

SSANGYONG MOTOR COMPANY

SEPARATE FINANCIAL STATEMENTS
AS OF JUNE 30, 2015, AND DECEMBER 31, 2014,
AND FOR THE SIX MONTHS ENDED
JUNE 30, 2015 AND 2014

ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of Independent Accountants' Review Report Originally Issued in Korean on August 12, 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 June 30, 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 six months ended June 30, 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 income, 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.

August 12, 2015

Notice to Readers

This report is effective as of August 12, 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 JUNE 30, 2015, AND DECEMBER 31, 2014

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
	(In thousands)		(In thousands)	
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 33)	₩ 114,509,717	₩ 149,091,232	Rs. 6,549,956	Rs. 8,528,018
Trade and other receivables, net (Notes 7, 32 and 33)	161,002,447	178,789,880	9,209,340	10,226,781
Derivative assets (Notes 25 and 33)	369,028	1,232,650	21,108	70,508
Inventories, net (Notes 8 and 24)	271,976,636	257,522,706	15,557,063	14,730,299
Other current assets (Note 10)	<u>10,006,244</u>	<u>7,716,268</u>	<u>572,357</u>	<u>441,370</u>
Total current assets	<u>557,864,072</u>	<u>594,352,736</u>	<u>31,909,824</u>	<u>33,996,976</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	343	343
Non-current AFS financial assets (Notes 6 and 33)	560,000	560,000	32,032	32,032
Non-current other receivables, net (Notes 7 and 33)	47,528,300	48,163,339	2,718,619	2,754,943
Property, plant and equipment, net (Note 11)	1,191,585,209	1,173,658,635	68,158,674	67,133,274
Intangible assets (Note 12)	167,745,733	150,915,434	9,595,056	8,632,363
Investments in subsidiaries (Note 9)	5,829,056	5,829,056	333,422	333,422
Other non-current assets (Note 10)	<u>354,483</u>	<u>360,473</u>	<u>20,276</u>	<u>20,618</u>
Total non-current assets	<u>1,413,608,781</u>	<u>1,379,492,937</u>	<u>80,858,422</u>	<u>78,906,995</u>
TOTAL ASSETS	<u>₩1,971,472,853</u>	<u>₩1,973,845,673</u>	<u>Rs.112,768,246</u>	<u>Rs.112,903,971</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES:				
Trade and other payables (Notes 14, 18, 32 and 33)	₩ 557,008,746	₩ 625,003,152	Rs. 31,860,900	Rs. 35,750,180
Short-term borrowings (Notes 13, 18 and 33)	175,442,938	99,540,013	10,035,336	5,693,689
Derivative liabilities (Notes 25 and 33)	10,357,250	14,974,250	592,435	856,527
Provision for product warranties (Note 15)	59,420,226	57,556,475	3,398,837	3,292,230
Long-term employee benefits obligation	545,579	1,770,267	31,207	101,259
Other current liabilities (Note 16)	<u>33,588,818</u>	<u>22,463,040</u>	<u>1,921,281</u>	<u>1,284,887</u>
Total current liabilities	<u>₩ 836,363,557</u>	<u>₩ 821,307,197</u>	<u>Rs. 47,839,996</u>	<u>Rs. 46,978,772</u>

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF JUNE 30, 2015, AND DECEMBER 31, 2014

	Korean won		Indian rupee	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Long-term borrowing (Notes 13, 18 and 33)	₩ 20,000,000	₩ 25,000,000	Rs. 1,144,000	Rs. 1,430,000
Other non-current payables (Note 33)	17,766,958	3,534,693	1,016,270	202,184
Retirement benefit obligation (Note 17)	262,827,052	246,748,389	15,033,707	14,114,008
Other long-term employee benefits obligation	14,557,854	13,849,312	832,709	792,181
Provision for long-term product warranties (Note 15)	85,820,465	80,309,564	4,908,931	4,593,707
Total non-current liabilities	400,972,329	369,441,958	22,935,617	21,132,080
TOTAL LIABILITIES	1,237,335,886	1,190,749,155	70,775,613	68,110,852
SHAREHOLDERS' EQUITY:				
Capital stock (Note 19)	₩ 686,100,480	₩ 686,100,480	Rs. 39,244,947	Rs. 39,244,947
Other capital surplus (Note 20)	131,678,359	129,383,402	7,532,002	7,400,730
Other capital adjustments (Notes 21 and 25)	(12,347,000)	(14,167,300)	(706,249)	(810,370)
Accumulated deficit (Note 22)	(71,294,872)	(18,220,064)	(4,078,067)	(1,042,188)
TOTAL SHAREHOLDERS' EQUITY	734,136,967	783,096,518	41,992,633	44,793,119
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩1,971,472,853</u>	<u>₩1,973,845,673</u>	<u>Rs. 112,768,246</u>	<u>Rs. 112,903,971</u>

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	Korean won			
	Three months ended June 30, 2015 (In thousands, except per share amounts)	Six months ended June 30, 2015 (In thousands, except per share amounts)	Three months ended June 30, 2014 (In thousands, except per share amounts)	Six months ended June 30, 2014 (In thousands, except per share amounts)
SALES (Notes 31 and 32)	₩ 833,636,958	₩ 1,592,559,405	₩ 863,816,628	₩ 1,722,925,460
COST OF SALES (Notes 24 and 32)	<u>711,284,550</u>	<u>1,372,989,912</u>	<u>753,682,288</u>	<u>1,485,131,546</u>
GROSS PROFIT	122,352,408	219,569,493	110,134,340	237,793,914
SELLING AND ADMINISTRATIVE EXPENSES (Note 24 and 26)	<u>141,605,391</u>	<u>273,195,782</u>	<u>124,753,365</u>	<u>254,697,822</u>
OPERATING INCOME (LOSS)	(19,252,983)	(53,626,289)	(14,619,025)	(16,903,908)
NON-OPERATING INCOME (Note 27)	9,140,995	16,816,886	7,721,080	15,281,941
NON-OPERATING EXPENSES (Note 27)	6,377,885	13,288,389	39,210,229	47,544,012
FINANCIAL INCOME (Note 28)	2,530,214	11,629,487	22,756,970	37,357,550
FINANCIAL COST (Note 28)	<u>7,643,685</u>	<u>14,596,105</u>	<u>4,084,503</u>	<u>6,173,347</u>
INCOME (LOSS) BEFORE INCOME TAX	(21,603,344)	(53,064,410)	(27,435,707)	(17,981,776)
INCOME TAX EXPENSE (Note 23)	-	-	-	-
NET INCOME (LOSS)	(21,603,344)	(53,064,410)	(27,435,707)	(17,981,776)
OTHER COMPREHENSIVE LOSS	<u>(232,781)</u>	<u>1,809,902</u>	<u>(4,701,430)</u>	<u>(18,805,810)</u>
TOTAL COMPREHENSIVE LOSS	<u>₩ (21,836,125)</u>	<u>₩ (51,254,508)</u>	<u>₩ (32,137,137)</u>	<u>₩ (36,787,586)</u>
INCOME (LOSS) PER SHARE (Note 29) Basic and diluted loss per share	₩ (157)	₩ (387)	₩ (200)	₩ (131)

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	Indian Rupee			
	Three months ended June 30, 2015 (In thousands, except per share amounts)	Six months ended June 30, 2015 (In thousands, except per share amounts)	Three months ended June 30, 2014 (In thousands, except per share amounts)	Six months ended June 30, 2014 (In thousands, except per share amounts)
SALES (Notes 31 and 32)	Rs. 47,684,034	Rs. 91,094,398	Rs. 49,410,311	Rs. 98,551,336
COST OF SALES (Notes 24 and 32)	<u>40,685,476</u>	<u>78,535,023</u>	<u>43,110,627</u>	<u>84,949,524</u>
GROSS PROFIT	6,998,558	12,559,375	6,299,684	13,601,812
SELLING AND ADMINISTRATIVE EXPENSES (Note 26)	<u>8,099,828</u>	<u>15,626,799</u>	<u>7,135,892</u>	<u>14,568,715</u>
OPERATING INCOME (LOSS)	(1,101,270)	(3,067,424)	(836,208)	(966,903)
NON-OPERATING INCOME (Note 27)	522,865	961,926	441,646	874,127
NON-OPERATING EXPENSES (Note 27)	364,815	760,096	2,242,825	2,719,517
FINANCIAL INCOME (Note 28)	144,728	665,207	1,301,699	2,136,852
FINANCIAL COST (Note 28)	<u>437,219</u>	<u>834,897</u>	<u>233,634</u>	<u>353,115</u>
INCOME (LOSS) BEFORE INCOME TAX	(1,235,711)	(3,035,284)	(1,569,322)	(1,028,556)
INCOME TAX EXPENSE (Note 23)	-	-	-	-
NET INCOME (LOSS)	(1,235,711)	(3,035,284)	(1,569,322)	(1,028,556)
OTHER COMPREHENSIVE LOSS	<u>(13,315)</u>	<u>103,526</u>	<u>(268,922)</u>	<u>(1,075,692)</u>
TOTAL COMPREHENSIVE LOSS	<u>Rs. (1,249,026)</u>	<u>Rs. (2,931,758)</u>	<u>Rs. (1,838,244)</u>	<u>Rs. (2,104,248)</u>
INCOME (LOSS) PER SHARE (Note 29) Basic and diluted loss per share	<u>Rs. (9)</u>	<u>Rs. (22)</u>	<u>Rs. (11)</u>	<u>Rs. (7)</u>

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	Korean won 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	₩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	-	-	-	-	-	-	-	-	(17,981,776)	(17,981,776)
Actuarial loss	-	-	-	-	-	-	-	-	(15,530)	(15,530)
Loss on valuation of derivatives	-	-	-	-	-	-	-	(18,790,280)	-	(18,790,280)
Balance at June 30, 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>₩ 8,043,400</u>	<u>₩ 29,728,657</u>	<u>₩ 853,255,939</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	-	-	-	-	-	-	-	-	(53,064,410)	(53,064,410)
Actuarial loss	-	-	-	-	-	-	-	-	(10,398)	(10,398)
Disposal of treasury stock	-	-	-	-	1,189,820	1,105,137	-	-	-	2,294,957
Gain on valuation of derivatives	-	-	-	-	-	-	-	1,820,300	-	1,820,300
Balance at June 30, 2015	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 118,189,001</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ 1,105,137</u>	<u>₩ -</u>	<u>₩ (12,347,000)</u>	<u>₩ (71,294,872)</u>	<u>₩ 734,136,967</u>

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	Indian rupee 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	Rs. 39,244,947	Rs. 655,095	Rs. 6,884,110	Rs. 53,282	Rs. (6,208)	-	Rs. (185,549)	Rs. 1,534,886	Rs. 2,729,925	Rs. 50,910,488
Net income	-	-	-	-	-	-	-	-	(1,028,556)	(1,028,556)
Actuarial loss	-	-	-	-	-	-	-	-	(888)	(888)
Loss on valuation of derivatives	-	-	-	-	-	-	-	(1,074,804)	-	(1,074,804)
Balance at June 30, 2014	<u>Rs. 39,244,947</u>	<u>Rs. 655,095</u>	<u>Rs. 6,884,110</u>	<u>Rs. 53,282</u>	<u>Rs. (6,208)</u>	<u>Rs. -</u>	<u>Rs. (185,549)</u>	<u>Rs. 460,082</u>	<u>Rs. 1,700,481</u>	<u>Rs. 48,806,240</u>
Balance at January 1, 2015	Rs. 39,244,947	Rs. 655,095	Rs. 6,760,411	Rs. 53,282	Rs. (68,058)	-	-	Rs. (810,370)	Rs. (1,042,188)	Rs. 44,793,119
Net loss	-	-	-	-	-	-	-	-	(3,035,284)	(3,035,284)
Actuarial loss	-	-	-	-	-	-	-	-	(595)	(595)
Disposal of treasury stock	-	-	-	-	68,058	63,214	-	-	-	131,272
Gain on valuation of derivatives	-	-	-	-	-	-	-	104,121	-	104,121
Balance at June 30, 2015	<u>Rs. 39,244,947</u>	<u>Rs. 655,095</u>	<u>Rs. 6,760,411</u>	<u>Rs. 53,282</u>	<u>Rs. -</u>	<u>Rs. 63,214</u>	<u>Rs. -</u>	<u>Rs. (706,249)</u>	<u>Rs. (4,078,067)</u>	<u>Rs. 41,992,633</u>

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	Korean won		Indian rupee	
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	₩ (53,064,410)	₩ (17,981,776)	Rs. (3,035,284)	Rs. (1,028,556)
Adjustment (Note 30)	101,968,128	111,805,431	5,832,577	6,395,270
Changes in net working capital (Note 30)	<u>(47,987,921)</u>	<u>(106,113,797)</u>	<u>(2,744,910)</u>	<u>(6,069,710)</u>
	915,797	(12,290,142)	52,383	(702,996)
Interests received	1,602,253	4,178,488	91,649	239,010
Interests paid	(1,483,821)	(2,522,737)	(84,875)	(144,301)
Dividend income received	<u>491,159</u>	<u>757,077</u>	<u>28,094</u>	<u>43,305</u>
Net cash provided by (used in) operating activities	<u>1,525,388</u>	<u>(9,877,314)</u>	<u>87,251</u>	<u>(564,982)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	4,208,036	-	240,700	-
Disposal of property, plant and equipment	596,652	225,399	34,129	12,893
Decrease in other assets	<u>113,159</u>	<u>1,525</u>	<u>6,473</u>	<u>87</u>
	4,917,847	226,924	281,302	12,980
Cash outflows for investing activities:				
Increase in other receivables	4,109,723	1,669,320	235,076	95,485
Acquisition of property, plant and equipment	76,372,169	74,791,522	4,368,488	4,278,075
Acquisition of intangible assets	<u>31,373,377</u>	<u>30,178,257</u>	<u>1,794,557</u>	<u>1,726,196</u>
	111,855,269	106,639,099	6,398,121	6,099,756
Net cash used in investing activities	<u>(106,937,422)</u>	<u>(106,412,175)</u>	<u>(6,116,819)</u>	<u>(6,086,776)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	68,494,534	5,359,363	3,917,887	306,556
Increase in government grants	41,028	16,804	2,347	961
Disposal of treasury stock	<u>2,294,957</u>	<u>-</u>	<u>131,272</u>	<u>-</u>
	70,830,519	5,376,167	4,051,506	307,517

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	Korean won		Indian rupee	
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ -	₩ 95,404,765	Rs. -	Rs. 5,457,153
	-	95,404,765	-	5,457,153
Net cash provided by (used in) financing activities	70,830,519	(90,028,598)	4,051,506	(5,149,636)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,581,515)	(206,318,087)	(1,978,062)	(11,801,394)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	149,091,232	359,712,082	8,528,018	20,575,531
CASH AND CASH EQUIVALENTS, ENDING OF YEAR	₩ 114,509,717	₩ 153,393,995	Rs. 6,549,956	Rs. 8,774,137

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

NOTES TO SEPARATE FINANCIAL STATEMENTS

AS OF JUNE 30, 2015, AND DECEMBER 31, 2014,
AND FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 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 June 30, 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 June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	Financial institution		June 30, 2015		December 31, 2014	Notes
Cash and cash equivalents	Shinhan Bank and others	₩	552,749	₩	405,689	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank		956,435		14,147,553	
Long-term financial instruments	Shinhan Bank and others		6,000		6,000	Overdraft deposit
		₩	<u>1,515,184</u>	₩	<u>14,559,242</u>	

(Unit: Indian rupee in thousands)

	Financial institution		June 30, 2015		December 31, 2014	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs.	31,617	Rs.	23,205	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank		54,708		809,240	
Long-term financial instruments	Shinhan Bank and others		343		343	Overdraft deposit
		Rs.	<u>86,668</u>	Rs.	<u>832,788</u>	

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

The Company's long-term available-for-sale ("AFS") financial assets as of June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Classification	Ownership (%)	June 30, 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 (%)	June 30, 2015			December 31, 2014
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 28,600	Rs. 38,646	Rs. 28,600	Rs. 28,600
Korea Management Consultants Association (*)	1.50	<u>3,432</u>	<u>30,253</u>	<u>3,432</u>	<u>3,432</u>
		<u>Rs. 32,032</u>	<u>Rs. 68,899</u>	<u>Rs. 32,032</u>	<u>Rs. 32,032</u>

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

7. TRADE AND OTHER RECEIVABLES:

All current trade and other receivables are due within one year from June 30, 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 June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Financial assets	June 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 148,717,725	₩ 8,024,434	₩ 4,351,717	₩ 47,683,027
Less: Allowance for doubtful accounts	<u>(61,255)</u>	<u>(3,472)</u>	<u>(26,702)</u>	<u>(154,727)</u>
	<u>₩ 148,656,470</u>	<u>₩ 8,020,962</u>	<u>₩ 4,325,015</u>	<u>₩ 47,528,300</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	₩ 2,777,862	₩ 48,312,977
Less: Allowance for doubtful accounts	<u>(87,169)</u>	<u>(393,336)</u>	<u>(11,054)</u>	<u>(149,638)</u>
	<u>₩ 157,682,038</u>	<u>₩ 18,341,033</u>	<u>₩ 2,766,808</u>	<u>₩ 48,163,339</u>

(Unit: Indian rupee in thousands)

Financial assets	June 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 8,506,654	Rs. 458,998	Rs. 248,918	Rs. 2,727,469
Less: Allowance for doubtful accounts	<u>(3,504)</u>	<u>(199)</u>	<u>(1,527)</u>	<u>(8,850)</u>
	<u>Rs. 8,503,150</u>	<u>Rs. 458,799</u>	<u>Rs. 247,391</u>	<u>Rs. 2,718,619</u>
Financial assets	December 31, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 9,024,399	Rs. 1,071,606	Rs. 158,893	Rs. 2,763,502
Less: Allowance for doubtful accounts	<u>(4,986)</u>	<u>(22,499)</u>	<u>(632)</u>	<u>(8,559)</u>
	<u>Rs. 9,019,413</u>	<u>Rs. 1,049,107</u>	<u>Rs. 158,261</u>	<u>Rs. 2,754,943</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 June 30, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

June 30, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₩ 477,415	₩ 370,921	₩ 2,301,488	₩ 3,149,824
Non-trade receivables	964,330	461,874	3,956,832	5,383,036
Other long-term receivables	2,042,508	4,099,208	103,250	6,244,966
	<u>₩ 3,484,253</u>	<u>₩ 4,932,003</u>	<u>₩ 6,361,570</u>	<u>₩ 14,777,826</u>

December 31, 2014				
Classification	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	2,121,889	4,207,765	107,179	6,436,833
	<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)

June 30, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 27,308	Rs. 21,217	Rs. 131,645	Rs. 180,170
Non-trade receivables	55,160	26,419	226,331	307,910
Other long-term receivables	116,831	234,475	5,906	357,212
	<u>Rs. 199,299</u>	<u>Rs. 282,111</u>	<u>Rs. 363,882</u>	<u>Rs. 845,292</u>

December 31, 2014				
Classification	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 104,089	Rs. 2,551	Rs. 155,544	Rs. 262,184
Non-trade receivables	33,232	425	270,823	304,480
Other long-term receivables	121,372	240,684	6,131	368,187
	<u>Rs. 258,693</u>	<u>Rs. 243,660</u>	<u>Rs. 432,498</u>	<u>Rs. 934,851</u>

- 2) Aging analysis of the trade, non-trade receivables and other long-term receivables that are impaired as of June 30, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

Classification	June 30, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₩ -	₩ -	₩ 47,349	₩ 47,349
	₩ -	₩ -	₩ 47,349	₩ 47,349

Classification	December 31, 2014			
	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
	₩ -	₩ -	₩ 435,586	₩ 435,586

(Unit: Indian rupee in thousands)

Classification	June 30, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	Rs. -	Rs. -	Rs. 2,708	Rs. 2,708
	Rs. -	Rs. -	Rs. 2,708	Rs. 2,708

Classification	December 31, 2014			
	3-6 months	6-12 months	More than 1 year	Total
Non-trade receivables	Rs. -	Rs. -	Rs. 22,207	Rs. 22,207
Other long-term receivables	-	-	2,708	2,708
	Rs. -	Rs. -	Rs. 24,915	Rs. 24,915

- 3) Changes in allowance for trade and other receivables for the six months ended June 30, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

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

Classification	Six months ended June 30, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₩ 208,701	₩ 491,039	₩ -	₩ 241,459
Bad debt expense	5,602	(12,884)	-	4,903
Ending balance	₩ 214,303	₩ 478,155	₩ -	₩ 246,362

(Unit: Indian rupee in thousands)

Classification	Six months ended June 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	Rs. 4,986	Rs. 22,499	Rs. 632	Rs. 8,559
Bad debt expense	(1,482)	(1,212)	895	291
Write-offs	-	(21,088)	-	-
Ending balance	Rs. 3,504	Rs. 199	Rs. 1,527	Rs. 8,850

Classification	Six months ended June 30, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	Rs. 11,938	Rs. 28,087	Rs. -	Rs. 13,811
Bad debt expense	320	(737)	-	280
Ending balance	<u>Rs. 12,258</u>	<u>Rs. 27,350</u>	<u>Rs. -</u>	<u>Rs. 14,091</u>

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

8. INVENTORIES:

Details of inventories as of June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	June 30, 2015	December 31, 2014
Merchandises	₩ 43,596,123	₩ 52,417,962
Finished goods	56,748,082	43,801,591
Work in process	30,717,961	29,184,732
Raw materials	58,263,271	51,686,249
Submaterials	530,091	601,473
Supplies	3,828,084	3,821,023
Goods in transit	78,293,024	76,009,676
Total	<u>₩ 271,976,636</u>	<u>₩ 257,522,706</u>

(Unit: Indian rupee in thousands)

	June 30, 2015	December 31, 2014
Merchandises	Rs. 2,493,698	Rs. 2,961,615
Finished goods	3,245,990	2,474,790
Work in process	1,757,067	1,648,937
Raw materials	3,332,659	2,920,273
Submaterials	30,321	33,983
Supplies	218,966	215,888
Goods in transit	4,478,362	4,294,547
Total	<u>Rs. 15,557,063</u>	<u>Rs. 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 ₩ 2,128,836 thousand (Rs. 121,769 thousand).

9. INVESTMENTS IN SUBSIDIARIES:

(1) Details of investments in subsidiaries

Details of investments in subsidiaries accounted for using the equity method as of June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Name of subsidiary	Location	Ownership (%)	June 30, 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	-	-
			₩ 6,173,792	₩ 5,829,056	₩ 5,829,056

(Unit: Indian rupee in thousands)

Name of subsidiary	Location	Ownership (%)	June 30, 2015		December 31, 2014
			Acquisition cost	Book value	Book value
Ssangyong Motor (Shanghai) Co., Ltd.	China	100	Rs. 305,339	Rs. 333,422	Rs. 333,422
Ssangyong European Parts Center B.V.	Netherlands	100	47,802	-	-
			Rs. 353,141	Rs. 333,422	Rs. 333,422

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company's subsidiaries as of and for the six months ended June 30, 2015, is as follows:

(Unit: Korean won in thousands)

Companies	Assets	Liabilities	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd	₩ 5,461,162	₩ 847,086	₩ 1,146,259	₩ (1,193,183)
Ssangyong European Parts Center B.V.	7,785,173	11,104,170	6,796,509	414,225

(Unit: Indian rupee in thousands)

Companies	Assets	Liabilities	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd	Rs. 312,378	Rs. 48,453	Rs. 65,566	Rs. (68,250)
Ssangyong European Parts Center B.V.	445,312	635,159	388,760	23,694

10. OTHER ASSETS:

Carrying amounts of other assets as of June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Account	June 30, 2015	December 31, 2014
Other current assets		
Advance payments	₩ 2,209,766	₩ 2,190,288
Less: Allowance for doubtful accounts	(9,581)	(10,298)
Prepaid expenses	7,597,776	4,741,584
Income tax refundable	208,283	794,694
	₩ 10,006,244	₩ 7,716,268
Other non-current assets		
Other non-current assets	354,483	360,473
	₩ 354,483	₩ 360,473

(Unit: Indian rupee in thousands)

Account	June 30, 2015		December 31, 2014	
Other current assets				
Advance payments	Rs.	126,399	Rs.	125,284
Less: Allowance for doubtful accounts		(548)		(589)
Prepaid expenses		434,593		271,219
Other current assets		1,913		45,456
	<u>Rs.</u>	<u>572,357</u>	<u>Rs.</u>	<u>441,370</u>
Other non-current assets				
Other non-current assets		20,276		20,618
	<u>Rs.</u>	<u>20,276</u>	<u>Rs.</u>	<u>20,618</u>

11. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	June 30, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	532,563,311	1,626,777	191,260,306	148,366,786	191,309,442
Structures	106,078,709	145,987	60,025,781	29,156,376	16,750,565
Machinery	1,301,057,644	535,455	1,020,563,064	98,795,779	181,163,346
Vehicles	9,300,979	-	6,755,673	1,127,904	1,417,402
Tools and molds	1,017,644,986	10,783	582,957,756	162,340,091	272,336,356
Equipment	67,707,411	10,667	40,871,895	4,488,467	22,336,382
Construction in progress	30,309,381	-	-	-	30,309,381
Machinery in transit	431,022	-	-	-	431,022
	<u>₩3,540,624,756</u>	<u>₩ 2,329,669</u>	<u>₩1,902,434,475</u>	<u>₩ 444,275,403</u>	<u>₩1,191,585,209</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)

June 30, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	Rs. 27,200,391	Rs. -	Rs. -	Rs. -	Rs. 27,200,391
Buildings	30,462,621	93,052	10,940,090	8,486,580	10,942,899
Structures	6,067,702	8,350	3,433,475	1,667,745	958,132
Machinery	74,420,497	30,628	58,376,207	5,651,119	10,362,543
Vehicles	532,016	-	386,424	64,516	81,076
Tools and molds	58,209,293	617	33,345,184	9,285,853	15,577,639
Equipment	3,872,864	610	2,337,872	256,740	1,277,642
Construction in progress	1,733,698	-	-	-	1,733,698
Machinery in transit	24,654	-	-	-	24,654
	<u>Rs.202,523,736</u>	<u>Rs. 133,257</u>	<u>Rs. 108,819,252</u>	<u>Rs. 25,412,553</u>	<u>Rs. 68,158,674</u>

December 31, 2014					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	Rs. 27,200,391	Rs. -	Rs. -	Rs. -	Rs. 27,200,391
Buildings	30,364,132	94,387	10,649,005	8,486,873	11,133,867
Structures	6,031,189	8,933	3,384,655	1,667,745	969,856
Machinery	71,833,554	33,936	57,676,032	5,654,446	8,469,140
Vehicles	546,594	-	387,445	68,352	90,797
Tools and molds	50,984,224	853	31,474,629	9,302,883	10,205,859
Equipment	3,834,838	891	2,171,229	259,840	1,402,878
Construction in progress	7,525,759	-	-	-	7,525,759
Machinery in transit	134,727	-	-	-	134,727
	<u>Rs. 198,455,408</u>	<u>Rs. 139,000</u>	<u>Rs. 105,742,995</u>	<u>Rs. 25,440,139</u>	<u>Rs. 67,133,274</u>

(2) Changes in the carrying amounts of property, plant and equipment for the six months ended June 30, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

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

Six months ended June 30, 2014						
	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	W 475,305,570	W 126	W -	W -	W -	W 475,305,696
Buildings	193,689,175	5,303	-	1,653,438	4,757,083	190,590,833
Structures	16,849,781	101,086	-	36,086	805,144	16,181,809
Machinery	99,266,258	134,221	100,408	5,378,694	16,507,251	88,171,514
Vehicles	1,849,794	87,370	18	(4,729)	255,388	1,677,029
Tools and molds	201,515,831	1,159,700	2,446	4,363,509	26,039,753	180,996,841
Equipment	23,779,404	1,029,792	6,046	203,315	2,780,361	22,226,104
Construction in progress	70,917,106	62,324,060	97,167	(10,039,925)	-	123,104,074
Machinery in transit	862,440	9,949,864	-	(1,591,374)	-	9,220,930
	<u>W 1,084,035,359</u>	<u>W 74,791,522</u>	<u>W 206,085</u>	<u>W (986)</u>	<u>W 51,144,980</u>	<u>W 1,107,474,830</u>

(Unit: Indian rupee in thousands)

Six months ended June 30, 2015						
	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 27,200,391	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 27,200,391
Buildings	11,133,867	1,799	72	97,584	290,279	10,942,899
Structures	969,856	9,479	-	27,050	48,253	958,132
Machinery	8,469,140	136,691	126	2,614,826	857,988	10,362,543
Vehicles	90,797	1,569	305	5,551	16,536	81,076
Tools and molds	10,205,859	1,186,801	9	6,145,427	1,960,439	15,577,639
Equipment	1,402,878	56,606	137	(214)	181,491	1,277,642
Construction in progress	7,525,759	2,954,634	-	(8,746,695)	-	1,733,698
Machinery in transit	134,727	20,909	-	(130,982)	-	24,654
	<u>Rs. 67,133,274</u>	<u>Rs. 4,368,488</u>	<u>Rs. 649</u>	<u>Rs. 12,547</u>	<u>Rs. 3,354,986</u>	<u>Rs. 68,158,674</u>

(*) Capitalization cost that has flowed into construction and other property, plant and equipment in progress is W339,095 thousand (Rs. 19,396 thousand) in this period.

(**) Depreciation cost of suspended assets' amount of W9,478 thousand (Rs. 541 thousand) is included from the depreciation cost.

Six months ended June 30, 2014						
	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 27,187,479	Rs. 7	Rs. -	Rs. -	Rs. -	Rs. 27,187,486
Buildings	11,079,021	303	-	94,577	272,105	10,901,796
Structures	963,807	5,782	-	2,064	46,054	925,599
Machinery	5,678,030	7,677	5,743	307,661	944,215	5,043,410
Vehicles	105,808	4,998	1	(270)	14,608	95,927
Tools and molds	11,526,706	66,335	140	249,593	1,489,474	10,353,020
Equipment	1,360,182	58,905	346	11,630	159,037	1,271,334
Construction in progress	4,056,458	3,564,936	5,558	(574,284)	-	7,041,552
Machinery in transit	49,332	569,132	-	(91,027)	-	527,437
	<u>Rs. 62,006,823</u>	<u>Rs. 4,278,075</u>	<u>Rs. 11,788</u>	<u>Rs. (56)</u>	<u>Rs. 2,925,493</u>	<u>Rs. 63,347,561</u>

(*) Depreciation cost of suspended assets' amount of W10,588 thousand (Rs. 606 thousand) is included from the depreciation cost.

(3) The assets pledged as collateral for the Company's borrowings as of June 30, 2015, are as follows:

(Unit: Korean won in thousands)

Assets pledged as collateral	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do 150-3 (factory site) and others	W 340,071,778	
Buildings and structures	Pyeongtaek plant production facilities	63,211,568	
Machinery		7,711,144	W231 billion
		<u>W 410,994,490</u>	

(Unit: Indian rupee in thousands)

Assets pledged as Collateral	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do 150-3 (factory site) and others	Rs. 19,452,106	Rs. 13.2 billion
Buildings and structures	Pyeongtaek plant production facilities	3,615,702	
Machinery		441,077	
		<u>Rs. 23,508,885</u>	

(4) Borrowing costs and capitalized interest, for the six months ended June 30, 2015 and 2014, are as follows.

(Unit: Korean won in thousands)

Account	Six months ended June 30, 2015	Six months ended June 30, 2014
Capitalized interest expenses(*)	₩ 1,074,168	₩ -
Capitalization interest rate	4.05%	-

(Unit: Indian rupee in thousands)

Account	Six months ended June 30, 2015	Six months ended June 30, 2014
Capitalized interest expenses(*)	Rs. 61,442	Rs. -
Capitalization interest rate	-	-

(*) Borrowing costs that have been capitalized during the year in development costs are ₩735,073 thousand (Rs. 42,046 thousand).

12. INTANGIBLE ASSETS:

(1) Details of intangible assets as of June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	June 30, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 148,086,281	₩ -	₩ 25,107,040	₩ -	₩ 122,979,241
Patents	2,295,770	21,340	944,080	36,010	1,294,340
Other intangible assets	57,957,988	16,528	13,893,203	576,105	43,472,152
	<u>₩ 208,340,039</u>	<u>₩ 37,868</u>	<u>₩ 39,944,323</u>	<u>₩ 612,115</u>	<u>₩ 167,745,733</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)

June 30, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 8,470,535	Rs. -	Rs. 1,436,123	Rs. -	Rs. 7,034,412
Patents	131,318	1,221	54,001	2,060	74,036
Other intangible assets	<u>3,315,197</u>	<u>945</u>	<u>794,691</u>	<u>32,953</u>	<u>2,486,608</u>
	<u>Rs. 11,917,050</u>	<u>Rs. 2,166</u>	<u>Rs. 2,284,815</u>	<u>Rs. 35,013</u>	<u>Rs. 9,595,056</u>

December 31, 2014					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 1,633,894	Rs. -	Rs. 820,336	Rs. -	Rs. 813,558
Patents	107,152	1,256	43,263	1,795	60,838
Other intangible assets	<u>8,398,289</u>	<u>1,518</u>	<u>605,111</u>	<u>33,693</u>	<u>7,757,967</u>
	<u>Rs. 10,139,335</u>	<u>Rs. 2,774</u>	<u>Rs. 1,468,710</u>	<u>Rs. 35,488</u>	<u>Rs. 8,632,363</u>

(2) Changes in intangible assets for the six months ended June 30, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

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

Six months ended June 30, 2014						
	Beginning balance	Acquisition(*)	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	₩ 5,107,302	₩ -	₩ 2,413,114	₩ -	₩ -	₩ 2,694,188
Patents	736,258	168,889	124,807	17,056	-	763,284
Other intangible assets	<u>83,636,581</u>	<u>29,992,564</u>	<u>3,040,582</u>	<u>-</u>	<u>-</u>	<u>110,588,563</u>
	<u>₩ 89,480,141</u>	<u>₩ 30,161,453</u>	<u>₩ 5,578,503</u>	<u>₩ 17,056</u>	<u>₩ -</u>	<u>₩ 114,046,035</u>

(Unit: Indian rupee in thousands)

Six months ended June 30, 2015							
	Beginning balance	Acquisition	Transfer	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	Rs. 813,558	Rs. 107,649	Rs. 6,790,935	Rs. 678,135	Rs. -	Rs. 405	Rs. 7,034,412
Patents	60,838	24,141	-	10,678	265	-	74,036
Other intangible assets	<u>7,757,967</u>	<u>1,662,733</u>	<u>(6,790,935)</u>	<u>189,007</u>	<u>-</u>	<u>45,850</u>	<u>2,486,608</u>
	<u>Rs. 8,632,363</u>	<u>Rs. 1,794,523</u>	<u>Rs. -</u>	<u>Rs. 877,820</u>	<u>Rs. 265</u>	<u>Rs. 46,255</u>	<u>Rs. 9,595,056</u>

Six months ended June 30, 2014						
	Beginning balance	Acquisition(*)	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	Rs. 292,138	Rs. -	Rs. 138,030	Rs. -	Rs. -	Rs. 154,108
Patents	42,114	9,660	7,139	976	-	43,659
Other intangible assets	<u>4,784,012</u>	<u>1,715,575</u>	<u>173,921</u>	<u>-</u>	<u>-</u>	<u>6,325,666</u>
	<u>Rs. 5,118,264</u>	<u>Rs. 1,725,235</u>	<u>Rs. 319,090</u>	<u>Rs. 976</u>	<u>Rs. -</u>	<u>Rs. 6,523,433</u>

(*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is ₩16,804 thousand (Rs. 961 thousand).

(**) Of the current-year development costs, the amount that has flowed into the capital of the cost is ₩753,073 thousand (Rs. 42,046 thousand).

(3) Amortization of the intangible assets for the six months ended June 30, 2015 and 2014, is as follows:

Account	Korean won in thousands		Indian rupee in thousands	
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Cost of goods manufactured	₩ 11,855,499	₩ 2,231,447	Rs. 678,135	Rs. 127,638
Selling and administrative expenses	<u>3,490,999</u>	<u>3,347,056</u>	<u>199,685</u>	<u>191,452</u>
	<u>₩ 15,346,498</u>	<u>₩ 5,578,503</u>	<u>Rs. 877,820</u>	<u>Rs. 319,090</u>

13. BORROWINGS:

(1) The Company's short-term borrowings as of June 30, 2015, and December 31, 2014, consist of the follows:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	June 30, 2015	December 31, 2014
Korea Development Bank				
Bank	Operating fund	CD +1.99	₩ 30,000,000	₩ 30,000,000
Woori Bank(*)	Operating fund	CD +2.0	10,000,000	5,000,000
BOA and others	Banker's usance	0.45-1.21	<u>135,442,938</u>	<u>64,540,013</u>
			<u>₩ 175,442,938</u>	<u>₩ 99,540,013</u>

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	June 30, 2015	December 31, 2014
Korea Development Bank				
Bank	Operating fund	CD +1.99	Rs. 1,716,000	Rs. 1,716,000
Woori Bank(*)	Operating fund	CD +2.0	572,000	286,000
BOA and others	Banker's usance	0.45-1.21	<u>7,747,336</u>	<u>3,691,689</u>
			<u>Rs. 10,035,336</u>	<u>Rs. 5,693,689</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 June 30, 2015, and December 31, 2014, consist of the follows:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	June 30, 2015	December 31, 2014
Woori Bank	Operating fund	CD +2.0	₩ 30,000,000	₩ 30,000,000
Net: within one-year arrival worth			<u>(10,000,000)</u>	<u>(5,000,000)</u>
			<u>₩ 20,000,000</u>	<u>₩ 25,000,000</u>

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	June 30, 2015	December 31, 2014
Woori Bank	Operating fund	CD +2.0	Rs. 1,716,000	Rs. 1,716,000
Net: within one-year arrival worth			<u>(572,000)</u>	<u>(286,000)</u>
			<u>Rs. 1,144,000</u>	<u>Rs. 1,430,000</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 June 30, 2015, and December 31, 2014, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Other current financial liabilities:				
Accrued expenses	₩ 27,083,329	₩ 29,715,325	Rs. 1,549,166	Rs. 1,699,717

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 six months ended June 30, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

Six months ended	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
	June 30, 2015	₩ 137,866,039	₩ 56,470,400	₩ 49,095,748	₩ 145,240,691	₩ 59,420,226
June 30, 2014	₩ 125,479,981	₩ 58,815,637	₩ 52,446,148	₩ 131,849,470	₩ 55,208,998	₩ 76,640,472

(Unit: Indian rupee in thousands)

Six months ended	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
	June 30, 2015	Rs. 7,885,937	Rs. 3,230,107	Rs. 2,808,276	Rs. 8,307,768	Rs. 3,398,837
June 30, 2014	Rs. 7,177,455	Rs. 3,364,254	Rs. 2,999,920	Rs. 7,541,789	Rs. 3,157,955	Rs. 4,383,834

16. OTHER LIABILITIES:

Carrying amounts of other liabilities as of June 30, 2015, and December 31, 2014, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Advances from customers	₩ 4,956,433	₩ 2,982,710	Rs. 283,508	Rs. 170,611
Deposits received	767,575	763,400	43,905	43,667
Withholdings	27,864,811	18,716,930	1,593,868	1,070,609
	₩ 33,588,819	₩ 22,463,040	Rs. 1,921,281	Rs. 1,284,887

17. RETIREMENT BENEFIT OBLIGATION:

(1) Defined benefit plans and related liabilities arising from the Company's separate financial statements' configuration items as of June 30, 2015, and December 31, 2014, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Present value of defined benefit obligation	₩ 264,220,219	₩ 248,189,001	Rs. 15,113,397	Rs. 14,196,411
Fair value of plan assets	(1,393,167)	(1,440,612)	(79,690)	(82,403)
	₩ 262,827,052	₩ 246,748,389	Rs. 15,033,707	Rs. 14,114,008

(2) Changes in the Company's defined benefit obligation for the six months ended June 30, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

Six months ended June 30, 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	18,820,542	-	18,820,542
Interest cost (income)	4,200,489	(24,324)	4,176,165
Subtotal	<u>271,210,032</u>	<u>(1,464,936)</u>	<u>269,745,096</u>
Actuarial gain or loss			
Actuarial gain or loss	-	10,398	10,398
Payments			
Benefit payment from plan assets	(61,371)	61,371	-
Benefit payment from company	<u>(6,928,442)</u>	<u>-</u>	<u>(6,928,442)</u>
Ending balance	<u>₩ 264,220,219</u>	<u>₩ (1,393,167)</u>	<u>₩ 262,827,052</u>

Six months ended June 30, 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	17,630,084	-	17,630,084
Interest cost (income)	3,795,156	(32,093)	3,763,063
Past service costs (including curtailments)	29,217,170	-	29,217,170
Subtotal	<u>226,772,566</u>	<u>(1,506,131)</u>	<u>225,266,435</u>
Actuarial gain or loss			
Actuarial gain or loss	-	15,530	15,530
Payments			
Benefit payment from plan assets	(32,248)	32,248	-
Benefit payment from company	(2,915,550)	-	(2,915,550)
Replaced with accounts payable	<u>(60,600)</u>	<u>-</u>	<u>(60,600)</u>
Ending balance	<u>₩ 223,764,168</u>	<u>₩ (1,458,353)</u>	<u>₩ 222,305,815</u>

(Unit: Indian rupee in thousands)

Six months ended June 30, 2015			
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 14,196,411	Rs. (82,403)	Rs. 14,114,008
Net current service cost	1,076,535	-	1,076,535
Interest cost (income)	240,268	(1,391)	238,877
Subtotal	<u>15,513,214</u>	<u>(83,794)</u>	<u>15,429,420</u>
Actuarial gain or loss			
Actuarial gain or loss	-	594	594
Payments			
Benefit payment from plan assets	(3,510)	3,510	-
Benefit payment from company	<u>(396,307)</u>	<u>-</u>	<u>(396,307)</u>
Ending balance	<u>Rs. 15,113,397</u>	<u>Rs. (79,690)</u>	<u>Rs. 15,033,707</u>

Six months ended June 30, 2014			
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 10,074,645	Rs. (84,315)	Rs. 9,990,330
Net current service cost	1,008,441	-	1,008,441
Interest cost (income)	217,083	(1,836)	215,247
Past service costs (including curtailments)	1,671,222	-	1,671,222
Subtotal	<u>12,971,391</u>	<u>(86,151)</u>	<u>12,885,240</u>

	Six months ended June 30, 2014		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Actuarial gain or loss			
Actuarial gain or loss	-	888	888
Payments			
Benefit payment from plan assets	(1,845)	1,845	-
Benefit payment from company	(166,769)	-	(166,769)
Replaced with accounts payable	(3,466)	-	(3,466)
Ending balance	<u>Rs. 12,799,311</u>	<u>Rs. (83,418)</u>	<u>Rs. 12,715,893</u>

(3) Actuarial assumptions used as of June 30, 2015, and December 31, 2014, are as follows:

	June 30, 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 June 30, 2015.

- (1) The Company carries product liability insurance for all products, which it sells.
- (2) As of June 30, 2015, the Company has been providing guarantees from Korea Development Bank, etc., amounting to USD 278 million (execution amount USD 160 million) related to import L/C.
- (3) The following are the major loan arrangements with the financial institutions as of June 30, 2015.

(Unit: Korean won in thousands)

<u>Financial institution</u>	<u>Classification</u>	<u>Limit</u>	<u>Exercise price</u>
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	-
BNP Paribas	Current purpose loans	15,000,000	-
Deutsche Bank	Current purpose loans	17,000,000	-
Total		<u>₩ 157,000,000</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. 1,716,000	Rs. 1,716,000
Woori Bank	Operating purpose loans	1,716,000	1,716,000
JP Morgan	Current purpose loans	858,000	-
Nonghyup Bank	Limit purpose loans	2,860,000	-
BNP Paribas	Current purpose loans	858,000	-
Deutsche Bank	Current purpose loans	972,400	-
Total		<u>Rs. 8,980,400</u>	<u>Rs. 3,432,000</u>

- (4) Pending litigations

As of June 30, 2015, the Company has two pending litigations as a plaintiff with claims amounting to ₩5,585 million (Rs. 319 million) and 31 pending litigations as a defendant with claims amounting to ₩22,898 million (Rs. 1,310 million). The Company recognized other payables amounting to ₩26,437 million (Rs. 1,512 million) that are expected to be a probable loss and can be reasonably estimated as of June 30, 2015.

19. CAPITAL STOCK:

As of June 30, 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>
June 30, 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>
June 30, 2015	3,000,000,000	137,220,096	Rs. 286	Rs. 39,244,947
December 31, 2014	3,000,000,000	137,220,096	Rs. 286	Rs. 39,244,947

20. OTHER CAPITAL SURPLUS:

Details of other capital surplus as of June 30, 2015, and December 31, 2014, are as follows:

		<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
		(Korean won in thousands)		(Indian rupee in thousands)	
Other capital surplus	Paid-in capital in excess of par value	₩ 11,452,713	₩ 11,452,713	Rs. 655,095	Rs. 655,095
	Gain on retirement of capital stock	118,189,001	118,189,001	6,760,411	6,760,411
	Debt converted to equity	931,508	931,508	53,282	53,282
	Treasury stock	-	(1,189,820)	-	(68,058)
	Gain on disposal of treasury stocks	1,105,137	-	63,214	-
		<u>₩ 131,678,359</u>	<u>₩ 129,383,402</u>	<u>Rs. 7,532,002</u>	<u>Rs. 7,400,730</u>

21. OTHER CAPITAL ADJUSTMENTS:

(1) Details of the Company's other capital adjustments as of June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

<u>Classification</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Other capital adjustments	Gain (loss) on valuation of derivatives	₩ (12,347,000) ₩ (14,167,300)

(Unit: Indian rupee in thousands)

<u>Classification</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Other capital adjustments	Gain (loss) on valuation of derivatives	Rs. (706,249) Rs. (810,370)

- (2) Changes in the Company's gain (loss) on valuation of derivatives for the six months ended June 30, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Beginning balance	₩ (14,167,300)	₩ 26,833,680	Rs. (810,370)	Rs. 1,534,886
Gain (loss) on valuation of derivatives	(6,832,500)	5,241,900	(390,819)	299,837
Reclassified to net income	8,652,800	(24,032,180)	494,940	(1,374,641)
Ending balance	<u>₩ (12,347,000)</u>	<u>₩ 8,043,400</u>	<u>Rs. (706,249)</u>	<u>Rs. 460,082</u>

22. DEFICIT:

- (1) Details of deficit as of June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	June 30, 2015	December 31, 2014
Deficit	₩ (71,294,873)	₩ (18,220,064)

(Unit: Indian rupee in thousands)

	June 30, 2015	December 31, 2014
Deficit	Rs. (4,078,067)	Rs. (1,042,188)

- (2) Changes in deficit (retained earnings) for the six months ended as of June 30, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

	Six months ended June 30, 2015	Six months ended June 30, 2014
Beginning balance	₩ (18,220,064)	₩ 47,725,963
Net income (loss)	(53,064,410)	(17,981,776)
Actuarial loss	(10,399)	(15,530)
Ending balance	<u>₩ (71,294,873)</u>	<u>₩ 29,728,657</u>

(Unit: Indian rupee in thousands)

	Six months ended June 30, 2015	Six months ended June 30, 2014
Beginning balance	Rs. (1,042,188)	Rs. 2,729,925
Net income (loss)	(3,035,284)	(1,028,558)
Actuarial loss	(595)	(888)
Ending balance	<u>Rs. (4,078,067)</u>	<u>Rs. 1,700,479</u>

23. INCOME TAX:

The Company did not recognize deferred income tax assets and income tax because of deficit as of and for the six months ended June 30, 2015.

24. EXPENSES BY CATEGORY:

Details of expenses classified by category for the six months ended June 30, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Six months ended June 30, 2015	Six months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Changes in inventories	₩ (5,657,882)	₩ (21,333,974)	Rs. (323,631)	Rs. (1,220,303)
Raw materials and merchandise goods used	1,102,602,045	1,259,550,891	63,068,837	72,046,311
Employee benefits	234,950,481	251,741,991	13,439,168	14,399,642
Depreciation	58,653,598	51,144,980	3,354,986	2,925,493
Amortization	15,346,498	5,578,503	877,820	319,090
Others	240,290,954	193,146,977	13,744,642	11,048,006
Total(*)	₩ 1,646,185,694	₩ 1,739,829,368	Rs. 94,161,822	Rs. 99,518,239

(*) 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 six months ended June 30, 2015.

26. SELLING AND ADMINISTRATIVE EXPENSES:

(1) Selling expenses for the six months ended June 30, 2015 and 2014, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended June 30, 2015	Six months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2014
Warranty expenses	₩ 25,071,814	₩ 43,644,046	₩ 12,640,269	₩ 35,849,961
Sales commissions	50,473,900	93,447,886	36,726,058	75,890,643
Advertising expenses	1,883,617	8,565,912	5,023,270	8,372,584
Export expenses	11,407,160	23,513,650	19,172,033	35,297,911
Others	9,339,216	19,384,854	9,284,134	16,705,296
	₩ 98,175,707	₩ 188,556,348	₩ 82,845,764	₩ 172,116,395

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended June 30, 2015	Six months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2014
Warranty expenses	Rs. 1,434,108	Rs. 2,496,439	Rs. 723,023	Rs. 2,050,618
Sales commissions	2,887,107	5,345,219	2,100,731	4,340,945
Advertising expenses	107,743	489,970	287,331	478,912
Export expenses	652,490	1,344,981	1,096,640	2,019,041
Others	534,203	1,108,814	531,053	955,542
	Rs. 5,615,651	Rs. 10,785,423	Rs. 4,738,778	Rs. 9,845,058

(2) Administrative expenses for the six months ended June 30, 2015 and 2014, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014
Salaries	₩ 12,938,563	₩ 24,822,471	₩ 12,201,251	₩ 23,814,540
Postemployment benefits	2,177,301	4,053,161	1,979,023	3,528,730
Employee benefits	2,657,306	5,245,742	3,249,697	5,696,435
Rent expense	2,766,931	5,568,995	2,595,110	5,183,753
Service fees	6,482,401	13,075,944	4,868,444	10,749,498
Depreciation	2,860,711	5,758,350	1,716,062	3,413,915
R&D expenses	2,723,105	6,967,986	4,311,650	10,935,535
Amortization	1,750,705	3,490,999	1,714,702	3,347,056
Bad debt expense	(51,824)	(25,914)	(162,042)	5,602
Other administrative expenses	9,124,485	15,681,700	9,433,704	15,906,363
	<u>₩ 43,429,684</u>	<u>₩ 84,639,434</u>	<u>₩ 41,907,601</u>	<u>₩ 82,581,427</u>

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014
Salaries	Rs. 740,086	Rs. 1,419,845	Rs. 697,912	Rs. 1,362,192
Postemployment benefits	124,542	231,841	113,200	201,843
Employee benefits	151,998	300,056	185,883	325,836
Rent expense	158,268	318,547	148,440	296,511
Service fees	370,793	747,944	278,475	614,871
Depreciation	163,633	329,378	98,159	195,276
R&D expenses	155,762	398,569	246,626	625,513
Amortization	100,140	199,685	98,081	191,452
Bad debt expense	(2,964)	(1,482)	(9,269)	320
Other administrative expenses	521,921	896,993	539,608	909,843
	<u>Rs. 2,484,179</u>	<u>Rs. 4,841,376</u>	<u>Rs. 2,397,115</u>	<u>Rs. 4,723,657</u>

27. NON-OPERATING INCOME (EXPENSES):

(1) Details of the Company's non-operating income for the six months ended June 30, 2015 and 2014, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014
Commission income	₩ 91,307	₩ 301,868	₩ 540,980	₩ 1,231,840
Gain on foreign currency transactions	2,647,821	5,408,552	2,252,784	4,503,037
Gain on foreign currency translation	(116,286)	400,381	(27,812)	349,014
Gain on disposal of property, plant and equipment	581,589	590,739	50,506	69,526
Others	5,936,563	10,115,346	4,904,622	9,128,524
	<u>₩ 9,140,994</u>	<u>₩ 16,816,886</u>	<u>₩ 7,721,080</u>	<u>₩ 15,281,941</u>

	<u>Indian Rupee in thousands</u>		<u>Indian Rupee in thousands</u>	
	<u>Three months ended</u>	<u>Six months ended</u>	<u>Three months ended</u>	<u>Six months ended</u>
	<u>June 30, 2015</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2014</u>
	Rs.	Rs.	Rs.	Rs.
Commission income	5,223	17,267	30,944	70,461
Gain on foreign currency transactions	151,455	309,369	128,859	257,574
Gain on foreign currency translation	(6,652)	22,902	(1,591)	19,964
Gain on disposal of property, plant and equipment	33,267	33,790	2,889	3,977
Others	<u>339,571</u>	<u>578,598</u>	<u>280,544</u>	<u>522,151</u>
	<u>Rs. 522,864</u>	<u>Rs. 961,926</u>	<u>Rs. 441,645</u>	<u>Rs. 874,127</u>

(2) Details of the Company's non-operating expense for the six months ended June 30, 2015 and 2014, are as follows:

	<u>Korean won in thousands</u>		<u>Korean won in thousands</u>	
	<u>Three months ended</u>	<u>Six months ended</u>	<u>Three months ended</u>	<u>Six months ended</u>
	<u>June 30, 2015</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2014</u>
	₩	₩	₩	₩
Loss on foreign currency transactions	2,294,310	4,088,000	4,667,873	6,568,022
Loss on foreign currency translation	(264,493)	846,955	788,642	1,043,007
Loss on disposal of property, plant and equipment	1,625	5,418	23,808	50,212
Loss on disposal of trade receivables	3,005,592	4,589,854	3,053,293	7,749,983
Others	<u>1,340,851</u>	<u>3,758,162</u>	<u>30,676,613</u>	<u>32,132,788</u>
	<u>₩ 6,377,885</u>	<u>₩ 13,288,389</u>	<u>₩ 39,210,229</u>	<u>₩ 47,544,012</u>

	<u>Indian Rupee in thousands</u>		<u>Indian Rupee in thousands</u>	
	<u>Three months ended</u>	<u>Six months ended</u>	<u>Three months ended</u>	<u>Six months ended</u>
	<u>June 30, 2015</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2014</u>
	Rs.	Rs.	Rs.	Rs.
Loss on foreign currency transactions	131,235	233,834	267,002	375,691
Loss on foreign currency translation	(15,129)	48,446	45,110	59,660
Loss on disposal of property, plant and equipment	93	310	1,362	2,872
Loss on disposal of trade receivables	171,920	262,540	174,648	443,299
Others	<u>76,697</u>	<u>214,966</u>	<u>1,754,702</u>	<u>1,837,995</u>
	<u>Rs. 364,816</u>	<u>Rs. 760,096</u>	<u>Rs. 2,242,824</u>	<u>Rs. 2,719,517</u>

28. FINANCIAL INCOME AND COST:

(1) Details of the Company's financial income for the six months ended June 30, 2015 and 2014, are as follows:

	<u>Korean won in thousands</u>		<u>Korean won in thousands</u>	
	Three months ended	Six months ended	Three months ended	Six months ended
	<u>June 30, 2015</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2014</u>
Interest income	₩ 781,413	₩ 1,655,622	₩ 1,118,804	₩ 3,047,004
Dividend income	485,159	491,159	746,077	757,077
Gain on foreign currency transactions	3,917,378	5,846,397	866,303	2,059,931
Gain on foreign currency translation	(3,882,813)	394,331	858,993	916,883
Gain on disposal of derivatives	803,300	921,150	19,914,055	29,907,855
Gain on valuation of derivatives	425,778	2,320,828	(747,262)	668,800
	<u>₩ 2,530,215</u>	<u>₩ 11,629,487</u>	<u>₩ 22,756,970</u>	<u>₩ 37,357,550</u>

	<u>Indian Rupee in thousands</u>		<u>Indian Rupee in thousands</u>	
	Three months ended	Six months ended	Three months ended	Six months ended
	<u>June 30, 2015</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2014</u>
Interest income	Rs. 44,697	Rs. 94,703	Rs. 63,996	Rs. 174,289
Dividend income	27,751	28,094	42,676	43,305
Gain on foreign currency transactions	224,074	334,414	49,553	117,828
Gain on foreign currency translation	(222,098)	22,556	49,133	52,445
Gain on disposal of derivatives	45,949	52,690	1,139,084	1,710,729
Gain on valuation of derivatives	24,355	132,750	(42,743)	38,256
	<u>Rs. 144,728</u>	<u>Rs. 665,207</u>	<u>Rs. 1,301,699</u>	<u>Rs. 2,136,852</u>

(2) Details of the Company's financial cost for the six months ended June 30, 2015 and 2014, are as follows:

	<u>Korean won in thousands</u>		<u>Korean won in thousands</u>	
	Three months ended	Six months ended	Three months ended	Six months ended
	<u>June 30, 2015</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2014</u>
Interest expense	₩ 295,355	₩ 559,291	₩ 451,239	₩ 1,641,628
Loss on foreign currency transactions	914,734	3,090,392	4,047,418	4,530,060
Loss on foreign currency translation	2,679,796	2,802,722	(394,204)	1,659
Loss on disposal of derivatives	3,743,000	8,132,900	-	-
Loss on valuation of derivatives	10,800	10,800	(19,950)	-
	<u>₩ 7,643,685</u>	<u>₩ 14,596,105</u>	<u>₩ 4,084,503</u>	<u>₩ 6,173,347</u>

	<u>Indian Rupee in thousands</u>		<u>Indian Rupee in thousands</u>	
	Three months ended	Six months ended	Three months ended	Six months ended
	<u>June 30, 2015</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2014</u>
Interest expense	Rs. 16,894	Rs. 31,991	Rs. 25,811	Rs. 93,901
Loss on foreign currency transactions	52,323	176,770	231,512	259,119
Loss on foreign currency translation	153,284	160,316	(22,548)	95
Loss on disposal of derivatives	214,100	465,202	-	-
Loss on valuation of derivatives	618	618	(1,141)	-
	<u>Rs. 437,219</u>	<u>Rs. 834,897</u>	<u>Rs. 233,634</u>	<u>Rs. 353,115</u>

- (3) Details of the Company's financial net profit for the six months ended June 30, 2015 and 2014, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014
Loan and receivables	₩ (3,073,907)	₩ 1,443,945	₩ (1,220,453)	₩ (149,529)
AFS financial assets	485,159	491,159	746,077	757,077
Other financial liabilities	(2,524,722)	(4,901,722)	19,146,843	30,576,655
	<u>₩ (5,113,470)</u>	<u>₩ (2,966,618)</u>	<u>₩ 18,672,467</u>	<u>₩ 31,184,203</u>

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014
Loan and receivables	Rs. (175,827)	Rs. 82,594	Rs. (69,810)	Rs. (8,553)
AFS financial assets	27,751	28,094	42,676	43,305
Other financial liabilities	(144,414)	(280,378)	1,095,199	1,748,985
	<u>Rs. (292,490)</u>	<u>Rs. (169,690)</u>	<u>Rs. 1,068,065</u>	<u>Rs. 1,783,737</u>

29. INCOME (LOSS) PER SHARE:

- (1) Basic income (loss) per share for the six months ended June 30, 2015 and 2014, are calculated as follows (Unit: Korean won in thousands, except for earnings per share):

	Korean won in thousands		Korean won in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014
Net income(loss)	₩ (21,603,344)	₩ (53,064,410)	₩ (27,435,707)	₩ (17,981,776)
Loss contributed to common stocks	(21,603,344)	(53,064,410)	(27,435,707)	(17,981,776)
Number of common stocks outstanding	<u>137,220,096</u>	<u>137,143,448</u>	<u>137,198,390</u>	<u>137,198,390</u>
Basic and diluted income (loss) per share(*)	<u>₩ (157)</u>	<u>₩ (387)</u>	<u>₩ (200)</u>	<u>₩ (131)</u>

	Indian Rupee in thousands		Indian Rupee in thousands	
	Three months ended	Six months ended	Three months ended	Six months ended
	June 30, 2015	June 30, 2015	June 30, 2014	June 30, 2014
Net income(loss)	Rs. (1,235,711)	Rs. (3,035,284)	Rs. (1,569,322)	Rs. (1,028,556)
Loss contributed to common stocks	(1,235,711)	(3,035,284)	(1,569,322)	(1,028,558)
Number of common stocks outstanding	<u>137,220,096</u>	<u>137,143,448</u>	<u>137,198,390</u>	<u>137,198,390</u>
Basic and diluted income (loss) per share(*)	<u>Rs. (9)</u>	<u>Rs. (22)</u>	<u>Rs. (11)</u>	<u>Rs. (7)</u>

- (*) Basic and diluted income (loss) per share for the six months ended June 30, 2015 and 2014, are identical since there are no dilutive potential common shares.

- (2) The number of shares outstanding for the six months ended June 30, 2015 and 2014, are calculated as follows:

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

Six months ended June 30, 2014					
	Time interval		Outstanding	Weighted- average impact	Outstanding
	Common stock	2014-01-01	2014-06-30	137,220,096	181/181
Treasury stock	2014-01-01	2014-06-30	(21,706)	181/181	(21,706)
Total					<u>137,198,390</u>

30. CASH FLOWS FROM OPERATING ACTIVITIES:

Details of cash flows from operating activities for the six months ended June 30, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Six months ended	Six months ended	Six months ended	Six months ended
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
1. Net income (loss)	₩ (53,064,410)	₩ (17,981,776)	Rs. (3,035,284)	Rs. (1,028,556)
2. Adjustments	101,968,127	111,805,431	5,832,577	6,395,270
Retirement benefits	22,996,707	21,393,147	1,315,412	1,223,688
Depreciation	58,644,121	51,134,391	3,354,445	2,924,887
Amortization	15,346,498	5,578,503	877,820	319,090
Loss on disposal of trade receivables	4,589,854	7,749,983	262,540	443,299
Gain (loss) on foreign currency translation	2,854,965	(221,232)	163,304	(12,654)
Gain on disposal of property, plant and equipment	(585,321)	(19,314)	(33,480)	(1,105)
Interest income	(1,096,331)	(1,405,376)	(62,712)	(80,388)
Gain on dividends	(491,159)	(757,077)	(28,094)	(43,305)
Loss (gain) on valuation of inventories	2,128,836	(237,004)	121,769	(13,557)
Others	(2,420,043)	28,589,410	(138,427)	1,635,315
3. Changes in working capital	(47,987,920)	(106,113,797)	(2,744,910)	(6,069,710)
Decrease in trade receivables	4,387,141	13,348,060	250,945	763,507
Decrease in non-trade receivables	10,464,777	2,672,743	598,585	152,881
Increase in inventories	(16,582,765)	(13,231,828)	(948,534)	(756,861)
Increase in other assets	(3,385,917)	(4,789,706)	(193,674)	(273,971)
Increase (decrease) in trade payables	2,705,777	(58,476,849)	154,770	(3,344,876)
Decrease in other payables	(63,430,590)	(39,587,102)	(3,628,230)	(2,264,382)
Decrease in accrued charges	(2,781,635)	(1,999,412)	(159,110)	(114,366)
Increase in provision of product warranties	7,374,652	6,369,489	421,830	364,335
Payment of severance indemnities	(6,928,442)	(2,915,550)	(396,307)	(166,769)
Increase (decrease) in other liabilities	20,189,082	(7,503,642)	1,154,815	(429,208)
Net cash provided by operating activities	<u>₩ 915,797</u>	<u>₩ (12,290,142)</u>	<u>Rs. 52,383</u>	<u>Rs. (702,996)</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 six months ended June 30, 2015 and 2014, is as follows:

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

Sales region	Six months ended June 30, 2015			
Republic of Korea	₩	1,136,356,840	Rs.	64,999,611
Europe		215,071,999		12,302,118
Asia Pacific		96,310,308		5,508,950
Others		144,820,259		8,283,719
	₩	<u>1,592,559,406</u>	Rs.	<u>91,094,398</u>

Sales region	Six months ended June 30, 2014			
Republic of Korea	₩	955,661,283	Rs.	54,663,825
Europe		417,497,666		23,880,866
Asia Pacific		165,115,745		9,444,621
Others		184,650,766		10,562,024
	₩	<u>1,722,925,460</u>	Rs.	<u>98,551,336</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 six months ended June 30, 2015 and 2014, is as follows (Unit: Korean won and Indian rupee in thousands):

Sales	Six months ended June 30, 2015			
Automobile	₩	1,418,935,840	Rs.	81,163,130
Products		163,629,984		9,359,635
Others		9,993,582		571,633
	₩	<u>1,592,559,406</u>	Rs.	<u>91,094,398</u>

Sales	Six months ended June 30, 2014			
Automobile	₩	1,547,020,537	Rs.	88,489,575
Products		166,242,708		9,509,083
Others		9,662,215		552,678
	₩	<u>1,722,925,460</u>	Rs.	<u>98,551,336</u>

32. RELATED-PARTY TRANSACTIONS:

- (1) Details of related parties as of June 30, 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 six months ended June 30, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

<u>Related party</u>	<u>Company</u>	<u>Description</u>	<u>Six months ended June 30, 2015</u>	<u>Six months ended June 30, 2014</u>
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩ 890,104	₩ 576,736
		Other income	13,221	28,158
		Purchases	1,281,142	-
		Other expenses	47,476	1,133,686
Transactions with subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	Sales	₩ 4,620,718	₩ 4,537,318
		Other income	480,159	746,077
	Ssangyong European Parts Center B.V.	Purchases	-	-
		Other expenses	38	94,498
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd.	Sales	₩ 5,054,654	₩ 6,737,087
		Other income	9,937	31,091
	Mahindra & Mahindra South Africa Ltd.	Purchases	-	-
		Other expenses	188,907	49,642

(Unit: Indian rupee in thousands)

<u>Related party</u>	<u>Company</u>	<u>Description</u>	<u>Six months ended June 30, 2015</u>	<u>Six months ended June 30, 2014</u>
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs. 50,914	Rs. 32,989
		Other income	756	1,611
		Purchases	73,281	-
		Other expenses	2,716	64,847
Transactions with subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	Sales	Rs. 264,305	Rs. 259,535
		Other income	27,465	42,676
	Ssangyong European Parts Center B.V.	Purchases	-	-
		Other expenses	2	5,405
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd.	Sales	Rs. 289,126	Rs. 385,361
		Other income	568	1,778
	Mahindra & Mahindra South Africa Ltd.	Purchases	-	-
		Other expenses	10,805	2,840

The bad debt expense recognized for the six months ended June 30, 2015 and 2014, does not exist.

(3) Outstanding receivables and payables from transactions with related parties as of June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Receivables from and payables to controlling company:		
Trade receivables	₩ 84,907	₩ 40,507
Non-trade receivables	233,081	159,510
Trade payables	198,571	205,628
Non-trade payables	46,199	982,293
Receivables from and payables to subsidiaries:		
Trade receivables	₩ 11,168,822	₩ 11,277,388
Non-trade receivables	486,145	383,861
Trade payables	-	-
Non-trade payables	472,767	871,324
Receivables from and payables to affiliates:		
Trade receivables	₩ 53,407	₩ 1,459,978
Non-trade receivables	3,250	23,435
Trade payables	-	-
Non-trade payables	104,548	125,892

(Unit: Indian rupee in thousands)

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Receivables from and payables to controlling company:		
Trade receivables	Rs. 4,857	Rs. 2,317
Non-trade receivables	13,332	9,124
Trade payables	11,358	11,762
Non-trade payables	2,643	56,187
Receivables from and payables to subsidiaries:		
Trade receivables	Rs. 638,857	Rs. 645,067
Non-trade receivables	27,807	21,957
Trade payables	-	-
Non-trade payables	27,042	49,840
Receivables from and payables to affiliates:		
Trade receivables	Rs. 3,055	Rs. 83,511
Non-trade receivables	186	1,340
Trade payables	-	-
Non-trade payables	5,980	7,201

The Company did not recognize allowance for the above-mentioned receivables, and no bad debt expense was recognized for the six months ended June 30, 2015 and 2014.

(4) Loan and borrowing transactions with related parties for the six months ended June 30, 2014, are as follows:

(Unit: Korean won in thousands)

<u>Six months ended June 30, 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>Six months ended June 30, 2014</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Controlling company				
Mahindra & Mahindra Ltd. Bonds	Rs. 5,457,153	Rs. -	Rs. 5,457,153	Rs. -

(5) Details of compensation for key executives for the six months ended June 30, 2015 and 2014, are as follows:

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Six months ended June 30, 2015</u>	<u>Six months ended June 30, 2014</u>	<u>Six months ended June 30, 2015</u>	<u>Six months ended June 30, 2014</u>
Short-term employee benefits	₩ 414,558	₩ 451,999	Rs. 23,713	Rs. 25,854
Retirement benefits	17,287	19,791	989	1,132

33. **FINANCIAL INSTRUMENTS:**

(1) Capital risk management

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

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

Debt-to-equity ratio as of June 30, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

	June 30, 2015	December 31, 2014
Debt (A)	₩ 1,237,335,886	₩ 1,190,749,155
Equity (B)	734,136,967	783,096,518
Debt ratio (A/B)	<u>168.54%</u>	<u>152.06%</u>

(Unit: Indian rupee in thousands)

	June 30, 2015	December 31, 2014
Debt (A)	Rs. 70,775,613	Rs. 68,110,852
Equity (B)	41,992,633	44,793,119
Debt ratio (A/B)	<u>168.54%</u>	<u>152.06%</u>

(2) Details of financial assets and liabilities by category as of June 30, 2015, and December 31, 2014, are as follows:

1) Financial assets

(Unit: Korean won in thousands)

Financial assets	June 30, 2015					
	Loans and Receivables	AFS financial Assets	Financial asset at fair value through profit or loss	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 114,509,717	₩ -	₩ -	₩ -	₩ 114,509,717	₩ 114,509,717
Long-term financial instruments	6,000	-	-	-	6,000	6,000
Trade receivables and other receivables	208,530,747	-	-	-	208,530,747	208,530,747
AFS financial assets	-	560,000	-	-	560,000	560,000
Derivative assets	-	-	323,828	45,200	369,028	369,028
	<u>₩ 323,046,464</u>	<u>₩ 560,000</u>	<u>₩ 323,828</u>	<u>₩ 45,200</u>	<u>₩ 323,975,492</u>	<u>₩ 323,975,492</u>

Financial assets	December 31, 2014					
	Loans and receivables	AFS financial assets	Financial asset at fair value through profit or loss	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 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	1,232,650
	<u>₩ 376,050,450</u>	<u>₩ 560,000</u>	<u>₩ 1,232,650</u>	<u>₩ 1,232,650</u>	<u>₩ 377,843,100</u>	<u>₩ 377,843,100</u>

(Unit: Indian rupee in thousands)

Financial assets	June 30, 2015					
	Loans and Receivables	AFS financial Assets	Financial asset at fair value through profit or loss	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 6,549,956	Rs. -	Rs. -	Rs. -	Rs. 6,549,956	Rs. 6,549,956
Long-term financial instruments	343	-	-	-	343	343
Trade receivables and other receivables	11,927,959	-	-	-	11,927,959	11,927,959
AFS financial assets	-	32,032	-	-	32,032	32,032
Derivative assets	-	-	18,523	2,585	21,108	21,108
	<u>Rs. 18,478,258</u>	<u>Rs. 32,032</u>	<u>Rs. 18,523</u>	<u>Rs. 2,585</u>	<u>Rs. 18,531,398</u>	<u>Rs. 18,531,398</u>

December 31, 2014					
Financial assets	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 8,528,018	Rs. -	Rs. -	Rs. 8,528,018	Rs. 8,528,018
Long-term financial instruments	343	-	-	343	343
Trade receivables and other receivables	12,981,724	-	-	12,981,724	12,981,724
AFS financial assets	-	32,032	-	32,032	32,032
Derivative assets	-	-	70,508	70,508	70,508
	<u>Rs. 21,510,085</u>	<u>Rs. 32,032</u>	<u>Rs. 70,508</u>	<u>Rs. 21,612,625</u>	<u>Rs. 21,612,625</u>

2) Financial liabilities

(Unit: Korean won in thousands):

June 30, 2015					
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value	
Trade payables and other payables	₩ 574,775,704	₩ -	₩ 574,775,704	₩ 574,775,704	
Debt	195,442,938	-	195,442,938	195,442,938	
Derivative liabilities	-	10,357,250	10,357,250	10,357,250	
	<u>₩ 770,218,642</u>	<u>₩ 10,357,250</u>	<u>₩ 780,575,892</u>	<u>₩ 780,575,892</u>	

December 31, 2014					
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value	
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):

June 30, 2015					
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value	
Trade payables and other payables	Rs. 32,877,170	Rs. -	Rs. 32,877,170	Rs. 32,877,170	
Debt	11,179,336	-	11,179,336	11,179,336	
Derivative liabilities	-	592,435	592,435	592,435	
	<u>Rs. 44,056,506</u>	<u>Rs. 592,435</u>	<u>Rs. 44,648,941</u>	<u>Rs. 44,648,941</u>	

December 31, 2014					
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value	
Trade payables and other payables	Rs. 35,952,364	Rs. -	Rs. 35,952,364	Rs. 35,952,364	
Debt	7,123,689	-	7,123,689	7,123,689	
Derivative liabilities	-	856,527	856,527	856,527	
	<u>Rs. 43,076,053</u>	<u>Rs. 856,527</u>	<u>Rs. 43,932,580</u>	<u>Rs. 43,932,580</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 June 30, 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	₩ 927,900	₩ (927,900)	Rs. 53,076	Rs. (53,076)
EUR	(5,485,353)	5,485,353	(313,762)	313,762
JPY	(6,802,947)	6,802,947	(389,129)	389,129
Others	581,298	(581,298)	33,250	(33,250)
	<u>₩ (10,779,102)</u>	<u>₩ 10,779,102</u>	<u>Rs. (616,565)</u>	<u>Rs. 616,565</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 ₩12,347,000 thousand (Rs. 706,248 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 ₩148,767 thousand (Rs. 8,509 thousand) for the six months ended June 30, 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 June 30, 2015, and December 31, 2014, the maximum exposed amounts of credit risk for financial assets maintained by the Company are as follows:

	June 30, 2015 (Korean won in thousands)		December 31, 2014 (Indian rupee in thousands)	
Trade and other receivables	₩	208,530,747	₩	226,953,218
			Rs.	11,927,959
			Rs.	12,981,724

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 June 30, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

	June 30, 2015		
	Within a year	More than 1 year	Total
Trade payables	₩ 370,088,584	₩ -	₩ 370,088,584
Non-trade payables	159,836,833	-	159,836,833
Short-term borrowings	176,204,034	-	176,204,034
Derivative liabilities	10,357,250	-	10,357,250
Other payables	27,083,329	-	27,083,329
Long-term borrowings	-	21,421,616	21,421,616
Long-term non-trade payables	-	17,766,958	17,766,958
	<u>₩ 743,570,030</u>	<u>₩ 39,188,574</u>	<u>₩ 782,758,604</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)

	June 30, 2015		
	Within a year	More than 1 year	Total
Trade payables	Rs. 21,169,066	Rs. -	Rs. 21,169,066
Non-trade payables	9,142,667	-	9,142,667
Short-term borrowings	10,078,871	-	10,078,871
Derivative liabilities	592,435	-	592,435
Other payables	1,549,167	-	1,549,167
Long-term borrowings	-	1,225,316	1,225,316
Long-term non-trade payables	-	1,016,270	1,016,270
	<u>Rs. 42,532,206</u>	<u>Rs. 2,241,586</u>	<u>Rs. 44,773,792</u>

	December 31, 2014		
	Within a year	More than 1 year	Total
Trade payables	Rs. 20,995,112	Rs. -	Rs. 20,995,112
Non-trade payables	13,055,351	-	13,055,351
Short-term borrowings	5,772,983	-	5,772,983
Derivative liabilities	856,527	-	856,527
Other payables	1,699,717	-	1,699,717

	December 31, 2014		
	Within a year	More than 1 year	Total
Long-term borrowings	Rs. -	Rs. 1,556,563	Rs. 1,556,563
Long-term non-trade payables	-	202,184	202,184
	<u>Rs. 42,379,690</u>	<u>Rs. 1,758,747</u>	<u>Rs. 44,138,437</u>

Funding arrangements as of June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

		June 30, 2015	December 31, 2014
Borrowing limit commitments	Used	₩ 60,000,000	₩ 60,000,000
	Unused	97,000,000	65,000,000
	Total	<u>₩ 157,000,000</u>	<u>₩ 125,000,000</u>

(Unit: Indian rupee in thousands)

		June 30, 2015	December 31, 2014
Borrowing limit commitments	Used	Rs. 3,432,000	Rs. 3,432,000
	Unused	5,548,400	3,718,000
	Total	<u>Rs. 8,980,400</u>	<u>Rs. 7,150,000</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 June 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Type	June 30, 2015			
	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	₩ -	₩ 369,028	₩ -	₩ 369,028
Derivative liabilities designated to hedge item	-	10,357,250	-	10,357,250

Type	December 31, 2014			
	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	₩	-	₩ 1,232,650	₩ -
Derivative liabilities designated to hedge item		-	14,974,250	-

(Unit: Indian rupee in thousands)

Type	June 30, 2015			
	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	Rs.	-	Rs. 21,108	Rs. -
Derivative liabilities designated to hedge item		-	592,435	-

Type	December 31, 2014			
	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	Rs.	-	Rs. 70,508	Rs. -
Derivative liabilities designated to hedge item		-	856,527	-

- 4) The Company measures the foreign exchange forward contract (derivative assets: ₩369,028 thousand (Rs. 21,108 thousand) and derivative liabilities: ₩10,357,250 thousand (Rs. 592,435 thousand)) based on the forward rate announced officially in the market as of June 30, 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.