

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2014, AND DECEMBER 31, 2013,
AND FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2014 AND 2013,
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants Report

English Translation of a Report Originally Issued in Korean

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

We have reviewed the accompanying consolidated interim financial statements of Ssangyong Motor Company (the "Company"). The financial statements consist of the consolidated statement of financial position as of September 30, 2014, and the related consolidated statements of comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows, all expressed in Korean won, for the three and nine months ended September 30, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated interim financial statements

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

Independent accountants' responsibility

Our responsibility is to express a conclusion on the accompanying consolidated interim financial statements based on our review. We conducted our review in accordance with standards for review of consolidated 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 consolidated interim financial statements of the Company are not presently fairly, in all material respects, in accordance with Korean International Financial Reporting Standards (K-IFRS) 1034 Interim Financial Reporting

Other matters

We have given an opinion on the comparative consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of income, retained earnings and cash flows on March 17, 2014, in fairly state. There is no difference in terms of importance between comparative purposed consolidated financial position as of December 31, 2013, and current financial position.

Deloitte Anjin LLC

November 27, 2014

Notice to Readers

This report is effective as of November 27, 2014, the accountants' review report date. Certain subsequent events or circumstances may have occurred between this review report date and the time the report is read. Such events or circumstances could significantly affect the accompanying consolidated interim financial statements and may result in modifications to the accountants' review report.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2014, AND DECEMBER 31, 2013

	Korean won		Indian rupee	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
	(In thousands)		(In thousands)	
<u>ASSETS</u>				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 33)	₩ 77,403,221	₩ 366,790,832	Rs. 4,574,530	Rs. 21,677,338
Trade and other receivables, net (Notes 7, 32 and 33)	202,837,072	222,484,752	11,987,671	13,148,849
Derivative assets (Notes 25 and 33)	1,590,500	28,984,560	93,999	1,712,987
Inventories, net (Notes 8 and 24)	274,966,356	280,900,830	16,250,512	16,601,239
Other current assets (Note 10)	<u>15,621,777</u>	<u>7,232,571</u>	<u>923,247</u>	<u>427,445</u>
Total current assets	<u>572,418,926</u>	<u>906,393,545</u>	<u>33,829,959</u>	<u>53,567,858</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	355	355
Non-current available-for-sale (AFS) financial assets (Notes 6 and 33)	560,000	560,000	33,096	33,096
Non-current other receivables, net (Notes 7 and 33)	39,036,412	36,570,295	2,307,052	2,161,304
Property, plant and equipment, net (Note 11)	1,125,768,324	1,084,153,627	66,532,908	64,073,479
Intangible assets (Note 12)	130,181,928	89,527,263	7,693,752	5,291,061
Deferred income tax assets (Note 23)	52,560	57,407	3,106	3,393
Other non-current assets (Note 10)	<u>354,739</u>	<u>357,349</u>	<u>20,964</u>	<u>21,120</u>
Total non-current assets	<u>1,295,959,963</u>	<u>1,211,231,942</u>	<u>76,591,233</u>	<u>71,583,808</u>
TOTAL ASSETS	<u>₩ 1,868,378,889</u>	<u>₩ 2,117,625,486</u>	<u>Rs. 110,421,192</u>	<u>Rs. 125,151,666</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
CURRENT LIABILITIES:				
Trade and other payables (Notes 18, 32 and 33)	₩ 562,460,445	₩ 723,021,023	Rs. 33,241,412	Rs. 42,730,542
Short-term borrowings (Notes 13,18 and 33)	79,423,354	51,608,036	4,693,920	3,050,035
Derivative liabilities (Notes 25 and 33)	3,166,970		187,168	-
Current long-term borrowings (Notes 13 and 33)	-	95,404,765	-	5,638,422
Provision for product warranties (Note 15)	55,802,895	48,780,982	3,297,951	2,882,956
Long-term employee benefits obligation	302,770	1,648,815	17,894	97,445
Other current liabilities (Note 16)	<u>24,711,604</u>	<u>26,752,618</u>	<u>1,460,456</u>	<u>1,581,080</u>
Total current liabilities	<u>₩ 725,868,038</u>	<u>₩ 947,216,239</u>	<u>Rs. 42,898,801</u>	<u>Rs. 55,980,480</u>

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF SEPTEMBER 30, 2014, AND DECEMBER 31, 2013

	Korean won		Indian rupee	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Other non-current payables(Note 33)	₩ 1,825,901	₩ 20,223,465	Rs. 107,911	Rs. 1,195,207
Retirement benefit obligation (Note 17)	225,894,443	174,656,118	13,350,362	10,322,177
Other long-term employee benefits obligation	15,803,861	14,632,801	934,008	864,798
Provision for long-term product warranties (Note 15)	77,426,718	76,698,999	4,575,919	4,532,911
Total non-current liabilities	320,950,923	286,211,383	18,968,200	16,915,093
TOTAL LIABILITIES	1,046,818,961	1,233,427,622	61,867,001	72,895,573
SHAREHOLDERS' EQUITY:				
Total shareholders' equity	821,559,928	884,197,864	48,554,191	52,256,093
Capital stock (Note 19)	686,100,480	686,100,480	40,548,538	40,548,538
Other capital surplus (Note 20)	129,383,402	129,383,402	7,646,558	7,646,558
Other capital adjustments(Notes 21 and 25)	(992,374)	27,519,841	(58,649)	1,626,423
Retained earnings (accumulated deficit) (Note 22)	7,068,420	41,194,141	417,744	2,434,574
Non-controlling interests	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	821,559,928	884,197,864	48,554,191	52,256,093
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	₩ 1,868,378,889	₩ 2,117,625,486	Rs. 110,421,192	Rs. 125,151,666

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	Korean won			
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
	(In thousands, except per share amounts)			
SALES (Notes 31 and 32)	₩ 767,766,803	₩ 2,496,107,886	₩ 837,478,218	₩ 2,498,044,600
COST OF SALES (Notes 24 and 32)	672,340,551	2,158,499,500	721,309,239	2,142,051,697
GROSS PROFIT	<u>95,426,252</u>	<u>337,608,386</u>	<u>116,168,979</u>	<u>355,992,903</u>
SELLING AND ADMINISTRATIVE EXPENSES (Note 26)	<u>123,686,284</u>	<u>382,360,798</u>	<u>115,423,119</u>	<u>369,591,961</u>
OPERATING INCOME (LOSS)	(28,260,032)	(44,752,412)	745,860	(13,599,058)
NON-OPERATING INCOME (Note 27)	8,225,057	23,507,889	13,017,121	38,296,035
NON-OPERATING EXPENSES (Note 27)	2,991,970	50,535,981	10,755,714	35,396,946
FINANCIAL INCOME (Note 28)	9,940,069	46,611,535	5,910,524	26,439,760
FINANCIAL COST (Note 28)	<u>2,465,218</u>	<u>8,647,094</u>	<u>7,374,059</u>	<u>16,977,181</u>
INCOME (LOSS) BEFORE INCOME TAX	(15,552,094)	(33,816,063)	1,543,732	(1,237,390)
INCOME TAX EXPENSE (Note 23)	<u>(1,586)</u>	<u>188,785</u>	<u>1,213</u>	<u>198,059</u>
NET INCOME (LOSS):	(15,550,508)	(34,004,848)	1,542,519	(1,435,449)
Owners of the Company	(15,550,508)	(34,004,848)	1,542,519	(1,435,449)
Non-controlling interests	-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS)	<u>(9,624,918)</u>	<u>(28,633,088)</u>	<u>54,912,406</u>	<u>5,977,736</u>
TOTAL COMPREHENSIVE INCOME (LOSS):	<u>₩ (25,175,426)</u>	<u>₩ (62,637,936)</u>	<u>₩ 56,454,925</u>	<u>₩ 4,542,287</u>
Owners of the Company	(25,175,426)	(62,637,936)	56,454,925	4,542,287
Non-controlling interests	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29)				
Basic and diluted loss per share	₩ (113)	₩ (248)	₩ 11	₩ (11)

(Continued)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (CONTINUED)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	Indian rupee			
	Three months ended <u>September 30, 2014</u>	Nine months ended <u>September 30, 2014</u>	Three months ended <u>September 30, 2013</u>	Nine months ended <u>September 30, 2013</u>
	(In thousands, except per share amounts)			
SALES (Notes 31 and 32)	Rs. 45,375,018	Rs. 147,519,976	Rs. 49,494,962	Rs. 147,634,436
COST OF SALES (Notes 24 and 32)	<u>39,735,326</u>	<u>127,567,320</u>	<u>42,629,376</u>	<u>126,595,255</u>
GROSS PROFIT	5,639,692	19,952,656	6,865,586	21,039,181
SELLING AND ADMINISTRATIVE EXPENSES (Note 26)	<u>7,309,859</u>	<u>22,597,523</u>	<u>6,821,506</u>	<u>21,842,885</u>
OPERATING INCOME (LOSS)	(1,670,167)	(2,644,867)	44,080	(803,704)
NON-OPERATING INCOME (Note 27)	486,100	1,389,316	769,312	2,263,295
NON-OPERATING EXPENSES (Note 27)	176,826	2,986,677	635,662	2,091,960
FINANCIAL INCOME (Note 28)	587,458	2,754,742	349,312	1,562,590
FINANCIAL COST (Note 28)	<u>145,694</u>	<u>511,043</u>	<u>435,807</u>	<u>1,003,351</u>
INCOME (LOSS) BEFORE INCOME TAX	(919,129)	(1,998,529)	91,235	(73,130)
INCOME TAX EXPENSE (Note 23)	<u>(94)</u>	<u>11,157</u>	<u>72</u>	<u>11,705</u>
NET INCOME (LOSS):	(919,035)	(2,009,686)	91,163	(84,835)
Owners of the Company	(919,035)	(2,009,686)	91,163	(84,835)
Non-controlling interests	-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS)	<u>(568,833)</u>	<u>(1,692,216)</u>	<u>3,245,323</u>	<u>353,284</u>
TOTAL COMPREHENSIVE INCOME (LOSS):	<u>Rs. (1,487,868)</u>	<u>Rs. (3,701,902)</u>	<u>Rs. 3,336,486</u>	<u>Rs. 268,449</u>
Owners of the Company	(1,487,868)	(3,701,902)	3,336,486	268,449
Non-controlling interests	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29)				
Basic and diluted loss per share	Rs. (7)	Rs. (15)	Rs. 1	Rs. (1)

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	Korean won									
	Other capital surplus							Retained earnings (accumulated deficit)	Total	
	Capital stock	Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock (In thousands)	Other capital surplus	Other capital adjustments			
Balance at January 1, 2013	₩ 613,373,205	₩ 4,545,756	₩ 120,351,580	₩ 931,508	₩ -	₩ (3,243,869)	₩ 19,862,240	₩ 44,842,295	₩ 800,662,715	
Net loss	-	-	-	-	-	-	-	₩ (1,435,449)	₩ (1,435,449)	
Actuarial losses	-	-	-	-	-	-	-	₩ (15,351)	₩ (15,351)	
Paid-in capital increase	72,727,275	7,272,728	-	-	-	-	-	-	₩ 80,000,003	
Costs of stock issuance	-	(365,771)	-	-	-	-	-	-	₩ (365,771)	
Increase in treasury stock	-	-	-	-	(108,530)	-	-	-	₩ (108,530)	
Gains on valuation of derivatives	-	-	-	-	-	-	₩ 6,033,530	-	₩ 6,033,530	
Overseas operations translation credit	-	-	-	-	-	-	₩ (40,443)	-	₩ (40,443)	
Balance at September 30, 2013	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 120,351,580</u>	<u>₩ 931,508</u>	<u>₩ (108,530)</u>	<u>₩ (3,243,869)</u>	<u>₩ 25,855,327</u>	<u>₩ 43,391,495</u>	<u>₩ 884,730,704</u>	
Balance at January 1, 2014	686,100,480	11,452,713	120,351,580	931,508	(108,530)	(3,243,869)	27,519,841	41,194,141	884,197,864	
Net income	-	-	-	-	-	-	-	₩ (34,004,848)	₩ (34,004,848)	
Actuarial losses	-	-	-	-	-	-	-	₩ (120,873)	₩ (120,873)	
Gains on valuation of derivatives	-	-	-	-	-	-	₩ (28,707,330)	-	₩ (28,707,330)	
Overseas operations translation credit	-	-	-	-	-	-	₩ 195,115	-	₩ 195,115	
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>₩ (3,243,869)</u>	<u>₩ (992,374)</u>	<u>₩ 7,068,420</u>	<u>₩ 821,559,928</u>	

	Indian rupee									
	Other capital surplus							Retained earnings (accumulated deficit)	Total	
	Capital stock	Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock (In thousands)	Other capital surplus	Other capital adjustments			
Balance at January 1, 2013	Rs. 36,250,356	Rs. 268,654	Rs. 7,112,778	Rs. 55,052	Rs. -	Rs. (191,713)	Rs. 1,173,858	Rs. 2,650,180	Rs. 47,319,165	
Net loss	-	-	-	-	-	-	-	Rs. (84,835)	Rs. (84,835)	
Actuarial losses	-	-	-	-	-	-	-	Rs. (907)	Rs. (907)	
Paid-in capital increase	4,298,182	429,818	-	-	-	-	-	-	Rs. 4,728,000	
Costs of stock issuance	-	(21,617)	-	-	-	-	-	-	Rs. (21,617)	
Increase in treasury stock	-	-	-	-	(6,414)	-	-	-	Rs. (6,414)	
Gains on valuation of derivatives	-	-	-	-	-	-	Rs. 356,582	-	Rs. 356,582	
Overseas operations translation credit	-	-	-	-	-	-	Rs. (2,391)	-	Rs. (2,391)	
Balance at September 30, 2013	<u>Rs. 40,548,538</u>	<u>Rs. 676,855</u>	<u>Rs. 7,112,778</u>	<u>Rs. 55,052</u>	<u>Rs. (6,414)</u>	<u>Rs. (191,713)</u>	<u>Rs. 1,528,049</u>	<u>Rs. 2,564,438</u>	<u>Rs. 52,287,583</u>	
Balance at January 1, 2014	40,548,538	676,855	7,112,778	55,052	(6,414)	(191,713)	1,626,423	2,434,574	52,256,093	
Net income	-	-	-	-	-	-	-	Rs. (2,009,686)	Rs. (2,009,686)	
Actuarial losses	-	-	-	-	-	-	-	Rs. (7,144)	Rs. (7,144)	
Gains on valuation of derivatives	-	-	-	-	-	-	Rs. (1,696,603)	-	Rs. (1,696,603)	
Overseas operations translation credit	-	-	-	-	-	-	Rs. 11,531	-	Rs. 11,531	
Balance at September 30, 2014	<u>Rs. 40,548,538</u>	<u>Rs. 676,855</u>	<u>Rs. 7,112,778</u>	<u>Rs. 55,052</u>	<u>Rs. (6,414)</u>	<u>Rs. (191,713)</u>	<u>Rs. (58,649)</u>	<u>Rs. 417,744</u>	<u>Rs. 48,554,192</u>	

(*) Non-controlling interests are not shown separately because the Company does not have non-controlling interests.

See accompanying notes to consolidated financial statements..

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	Korean won		Indian rupee	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
	(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income(loss)	₩ (34,004,848)	₩ (1,435,449)	Rs. (2,009,686)	Rs. (84,835)
Adjustment (Note 30)	146,699,005	143,426,481	8,669,911	8,476,505
Changes in net working capital (Note 30)	<u>(173,117,459)</u>	<u>(61,512,376)</u>	<u>(10,231,242)</u>	<u>(3,635,381)</u>
	(60,423,302)	80,478,656	(3,571,017)	4,756,289
Interests received	5,350,279	5,145,994	316,201	304,128
Interests paid	(3,000,003)	(6,482,150)	(177,300)	(383,095)
Dividend income received	11,000	382,462	650	22,603
Corporate income tax	<u>(188,786)</u>	<u>(195,747)</u>	<u>(11,157)</u>	<u>(11,568)</u>
Net cash (used in) provided by operating activities	<u>(58,250,812)</u>	<u>79,329,215</u>	<u>(3,442,623)</u>	<u>4,688,357</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	-	15,288,977	-	903,579
Disposal of property, plant and equipment	1,387,430	476,686	81,997	28,172
Decrease in intangible assets	587,760	-	34,737	-
Decrease in other assets	<u>2,125</u>	<u>-</u>	<u>125</u>	<u>-</u>
	1,977,315	15,765,663	116,859	931,751
Cash outflows from investing activities:				
Increase in other receivables	2,566,569	17,194,683	151,684	1,016,206
Acquisition of property, plant and equipment	114,856,279	93,995,054	6,788,006	5,555,108
Acquisition of intangible assets	<u>49,659,246</u>	<u>34,046,251</u>	<u>2,934,861</u>	<u>2,012,133</u>
	167,082,094	145,235,988	9,874,551	8,583,447
Net cash used in investing activities	<u>(165,104,779)</u>	<u>(129,470,325)</u>	<u>(9,757,692)</u>	<u>(7,651,696)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	28,845,329	45,315,935	1,704,759	2,678,172
Increase in government grants	40,273	-	2,380	-
Paid-in capital increase	<u>-</u>	<u>80,000,003</u>	<u>-</u>	<u>4,728,000</u>
	28,885,602	125,315,938	1,707,139	7,406,172

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>Three months ended September 30, 2014</u>	<u>Nine months ended September 30, 2014</u>	<u>Three months ended September 30, 2013</u>	<u>Nine months ended September 30, 2013</u>
	(In thousands)			
Cash outflows for financing activities:				
Redemption of current bond	₩ 95,404,765	₩ -	Rs. 5,638,422	Rs. -
Costs of stock issuance	<u>-</u>	<u>365,771</u>	<u>-</u>	<u>21,617</u>
☞	<u>95,404,765</u>	<u>365,771</u>	<u>5,638,422</u>	<u>21,617</u>
Net cash (used in) provided by financing activities	<u>(66,519,163)</u>	<u>124,950,167</u>	<u>(3,931,283)</u>	<u>7,384,555</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>487,143</u>	<u>(171,099)</u>	<u>28,790</u>	<u>(10,113)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(289,387,611)	74,637,958	(17,102,808)	4,411,103
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>366,790,832</u>	<u>203,666,542</u>	<u>21,677,338</u>	<u>12,036,693</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>₩ 77,403,221</u>	<u>₩ 278,304,500</u>	<u>Rs. 4,574,530</u>	<u>Rs. 16,447,796</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2014, AND DECEMBER 31, 2013, AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

1. GENERAL:

(1) Patent Company overview and recent changes in business environment

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

(2) Major shareholders

The Company’s shareholders as of September 30, 2014, 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
Treasury stock	21,706	0.02
Others	37,233,888	27.13
	<u>137,220,096</u>	<u>100.00</u>

2. SIGNIFICANT ACCOUNTING POLICIES:

The Company’s summarized consolidated interim financial statement, its period belongs to annual financial report, adopts Korean International Reporting Standards (“K-IFRS”) 1034. The audited consolidated financial statement, December 31, 2013, is used to understand the consolidated interim financial statement.

The account policy is identified with the audited financial statement of December 31, 2013, except for the account policy explained as follow.

1) First-time adoption of IFRSs and its description (change in account policy) are as follow:

Amendments to K-IFRS 1032 – Financial Instruments: Presentation

The amendments to K-IFRS 1032 clarify existing application issue relating to the offset of financial assets and financial liabilities requirements. The Company’s right to offset must not be conditional on the occurrence of future events but enforceable anytime during the contract periods, during the ordinary course of business with counterparty, a default of counterparty and master netting agreement or in some forms of non-recourse debt. The amendments do not have impact on interim financial statement.

Amendments to K-IFRS 1110, K-IFRS 1112 and K-IFRS 1027 – Investment Entities

The amendments introduce an exception to the principle under K-IFRS 1110 that all subsidiaries shall be consolidated and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. In addition, consequential amendments have been made to K-IFRS 1112 and K-IFRS 1027 to introduce new disclosure requirements for investment entities. The amendments do not have impact on interim financial statement.

Amendments to K-IFRS 1039 – Financial Instruments: Recognition and Measurement

The amendments to K-IFRS 1039 allow the continuation of hedge accounting when a derivative is novated to a clearing counterparty or entity acting in a similar capacity and certain conditions are met. The amendments do not have impact on interim financial statement.

Amendments to K-IFRS 2121 – Levies

K-IFRS 2121 defines a levy as a payment to a government for which an entity receives no specific goods or services. The interpretation requires that a liability is recognized when the obligating event occurs. The obligating event is the activity that triggers payment of the levy and is typically specified in the legislation that imposes the levy. The interpretation does not have impact on interim financial statement.

The list above does not include some other amendments, such as the Amendments to K-IFRS 1036 relating to recoverable amount disclosures for non-financial assets, but the amendments do not have impact on interim financial statement.

2) New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to K-IFRS 1019 – Employee Benefits

The amendments to K-IFRS 1019 allow past service costs not earned are immediately recognized as expense in the early day of when revision or reduction of the system occurs and when related restructuring cost or dismissal allowance is recognized. The amendments to K-IFRS 1019 are effective for annual periods beginning on July 1, 2014. The Company is in the process of evaluating the impact on the financial statements upon the adoption of amendments.

There are some other amendments made to K-IFRSs as part of the Annual Improvements, which has not resulted in material effects on the Company's financial statements.

The Indian rupee amounts presented in these financial statements were computed by translating the Korean won into Indian rupees based on the Bank of Korea Basic Rate (₩1 to Rs. 0.0591 at September 30, 2014), solely for the convenience of the reader. These convenience translations into Indian rupees should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

3. CRITICAL ACCCOUNTING 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 estimations. The management's significant judgements 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, 2013.

4. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include cash on hand and in banks (MMDA) 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, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

	Financial institution	September 30, 2014	December 31, 2013	Notes
Cash and cash equivalents	Shinhan Bank and others	₩ 437,783	₩ 1,092,081	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank and others	14,117,762	15,030,192	
Long-term financial instruments	Shinhan Bank and others	6,000	6,000	Overdraft deposit
		<u>₩ 14,561,545</u>	<u>₩ 16,128,273</u>	

(Unit: Indian rupee in thousands):

	Financial institution	September 30, 2014	December 31, 2013	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs. 25,873	Rs. 64,542	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank and others	834,360	888,284	
Long-term financial instruments	Shinhan Bank and others	355	355	Overdraft deposit
		<u>Rs. 860,588</u>	<u>Rs. 953,181</u>	

6. LONG-TERM AFS FINANCIAL ASSETS:

The Company's long-term AFS financial assets as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

Classification	Ownership (%)	September 30, 2014			December 31, 2013
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	₩ 500,000	₩ 670,364	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50	60,000	459,230	60,000	60,000
		<u>₩ 560,000</u>	<u>₩ 1,129,594</u>	<u>₩ 560,000</u>	<u>₩ 560,000</u>

(Unit: Indian rupee in thousands):

Classification	Ownership (%)	September 30, 2014			December 31, 2013
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 29,550	Rs. 39,619	Rs. 29,550	Rs. 29,550
Korea Management Consultants Association (*)	1.50	3,546	27,140	3,546	3,546
		<u>Rs. 33,096</u>	<u>Rs. 66,759</u>	<u>Rs. 33,096</u>	<u>Rs. 33,096</u>

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

7. TRADE AND OTHER RECEIVABLES:

All current trade and other receivables are due within one year from September 30, 2014, 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, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

Financial Assets	September 30, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 182,710,129	₩ 18,992,730	₩ 1,995,044	₩ 39,286,805
Less: Allowance for doubtful accounts	(461,520)	(396,185)	(3,126)	(250,393)
	<u>₩ 182,248,609</u>	<u>₩ 18,596,545</u>	<u>₩ 1,991,918</u>	<u>₩ 39,036,412</u>

Financial Assets	December 31, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	₩ 190,424,090	₩ 29,764,685	₩ 2,995,717	₩ 36,811,754
Less: Allowance for doubtful accounts	(208,701)	(491,039)	-	(241,459)
	<u>₩ 190,215,389</u>	<u>₩ 29,273,646</u>	<u>₩ 2,995,717</u>	<u>₩ 36,570,295</u>

(Unit: Indian rupee in thousands):

Financial Assets	September 30, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 10,798,169	Rs. 1,122,470	Rs. 117,907	Rs. 2,321,850
Less: Allowance for doubtful accounts	(27,276)	(23,414)	(185)	(14,798)
	<u>Rs. 10,770,893</u>	<u>Rs. 1,099,056</u>	<u>Rs. 117,722</u>	<u>Rs. 2,307,052</u>

Financial Assets	December 31, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 11,254,064	Rs. 1,759,093	Rs. 177,047	Rs. 2,175,574
Less: Allowance for doubtful accounts	(12,334)	(29,021)	-	(14,270)
	<u>Rs. 11,241,730</u>	<u>Rs. 1,730,072</u>	<u>Rs. 177,047</u>	<u>Rs. 2,161,304</u>

(2) Credit risk and allowance for doubtful accounts

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

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

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

Some of the trade receivables that are overdue for more than 90 days are not included in the above 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.

Aging analysis of the trade and non-trade receivables that are overdue but are not impaired as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

Classification	September 30, 2014			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ 150,022	₩ -	₩ -	₩ 150,022
Non-trade receivables	1,626,801	5,330,740	-	6,957,541
Other long-term receivables	-	-	103,250	103,250
	<u>₩ 1,776,823</u>	<u>₩ 5,330,740</u>	<u>₩ 103,250</u>	<u>₩ 7,210,813</u>

Classification	December 31, 2013			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ 138,629	₩ -	₩ -	₩ 138,629
Non-trade receivables	3,692,761	102,000	8,418	3,803,179
Other long-term receivables	-	-	103,250	103,250
	<u>₩ 3,831,390</u>	<u>₩ 102,000</u>	<u>₩ 111,668</u>	<u>₩ 4,045,058</u>

(Unit: Indian rupee in thousands):

Classification	September 30, 2014			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. 8,866	Rs. -	Rs. -	Rs. 8,866
Non-trade receivables	96,144	315,047	-	411,191
Other long-term receivables	-	-	6,102	6,102
	<u>Rs. 105,010</u>	<u>Rs. 315,047</u>	<u>Rs. 6,102</u>	<u>Rs. 426,159</u>

Classification	December 31, 2013			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. 8,193	Rs. -	Rs. -	Rs. 8,193
Non-trade receivables	218,242	6,028	498	224,768
Non-trade receivables	-	-	6,102	6,102
	<u>Rs. 226,435</u>	<u>Rs. 6,028</u>	<u>Rs. 6,600</u>	<u>Rs. 239,063</u>

Aging analysis of the trade, non-trade receivables and other long-term receivables that are overdue but are impaired as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

Classification	September 30, 2014			
	3-6 months	6-12 months	Over 1 year	Total
Non-trade receivables	₩ -	₩ -	₩ 388,237	₩ 388,237
Other receivables	-	-	3,099	3,099
Other long-term receivables	-	-	44,250	44,250
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 435,586</u>	<u>₩ 435,586</u>

Classification	December 31, 2013			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ -	₩ -	₩ -	₩ -
Non-trade receivables	-	-	473,952	473,952
Other long-term receivables	-	-	44,250	44,250
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 518,202</u>	<u>₩ 518,202</u>

(Unit: Indian rupee in thousands):

Classification	September 30, 2014			
	3-6 months	6-12 months	Over 1 year	Total
Non-trade receivables	Rs. -	Rs. -	Rs. 22,945	Rs. 22,945
Other receivables	-	-	183	183
Other long-term receivables	-	-	2,615	2,615
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 25,743</u>	<u>Rs. 25,743</u>

Classification	December 31, 2013			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. -	Rs. -	Rs. -	Rs. -
Non-trade receivables	-	-	28,011	28,011
Other long-term receivables	-	-	2,615	2,615
	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 30,626</u>	<u>Rs. 30,626</u>

(3) Changes in allowance for trade and other receivables for the nine months ended September 30, 2014, and for the year ended December 31, 2013, are as follows:

(Unit: Korean won in thousands):

	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	<u>252,819</u>	<u>(94,854)</u>	<u>3,126</u>	<u>8,934</u>
Ending balance	<u>₩ 461,520</u>	<u>₩ 396,185</u>	<u>₩ 3,126</u>	<u>₩ 250,393</u>

	Year ended December 31, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	₩ 1,061,540	₩ 965,595	₩ 330	₩ 169,932
Bad debt expense	(685,177)	-	-	71,341
Write-offs	(167,662)	(462,099)	-	-
Reversal of allowance (*)	-	(12,457)	(16)	(128)
Transfer	-	-	(314)	314
Ending balance	<u>₩ 208,701</u>	<u>₩ 491,039</u>	<u>₩ -</u>	<u>₩ 241,459</u>

(*) Difference is due to the reversal of allowance for advance payments in the statement comprehensive of income.

(Unit: Indian rupee in thousands):

	Nine months ended September 30, 2014			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	Rs. 12,334	Rs. 29,020	Rs. -	Rs. 14,270
Bad debt expense(*)	<u>14,942</u>	<u>(5,606)</u>	<u>185</u>	<u>528</u>
Ending balance	<u>Rs. 27,276</u>	<u>Rs. 23,414</u>	<u>Rs. 185</u>	<u>Rs. 14,798</u>

(*) Difference with other bad debt expense on PL is other bad debt expense of advanced payments.

	Year ended December 31, 2013			
	Trade receivables	Non-trade receivables	Other receivables	Other long-term receivables
Beginning balance	Rs. 62,737	Rs. 57,067	Rs. 20	Rs. 10,043
Bad debt expense	(40,494)	-	-	4,216
Write-offs	(9,909)	(27,310)	-	-
Reversal of allowance (*)	-	(736)	(1)	(8)
Transfer	-	-	(19)	19
Ending balance	<u>Rs. 12,334</u>	<u>Rs. 29,021</u>	<u>Rs. -</u>	<u>Rs. 14,270</u>

(*) Difference is due to the reversal of allowance for advance payments in the statement comprehensive of income.

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

8. INVENTORIES:

Details of the inventories as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

	September 30,		December 31,	
	2014		2013	
Merchandises	₩	50,507,283	₩	55,680,940
Finished goods		50,599,447		47,989,259
Work in process		29,963,221		24,764,484
Raw materials		57,781,005		65,752,519
Submaterials		471,238		510,850
Supplies		3,985,845		4,233,041
Goods in transit		81,658,317		81,969,737
Total	₩	<u>274,966,356</u>	₩	<u>280,900,830</u>

(Unit: Indian rupee in thousands):

	September 30,		December 31,	
	2014		2013	
Merchandises	Rs.	2,984,980	Rs.	3,290,744
Finished goods		2,990,427		2,836,165
Work in process		1,770,826		1,463,581
Raw materials		3,414,857		3,885,975
Submaterials		27,851		30,191
Supplies		235,564		250,173
Goods in transit		4,826,007		4,844,410
Total	Rs.	<u>16,250,512</u>	Rs.	<u>16,601,239</u>

The Company is using the “lower of cost or market method” on the statements of financial position in the case of inventories’ market value decrease under the acquisition cost. On the other hand, loss on valuation of inventories that was deducted to “cost of sales” on current period due to the application of “lower of cost or market method”, is ₩1,600,955 thousands (Rs. 94,616 thousands).

9. CONSOLIDATED SUBSIDIARIES:

(1) Details of investments in subsidiaries

Details of investments in securities accounted for using equity method as of September 30, 2014, are as follows:

<u>Name of subsidiary</u>	<u>Location</u>	<u>Ownership(%)</u>	<u>Closing Month</u>	<u>Industry</u>
Ssangyong Motor (Shanghai) Co., Ltd.	China	100.00	December	Car Sales
Ssangyong European Parts Center B.V.	Netherland	100.00	December	A/S & Sales

(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, 2014, and for the year ended December 31, 2013, is as follows:

September 30, 2014

(Unit: Korean won in thousands):

<u>Companies</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 7,609,072	₩ 912,835	₩ 6,696,237	₩ 4,210,213
Ssangyong European Parts Center B.V.	7,505,608	11,111,791	(3,606,183)	10,937,761

<u>Companies</u>	<u>Net income</u>	<u>Comprehensive income</u>
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 1,240,442	₩ 1,240,442
Ssangyong European Parts Center B.V.	493,557	493,557

(Unit: Indian rupee in thousands):

<u>Companies</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 449,697	Rs. 53,949	Rs. 395,748	Rs. 248,824
Ssangyong European Parts Center B.V.	443,581	656,707	(213,125)	646,422

<u>Companies</u>	<u>Net income</u>	<u>Comprehensive income</u>
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 73,310	Rs. 73,310
Ssangyong European Parts Center B.V.	29,169	29,169

December 31, 2013

(Unit: Korean won in thousands):

<u>Companies</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 6,609,412	₩ 255,069	₩ 6,354,343	₩ 3,814,332
Ssangyong European Parts Center B.V.	7,940,806	12,388,132	(4,447,326)	13,852,837

<u>Companies</u>	<u>Net income</u>	<u>Comprehensive income</u>
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 809,326	₩ 809,326
Ssangyong European Parts Center B.V.	125,145	125,145

(Unit: Indian rupee in thousands):

<u>Companies</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 390,616	Rs. 15,075	Rs. 375,541	Rs. 225,427
Ssangyong European Parts Center B.V.	469,302	732,139	(262,837)	818,703

<u>Companies</u>	<u>Net income</u>	<u>Comprehensive income</u>
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 47,831	Rs. 47,831
Ssangyong European Parts Center B.V.	7,396	7,396

10. OTHER ASSETS:

Carrying values of the Company's other assets as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

Account	September 30, 2014	December 31, 2013
Other current assets:		
Advance payments	₩ 2,946,526	₩ 2,041,322
Less: Allowance for doubtful accounts	(5,778)	(1,147)
Prepaid expenses	11,984,189	4,208,777
Income tax refundable	696,840	983,619
	15,621,777	7,232,571
Other non-current assets:		
Other non-current assets	₩ 354,739	₩ 357,350

(Unit: Indian rupee in thousands):

Account	September 30, 2014	December 31, 2013
Other current assets:		
Advance payments	Rs. 174,140	Rs. 120,642
Less: Allowance for doubtful accounts	(341)	(68)
Prepaid expenses	708,265	248,739
Income tax refundable	41,183	58,132
	923,247	427,445
Other non-current assets:		
Other non-current assets	Rs. 20,964	Rs. 21,120

11. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

	September 30, 2014				
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₩ 475,505,605	₩ -	₩ -	₩ -	₩ 475,505,605
Buildings	523,443,522	1,661,799	183,667,608	148,371,912	189,742,203
Structures	104,082,820	161,253	58,749,074	29,156,376	16,016,117
Machinery	1,210,855,013	637,047	1,004,187,278	98,902,225	107,128,463
Vehicles	9,678,306	-	6,770,634	1,228,615	1,679,057
Tools and molds	872,535,636	17,633	538,459,284	162,664,956	171,393,763
Equipment	65,314,778	18,126	37,420,430	4,669,638	23,206,584
Construction in progress	131,296,817	-	-	-	131,296,817
Machinery in transit	9,799,715	-	-	-	9,799,715
	₩ 3,402,512,212	₩ 2,495,858	₩ 1,829,254,308	₩ 444,993,722	₩ 1,125,768,324

December 31, 2013					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	W 475,305,570	W -	W -	W -	W 475,305,570
Buildings	520,204,787	1,696,822	176,446,878	148,371,912	193,689,175
Structures	103,715,045	176,520	57,532,368	29,156,376	16,849,781
Machinery	1,229,675,167	789,603	1,030,309,009	99,310,297	99,266,258
Vehicles	10,166,641	-	6,956,132	1,263,535	1,946,974
Tools and molds	873,276,231	31,508	507,905,818	163,823,075	201,515,830
Equipment	62,805,139	26,413	34,054,232	4,924,001	23,800,493
Construction in progress	70,917,106	-	-	-	70,917,106
Machinery in transit	862,440	-	-	-	862,440
	<u>W 3,346,928,126</u>	<u>W 2,720,866</u>	<u>W 1,813,204,437</u>	<u>W 446,849,196</u>	<u>W 1,084,153,627</u>

(Unit: Indian rupee in thousands):

September 30, 2014					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 28,102,381	Rs. -	Rs. -	Rs. -	Rs. 28,102,381
Buildings	30,935,512	98,212	10,854,756	8,768,780	11,213,764
Structures	6,151,295	9,530	3,472,070	1,723,142	946,553
Machinery	71,561,531	37,649	59,347,468	5,845,121	6,331,293
Vehicles	571,988	-	400,144	72,611	99,233
Tools and molds	51,566,856	1,042	31,822,944	9,613,499	10,129,371
Equipment	3,860,103	1,072	2,211,547	275,976	1,371,508
Construction in progress	7,759,642	-	-	-	7,759,642
Machinery in transit	579,163	-	-	-	579,163
	<u>Rs. 201,088,471</u>	<u>Rs. 147,505</u>	<u>Rs. 108,108,929</u>	<u>Rs. 26,299,129</u>	<u>Rs. 66,532,908</u>

December 31, 2013					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	Rs. 28,090,559	Rs. -	Rs. -	Rs. -	Rs. 28,090,559
Buildings	30,744,103	100,282	10,428,010	8,768,780	11,447,031
Structures	6,129,559	10,432	3,400,163	1,723,142	995,822
Machinery	72,673,802	46,666	60,891,262	5,869,239	5,866,635
Vehicles	600,848	-	411,107	74,675	115,066
Tools and molds	51,610,625	1,862	30,017,234	9,681,944	11,909,585
Equipment	3,711,784	1,561	2,012,605	291,008	1,406,610
Construction in progress	4,191,201	-	-	-	4,191,201
Machinery in transit	50,970	-	-	-	50,970
	<u>Rs. 197,803,451</u>	<u>Rs. 160,803</u>	<u>Rs. 107,160,381</u>	<u>Rs. 26,408,788</u>	<u>Rs. 64,073,479</u>

(2) Changes in the carrying amounts of property, plant and equipment for the nine months ended September 30, 2014 and 2013, are as follows:

(Unit: Korean won in thousands):

	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	104,849	29,998,246	22,169,412	107,128,463
Vehicles	1,946,974	160,766	27,730	(7,077)	393,876	1,679,057
Tools and molds	201,515,830	1,687,701	3,717	5,957,094	37,763,145	171,393,763
Equipment	23,800,493	1,634,032	7,278	2,052,483	4,273,146	23,206,584
Construction in progress	70,917,106	99,833,780	97,167	(39,356,902)	-	131,296,817
Machinery in transit	862,440	10,545,838	-	(1,608,563)	-	9,799,715
	<u>₩ 1,084,153,627</u>	<u>₩ 114,856,279</u>	<u>₩ 240,742</u>	<u>₩ (6,116)</u>	<u>₩ 72,994,724</u>	<u>₩ 1,125,768,324</u>

(*) Depreciation cost of suspended assets amount of ₩15,327 (Rs. 906 thousands) in thousands is included from the depreciation cost.

	Nine months ended September 30, 2013					
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Land	₩ 469,644,702	₩ 19,360	₩ 154,021	₩ 5,795,529	₩ -	₩ 475,305,570
Buildings	200,432,599	1,295,223	129,642	467,001	7,021,037	195,044,144
Structures	17,632,819	90,000	10,351	390,000	1,189,066	16,913,402
Machinery	111,035,013	3,263,441	128,758	8,898,305	26,686,532	96,381,469
Vehicles	2,158,748	170,576	63,362	(11,198)	412,103	1,842,661
Tools and molds	196,280,440	26,015,204	40,389	37,567,013	48,442,019	211,380,249
Equipment	16,895,388	8,321,791	14,481	1,190,247	3,307,662	23,085,283
Construction in progress	37,322,042	50,760,226	109,568	(53,610,486)	-	34,362,214
Machinery in transit	-	4,059,233	-	(1,282,807)	-	2,776,426
	<u>₩ 1,051,401,751</u>	<u>₩ 93,995,054</u>	<u>₩ 650,572</u>	<u>₩ (596,396)</u>	<u>₩ 87,058,419</u>	<u>₩ 1,057,091,418</u>

(*) Depreciation cost of suspended assets amount of ₩31,119 (Rs. 1,839 thousands) in thousands is included from the depreciation cost.

(Unit: Indian rupee in thousands):

	Nine months ended September 30, 2014					
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Land	Rs. 28,090,559	Rs. 11,822	Rs. -	Rs. -	Rs. -	Rs. 28,102,381
Buildings	11,447,031	29,327	-	162,081	424,675	11,213,764
Structures	995,822	9,438	-	12,771	71,478	946,553
Machinery	5,866,635	8,169	6,196	1,772,897	1,310,212	6,331,293
Vehicles	115,066	9,501	1,638	(418)	23,278	99,233
Tools and molds	11,909,585	99,743	220	352,065	2,231,802	10,129,371
Equipment	1,406,610	96,571	430	121,300	252,543	1,371,508
Construction in progress	4,191,201	5,900,176	5,743	(2,325,992)	-	7,759,642
Machinery in transit	50,970	623,259	-	(95,066)	-	579,163
	<u>Rs. 64,073,479</u>	<u>Rs. 6,788,006</u>	<u>Rs. 14,227</u>	<u>Rs. (362)</u>	<u>Rs. 4,313,988</u>	<u>Rs. 66,532,908</u>

Nine months ended September 30, 2013							
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance	
Land	Rs. 27,756,002	Rs. 1,144	Rs. 9,103	Rs. 342,516	Rs. -	Rs. 28,090,559	
Buildings Structures	11,845,567	76,548	7,662	27,600	414,943	11,527,110	
Machinery	1,042,100	5,319	612	23,049	70,274	999,582	
Vehicles	6,562,169	192,869	7,610	525,890	1,577,174	5,696,144	
Tools and molds	127,582	10,081	3,745	(662)	24,355	108,901	
Equipment	11,600,174	1,537,499	2,387	2,220,210	2,862,923	12,492,573	
Construction in progress	998,517	491,818	856	70,344	195,483	1,364,340	
Machinery in transit	2,205,733	2,999,929	6,475	(3,168,380)	-	2,030,807	
	-	239,901	-	(75,814)	-	164,087	
	<u>Rs. 62,137,844</u>	<u>Rs. 5,555,108</u>	<u>Rs. 38,450</u>	<u>Rs. (35,247)</u>	<u>Rs. 5,145,152</u>	<u>Rs. 62,474,103</u>	

(3) Assets pledged as collateral

The assets pledged as collateral for the Company's borrowings as of September 30, 2014, are as follows:

(Unit: Korean won in thousands):

Assets pledged as collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	₩ 281,318,706	195 billion Korean won
Buildings and structures	150-3 (factory site) and others	60,469,612	
Machinery	Pyeongtaek plant production facilities	10,062,118	
		<u>₩ 351,850,436</u>	

(Unit: Indian rupee in thousands):

Assets pledged as collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	Rs. 16,625,936	12 billion rupee
Buildings and structures	150-3 (factory site) and others	3,573,754	
Machinery	Pyeongtaek plant production facilities	594,671	
		<u>Rs. 20,794,361</u>	

12. INTANGIBLE ASSETS:

(1) Details of intangible assets as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

	September 30, 2014				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 14,478,683	₩ -	₩ 12,991,052	₩ -	₩ 1,487,631
Patents	1,575,935	16,537	676,417	22,541	860,440
Other intangible assets	137,533,487	32,980	9,077,615	589,035	127,833,857
	<u>₩ 153,588,105</u>	<u>₩ 49,517</u>	<u>₩ 22,745,084</u>	<u>₩ 611,576</u>	<u>₩ 130,181,928</u>
	December 31, 2013				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 14,478,684	₩ -	₩ 9,371,382	₩ -	₩ 5,107,302
Patents	1,217,210	5,802	475,150	-	736,258
Other intangible assets	88,832,542	21,609	4,440,434	686,796	83,683,703
	<u>₩ 104,528,436</u>	<u>₩ 27,411</u>	<u>₩ 14,286,966</u>	<u>₩ 686,796</u>	<u>₩ 89,527,263</u>

(Unit: Indian rupee in thousands):

September 30, 2014					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 855,690	Rs. -	Rs. 767,771	Rs. -	Rs. 87,919
Patents	93,138	977	39,976	1,332	50,853
Other intangible assets	8,128,229	1,949	536,487	34,813	7,554,980
	<u>Rs. 9,077,057</u>	<u>Rs. 2,926</u>	<u>Rs. 1,344,234</u>	<u>Rs. 36,145</u>	<u>Rs. 7,693,752</u>

December 31, 2013					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 855,691	Rs. -	Rs. 553,849	Rs. -	Rs. 301,842
Patents	71,937	343	28,081	-	43,513
Other intangible assets	5,250,003	1,279	262,429	40,589	4,945,706
	<u>Rs. 6,177,631</u>	<u>Rs. 1,622</u>	<u>Rs. 844,359</u>	<u>Rs. 40,589</u>	<u>Rs. 5,291,061</u>

(2) Changes in intangible assets for the years ended September 30, 2014 and 2013, are as follows:

(Unit: Korean won in thousands):

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(*)	83,683,703	49,272,017	587,760	4,629,821	(97,760)	(2,042)	127,833,857
	<u>₩ 89,527,263</u>	<u>₩ 49,618,972</u>	<u>₩ 587,760</u>	<u>₩ 8,449,724</u>	<u>₩ (75,219)</u>	<u>₩ (2,042)</u>	<u>₩ 130,181,928</u>

(*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is ₩40,274 (Rs. 2,380 thousands) in thousands.

Nine months ended September 30, 2013						
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	₩ 47,996,313	₩ 25,536,233	₩ 20,442,051	₩ -	₩ (46,776,636)	₩ 6,313,859
Patents	658,066	258,744	173,349	18,252	-	725,209
Other intangible assets(*)	7,960,633	8,248,037	2,147,268	5,194	46,779,115	60,835,323
	<u>₩ 56,615,012</u>	<u>₩ 34,043,014</u>	<u>₩ 22,762,668</u>	<u>₩ 23,446</u>	<u>₩ 2,479</u>	<u>₩ 67,874,391</u>

(*) Of the acquisition amount of other intangible assets, the amount that you obtained in government subsidy is ₩3,237 (Rs. 191 thousands) in thousands

(**) It was reclassified to intangible assets in progress from a part of the development expenses of the nature of non-depreciable property during the quarter.

(Unit: Indian rupee in thousands):

Nine months ended September 30, 2014							
	Beginning balance	Acquisition(*)	Disposal	Depreciation	Impairment loss(**)	Other	Ending balance
Development cost	Rs. 301,842	Rs. -	Rs. -	Rs. 213,923	Rs. -	Rs. -	Rs. 87,919
Patents	43,513	20,505	-	11,834	1,332	-	50,852
Other intangible assets(*)	4,945,707	2,911,976	34,737	273,622	(5,778)	(121)	7,589,718
	<u>Rs. 5,291,062</u>	<u>Rs. 2,932,481</u>	<u>Rs. 34,737</u>	<u>Rs. 499,379</u>	<u>Rs. (4,446)</u>	<u>Rs. (121)</u>	<u>Rs. 7,728,489</u>

Nine months ended September 30, 2013						
	Beginning balance	Acquisition	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	Rs. 2,836,582	Rs. 1,509,191	Rs. 1,208,125	Rs. -	Rs. (2,764,499)	Rs. 373,149
Patents	38,892	15,292	10,245	1,079	-	42,860
Other intangible assets(*)	470,473	487,459	126,904	307	2,764,646	3,595,367
	<u>Rs. 3,345,947</u>	<u>Rs. 2,011,942</u>	<u>Rs. 1,345,274</u>	<u>Rs. 1,386</u>	<u>Rs. 147</u>	<u>Rs. 4,011,376</u>

(3) Amortization of the Company's intangible assets for the nine months ended September 30, 2014 and 2013, is as follows:

Account	Korean won in thousands		Indian rupee in thousands	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Cost of goods manufactured	₩ 3,347,170	₩ 20,169,551	Rs. 197,818	Rs. 1,192,020
Selling and administrative expenses	5,102,554	2,593,117	301,561	153,254
	<u>₩ 8,449,724</u>	<u>₩ 22,762,668</u>	<u>Rs. 499,379</u>	<u>Rs. 1,345,274</u>

13. BORROWINGS:

(1) The Company's short-term borrowings as of September 30, 2014, and December 31, 2013, consist of the following.

(Unit: Korean won in thousands):

Creditor	Type	Interest rate (%)	September 30, 2014	December 31, 2013
Korea Development Bank	Operating fund	CD+2.26	₩ 30,000,000	₩ 30,000,000
Besides BOA	Banker's usance	0.9-1.50	49,423,354	21,608,036
			<u>₩ 79,423,354</u>	<u>₩ 51,608,036</u>

(Unit: Indian rupee in thousands):

Creditor	Type	Interest rate (%)	September 30, 2014	December 31, 2013
Korea Development Bank	Operating fund	CD+2.26	Rs. 1,773,000	Rs. 1,773,000
Besides BOA	Banker's usance	0.98-1.50	2,920,920	1,277,035
			<u>Rs. 4,693,920</u>	<u>Rs. 3,050,035</u>

(2) The Company's bonds and current portion of long-term borrowings as of September 30, 2014, and December 31, 2013, consist of the following:

(Unit: Korean won in thousands):

Type	Issue date	Maturity Date	Interest rate (%)	September 30, 2014	December 31, 2013
Private non-guaranteed bonds	2011-02-09	2014-02-09	-	₩ -	₩ 95,404,765

(Unit: Indian rupee in thousands):

Type	Issue date	Maturity Date	Interest rate (%)	September 30, 2014	December 31, 2013
Private non-guaranteed bonds	2011-02-09	2014-02-09	-	Rs. -	Rs. 5,638,422

(3) The Company provided the following collaterals 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 Korean won (12 billion rupees)

14. OTHER FINANCIAL LIABILITIES:

Carrying amounts of the Company's other financial liabilities as of September 30, 2014, and December 31, 2013, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Other current financial liabilities:				
Accrued expenses	₩ 30,487,510	₩ 20,352,993	Rs. 1,801,812	Rs. 1,202,862

15. PROVISION FOR PRODUCT WARRANTIES:

The Company provides warranties for the sale of its products and establishes a provision for product warranties for the amount of expected warranty costs. Provisions for product warranties as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
September 30, 2014	₩ 125,479,981	₩ 83,334,216	₩ 75,584,584	₩ 133,229,613	₩ 55,802,895	₩ 77,426,718
December 31, 2013	118,598,929	82,634,200	75,753,148	125,479,981	48,780,982	76,698,999

(Unit: Indian Rupee in thousands):

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
September 30, 2014	Rs. 7,415,867	Rs. 4,925,052	Rs. 4,467,049	Rs. 7,873,870	Rs. 3,297,951	Rs. 4,575,919
December 31, 2013	7,009,197	4,883,681	4,477,011	7,415,867	2,882,956	4,532,911

16. OTHER LIABILITIES AND OTHER LONG-TERM LIABILITIES:

Carrying amounts of the Company's other liabilities as of September 30, 2014, and December 31, 2013, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Other liabilities				
Advances from customers	₩ 2,683,470	₩ 5,689,992	Rs. 158,593	Rs. 336,279
Deposits received	1,424,160	1,507,995	84,168	89,123
Withholdings	20,603,974	19,554,631	1,217,695	1,155,679
	<u>₩ 24,711,604</u>	<u>₩ 26,752,618</u>	<u>Rs. 1,460,456</u>	<u>Rs. 1,581,080</u>

17. RETIREMENT BENEFIT OBLIGATION:

(1) Defined benefit plans and related liabilities arising from the Company's financial statements configuration items as of September 30, 2014, and December 31, 2013, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Present value of defined benefit obligation	₩ 227,356,141	₩ 176,130,156	Rs. 13,436,748	Rs. 10,409,292
Fair value of plan assets	(1,461,698)	(1,474,038)	(86,386)	(87,115)
	<u>₩ 225,894,443</u>	<u>₩ 174,656,118</u>	<u>Rs. 13,350,362</u>	<u>Rs. 10,322,177</u>

- (2) Changes in the Company's defined benefit obligation for the nine months ended September 30, 2014 and 2013, are as follows (Unit: Korean won and Indian rupee in thousands):

	Nine months ended September 30, 2014		Nine months ended September 30, 2013	
Beginning balance	₩	176,130,156	₩	144,823,054
Current service cost		25,867,112		22,450,021
Interest cost		5,764,601		4,222,283
Previous service costs		25,357,362		-
Actuarial losses		98,191		-
Wages paid		(3,840,223)		(4,473,692)
Others		(2,021,058)		-
Ending balance	₩	227,356,141	₩	167,021,666

- (3) Changes in the fair value of plan assets for the nine months ended September 30, 2014 and 2013 are as follows (Unit: Korean won and Indian rupee in thousands):

	Nine months ended September 30, 2014		Nine months ended September 30, 2013	
Beginning balance	₩	1,474,038	₩	1,524,841
Expected return on plan assets		47,374		44,342
Actuarial losses		(22,682)		(15,351)
Wages paid		(37,032)		(68,822)
Ending balance	₩	1,461,698	₩	1,485,010

- (4) Actuarial assumptions used as of September 30, 2014, and December 31, 2013, are as follows:

	September 30, 2014	December 31, 2013
Discount rate (%)	3.80	4.39
Expected rate of salary increase (%)	5.32	5.32

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

18. CONTINGENCIES AND COMMITMENTS:

The major commitments and contingent liabilities as of September 30, 2014, are as follows:

- (1) The Company carries product liability insurance for all products that it sells.
- (2) As of September 30, 2014, the Company has been providing guarantees from Korea Development Bank, etc., amounting to USD 218 million (amount execution USD 86 million) related to import L/C.
- (3) The followings are the major loan arrangements with the financial institutions as of September 30, 2014.

(Unit: Korean won in thousands):

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

(Unit: Indian rupee in thousands):

Financial institution	Classification	Limit	Exercise price
KDB	Operating purpose loans	Rs. 1,773,000	Rs. 1,773,000

(4) Pending litigations

As of September 30, 2014, the Company has four pending litigations as a plaintiff with claims and 34 pending litigations as a defendant with claims. The Company recognized a contingent liability amounting to ₩40,505,101 thousand (Rs. 2,393,851 thousand), which has a high probability of losing a lawsuit and a reliable estimate can be made as of September 30, 2014. Meanwhile, if the company confirm the dismissal invalid filing of the lawsuit as a defendant, 13 November 2014 from the Supreme Court appeal was remanded after quashing.

19. CAPITAL STOCK:

As of September 30, 2014, and December 31, 2013, the number of authorized shares is three billion shares. Details of capital stock are as follows:

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

Classification	Shares outstanding	Par value	Capital stock
September 30, 2014	137,220,096 ₩	5,000 ₩	686,100,480 ₩
December 31, 2013	137,220,096 ₩	5,000 ₩	686,100,480 ₩

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

Classification	Shares outstanding	Par value	Capital stock
September 30, 2014	137,220,096 Rs.	296 Rs.	40,548,538 Rs.
December 31, 2013	137,220,096 Rs.	296 Rs.	40,548,538 Rs.

20. OTHER CAPITAL SURPLUS AND RETAINED EARNINGS:

Details of other capital surplus and retained earnings as of September 30, 2014, and December 31, 2013, are as follows:

		September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
		(Korean won in thousands)		(Indian rupee in thousands)	
Other capital surplus	Paid-in capital in excess of par value	₩ 11,452,713	₩ 11,452,713	Rs. 676,855	Rs. 676,855
	Gain on retirement of capital stock	120,351,580	120,351,580	7,112,778	7,112,778
	Debt converted to equity	931,508	931,508	55,052	55,052
	Treasury stock	(108,530)	(108,530)	(6,414)	(6,414)
	Consideration for conversion rights	(3,243,869)	(3,243,869)	(191,713)	(191,713)
		<u>₩ 129,383,402</u>	<u>₩ 129,383,402</u>	<u>Rs. 7,646,558</u>	<u>Rs. 7,646,558</u>

21. OTHER CAPITAL ADJUSTMENTS:

(1) Details of the Company's other capital adjustments as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

Classification	September 30, 2014	December 31, 2013
Other capital adjustments		
Gains on valuation of derivatives	₩ 1,404,800	₩ 26,833,680
Losses on valuation of derivatives	(3,278,450)	-
Gains on overseas operation translation	881,276	686,161
	<u>₩ (992,374)</u>	<u>₩ 27,519,841</u>

(Unit: Indian rupee in thousands)

Classification		September 30, 2014	December 31, 2013
Other capital adjustments	Gains (losses) on valuation of derivatives	Rs. 83,024	Rs. 1,585,870
	Losses on valuation of derivatives	(193,756)	-
	Gains on overseas operation translation	52,083	40,553
		<u>Rs. (58,649)</u>	<u>Rs. 1,626,423</u>

(2) Changes in the Company's gains on valuation of derivatives for the nine months ended September 30, 2014, and for the year ended December 31, 2013, are as follows (Unit: Korean won and India rupee in thousands):

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2014	Year ended December 31, 2013	Nine months ended September 30, 2014	Year ended December 31, 2013
Beginning balance	₩ 26,833,680	₩ 18,999,750	Rs. 1,585,870	Rs. 1,122,885
Gains (losses) on valuation of derivatives	(1,873,650)	26,833,680	(110,733)	1,585,870
Reclassified to net income	<u>(26,833,680)</u>	<u>(18,999,750)</u>	<u>(1,585,870)</u>	<u>(1,122,885)</u>
Ending balance	<u>₩ (1,873,650)</u>	<u>₩ 26,833,680</u>	<u>Rs. (110,733)</u>	<u>Rs. 1,585,870</u>

(3) Changes in the Company's cumulative effect of foreign currency translation for the nine months ended September 30, 2014, and for the year ended December 31, 2013, are as follows (Unit: Korean won and India rupee in thousands):

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2014	Year ended December 31, 2013	Nine months ended September 30, 2014	Year ended December 31, 2013
Beginning balance	₩ 686,161	₩ 862,490	Rs. 40,552	Rs. 50,973
Cumulative effect of foreign currency translation	195,115	(176,329)	11,531	(10,420)
Ending balance	<u>₩ 881,276</u>	<u>₩ 686,161</u>	<u>Rs. 52,083</u>	<u>Rs. 40,553</u>

22. RETAINED EARNINGS:

(1) Details of retained earnings as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

	September 30, 2014	December 31, 2013
Retained earnings	₩ 7,068,420	₩ 41,194,141

(Unit: Indian rupee in thousands)

	September 30, 2014	December 31, 2013
Retained earnings	Rs. 417,744	Rs. 2,434,574

(2) Changes in retained earnings for the nine months ended September 30, 2014, and for the year ended December 31, 2013, are as follows:

(Unit: Korean won in thousands):

	September 30, 2014	December 31, 2013
Beginning balance	₩ 41,194,141	₩ 44,842,295
Loss on appropriated retained earnings	(34,004,848)	(2,397,791)
Actuarial losses	(120,873)	(1,250,363)
Ending balance	<u>₩ 7,068,420</u>	<u>₩ 41,194,141</u>

(Unit: Indian rupee in thousands)

	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Beginning balance	Rs. 2,434,574	Rs. 2,650,180
Loss on appropriated retained earnings	(2,009,686)	(141,709)
Actuarial losses	(7,144)	(73,897)
Ending balance	<u>Rs. 417,744</u>	<u>Rs. 2,434,574</u>

23. INCOME TAX:

(1) Composition of income tax expense for the nine months ended September 30, 2014 and 2013, is as follows:

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Nine months ended September 30, 2014</u>	<u>Year ended December 31, 2013</u>	<u>Nine months ended September 30, 2014</u>	<u>Year ended December 31, 2013</u>
Income tax expense of Parent Company	₩ -	₩ -	Rs. -	Rs. -
Income tax expense of Subsidiary Company	<u>188,785</u>	<u>198,059</u>	<u>11,157</u>	<u>11,705</u>
Income tax expense of Consolidated Company	<u>₩ 188,785</u>	<u>₩ 198,059</u>	<u>Rs. 11,157</u>	<u>Rs. 11,705</u>

(2) As of September 30, 2014, and December 31, 2013, deferred income tax assets is ₩52,560 thousands (Rs. 3,106 thousands) and ₩ 57,407 thousands (Rs. 3,393 thousands), respectively

24. EXPENSES BY CATEGORY:

Details of expenses classified by category for the nine months ended September 30, 2014 and 2013, are as follows

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Nine months ended September 30, 2014</u>	<u>Nine months ended September 30, 2013</u>	<u>Nine months ended September 30, 2014</u>	<u>Nine months ended September 30, 2013</u>
Changes in inventories	₩ (2,730,878)	₩ (3,281,611)	Rs. (161,395)	Rs. (193,943)
Raw materials and merchandise goods used	1,749,847,120	1,709,161,833	103,415,965	101,011,464
Salaries	368,639,804	292,315,066	21,786,612	17,275,820
Depreciation	72,979,397	86,944,559	4,313,082	5,138,423
Amortization	8,449,724	22,701,112	499,379	1,341,636
Other	<u>343,675,131</u>	<u>403,802,699</u>	<u>20,311,200</u>	<u>23,864,740</u>
(*1)	<u>₩ 2,540,860,298</u>	<u>₩ 2,511,643,658</u>	<u>Rs. 150,164,843</u>	<u>Rs. 148,438,140</u>

(*1) The sum total selling and administrative expenses and cost of sales

25. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company has a derivative contract with Woori Bank and KDB to avoid the risks of exchange rate fluctuation by fitting the amount and period of expected foreign currency sales (hedged items) and derivative financial instruments (hedging instrument). Gain on valuation of derivatives for ₩1,404,800 thousands (Rs. 83,024 thousands) and loss on valuation of derivatives for ₩3,278,450 thousands (Rs.193,756 thousands) applied to cash flow risk aversion accounting treatment is recognized as other capital components and gain on valuation of derivatives for ₩297,180 thousands (Rs. 17,563 thousands) which is an inefficient part is recognized as current income for the year ended September 30, 2014.

26. SELLING AND ADMINISTRATIVE EXPENSES:

(1) Selling expenses for Nine months ended September 30, 2014 and 2013, are as follows:

	Korean won in thousands			
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Warranty expenses	₩ 18,105,714	₩ 53,861,178	₩ 13,069,796	₩ 47,588,545
Sales commissions	38,655,486	114,546,129	36,201,828	105,771,247
Advertising expenses	3,918,427	12,291,011	5,280,994	15,633,116
Export expenses	13,824,882	49,144,643	15,746,780	56,466,233
Others	8,533,062	27,138,138	9,588,010	30,575,922
	<u>₩ 83,037,571</u>	<u>₩ 256,981,099</u>	<u>₩ 79,887,408</u>	<u>₩ 256,035,063</u>

	Indian rupee in thousands			
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Warranty expenses	Rs. 1,070,048	Rs. 3,183,196	Rs. 772,425	Rs. 2,812,483
Sales commissions	2,284,539	6,769,676	2,139,528	6,251,081
Advertising expenses	231,579	726,399	312,107	923,917
Export expenses	817,051	2,904,448	930,635	3,337,154
Others	504,304	1,603,864	566,651	1,807,037
	<u>Rs. 4,907,521</u>	<u>Rs. 15,187,583</u>	<u>Rs. 4,721,346</u>	<u>Rs. 15,131,672</u>

(2) Administrative expenses for Nine months ended September 30, 2014 and 2013, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Salaries	₩ 11,646,619	₩ 36,057,582	₩ 11,155,838	₩ 33,581,658
Postemployment benefits	1,627,654	5,156,385	1,487,436	4,813,309
Employee benefits	3,806,829	9,744,943	2,792,165	8,349,059
Rent expense	2,639,019	7,888,247	2,655,481	7,745,117
Service fees	4,939,127	16,672,994	5,473,041	15,929,814
Depreciation	1,763,863	5,190,110	1,530,723	4,044,264
R&D expenses	4,219,682	15,155,217	880,717	11,486,212
Amortization	1,732,213	5,102,554	1,212,805	2,593,116
Bad debt expense	247,217	252,819	(575,536)	(525,039)
Other administrative expenses	8,026,491	24,158,848	8,923,041	25,539,388
	<u>₩ 40,648,714</u>	<u>₩ 125,379,699</u>	<u>₩ 35,535,711</u>	<u>₩ 113,556,898</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Salaries	Rs. 688,315	Rs. 2,131,003	Rs. 659,310	Rs. 1,984,676
Postemployment benefits	96,194	304,742	87,907	284,467
Employee benefits	224,984	575,926	165,017	493,429
Rent expense	155,966	466,195	156,939	457,736
Service fees	291,902	985,374	323,457	941,452
Depreciation	104,244	306,736	90,466	239,016
R&D expenses	249,383	895,673	52,050	678,835
Amortization	102,374	301,561	71,677	153,253
Bad debt expense	14,611	14,942	(34,014)	(31,030)
Other administrative expenses	474,365	1,427,788	527,351	1,509,379
	<u>Rs. 2,402,338</u>	<u>Rs. 7,409,940</u>	<u>Rs. 2,100,160</u>	<u>Rs. 6,711,213</u>

27. NON-OPERATING INCOME (EXPENSES):

(1) Details of the Company's non-operating income for nine months ended September 30, 2014 and 2013, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Commission income	₩ 328,148	₩ 1,559,987	₩ 6,726,301	₩ 13,451,753
Gain on foreign currency transactions	3,559,794	8,062,830	3,330,798	10,655,811
Gain on foreign currency translation	142,830	491,844	(557,273)	484,787
Reversal of allowance for doubtful accounts	-	-	-	9,751
Gain on disposal of property, plant and equipment	1,133,785	1,203,311	208,201	243,657
Gain on disposal of investment assets	599	2,122	-	-
Others	3,059,901	12,187,795	3,309,094	13,450,276
	<u>₩ 8,225,057</u>	<u>₩ 23,507,889</u>	<u>₩ 13,017,121</u>	<u>₩ 38,296,035</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Commission income	Rs. 19,394	Rs. 92,195	Rs. 397,524	Rs. 794,999
Gain on foreign currency transactions	210,384	476,513	196,850	629,758
Gain on foreign currency translation	8,441	29,068	(32,935)	28,651
Reversal of allowance for doubtful accounts	-	-	-	576
Gain on disposal of property, plant and equipment	67,007	71,116	12,305	14,400
Gain on disposal of investment assets	35	125	-	-
Others	180,839	720,299	195,568	794,911
	<u>Rs. 486,100</u>	<u>Rs. 1,389,316</u>	<u>Rs. 769,312</u>	<u>Rs. 2,263,295</u>

(2) Details of the Company's other non-operating expense for nine months ended September 30, 2014 and 2013, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Loss on foreign currency transactions	₩ 1,651,843	₩ 8,219,865	₩ 4,944,490	₩ 10,237,976
Loss on foreign currency translation	80,224	1,123,230	27,108	1,088,441
Other bad debt expense	(83,690)	(78,163)	30,874	34,889
Non-operating assets and depreciation	4,739	15,327	6,605	31,119
Loss on disposal of property, plant and equipment	6,411	56,623	78,107	281,806
Loss on disposal of investment assets	7	2,912	1,341	6,088
Loss on disposal of trade receivables	2,607,253	10,357,237	3,213,957	8,079,230
Impairment loss on investments	1,841	2,725	6,656	703,554
Impairment loss on intangible assets	5,485	22,541	-	23,446
Others	(1,282,143)	30,813,684	2,446,576	14,910,397
	<u>₩ 2,991,970</u>	<u>₩ 50,535,981</u>	<u>₩ 10,755,714</u>	<u>₩ 35,396,946</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Loss on foreign currency transactions	Rs. 97,624	Rs. 485,794	Rs. 292,219	Rs. 605,064
Loss on foreign currency translation	4,741	66,383	1,602	64,327
Other bad debt expense	(4,946)	(4,619)	1,825	2,062
Non-operating assets and depreciation	280	906	390	1,839
Loss on disposal of property, plant and equipment	379	3,346	4,616	16,655
Loss on disposal of investment assets	-	172	79	360
Loss on disposal of trade receivables	154,089	612,113	189,945	477,482
Impairment loss on investments	109	161	393	41,580
Impairment loss on intangible assets	324	1,332	-	1,386
Others	(75,774)	1,821,089	144,593	881,205
	<u>Rs. 176,826</u>	<u>Rs. 2,986,677</u>	<u>Rs. 635,662</u>	<u>Rs. 2,091,960</u>

28. FINANCIAL INCOME AND COST:

(1) Details of the Company's financial income for the three months ended September 30, 2014 and 2013, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Interest income	₩ 1,089,215	₩ 4,185,911	₩ 2,147,810	₩ 5,364,890
Dividend income	-	11,000	-	8,500
Gain on foreign currency transactions	2,159,809	4,222,337	1,802,273	4,366,849
Gain on foreign currency translation	280,115	1,204,702	528,475	751,066
Gain on disposal of derivatives	6,584,100	36,491,955	2,233,280	13,757,655
Gain on valuation of derivatives	(173,170)	495,630	(801,314)	2,190,800
Interest income	<u>₩ 9,940,069</u>	<u>₩ 46,611,535</u>	<u>₩ 5,910,524</u>	<u>₩ 26,439,760</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Interest income	Rs. 64,373	Rs. 247,387	Rs. 126,936	Rs. 317,065
Dividend income	-	650	-	502
Gain on foreign currency transactions	127,644	249,540	106,514	258,082
Gain on foreign currency translation	16,555	71,198	31,233	44,388
Gain on disposal of derivatives	389,120	2,156,675	131,987	813,077
Gain on valuation of derivatives	(10,234)	29,292	(47,358)	129,476
	<u>Rs. 587,458</u>	<u>Rs. 2,754,742</u>	<u>Rs. 349,312</u>	<u>Rs. 1,562,590</u>

(2) Details of the Company's financial cost for the three months ended September 30, 2014 and 2013, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Interest expense	₩ 461,567	₩ 2,109,473	₩ 2,204,576	₩ 6,534,540
Loss on foreign currency transactions	1,226,152	5,757,971	3,672,319	5,314,941
Loss on foreign currency translation	165,398	167,550	(478,730)	422,202
Loss on disposal of derivatives	413,650	413,650	1,712,600	4,276,898
Loss on valuation of derivatives	198,450	198,450	263,295	428,600
	<u>₩ 2,465,217</u>	<u>₩ 8,647,094</u>	<u>₩ 7,374,060</u>	<u>₩ 16,977,181</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Interest expense	Rs. 27,279	Rs. 124,670	Rs. 130,290	Rs. 386,191
Loss on foreign currency transactions	72,465	340,296	217,034	314,113
Loss on foreign currency translation	9,775	9,902	(28,293)	24,952
Loss on disposal of derivatives	24,447	24,447	101,215	252,765
Loss on valuation of derivatives	11,728	11,728	15,561	25,330
	<u>Rs. 145,694</u>	<u>Rs. 511,043</u>	<u>Rs. 435,807</u>	<u>Rs. 1,003,351</u>

(3) Details of the Company's financial net profit for the nine months ended September 30, 2014 and 2013, are as follows:

	Korean won in thousands		Korean won in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Loan and receivables	₩ 1,676,021	₩ 1,577,956	₩ (178,234)	₩ 109,416
AFS financial assets	-	11,000	-	6,000
Other financial liabilities	5,798,831	36,375,485	(1,285,302)	9,347,163
	<u>₩ 7,474,852</u>	<u>₩ 37,964,441</u>	<u>₩ (1,463,536)</u>	<u>₩ 9,462,579</u>

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Loan and receivables	Rs. 99,053	Rs. 93,257	Rs. (10,534)	Rs. 6,466
AFS financial assets	-	650	-	355
Other financial liabilities	342,711	2,149,791	(75,961)	552,417
	<u>Rs. 441,764</u>	<u>Rs. 2,243,698</u>	<u>Rs. (86,495)</u>	<u>Rs. 559,238</u>

29. INCOME(LOSS) PER SHARE:

Basic income (loss) per share for the nine months ended September 30, 2014 and 2013, is calculated as follows (Unit: Korean won and Indian rupee in thousands, except for earnings per share):

	Korean won in thousands		Korean won in thousands	
	Three months ended September 30, 2014	Nine months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2013
Net income(loss)	₩ (15,550,508)	₩ (34,004,848)	₩ 1,542,519	₩ (1,435,449)
Preferred stock dividends	-	-	-	-
Loss contributed to common stocks	(15,550,508)	(34,004,848)	1,542,519	(1,435,449)
Number of common stocks outstanding	137,198,390	137,198,390	137,198,390	129,693,297
Basic and diluted income	<u>₩ (113)</u>	<u>₩ (248)</u>	<u>₩ 11</u>	<u>₩ (11)</u>

(loss) per share(*1)

	Indian rupee in thousands		Indian rupee in thousands	
	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30, 2014	September 30, 2014	September 30, 2013	September 30, 2013
Net income(loss)	Rs. (919,035)	Rs. (2,009,686)	Rs. 91,163	Rs. (84,835)
Preferred stock dividends	-	-	-	-
Loss contributed to common stocks	(919,035)	(2,009,686)	91,163	(84,835)
Number of common stocks outstanding	<u>137,198,390</u>	<u>137,198,390</u>	<u>137,198,390</u>	<u>129,693,297</u>
Basic and diluted income (loss) per share(*1)	<u>Rs. (7)</u>	<u>Rs. (15)</u>	<u>Rs. 1</u>	<u>Rs. (1)</u>

(*1) Basic and diluted losses per share for the nine months ended September 30, 2014 and 2013, are identical since there are no dilutive potential common shares.

The number of shares outstanding for the nine months ended September 30, 2014 and 2013, is calculated as follows:

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

Nine months ended September 30, 2013						
	Time interval		Outstanding	Accumulated outstanding	Weighted- average impact	Outstanding
Common stock	2013-01-01	2013-04-03	122,674,641	122,674,641	93/273	41,790,262
Treasury stock	2013-04-04	2013-05-21	(21,706)	122,652,935	48/273	21,565,351
Additional share	2013-05-22	2013-06-30	14,545,455	137,198,390	40/273	<u>66,337,684</u>
Total						<u>129,693,297</u>

30. CASH FLOWS FROM OPERATING ACTIVITIES:

(1) Details of cash flow from operating activities for the nine months ended September 30, 2014 and 2013, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended	Nine months ended	Nine months ended	Nine months ended
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
1. Cash flows from operating activities	₩ (60,423,302)	₩ 80,478,655	Rs. (3,571,017)	Rs. 4,756,289
1) Net income(loss)	(34,004,848)	(1,435,449)	(2,009,686)	(84,835)
2) Adjustments	146,699,005	143,426,480	8,669,911	8,476,505
(1) Addition of expenses	154,960,951	153,834,432	9,158,192	9,091,614
Income tax expense	188,785	198,059	11,157	11,705
Loss on foreign currency translation	1,290,779	1,510,643	76,285	89,279
Loss on disposal of trade receivables	10,357,237	8,079,230	612,113	477,482
Loss on valuation of derivatives	198,450	428,600	11,728	25,330
Loss on valuation of inventories	2,170,621	-	128,284	-
Bad debt expense	252,819	(525,039)	14,942	(31,030)
Other bad debt expense	(78,163)	34,889	(4,619)	2,062
Depreciation	72,979,397	87,027,300	4,313,082	5,143,313
Loss on disposal of investment assets	2,912	6,088	172	360
Loss on disposal of property, plant and equipment	56,623	281,806	3,346	16,655
Impairment loss on investment assets	2,725	703,554	161	41,580
Depreciation on intangible assets	8,449,724	22,762,668	499,379	1,345,274
Impairment loss on intangible assets	22,541	23,446	1,332	1,386
Interest expense	2,109,473	6,534,540	124,670	386,191
Postemployment benefits	31,584,339	26,627,962	1,866,634	1,573,713
Depreciation expenses on assets not in use	15,327	31,119	906	1,839
Miscellaneous losses	<u>25,357,362</u>	<u>109,567</u>	<u>1,498,620</u>	<u>6,475</u>

	Korean won in thousands		Indian rupee in thousands	
	Nine months ended September 30, 2014	Nine months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
(2) Deduction of revenue	₩ (8,261,946)	₩ (10,407,952)	Rs. (488,281)	Rs. (615,109)
Gain on foreign currency translation	1,696,546	1,235,853	100,266	73,039
Reversal of allowance for doubtful accounts	-	9,751	-	576
Reversal of loss on valuation of inventories	569,666	1,243,279	33,667	73,478
Reversal of impairment loss on intangible assets	97,760	-	5,778	-
Interest income	4,185,911	5,364,890	247,387	317,065
Dividend income	11,000	8,500	650	502
Gain on valuation of derivatives	495,630	2,190,800	29,292	129,476
Gain on disposal of investment assets	2,122	-	125	-
Gain on disposal of property, plant and equipment	1,203,311	243,657	71,116	14,400
Miscellaneous gains	-	111,222	-	6,573
3) Changes in working capital	(173,117,459)	(61,512,376)	(10,231,242)	(3,653,381)
Decrease(Increase) in trade receivables, net	7,216,812	(9,875,655)	426,514	(583,653)
Decrease (Increase) in accounts receivable	13,106,718	(8,324,728)	774,607	(491,991)
Increase in other receivables, net	(37,618)	(24,733)	(2,223)	(1,462)
Increase in other assets	(8,402,895)	(3,902,611)	(496,611)	(230,644)
Decrease in derivative assets	2,150,880	2,503,753	127,117	147,972
Decrease(Increase) in inventories	3,866,187	(23,916,311)	228,492	(1,413,454)
Increase in long security	(34,993)	(2,988,610)	(2,068)	(176,627)
Increase(Decrease) in trade payables	(142,007,543)	5,082,699	(8,392,646)	300,388
Decrease in accounts payables	(61,732,941)	(11,534,568)	(3,648,417)	(681,693)
Increase in other payables	11,025,048	1,715,664	651,580	101,396
Increase in other liabilities	(2,038,570)	(10,059,921)	(120,480)	(594,541)
Increase(Decrease) in current other long-term employee benefit	(1,346,045)	1,083,425	(79,551)	64,030
Increase in short-term provision of product warranties	7,021,913	5,655,494	414,995	334,240
Decrease in long-term other payables	-	(1,348,164)	-	(79,676)
Increase (Decrease) in other long-term employee benefit	1,171,060	(1,173,240)	69,210	(69,338)
Payment of severance indemnities	(3,803,191)	(4,404,870)	(224,769)	(260,328)
Increase in long-term provision of product warranties	727,719	-	43,008	-
2. Interest received	5,350,279	5,145,995	316,201	304,128
3. Interest paid	(3,000,003)	(6,482,150)	(177,300)	(383,095)
4. Dividends received	11,000	382,462	650	22,604
5. Income tax expense	(188,785)	(195,747)	(11,157)	(11,569)
Net cash (used in) provided by operating activities	₩ (58,250,811)	₩ 79,329,215	Rs. (3,442,623)	Rs. 4,688,357

31. SEGMENT INFORMATION:

- (1) The Company determined itself as a single reportable segment in the 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, 2014 and 2013, is as follows(Unit: Korean won and Indian rupee in thousands):

Sales	Nine months ended September 30, 2014	
Republic of Korea	₩ 1,450,177,794	Rs. 85,705,508
Europe	527,025,929	31,147,232
Asia Pacific	208,483,259	12,321,361
Others	317,196,193	18,746,295
Consolidation adjustment	(6,775,289)	(400,420)
	₩ 2,496,107,886	Rs. 147,519,976

Sales	Nine months ended September 30, 2013			
Republic of Korea	₩	1,350,020,364	Rs.	79,786,204
Europe		643,444,201		38,027,552
Asia Pacific		182,094,985		10,761,814
Others		328,441,522		19,410,894
Consolidation adjustment		(5,956,472)		(352,028)
	₩	<u>2,498,044,600</u>	Rs.	<u>147,634,436</u>

(3) Information of each sales products and service for the Nine months ended September 30, 2014 and 2013, is as follows (Unit: Korean won and Indian rupee in thousands):

Sales	Nine months ended September 30, 2014			
Automobile	₩	2,215,971,489	Rs.	130,963,915
Products		262,108,722		15,490,625
Others		<u>18,027,675</u>		<u>1,065,436</u>
	₩	<u>2,496,107,886</u>	Rs.	<u>147,519,976</u>

Sales	Nine months ended September 30, 2013			
Automobile	₩	2,168,581,848	Rs.	128,163,187
Products		314,247,329		18,572,017
Others		<u>15,215,423</u>		<u>899,232</u>
	₩	<u>2,498,044,600</u>	Rs.	<u>147,634,436</u>

32. RELATED-PARTY TRANSACTIONS:

(1) Details of related party as of September 30, 2014, are as follows:

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

(2) Major transactions with the related parties for the Nine months ended September 30, 2014 and 2013, are as follows:

(Unit: Korean won in thousands):

	Nine months ended September 30, 2014		Nine months ended September 30, 2013	
	Sales and Others	Purchases and Others	Sales and Others	Purchases and Others
Transactions with controlling company	₩ 1,217,100	₩ 1,261,070	₩ 2,560,848	₩ 5,365,512
Transactions with subsidiaries	7,426,868	94,498	6,674,291	-
Transaction with other affiliates	11,003,158	74,660	60,971,430	-

(Unit: Indian rupee in thousands):

	Nine months ended September 30, 2014		Nine months ended September 30, 2013	
	Sales and Others	Purchases and Others	Sales and Others	Purchases and Others
Transactions with controlling company	Rs. 71,931	Rs. 74,529	Rs. 151,346	Rs. 317,102
Transactions with subsidiaries	438,928	5,585	394,451	-
Transaction with other affiliates	650,287	4,412	3,603,412	-

Outstanding receivables and payables from transactions with related parties as of September 30, 2014, and December 31, 2013 are as follows:

(Unit: Korean won in thousands):

	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Receivables from and payables to controlling company:		
Receivables and others	₩ 301,598	₩ 761,788
Payables and others	35,260	96,377,681
Receivables from and payables to subsidiaries:		
Receivables and others	12,296,255	12,977,768
Payables and others	858,381	943,407
Receivables from and payables to affiliates:		
Receivables and others	700,218	466,300
Payables and others	48,725	47,315

(Unit: Indian rupee in thousands):

	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Receivables from and payables to controlling company:		
Receivables and others	Rs. 17,824	Rs. 45,022
Payables and others	2,084	5,695,921
Receivables from and payables to subsidiaries:		
Receivables and others	726,709	766,986
Payables and others	50,730	55,755
Receivables from and payables to affiliates:		
Receivables and others	41,383	27,558
Payables and others	2,880	2,796

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

(3) Details of compensation for key executives for the three months ended September 30, 2014 and 2013, are as follows:

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Nine months ended September 30, 2014</u>	<u>Nine months ended September 30, 2013</u>	<u>Nine months ended September 30, 2014</u>	<u>Nine months ended September 30, 2013</u>
Short-term employee benefits	₩ 630,724	₩ 499,726	Rs. 37,276	Rs. 29,534
Postemployment benefits	29,686	3,450	1,754	204

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.

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

Debt ratio as of September 30, 2014, and December 31, 2013, is as follows:

(Unit: Korean won in thousands):

	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Debt (A)	₩ 1,046,818,961	₩ 1,233,427,622
Equity (B)	<u>821,559,928</u>	<u>884,197,864</u>
Debt ratio (A/ B)	<u>127.42%</u>	<u>139.50%</u>

(Unit: Indian rupee in thousands):

	September 30, 2014	December 31, 2013
Debt (A)	Rs. 61,867,001	Rs. 72,895,573
Equity (B)	48,554,191	52,256,093
Debt ratio (A/ B)	<u>127.42%</u>	<u>139.50%</u>

(2) Details of financial assets and liabilities by category as of September 30, 2014, and December 31, 2013, are as follows:

1) Financial assets

(Unit: Korean won in thousands):

Financial asset	September 30, 2014				
	Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 77,403,221	₩ -	₩ -	₩ 77,403,221	₩ 77,403,221
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	241,873,484	-	-	241,873,484	241,873,484
AFS financial assets on sales	-	560,000	-	560,000	560,000
Derivative assets	-	-	1,590,500	1,590,500	1,590,500
	<u>₩ 319,282,705</u>	<u>₩ 560,000</u>	<u>₩ 1,590,500</u>	<u>₩ 321,433,205</u>	<u>₩ 321,433,205</u>

Financial asset	December 31, 2013				
	Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 366,790,832	₩ -	₩ -	₩ 366,790,832	₩ 366,790,832
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	259,055,047	-	-	259,055,047	259,055,047
AFS financial assets on sales	-	560,000	-	560,000	560,000
Derivative assets	-	-	28,984,560	28,984,560	28,984,560
	<u>₩ 625,851,879</u>	<u>₩ 560,000</u>	<u>₩ 28,984,560</u>	<u>₩ 655,396,439</u>	<u>₩ 655,396,439</u>

(Unit: Indian rupee in thousands):

Financial asset	September 30, 2014				
	Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 4,574,530	Rs. -	Rs. -	Rs. 4,574,530	Rs. 4,574,530
Long-term financial instruments	355	-	-	355	355
Trade receivables and other receivables	14,294,723	-	-	14,294,723	14,294,723
AFS financial assets on sales	-	33,096	-	33,096	33,096
Derivative assets	-	-	93,999	93,999	93,999
	<u>Rs. 18,869,608</u>	<u>Rs. 33,096</u>	<u>Rs. 93,999</u>	<u>Rs. 18,996,703</u>	<u>Rs. 18,996,703</u>

Financial asset	December 31, 2013				
	Loans and Receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 21,677,338	Rs. -	Rs. -	Rs. 21,677,338	Rs. 21,677,338
Long-term financial instruments	355	-	-	355	355
Trade receivables and other receivables	15,310,153	-	-	15,310,153	15,310,153
AFS financial assets on sales	-	33,096	-	33,096	33,096
Derivative assets	-	-	1,712,987	1,712,987	1,712,987
	<u>Rs. 36,987,846</u>	<u>Rs. 33,096</u>	<u>Rs. 1,712,987</u>	<u>Rs. 38,733,929</u>	<u>Rs. 38,733,929</u>

2) Financial liabilities

(Unit: Korean won in thousands):

Financial liabilities	September 30, 2014			December 31, 2013	
	Financial liability measured at amortized cost	Derivatives designated to hedge item	Fair value	Financial liability measured at amortized cost	Fair value
Trade payables and other payables	₩ 564,286,346	₩ -	₩ 564,286,346	₩ 743,244,488	₩ 743,244,488
Debt	79,423,354	-	79,423,354	147,012,801	147,012,801
Derivative liabilities	-	3,166,970	3,166,970	-	-
	<u>₩ 643,709,700</u>	<u>₩ 3,166,970</u>	<u>₩ 646,876,670</u>	<u>₩ 890,257,289</u>	<u>₩ 890,633,439</u>

(Unit: Indian rupee in thousands):

Financial liabilities	September 30, 2014			December 31, 2013	
	Financial liability measured at amortized cost	Derivatives designated to hedge item	Fair value	Financial liability measured at amortized cost	Fair value
Trade payables and other payables	Rs. 33,349,323	Rs. -	Rs. 33,349,323	Rs. 43,925,749	Rs. 43,925,749
Debt	4,693,920	-	4,693,920	8,688,457	8,688,457
Derivative liabilities	-	187,168	187,168	-	-
	<u>Rs. 38,043,243</u>	<u>Rs. 187,168</u>	<u>Rs. 38,230,411</u>	<u>Rs. 52,614,206</u>	<u>Rs. 52,614,206</u>

(3) Financial risk management

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

Financial assets that are subject to the financial risk management consist of cash and cash equivalents, AFS financial assets, trade receivables, other receivables and others; financial liabilities subject to the financial risk management consist of trade payables, other payables, borrowings 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, 2014.

Current income will increase when 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	₩ 6,975,293	₩ (6,975,293)	Rs. 412,240	Rs. (412,240)
EUR	(1,515,549)	1,515,549	(89,569)	89,569
JPY	(1,307,980)	1,307,980	(77,302)	77,302
Others	52,361	(52,361)	3,095	(3,095)
	<u>₩ 4,204,125</u>	<u>₩ (4,204,125)</u>	<u>Rs. 248,464</u>	<u>Rs. (248,464)</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 28,707,330 thousand won (Rs.1,696,603 thousands), 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 in the case of floating rate debt current balance is the same during the whole reporting period. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably occurable 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 ₩112,192 thousand (Rs. 6,631 thousand) for the year ended September 30, 2014, due to floating rate debt's interest rate risk.

2) Credit risk

Credit risk arises from transactions in 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, 2014, and December 31, 2013, book value of financial assets represents the maximum exposed amounts of credit risk maintained by the Company.

3) Liquidity risk

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

Maturity analysis of non-derivative financial liabilities according to their remaining maturities as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

	September 30, 2014		
	Within a year	More than 1 year	Total
Trade payables	₩ 324,968,785	₩ -	₩ 324,968,785
Non-trade payables	207,004,150	-	207,004,150
Short-term borrowings	79,794,631	-	79,794,631
Derivative liabilities	3,166,970	-	3,166,970
Other payables	30,487,510	-	30,487,510
Long-term other payables	-	1,825,901	1,825,901
	<u>₩ 645,422,046</u>	<u>₩ 1,825,901</u>	<u>₩ 647,247,947</u>

	December 31, 2013		
	Within a year	More than 1 year	Total
Trade payables	₩ 456,011,418	₩ -	₩ 456,011,418
Non-trade payables	246,656,612	-	246,656,612
Short-term borrowings	51,971,981	-	51,971,981
Other payables	20,352,993	-	20,352,993
Long-term other payables	-	20,223,465	20,223,465
Bonds	96,136,637	-	96,136,637
	<u>₩ 871,129,641</u>	<u>₩ 20,223,465</u>	<u>₩ 891,353,106</u>

(Unit: Indian rupee in thousands):

	September 30, 2014		
	Within a year	More than 1 year	Total
Trade payables	Rs. 19,205,655	Rs. -	Rs. 19,205,655
Non-trade payables	12,233,945	-	12,233,945
Short-term borrowings	4,715,863	-	4,715,863
Derivative liabilities	187,168	-	187,168
Other payables	1,801,812	-	1,801,812
Long-term other payables	-	107,911	107,911
	<u>Rs. 38,144,443</u>	<u>Rs. 107,911</u>	<u>Rs. 38,252,354</u>

	December 31, 2013		
	Within a year	More than 1 year	Total
Trade payables	Rs. 26,950,275	Rs. -	Rs. 26,950,275
Non-trade payables	14,577,406	-	14,577,406
Short-term borrowings	3,071,544	-	3,071,544
Other payables	1,202,862	-	1,202,862
Long-term other payables	-	1,195,207	1,195,207
Bonds	5,681,675	-	5,681,675
	<u>Rs. 51,483,762</u>	<u>Rs. 1,195,207</u>	<u>Rs. 52,678,969</u>

Funding arrangements as of September 30, 2014, and December 31, 2013, are as follows:

(Unit: Korean won in thousands):

		September 30, 2014		December 31, 2013	
		Used	Unused	Used	Unused
Borrowing limit commitments	Used	₩ 30,000,000	-	₩ 30,000,000	-
	Unused	-	-	-	-
	Total	<u>₩ 30,000,000</u>	<u>-</u>	<u>₩ 30,000,000</u>	<u>-</u>

(Unit: Indian rupee in thousands):

		September 30, 2014		December 31, 2013	
		Used	Unused	Used	Unused
Borrowing limit commitments	Used	Rs. 1,773,000	-	Rs. 1,773,000	-
	Unused	-	-	-	-
	Total	<u>Rs. 1,773,000</u>	<u>-</u>	<u>Rs. 1,773,000</u>	<u>-</u>

(4) Fair value of financial instruments

- 1) The fair value of the Company's actively traded financial instruments (i.e., financial assets AFS and others) is based on the traded market price as of the reporting period-end. The fair value of the Company's financial assets is the amount which the asset could be exchanged for or the amount which a liability could be settled for.

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.

Equity instruments and debt instruments measured at fair value where no active market exists are composed of the financial statements. They are estimated by discounted cash flow method and others, but some of applied assumptions are not grounded on observable market price and ratio.

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

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

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

Level 3 Inputs that are not based on observable market data

Fair values of financial instruments by hierarchy level as of September 30, 2014, and December 31, 2013, are as follows

(Unit: Korean won in thousands):

Type	September 30, 2014			Fair value
	Level 1	Level 2	Level 3	
Derivative assets	₩	- ₩ 1,590,500	₩	- ₩ 1,590,500
Derivative liabilities	₩	- ₩ 3,166,970	₩	- ₩ 3,166,970

Type	December 31, 2013			Fair value
	Level 1	Level 2	Level 3	
Derivative assets	₩	- ₩ 28,984,560	₩	- ₩ 28,984,560

(Unit: Indian rupee in thousands):

Type	September 30, 2014			Fair value
	Level 1	Level 2	Level 3	
Derivative assets	Rs.	- Rs. 93,999	Rs.	- Rs. 93,999
Derivative liabilities	Rs.	- Rs. 187,168	Rs.	- Rs. 187,168

Type	December 31, 2013			Fair value
	Level 1	Level 2	Level 3	
Derivative assets	Rs.	- Rs. 1,712,987	Rs.	- Rs. 1,712,987