

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

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

ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

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

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

We have reviewed the accompanying consolidated interim financial statements of Ssangyong Motor Company (the "Company"). The financial statements consist of the consolidated statements of financial position as of March 31, 2015, and December 31, 2014, and the related consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows, for the three months ended March 31, 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The Group'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 presented fairly, in all material respects, in accordance with Korean International Financial Reporting Standards (K-IFRS) 1034 Interim Financial Reporting

Deloitte.

Other matters

We have given an opinion on the comparative consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of operations, retained earnings, and cash flows on March 9, 2015, as fairly state. There is no difference in terms of importance between comparative purposed consolidated financial position on December 31, 2014, and current financial position.



May 15, 2015

Notice to Readers

This report is effective as of May 15, 2015, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountant's review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the consolidated 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 MARCH 31, 2015, AND DECEMBER 31, 2014

	Korean won		Indian rupee	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
	(In thousands)		(In thousands)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 33)	₩ 185,950,131	₩ 156,765,307	Rs. 10,506,182	Rs. 8,857,240
Trade and other receivables, net (Notes 7, 32 and 33)	172,861,445	176,759,654	9,766,672	9,986,920
Derivative assets (Notes 25 and 33)	1,094,400	1,232,650	61,834	69,645
Inventories, net (Note 8)	289,025,173	260,679,204	16,329,922	14,728,375
Other current assets (Note 10)	<u>12,193,552</u>	<u>7,792,553</u>	<u>688,936</u>	<u>440,279</u>
Total current assets	<u>661,124,701</u>	<u>603,229,368</u>	<u>37,353,546</u>	<u>34,082,459</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	339	339
Non-current available-for-sale ("AFS") financial assets (Notes 6 and 33)	560,000	560,000	31,640	31,640
Non-current other receivables, net (Notes 7 and 33)	38,731,544	39,605,250	2,188,332	2,237,697
Property, plant and equipment, net (Note 11)	1,198,132,736	1,173,736,394	67,694,500	66,316,106
Intangible assets (Note 12)	160,806,989	150,915,434	9,085,595	8,526,722
Deferred income tax assets (Note 23)	-	19,069	-	1,077
Other non-current assets (Note 10)	<u>355,108</u>	<u>360,473</u>	<u>20,064</u>	<u>20,367</u>
Total non-current assets	<u>₩ 1,398,592,377</u>	<u>₩ 1,365,202,620</u>	<u>Rs. 79,020,470</u>	<u>Rs. 77,133,948</u>
TOTAL ASSETS	<u>₩ 2,059,717,078</u>	<u>₩ 1,968,431,988</u>	<u>Rs. 116,374,016</u>	<u>Rs. 111,216,407</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Trade and other payables (Notes 18, 32 and 33)	₩ 681,737,433	₩ 625,271,842	Rs. 38,518,165	Rs. 35,327,859
Short-term borrowings (Notes 13,18 and 33)	136,719,766	99,540,013	7,724,667	5,624,011
Derivative liabilities (Notes 25 and 33)	11,157,650	14,974,250	630,407	846,045
Provision for product warranties (Note 15)	56,578,386	57,556,475	3,196,679	3,251,941
Current portion of other long-term employee benefits obligation	1,035,489	1,770,267	58,505	100,020
Other current liabilities (Note 16)	<u>29,565,169</u>	<u>22,493,217</u>	<u>1,670,432</u>	<u>1,270,868</u>
Total current liabilities	<u>₩ 916,793,893</u>	<u>₩ 821,606,064</u>	<u>Rs. 51,798,855</u>	<u>Rs. 46,420,744</u>

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

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

	Korean won		Indian rupee	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Long-term borrowing (Notes 13,18 and 33)	₩ 22,500,000	₩ 25,000,000	Rs. 1,271,250	Rs. 1,412,500
Other non-current payables (Note 33)	19,538,048	3,534,693	1,103,900	199,710
Retirement benefit obligation (Note 17)	254,247,453	246,748,389	14,364,981	13,941,284
Other long-term employee benefits obligation	14,203,583	13,849,312	802,502	782,486
Provision for long-term product warranties (Note 15)	81,509,976	80,309,564	4,605,314	4,537,490
Deferred income tax liabilities	422	-	24	-
Total non-current liabilities	<u>₩ 391,999,482</u>	<u>₩ 369,441,958</u>	<u>Rs. 22,147,971</u>	<u>Rs. 20,873,470</u>
TOTAL LIABILITIES	<u>₩ 1,308,793,375</u>	<u>₩ 1,191,048,022</u>	<u>Rs. 73,946,826</u>	<u>Rs. 67,294,214</u>
SHAREHOLDERS' EQUITY:				
Total shareholders' equity	₩ 750,923,703	₩ 777,383,966	Rs. 42,427,190	Rs. 43,922,193
Capital stock (Note 19)	686,100,480	686,100,480	38,764,677	38,764,677
Other capital surplus (Note 20)	131,678,359	129,383,402	7,439,827	7,310,162
Other capital adjustments (Notes 21 and 25)	(10,568,960)	(13,065,231)	(597,146)	(738,186)
Retained earnings (accumulated deficit) (Note 22)	(56,286,176)	(25,034,685)	(3,180,168)	(1,414,460)
Non-controlling interests	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	<u>₩ 750,923,703</u>	<u>₩ 777,383,966</u>	<u>Rs. 42,427,190</u>	<u>Rs. 43,922,193</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩ 2,059,717,078</u>	<u>₩ 1,968,431,988</u>	<u>Rs. 116,374,016</u>	<u>Rs. 111,216,407</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	Korean won		Indian rupee	
	Three months ended March 31, 2015	Three months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
	(In thousands)		(In thousands)	
SALES (Notes 31 and 32)	₩ 760,372,802	₩ 862,559,042	Rs. 42,961,063	Rs. 48,734,586
COST OF SALES (Notes 24 and 32)	<u>661,450,353</u>	<u>732,136,051</u>	<u>37,371,945</u>	<u>41,365,687</u>
GROSS PROFIT	98,922,449	130,422,991	5,589,118	7,368,899
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	<u>133,121,020</u>	<u>131,242,852</u>	<u>7,521,338</u>	<u>7,415,221</u>
OPERATING LOSS	(34,198,571)	(819,861)	(1,932,220)	(46,322)
NON-OPERATING INCOME (Note 27)	7,675,891	7,560,861	433,688	427,189
NON-OPERATING EXPENSES (Note 27)	6,910,504	8,333,782	390,443	470,859
FINANCIAL INCOME (Notes 25 and 28)	9,159,801	14,637,617	517,529	827,025
FINANCIAL COST (Note 28)	<u>6,954,822</u>	<u>2,093,617</u>	<u>392,947</u>	<u>118,289</u>
INCOME BEFORE INCOME TAX	(31,228,205)	10,951,218	(1,764,393)	618,744
INCOME TAX EXPENSE (Note 23)	<u>18,119</u>	<u>209,096</u>	<u>1,024</u>	<u>11,814</u>
NET INCOME (LOSS)	(31,246,324)	10,742,122	(1,765,417)	606,930
OWNERS OF THE COMPANY	(31,246,324)	10,742,122	(1,765,417)	606,930
NON-CONTROLLING INTERESTS	-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 22)	₩ 2,491,103	₩ (14,237,088)	Rs. 140,749	Rs. (804,395)
TOTAL COMPREHENSIVE LOSS	<u>₩ (28,755,221)</u>	<u>₩ (3,494,966)</u>	<u>Rs. (1,624,668)</u>	<u>Rs. (197,465)</u>
OWNERS OF THE COMPANY	(28,755,221)	(3,494,966)	(1,624,668)	(197,465)
NON-CONTROLLING INTERESTS	-	-	-	-
INCOME (LOSS) PER SHARE (Note 29)				
Basic and diluted income (loss) per share	(228)	78	(13)	4

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

Korean won in thousands

	Other capital surplus							Retained earnings (accumulated deficit)	Total	
	Capital stock	Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of treasury stock	Other capital surplus			Other capital adjustments
Balance at January 1, 2014	₩ 686,100,480	₩ 11,452,713	₩ 120,351,580	₩ 931,508	₩ (108,530)	₩ -	₩ (3,243,869)	₩ 27,519,841	₩ 41,194,141	₩ 884,197,864
Net income	-	-	-	-	-	-	-	-	10,742,122	10,742,122
Actuarial loss	-	-	-	-	-	-	-	-	(7,780)	(7,780)
Loss on valuation of derivatives	-	-	-	-	-	-	-	(14,096,600)	-	(14,096,600)
Overseas operations translation credit	-	-	-	-	-	-	-	(132,708)	-	(132,708)
Balance at March 31, 2014	₩ 686,100,480	₩ 11,452,713	₩ 120,351,580	₩ 931,508	₩ (108,530)	₩ -	₩ (3,243,869)	₩ 13,290,533	₩ 51,928,483	₩ 880,702,898
Balance at January 1, 2015	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ (1,189,820)	₩ -	₩ -	₩ (13,065,231)	₩ (25,034,685)	₩ 777,383,966
Net loss	-	-	-	-	-	-	-	-	(31,246,324)	(31,246,324)
Actuarial loss	-	-	-	-	-	-	-	-	(5,167)	(5,167)
Disposal of treasury stock	-	-	-	-	1,189,820	1,105,137	-	-	-	2,294,957
Gain on valuation of derivatives	-	-	-	-	-	-	-	2,047,850	-	2,047,850
Overseas operations translation credit	-	-	-	-	-	-	-	448,421	-	448,421
Balance at March 31, 2015	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ -	₩ 1,105,137	₩ -	₩ (10,568,960)	₩ (56,286,176)	₩ 750,923,703

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	Indian rupee in thousands										
	Capital stock	Other capital surplus					Gain on disposal of treasury stock	Other capital surplus	Other capital adjustments	Retained earnings (accumulated deficit)	Total
		Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock						
Balance at January 1, 2014	Rs. 38,764,677	Rs. 647,078	Rs. 6,799,864	Rs. 52,630	Rs. (6,132)	Rs. -	Rs. (183,278)	Rs. 1,554,871	Rs. 2,327,469	Rs. 49,957,179	
Net income	-	-	-	-	-	-	-	-	606,930	606,930	
Actuarial loss	-	-	-	-	-	-	-	-	(440)	(440)	
Loss on valuation of derivatives	-	-	-	-	-	-	-	-	-	-	
Overseas operations translation credit	-	-	-	-	-	-	-	(796,457)	-	(796,457)	
Balance at March 31, 2014	<u>Rs. 38,764,677</u>	<u>Rs. 647,078</u>	<u>Rs. 6,799,864</u>	<u>Rs. 52,630</u>	<u>Rs. (6,132)</u>	<u>Rs. -</u>	<u>Rs. (183,278)</u>	<u>Rs. 750,916</u>	<u>Rs. 2,933,959</u>	<u>Rs. 49,759,714</u>	
Balance at January 1, 2015	Rs. 38,764,677	Rs. 647,078	Rs. 6,677,679	Rs. 52,630	Rs. (67,225)	Rs. -	Rs. -	Rs. (738,186)	Rs. (1,414,460)	Rs. 43,922,193	
Net loss	-	-	-	-	-	-	-	-	(1,765,417)	(1,765,417)	
Actuarial loss	-	-	-	-	-	-	-	-	(291)	(291)	
Disposal of treasury stock	-	-	-	-	67,225	62,440	-	-	-	129,665	
Gain on valuation of derivatives	-	-	-	-	-	-	-	115,704	-	115,704	
Overseas operations translation credit	-	-	-	-	-	-	-	25,336	-	25,336	
Balance at March 31, 2015	<u>Rs. 38,764,677</u>	<u>Rs. 647,078</u>	<u>Rs. 6,677,679</u>	<u>Rs. 52,630</u>	<u>Rs. -</u>	<u>Rs. 62,440</u>	<u>Rs. -</u>	<u>Rs. (597,146)</u>	<u>Rs. (3,180,168)</u>	<u>Rs. 42,427,190</u>	

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	Korean won		Indian rupee	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (Loss)	₩ (31,246,324)	₩ 10,742,122	Rs. (1,765,417)	Rs. 606,930
Adjustment (Note 30)	46,603,932	42,160,526	2,633,122	2,382,070
Changes in net working capital (Note 30)	43,261,747	(39,126,573)	2,444,289	(2,210,651)
	58,619,355	13,776,075	3,311,994	778,349
Interests received	819,402	2,863,007	46,296	161,760
Interests paid	(751,324)	(2,077,568)	(42,450)	(117,383)
Dividend income received	6,000	11,000	339	622
Payment of income tax	-	(177,441)	-	(10,025)
Net cash provided by operating activities	58,693,433	14,395,073	3,316,179	813,323
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	1,996,981	1,025,859	112,829	57,961
Disposal of property, plant and equipment	9,735	173,793	550	9,818
Decrease in other assets	105,825	1,525	5,979	86
	2,112,541	1,201,177	119,358	67,865
Cash outflows from investing activities:				
Increase in other receivables	1,954,620	1,800,000	110,436	101,700
Acquisition of property, plant and equipment	53,622,212	25,507,656	3,029,655	1,441,183
Acquisition of intangible assets	17,118,415	13,641,166	967,190	770,726
	72,695,247	40,948,822	4,107,281	2,313,609
Net cash used in investing activities	(70,582,706)	(39,747,645)	(3,987,923)	(2,245,744)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	38,833,971	21,699,410	2,194,119	1,226,017
Increase in government grants	40,440	2,178	2,285	123
Disposal of treasury stock	2,294,957	-	129,665	-
	41,169,368	21,701,588	2,326,069	1,226,140

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	Korean won		Indian rupee	
	Three months ended March 31, 2015 (In thousands)	Three months ended March 31, 2014 (In thousands)	Three months ended March 31, 2015 (In thousands)	Three months ended March 31, 2014 (In thousands)
Cash outflows for financing activities:				
Redemption of borrowings	₩ -	₩ 95,404,765	Rs. -	Rs. 5,390,369
	-	95,404,765	-	5,390,369
Net cash provided by (used in) financing activities	41,169,368	(73,703,177)	2,326,069	(4,164,229)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(95,271)	(68,568)	(5,383)	(3,874)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,184,824	(99,124,317)	1,648,942	(5,600,524)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	156,765,307	366,790,832	8,857,240	20,723,682
CASH AND CASH EQUIVALENTS, ENDING OF PERIOD	₩ 185,950,131	₩ 267,666,515	Rs. 10,506,182	Rs. 15,123,158

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL:

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

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

(2) Major shareholders

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

<u>Name of shareholder</u>	<u>Number of shares owned</u>	<u>Percentage of ownership (%)</u>
Mahindra & Mahindra Ltd.	99,964,502	72.85
Others	37,255,594	27.15
	<u>137,220,096</u>	<u>100</u>

2. SIGNIFICANT ACCOUNTING POLICIES:

The Company and its subsidiaries (the “Group”) summarized consolidated interim financial statement, its period belong to annual financial report, adopts Korean International Reporting Standards (“K-IFRS”) 1034 Interim Financial Reporting. The audited consolidated financial statement, December 31, 2014, is used to understand the consolidated interim financial statement.

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

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

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

Amendments to K-IFRS 1019 – Employee Benefits

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

Annual Improvements to K-IFRS 2010-2012 Cycle

The amendments to K-IFRS 1002 (i) changes the definitions of ‘vesting condition’ and ‘market condition’; and (ii) add definition for ‘performance condition’ and ‘service condition’ which were previously included within the definition of ‘vesting condition’. The amendments to K-IFRS 1103 Business Combinations clarify the classification and measurement of the contingent consideration in business combination. The amendments to K-IFRS 1108 Operating Segments clarify that a reconciliation of the total of the reportable segments’ assets should only be provided if the segment assets are regularly provided to the chief

operating decision maker. The application of these amendments has no impact on the disclosure in the Group's financial statements.

Annual Improvements to K-IFRS 2011-2013 Cycle

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

2) New and revised IFRSs issued but not yet effective

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

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

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

Amendments to K-IFRS 1038 Intangible Assets

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

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

In the preparation of the Group's interim consolidated 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 judgments about the application of the Group's accounting policies and the main resources of the uncertainty are consistent with those of the annual consolidated financial statements for the year ended December 31, 2014.

4. CASH AND CASH EQUIVALENTS:

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

5. RESTRICTED FINANCIAL ASSETS:

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

6. LONG-TERM AFS FINANCIAL ASSETS:

The Group's long-term AFS financial assets as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

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

7. TRADE AND OTHER RECEIVABLES:

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

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

(Unit: Korean won in thousands)

Financial Assets	March 31, 2015			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term receivables
Receivables – general	₩ 151,987,909	₩ 18,290,210	₩ 2,708,275	₩ 38,875,082
Less: Allowance for doubtful accounts	(113,079)	(3,785)	(8,085)	(143,538)
	<u>₩ 151,874,830</u>	<u>₩ 18,286,425</u>	<u>₩ 2,700,190</u>	<u>₩ 38,731,544</u>

Financial Assets	December 31, 2014			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term receivables
Receivables – general	₩ 155,912,326	₩ 18,513,496	₩ 2,825,393	₩ 39,754,888
Less: Allowance for doubtful accounts	(87,169)	(393,336)	(11,056)	(149,638)
	<u>₩ 155,825,157</u>	<u>₩ 18,120,160</u>	<u>₩ 2,814,337</u>	<u>₩ 39,605,250</u>

(Unit: Indian rupee in thousands)

Financial Assets	March 31, 2015			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term receivables
Receivables – general	Rs. 8,587,317	Rs. 1,033,397	Rs. 153,018	Rs. 2,196,442
Less: Allowance for doubtful accounts	(6,389)	(214)	(457)	(8,110)
	<u>Rs. 8,580,928</u>	<u>Rs. 1,033,183</u>	<u>Rs. 152,561</u>	<u>Rs. 2,188,332</u>

Financial Assets	December 31, 2014			
	Trade Receivables	Non-trade Receivables	Other receivables	Other long-term receivables
Receivables – general	Rs. 8,809,046	Rs. 1,046,013	Rs. 159,634	Rs. 2,246,152
Less: Allowance for doubtful accounts	(4,925)	(22,223)	(625)	(8,455)
	<u>Rs. 8,804,121</u>	<u>Rs. 1,023,790</u>	<u>Rs. 159,009</u>	<u>Rs. 2,237,697</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 Group's sales, the respective dealership bears all of the risk; the Group 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 Group'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 Group reserves the full amount of those receivables as an allowance for doubtful accounts. The Group estimates an allowance for the receivables that are overdue for more than 90 days through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Group 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 Group 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 Group has no collaterals pledged or credit enforcement provided for the aforementioned receivables and does not have a legal right to offset those receivables with the debt of the transacting parties.

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

(Unit: Korean won in thousands)

Classification	March 31, 2015			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ 833,769	₩ 3,770	₩ -	₩ 837,539
Non-trade receivables	1,494,124	173,394	4,248,614	5,916,132
Other long-term receivables	-	-	103,250	103,250
	<u>₩ 2,327,893</u>	<u>₩ 177,164</u>	<u>₩ 4,351,864</u>	<u>₩ 6,856,921</u>

Classification	December 31, 2014			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ 1,819,742	₩ 44,594	₩ -	₩ 1,864,336
Non-trade receivables	670,507	7,435	4,734,672	5,412,614
Other long-term receivables	-	-	103,250	103,250
	<u>₩ 2,490,249</u>	<u>₩ 52,029</u>	<u>₩ 4,837,922</u>	<u>₩ 7,380,200</u>

(Unit: Indian rupee in thousands)

Classification	March 31, 2015			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. 47,108	Rs. 213	Rs. -	Rs. 47,321
Non-trade receivables	84,418	9,797	240,047	334,262
Other long-term receivables	-	-	5,834	5,834
	<u>Rs. 131,526</u>	<u>Rs. 10,010</u>	<u>Rs. 245,881</u>	<u>Rs. 387,417</u>

Classification	December 31, 2014			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. 102,815	Rs. 2,520	Rs. -	Rs. 105,335
Non-trade receivables	37,884	420	267,509	305,813
Other long-term receivables	-	-	5,834	5,834
	<u>Rs. 140,699</u>	<u>Rs. 2,940</u>	<u>Rs. 273,343</u>	<u>Rs. 416,982</u>

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

(Unit: Korean won in thousands)

Classification	March 31, 2015			
	3-6 months	6-12 months	Over 1 year	Total
Other long-term receivables	₩ -	₩ -	₩ 47,349	₩ 47,349

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

(Unit: Indian rupee in thousands)

Classification	March 31, 2015			
	3-6 months	6-12 months	Over 1 year	Total
Other long-term receivables	Rs. -	Rs. -	Rs. 2,675	Rs. 2,675

Classification	December 31, 2014			
	3-6 months	6-12 months	Over 1 year	Total
Non-trade receivables	Rs. -	Rs. -	Rs. 21,935	Rs. 21,935
Other long-term receivables	-	-	2,675	2,675
	Rs. -	Rs. -	Rs. 24,610	Rs. 24,610

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

(Unit: Korean won in thousands)

Classification	Three months ended March 31, 2015			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	₩ 87,169	₩ 393,336	₩ 11,056	₩ 149,638
Bad debt expense	25,910	(20,870)	(2,961)	(6,100)
Write-offs	-	(368,681)	-	-
Ending balance	₩ 113,079	₩ 3,785	₩ 8,085	₩ 143,538

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

(Unit: Indian rupee in thousands)

Classification	Three months ended March 31, 2015			
	Trade Receivables	Non-trade Receivables	Other Receivables	Other long-term Receivables
Beginning balance	Rs. 4,925	Rs. 22,223	Rs. 625	Rs. 8,455
Bad debt expense	1,464	(1,178)	(168)	(345)
Write-offs	-	(20,831)	-	-
Ending balance	Rs. 6,389	Rs. 214	Rs. 457	Rs. 8,110

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

The Group 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 Group 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 March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

	<u>March 31, 2015</u>		<u>December 31, 2014</u>	
Merchandises	₩	55,769,193	₩	54,471,562
Finished goods		80,854,767		43,801,591
Work in process		28,899,582		29,184,732
Raw materials		51,585,394		51,686,249
Submaterials		485,035		601,473
Supplies		3,786,483		3,821,024
Goods in transit		67,644,719		77,112,573
Total	₩	<u>289,025,173</u>	₩	<u>260,679,204</u>

(Unit: Indian rupee in thousands)

	<u>March 31, 2015</u>		<u>December 31, 2014</u>	
Merchandises	Rs.	3,150,959	Rs.	3,077,643
Finished goods		4,568,294		2,474,790
Work in process		1,632,826		1,648,937
Raw materials		2,914,575		2,920,273
Submaterials		27,404		33,983
Supplies		213,937		215,889
Goods in transit		3,821,927		4,356,860
Total	Rs.	<u>16,329,922</u>	Rs.	<u>14,728,375</u>

The Group 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 added to “cost of sales” on current period due to the application of “lower of cost or market method,” is ₩2,803,230 thousand (Rs. 158,382 thousand).

9. CONSOLIDATED SUBSIDIARIES:

(1) Details of investments in subsidiaries

Details of investment in securities accounted for using equity method as of March 31, 2015, 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 Group’s subsidiaries as of and for the three months ended March 31, 2015 and 2014, is as follows:

March 31, 2015

(Unit: Korean won in thousands)

<u>Companies</u>	<u>March 31, 2015</u>		
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 6,230,802	₩ 311,823	₩ 5,918,979
Ssangyong European Parts Center B.V.	6,638,308	10,072,713	(3,434,405)
	<u>Three months ended March 31, 2015</u>		
<u>Companies</u>	<u>Sales</u>	<u>Net income (loss)</u>	<u>Comprehensive Income (loss)</u>
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 476,524	₩ (293,189)	₩ (209,963)
Ssangyong European Parts Center B.V.	2,972,944	125,340	536,212

(Unit: Indian rupee in thousands):

Companies	March 31, 2015		
	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 352,040	Rs. 17,618	Rs. 334,422
Ssangyong European Parts Center B.V.	375,064	569,108	(194,044)

Companies	Three months ended March 31, 2015		
	Sales	Net income (loss)	Comprehensive Income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 26,924	Rs. (16,565)	Rs. (11,863)
Ssangyong European Parts Center B.V.	167,971	7,082	30,296

December 31, 2014

(Unit: Korean won in thousands)

Companies	December 31, 2014		
	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 7,017,149	₩ 842,529	₩ 6,174,620
Ssangyong European Parts Center B.V.	7,158,932	11,129,549	(3,970,617)

Companies	Year ended December 31, 2014		
	Sales	Net income (loss)	Comprehensive Income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 6,512,641	₩ 491,881	₩ 537,559
Ssangyong European Parts Center B.V.	14,118,627	116,206	476,709

(Unit: Indian rupee in thousands)

Companies	December 31, 2014		
	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 396,469	Rs. 47,603	Rs. 348,866
Ssangyong European Parts Center B.V.	404,480	628,820	(224,340)

Companies	Year ended December 31, 2014		
	Sales	Net income (loss)	Comprehensive Income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 367,964	Rs. 27,791	Rs. 30,372
Ssangyong European Parts Center B.V.	797,702	6,566	26,934

10. OTHER ASSETS:

Carrying values of the Group's other assets as of March 31, 2015, and December 31, 2014, are as follows:

(Unit: Korean won in thousands)

Account	March 31, 2015	December 31, 2014
Other current assets		
Advance payments	₩ 2,625,323	₩ 2,196,221
Less: Allowance for doubtful accounts	(19,888)	(10,298)
Prepaid expenses	8,693,983	4,811,936
Income tax refundable	894,134	794,694
	<u>12,193,552</u>	<u>7,792,553</u>
Other non-current assets		
Other non-current assets	<u>₩ 355,108</u>	<u>₩ 360,473</u>

(Unit: Indian rupee in thousands)

Account	March 31, 2015	December 31, 2014
Other current assets		
Advance payments	Rs. 148,331	Rs. 124,086
Less: Allowance for doubtful accounts	(1,124)	(582)
Prepaid expenses	491,210	271,875
Income tax refundable	50,519	44,900
	688,936	440,279
Other non-current assets		
Other non-current assets	Rs. 20,064	Rs. 20,367

11. PROPERTY, PLANT AND EQUIPMENT:

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

(Unit: Korean won in thousands)

	March 31, 2015				
	Acquisition Cost	Government Subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying Amount
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	532,277,745	1,638,451	188,710,406	148,366,786	193,562,102
Structures	105,941,939	151,075	59,598,825	29,156,376	17,035,663
Machinery	1,296,166,309	587,198	1,014,206,025	98,839,864	182,533,222
Vehicles	9,784,159	-	7,016,276	1,191,381	1,576,502
Tools and molds	1,001,484,660	12,846	566,353,141	162,637,823	272,480,850
Equipment	67,334,297	13,119	39,496,940	4,540,790	23,283,448
Construction in progress	30,991,077	-	-	-	30,991,077
Machinery in transit	1,138,559	-	-	-	1,138,559
	₩ 3,520,650,058	₩ 2,402,689	₩ 1,875,381,613	₩ 444,733,020	₩ 1,198,132,736
	December 31, 2014				
	Acquisition Cost	Government Subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying Amount
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	530,841,465	1,650,125	186,171,422	148,371,912	194,648,006
Structures	105,440,373	156,164	59,172,283	29,156,376	16,955,550
Machinery	1,255,831,372	593,294	1,008,322,247	98,853,954	148,061,877
Vehicles	9,621,509	-	6,785,350	1,194,962	1,641,197
Tools and molds	891,332,596	14,909	550,255,759	162,637,823	178,424,105
Equipment	67,166,387	15,571	38,058,387	4,542,664	24,549,765
Construction in progress	131,569,206	-	-	-	131,569,206
Machinery in transit	2,355,375	-	-	-	2,355,375
	₩ 3,469,689,596	₩ 2,430,063	₩ 1,848,765,448	₩ 444,757,691	₩ 1,173,736,394

(Unit: Indian rupee in thousands)

	March 31, 2015				
	Acquisition Cost	Government Subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying Amount
Land	Rs. 26,867,519	Rs. -	Rs. -	Rs. -	Rs. 26,867,519
Buildings	30,073,693	92,572	10,662,138	8,382,723	10,936,260
Structures	5,985,720	8,536	3,367,334	1,647,335	962,515
Machinery	73,233,396	33,177	57,302,640	5,584,452	10,313,127
Vehicles	552,805	-	396,420	67,313	89,072
Tools and molds	56,583,883	726	31,998,952	9,189,037	15,395,168
Equipment	3,804,388	741	2,231,577	256,555	1,315,515

		March 31, 2015				
		Acquisition Cost	Government Subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying Amount
Construction in progress		1,750,995	-	-	-	1,750,995
Machinery in transit		64,329	-	-	-	64,329
		<u>Rs. 198,916,728</u>	<u>Rs. 135,752</u>	<u>Rs. 105,959,061</u>	<u>Rs. 25,127,415</u>	<u>Rs. 67,694,500</u>

		December 31, 2014				
		Acquisition Cost	Government Subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying Amount
Land		Rs. 26,867,519	Rs. -	Rs. -	Rs. -	Rs. 26,867,519
Buildings		29,992,543	93,232	10,518,685	8,383,013	10,997,613
Structures		5,957,381	8,823	3,343,234	1,647,335	957,989
Machinery		70,954,473	33,521	56,970,208	5,585,248	8,365,496
Vehicles		543,615	-	383,373	67,515	92,727
Tools and molds		50,360,292	842	31,089,450	9,189,037	10,080,963
Equipment		3,794,901	880	2,150,300	256,661	1,387,060
Construction in progress		7,433,660	-	-	-	7,433,660
Machinery in transit		133,079	-	-	-	133,079
		<u>Rs. 196,037,463</u>	<u>Rs. 137,298</u>	<u>Rs. 104,455,250</u>	<u>Rs. 25,128,809</u>	<u>Rs. 66,316,106</u>

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

(Unit: Korean won in thousands)

		Three months ended March 31, 2015					
		Beginning Balance	Acquisition	Disposal	Other(**)	Depreciation(*)	Ending balance
Land	₩	475,531,313	₩ -	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings		194,648,005	14,681	1,242	1,437,240	2,536,582	193,562,102
Structures		16,955,549	28,951	-	472,883	421,720	17,035,663
Machinery		148,061,878	1,512,700	1,802	40,533,963	7,573,517	182,533,222
Vehicles		1,641,196	-	8	97,364	162,050	1,576,502
Tools and molds		178,424,106	17,915,747	81	93,086,246	16,945,168	272,480,850
Equipment		24,549,766	359,317	1,246	(4,306)	1,620,083	23,283,448
Construction in progress		131,569,206	33,679,965	-	(134,258,094)	-	30,991,077
Machinery in transit		2,355,375	110,851	-	(1,327,667)	-	1,138,559
		<u>₩1,173,736,394</u>	<u>₩ 53,622,212</u>	<u>₩ 4,379</u>	<u>₩ 37,629</u>	<u>₩ 29,259,120</u>	<u>₩1,198,132,736</u>

(*) Depreciation cost of suspended assets amount of ₩4,739 in thousands is excluded from the depreciation cost in consolidated statements of cash flows.

(**) Capitalization cost that has flowed into construction in progress is ₩157,600 in thousands in this period.

		Three months ended March 31, 2014					
		Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance
Land	₩	475,305,570	₩ 125	₩ -	₩ 1	₩ -	₩ 475,305,696
Buildings		193,689,175	5,304	-	-	2,373,394	191,321,085
Structures		16,849,781	6,086	-	36,086	402,037	16,489,916
Machinery		99,266,258	26,221	92,996	3,037,071	8,913,934	93,322,620
Vehicles		1,946,974	-	3	(921)	135,146	1,810,904
Tools and molds		201,515,830	390,800	847	2,248,680	14,103,873	190,050,590
Equipment		23,800,493	315,874	3,563	16,581	1,387,397	22,741,988
Construction in progress		70,917,106	24,735,889	83,768	(4,503,680)	-	91,065,547
Machinery in transit		862,440	27,357	-	(835,814)	-	53,983
		<u>₩1,084,153,627</u>	<u>₩ 25,507,656</u>	<u>₩ 181,177</u>	<u>₩ (1,996)</u>	<u>₩ 27,315,781</u>	<u>₩1,082,162,329</u>

(*) Depreciation cost of suspended assets amount of ₩5,715 in thousands is excluded from the depreciation cost in consolidated statement of cash flows.

(Unit: Indian rupee in thousands)

Three months ended March 31, 2015							
	Beginning balance	Acquisition	Disposal	Other(**)	Depreciation(*)	Ending balance	
Land	Rs. 26,867,519	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 26,867,519	
Buildings Structures	10,997,613	829	70	81,205	143,317	10,936,260	
Machinery	957,989	1,636	-	26,717	23,827	962,515	
Vehicles	8,365,496	85,468	102	2,290,169	427,904	10,313,127	
Tools and molds	92,727	-	-	5,501	9,156	89,072	
Equipment	10,080,963	1,012,240	5	5,259,371	957,401	15,395,168	
Construction in progress	1,387,060	20,301	70	(242)	91,534	1,315,515	
Machinery in transit	7,433,660	1,902,918	-	(7,585,583)	-	1,750,995	
	133,079	6,263	-	(75,013)	-	64,329	
	<u>Rs. 66,316,106</u>	<u>Rs. 3,029,655</u>	<u>Rs. 247</u>	<u>Rs. 2,125</u>	<u>Rs. 1,653,139</u>	<u>Rs. 67,694,500</u>	

(*) Depreciation cost of suspended assets amount of Rs. 267 thousand is excluded from the depreciation cost in consolidated statement of cash flows.

(**) Capitalization cost that has flowed into construction in progress is Rs. 8,904 thousand in this period.

Three months ended March 31, 2014							
	Beginning balance	Acquisition	Disposal	Other	Depreciation(*)	Ending balance	
Land	Rs. 26,854,765	Rs. 7	Rs. -	Rs. -	Rs. -	Rs. 26,854,772	
Buildings Structures	10,943,438	300	-	-	134,097	10,809,641	
Machinery	952,013	344	-	2,039	22,715	931,681	
Vehicles	5,608,544	1,481	5,254	171,595	503,637	5,272,729	
Tools and molds	110,004	-	-	(52)	7,636	102,316	
Equipment	11,385,644	22,080	48	127,050	796,869	10,737,857	
Construction in progress	1,344,728	17,847	201	937	78,388	1,284,923	
Machinery in transit	4,006,816	1,397,578	4,732	(254,458)	-	5,145,204	
	48,728	1,546	-	(47,223)	-	3,051	
	<u>Rs. 61,254,680</u>	<u>Rs. 1,441,183</u>	<u>Rs. 10,235</u>	<u>Rs. (112)</u>	<u>Rs. 1,543,342</u>	<u>Rs. 61,142,174</u>	

(*) Depreciation cost of suspended assets amount of Rs. 323 thousand is excluded from the depreciation cost in Statement of Cash flow.

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

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

12. INTANGIBLE ASSETS:

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

(Unit: Korean won in thousands)

	March 31, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 124,252,114	₩ -	₩ 19,166,625	₩ -	₩ 105,085,489
Patents	2,104,052	21,366	845,511	33,807	1,203,368
Other intangible assets	67,466,238	20,146	12,351,854	576,106	54,518,132
	<u>₩ 193,822,404</u>	<u>₩ 41,512</u>	<u>₩ 32,363,990</u>	<u>₩ 609,913</u>	<u>₩ 160,806,989</u>
	December 31, 2014				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 28,564,573	₩ -	₩ 14,341,540	₩ -	₩ 14,223,033
Patents	1,873,286	21,966	756,331	31,378	1,063,611
Other intangible assets	146,951,689	26,563	10,707,300	589,036	135,628,790
	<u>₩ 177,389,548</u>	<u>₩ 48,529</u>	<u>₩ 25,805,171</u>	<u>₩ 620,414</u>	<u>₩ 150,915,434</u>

(Unit: Indian rupee in thousands):

	March 31, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 7,020,244	Rs. -	Rs. 1,082,914	Rs. -	Rs. 5,937,330
Patents	118,879	1,207	47,771	1,910	67,991
Other intangible assets	3,811,842	1,138	697,880	32,550	3,080,274
	<u>Rs. 10,950,965</u>	<u>Rs. 2,345</u>	<u>Rs. 1,828,565</u>	<u>Rs. 34,460</u>	<u>Rs. 9,085,595</u>
	December 31, 2014				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 1,613,898	Rs. -	Rs. 810,297	Rs. -	Rs. 803,601
Patents	105,841	1,241	42,733	1,773	60,094
Other intangible assets	8,302,770	1,500	604,962	33,281	7,663,027
	<u>Rs. 10,022,509</u>	<u>Rs. 2,741</u>	<u>Rs. 1,457,992</u>	<u>Rs. 35,054</u>	<u>Rs. 8,526,722</u>

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

(Unit: Korean won in thousands)

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

(*)Of the current year other intangible assets, the amount that has flowed into the capital of the cost is ₩357,381 thousand won.

	Three months ended March 31, 2014					
	Beginning Balance	Acquisition(*)	Depreciation	Impairment loss	Other(*)	Ending Balance
Development cost	₩ 5,107,302	₩ -	₩ 1,206,557	₩ -	₩ -	₩ 3,900,745
Patents	736,258	83,441	60,859	7,039	-	751,801
Other intangible assets	<u>83,683,702</u>	<u>13,555,547</u>	<u>1,492,512</u>	<u>-</u>	<u>389</u>	<u>95,747,126</u>
	<u>₩ 89,527,262</u>	<u>₩ 13,638,988</u>	<u>₩ 2,759,928</u>	<u>₩ 7,039</u>	<u>₩ 389</u>	<u>₩ 100,399,672</u>

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

(Unit: Indian rupee in thousands)

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

(*) Of the current year other intangible assets, the amount that has flowed into the capital of the cost is Rs. 20,192 thousands.

	Three months ended March 31, 2014					
	Beginning Balance	Acquisition(*)	Depreciation	Impairment Loss	Other(*)	Ending Balance
Development cost	Rs. 288,563	Rs. -	Rs. 68,170	Rs. -	Rs. -	Rs. 220,393
Patents	41,599	4,714	3,439	398	-	42,476
Other intangible assets	<u>4,728,129</u>	<u>765,889</u>	<u>84,327</u>	<u>-</u>	<u>22</u>	<u>5,409,713</u>
	<u>Rs. 5,058,291</u>	<u>Rs. 770,603</u>	<u>Rs. 155,936</u>	<u>Rs. 398</u>	<u>Rs. 22</u>	<u>Rs. 5,672,582</u>

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

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

Account	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2015	Three months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
Cost of goods manufactured	₩ 5,915,085	₩ 1,115,723	Rs. 334,202	Rs. 63,038
Selling and administrative expenses	1,740,294	1,644,205	98,327	92,898
	<u>₩ 7,655,379</u>	<u>₩ 2,759,928</u>	<u>Rs. 432,529</u>	<u>Rs. 155,936</u>

13. BORROWINGS:

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

(Unit: Korean won in thousands)

Creditor	Type	Interest rate (%)	March 31, 2015	December 31, 2014
Korea Development Bank	Operating fund	CD + 1.99	₩ 30,000,000	₩ 30,000,000
Woori Bank(*)	Operating fund	CD + 2.00	7,500,000	5,000,000
BOA and others	Banker's usance	0.45-1.21	99,219,766	64,540,013
			<u>₩ 136,719,766</u>	<u>₩ 99,540,013</u>

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	March 31, 2015	December 31, 2014
Korea Development Bank	Operating fund	CD + 1.99	Rs. 1,695,000	Rs. 1,695,000
Woori Bank(*)	Operating fund	CD + 2.00	423,750	282,500
BOA and others	Banker's usance	0.45-1.21	5,605,917	3,646,511
			<u>Rs. 7,724,667</u>	<u>Rs. 5,624,011</u>

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

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate (%)	March 31, 2015	December 31, 2014
Woori Bank	Operating fund	CD + 2.0	Rs. 1,695,000	Rs. 1,695,000
Net: within one year arrival worth			(423,750)	(282,500)
			<u>Rs. 1,271,250</u>	<u>Rs. 1,412,500</u>

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

Creditor	Assets pledged as collaterals	Pledged date	Maximum credit amount
Korea Development Bank	Land, buildings and machinery	2009-08-13	195 billion Korean won (11.1 billion rupee)
Woori Bank	Land, buildings and machinery	2014-10-29	36 billion Korean won (2 billion rupee)

14. OTHER FINANCIAL LIABILITIES:

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

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

15. PROVISION FOR PRODUCT WARRANTIES:

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

16. OTHER LIABILITIES AND OTHER LONG-TERM LIABILITIES:

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

Classification	Korean won in thousands		Indian rupee in thousands	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Other liabilities				
Advances from customers	₩ 5,099,816	₩ 2,982,710	Rs. 288,140	Rs. 168,523
Deposits received	763,400	763,400	43,132	43,132
Withholdings	23,701,953	18,747,107	1,339,160	1,059,213
	₩ 29,565,169	₩ 22,493,217	Rs. 1,670,432	Rs. 1,270,868

17. RETIREMENT BENEFIT OBLIGATION:

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

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

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

(Unit: Korean won in thousands)

	Three months ended March 31, 2015		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	₩ 248,189,001	₩ (1,440,612)	₩ 246,748,389
Net current service cost	9,410,271	-	9,410,271
Interest cost (income)	2,100,245	(12,163)	2,088,082
Subtotal	259,699,517	(1,452,775)	258,246,742
Actuarial gain or loss			
Actuarial gain or loss	-	5,168	5,168
Payments			
Benefit payment from plan assets	(27,152)	27,152	-
Benefit payment from Company	(4,004,457)	-	(4,004,457)
Ending balance	<u>₩ 255,667,908</u>	<u>₩ (1,420,455)</u>	<u>₩ 254,247,453</u>

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

(Unit: Indian rupee in thousands)

	Three months ended March 31, 2015		
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 14,022,679	Rs. (81,395)	Rs. 13,941,284
Net current service cost	531,680	-	531,680
Interest cost (income)	118,663	(686)	117,977
Subtotal	14,673,022	(82,081)	14,590,941
Actuarial gain or loss			
Actuarial gain or loss	-	291	291

Three months ended March 31, 2015			
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Payments			
Benefit payment from plan assets	(1,534)	1,534	-
Benefit payment from Company	(226,251)	-	(226,251)
Ending balance	<u>Rs. 14,445,237</u>	<u>Rs. (80,256)</u>	<u>Rs. 14,364,981</u>
Three months ended March 31, 2014			
	Present value of defined benefit obligations	Fair value of scheme assets	Total
Beginning balance	Rs. 9,951,354	Rs. (83,283)	Rs. 9,868,071
Net current service cost	426,629	-	426,629
Interest cost (income)	107,213	(907)	106,306
Subtotal	10,485,196	(84,190)	10,401,006
Actuarial gain or loss	-	-	-
Actuarial gain or loss	-	440	440
Payments			
Benefit payment from plan assets	(837)	837	-
Benefit payment from Company	(75,722)	-	(75,722)
Replaced with accounts payable.	(3,424)	-	(3,424)
Ending balance	<u>Rs. 10,405,213</u>	<u>Rs. (82,913)</u>	<u>Rs. 10,322,300</u>

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

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

18. CONTINGENCIES AND COMMITMENTS:

The major commitments and contingent liabilities as of March 31, 2015, are as follows:

- (1) The Group carries product liability insurance for all products that it sells.
- (2) As of March 31, 2015, the Group has been providing guarantees from Korea Development Bank, etc. amounting to USD 268 million (execution amount USD 131 million) related to import L/C.
- (3) The followings are the major loan arrangements with the financial institutions as of March 31, 2015.

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

(4) Pending litigations

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

19. CAPITAL STOCK:

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

(Unit: Korean won in thousands except par value)

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

(Unit: Indian rupee in thousands except par value)

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

20. OTHER CAPITAL SURPLUS AND RETAINED EARNINGS:

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

		March 31,	December 31,	March 31,	December 31,
		2015	2014	2015	2014
		(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. 647,078	Rs. 647,078
	Gain on retirement of capital stock	118,189,001	118,189,001	6,677,679	6,677,679
	Debt converted to equity	931,508	931,508	52,630	52,630
	Treasury stock	-	(1,189,820)	-	(67,225)
	Gain on disposal of treasury stock	1,105,137	-	62,440	-
		<u>₩ 131,678,359</u>	<u>₩ 129,383,402</u>	<u>Rs. 7,439,827</u>	<u>Rs. 7,310,162</u>

21. OTHER CAPITAL ADJUSTMENTS:

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

(Unit: Korean won in thousands)

Classification	March 31, 2015	December 31, 2014
	Other capital adjustments	₩ (12,119,450)
	1,550,490	1,102,069
	<u>₩ (10,568,960)</u>	<u>₩ (13,065,231)</u>

(Unit: Indian rupee in thousands)

Classification		March 31, 2015	December 31, 2014
Other capital adjustments	Loss on valuation of derivatives	Rs. (684,749)	Rs. (800,453)
	Gain on overseas operation translation	87,603	62,267
		<u>Rs. (597,146)</u>	<u>Rs. (738,186)</u>

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

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2015	Three months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
Beginning balance	₩ (14,167,300)	₩ 26,833,680	Rs. (800,453)	Rs. 1,516,103
Gain (loss) on valuation of derivatives	(2,298,000)	(2,151,600)	(129,836)	(121,565)
Reclassified to net income	4,345,850	(11,945,000)	245,540	(674,893)
Ending balance	<u>₩ (12,119,450)</u>	<u>₩ 12,737,080</u>	<u>Rs. (684,749)</u>	<u>Rs. 719,645</u>

(3) Changes in the Group's gain (loss) on overseas operation translation credit for the three months ended March 31, 2015 and 2014, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2015	Three months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
Beginning balance	₩ 1,102,069	₩ 686,161	Rs. 62,267	Rs. 38,768
Cumulative effect of foreign currency translation	448,421	(132,708)	25,336	(7,498)
Ending balance	<u>₩ 1,550,490</u>	<u>₩ 553,453</u>	<u>Rs. 87,603</u>	<u>Rs. 31,270</u>

22. **RETAINED Earnings (DEFICIT):**

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

(Unit: won in thousands)

	March 31, 2015	December 31, 2014
Deficit	₩ (56,286,176)	₩ (25,034,685)

(Unit: Rupee in thousands)

	March 31, 2015	December 31, 2014
Deficit	Rs. (3,180,168)	Rs. (1,414,460)

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

(Unit: won in thousands)

	Three months ended March 31, 2015	Three months ended March 31, 2014
Beginning balance	₩ (25,034,685)	₩ 41,194,141
Net income (loss)	(31,246,324)	10,742,121
Actuarial loss	(5,167)	(7,780)
Ending balance	<u>₩ (56,286,176)</u>	<u>₩ 51,928,482</u>

(Unit: Rupee in thousands)

	Three months ended March 31, 2015	Three months ended March 31, 2014
Beginning balance	Rs. (1,414,460)	Rs. 2,327,469
Net income (loss)	(1,765,417)	606,930
Actuarial loss	(291)	(440)
Ending balance	<u>Rs. (3,180,168)</u>	<u>Rs. 2,933,959</u>

23. INCOME TAX:

(1) Composition of income tax expense for the three months ended March 31, 2015 and 2014, is as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2015	Three months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
Income tax expense of Parent Company	₩ -	₩ -	Rs. -	Rs. -
Income tax expense of Subsidiary Company	18,119	209,096	1,024	11,814
Income tax expense of Consolidated Company	₩ 18,119	₩ 209,096	Rs. 1,024	Rs. 11,814

(2) As of March 31, 2015, and December 31, 2014, deferred income tax credits are ₩422 thousand (Rs. 24 thousand) and deferred income tax assets ₩19,069 thousand (Rs. 1,077 thousand), respectively

24. EXPENSES BY CATEGORY:

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

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2015	Three months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
Changes in inventories Raw materials and merchandise goods used	₩ (39,664,200)	₩ (7,108,180)	Rs. (2,241,027)	Rs. (401,612)
Salaries	561,176,689	620,480,074	31,706,483	35,057,124
Depreciation	116,052,178	94,445,389	6,556,948	5,336,164
Amortization	29,259,120	27,315,781	1,653,139	1,543,019
Other	7,655,379	2,759,928	432,529	155,936
(*)	120,092,207	125,485,911	6,785,211	7,090,277
	₩ 794,571,373	₩ 863,378,903	Rs. 44,893,283	Rs. 48,780,908

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

25. DERIVATIVES FINANCIAL INSTRUMENTS:

The Group has a derivative contract with financial institutions, such as Korea Development Bank, to minimize the risks of exchange-rate fluctuation by fitting the amount and period of expected foreign currency transactions (hedged items). Gain on valuation of derivatives for ₩846,750 thousand (Rs. 47,841 thousand) and loss on valuation of derivatives for ₩12,966,200 thousand (Rs. 732,590 thousand) applied to cash flow risk aversion accounting treatment is recognized as other capital components, and gain on valuation of derivatives for ₩1,895,050 thousand (Rs. 107,070 thousand) that is an inefficient part is recognized as current income for the three months ended March 31, 2015

26. SELLING AND ADMINISTRATIVE EXPENSES:

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

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2015	Three months ended March 31, 2014	Three months ended March 31, 2015	Three months ended March 31, 2014
Warranty expenses	₩ 18,572,194	₩ 23,159,316	Rs. 1,049,329	Rs. 1,308,501
Sales commissions	42,973,986	39,164,585	2,428,030	2,212,799
Advertising expenses	6,682,295	3,349,314	377,550	189,236
Export expenses	12,106,491	16,138,344	684,017	911,816
Others	10,621,402	7,649,012	600,108	432,168
	₩ 90,956,368	₩ 89,460,571	Rs. 5,139,034	Rs. 5,054,520

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

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Salaries	₩ 12,198,809	₩ 11,946,303	Rs. 689,233	Rs. 674,966
Retirement benefits	1,875,860	1,549,708	105,986	87,559
Employee benefits	2,690,040	2,567,496	151,987	145,064
Rent expense	2,834,760	2,617,344	160,164	147,880
Service fees	6,604,967	6,371,372	373,181	359,983
Depreciation	2,902,679	1,704,193	164,001	96,287
R&D expenses	4,244,881	6,623,885	239,836	374,250
Amortization	1,740,294	1,644,205	98,327	92,898
Bad debt expense	25,910	167,644	1,464	9,472
Other administrative expenses	7,046,452	6,590,131	398,125	372,342
	<u>₩ 42,164,652</u>	<u>₩ 41,782,281</u>	<u>Rs. 2,382,304</u>	<u>Rs. 2,360,701</u>

27. NON-OPERATING INCOME (EXPENSES):

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

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Commission income	₩ 210,561	₩ 690,859	Rs. 11,897	Rs. 39,034
Gain on foreign currency transactions	2,760,731	2,250,252	155,981	127,139
Gain on foreign currency translation	516,667	376,826	29,192	21,291
Gain on disposal of property, plant and equipment	9,150	19,020	517	1,075
Others	4,178,782	4,223,904	236,101	238,650
	<u>₩ 7,675,891</u>	<u>₩ 7,560,861</u>	<u>Rs. 433,688</u>	<u>Rs. 427,189</u>

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

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

28. FINANCIAL INCOME AND COST:

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

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Interest income	₩ 932,127	₩ 1,958,861	Rs. 52,665	Rs. 110,675
Dividend income	6,000	11,000	339	622
Gain on foreign currency transactions	1,931,081	1,193,957	109,107	67,458
Gain on foreign currency translation	4,277,693	63,937	241,689	3,612

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Gain on disposal of derivatives	117,850	9,993,800	6,659	564,650
Gain on valuation of derivatives	1,895,050	1,416,062	107,070	80,008
	<u>₩ 9,159,801</u>	<u>₩ 14,637,617</u>	<u>Rs. 517,529</u>	<u>Rs. 827,025</u>

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

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Interest expense	₩ 266,235	₩ 1,193,352	Rs. 15,042	Rs. 67,424
Loss on foreign currency transactions	2,175,659	484,452	122,925	27,372
Loss on foreign currency translation	123,028	395,863	6,951	22,366
Loss on disposal of derivatives	4,389,900	-	248,029	-
Loss on valuation of derivatives	-	19,950	-	1,127
	<u>₩ 6,954,822</u>	<u>₩ 2,093,617</u>	<u>Rs. 392,947</u>	<u>Rs. 118,289</u>

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

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Loan and receivables	₩ 4,575,979	₩ 1,143,088	Rs. 258,544	Rs. 64,584
AFS financial assets	6,000	11,000	339	622
Derivative assets/liabilities	(2,377,000)	11,389,912	(134,301)	643,530
	<u>₩ 2,204,979</u>	<u>₩ 12,544,000</u>	<u>Rs. 124,582</u>	<u>Rs. 708,736</u>

29. INCOME (LOSS) PER SHARE:

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

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Net income (loss)	₩ (31,246,324)	₩ 10,742,122	Rs. (1,765,417)	Rs. 606,930
Income (loss) contributed to common stocks	(31,246,324)	10,742,122	(1,765,417)	606,930
Number of common stocks outstanding	<u>137,065,947</u>	<u>137,198,390</u>	<u>137,065,947</u>	<u>137,198,390</u>
Basic and diluted income (loss) per share(*)	<u>₩ (228)</u>	<u>₩ 78</u>	<u>Rs. (13)</u>	<u>Rs. 4</u>

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

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

Three months ended March 31, 2015					
	Time interval		Outstanding	Weighted- average impact	Outstanding
	Common stock	2015-01-01	2015-03-31	137,220,096	90/90
Treasury stock	2015-01-01	2015-02-22	(237,964)	53/90	(140,134)
Treasury stock	2015-02-23	2015-02-23	(221,997)	1/90	(2,467)
Treasury stock	2015-02-24	2015-02-24	(191,997)	1/90	(2,133)
Treasury stock	2015-02-25	2015-02-25	(161,997)	1/90	(1,800)
Treasury stock	2015-02-26	2015-02-26	(121,997)	1/90	(1,356)
Treasury stock	2015-02-27	2015-03-01	(71,997)	3/90	(2,400)
Treasury stock	2015-03-02	2015-03-17	(21,706)	16/90	(3,859)
Total					<u>137,065,947</u>

Three months ended March 31, 2014					
	Time interval		Outstanding	Weighted- average impact	Outstanding
	Common stock	2014-01-01	2014-03-31	137,220,096	90/90
Treasury stock	2014-01-01	2014-03-31	(21,706)	90/90	(21,706)
Total					<u>137,198,390</u>

30. CASH FLOWS FROM OPERATING ACTIVITIES:

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

	Korean won in thousands		Indian rupee in thousands	
	Three months ended	Three months ended	Three months ended	Three months ended
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
1. Net income(loss)	₩ (31,246,324)	₩ 10,742,122	Rs. (1,765,417)	Rs. 606,930
2. Adjustments	46,603,932	42,160,526	2,633,122	2,382,070
Retirement benefits	11,498,353	9,432,496	649,657	532,935
Depreciation	29,254,381	27,310,066	1,652,872	1,543,019
Amortization	7,655,379	2,759,928	432,529	155,936
Loss on disposal of trade receivables	1,584,262	4,696,690	89,511	265,363
Gain / Loss on foreign currency translation	(3,559,884)	209,464	(201,133)	11,835
Gain / Loss on disposal of property, plant and equipment	(5,356)	7,384	(303)	417
Interest income	(665,892)	(765,509)	(37,623)	(43,251)
Gain on dividends	(6,000)	(11,000)	(339)	(622)
Loss on valuation of inventories	2,803,230	(487,197)	158,382	(27,527)
Others	(1,954,541)	(991,796)	(110,431)	(56,035)
3. Changes in working capital	43,261,747	(39,126,573)	2,444,289	(2,210,651)
Decrease (increase) in trade receivables	2,227,800	(34,008,917)	125,871	(1,921,504)
Decrease (increase) in non-trade receivables	(100,167)	5,147,961	(5,659)	290,860
Increase in inventories	(31,703,320)	(882,777)	(1,791,238)	(49,877)
Increase in other assets	(3,084,345)	(2,954,838)	(174,265)	(166,948)
Increase in trade payables	104,707,141	51,603,548	5,915,953	2,915,600
Decrease in other payables	(33,778,424)	(35,932,293)	(1,908,481)	(2,030,175)
Decrease in accrued charges	(8,169,812)	(5,253,406)	(461,594)	(296,817)
Increase in provision of product warranties	222,322	9,505,443	12,561	537,058
Payment of severance indemnities	(4,004,457)	(1,340,211)	(226,251)	(75,722)
Increase(decrease) in other liabilities	16,945,009	(25,011,083)	957,392	(1,413,126)
Net cash provided by operating activities	<u>₩ 58,619,355</u>	<u>₩ 13,776,075</u>	<u>Rs. 3,311,994</u>	<u>Rs. 778,349</u>

31. SEGMENT INFORMATION:

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

(Unit: Korean won and Indian rupee in thousands)

Sales region	Three months ended March 31, 2015			
Republic of Korea	₩	540,963,004	Rs.	30,564,410
Europe		90,816,803		5,131,149
Asia Pacific		25,008,917		1,413,004
Others		105,583,191		5,965,450
Consolidation adjustment		(1,999,113)		(112,950)
	₩	760,372,802	Rs.	42,961,063

Sales region	Three months ended March 31, 2014			
Republic of Korea	₩	493,726,128	Rs.	27,895,526
Europe		151,787,983		8,576,021
Asia Pacific		92,931,068		5,250,605
Others		126,357,256		7,139,186
Consolidation adjustment		(2,243,393)		(126,752)
	₩	862,559,042	Rs.	48,734,586

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

- (3) Information of each sales product and service for the three months ended March 31, 2015 and 2014, is as follows:

(Unit: Korean won and Indian rupee in thousands)

Sales	Three months ended March 31, 2015			
Automobile	₩	674,605,618	Rs.	38,115,217
Products		80,442,991		4,545,029
Others		5,324,193		300,817
	₩	760,372,802	Rs.	42,961,063

Sales	Three months ended December 31, 2014			
Automobile	₩	772,637,667	Rs.	43,654,028
Products		82,751,978		4,675,487
Others		7,169,397		405,071
	₩	862,559,042	Rs.	48,734,586

32. RELATED-PARTY TRANSACTIONS:

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

	Related parties
Controlling company	Mahindra & Mahindra Ltd.
Other affiliate companies	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.

The transactions between the Company and its subsidiaries are eliminated in the consolidated financial statements and not separately disclosed in the Notes related to receivables and payables.

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

(Unit: Korean won in thousands)

	Company	Description	Three months ended March 31, 2015	Three months ended March 31, 2014
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩ 370,244	₩ 154,434
		Other income	13,221	13,602
		Purchases	505,599	-
		property, plant and equipment and intangible asset purchases	-	-
		Other expenses	<u>₩ 41,156</u>	<u>₩ 1,024,335</u>
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Sales	₩ 2,087,353	₩ 1,682,562
		Other income	-	26,901
		Purchases	-	-
		property, plant and equipment and intangible asset purchases	-	-
		Other expenses	<u>₩ 73,281</u>	<u>₩ 48,079</u>

(Unit: Indian rupee in thousands):

	Company	Description	Three months ended March 31, 2015	Three months ended March 31, 2014
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs. 20,919	Rs. 8,726
		Other income	747	769
		Purchases	28,566	-
		property, plant and equipment and intangible asset purchases	-	-
		Other expenses	<u>Rs. 2,325</u>	<u>Rs. 57,875</u>
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Sales	Rs. 117,935	Rs. 95,065
		Other income	-	1,520
		Purchases	-	-
		property, plant and equipment and intangible asset purchases	-	-
		Other expenses	<u>Rs. 4,140</u>	<u>Rs. 2,716</u>

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

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

(Unit: Korean won in thousands)

	March 31, 2015	December 31, 2014
Receivables from and payables to controlling company:		
Trade Receivables	₩ 109,307	₩ 40,507
Non-trade Receivables	215,258	159,510
Trade Payables	-	205,628
Non-trade Payables	<u>₩ 779,784</u>	<u>₩ 982,293</u>
Receivables from and payables to affiliates:		
Trade Receivables	₩ 1,146,421	₩ 1,459,978
Non-trade Receivables	-	23,435
Trade Payables	-	-
Non-trade Payables	<u>₩ 102,494</u>	<u>₩ 125,892</u>

(Unit: Indian rupee in thousands)

	March 31, 2015	December 31, 2014
Receivables from and payables to controlling company:		
Trade Receivables	Rs. 6,176	Rs. 2,289
Non-trade Receivables	12,162	9,012
Trade Payables	-	11,618
Non-trade Payables	<u>Rs. 44,058</u>	<u>Rs. 55,500</u>

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Receivables from and payables to affiliates:		
Trade Receivables	Rs. 64,773	Rs. 82,489
Non-trade Receivables	-	1,324
Trade Payables	-	-
Non-trade Payables	<u>Rs. 5,791</u>	<u>Rs. 7,113</u>

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

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

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

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>	<u>Three months ended March 31, 2015</u>	<u>Three months ended March 31, 2014</u>
Short-term employee benefits	₩ 277,816	₩ 273,999	Rs. 15,697	Rs. 15,481
Retirement benefits	₩ 11,676	₩ 9,896	Rs. 660	Rs. 559

33. FINANCIAL INSTRUMENTS:

- (1) Capital risk management

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

The Group uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Group is not subject to externally enforced capital regulation.

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

(Unit: Korean won in thousands)

	March 31, 2015		December 31, 2014	
Debt (A)	₩	1,308,793,375	₩	1,191,048,022
Equity (B)		750,923,703		777,383,966
Debt ratio (A/ B)		174.29%		153.21%

(Unit: Indian rupee in thousands)

	March 31, 2015		December 31, 2014	
Debt (A)	Rs.	73,946,826	Rs.	67,294,214
Equity (B)		42,427,190		43,922,193
Debt ratio (A/ B)		174.29%		153.21%

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

1) Financial assets

(Unit: Korean won in thousands)

Financial assets	March 31, 2015				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 185,950,131	₩ -	₩ -	₩ 185,950,131	₩ 185,950,131
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	211,592,989	-	-	211,592,989	211,592,989
AFS financial assets on sales	-	560,000	-	560,000	560,000
Derivative assets	-	-	1,094,400	1,094,400	1,094,400
	<u>₩ 397,549,120</u>	<u>₩ 560,000</u>	<u>₩ 1,094,400</u>	<u>₩ 399,203,520</u>	<u>₩ 399,203,520</u>

Financial assets	December 31, 2014				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 156,765,307	₩ -	₩ -	₩ 156,765,307	₩ 156,765,307
Long-term financial instruments	6,000	-	-	6,000	6,000
Trade receivables and other receivables	216,364,904	-	-	216,364,904	216,364,904
AFS financial assets on sales	-	560,000	-	560,000	560,000
Derivative assets	-	-	1,232,650	1,232,650	1,232,650
	<u>₩ 373,136,211</u>	<u>₩ 560,000</u>	<u>₩ 1,232,650</u>	<u>₩ 374,928,861</u>	<u>₩ 374,928,861</u>

(Unit: Indian rupee in thousands)

Financial assets	March 31, 2015				
	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 10,506,182	Rs. -	Rs. -	Rs. 10,506,182	Rs. 10,506,182
Long-term financial instruments	339	-	-	339	339
Trade receivables and other receivables	11,955,004	-	-	11,955,004	11,955,004
AFS financial assets on sales	-	31,640	-	31,640	31,640
Derivative assets	-	-	61,834	61,834	61,834
	<u>Rs. 22,461,525</u>	<u>Rs. 31,640</u>	<u>Rs. 61,834</u>	<u>Rs. 22,554,999</u>	<u>Rs. 22,554,999</u>

December 31, 2014					
Financial assets	Loans and receivables	AFS financial assets	Designated to hedge item	Total	Fair value
Cash and cash equivalents	Rs. 8,857,240	Rs. -	Rs. -	Rs. 8,857,240	Rs. 8,857,240
Long-term financial instruments	339	-	-	339	339
Trade receivables and other receivables	12,224,617	-	-	12,224,617	12,224,617
AFS financial assets on sales	-	31,640	-	31,640	31,640
Derivative assets	-	-	69,645	69,645	69,645
	<u>Rs. 21,082,196</u>	<u>Rs. 31,640</u>	<u>Rs. 69,645</u>	<u>Rs. 21,183,481</u>	<u>Rs. 21,183,481</u>

2) Financial liabilities

(Unit: Korean won in thousands):

March 31, 2015				
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and Other payables	₩ 701,275,481	₩ -	₩ 701,275,481	₩ 701,275,481
Debt	159,219,766	-	159,219,766	159,219,766
Derivative liabilities	-	11,157,650	11,157,650	11,157,650
	<u>₩ 860,495,247</u>	<u>₩ 11,157,650</u>	<u>₩ 871,652,897</u>	<u>₩ 871,652,897</u>

December 31, 2014				
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and Other payables	₩ 628,806,535	₩ -	₩ 628,806,535	₩ 628,806,535
Debt	124,540,013	-	124,540,013	124,540,013
Derivative liabilities	-	14,974,250	14,974,250	14,974,250
	<u>₩ 753,346,548</u>	<u>₩ 14,974,250</u>	<u>₩ 768,320,798</u>	<u>₩ 768,320,798</u>

(Unit: Indian rupee in thousands):

March 31, 2015				
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and Other payables	Rs. 39,622,065	Rs. -	Rs. 39,622,065	Rs. 39,622,065
Debt	8,995,917	-	8,995,917	8,995,917
Derivative liabilities	-	630,407	630,407	630,407
	<u>Rs. 48,617,982</u>	<u>Rs. 630,407</u>	<u>Rs. 49,248,389</u>	<u>Rs. 49,248,389</u>

December 31, 2014				
Financial liabilities	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and Other payables	Rs. 35,527,569	Rs. -	Rs. 35,527,569	Rs. 35,527,569
Debt	7,036,511	-	7,036,511	7,036,511
Derivative liabilities	-	846,045	846,045	846,045
	<u>Rs. 42,564,080</u>	<u>Rs. 846,045</u>	<u>Rs. 43,410,125</u>	<u>Rs. 43,410,125</u>

(3) Financial risk management

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

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

1) Market risk

a. Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group 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 three months ended of March 31, 2015.

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

Currency	Korean won in thousands		Indian rupee in thousands	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 1,456,581	₩ (1,456,581)	Rs. 82,297	Rs. (82,297)
EUR	(4,833,766)	4,833,766	(273,108)	273,108
JPY	(3,880,813)	3,880,813	(219,266)	219,266
Others	824,598	(824,598)	46,590	(46,590)
	₩ (6,433,400)	₩ 6,433,400	Rs. (363,487)	Rs. 363,487

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

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

b. Interest rate risk.

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

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

2) Credit risk

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

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

	March 31, 2015		December 31, 2014	
	(Korean won in thousands)		(Indian rupee in thousands)	
Trade and other receivables	₩ 211,592,989	₩ 216,364,904	Rs. 11,955,004	Rs. 12,224,617

3) Liquidity risk

The Group establishes short-term and long-term fund management plans; consequently, exposures to liquidity risk. The Group 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 Group 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 Group has entered into a factoring agreement with capital financial institutions.

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

(Unit: Korean won in thousands)

	March 31, 2015		
	Within year	More than 1 year	Total
Trade payables	₩ 471,658,379	₩ -	₩ 471,658,379
Non-trade payables	188,503,648	-	188,503,648
Short-term borrowings	137,775,591	-	137,775,591
Derivative liabilities	11,157,650	-	11,157,650
Other payables	21,575,406	-	21,575,406
Long-term borrowings	-	24,365,855	24,365,855
Long-term Non-trade payables	-	19,538,048	19,538,048
	<u>₩ 830,670,674</u>	<u>₩ 43,903,903</u>	<u>₩ 874,574,577</u>

	December 31, 2014		
	Within year	More than 1 year	Total
Trade payables	₩ 367,063,797	₩ -	₩ 367,063,797
Non-trade payables	228,492,719	-	228,492,719
Short-term borrowings	100,926,284	-	100,926,284
Derivative liabilities	14,974,250	-	14,974,250
Other payables	29,715,324	-	29,715,324
Long-term borrowings	-	27,212,632	27,212,632
Long-term Non-trade payables	-	3,534,693	3,534,693
	<u>₩ 741,172,374</u>	<u>₩ 30,747,325</u>	<u>₩ 771,919,699</u>

(Unit: Indian rupee in thousands)

	March 31, 2015		
	Within year	More than 1 year	Total
Trade payables	Rs. 26,648,698	Rs. -	Rs. 26,648,698
Non-trade payables	10,650,456	-	10,650,456
Short-term borrowings	7,784,321	-	7,784,321
Derivative liabilities	630,407	-	630,407
Other payables	1,219,011	-	1,219,011
Long-term borrowings	-	1,376,671	1,376,671
Long-term non-trade payables	-	1,103,900	1,103,900
	<u>Rs. 46,932,893</u>	<u>Rs. 2,480,571</u>	<u>Rs. 49,413,464</u>

	December 31, 2014		
	Within year	More than 1 year	Total
Trade payables	Rs. 20,739,105	Rs. -	Rs. 20,739,105
Non-trade payables	12,909,839	-	12,909,839
Short-term borrowings	5,702,335	-	5,702,335
Derivative liabilities	846,045	-	846,045
Other payables	1,678,915	-	1,678,915
Long-term borrowings	-	1,537,514	1,537,514
Long-term non-trade payables	-	199,710	199,710
	<u>Rs. 41,876,239</u>	<u>Rs. 1,737,224</u>	<u>Rs. 43,613,463</u>

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

(4) Fair value of financial instruments

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

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

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

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

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

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

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

Level 3 Inputs that are not based on observable market data

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

(Unit: Korean won in thousands)

		March 31, 2015			
Type		Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	₩	-	₩ 1,094,400	₩ -	₩ 1,094,400
Derivative liabilities designated to hedge item		-	11,157,650	-	11,157,650
		December 31, 2014			
Type		Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	₩	-	₩ 1,232,650	₩ -	₩ 1,232,650
Derivative liabilities designated to hedge item		-	14,974,250	-	14,974,250

(Unit: Indian rupee in thousands)

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

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

- 4) The Group measures the foreign exchange forward contract (derivative assets: ₹1,094,400 thousand (Rs. 61,834 thousand) and derivative liabilities : ₹11,157,650 thousand (Rs. 630,407 thousand)) based on the forward rate announced officially in the market as of March 31, 2015. In the event that no corresponding forward rate with residual period of the foreign exchange forward contract in the market exists, the Group measures the market value through interpolation method. As input factors used in measuring market value of foreign exchange forward are from observable exchange forward rate, the Group classified the fair value of the foreign exchange forward as Level 2.