,424,106	17,915,747	81	93,086,246	16,945,168	272,480,850
Equipment	24,525,850	359,317	1,246	(3,771)	1,617,987	23,262,163
Construction in progress	131,569,206	33,679,965	-	(134,258,094)	-	30,991,077
Machinery in transit	2,355,375	110,851	-	(1,327,667)	-	1,138,559
	<u>₩ 1,173,658,635</u>	<u>₩ 53,622,212</u>	<u>₩ 4,379</u>	<u>₩ 37,840</u>	<u>₩ 29,254,080</u>	<u>₩ 1,198,060,228</u>

Three months ended March 31, 2014

	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	₩ 475,305,570	₩ 125	₩ -	₩ 1	₩ -	₩ 475,305,696
Buildings	193,689,175	5,304	-	-	2,373,394	191,321,085
Structures	16,849,781	6,086	-	36,086	402,037	16,489,916
Machinery	99,266,258	26,221	92,996	3,037,071	8,913,934	93,322,620
Vehicles	1,849,794	-	3	-	130,647	1,719,144
Tools and molds	201,515,831	390,800	847	2,248,678	14,103,873	190,050,589
Equipment	23,779,404	315,874	3,563	16,678	1,385,556	22,722,837
Construction in progress	70,917,106	24,735,889	83,768	(4,503,680)	-	91,065,547
Machinery in transit	862,440	27,357	-	(835,814)	-	53,983
	<u>₩1,084,035,359</u>	<u>₩ 25,507,656</u>	<u>₩ 181,177</u>	<u>₩ (980)</u>	<u>₩ 27,309,441</u>	<u>₩1,082,051,417</u>

(Unit: Indian rupee in thousands)

Three months ended March 31, 2015

	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 26,867,519	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 26,867,519
Buildings	10,997,613	829	70	81,205	143,317	10,936,260
Structures	957,989	1,636	-	26,717	23,827	962,515
Machinery	8,365,496	85,468	102	2,290,169	427,904	10,313,127
Vehicles	89,685	-	-	5,483	8,989	86,179
Tools and molds	10,080,963	1,012,240	5	5,259,371	957,402	15,395,167
Equipment	1,385,709	20,301	70	(212)	91,416	1,314,312
Construction in progress	7,433,660	1,902,918	-	(7,585,583)	-	1,750,995
Machinery in transit	133,079	6,263	-	(75,013)	-	64,329
	<u>Rs. 66,311,713</u>	<u>Rs. 3,029,655</u>	<u>Rs. 247</u>	<u>Rs. 2,137</u>	<u>Rs. 1,652,855</u>	<u>Rs. 67,690,403</u>

(*) Capitalization cost that has flowed into construction and other property, plant and equipment in progress is ₩157,600 thousand (Rs. 8,904 thousand) in this period.

(**) Depreciation cost of suspended assets' amount of ₩4,739 thousand (Rs. 267 thousand) is included from the depreciation cost.

Three months ended March 31, 2014

	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 26,854,765	Rs. 7	Rs. -	Rs. -	Rs. -	Rs. 26,854,772
Buildings	10,943,438	300	-	-	134,097	10,809,641
Structures	952,013	344	-	2,039	22,715	931,681
Machinery	5,608,544	1,481	5,254	171,595	503,637	5,272,729
Vehicles	104,513	-	-	-	7,382	97,131
Tools and molds	11,385,644	22,080	48	127,050	796,869	10,737,857
Equipment	1,343,536	17,847	201	942	78,284	1,283,840
Construction in progress	4,006,816	1,397,578	4,732	(254,458)	-	5,145,204
Machinery in transit	48,728	1,546	-	(47,223)	-	3,051
	<u>Rs. 61,247,997</u>	<u>Rs. 1,441,183</u>	<u>Rs. 10,235</u>	<u>Rs. (55)</u>	<u>Rs. 1,542,984</u>	<u>Rs. 61,135,906</u>

(*) Depreciation cost of suspended assets' amount of ₩5,715 thousand (Rs. 323 thousand) is included from the depreciation cost.

(3) The assets pledged as collateral for the Company's borrowings as of March 31, 2015, are as follows:

(Unit: Korean won in thousands)

Assets pledged as collateral	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	₩ 340,071,778	₩231 billion
Buildings and structures	150-3 (factory site) and others	64,404,432	
Machinery	Pyeongtaek plant production facilities	9,327,955	
		<u>₩ 413,804,165</u>	

(Unit: Indian rupee in thousands)

Assets pledged as Collateral	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	Rs. 19,214,055	Rs. 13.1 billion
Buildings and structures	150-3 (factory site) and others	3,638,850	
Machinery	Pyeongtaek plant production facilities	527,029	
		<u>Rs. 23,379,934</u>	

(4) Borrowing costs and capitalized interest, for the three months ended March 31, 2015 and 2014 are as follows.

(Unit: Korean won in thousands)

Account	Three months ended March 31, 2015	Three months ended March 31, 2014
Capitalized interest expenses(*)	₩ 514,981	₩ -
Capitalization interest rate	4.13%	-

(Unit: Indian rupee in thousands)

Account	Three months ended March 31, 2015	Three months ended March 31, 2014
Capitalized interest expenses(*)	Rs. 29,096	Rs. -
Capitalization interest rate	4.13%	-

(*) Borrowing costs that have been capitalized during the year in development costs is ₩357,381 thousand (Rs. 20,192 thousand).

12. INTANGIBLE ASSETS:

(1) Details of intangible assets as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	March 31, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 124,252,114	₩ -	₩ 19,166,625	₩ -	₩ 105,085,489
Patents	2,104,052	21,366	845,511	33,807	1,203,368
Other intangible assets	67,351,218	20,146	12,236,834	576,106	54,518,132
	<u>₩ 193,707,384</u>	<u>₩ 41,512</u>	<u>₩ 32,248,970</u>	<u>₩ 609,913</u>	<u>₩ 160,806,989</u>

	December 31, 2014				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 28,564,573	₩ -	₩ 14,341,540	₩ -	₩ 14,223,033
Patents	1,873,286	21,966	756,331	31,378	1,063,611
Other intangible assets	146,823,238	26,563	10,578,849	589,036	135,628,790
	<u>₩ 177,261,097</u>	<u>₩ 48,529</u>	<u>₩ 25,676,720</u>	<u>₩ 620,414</u>	<u>₩ 150,915,434</u>

(Unit: Indian rupee in thousands)

	March 31, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 7,020,244	Rs. -	Rs. 1,082,914	Rs. -	Rs. 5,937,330
Patents	118,879	1,207	47,771	1,910	67,991
Other intangible assets	3,805,344	1,138	691,382	32,550	3,080,274

March 31, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
assets	<u>Rs. 10,944,467</u>	<u>Rs. 2,345</u>	<u>Rs. 1,822,067</u>	<u>Rs. 34,460</u>	<u>Rs. 9,085,595</u>

December 31, 2014					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 1,613,898	Rs. -	Rs. 810,297	Rs. -	Rs. 803,601
Patents	105,841	1,241	42,733	1,773	60,094
Other intangible assets	<u>8,295,513</u>	<u>1,500</u>	<u>597,705</u>	<u>33,281</u>	<u>7,663,027</u>
	<u>Rs. 10,015,252</u>	<u>Rs. 2,741</u>	<u>Rs. 1,450,735</u>	<u>Rs. 35,054</u>	<u>Rs. 8,526,722</u>

(2) Changes in intangible assets for the three months ended March 31, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

Three months ended March 31, 2015							
	Beginning balance	Acquisition	Transfer	Depreciation	Impairment loss	Other(*)	Ending balance
Development cost	₩ 14,223,033	₩ 1,881,970	₩ 94,888,466	₩ 5,915,086	₩ -	₩ 7,106	₩ 105,085,489
Patents	1,063,611	230,910	-	88,724	2,429	-	1,203,368
Other intangible assets	<u>135,628,790</u>	<u>15,005,535</u>	<u>(94,888,466)</u>	<u>1,651,569</u>	<u>-</u>	<u>423,842</u>	<u>54,518,132</u>
	<u>₩ 150,915,434</u>	<u>₩ 17,118,415</u>	<u>₩ -</u>	<u>₩ 7,655,379</u>	<u>₩ 2,429</u>	<u>₩ 430,948</u>	<u>₩ 160,806,989</u>

Three months ended March 31, 2014							
	Beginning balance	Acquisition(*)	Depreciation	Impairment loss	Other(*)	Ending balance	
Development cost	₩ 5,107,302	₩ -	₩ 1,206,557	₩ -	₩ -	₩ 3,900,745	
Patents	736,258	83,441	60,859	7,039	751,801		
Other intangible assets	<u>83,636,581</u>	<u>13,555,547</u>	<u>1,480,661</u>	<u>-</u>	<u>-</u>	<u>95,711,467</u>	
	<u>₩ 89,480,141</u>	<u>₩ 13,638,988</u>	<u>₩ 2,748,077</u>	<u>₩ 7,039</u>	<u>₩ -</u>	<u>₩ 100,364,013</u>	

(Unit: Indian rupee in thousands)

Three months ended March 31, 2015							
	Beginning balance	Acquisition	Transfer	Depreciation	Impairment loss	Other(*)	Ending balance
Development cost	Rs. 803,601	Rs. 106,331	Rs. 5,361,198	Rs. 334,202	Rs. -	Rs. 402	Rs. 5,937,330
Patents	60,094	13,046	-	5,013	136	-	67,991
Other intangible assets	<u>7,663,027</u>	<u>847,813</u>	<u>(5,361,198)</u>	<u>93,314</u>	<u>-</u>	<u>23,946</u>	<u>3,080,274</u>
	<u>Rs. 8,526,722</u>	<u>Rs. 967,190</u>	<u>Rs. -</u>	<u>Rs. 432,529</u>	<u>Rs. 136</u>	<u>Rs. 24,348</u>	<u>Rs. 9,085,595</u>

(*) Of the current year development costs, the amount that has flowed into the capital of the cost is ₩357,381 thousand (Rs. 20,192 thousand).

Three months ended March 31, 2014							
	Beginning balance	Acquisition(*)	Depreciation	Impairment loss	Other(*)	Ending balance	
Development cost	Rs. 288,563	Rs. -	Rs. 68,170	Rs. -	Rs. -	Rs. 220,393	
Patents	41,599	4,714	3,439	398		42,476	
Other intangible assets	<u>4,725,467</u>	<u>765,889</u>	<u>83,657</u>	<u>-</u>	<u>-</u>	<u>5,407,699</u>	
	<u>Rs. 5,055,629</u>	<u>Rs. 770,603</u>	<u>Rs. 155,266</u>	<u>Rs. 398</u>	<u>Rs. -</u>	<u>Rs. 5,670,568</u>	

(*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is ₩2,178 thousand (Rs. 123 thousand).

(3) Amortization of the intangible assets for the three months ended March 31, 2015 and 2014, is as follows:

Account	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2015	Three months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
Cost of goods manufactured	₩ 5,915,085	₩ 1,115,724	Rs. 334,202	Rs. 63,038
Selling and administrative expenses	<u>1,740,294</u>	<u>1,632,353</u>	<u>98,327</u>	<u>92,228</u>
	<u>₩ 7,655,379</u>	<u>₩ 2,748,077</u>	<u>Rs. 432,529</u>	<u>Rs. 155,266</u>

13. **BORROWINGS:**

(1) The Company's short-term borrowings as of March 31, 2015, and December 31, 2014, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	March 31, 2015	December 31, 2014
Korea Development Bank	Operating fund	CD +1.99	₩ 30,000,000	₩ 30,000,000
Woori Bank(*)	Operating fund	CD +2.0	7,500,000	5,000,000
BOA and others	Banker's usance	0.45-1.21	<u>99,219,766</u>	<u>64,540,013</u>
			<u>₩ 136,719,766</u>	<u>₩ 99,540,013</u>

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	March 31, 2015	December 31, 2014
Korea Development Bank	Operating fund	CD +1.99	Rs. 1,695,000	Rs. 1,695,000
Woori Bank(*)	Operating fund	CD +2.0	423,750	282,500
BOA and others	Banker's usance	0.45-1.21	<u>5,605,917</u>	<u>3,646,511</u>
			<u>Rs. 7,724,667</u>	<u>Rs. 5,624,011</u>

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

(2) The Company's long-term borrowings as of March 31, 2015, and December 31, 2014, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	March 31, 2015	December 31, 2014
Woori Bank	Operating fund	CD +2.0	₩ 30,000,000	₩ 30,000,000
Net: within one-year arrival worth			<u>7,500,000</u>	<u>5,000,000</u>
			<u>₩ 22,500,000</u>	<u>₩ 25,000,000</u>

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	March 31, 2015	December 31, 2014
Woori Bank	Operating fund	CD +2.0	Rs. 1,695,000	Rs. 1,695,000
Net: within one-year arrival worth			<u>423,750</u>	<u>287,500</u>
			<u>Rs. 1,271,250</u>	<u>Rs. 1,412,500</u>

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

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

14. OTHER FINANCIAL LIABILITIES:

Carrying amounts of other financial liabilities as of March 31, 2015, and December 31, 2014, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Other current financial liabilities:				
Accrued expenses	₩ 21,575,406	₩ 29,715,325	Rs. 1,219,010	Rs. 1,678,916

15. PROVISION FOR PRODUCT WARRANTIES:

The Company provides warranties for the sale of its products and establishes a provision for product warranties for the amount of expected warranty costs. Provisions for product warranties for the three months ended March 31, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Three months ended March 31, 2015	₩ 137,866,039	₩ 25,685,659	₩ 25,463,336	₩ 138,088,362	₩ 56,578,386	₩ 81,509,976
Three months ended March 31, 2014	₩ 125,479,981	₩ 30,589,294	₩ 21,083,851	₩ 134,985,424	₩ 57,074,156	₩ 77,911,268

(Unit: Indian rupee in thousands)

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
Three months ended March 31, 2015	Rs. 7,789,431	Rs. 1,451,240	Rs. 1,438,678	Rs. 7,801,993	Rs. 3,196,679	Rs. 4,605,314
Three months ended March 31, 2014	Rs. 7,089,619	Rs. 1,728,295	Rs. 1,191,238	Rs. 7,626,676	Rs. 3,224,690	Rs. 4,401,986

16. OTHER LIABILITIES:

Carrying amounts of other liabilities as of March 31, 2015, and December 31, 2014, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Advances from customers	₩ 5,074,590	₩ 2,982,710	Rs. 286,714	Rs. 168,523
Deposits received	763,400	763,400	43,132	43,132
Withholdings	23,679,847	18,716,930	1,337,912	1,057,508
	₩ 29,517,837	₩ 22,463,040	Rs. 1,667,758	Rs. 1,269,163

17. RETIREMENT BENEFIT OBLIGATION:

- (1) Defined benefit plans and related liabilities arising from the Company's separate financial statements' configuration items as of March 31, 2015, and December 31, 2014, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Present value of defined benefit obligation	₩ 255,667,908	₩ 248,189,001	Rs. 14,445,237	Rs. 14,022,679
Fair value of plan assets	(1,420,455)	(1,440,612)	(80,256)	(81,395)
	<u>₩ 254,247,453</u>	<u>₩ 246,748,389</u>	<u>Rs. 14,364,981</u>	<u>Rs. 13,941,284</u>

- (2) Changes in the Company's defined benefit obligation for the three months ended March 31, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

	Three months ended March 31, 2015		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	₩ 248,189,001	₩ (1,440,612)	₩ 246,748,389
Net current service cost	9,410,271	-	9,410,271
Interest cost (income) on DBO	2,100,244	(12,162)	2,088,082
Subtotal	<u>259,699,516</u>	<u>(1,452,774)</u>	<u>258,246,742</u>
Actuarial gain or loss			
Actuarial gain or loss	-	5,167	5,167
Payments			
Benefit payment from plan assets	(27,152)	27,152	-
Benefit payment from company	(4,004,456)	-	(4,004,456)
Ending balance	<u>₩ 255,667,908</u>	<u>₩ (1,420,455)</u>	<u>₩ 254,247,453</u>

	Three months ended March 31, 2014		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	₩ 176,130,156	₩ (1,474,038)	₩ 174,656,118
Net current service cost	7,550,964	-	7,550,964
Interest cost (income) on DBO	1,897,578	(16,046)	1,881,532
Subtotal	<u>185,578,698</u>	<u>(1,490,084)</u>	<u>184,088,614</u>
Actuarial gain or loss			
Actuarial gain or loss	-	7,780	7,780
Payments			
Benefit payment from plan assets	(14,807)	14,807	-
Benefit payment from company	(1,340,211)	-	(1,340,211)
Replaced with accounts payable	(60,600)	-	(60,600)
Ending balance	<u>₩ 184,163,080</u>	<u>₩ (1,467,497)</u>	<u>₩ 182,695,583</u>

(Unit: Indian rupee in thousands)

	Three months ended March 31, 2015		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 14,022,679	Rs. (81,395)	Rs. 13,941,284
Net current service cost	531,680	-	531,680
Interest cost (income) on DBO	118,664	(687)	117,977
Subtotal	<u>14,673,023</u>	<u>(82,082)</u>	<u>14,590,941</u>

Three months ended March 31, 2015			
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Actuarial gain or loss			
Actuarial gain or loss	-	292	292
Payments			
Benefit payment from plan assets	(1,534)	1,534	-
Benefit payment from company	(226,252)	-	(226,252)
Ending balance	<u>Rs. 14,445,237</u>	<u>Rs. (80,256)</u>	<u>Rs. 14,364,981</u>

Three months ended March 31, 2014			
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 9,951,354	Rs. (83,283)	Rs. 9,868,071
Net current service cost	426,629	-	426,629
Interest cost (income) on DBO	107,213	(907)	106,306
Subtotal	<u>10,485,196</u>	<u>(84,190)</u>	<u>10,401,006</u>
Actuarial gain or loss			
Actuarial gain or loss	-	440	440
Payments			
Benefit payment from plan assets	(837)	837	-
Benefit payment from company	(75,722)	-	(75,722)
Replaced with accounts payable	(3,424)	-	(3,424)
Ending balance	<u>Rs. 10,405,213</u>	<u>Rs. (82,913)</u>	<u>Rs. 10,322,300</u>

(3) Actuarial assumptions used as of March 31, 2015, and December 31, 2014, are as follows:

	March 31, 2015	December 31, 2014
Discount rate (%)	3.41	3.41
Expected rate of salary increase (%)	5.31	5.31

18. CONTINGENCIES AND COMMITMENTS:

The following are the major commitments and contingent liabilities as of March 31, 2015.

- (1) The Company carries product liability insurance for all products, which it sells.
- (2) As of March 31, 2015, the Company has been providing guarantees from Korea Development Bank, etc., amounting to USD 268 million (execution amount USD131 million) related to import L/C.
- (3) The following are the major loan arrangements with the financial institutions as of March 31, 2015.

(Unit: Korean won in thousands)

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	₩ 30,000,000	₩ 30,000,000
Woori Bank	Operating purpose loans	30,000,000	30,000,000
JP Morgan	Current purpose loans	50,000,000	-
Nonghyup Bank	Limit purpose loans	15,000,000	-
Total		<u>₩ 125,000,000</u>	<u>₩ 60,000,000</u>

(Unit: Indian rupee in thousands)

<u>Financial institution</u>	<u>Classification</u>	<u>Limit</u>	<u>Exercise price</u>
KDB	Operating purpose loans	Rs. 1,695,000	Rs. 1,695,000
Woori Bank	Operating purpose loans	1,695,000	1,695,000
JP Morgan	Current purpose loans	2,825,000	-
Nonghyup Bank	Limit purpose loans	847,500	-
Total		<u>Rs. 7,062,500</u>	<u>Rs. 3,390,000</u>

(4) Pending litigations

As of March 31, 2015, the Company has four pending litigations as a plaintiff with claims amounting to ₩6,069 million (Rs. 343 million) and 31 pending litigations as a defendant with claims amounting to ₩23,621 million (Rs. 1,335 million). The Company recognized other payables amounting to ₩25,929 million (Rs. 1,465 million) that are expected to be a probable loss and can be reasonably estimated as of March 31, 2015.

19. CAPITAL STOCK:

As of March 31, 2015, and December 31, 2014, the number of authorized shares is 3 billion shares. Details of capital stock are as follows:

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

<u>Classification</u>	<u>No. of shares authorized</u>	<u>Shares outstanding</u>	<u>Par value</u>	<u>Capital stock</u>
March 31, 2015	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480
December 31, 2014	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480

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

<u>Classification</u>	<u>No. of shares authorized</u>	<u>Shares outstanding</u>	<u>Par value</u>	<u>Capital stock</u>
March 31, 2015	3,000,000,000	137,220,096	Rs. 283	Rs. 38,764,677
December 31, 2014	3,000,000,000	137,220,096	Rs. 283	Rs. 38,764,677

20. OTHER CAPITAL SURPLUS:

Details of other capital surplus as of March 31, 2015, and December 31, 2014, are as follows:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	(Korean won in thousands)		(Indian rupee in thousands)	
Other capital surplus	₩ 11,452,713	₩ 11,452,713	Rs. 647,078	Rs. 647,078
Paid-in capital in excess of par value				
Gain on retirement of capital stock	118,189,001	118,189,001	6,677,679	6,677,679
Debt converted to equity	931,508	931,508	52,630	52,630
Treasury stock	-	(1,189,820)	-	(67,225)
Gain on disposal of treasury stocks	1,105,137	-	62,440	-
	<u>₩ 131,678,359</u>	<u>₩ 129,383,402</u>	<u>Rs. 7,439,827</u>	<u>Rs. 7,310,162</u>

21. OTHER CAPITAL ADJUSTMENTS:

(1) Details of the Company's other capital adjustments as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	<u>Classification</u>		<u>March 31, 2015</u>		<u>December 31, 2014</u>
Other capital adjustments	Gain (loss) on valuation of derivatives	of	₩ (12,119,450)	₩	(14,167,300)

(Unit: Indian rupee in thousands)

	<u>Classification</u>		<u>March 31, 2015</u>		<u>December 31, 2014</u>
Other capital adjustments	Gain (loss) on valuation of derivatives		Rs. (684,749)	Rs.	(800,452)

(2) Changes in the Company's gain (loss) on valuation of derivatives for the three months ended March 31, 2015 and 2014, are as follows:

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>
Beginning balance	₩ (14,167,300)	₩ 26,833,680	Rs. (800,452)	Rs. 1,516,103
Gain (loss) on valuation of derivatives	(2,298,000)	(2,151,600)	(129,838)	(121,565)
Reclassified to net income	4,345,850	(11,945,000)	245,541	(674,893)
Ending balance	<u>₩ (12,119,450)</u>	<u>₩ 12,737,080</u>	<u>Rs. (684,749)</u>	<u>Rs. 719,645</u>

22. DEFICIT:

(1) Details of deficit as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Deficit	₩ (49,686,298)	₩ (18,220,064)

(Unit: Indian rupee in thousands)

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Deficit	Rs. (2,807,275)	Rs. (1,029,434)

(2) Changes in deficit (retained earnings) for the three months ended as of March 31, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>
Beginning balance	₩ (18,220,064)	₩ 47,725,963
Net income (loss)	(31,461,067)	9,453,931
Actuarial loss	(5,167)	(7,779)
Ending balance	<u>₩ (49,686,298)</u>	<u>₩ 57,172,115</u>

(Unit: Indian rupee in thousands)

	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>
Beginning balance	Rs. (1,029,434)	Rs. 2,696,517
Net income (loss)	(1,777,550)	534,147
Actuarial loss	(291)	(440)
Ending balance	<u>Rs. (2,807,275)</u>	<u>Rs. 3,230,224</u>

23. INCOME TAX:

The Company did not recognize deferred income tax assets and income tax because of deficit as of and for the three months ended March 31, 2015.

24. EXPENSES BY CATEGORY:

Details of expenses classified by category for the three months ended March 31, 2015 and 2014, are as follows:

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>
Changes in inventories	₩ (38,039,051)	₩ (7,949,718)	Rs. (2,149,206)	Rs. (449,159)
Raw materials and merchandise goods used	559,806,549	620,480,074	31,629,070	35,057,124
Employee benefits	115,635,672	94,112,375	6,533,415	5,317,349
Depreciation	29,254,080	27,309,441	1,652,855	1,542,984
Amortization	7,655,379	2,748,077	432,529	155,266
Others	118,983,124	124,693,467	6,722,548	7,045,180
Total(*)	<u>₩ 793,295,753</u>	<u>₩ 861,393,716</u>	<u>Rs. 44,821,211</u>	<u>Rs. 48,668,744</u>

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

25. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company has a derivative contract with financial institutions, such as Korea Development Bank to minimize the risks of exchange rate fluctuation by fitting the amount and period of expected foreign currency transactions (hedged items). Gain on valuation of derivatives for ₩846,760 thousand (Rs. 47,841 thousand) and loss on valuation of derivatives for ₩12,966,200 thousand (Rs. 732,590 thousand) applied to cash flow risk aversion accounting treatment is recognized as other capital components, and gain on valuation of derivatives for ₩1,895,050 thousand (Rs. 107,070 thousand) which is an inefficient part is recognized as current income for the three months ended March 31, 2015.

26. SELLING AND ADMINISTRATIVE EXPENSES:

(1) Selling expenses for the three months ended March 31, 2015 and 2014, are as follows:

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>
Warranty expenses	₩ 18,572,232	₩ 23,209,693	Rs. 1,049,331	Rs. 1,311,348
Sales commissions	42,973,986	39,164,585	2,428,030	2,212,799
Advertising expenses	6,682,295	3,349,314	377,550	189,236
Export expenses	12,106,491	16,125,878	684,017	911,112
Others	10,045,637	7,421,161	567,577	419,295
	<u>₩ 90,380,641</u>	<u>₩ 89,270,631</u>	<u>Rs. 5,106,505</u>	<u>Rs. 5,043,790</u>

(2) Administrative expenses for the three months ended March 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Salaries	₩ 11,883,908	₩ 11,613,290	Rs. 671,441	Rs. 656,151
Retirement benefits	1,875,860	1,549,708	105,986	87,559
Employee benefits	2,588,436	2,446,737	146,247	138,241
Rent expense	2,802,064	2,588,643	158,317	146,258
Service fees	6,593,543	5,881,054	372,535	332,280
Depreciation	2,897,639	1,697,853	163,717	95,929
R&D expenses	4,244,881	6,623,885	239,836	374,250
Amortization	1,740,294	1,632,353	98,327	92,228
Bad debt expense	25,910	167,644	1,464	9,472
Other administrative expenses	6,557,215	6,472,659	370,482	365,704
	<u>₩ 41,209,750</u>	<u>₩ 40,673,826</u>	<u>Rs. 2,328,352</u>	<u>Rs. 2,298,072</u>

27. NON-OPERATING INCOME (EXPENSES):

(1) Details of the Company's non-operating income for the three months ended March 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Commission income	₩ 210,561	₩ 690,589	Rs. 11,897	Rs. 39,018
Gain on foreign currency transactions	2,760,731	2,250,252	155,981	127,139
Gain on foreign currency translation	516,667	376,826	29,192	21,291
Gain on disposal of property, plant and equipment	9,150	19,020	517	1,075
Others	4,178,782	4,224,174	236,101	238,666
	<u>₩ 7,675,891</u>	<u>₩ 7,560,861</u>	<u>Rs. 433,688</u>	<u>Rs. 427,189</u>

(2) Details of the Company's non-operating expense for the three months ended March 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Loss on foreign currency transactions	₩ 1,793,690	₩ 1,900,149	Rs. 101,343	Rs. 107,358
Loss on foreign currency translation	1,111,448	254,364	62,797	14,372
Loss on disposal of property, plant and equipment	3,793	26,404	214	1,492
Loss on disposal of trade receivables	1,584,262	4,696,690	89,511	265,363
Others	2,417,311	1,456,175	136,578	82,274
	<u>₩ 6,910,504</u>	<u>₩ 8,333,782</u>	<u>Rs. 390,443</u>	<u>Rs. 470,859</u>

28. FINANCIAL INCOME AND COST:

- (1) Details of the Company's financial income for the three months ended March 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Interest income	₩ 874,209	₩ 1,928,200	Rs. 49,392	Rs. 108,943
Dividend income	6,000	11,000	339	622
Gain on foreign currency transactions	1,929,019	1,193,628	108,991	67,439
Gain on foreign currency translation	4,277,144	57,890	241,658	3,271
Gain on disposal of derivatives	117,850	9,993,800	6,659	564,650
Gain on valuation of derivatives	1,895,050	1,416,062	107,070	80,008
	<u>₩ 9,099,272</u>	<u>₩ 14,600,580</u>	<u>Rs. 514,109</u>	<u>Rs. 824,933</u>

- (2) Details of the Company's financial cost for the three months ended March 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Interest expense	₩ 263,936	₩ 1,190,389	Rs. 14,912	Rs. 67,257
Loss on foreign currency transactions	2,175,658	482,642	122,926	27,270
Loss on foreign currency translation	122,926	395,863	6,945	22,366
Loss on disposal of derivatives	4,389,900	-	248,029	-
Loss on valuation of derivatives	-	19,950	-	1,127
	<u>₩ 6,952,420</u>	<u>₩ 2,088,844</u>	<u>Rs. 392,812</u>	<u>Rs. 118,020</u>

- (3) Details of the Company's financial net profit for the three months ended March 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Loan and receivables	₩ 4,517,852	₩ 1,110,824	Rs. 255,259	Rs. 62,761
AFS financial assets	6,000	11,000	339	622
Derivative assets/liabilities	(2,377,000)	11,389,912	(134,301)	643,530
	<u>₩ 2,146,852</u>	<u>₩ 12,511,736</u>	<u>Rs. 121,297</u>	<u>Rs. 706,913</u>

29. INCOME (LOSS) PER SHARE:

- (1) Basic income (loss) per share for the three months ended March 31, 2015 and 2014 is calculated as follows (Unit: Korean won in thousands, except for earnings per share):

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Net income (loss)	₩ (31,461,067)	₩ 9,453,931	Rs. (1,777,550)	Rs. 534,147
Income (loss) contributed to common stocks	(31,461,067)	9,453,931	(1,777,550)	534,147
Number of common stocks outstanding	137,065,947	137,198,390	137,065,947	137,198,390
Basic and diluted income (loss) per share(*)	₩ (230)	₩ 69	Rs. (13)	Rs. 4

- (*) Basic and diluted income (loss) per share for the three months ended March 31, 2015 and 2014, is identical since there are no dilutive potential common shares.

- (2) The number of shares outstanding for the three months ended March 31, 2015 and 2014, are calculated as follows:

Three months ended March 31, 2015					
	Time interval		Outstanding	Weighted-average impact	Outstanding
	Common stock	2015-01-01			
Treasury stock	2015-01-01	2015-02-22	(237,964)	53/90	(140,134)
	2015-02-23	2015-02-23	(221,997)	1/90	(2,467)
	2015-02-24	2015-02-24	(191,997)	1/90	(2,133)
	2015-02-25	2015-02-25	(161,997)	1/90	(1,800)
	2015-02-26	2015-02-26	(121,997)	1/90	(1,356)
	2015-02-27	2015-03-01	(71,997)	3/90	(2,400)
	2015-03-02	2015-03-17	(21,706)	16/90	(3,859)
Total					137,065,947

Three months ended March 31, 2014					
	Time interval		Outstanding	Weighted-average impact	Outstanding
	Common stock	2014-01-01			
Treasury stock	2014-01-01	2014-03-31	(21,706)	90/90	(21,706)
Total					137,198,390

30. CASH FLOWS FROM OPERATING ACTIVITIES:

Details of cash flows from operating activities for the three months ended March 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
1. Net income (loss)	₩ (31,461,067)	₩ 9,453,931	Rs. (1,777,550)	Rs. 534,147
2. Adjustments	46,636,839	41,966,984	2,634,981	2,371,135
Retirement benefits	11,498,353	9,432,496	649,657	532,936
Depreciation	29,249,341	27,303,726	1,652,588	1,542,661
Amortization	7,655,379	2,748,077	432,529	155,266
Loss on disposal of trade receivables	1,584,262	4,696,690	89,511	265,363
Gain (loss) on foreign currency translation	(3,559,437)	215,512	(201,108)	12,176
Gain (loss) on disposal of property,	(5,357)	7,384	(303)	417

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
plant and equipment				
Interest income	(610,273)	(737,811)	(34,480)	(41,686)
Gain on dividends	(6,000)	(11,000)	(339)	(622)
Loss on valuation of inventories	2,803,230	(487,197)	158,382	(27,527)
Others	(1,972,659)	(1,200,893)	(111,456)	(67,849)
3. Changes in working capital	44,350,952	(39,450,334)	2,505,829	(2,228,944)
Decrease (increase) in trade receivables	2,184,131	(20,873,599)	123,404	(1,179,358)
Decrease (increase) in non-trade receivables	(132,506)	5,318,520	(7,487)	300,496
Increase in inventories	(31,152,028)	(1,295,848)	(1,760,090)	(73,215)
Increase in other assets	(3,098,383)	(2,961,250)	(175,059)	(167,311)
Increase in trade payables	104,848,264	39,434,274	5,923,927	2,228,036
Decrease in other payables	(33,271,704)	(36,925,572)	(1,879,851)	(2,086,295)
Decrease in accrued charges	(8,169,812)	(5,253,406)	(461,594)	(296,817)
Increase in provision of product warranties	222,322	9,505,443	12,561	537,058
Payment of severance indemnities	(4,004,456)	(1,340,211)	(226,252)	(75,722)
Increase (decrease) in other liabilities	16,925,124	(25,058,685)	956,270	(1,415,816)
Net cash provided by operating activities	<u>₩ 59,526,724</u>	<u>₩ 11,970,581</u>	<u>Rs. 3,363,260</u>	<u>Rs. 676,338</u>

31. SEGMENT INFORMATION:

- (1) The Company determined itself as a single reportable segment in light of nature of goods or service creating operating income and trait of assets providing service. Therefore, writing disclosure according to reportable segment's operating income, income before income tax and its assets and liabilities is omitted.
- (2) Information of each sales region for the three months ended March 31, 2015 and 2014, is as follows:

(Unit: Korean won and Indian rupee in thousands):

Sales region	Three months ended March 31, 2015	
Republic of Korea	₩ 540,963,004	Rs. 30,564,410
Europe	87,843,859	4,963,178
Asia Pacific	24,532,393	1,386,080
Others	105,583,191	5,965,450
	<u>₩ 758,922,447</u>	<u>Rs. 42,879,118</u>

Sales region	Three months ended March 31, 2014	
Republic of Korea	₩ 493,726,128	Rs. 27,895,526
Europe	149,577,261	8,451,115
Asia Pacific	89,448,187	5,053,823
Others	126,357,256	7,139,185
	<u>₩ 859,108,832</u>	<u>Rs. 48,539,649</u>

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

- (3) Information of each sales product and service for the three months ended March 31, 2015 and 2014, is as follows (Unit: Korean won and Indian rupee in thousands):

Sales	Three months ended March 31, 2015			
Automobile	₩	674,605,618	Rs.	38,115,217
Products		79,666,873		4,501,178
Others		4,649,956		262,723
	₩	758,922,447	Rs.	42,879,118

Sales	Three months ended March 31, 2014			
Automobile	₩	772,637,667	Rs.	43,654,028
Products		81,462,113		4,602,609
Others		5,009,052		283,012
	₩	859,108,832	Rs.	48,539,649

32. RELATED-PARTY TRANSACTIONS:

- (1) Details of related parties as of March 31, 2015, are as follows:

	Related parties
Controlling company	Mahindra & Mahindra Ltd.
Subsidiary companies	Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.
Other affiliated companies	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.

- (2) Major transactions with related parties for the three months ended March 31, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

Related party	Company	Description	Three months ended March 31, 2015	Three months ended March 31, 2014
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩ 370,244	₩ 154,434
		Other income	13,221	13,602
		Purchases	505,599	-
		Intangible asset purchases	-	-
		Other expenses	41,156	1,024,335
Transactions with subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.	Sales	₩ 1,999,075	₩ 2,193,017
		Other income	-	-
		Purchases	-	-
		Intangible asset purchases	-	-
		Other expenses	38	50,377
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Sales	₩ 2,087,353	₩ 1,682,562
		Other income	-	26,901
		Purchases	-	-
		Intangible asset purchases	-	-
		Other expenses	73,281	48,079

(Unit: Indian rupee in thousands)

Related party	Company	Description	Three months ended March 31, 2015	Three months ended March 31, 2014
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs. 20,919	Rs. 8,726
		Other income	747	769
		Purchases	28,566	-
		Intangible asset purchases	-	-
		Other expenses	2,325	57,875
Transactions with subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.	Sales	Rs. 112,948	Rs. 123,905
		Other income	-	-
		Purchases	-	-
		Intangible asset purchases	-	-

<u>Related party</u>	<u>Company</u>	<u>Description</u>	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>
		Other expenses		2,846
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd.	Sales	Rs. 117,935	Rs. 95,065
	Mahindra & Mahindra South Africa Ltd.	Other income	-	1,520
		Purchases	-	-
		Intangible asset purchases	-	-
		Other expenses	4,140	2,716

The bad debt expense recognized for the three months ended March 31, 2015 and 2014, does not exist.

(3) Outstanding receivables and payables from transactions with related parties as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Receivables from and payables to controlling company:		
Trade receivables	₩ 109,307	₩ 40,507
Non-trade receivables	215,258	159,510
Trade payables	-	205,628
Non-trade payables	779,784	982,293
Receivables from and payables to subsidiaries:		
Trade receivables	₩ 10,194,603	₩ 11,277,388
Non-trade receivables	343,724	383,861
Trade payables	-	-
Non-trade payables	782,608	871,324
Receivables from and payables to affiliates:		
Trade receivables	₩ 1,146,421	₩ 1,459,978
Non-trade receivables	-	23,435
Trade payables	-	-
Non-trade payables	102,494	125,892

(Unit: Indian rupee in thousands)

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Receivables from and payables to controlling company:		
Trade receivables	Rs. 6,176	Rs. 2,289
Non-trade receivables	12,162	9,012
Trade payables	-	11,618
Non-trade payables	44,058	55,500
Receivables from and payables to subsidiaries:		
Trade receivables	Rs. 575,995	Rs. 637,172
Non-trade receivables	19,420	21,688
Trade payables	-	-
Non-trade payables	44,217	49,230
Receivables from and payables to affiliates:		
Trade receivables	Rs. 64,773	Rs. 82,489
Non-trade receivables	-	1,324
Trade payables	-	-
Non-trade payables	5,791	7,113

The Company did not recognize allowance for the above-mentioned receivables, and no bad debt expense was recognized for the three months ended March 31, 2015 and 2014.

- (4) Loan and borrowing transactions with related parties for the three months ended March 31, 2014, are as follows:

(Unit: Korean won in thousands)

<u>Three months ended March 31, 2014</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Controlling company				
Mahindra & Mahindra Ltd. Bonds	₩ 95,404,765	₩ -	₩ 95,404,765	₩ -

(Unit: Indian rupee in thousands)

<u>Three months ended March 31, 2014</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Controlling company				
Mahindra & Mahindra Ltd. Bonds	Rs. 5,390,369	Rs. -	Rs. 5,390,369	Rs. -

- (5) Details of compensation for key executives for the three months ended March 31, 2015 and 2014, are as follows:

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>
Short-term employee benefits	₩ -	₩ 273,999	Rs. -	Rs. 15,481
Retirement benefits	11,676	9,896	660	559

33. FINANCIAL INSTRUMENTS:

(1) Capital risk management

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

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

Debt-to-equity ratio as of March 31, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Debt (A)	₩ 1,308,960,269	₩ 1,190,749,155
Equity (B)	<u>755,973,091</u>	<u>783,096,518</u>
Debt ratio (A/B)	<u>173.15%</u>	<u>152.06%</u>

(Unit: Indian rupee in thousands)

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Debt (A)	Rs. 73,956,256	Rs. 67,277,328
Equity (B)	<u>42,712,480</u>	<u>44,244,953</u>
Debt ratio (A/B)	<u>173.15%</u>	<u>152.06%</u>

(2) Details of financial assets and liabilities by category as of March 31, 2015, and December 31, 2014, are as follows:

1) Financial assets

(Unit: Korean won in thousands)

Financial assets	March 31, 2015				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩179,223,078	₩ -	₩ -	₩179,223,078	₩179,223,078
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	221,288,268	-	-	221,288,268	221,288,268
AFS financial assets	-	560,000	-	560,000	560,000
Derivative assets	-	-	1,094,400	1,094,400	1,094,400
	<u>₩400,517,346</u>	<u>₩ 560,000</u>	<u>₩ 1,094,400</u>	<u>₩402,171,746</u>	<u>₩402,171,746</u>

Financial assets	December 31, 2014				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩149,091,232	₩ -	₩ -	₩149,091,232	₩149,091,232
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	226,953,218	-	-	226,953,218	226,953,218
AFS financial assets	-	560,000	-	560,000	560,000
Derivative assets	-	-	1,232,650	1,232,650	1,232,650
	<u>₩376,050,450</u>	<u>₩ 560,000</u>	<u>₩ 1,232,650</u>	<u>₩377,843,100</u>	<u>₩377,843,100</u>

(Unit: Indian rupee in thousands)

Financial assets	March 31, 2015				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 10,126,104	Rs. -	Rs. -	Rs. 10,126,104	Rs. 10,126,104
Long-term financial instruments	339	-	-	339	339
Trade receivables and other receivables	12,502,788	-	-	12,502,788	12,502,788
AFS financial assets	-	31,640	-	31,640	31,640
Derivative assets	-	-	61,834	61,834	61,834
	<u>Rs. 22,629,231</u>	<u>Rs. 31,640</u>	<u>Rs. 61,834</u>	<u>Rs. 22,722,705</u>	<u>Rs. 22,722,705</u>

Financial assets	December 31, 2014				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 8,423,655	Rs. -	Rs. -	Rs. 8,423,655	Rs. 8,423,655
Long-term financial instruments	339	-	-	339	339
Trade receivables and other receivables	12,822,857	-	-	12,822,857	12,822,857
AFS financial assets	-	31,640	-	31,640	31,640
Derivative assets	-	-	69,645	69,645	69,645
	<u>Rs. 21,246,851</u>	<u>Rs. 31,640</u>	<u>Rs. 69,645</u>	<u>Rs. 21,348,136</u>	<u>Rs. 21,348,136</u>

2) Financial liabilities

(Unit: Korean won in thousands):

March 31, 2015				
<u>Financial liabilities</u>	<u>Financial liability measured at amortized cost</u>	<u>Derivatives designated to hedge item</u>	<u>Total</u>	<u>Fair value</u>
Trade payables and other payables	₩ 701,490,129	₩ -	₩ 701,490,129	₩ 701,490,129
Debt	159,219,766	-	159,219,766	159,219,766
Derivative liabilities	-	11,157,650	11,157,650	11,157,650
	<u>₩ 860,709,895</u>	<u>₩ 11,157,650</u>	<u>₩ 871,867,545</u>	<u>₩ 871,867,545</u>

December 31, 2014				
<u>Financial liabilities</u>	<u>Financial liability measured at amortized cost</u>	<u>Derivatives designated to hedge item</u>	<u>Total</u>	<u>Fair value</u>
Trade payables and other payables	₩ 628,537,845	₩ -	₩ 628,537,845	₩ 628,537,845
Debt	124,540,013	-	124,540,013	124,540,013
Derivative liabilities	-	14,974,250	14,974,250	14,974,250
	<u>₩ 753,077,858</u>	<u>₩ 14,974,250</u>	<u>₩ 768,052,108</u>	<u>₩ 768,052,108</u>

(Unit: Indian-Rupee in thousands):

March 31, 2015				
<u>Financial liabilities</u>	<u>Financial liability measured at amortized cost</u>	<u>Derivatives designated to hedge item</u>	<u>Total</u>	<u>Fair value</u>
Trade payables and other payables	Rs. 39,634,193	Rs. -	Rs. 39,634,193	Rs. 39,634,193
Debt	8,995,917	-	8,995,917	8,995,917
Derivative liabilities	-	630,407	630,407	630,407
	<u>Rs. 48,630,110</u>	<u>Rs. 630,407</u>	<u>Rs. 49,260,517</u>	<u>Rs. 49,260,517</u>

December 31, 2014				
<u>Financial liabilities</u>	<u>Financial liability measured at amortized cost</u>	<u>Derivatives designated to hedge item</u>	<u>Total</u>	<u>Fair value</u>
Trade payables and other payables	Rs. 35,512,388	Rs. -	Rs. 35,512,388	Rs. 35,512,388
Debt	7,036,511	-	7,036,511	7,036,511
Derivative liabilities	-	846,045	846,045	846,045
	<u>Rs. 42,548,899</u>	<u>Rs. 846,045</u>	<u>Rs. 43,394,944</u>	<u>Rs. 43,394,944</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 factor.

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

1) Market risk

a. Foreign currency risk

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

The table below shows the sensitivity for each foreign currency when exchange rates change 10 %. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% at the period-end of March 31, 2015.

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

(Unit: Korean won in thousands)

Currency	Korean won in thousands		Indian rupee in thousands	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 1,456,581	₩ (1,456,581)	Rs. 82,297	Rs. (82,297)
EUR	(3,856,883)	3,856,883	(217,914)	217,914
JPY	(3,880,813)	3,880,813	(219,266)	219,266
Others	824,598	(824,598)	46,590	(46,590)
	<u>₩ (5,456,517)</u>	<u>₩ 5,456,517</u>	<u>Rs. (308,293)</u>	<u>Rs. 308,293</u>

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

The cumulative benefits of cash flow hedging related to forward contracts deferred to equity, amount to ₩12,119,450 thousand (Rs. 684,749 thousand), and this amount will be reclassified as current income or loss, when the contracts are settled. Future transactions related to forward transactions will occur within 12 months at the latest starting from the end of current period.

b. Interest rate risk.

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

When other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Company's current income will decrease/increase ₩73,973 thousand (Rs. 4,179 thousand) for the three months ended March 31, 2015, due to floating rate debt's interest rate risk.

2) Credit risk

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

As of March 31, 2015, and December 31, 2014, the maximum exposed amounts of credit risk for financial assets maintained by the Company are as follows.

	March 31, 2015		December 31, 2014	
	(Korean won in thousands)		(Indian rupee in thousands)	
Trade and other receivables	₩	221,288,268	₩	226,953,218
			Rs.	12,502,787
			Rs.	12,822,857

3) Liquidity risk

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

Maturity analysis of non-derivative financial liabilities according to their remaining maturities as of March 31, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

	March 31, 2015		
	Within a year	More than 1 year	Total
Trade payables	₩ 471,682,931	₩ -	₩ 471,682,931
Non-trade payables	188,693,743	-	188,693,743
Short-term borrowings	137,775,591	-	137,775,591
Derivative liabilities	11,157,650	-	11,157,650
Other payables	21,575,406	-	21,575,406
Long-term borrowings	-	24,365,855	24,365,855
Long-term non-trade payables	-	19,538,048	19,538,048
	<u>₩ 830,885,321</u>	<u>₩ 43,903,903</u>	<u>₩ 874,789,224</u>

	December 31, 2014		
	Within a year	More than 1 year	Total
Trade payables	₩ 367,047,418	₩ -	₩ 367,047,418
Non-trade payables	228,240,409	-	228,240,409
Short-term borrowings	100,926,284	-	100,926,284
Derivative liabilities	14,974,250	-	14,974,250
Other payables	29,715,325	-	29,715,325
Long-term borrowings	-	27,212,632	27,212,632
Long-term non-trade payables	-	3,534,693	3,534,693
	<u>₩ 740,903,686</u>	<u>₩ 30,747,325</u>	<u>₩ 771,651,011</u>

(Unit: Indian rupee in thousands)

	March 31, 2015		
	Within a year	More than 1 year	Total
Trade payables	Rs. 26,650,086	Rs. -	Rs. 26,650,086
Non-trade payables	10,661,196	-	10,661,196
Short-term borrowings	7,784,321	-	7,784,321
Derivative liabilities	630,407	-	630,407
Other payables	1,219,011	-	1,219,011
Long-term borrowings	-	1,376,671	1,376,671
Long-term non-trade payables	-	1,103,900	1,103,900
	<u>Rs. 46,945,021</u>	<u>Rs. 2,480,571</u>	<u>Rs. 49,425,592</u>

	December 31, 2014		
	Within a year	More than 1 year	Total
Trade payables	Rs. 20,738,179	Rs. -	Rs. 20,738,179
Non-trade payables	12,895,583	-	12,895,583
Short-term borrowings	5,702,335	-	5,702,335
Derivative liabilities	846,045	-	846,045
Other payables	1,678,916	-	1,678,916
Long-term borrowings	-	1,537,514	1,537,514
Long-term non-trade payables	-	199,710	199,710
	<u>Rs. 41,861,058</u>	<u>Rs. 1,737,224</u>	<u>Rs. 43,598,282</u>

Funding arrangements as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

		<u>March 31, 2015</u>		<u>December 31, 2014</u>	
Borrowing limit commitments	Used	₩	60,000,000	₩	60,000,000
	Unused		<u>65,000,000</u>		<u>65,000,000</u>
	Total	₩	<u>125,000,000</u>	₩	<u>125,000,000</u>

(Unit: Indian rupee in thousands)

		<u>March 31, 2015</u>		<u>December 31, 2014</u>	
Borrowing limit commitments	Used	Rs.	3,390,000	Rs.	3,390,000
	Unused		<u>3,672,500</u>		<u>3,672,500</u>
	Total	Rs.	<u>7,062,500</u>	Rs.	<u>7,062,500</u>

(4) Fair value of financial instruments

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

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

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

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

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

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
Level 3	Inputs that are not based on observable market data

Fair values of financial instruments by heirarchy level as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

		<u>March 31, 2015</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	₩	-	₩ 1,094,400	₩ -	₩ 1,094,400
Derivative liabilities designated to hedge item		-	11,157,650	-	11,157,650
		<u>December 31, 2014</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	₩	-	₩ 1,232,650	₩ -	₩ 1,232,650
Derivative liabilities designated to hedge item		-	14,974,250	-	14,974,250

(Unit: Indian rupee in thousands)

Type	March 31, 2015			
	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	Rs. -	Rs. 61,834	Rs. -	Rs. 61,834
Derivative liabilities designated to hedge item	-	630,407	-	630,407

Type	December 31, 2014			
	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	Rs. -	Rs. 69,645	Rs. -	Rs. 69,645
Derivative liabilities designated to hedge item	-	846,045	-	846,045

- 4) The Company measures the foreign exchange forward contract (derivative assets: ₹1,094,400 thousand (Rs. 61,834 thousand) and derivative liabilities: ₹1,157,650 thousand (Rs. 630,407 thousand)) based on the forward rate announced officially in the market as of March 31, 2015. In the event that no corresponding forward rate with residual period of the foreign exchange forward contract in the market exists, the Company measured the market value through interpolation method.

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