

SSANGYONG MOTOR COMPANY

SEPARATE FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2015, AND DECEMBER 31, 2014,
AND FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 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 November 13, 2015

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

We have reviewed the accompanying separate financial statements of Ssangyong Motor Company (the "Company"). The financial statements consist of the separate statement of financial position as of September 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 three and nine months ended September 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 financial statements and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Independent accountants' responsibility

Our responsibility is to express a conclusion on the accompanying interim separate financial statements based on our review. We conducted our review in accordance with the 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 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 statement of income, separate statement of retained earnings and separate statement of cash flows on March 9, 2015, as fairly stated. There is no difference in terms of importance between comparative purpose financial position on December 31, 2014, and current financial position.



November 13, 2015

Notice to Readers

This report is effective as of November 13, 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 SEPTEMBER 30, 2015, AND DECEMBER 31, 2014

	Korean won		Indian rupee	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
	(In thousands)		(In thousands)	
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 33)	₩ 88,456,746	₩ 149,091,232	Rs. 4,913,772	Rs. 8,282,018
Trade and other receivables, net (Notes 7, 32 and 33)	154,247,818	178,789,880	8,568,466	9,931,778
Derivative assets (Notes 25 and 33)	214,018	1,232,650	11,889	68,474
Inventories, net (Notes 8 and 24)	271,521,806	257,522,706	15,083,036	14,305,386
Other current assets (Note 10)	<u>15,430,905</u>	<u>7,716,268</u>	<u>857,187</u>	<u>428,639</u>
Total current assets	<u>529,871,293</u>	<u>594,352,736</u>	<u>29,434,350</u>	<u>33,016,295</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	333	333
Non-current AFS financial assets (Notes 6 and 33)	560,000	560,000	31,108	31,108
Non-current other receivables, net (Notes 7 and 33)	49,436,858	48,163,339	2,746,217	2,675,473
Property, plant and equipment, net (Note 11)	1,182,383,478	1,173,658,635	65,681,402	65,196,737
Intangible assets (Note 12)	174,691,949	150,915,434	9,704,138	8,383,352
Investments in subsidiaries (Note 9)	5,829,056	5,829,056	323,804	323,804
Other non-current assets (Note 10)	<u>353,570</u>	<u>360,473</u>	<u>19,641</u>	<u>20,024</u>
Total non-current assets	<u>1,413,260,911</u>	<u>1,379,492,937</u>	<u>78,506,643</u>	<u>76,630,831</u>
TOTAL ASSETS	<u>₩1,943,132,204</u>	<u>₩1,973,845,673</u>	<u>Rs. 107,940,993</u>	<u>Rs. 109,647,126</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES:				
Trade and other payables (Notes 14, 18, 32 and 33)	₩534,730,875	₩625,003,152	Rs.29,704,300	Rs.34,718,925
Short-term borrowings (Notes 13, 18 and 33)	171,053,840	99,540,013	9,502,041	5,529,448
Derivative liabilities (Notes 25 and 33)	17,932,700	14,974,250	996,161	831,820
Provision for product warranties (Note 15)	60,071,320	57,556,475	3,336,962	3,197,262
Long-term employee benefits obligation	273,144	1,770,267	15,173	98,338
Other current liabilities (Note 16)	<u>28,440,442</u>	<u>22,463,040</u>	<u>1,579,865</u>	<u>1,247,822</u>
Total current liabilities	<u>812,502,321</u>	<u>821,307,197</u>	<u>45,134,502</u>	<u>45,623,615</u>

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED)

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

	Korean won		Indian rupee	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Long-term borrowing (Notes 13, 18 and 33)	₩ 42,500,000	₩ 25,000,000	Rs. 2,360,875	Rs. 1,388,750
Other non-current payables (Note 33)	15,499,669	3,534,693	861,007	196,352
Retirement benefit obligation (Note 17)	271,426,096	246,748,389	15,077,720	13,706,873
Other long-term employee benefits obligation	14,912,125	13,849,312	828,369	769,329
Provision for long-term product warranties (Note 15)	85,774,076	80,309,564	4,764,750	4,461,196
Total non-current liabilities	<u>430,111,966</u>	<u>369,441,958</u>	<u>23,892,721</u>	<u>20,522,500</u>
TOTAL LIABILITIES	<u>1,242,614,287</u>	<u>1,190,749,155</u>	<u>69,027,223</u>	<u>66,146,115</u>
SHAREHOLDERS' EQUITY:				
Capital stock (Note 19)	686,100,480	686,100,480	38,112,882	38,112,882
Other capital surplus (Note 20)	131,678,359	129,383,402	7,314,732	7,187,248
Other capital adjustments (Notes 21 and 25)	(18,895,010)	(14,167,300)	(1,049,618)	(786,994)
Accumulated deficit (Note 22)	<u>(98,365,912)</u>	<u>(18,220,064)</u>	<u>(5,464,226)</u>	<u>(1,012,125)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>700,517,917</u>	<u>783,096,518</u>	<u>38,913,770</u>	<u>43,501,011</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩1,943,132,204</u>	<u>₩1,973,845,673</u>	<u>Rs. 107,940,993</u>	<u>Rs. 109,647,126</u>

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Korean won			
	Three months ended September 30, 2015 (In thousands, except per share amounts)	Nine months ended September 30, 2015 (In thousands, except per share amounts)	Three months ended September 30, 2014 (In thousands, except per share amounts)	Nine months ended September 30, 2014 (In thousands, except per share amounts)
SALES (Notes 31 and 32)	₩ 818,071,844	₩ 2,410,631,250	₩ 764,809,742	₩ 2,487,735,202
COST OF SALES (Notes 24 and 32)	<u>686,133,875</u>	<u>2,059,123,787</u>	<u>672,043,119</u>	<u>2,157,174,666</u>
GROSS PROFIT	131,937,969	351,507,463	92,766,623	330,560,536
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	<u>135,348,818</u>	<u>408,544,600</u>	<u>122,331,426</u>	<u>377,029,248</u>
OPERATING LOSS	(3,410,849)	(57,037,137)	(29,564,803)	(46,468,712)
NON-OPERATING INCOME (Note 27)	6,625,143	23,442,029	8,223,404	23,505,345
NON-OPERATING EXPENSES (Note 27)	5,853,109	19,141,499	2,991,970	50,535,981
FINANCIAL INCOME (Note 28)	978,037	12,607,524	9,879,664	47,237,214
FINANCIAL COST (Note 28)	<u>25,405,025</u>	<u>40,001,130</u>	<u>2,461,680</u>	<u>8,635,026</u>
LOSS BEFORE INCOME TAX	(27,065,803)	(80,130,213)	(16,915,385)	(34,897,160)
INCOME TAX EXPENSE (Note 23)	-	-	-	-
NET LOSS	(27,065,803)	(80,130,213)	(16,915,385)	(34,897,160)
OTHER COMPREHENSIVE LOSS	<u>(6,553,247)</u>	<u>(4,743,345)</u>	<u>(10,022,393)</u>	<u>(28,828,203)</u>
TOTAL COMPREHENSIVE LOSS	<u>₩ (33,619,050)</u>	<u>₩ (84,873,558)</u>	<u>₩ (26,937,778)</u>	<u>₩ (63,725,363)</u>
LOSS PER SHARE (Note 29) Basic and diluted loss per share	<u>₩ (197)</u>	<u>₩ (584)</u>	<u>₩ (123)</u>	<u>₩ (254)</u>

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Indian rupee			
	Three months ended September 30, 2015	Nine months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2014
	(In thousands, except per share amounts)		(In thousands, except per share amounts)	
SALES (Notes 31 and 32)	Rs. 45,443,891	Rs. 133,910,566	Rs. 42,485,181	Rs. 138,193,690
COST OF SALES (Notes 24 and 32)	<u>38,114,737</u>	<u>114,384,326</u>	<u>37,331,995</u>	<u>119,831,053</u>
GROSS PROFIT	7,329,154	19,526,240	5,153,186	18,362,637
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	<u>7,518,627</u>	<u>22,694,653</u>	<u>6,795,511</u>	<u>20,943,975</u>
OPERATING LOSS	(189,473)	(3,168,413)	(1,642,325)	(2,581,338)
NON-OPERATING INCOME (Note 27)	368,027	1,302,205	456,810	1,305,722
NON-OPERATING EXPENSES (Note 27)	325,140	1,063,309	166,204	2,807,274
FINANCIAL INCOME (Note 28)	54,330	700,348	548,815	2,624,027
FINANCIAL COST (Note 28)	<u>1,411,249</u>	<u>2,222,063</u>	<u>136,746</u>	<u>479,676</u>
LOSS BEFORE INCOME TAX	(1,503,505)	(4,451,232)	(939,650)	(1,938,539)
INCOME TAX EXPENSE (Note 23)	-	-	-	-
NET LOSS	(1,503,505)	(4,451,232)	(939,650)	(1,938,539)
OTHER COMPREHENSIVE LOSS	<u>(364,033)</u>	<u>(263,493)</u>	<u>(556,744)</u>	<u>(1,601,407)</u>
TOTAL COMPREHENSIVE LOSS	<u>Rs. (1,867,538)</u>	<u>Rs. (4,714,725)</u>	<u>Rs. (1,496,394)</u>	<u>Rs. (3,539,946)</u>
LOSS PER SHARE (Note 29) Basic and diluted loss per share	<u>Rs. (11)</u>	<u>Rs. (32)</u>	<u>Rs. (7)</u>	<u>Rs. (14)</u>

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Korean won in thousands										
	Other capital surplus						Gain on disposal of treasury stocks	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						
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 loss	-	-	-	-	-	-	-	-	(34,897,160)	(34,897,160)	
Actuarial loss	-	-	-	-	-	-	-	-	(120,873)	(120,873)	
Loss on valuation of derivatives	-	-	-	-	-	-	-	(28,707,330)	-	(28,707,330)	
Balance at September 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>₩ (1,873,650)</u>	<u>₩ 12,707,930</u>	<u>₩ 826,318,162</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	-	-	-	-	-	-	-	-	(80,130,213)	(80,130,213)	
Actuarial loss	-	-	-	-	-	-	-	-	(15,635)	(15,635)	
Disposal of treasury stock	-	-	-	-	1,189,820	1,105,137	-	-	-	2,294,957	
Gain on valuation of derivatives	-	-	-	-	-	-	-	(4,727,710)	-	(4,727,710)	
Balance at September 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>₩ (18,895,010)</u>	<u>₩ (98,365,912)</u>	<u>₩ 700,517,917</u>	

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Indian rupee in thousands									
	Other capital surplus							Other capital adjustments	Retained earnings (accumulated deficit)	Total
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stocks	Other capital surplus			
Balance at January 1, 2014	Rs. 38,112,882	Rs. 636,198	Rs. 6,685,530	Rs. 51,745	Rs. (6,029)	Rs. -	Rs. (180,197)	Rs. 1,490,611	Rs. 2,651,177	Rs. 49,441,917
Net loss	-	-	-	-	-	-	-	-	(1,938,539)	(1,938,539)
Actuarial loss	-	-	-	-	-	-	-	-	(6,714)	(6,714)
Loss on valuation of derivatives	-	-	-	-	-	-	-	(1,594,693)	-	(1,594,693)
Balance at September 30, 2014	<u>Rs. 38,112,882</u>	<u>Rs. 636,198</u>	<u>Rs. 6,685,530</u>	<u>Rs. 51,745</u>	<u>Rs. (6,029)</u>	<u>Rs. -</u>	<u>Rs. (180,197)</u>	<u>Rs. (104,082)</u>	<u>Rs. 705,924</u>	<u>Rs. 45,901,971</u>
Balance at January 1, 2015	Rs. 38,112,882	Rs. 636,198	Rs. 6,565,399	Rs. 51,745	Rs. (66,094)	Rs. -	Rs. -	Rs. (786,994)	Rs. (1,012,125)	Rs. 43,501,011
Net loss	-	-	-	-	-	-	-	-	(4,451,232)	(4,451,232)
Actuarial loss	-	-	-	-	-	-	-	-	(869)	(869)
Disposal of treasury stock	-	-	-	-	66,094	61,390	-	-	-	127,484
Gain on valuation of derivatives	-	-	-	-	-	-	-	(262,624)	-	(262,624)
Balance at September 30, 2015	<u>Rs. 38,112,882</u>	<u>Rs. 636,198</u>	<u>Rs. 6,565,399</u>	<u>Rs. 51,745</u>	<u>Rs. -</u>	<u>Rs. 61,390</u>	<u>Rs. -</u>	<u>Rs. (1,049,618)</u>	<u>Rs. (5,464,226)</u>	<u>Rs. 38,913,770</u>

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Korean won		Indian rupee	
	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	₩ (80,130,213)	₩ (34,897,160)	Rs. (4,451,232)	Rs. (1,938,539)
Adjustment (Note 30)	161,533,896	145,820,943	8,973,208	8,100,353
Changes in net working capital (Note 30)	<u>(82,656,776)</u>	<u>(172,773,156)</u>	<u>(4,591,584)</u>	<u>(9,597,549)</u>
	(1,253,093)	(61,849,373)	(69,608)	(3,435,735)
Interests received	2,349,557	5,240,528	130,518	291,111
Interests paid	(2,430,768)	(2,990,608)	(135,029)	(166,128)
Dividend income received	480,229	757,077	26,677	42,056
Net cash used in operating activities	<u>(854,075)</u>	<u>(58,842,376)</u>	<u>(47,442)</u>	<u>(3,268,696)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	6,002,202	-	333,422	-
Disposal of property, plant and equipment	696,697	1,358,049	38,702	75,440
Disposal of intangible assets	-	587,760	-	32,650
Decrease in other assets	113,159	2,125	6,286	118
	<u>6,812,058</u>	<u>1,947,934</u>	<u>378,410</u>	<u>108,208</u>
Cash outflows for investing activities:				
Increase in other receivables	5,976,061	2,566,569	331,970	142,573
Acquisition of property, plant and equipment	96,543,397	114,849,792	5,362,986	6,379,906
Acquisition of intangible assets	<u>46,480,371</u>	<u>49,659,246</u>	<u>2,581,985</u>	<u>2,758,571</u>
	148,999,829	167,075,607	8,276,941	9,281,050
Net cash used in investing activities	<u>(142,187,771)</u>	<u>(165,127,673)</u>	<u>(7,898,531)</u>	<u>(9,172,842)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	82,570,176	28,845,328	4,586,771	1,602,360
Increase in government grants	42,227	40,273	2,346	2,237
Disposal of treasury stock	<u>2,294,957</u>	<u>-</u>	<u>127,485</u>	<u>-</u>
	<u>84,907,360</u>	<u>28,885,601</u>	<u>4,716,602</u>	<u>1,604,597</u>

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	Korean won		Indian rupee	
	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ 2,500,000	₩ 95,404,765	Rs. 138,875	Rs. 5,299,735
	2,500,000	95,404,765	138,875	5,299,735
Net cash provided by (used in) financing activities	82,407,360	(66,519,164)	4,577,727	(3,695,138)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(60,634,486)	(290,489,213)	(3,368,246)	(16,136,676)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	149,091,232	359,712,082	8,282,018	19,982,006
CASH AND CASH EQUIVALENTS, END OF YEAR	₩ 88,456,746	₩ 69,222,869	Rs. 4,913,772	Rs. 3,845,330

(Concluded)

See accompanying notes to the separate financial statements.

SSANGYONG MOTOR COMPANY

NOTES TO SEPARATE FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2015, AND DECEMBER 31, 2014, AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 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 September 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 separate financial statements, its period belongs to annual financial report, adopt Korean International Financial Reporting Standards (“K-IFRS”) 1034, *Interim Financial Reporting*. The Company’s financial statements are separate financial statements prepared in accordance with the requirements of K-IFRS 1027, *Separate Financial Statements*. The audited separate financial statements, as of and for the year December 31, 2014, are used to understand the interim separate financial statements.

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

The Indian rupee amounts presented in these separate financial statements were computed by translating the Korean won into Indian rupees based on the Bank of Korea Basic Rate (₩1 to Rs. 0.05555 at September 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) are 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, but 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 September 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	Financial institution		September 30, 2015		December 31, 2014	Notes
Cash and cash equivalents	Shinhan Bank and others	₩	685,543	₩	405,689	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank		957,062		14,147,553	
Long-term financial instruments	Shinhan Bank and others		6,000		6,000	Overdraft deposit
		₩	<u>1,648,605</u>	₩	<u>14,559,242</u>	

(Unit: Indian rupee in thousands)

	Financial institution		September 30, 2015		December 31, 2014	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs.	38,082	Rs.	22,536	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank		53,165		785,897	
Long-term financial instruments	Shinhan Bank and others		333		333	Overdraft deposit
		Rs.	<u>91,580</u>	Rs.	<u>808,766</u>	

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

The Company’s AFS financial assets as of September 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Classification	Ownership (%)	September 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 (%)	September 30, 2015			December 31, 2014
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 27,775	Rs. 37,531	Rs. 27,775	Rs. 27,775
Korea Management Consultants Association (*)	1.50	3,333	29,381	3,333	3,333
		<u>Rs. 31,108</u>	<u>Rs. 66,912</u>	<u>Rs. 31,108</u>	<u>Rs. 31,108</u>

(*) Because the market prices from an active market are unavailable 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 September 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 September 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Financial assets	September 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 142,760,956	₩ 8,089,876	₩ 3,582,625	₩ 49,599,230
Less: Allowance for doubtful accounts	(165,044)	(3,691)	(16,905)	(162,372)
	<u>₩ 142,595,912</u>	<u>₩ 8,086,185</u>	<u>₩ 3,565,720</u>	<u>₩ 49,436,858</u>

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

(Unit: Indian rupee in thousands)

Financial assets	September 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 7,930,371	Rs. 449,393	Rs. 199,015	Rs. 2,755,237
Less: Allowance for doubtful accounts	(9,168)	(205)	(940)	(9,020)
	<u>Rs. 7,921,203</u>	<u>Rs. 449,188</u>	<u>Rs. 198,075</u>	<u>Rs. 2,746,217</u>

Financial assets	December 31, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 8,764,079	Rs. 1,040,694	Rs. 154,310	Rs. 2,683,786
Less: Allowance for doubtful accounts	(4,842)	(21,850)	(613)	(8,313)
	<u>Rs. 8,759,237</u>	<u>Rs. 1,018,844</u>	<u>Rs. 153,697</u>	<u>Rs. 2,675,473</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 September 30, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

Classification	September 30, 2015			
	3–6 months	6–12 months	More than 1 year	Total
Trade receivables	₩ 263,872	₩ 622,310	₩ 1,450,598	₩ 2,336,780
Non-trade receivables	1,920,042	142,178	4,205,166	6,267,386
Other long-term receivables	2,905,998	4,402,185	103,250	7,411,433
	<u>₩ 5,089,912</u>	<u>₩ 5,166,673</u>	<u>₩ 5,759,014</u>	<u>₩ 16,015,599</u>

Classification	December 31, 2014			
	3–6 months	6–12 months	More than 1 year	Total
Trade receivables	₩ 1,819,742	₩ 44,594	₩ 2,719,299	₩ 4,583,635
Non-trade receivables	580,975	7,435	4,734,672	5,323,082
Other long-term receivables	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)

September 30, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 14,658	Rs. 34,569	Rs. 80,581	Rs. 129,808
Non-trade receivables	106,658	7,898	233,597	348,153
Other long-term receivables	161,428	244,541	5,736	411,705
	<u>Rs. 282,744</u>	<u>Rs. 287,008</u>	<u>Rs. 319,914</u>	<u>Rs. 889,666</u>

December 31, 2014				
Classification	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	Rs. 101,087	Rs. 2,477	Rs. 151,057	Rs. 254,621
Non-trade receivables	32,273	413	263,011	295,697
Other long-term receivables	117,871	233,741	5,954	357,566
	<u>Rs. 251,231</u>	<u>Rs. 236,631</u>	<u>Rs. 420,022</u>	<u>Rs. 907,884</u>

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

(Unit: Korean won in thousands)

September 30, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₩ -	₩ -	₩ 47,349	₩ 47,349
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 47,349</u>	<u>₩ 47,349</u>

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

(Unit: Indian rupee in thousands)

September 30, 2015				
Classification	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	Rs. -	Rs. -	Rs. 2,630	Rs. 2,630
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 2,630</u>	<u>Rs. 2,630</u>

December 31, 2014				
Classification	3-6 months	6-12 months	More than 1 year	Total
Non-trade receivables	Rs. -	Rs. -	Rs. 21,567	Rs. 21,567
Other long-term receivables	-	-	2,630	2,630
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 24,197</u>	<u>Rs. 24,197</u>

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

(Unit: Korean won in thousands)

Nine months ended September 30, 2015				
Classification	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₩ 87,169	₩ 393,336	₩ 11,054	₩ 149,638
Bad debt expense	77,875	(20,964)	5,851	12,734
Write-offs	-	(368,681)	-	-
Ending balance	<u>₩ 165,044</u>	<u>₩ 3,691</u>	<u>₩ 16,905</u>	<u>₩ 162,372</u>

Classification	Nine months ended September 30, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₹ 208,701	₹ 491,039	₹ -	₹ 241,459
Bad debt expense	252,819	(94,854)	3,126	8,934
Ending balance	<u>₹ 461,520</u>	<u>₹ 396,185</u>	<u>₹ 3,126</u>	<u>₹ 250,393</u>

(Unit: Indian rupee in thousands)

Classification	Nine months ended September 30, 2015			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₹ 4,842	₹ 21,850	₹ 613	₹ 8,313
Bad debt expense	4,326	(1,165)	327	707
Write-offs	-	(20,480)	-	-
Ending balance	<u>₹ 9,168</u>	<u>₹ 205</u>	<u>₹ 940</u>	<u>₹ 9,020</u>

Classification	Nine months ended September 30, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₹ 11,593	₹ 27,277	₹ -	₹ 13,413
Bad debt expense	14,044	(5,269)	174	496
Ending balance	<u>₹ 25,637</u>	<u>₹ 22,008</u>	<u>₹ 174</u>	<u>₹ 13,909</u>

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

8. INVENTORIES:

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

(Unit: Korean won in thousands)

	September 30, 2015	December 31, 2014
Merchandises	₩ 40,268,295	₩ 52,417,962
Finished goods	69,919,537	43,801,591
Work in process	29,330,466	29,184,732
Raw materials	57,763,473	51,686,249
Submaterials	489,268	601,473
Supplies	3,703,320	3,821,023
Goods in transit	70,047,447	76,009,676
Total	<u>₩ 271,521,806</u>	<u>₩ 257,522,706</u>

(Unit: Indian rupee in thousands)

	September 30, 2015	December 31, 2014
Merchandises	₹ 2,236,904	₹ 2,911,818
Finished goods	3,884,030	2,433,178
Work in process	1,629,307	1,621,212
Raw materials	3,208,761	2,871,171
Submaterials	27,179	33,412
Supplies	205,719	212,258
Goods in transit	3,891,136	4,222,337
Total	<u>₹ 15,083,036</u>	<u>₹ 14,305,386</u>

The Company uses the “lower of cost or market method” in the separate statement of financial position 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 ₩3,625,534 thousand (Rs. 201,398 thousand).

9. INVESTMENTS IN SUBSIDIARIES:

(1) Details of investments in subsidiaries

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

(Unit: Korean won in thousands)

Name of subsidiary	Location	Ownership (%)	September 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	-	-
			<u>₩ 6,173,792</u>	<u>₩ 5,829,056</u>	<u>₩ 5,829,056</u>

(Unit: Indian rupee in thousands)

Name of subsidiary	Location	Ownership (%)	September 30, 2015		December 31, 2014
			Acquisition cost	Book value	Book value
Ssangyong Motor (Shanghai) Co., Ltd.	China	100	Rs. 296,531	Rs. 323,804	Rs. 323,804
Ssangyong European Parts Center B.V.	Netherlands	100	46,423	-	-
			<u>Rs. 342,954</u>	<u>Rs. 323,804</u>	<u>Rs. 323,804</u>

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company’s subsidiaries as of and for the nine months ended September 30, 2015, is as follows:

(Unit: Korean won in thousands)

Companies	Assets	Liabilities	Sales	Operating income (loss)	Net Income (loss)
Ssangyong Motor (Shanghai) Co., Ltd	₩ 5,407,507	₩ 903,755	₩ 1,251,905	₩ (1,653,863)	₩ (1,500,370)
Ssangyong European Parts Center B.V.	8,694,079	11,718,513	11,004,584	909,101	901,155

(Unit: Indian rupee in thousands)

Companies	Assets	Liabilities	Sales	Operating income (loss)	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd	Rs. 300,387	Rs. 50,204	Rs. 69,543	Rs. (91,872)	Rs. (83,346)
Ssangyong European Parts Center B.V.	482,956	650,963	611,305	50,501	50,059

10. OTHER ASSETS:

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

(Unit: Korean won in thousands)

Account	September 30, 2015	December 31, 2014
Other current assets		
Advance payments	₩ 1,526,346	₩ 2,190,288
Less: Allowance for doubtful accounts	(4,213)	(10,298)
Prepaid expenses	13,601,420	4,741,584
Income tax refundable	307,352	794,694
	<u>₩ 15,430,905</u>	<u>₩ 7,716,268</u>

Account	September 30, 2015	December 31, 2014
Other non-current assets		
Other non-current assets	353,570	360,473
	<u>₩ 353,570</u>	<u>₩ 360,473</u>

(Unit: Indian rupee in thousands)

Account	September 30, 2015	December 31, 2014
Other current assets		
Advance payments	Rs. 84,789	Rs. 121,670
Less: Allowance for doubtful accounts	(234)	(572)
Prepaid expenses	755,559	263,395
Income tax refundable	17,073	44,146
	<u>Rs. 857,187</u>	<u>Rs. 428,639</u>
Other non-current assets		
Other non-current assets	19,641	20,024
	<u>Rs. 19,641</u>	<u>Rs. 20,024</u>

11. PROPERTY, PLANT AND EQUIPMENT:

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

(Unit: Korean won in thousands)

	September 30, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	533,754,378	1,615,103	193,830,374	148,366,786	189,942,115
Structures	106,702,592	140,898	60,457,769	29,156,376	16,947,549
Machinery	1,301,327,353	484,914	1,025,174,904	98,784,494	176,883,041
Vehicles	8,629,457	-	6,437,472	900,651	1,291,334
Tools and molds	1,025,381,450	8,720	600,071,740	162,276,460	263,024,530
Equipment	69,149,053	8,656	42,362,824	4,412,837	22,364,736
Construction in progress	35,869,231	-	-	-	35,869,231
Machinery in transit	529,629	-	-	-	529,629
	<u>₩3,556,874,456</u>	<u>₩ 2,258,291</u>	<u>₩1,928,335,083</u>	<u>₩ 443,897,604</u>	<u>₩1,182,383,478</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)

September 30, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	Rs. 26,415,764	Rs. -	Rs. -	Rs. -	Rs. 26,415,764
Buildings	29,650,056	89,719	10,767,277	8,241,775	10,551,285
Structures	5,927,329	7,827	3,358,429	1,619,637	941,436
Machinery	72,288,734	26,937	56,948,466	5,487,479	9,825,852
Vehicles	479,366	-	357,602	50,031	71,733
Tools and molds	56,959,940	484	33,333,985	9,014,457	14,611,014
Equipment	3,841,230	481	2,353,255	245,133	1,242,361
Construction in progress	1,992,536	-	-	-	1,992,536
Machinery in transit	29,421	-	-	-	29,421
	<u>Rs. 197,584,376</u>	<u>Rs. 125,448</u>	<u>Rs. 107,119,014</u>	<u>Rs. 24,658,512</u>	<u>Rs. 65,681,402</u>

December 31, 2014					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	Rs. 26,415,764	Rs. -	Rs. -	Rs. -	Rs. 26,415,764
Buildings	29,488,243	91,664	10,341,822	8,242,060	10,812,697
Structures	5,857,213	8,675	3,287,020	1,619,637	941,881
Machinery	69,761,433	32,957	56,012,302	5,491,337	8,224,837
Vehicles	530,827	-	376,270	66,380	88,177
Tools and molds	49,513,526	828	30,566,707	9,034,531	9,911,460
Equipment	3,724,218	865	2,108,597	252,345	1,362,411
Construction in progress	7,308,669	-	-	-	7,308,669
Machinery in transit	130,841	-	-	-	130,841
	<u>Rs. 192,730,734</u>	<u>Rs. 134,989</u>	<u>Rs. 102,692,718</u>	<u>Rs. 24,706,290</u>	<u>Rs. 65,196,737</u>

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

(Unit: Korean won in thousands)

Nine months ended September 30, 2015						
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	194,648,005	138,021	1,242	2,790,532	7,633,201	189,942,115
Structures	16,955,549	394,604	-	867,882	1,270,486	16,947,549
Machinery	148,061,878	2,388,694	2,511	48,450,049	22,015,069	176,883,041
Vehicles	1,587,353	30,328	5,345	97,040	418,042	1,291,334
Tools and molds	178,424,106	21,553,665	5,817	115,009,698	51,957,122	263,024,530
Equipment	24,525,850	2,537,218	3,188	235,459	4,930,603	22,364,736
Construction in progress	131,569,206	69,036,715	-	(164,736,690)	-	35,869,231
Machinery in transit	2,355,375	464,152	-	(2,289,898)	-	529,629
	<u>₩1,173,658,635</u>	<u>₩ 96,543,397</u>	<u>₩ 18,103</u>	<u>₩ 424,072</u>	<u>₩ 88,224,523</u>	<u>₩1,182,383,478</u>

(*) Capitalization cost that has flowed into construction and other property, plant and equipment in progress is ₩548,833 thousand in this period.

(**) Depreciation cost of suspended assets' amount of ₩14,216 thousand is included from the depreciation cost.

Nine months ended September 30, 2014

	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	₩ 475,305,570	₩ 200,035	₩ -	₩ -	₩ -	₩ 475,505,605
Buildings	193,689,175	496,218	-	2,742,518	7,185,708	189,742,203
Structures	16,849,781	159,689	1	216,085	1,209,437	16,016,117
Machinery	99,266,258	138,220	104,846	29,998,243	22,169,412	107,128,463
Vehicles	1,849,794	160,767	17	(4,731)	381,373	1,624,440
Tools and molds	201,515,831	1,687,700	3,715	5,957,092	37,763,145	171,393,763
Equipment	23,779,404	1,627,545	7,276	2,053,232	4,267,585	23,185,320
Construction in progress	70,917,106	99,833,780	97,166	(39,356,903)	-	131,296,817
Machinery in transit	862,440	10,545,838	-	(1,608,563)	-	9,799,715
	<u>₩1,084,035,359</u>	<u>₩ 114,849,792</u>	<u>₩ 213,021</u>	<u>₩ (3,027)</u>	<u>₩ 72,976,660</u>	<u>₩ 1,125,692,443</u>

(*) Depreciation cost of suspended assets' amount of ₩15,327 thousand is included from the depreciation cost.

(Unit: Indian rupee in thousands)

Nine months ended September 30, 2015

	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	Rs. 26,415,764	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 26,415,764
Buildings	10,812,697	7,667	69	155,014	424,024	10,551,285
Structures	941,881	21,920	-	48,210	70,575	941,436
Machinery	8,224,837	132,692	139	2,691,399	1,222,937	9,825,852
Vehicles	88,177	1,685	298	5,391	23,222	71,733
Tools and molds	9,911,460	1,197,306	323	6,388,789	2,886,218	14,611,014
Equipment	1,362,411	140,942	177	13,080	273,895	1,242,361
Construction in progress	7,308,669	3,834,990	-	(9,151,123)	-	1,992,536
Machinery in transit	130,841	25,784	-	(127,204)	-	29,421
	<u>Rs. 65,196,737</u>	<u>Rs. 5,362,986</u>	<u>Rs. 1,006</u>	<u>Rs. 23,556</u>	<u>Rs. 4,900,871</u>	<u>Rs. 65,681,402</u>

(*) Capitalization cost that has flowed into construction and other property, plant and equipment in progress is Rs. 30,210 thousand in this period.

(**) Depreciation cost of suspended assets' amount of Rs. 788 thousand is included from the depreciation cost.

Nine months ended September 30, 2014

	Beginning balance	Acquisition	Disposal	Other	Depreciation (*)	Ending balance
Land	Rs. 26,403,224	Rs. 11,112	Rs. -	Rs. -	Rs. -	Rs. 26,414,336
Buildings	10,759,434	27,565	-	152,347	399,166	10,540,180
Structures	936,005	8,871	-	12,004	67,184	889,696
Machinery	5,514,241	7,678	5,825	1,666,402	1,231,511	5,950,985
Vehicles	102,756	8,931	1	(263)	21,185	90,238
Tools and molds	11,194,204	93,752	206	330,916	2,097,743	9,520,923
Equipment	1,320,946	90,410	404	114,057	237,064	1,287,945
Construction in progress	3,939,445	5,545,766	5,398	(2,186,276)	-	7,293,537
Machinery in transit	47,909	585,821	-	(89,356)	-	544,374
	<u>Rs. 60,218,164</u>	<u>Rs. 6,379,906</u>	<u>Rs. 11,834</u>	<u>Rs. (169)</u>	<u>Rs. 4,053,853</u>	<u>Rs. 62,532,214</u>

(*) Depreciation cost of suspended assets' amount of Rs. 851 thousand is included from the depreciation cost.

(3) The assets pledged as collateral for the Company's borrowings as of September 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	₩ 366,132,440	₩267 billion
Buildings and structures	150-3 (factory site) and others	76,765,181	
Machinery	Pyeongtaek plant production facilities	6,631,627	
		<u>₩ 449,529,248</u>	

(Unit: Indian rupee in thousands)

Assets pledged as Collateral	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	Rs. 20,338,657	
Buildings and structures	150-3 (factory site) and others	4,264,306	Rs. 15 billion
Machinery	Pyeongtaek plant production facilities	368,387	
		<u>Rs. 24,971,350</u>	

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

(Unit: Korean won in thousands)

Account	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Capitalized interest expenses(*)	₩ 1,652,355	₩ -
Capitalization interest rate	4.02%	-

(Unit: Indian rupee in thousands)

Account	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Capitalized interest expenses(*)	Rs. 91,788	Rs. -
Capitalization interest rate	4.02%	-

(*) Borrowing costs that have been capitalized during the year in development costs are ₩1,108,522 thousand (Rs. 61,578 thousand).

12. INTANGIBLE ASSETS:

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

(Unit: Korean won in thousands)

	September 30, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 148,086,281	₩ -	₩ 31,813,587	₩ -	₩ 116,272,694
Patents	2,550,707	21,906	1,051,812	37,564	1,439,425
Other intangible assets	73,183,494	14,093	15,613,466	576,105	56,979,830
	<u>₩ 223,820,482</u>	<u>₩ 35,999</u>	<u>₩ 48,478,865</u>	<u>₩ 613,669</u>	<u>₩ 174,691,949</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)

September 30, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 8,226,193	Rs. -	Rs. 1,767,245	Rs. -	Rs. 6,458,948
Patents	141,692	1,217	58,428	2,087	79,960
Other intangible assets	<u>4,065,343</u>	<u>782</u>	<u>867,328</u>	<u>32,003</u>	<u>3,165,230</u>
	<u>Rs. 12,433,228</u>	<u>Rs. 1,999</u>	<u>Rs. 2,693,001</u>	<u>Rs. 34,090</u>	<u>Rs. 9,704,138</u>

December 31, 2014					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 1,586,762	Rs. -	Rs. 796,673	Rs. -	Rs. 790,089
Patents	104,061	1,220	42,014	1,743	59,084
Other intangible assets	<u>8,156,031</u>	<u>1,475</u>	<u>587,656</u>	<u>32,721</u>	<u>7,534,179</u>
	<u>Rs. 9,846,854</u>	<u>Rs. 2,695</u>	<u>Rs. 1,426,343</u>	<u>Rs. 34,464</u>	<u>Rs. 8,383,352</u>

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

(Unit: Korean won in thousands)

Nine months ended September 30, 2015							
	Beginning balance	Acquisition(*)	Transfer	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	₩ 14,223,033	₩ 1,881,970	₩ 118,722,633	₩ 18,562,046	₩ -	₩ 7,104	₩ 116,272,694
Patents	1,063,611	675,777	-	293,777	6,186	-	1,439,425
Other intangible assets	<u>135,628,790</u>	<u>43,920,837</u>	<u>(118,722,633)</u>	<u>5,022,147</u>	<u>-</u>	<u>1,174,983</u>	<u>56,979,830</u>
	<u>₩ 150,915,434</u>	<u>₩ 46,478,584</u>	<u>₩ -</u>	<u>₩ 23,877,970</u>	<u>₩ 6,186</u>	<u>₩ 1,182,087</u>	<u>₩ 174,691,949</u>

(*) Of the acquisition amount of other intangible assets, the amount that Company obtained in government subsidy is ₩1,787 thousand.

(**) Of the current-year development costs, the amount that has flowed into the capital of the cost is ₩1,108,522 thousand.

Nine months ended September 30, 2014							
	Beginning balance	Acquisition(*)	Disposal	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	₩ 5,107,302	₩ -	₩ -	₩ 3,619,671	₩ -	₩ -	₩ 1,487,631
Patents	736,258	346,955	-	200,232	22,541	-	860,440
Other intangible assets	<u>83,636,581</u>	<u>49,272,017</u>	<u>587,760</u>	<u>4,595,527</u>	<u>(97,760)</u>	<u>-</u>	<u>127,823,071</u>
	<u>₩ 89,480,141</u>	<u>₩ 49,618,972</u>	<u>₩ 587,760</u>	<u>₩ 8,415,430</u>	<u>₩ (75,219)</u>	<u>₩ -</u>	<u>₩ 130,171,142</u>

(*) Of the acquisition amount of other intangible assets, the amount that Company obtained in government subsidy is ₩40,274 thousand.

(Unit: Indian rupee in thousands)

Nine months ended September 30, 2015							
	Beginning balance	Acquisition(*)	Transfer	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	Rs. 790,089	Rs. 104,543	Rs. 6,595,042	Rs. 1,031,122	Rs. -	Rs. 396	Rs. 6,458,948
Patents	59,084	37,539	-	16,319	344	-	79,960
Other intangible assets	<u>7,534,179</u>	<u>2,439,804</u>	<u>(6,595,042)</u>	<u>278,980</u>	<u>-</u>	<u>65,269</u>	<u>3,165,230</u>
	<u>Rs. 8,383,352</u>	<u>Rs. 2,581,886</u>	<u>Rs. -</u>	<u>Rs. 1,326,421</u>	<u>Rs. 344</u>	<u>Rs. 65,665</u>	<u>Rs. 9,704,138</u>

- (*) Of the acquisition amount of other intangible assets, the amount that Company obtained in government subsidy is Rs. 99 thousand.
(**) Of the current-year development costs, the amount that has flowed into the capital of the cost is Rs. 61,578 thousand.

		Nine months ended September 30, 2014					
		Beginning balance	Acquisition(*)	Disposal	Depreciation	Impairment loss	Ending balance
Development cost	Rs.	283,711	Rs. -	Rs. -	Rs. 201,073	Rs. -	Rs. 82,638
Patents		40,899	19,273	-	11,122	1,252	47,798
Other intangible assets		<u>4,646,012</u>	<u>2,737,061</u>	<u>32,650</u>	<u>255,282</u>	<u>(5,431)</u>	<u>7,100,572</u>
	Rs.	<u>4,970,622</u>	Rs. <u>2,756,334</u>	Rs. <u>32,650</u>	Rs. <u>467,477</u>	Rs. <u>(4,179)</u>	Rs. <u>7,231,008</u>

- (*) Of the acquisition amount of other intangible assets, the amount that Company obtained in government subsidy is Rs. 2,237 thousand.

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

Account	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Cost of goods manufactured	₩ 18,562,046	₩ 3,347,170	Rs. 1,031,122	Rs. 185,935
Selling and administrative expenses	<u>5,315,924</u>	<u>5,068,260</u>	<u>295,299</u>	<u>281,542</u>
	<u>₩ 23,877,970</u>	<u>₩ 8,415,430</u>	<u>Rs. 1,326,421</u>	<u>Rs. 467,477</u>

13. **BORROWINGS:**

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

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	September 30, 2015	December 31, 2014
Korea Development				
Bank	Operating fund	CD +1.99	₩ 30,000,000	₩ 30,000,000
Woori Bank(*)	Operating fund	CD +2.0	15,000,000	5,000,000
BOA and others	Banker's usance	0.32-1.34	<u>126,053,840</u>	<u>64,540,013</u>
			<u>₩ 171,053,840</u>	<u>₩ 99,540,013</u>

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	September 30, 2015	December 31, 2014
Korea Development				
Bank	Operating fund	CD +1.99	Rs. 1,666,500	Rs. 1,666,500
Woori Bank(*)	Operating fund	CD +2.0	833,250	277,750
BOA and others	Banker's usance	0.32-1.34	<u>7,002,291</u>	<u>3,585,198</u>
			<u>Rs. 9,502,041</u>	<u>Rs. 5,529,448</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 September 30, 2015, and December 31, 2014, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	September 30, 2015	December 31, 2014
Woori Bank	Operating fund	CD +2.0	₩ 57,500,000	₩ 30,000,000
Net: within one-year arrival worth			(15,000,000)	(5,000,000)
			<u>₩ 42,500,000</u>	<u>₩ 25,000,000</u>

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	September 30, 2015	December 31, 2014
Woori Bank	Operating fund	CD +2.0	Rs. 3,194,125	Rs. 1,666,500
Net: within one-year arrival worth			(833,250)	(277,750)
			<u>Rs. 2,360,875</u>	<u>Rs. 1,388,750</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)
Woori Bank	Land, buildings and machinery	2015-08-07	₩36 billion (Rs. 2 billion)

14. OTHER FINANCIAL LIABILITIES:

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

Classification	Korean won in thousands		Indian rupee in thousands	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
Other current financial liabilities:				
Accrued expenses	<u>₩ 34,822,526</u>	<u>₩ 29,715,325</u>	<u>Rs. 1,934,391</u>	<u>Rs. 1,650,686</u>

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 nine months ended September 30, 2015 and 2014, are as follows:

(Unit: Korean won in thousands)

	Beginning balance		Increase	Decrease	Ending balance	
	Current	Non-current			Current	Non-current
Nine months ended						
September 30, 2015	₩ 137,866,039	₩ 84,488,479	₩ 76,509,122	₩ 145,845,396	₩ 60,071,320	₩ 85,774,076
Nine months ended						
September 30, 2014	₩ 125,479,981	₩ 83,334,216	₩ 75,584,584	₩ 133,229,613	₩ 55,802,895	₩ 77,426,718

(Unit: Indian rupee in thousands)

	Beginning balance		Increase	Decrease	Ending balance	
	Current	Non-current			Current	Non-current
Nine months ended						
September 30, 2015	Rs. 7,658,458	Rs. 4,693,336	Rs. 4,250,082	Rs. 8,101,712	Rs. 3,336,962	Rs. 4,764,750
Nine months ended						
September 30, 2014	Rs. 6,970,413	Rs. 4,629,215	Rs. 4,198,724	Rs. 7,400,904	Rs. 3,099,851	Rs. 4,301,053

16. OTHER LIABILITIES:

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

Classification	Korean won in thousands		Indian rupee in thousands	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
Advances from customers	₩ 6,249,321	₩ 2,982,710	Rs. 347,150	Rs. 165,690
Deposits received	761,315	763,400	42,291	42,407
Withholdings	21,429,806	18,716,930	1,190,424	1,039,725
	<u>₩ 28,440,442</u>	<u>₩ 22,463,040</u>	<u>Rs. 1,579,865</u>	<u>Rs. 1,247,822</u>

17. RETIREMENT BENEFIT OBLIGATION:

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

Classification	Korean won in thousands		Indian rupee in thousands	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
Present value of defined benefit obligation	₩ 272,799,566	₩ 248,189,001	Rs. 15,154,015	Rs. 13,786,899
Fair value of plan assets	(1,373,470)	(1,440,612)	(76,295)	(80,026)
	<u>₩ 271,426,096</u>	<u>₩ 246,748,389</u>	<u>Rs. 15,077,720</u>	<u>Rs. 13,706,873</u>

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

(Unit: Korean won in thousands)

	Nine months ended September 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	28,230,813	-	28,230,813
Interest cost (income)	6,300,733	(36,486)	6,264,247
Subtotal	<u>282,720,547</u>	<u>(1,477,098)</u>	<u>281,243,449</u>
Actuarial gain or loss			
Actuarial gain or loss	-	15,635	15,635
Payments			
Benefit payment from plan assets	(87,993)	87,993	-
Benefit payment from the Company	(9,832,988)	-	(9,832,988)
Ending balance	<u>₩ 272,799,566</u>	<u>₩ (1,373,470)</u>	<u>₩ 271,426,096</u>
	Nine months ended September 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	25,867,112	-	25,867,112
Interest cost (income)	5,764,601	(47,374)	5,717,227
Previous service costs	25,357,362	-	25,357,362
Subtotal	<u>233,119,231</u>	<u>(1,521,412)</u>	<u>231,597,819</u>
Actuarial gain or loss			
Actuarial gain or loss	-	22,682	22,682
DBO (gain)/loss due to experience	(6,308,363)	-	(6,308,363)

Nine months ended September 30, 2014			
	Present value of defined benefit obligations	Fair value of scheme assets	Total
DBO (gain)/loss due to changes in financial assumptions	6,406,554	-	6,406,554
Subtotal	<u>₹ 98,191</u>	<u>₹ 22,682</u>	<u>₹ 120,873</u>
Payments			
Benefit payment from plan assets	(37,032)	37,032	-
Benefit payment from the Company	(3,803,191)	-	(3,803,191)
Replaced with accounts payable	(2,021,058)	-	(2,021,058)
Ending balance	<u>₹ 227,356,141</u>	<u>₹ (1,461,698)</u>	<u>₹ 225,894,443</u>

(Unit: Indian rupee in thousands)

Nine months ended September 30, 2015			
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 13,786,899	Rs. (80,026)	Rs. 13,706,873
Net current service cost	1,568,222	-	1,568,222
Interest cost (income)	350,006	(2,027)	347,979
Subtotal	<u>15,705,127</u>	<u>(82,053)</u>	<u>15,623,074</u>
Actuarial gain or loss			
Actuarial gain or loss	-	869	869
Payments			
Benefit payment from plan assets	(4,889)	4,889	-
Benefit payment from the Company	(546,223)	-	(546,223)
Ending balance	<u>Rs. 15,154,015</u>	<u>Rs. (76,295)</u>	<u>Rs. 15,077,720</u>

Nine months ended September 30, 2014			
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 9,784,030	Rs. (81,883)	Rs. 9,702,147
Net current service cost	1,436,918	-	1,436,918
Interest cost (income)	320,224	(2,632)	317,592
Previous service costs	1,408,601	-	1,408,601
Subtotal	<u>12,949,773</u>	<u>(84,515)</u>	<u>12,865,258</u>
Actuarial gain or loss			
Actuarial gain or loss	-	1,260	1,260
DBO (gain)/loss due to experience	(350,430)	-	(350,430)
DBO (gain)/loss due to changes in financial assumptions	355,884	-	355,884
Subtotal	<u>5,454</u>	<u>1,260</u>	<u>6,714</u>
Payments			
Benefit payment from plan assets	(2,057)	2,057	-
Benefit payment from the Company	(211,267)	-	(211,267)
Replaced with accounts payable	(112,270)	-	(112,270)
Ending balance	<u>Rs. 12,629,633</u>	<u>Rs. (81,198)</u>	<u>Rs. 12,548,435</u>

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

	September 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 September 30, 2015.

- (1) The Company carries product liability insurance for all products, which it sells.
- (2) As of September 30, 2015, the Company has been providing guarantees from Korea Development Bank, etc., amounting to USD294 million (execution amount USD145 million) related to import letter of credit.
- (3) The following are the major loan arrangements with the financial institutions as of September 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	27,500,000
Woori Bank	Operating purpose loans	30,000,000	30,000,000
Nonghyup Bank	Limit purpose loans	15,000,000	-
JP Morgan	Current purpose loans	50,000,000	-
BNP Paribas	Current purpose loans	15,000,000	-
Deutsche Bank	Current purpose loans	17,000,000	-
BOA	Current purpose loans	15,000,000	-
Total		<u>₩ 202,000,000</u>	<u>₩ 87,500,000</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. 1,666,500	Rs. 1,666,500
Woori Bank	Operating purpose loans	1,666,500	1,527,625
Woori Bank	Operating purpose loans	1,666,500	1,666,500
Nonghyup Bank	Limit purpose loans	833,250	-
JP Morgan	Current purpose loans	2,777,500	-
BNP Paribas	Current purpose loans	833,250	-
Deutsche Bank	Current purpose loans	944,350	-
BOA	Current purpose loans	833,250	-
Total		<u>Rs. 11,221,100</u>	<u>Rs. 4,860,625</u>

- (4) Pending litigations

As of September 30, 2015, the Company has two pending litigations as a plaintiff with claims amounting to ₩5,585 million (Rs. 310 million) and 27 pending litigations as a defendant with claims amounting to ₩22,735 million (Rs. 1,263 million). The Company recognized other payables amounting to ₩26,946million (Rs. 1,497 million) that are expected to be a probable loss and can be reasonably estimated as of September 30, 2015.

19. CAPITAL STOCK:

As of September 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>
September 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>
September 30, 2015	3,000,000,000	137,220,096	Rs. 278	Rs. 38,112,882
December 31, 2014	3,000,000,000	137,220,096	Rs. 278	Rs. 38,112,882

20. OTHER CAPITAL SURPLUS:

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

	September 30, 2015		December 31, 2014		September 30, 2015		December 31, 2014	
	(Korean won in thousands)		(Korean won in thousands)		(Indian rupee in thousands)		(Indian rupee in thousands)	
Other capital surplus	₩	11,452,713	₩	11,452,713	Rs.	636,198	Rs.	636,198
Paid-in capital in excess of par value								
Gain on retirement of capital stock		118,189,001		118,189,001		6,565,399		6,565,399
Debt converted to equity		931,508		931,508		51,745		51,745
Treasury stock		-		(1,189,820)		-		(66,094)
Gain on disposal of treasury stocks		1,105,137		-		61,390		-
	₩	<u>131,678,359</u>	₩	<u>129,383,402</u>	Rs.	<u>7,314,732</u>	Rs.	<u>7,187,248</u>

21. OTHER CAPITAL ADJUSTMENTS:

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

(Unit: Korean won in thousands)

Classification		September 30, 2015	December 31, 2014
Other capital adjustments	Loss on valuation of derivatives	₩ (18,895,010)	₩ (14,167,300)

(Unit: Indian rupee in thousands)

Classification		September 30, 2015	December 31, 2014
Other capital adjustments	Loss on valuation of derivatives	Rs. (1,049,618)	Rs. (786,994)

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

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Beginning balance	₩ (14,167,300)	₩ 26,833,680	Rs. (786,994)	Rs. 1,490,611
Gain (loss) on valuation of derivatives	(17,783,260)	(1,873,650)	(987,860)	(104,082)
Reclassified to net income	13,055,550	(26,833,680)	725,236	(1,490,611)
Ending balance	₩ (18,895,010)	₩ (1,873,650)	Rs. (1,049,618)	Rs. (104,082)

22. DEFICIT:

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

(Unit: Korean won in thousands)

	September 30, 2015	December 31, 2014
Deficit	₩ (98,365,912)	₩ (18,220,064)

(Unit: Indian rupee in thousands)

	September 30, 2015	December 31, 2014
Deficit	Rs. (5,464,226)	Rs. (1,012,125)

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

(Unit: Korean won in thousands)

	Nine months ended September 30, 2015		Nine months ended September 30, 2014	
Beginning balance	₩	(18,220,064)	₩	47,725,963
Net loss		(80,130,213)		(34,897,160)
Actuarial loss		(15,635)		(120,873)
Ending balance	₩	(98,365,912)	₩	12,707,930

(Unit: Indian rupee in thousands)

	Nine months ended September 30, 2015		Nine months ended September 30, 2014	
Beginning balance	Rs.	(1,012,125)	Rs.	2,651,177
Net loss		(4,451,232)		(1,938,539)
Actuarial loss		(869)		(6,714)
Ending balance	Rs.	(5,464,226)	Rs.	705,924

23. INCOME TAX:

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

24. EXPENSES BY CATEGORY:

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

	Korean won in thousands		Indian rupee in thousands					
	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014				
Changes in inventories	₩	(14,114,013)	₩	(3,974,528)	Rs.	(784,033)	Rs.	(220,785)
Raw materials and merchandise goods used		1,652,054,844		1,749,847,120		91,771,647		97,204,008
Employee benefits		360,890,908		367,764,439		20,047,490		20,429,315
Depreciation		88,224,523		72,976,660		4,900,871		4,053,853
Amortization		23,877,970		8,415,430		1,326,421		467,477
Others		356,734,155		339,174,793		19,816,583		18,841,160
Total(*)	₩	2,467,668,387	₩	2,534,203,914	Rs.	137,078,979	Rs.	140,775,028

(*) 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). Loss on valuation of derivatives for ₩18,895,010 thousand (Rs. 1,049,618 thousand) applied to cash flow risk aversion accounting treatment is recognized as other capital components, and gain on valuation of derivatives for ₩1,019,010 thousand (Rs. 56,606 thousand), which is an inefficient part, is recognized as current income for the nine months ended September 30, 2015. Gain on valuation of derivatives for ₩214,018 thousand (Rs. 11,889 thousand) applied to financial asset at fair value through profit or loss is recognized as current income for the nine months ended September 30, 2015.

26. SELLING AND ADMINISTRATIVE EXPENSES:

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Warranty expenses	₩ 18,254,023	₩ 61,898,069	₩ 18,105,714	₩ 53,955,676
Sales commissions	48,939,368	142,387,254	38,655,486	114,546,129
Advertising expenses	5,972,655	14,538,567	3,918,427	12,291,011
Export expenses	10,709,559	34,223,209	13,809,909	49,107,819
Others	8,693,325	28,078,179	8,282,717	24,988,013
	<u>₩ 92,568,930</u>	<u>₩ 281,125,278</u>	<u>₩ 82,772,253</u>	<u>₩ 254,888,648</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Warranty expenses	Rs. 1,014,011	Rs. 3,438,438	Rs. 1,005,772	Rs. 2,997,238
Sales commissions	2,718,582	7,909,612	2,147,312	6,363,037
Advertising expenses	331,781	807,617	217,669	682,766
Export expenses	594,916	1,901,099	767,140	2,727,939
Others	482,914	1,559,743	460,106	1,388,084
	<u>Rs. 5,142,204</u>	<u>Rs. 15,616,509</u>	<u>Rs. 4,597,999</u>	<u>Rs. 14,159,064</u>

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Salaries	₩ 12,210,327	₩ 37,032,798	₩ 11,367,676	₩ 35,182,216
Postemployment benefits	1,831,392	5,884,553	1,627,654	5,156,385
Employee benefits	3,309,964	8,555,706	3,666,942	9,363,376
Rent expense	2,830,714	8,399,709	2,583,658	7,767,411
Service fees	6,445,394	19,521,338	4,455,039	15,204,537
Depreciation	2,923,973	8,682,323	1,758,131	5,172,046
R&D expenses	4,074,674	11,042,660	4,219,682	15,155,217
Amortization	1,824,925	5,315,924	1,721,204	5,068,260
Bad debt expense	103,789	77,875	247,217	252,819
Other administrative expenses	7,224,736	22,906,436	7,911,970	23,818,333
	<u>₩ 42,779,888</u>	<u>₩ 127,419,322</u>	<u>₩ 39,559,173</u>	<u>₩ 122,140,600</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Salaries	Rs. 678,284	Rs. 2,057,172	Rs. 631,474	Rs. 1,954,372
Postemployment benefits	101,734	326,887	90,416	286,437
Employee benefits	183,869	475,269	203,699	520,136
Rent expense	157,246	466,604	143,522	431,480
Service fees	358,042	1,084,410	247,477	844,612
Depreciation	162,427	482,303	97,664	287,307
R&D expenses	226,348	613,420	234,403	841,872
Amortization	101,375	295,300	95,613	281,542
Bad debt expense	5,765	4,326	13,733	14,044
Other administrative expenses	401,334	1,272,453	439,511	1,323,109
	<u>Rs. 2,376,424</u>	<u>Rs. 7,078,144</u>	<u>Rs. 2,197,512</u>	<u>Rs. 6,784,911</u>

27. NON-OPERATING INCOME (EXPENSES):

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Commission income	₩ 108,046	₩ 409,914	₩ 328,148	₩ 1,559,987
Gain on foreign currency transactions	1,882,040	7,290,592	3,559,794	8,062,830
Gain on foreign currency translation	671,518	1,071,900	142,830	491,844
Gain on disposal of property, plant and equipment	99,626	690,365	1,132,125	1,201,651
Others	3,863,913	13,979,258	3,060,507	12,189,033
	<u>₩ 6,625,143</u>	<u>₩ 23,442,029</u>	<u>₩ 8,223,404</u>	<u>₩ 23,505,345</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Commission income	Rs. 6,002	Rs. 22,771	Rs. 18,229	Rs. 86,657
Gain on foreign currency transactions	104,547	404,992	197,747	447,890
Gain on foreign currency translation	37,303	59,544	7,934	27,322
Gain on disposal of property, plant and equipment	5,534	38,350	62,890	66,752
Others	214,641	776,548	170,010	677,101
	<u>Rs. 368,027</u>	<u>Rs. 1,302,205</u>	<u>Rs. 456,810</u>	<u>Rs. 1,305,722</u>

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Loss on foreign currency transactions	₩ 3,571,189	₩ 7,659,189	₩ 1,651,843	₩ 8,219,865
Loss on foreign currency translation	(197,946)	649,009	80,224	1,123,231
Loss on disposal of property, plant and equipment	6,352	11,770	6,411	56,623
Loss on disposal of trade receivables	2,096,277	6,686,131	2,607,253	10,357,237
Others	377,237	4,135,400	(1,353,761)	30,779,025
	<u>₩ 5,853,109</u>	<u>₩ 19,141,499</u>	<u>₩ 2,991,970</u>	<u>₩ 50,535,981</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Loss on foreign currency transactions	Rs. 198,380	Rs. 425,468	Rs. 91,760	Rs. 456,614
Loss on foreign currency translation	(10,996)	36,052	4,456	62,395
Loss on disposal of property, plant and equipment	353	654	356	3,146

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Loss on disposal of trade receivables	Rs. 116,448	Rs. 371,415	Rs. 144,833	Rs. 575,345
Others	20,955	229,720	(75,201)	1,709,774
	<u>Rs. 325,140</u>	<u>Rs. 1,063,309</u>	<u>Rs. 166,204</u>	<u>Rs. 2,807,274</u>

28. FINANCIAL INCOME AND COST:

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Interest income	₩ 786,134	₩ 2,441,756	₩ 1,029,155	₩ 4,076,160
Dividend income	(10,930)	480,229	-	757,077
Gain on foreign currency transactions	1,369,179	7,215,577	2,159,830	4,219,760
Gain on foreign currency translation	(367,800)	26,531	279,749	1,196,632
Gain on disposal of derivatives	236,003	1,157,153	6,584,100	36,491,955
Gain on valuation of derivatives	(1,034,549)	1,286,278	(173,170)	495,630
	<u>₩ 978,037</u>	<u>₩ 12,607,524</u>	<u>₩ 9,879,664</u>	<u>₩ 47,237,214</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Interest income	Rs. 43,670	Rs. 135,639	Rs. 57,170	Rs. 226,430
Dividend income	(607)	26,677	-	42,056
Gain on foreign currency transactions	76,058	400,825	119,979	234,408
Gain on foreign currency translation	(20,432)	1,474	15,539	66,473
Gain on disposal of derivatives	13,110	64,280	365,747	2,027,128
Gain on valuation of derivatives	(57,469)	71,453	(9,620)	27,532
	<u>Rs. 54,330</u>	<u>Rs. 700,348</u>	<u>Rs. 548,815</u>	<u>Rs. 2,624,027</u>

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Interest expense	₩ 398,770	₩ 958,061	₩ 458,450	₩ 2,100,078
Loss on foreign currency transactions	4,262,557	7,352,949	1,226,168	5,756,227
Loss on foreign currency translation	6,167,459	8,970,181	164,962	166,621
Loss on disposal of AFS	10,089	10,089	-	-
Loss on disposal of derivatives	14,523,700	22,656,600	413,650	413,650
Loss on valuation of derivatives	42,450	53,250	198,450	198,450
	<u>₩ 25,405,025</u>	<u>₩ 40,001,130</u>	<u>₩ 2,461,680</u>	<u>₩ 8,635,026</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Interest expense	Rs. 22,152	Rs. 53,220	Rs. 25,467	Rs. 116,659
Loss on foreign currency transactions	236,785	408,456	68,113	319,758
Loss on foreign currency translation	342,602	498,294	9,164	9,256
Loss on disposal of AFS	560	560	-	-

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Loss on disposal of derivatives	Rs. 806,792	Rs. 1,258,574	Rs. 22,978	Rs. 22,978
Loss on valuation of derivatives	2,358	2,959	11,024	11,025
	<u>Rs. 1,411,249</u>	<u>Rs. 2,222,063</u>	<u>Rs. 136,746</u>	<u>Rs. 479,676</u>

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Loan and receivables	₩ (9,041,273)	₩ (7,597,327)	₩ 1,619,154	₩ 1,469,626
AFS financial assets	(21,019)	470,140	-	757,077
Derivatives	(15,364,696)	(20,266,419)	5,798,830	36,375,485
	<u>₩ (24,426,988)</u>	<u>₩ (27,393,606)</u>	<u>₩ 7,417,984</u>	<u>₩ 38,602,188</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Loan and receivables	Rs. (502,242)	Rs. (422,031)	Rs. 89,943	Rs. 81,637
AFS financial assets	(1,168)	26,116	-	42,056
Derivatives	(853,509)	(1,125,800)	322,126	2,020,658
	<u>Rs. (1,356,919)</u>	<u>Rs. (1,521,715)</u>	<u>Rs. 412,069</u>	<u>Rs. 2,144,351</u>

29. LOSS PER SHARE:

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

	Korean won in thousands		Korean won in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Net loss	₩ (27,065,803)	₩ (80,130,213)	₩ (16,915,385)	₩ (34,897,160)
Loss contributed to common stocks	(27,065,803)	(80,130,213)	(16,915,385)	(34,897,160)
Number of common stocks outstanding	137,220,096	137,169,279	137,198,390	137,198,390
Basic and diluted loss per share(*)	₩ (197)	₩ (584)	₩ (123)	₩ (254)

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2015	September 30, 2015	September 30, 2014	September 30, 2014
Net loss	Rs. (1,503,505)	Rs. (4,451,232)	Rs. (939,650)	Rs. (1,938,539)
Loss contributed to common stocks	(1,503,505)	(4,451,232)	(939,650)	(1,938,539)
Number of common stocks outstanding	137,220,096	137,169,279	137,198,390	137,198,390
Basic and diluted loss per share(*)	Rs. (11)	Rs. (32)	Rs. (7)	Rs. (14)

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

- (2) The number of shares outstanding for the nine months ended September 30, 2015 and 2014, is calculated as follows:

Nine months ended September 30, 2015					
	Time interval		Outstanding	Weighted- average impact	Outstanding
Common stock	2015-01-01	2015-09-30	137,220,096	273/273	137,220,096
Treasury stock	2015-01-01	2015-02-22	(237,964)	53/273	(46,198)
	2015-02-23	2015-02-23	(221,997)	1/273	(813)
	2015-02-24	2015-02-24	(191,997)	1/273	(703)
	2015-02-25	2015-02-25	(161,997)	1/273	(593)
	2015-02-26	2015-02-26	(121,997)	1/273	(447)
	2015-02-27	2015-03-01	(71,997)	3/273	(791)
	2015-03-02	2015-03-17	(21,706)	16/273	(1,272)
Total					<u>137,169,279</u>

Nine months ended September 30, 2014					
	Time interval		Outstanding	Weighted- average impact	Outstanding
Common stock	2014-01-01	2014-09-30	137,220,096	273/273	137,220,096
Treasury stock	2014-01-01	2014-09-30	(21,706)	273/273	(21,706)
Total					<u>137,198,390</u>

30. CASH FLOWS FROM OPERATING ACTIVITIES:

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

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2015	Nine months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
1. Net loss	₩ (80,130,213)	₩ (34,897,160)	Rs. (4,451,232)	Rs. (1,938,539)
2. Adjustments	161,533,896	145,820,943	8,973,208	8,100,353
Retirement benefits	34,495,060	31,584,339	1,916,201	1,754,510
Depreciation	88,210,307	72,961,333	4,900,083	4,053,002
Amortization	23,877,970	8,415,430	1,326,421	467,477
Loss on disposal of trade receivables	6,686,131	10,357,237	371,415	575,345
Gain (loss) on foreign currency translation	8,520,759	(398,624)	473,328	(22,144)
Gain on disposal of property, plant and equipment	(678,594)	(1,145,028)	(37,696)	(63,606)
Interest income	(1,483,695)	(1,976,082)	(82,419)	(109,771)
Gain on dividends	(480,229)	(757,077)	(26,677)	(42,056)
Loss on valuation of inventories	3,625,534	1,600,954	201,398	88,933
Others	(1,239,347)	25,178,461	(68,846)	1,398,663
3. Changes in working capital	(82,656,776)	(172,773,156)	(4,591,584)	(9,597,549)
Decrease in trade receivables	8,984,101	2,706,107	499,067	150,324
Decrease in non-trade receivables	10,662,293	12,330,782	592,290	684,975
Decrease (increase) in inventories	(17,624,635)	3,444,879	(979,048)	191,363
Increase in other assets	(9,840,114)	(12,883,112)	(546,618)	(715,657)
Decrease in trade payables	(4,846,109)	(130,963,889)	(269,201)	(7,275,044)
Decrease in other payables	(86,021,562)	(60,174,156)	(4,778,498)	(3,342,674)
Increase in accrued charges	4,927,553	11,025,048	273,726	612,441
Increase in provision of product warranties	7,979,357	7,749,632	443,254	430,491
Payment of severance indemnities	(9,832,988)	(3,803,191)	(546,220)	(211,267)
Increase (decrease) in other liabilities	12,955,328	(2,205,256)	719,664	(122,501)
Net cash used in operating activities	₩ (1,253,093)	₩ (61,849,373)	Rs. (69,608)	Rs. (3,435,735)

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 nine months ended September 30, 2015 and 2014, is as follows:

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

Sales region	Nine months ended September 30, 2015		
Republic of Korea	₩	1,741,922,874 Rs.	96,763,816
Europe		336,381,772	18,686,007
Asia Pacific		130,285,327	7,237,350
Others		202,041,277	11,223,393
	₩	2,410,631,250 Rs.	133,910,566

Sales region	Nine months ended September 30, 2014		
Republic of Korea	₩	1,450,177,794 Rs.	80,557,376
Europe		516,088,168	28,668,698
Asia Pacific		204,273,047	11,347,368
Others		317,196,193	17,620,248
	₩	2,487,735,202 Rs.	138,193,690

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 nine months ended September 30, 2015 and 2014, is as follows (Unit: Korean won and Indian rupee in thousands):

Sales	Nine months ended September 30, 2015		
Automobile	₩	2,143,524,828 Rs.	119,072,804
Products		250,858,526	13,935,191
Others		16,247,896	902,571
	₩	2,410,631,250 Rs.	133,910,566

Sales	Nine months ended September 30, 2014		
Automobile	₩	2,215,971,489 Rs.	123,097,216
Products		257,851,753	14,323,665
Others		13,911,960	772,809
	₩	2,487,735,202 Rs.	138,193,690

32. RELATED-PARTY TRANSACTIONS:

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

(Unit: Korean won in thousands)

<u>Related party</u>	<u>Company</u>	<u>Description</u>	<u>Nine months ended</u>	
			<u>September 30, 2015</u>	<u>September 30, 2014</u>
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩ 1,583,765	₩ 1,144,309
		Other income	52,025	72,790
		Purchases	1,589,465	-
		Other expenses	151,410	1,261,070
Transactions with subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.	Sales	₩ 7,553,463	₩ 6,680,791
		Other income	469,229	746,077
		Other expenses	38	94,498
		Sales	₩ 5,628,707	₩ 10,949,115
Transactions with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Other income	9,937	54,044
		Other expenses	208,891	74,660

(Unit: Indian rupee in thousands)

<u>Related party</u>	<u>Company</u>	<u>Description</u>	<u>Nine months ended</u>	
			<u>September 30, 2015</u>	<u>September 30, 2014</u>
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs. 87,978	Rs. 63,566
		Other income	2,890	4,043
		Purchases	88,295	-
		Other expenses	8,411	70,052
Transactions with subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.	Sales	Rs. 419,595	Rs. 371,118
		Other income	26,066	41,445
		Other expenses	2	5,249
		Sales	Rs. 312,675	Rs. 608,223
Transactions with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Other income	552	3,002
		Other expenses	11,604	4,147

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

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

(Unit: Korean won in thousands)

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Receivables from and payables to controlling company:		
Trade receivables	₩ 277,315	₩ 40,507
Non-trade receivables	131,349	159,510
Trade payables	102,804	205,628
Non-trade payables	7,207	982,293
Receivables from and payables to subsidiaries:		
Trade receivables	₩ 11,809,439	₩ 11,277,388
Non-trade receivables	494,057	383,861
Trade payables	-	-
Non-trade payables	562,870	871,324

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Receivables from and payables to affiliates:		
Trade receivables	₩ 26,307	₩ 1,459,978
Non-trade receivables	-	23,435
Trade payables	-	-
Non-trade payables	28,198	125,892

(Unit: Indian rupee in thousands)

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Receivables from and payables to controlling company:		
Trade receivables	Rs. 15,405	Rs. 2,250
Non-trade receivables	7,296	8,861
Trade payables	5,711	11,423
Non-trade payables	400	54,566
Receivables from and payables to subsidiaries:		
Trade receivables	Rs. 656,014	Rs. 626,459
Non-trade receivables	27,445	21,323
Trade payables	-	-
Non-trade payables	31,267	48,402
Receivables from and payables to affiliates:		
Trade receivables	Rs. 1,461	Rs. 81,102
Non-trade receivables	-	1,302
Trade payables	-	-
Non-trade payables	1,566	6,993

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

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

(Unit: Korean won in thousands)

<u>Nine months ended September 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>Nine months ended September 30, 2014</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Controlling company				
Mahindra & Mahindra Ltd. Bonds	Rs. 5,299,735	Rs. -	Rs. 5,299,735	Rs. -

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

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Nine months ended September 30, 2015</u>	<u>Nine months ended September 30, 2014</u>	<u>Nine months ended September 30, 2015</u>	<u>Nine months ended September 30, 2014</u>
Short-term employee benefits	₩ 551,718	₩ 630,724	Rs. 30,648	Rs. 35,037
Retirement benefits	22,897	29,686	1,272	1,649

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

(Unit: Korean won in thousands)

	September 30, 2015		December 31, 2014	
Debt (A)	₩	1,242,614,287	₩	1,190,749,155
Equity (B)		700,517,918		783,096,518
Debt ratio (A/B)		177.39%		152.06%

(Unit: Indian rupee in thousands)

	September 30, 2015		December 31, 2014	
Debt (A)	Rs.	69,027,223	Rs.	66,146,115
Equity (B)		38,913,770		43,501,011
Debt ratio (A/B)		177.39%		152.06%

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

1) Financial assets

(Unit: Korean won in thousands)

Financial assets	September 30, 2015				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 88,456,746	₩ -	₩ -	₩ 88,456,746	₩ 88,456,746
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	203,684,676	-	-	203,684,676	203,684,676
AFS financial assets	-	560,000	-	560,000	560,000
Derivative assets	-	-	214,018	214,018	214,018
	₩ 292,147,422	₩ 560,000	₩ 214,018	₩ 292,921,440	₩ 292,921,440

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

(Unit: Indian rupee in thousands)

September 30, 2015					
Financial assets	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 4,913,772	Rs. -	Rs. -	Rs. 4,913,772	Rs. 4,913,772
Long-term financial instruments	333	-	-	333	333
Trade receivables and other receivables	11,314,683	-	-	11,314,683	11,314,683
AFS financial assets	-	31,108	-	31,108	31,108
Derivative assets	-	-	11,889	11,889	11,889
	<u>Rs. 16,228,788</u>	<u>Rs. 31,108</u>	<u>Rs. 11,889</u>	<u>Rs. 16,271,785</u>	<u>Rs. 16,271,785</u>
December 31, 2014					
Financial assets	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 8,282,018	Rs. -	Rs. -	Rs. 8,282,018	Rs. 8,282,018
Long-term financial instruments	333	-	-	333	333
Trade receivables and other receivables	12,607,251	-	-	12,607,251	12,607,251
AFS financial assets	-	31,108	-	31,108	31,108
Derivative assets	-	-	68,474	68,474	68,474
	<u>Rs. 20,889,602</u>	<u>Rs. 31,108</u>	<u>Rs. 68,474</u>	<u>Rs. 20,989,184</u>	<u>Rs. 20,989,184</u>

2) Financial liabilities

(Unit: Korean won in thousands):

September 30, 2015				
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and other payables	₩ 550,230,544	₩ -	₩ 550,230,544	₩ 550,230,544
Debt	213,553,840	-	213,553,840	213,553,840
Derivative liabilities	-	17,932,700	17,932,700	17,932,700
	<u>₩ 763,784,384</u>	<u>₩ 17,932,700</u>	<u>₩ 781,717,084</u>	<u>₩ 781,717,084</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):

September 30, 2015				
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and other payables	Rs. 30,565,307	Rs. -	Rs. 30,565,307	Rs. 30,565,307
Debt	11,862,916	-	11,862,916	11,862,916
Derivative liabilities	-	996,161	996,161	996,161
	<u>Rs. 42,428,223</u>	<u>Rs. 996,161</u>	<u>Rs. 43,424,384</u>	<u>Rs. 43,424,384</u>

Financial liabilities	December 31, 2014			
	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and other payables	Rs. 34,915,277	Rs. -	Rs. 34,915,277	Rs. 34,915,277
Debt	6,918,198	-	6,918,198	6,918,198
Derivative liabilities	-	831,820	831,820	831,820
	<u>Rs. 41,833,475</u>	<u>Rs. 831,820</u>	<u>Rs. 42,665,295</u>	<u>Rs. 42,665,295</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 September 30, 2015.

Current income will increase when foreign exchange ("FX") rate increases (weaker Korean won); likewise, current loss will increase, when FX rate decreases (stronger Korean won) 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	₩ 262,425	₩ (262,425)	Rs. 14,578	Rs. (14,578)
EUR	(4,548,264)	4,548,264	(252,656)	252,656
JPY	(6,957,302)	6,957,302	(386,479)	386,479
Others	1,784,690	(1,784,690)	99,140	(99,140)
	<u>₩ (9,458,451)</u>	<u>₩ 9,458,451</u>	<u>Rs. (525,417)</u>	<u>Rs. 525,417</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 ₩18,895,010 thousand (Rs. 1,049,618 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's 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 ₩232,705 thousand (Rs. 12,927 thousand) for the three months ended September 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 September 30, 2015, and December 31, 2014, the maximum exposed amounts of credit risk for financial assets maintained by the Company are as follows.

	September 30, 2015 (Korean won in thousands)		December 31, 2014 (Indian rupee in thousands)	
Trade and other receivables	₩	203,684,676	₩	226,953,218 Rs.
				11,314,683 Rs. 12,607,251

3) Liquidity risk

The Company makes short- and long-term fund management plans in order to control the 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 September 30, 2015, and December 31, 2014, is as follows:

(Unit: Korean won in thousands)

	September 30, 2015		
	Within a year	More than one year	Total
Trade payables	₩ 362,518,963	₩ -	₩ 362,518,963
Non-trade payables	137,389,386	-	137,389,386
Short-term borrowings	171,641,476	-	171,641,476
Derivative liabilities	17,932,700	-	17,932,700
Other payables	34,822,526	-	34,822,526
Long-term borrowings	-	45,628,655	45,628,655
Long-term non-trade payables	-	15,499,669	15,499,669
	₩ 724,305,051	₩ 61,128,324	₩ 785,433,375

	December 31, 2014		
	Within a year	More than one 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
	₩ 740,903,686	₩ 30,747,325	₩ 771,651,011

(Unit: Indian rupee in thousands)

	September 30, 2015		
	Within a year	More than one year	Total
Trade payables	Rs. 20,137,929	Rs. -	Rs. 20,137,929
Non-trade payables	7,631,980	-	7,631,980
Short-term borrowings	9,534,684	-	9,534,684
Derivative liabilities	996,161	-	996,161

	September 30, 2015		
	Within a year	More than one year	Total
Other payables	Rs. 1,934,391	Rs. -	Rs. 1,934,391
Long-term borrowings	-	2,534,672	2,534,672
Long-term non-trade payables	-	861,007	861,007
	<u>Rs. 40,235,145</u>	<u>Rs. 3,395,679</u>	<u>Rs. 43,630,824</u>

	December 31, 2014		
	Within a year	More than one year	Total
Trade payables	Rs. 20,389,484	Rs. -	Rs. 20,389,484
Non-trade payables	12,678,755	-	12,678,755
Short-term borrowings	5,606,455	-	5,606,455
Derivative liabilities	831,820	-	831,820
Other payables	1,650,686	-	1,650,686
Long-term borrowings	-	1,511,662	1,511,662
Long-term non-trade payables	-	196,352	196,352
	<u>Rs. 41,157,200</u>	<u>Rs. 1,708,014</u>	<u>Rs. 42,865,214</u>

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

(Unit: Korean won in thousands)

		September 30, 2015	December 31, 2014
Borrowing limit commitments	Used	₩ 87,500,000	₩ 60,000,000
	Unused	<u>114,500,000</u>	<u>65,000,000</u>
	Total	<u>₩ 202,000,000</u>	<u>₩ 125,000,000</u>

(Unit: Indian rupee in thousands)

		September 30, 2015	December 31, 2014
Borrowing limit commitments	Used	Rs. 4,860,625	Rs. 3,333,000
	Unused	<u>6,360,475</u>	<u>3,610,750</u>
	Total	<u>Rs. 11,221,100</u>	<u>Rs. 6,943,750</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 in separate 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 Levels 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 September 30, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Type	September 30, 2015			Fair value
	Level 1	Level 2	Level 3	
Derivatives designated to hedge item	₩ -	₩ 214,018	₩ -	₩ 214,018
Derivative liabilities designated to hedge item	-	17,932,700	-	17,932,700

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

(Unit: Indian rupee in thousands)

Type	September 30, 2015			Fair value
	Level 1	Level 2	Level 3	
Derivatives designated to hedge item	Rs. -	Rs. 11,889	Rs. -	Rs. 11,889
Derivative liabilities designated to hedge item	-	996,161	-	996,161

Type	December 31, 2014			Fair value
	Level 1	Level 2	Level 3	
Derivatives designated to hedge item	Rs. -	Rs. 68,474	Rs. -	Rs. 68,474
Derivative liabilities designated to hedge item	-	831,820	-	831,820

The Company measures the foreign exchange forward contract (derivative assets: ₩214,018 thousand (Rs. 11,889 thousand) and derivative liabilities: ₩17,932,700 thousand (Rs. 996,161 thousand)) based on the forward rate announced officially in the market as of September 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.

34. EVENTS OCCURRED AFTER THE DATE OF SEPARATE STATEMENTS OF FINANCIAL POSITION:

The Company acquired 2,040,000 shares (51%, 10,200,000 thousand Korean won) when SY Auto Capital Co., Ltd. had established by resolution of board of trustees on September 11, 2015, and completed registration on October 28, 2015.