

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2016, AND DECEMBER 31, 2015,
AND FOR THE THREE MONTHS ENDED
MARCH 31, 2016 AND 2015

ATTACHMENT: INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Independent Accountants' Review Report

English Translation of Independent Accountants' Review Report Originally Issued in Korean on May 13 2016.

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

We have reviewed the accompanying consolidated financial statement of Ssangyong Motor Company (the "Company"). The consolidated financial statements consist of the consolidated statement of financial position as of March 31, 2016, and December 31, 2015, and the related consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the three months ended March 31, 2016 and 2015, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The Company's management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of consolidated 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 financial statements based on our review. We conducted our review in accordance with standards for review of consolidated 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 financial statement 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.

Other matters

We gave an opinion on the comparative consolidated statement of financial position as of December 31, 2015, and the related consolidated statement of income, shareholders' equity and cash flows on March 8, 2016, as fairly stated. There is no difference in terms of importance between comparative-purposed consolidated financial position on December 31, 2015, and current financial position.

Deloitte Anjin LLC.

May 13, 2016

Notice to Readers

This report is effective as of May 13, 2015, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the accountants' review report.

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SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF MARCH 31, 2016, AND DECEMBER 31, 2015

	Korean won		Indian rupee	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
	(In thousands)		(In thousands)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents (Notes 4, 5 and 33)	₩ 50,703,026	₩ 197,881,904	Rs. 2,950,916	Rs. 11,516,727
Trade and other receivables, net (Notes 7, 32 and 33)	180,387,168	160,062,466	10,498,534	9,315,636
Derivative assets (Notes 25 and 33)	2,705,134	1,707,695	157,439	99,388
Inventories, net (Notes 8 and 24)	256,713,243	247,673,244	14,940,711	14,414,583
Other current assets (Note 10)	10,934,577	6,567,823	636,392	382,247
Total current assets	<u>501,443,148</u>	<u>613,893,132</u>	<u>29,183,992</u>	<u>35,728,581</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	349	349
Non-current available-for-sale (“AFS”) financial assets (Notes 6 and 33)	560,000	560,000	32,592	32,592
Non-current other receivables, net (Notes 7 and 33)	40,672,911	39,728,012	2,367,163	2,312,170
Property, plant and equipment, net (Notes 11 and 13)	1,190,825,282	1,187,844,823	69,306,031	69,132,569
Intangible assets (Note 12)	190,757,551	186,944,585	11,102,089	10,880,175
Investments in joint ventures (Note 9)	10,670,666	9,868,178	621,033	574,328
Other non-current assets (Note 10)	352,978	352,985	20,543	20,544
Total non-current assets	<u>1,433,845,388</u>	<u>1,425,304,583</u>	<u>83,449,800</u>	<u>82,952,727</u>
TOTAL ASSETS	<u>1,935,288,536</u>	<u>2,039,197,715</u>	<u>112,633,792</u>	<u>118,681,308</u>
LIABILITIES AND SHAREHOLDERS’ EQUITY				
CURRENT LIABILITIES:				
Trade and other payables (Notes 14, 18, 32 and 33)	518,755,119	637,814,269	30,191,548	37,120,790
Short-term borrowings (Notes 13, 18 and 33)	148,493,760	153,224,546	8,642,337	8,917,669
Derivative liabilities (Notes 25 and 33)	1,152,611	24,074	67,082	1,401
Provision for product warranties (Note 15)	54,997,955	56,861,223	3,200,881	3,309,324
Current portion of other long-term employee benefits obligation	1,346,623	1,960,780	78,372	114,118
Other current liabilities (Note 16)	50,441,334	28,884,729	2,935,686	1,681,091
Total current liabilities	<u>₩ 775,187,402</u>	<u>₩ 878,769,621</u>	<u>Rs. 45,115,906</u>	<u>Rs. 51,144,393</u>

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS OF MARCH 31, 2016, AND DECEMBER 31, 2015

	Korean won		Indian rupee	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
	(In thousands)		(In thousands)	
NON-CURRENT LIABILITIES:				
Long-term borrowing (Notes 13, 18 and 33)	₩ 32,500,000	₩ 37,500,000	Rs. 1,891,500	Rs. 2,182,500
Other non-current payables (Note 33)	10,894,591	12,612,614	634,065	734,054
Retirement benefit obligation (Note 17)	294,027,678	292,005,725	17,112,411	16,994,733
Other long-term employee benefits obligation	14,660,556	14,321,821	853,244	833,530
Provision for long-term product warranties (Note 15)	<u>86,507,076</u>	<u>86,932,757</u>	<u>5,034,712</u>	<u>5,059,486</u>
Total non-current liabilities	<u>438,589,901</u>	<u>443,372,917</u>	<u>25,525,932</u>	<u>25,804,303</u>
TOTAL LIABILITIES	<u><u>1,213,777,303</u></u>	<u><u>1,322,142,538</u></u>	<u><u>70,641,838</u></u>	<u><u>76,948,696</u></u>
SHAREHOLDERS' EQUITY:				
Total shareholders' equity				
Capital stock (Note 19)	686,100,480	686,100,480	39,931,048	39,931,048
Other capital surplus (Note 20)	131,678,360	131,678,360	7,663,681	7,663,681
Other capital adjustments (Notes 21 and 25)	3,685,387	1,570,930	214,489	91,428
Retained earnings (accumulated deficit) (Note 22)	(99,952,994)	(102,294,593)	(5,817,264)	(5,953,545)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>721,511,233</u></u>	<u><u>717,055,177</u></u>	<u><u>41,991,954</u></u>	<u><u>41,732,612</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>₩ 1,935,288,536</u></u>	<u><u>₩ 2,039,197,715</u></u>	<u><u>Rs. 112,633,792</u></u>	<u><u>Rs. 118,681,308</u></u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

	Korean won				Indian rupee			
	Three months ended		Three months ended		Three months ended		Three months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2015	
	(In thousands)		(In thousands)		(In thousands)		(In thousands)	
SALES (Notes 31 and 32)	₩	813,153,174	₩	760,372,802	Rs.	47,325,515	Rs.	44,253,697
COST OF SALES (Notes 24 and 32)		<u>673,187,851</u>		<u>661,450,354</u>		<u>39,179,533</u>		<u>38,496,411</u>
GROSS PROFIT		139,965,323		98,922,448		8,145,982		5,757,286
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)		<u>131,894,356</u>		<u>133,121,019</u>		<u>7,676,252</u>		<u>7,747,643</u>
OPERATING INCOME		8,070,967		(34,198,571)		469,730		(1,990,357)
NON-OPERATING INCOME (Note 27)		7,075,855		7,675,891		411,815		446,737
NON-OPERATING EXPENSES (Note 27)		9,229,834		6,910,504		537,177		402,190
FINANCIAL INCOME (Note 25, 28)		3,718,318		9,159,801		216,406		533,100
FINANCIAL COST (Note 28)		8,073,588		6,954,822		469,883		404,771
INCOME OF INVESTMENTS IN JOINT VENTURES		802,488		-		46,705		-
INCOME (LOSS) BEFORE INCOME TAX		2,364,206		(31,228,205)		137,596		(1,817,481)
INCOME TAX EXPENSE (Note 23)		<u>19,320</u>		<u>18,119</u>		<u>1,124</u>		<u>1,055</u>
NET INCOME (LOSS)		2,344,886		(31,246,324)		136,472		(1,818,536)
Owners of the Company		2,344,886		(31,246,324)		136,472		(1,818,536)
Non-controlling interests		-		-		-		-
OTHER COMPREHENSIVE INCOME (Notes 21 and 22)		<u>2,111,170</u>		<u>2,491,104</u>		<u>122,870</u>		<u>144,982</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	₩	<u>4,456,056</u>	₩	<u>(28,755,220)</u>	Rs.	<u>259,342</u>	Rs.	<u>(1,673,554)</u>
Owners of the Company		4,456,056		(28,755,220)		259,342		(1,673,554)
Non-controlling interests		-		-		-		-
INCOME (LOSS) PER SHARE (Note 29) Basic and diluted income (loss) per share	₩	17	₩	(228)	Rs.	1	Rs.	(13)

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

Korean won in thousands

	Other capital surplus							Retained earnings (accumulated deficit)	Total	
	Capital stock	Paid-up 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, 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	1,105,138	-	-	-	2,294,958
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	₩ -	₩ 1,105,138	₩ -	₩ (10,568,960)	₩ (56,286,176)	₩ 750,923,704
Balance at January 1, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ -	₩ 1,105,138	₩ -	₩ 1,570,930	₩ (102,294,593)	₩ 717,055,177
Net income	-	-	-	-	-	-	-	-	2,344,886	2,344,886
Actuarial loss	-	-	-	-	-	-	-	-	(3,287)	(3,287)
Gain on valuation of derivatives	-	-	-	-	-	-	-	2,203,079	-	2,203,079
Overseas operations translation credit	-	-	-	-	-	-	-	(88,622)	-	(88,622)
Balance at March 31, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ -	₩ 1,105,138	₩ -	₩ 3,685,387	₩ (99,952,994)	₩ 721,511,233

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

	Indian rupee in thousands									
	Other capital surplus							Retained earnings (accumulated deficit)	Total	
	Capital stock	Paid-up 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, 2015	Rs. 39,931,048	Rs. 666,548	Rs. 6,878,600	Rs. 54,214	Rs. (69,248)	Rs. -	Rs. -	Rs. (760,396)	Rs. (1,457,019)	Rs. 45,243,747
Net loss	-	-	-	-	-	-	-	-	(1,818,536)	(1,818,536)
Actuarial loss	-	-	-	-	-	-	-	-	(301)	(301)
Disposal of treasury stock	-	-	-	-	69,248	64,319	-	-	-	133,567
Gain on valuation of derivatives	-	-	-	-	-	-	-	119,185	-	119,185
Overseas operations translation credit	-	-	-	-	-	-	-	26,098	-	26,098
Balance at March 31, 2015	<u>Rs. 39,931,048</u>	<u>Rs. 666,548</u>	<u>Rs. 6,878,600</u>	<u>Rs. 54,214</u>	<u>Rs. -</u>	<u>Rs. 64,319</u>	<u>Rs. -</u>	<u>Rs. (615,113)</u>	<u>Rs. (3,275,856)</u>	<u>Rs. 43,703,760</u>
Balance at January 1, 2016	Rs. 39,931,048	Rs. 666,548	Rs. 6,878,600	Rs. 54,214	Rs. -	Rs. 64,319	Rs. -	Rs. 91,428	Rs. (5,953,545)	Rs. 41,732,612
Net income	-	-	-	-	-	-	-	-	136,472	136,472
Actuarial loss	-	-	-	-	-	-	-	-	(191)	(191)
Gain on valuation of derivatives	-	-	-	-	-	-	-	128,219	-	128,219
Overseas operations translation credit	-	-	-	-	-	-	-	(5,158)	-	(5,158)
Balance at March 31, 2016	<u>Rs. 39,931,048</u>	<u>Rs. 666,548</u>	<u>Rs. 6,878,600</u>	<u>Rs. 54,214</u>	<u>Rs. -</u>	<u>Rs. 64,319</u>	<u>Rs. -</u>	<u>Rs. 214,489</u>	<u>Rs. (5,817,264)</u>	<u>Rs. 41,991,954</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

	Korean won		Indian rupee	
	Three months ended March 31, 2016 (In thousands)	Three months ended March 31, 2015 (In thousands)	Three months ended March 31, 2016 (In thousands)	Three months ended March 31, 2015 (In thousands)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	₩ 2,344,886	₩ (31,246,324)	Rs. 136,472	Rs. (1,818,536)
Adjustment (Note 30)	57,177,475	46,603,932	3,327,729	2,712,349
Changes in net working capital (Note 30)	(147,063,929)	43,261,747	(8,559,120)	2,517,834
	(87,541,568)	58,619,355	(5,094,919)	3,411,647
Interests received	762,547	819,402	44,380	47,689
Interests paid	(1,014,030)	(751,324)	(59,017)	(43,727)
Dividend income received	6,000	6,000	349	349
Net cash (used in) provided by operating activities	(87,787,051)	58,693,433	(5,109,207)	3,415,958
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	864,665	1,996,981	50,324	116,224
Disposal of property, plant and equipment	27,867	9,735	1,622	567
Decrease in other assets	-	105,825	-	6,159
	892,532	2,112,541	51,946	122,950
Cash outflows for investing activities:				
Increase in other receivables	1,920,000	1,954,620	111,744	113,759
Acquisition of property, plant and equipment	35,706,535	53,622,212	2,078,120	3,120,813
Acquisition of intangible assets	12,306,901	17,118,415	716,262	996,292
	49,933,436	72,695,247	2,906,126	4,230,864
Net cash used in investing activities	(49,040,904)	(70,582,706)	(2,854,180)	(4,107,914)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Increase in borrowings	-	38,833,971	-	2,260,137
Increase in government grants	-	40,440	-	2,354
Disposal of Treasury stock	-	2,294,957	-	133,567
	₩ -	₩ 41,169,368	Rs. -	Rs. 2,396,058

(Continued)

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

	Korean won		Indian rupee	
	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2016	Three months ended March 31, 2015
	(In thousands)		(In thousands)	
Cash outflows for financing activities:				
Redemption of borrowings	₩ 10,364,384	₩ -	Rs. 603,207	Rs. -
	10,364,384	-	603,207	-
Net cash (used in) provided by financing Activities	<u>(10,364,384)</u>	<u>41,169,368</u>	<u>(603,207)</u>	<u>2,396,058</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>13,461</u>	<u>(95,271)</u>	<u>783</u>	<u>(5,545)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(147,178,878)	29,184,824	(8,565,811)	1,698,557
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>197,881,904</u>	<u>156,765,307</u>	<u>11,516,727</u>	<u>9,123,741</u>
CASH AND CASH EQUIVALENTS AT THE ENDING OF PERIOD	<u>₩ 50,703,026</u>	<u>₩ 185,950,131</u>	<u>Rs. 2,950,916</u>	<u>Rs. 10,822,298</u>

(Concluded)

See accompanying notes to consolidated financial statements.

SSANGYONG MOTOR COMPANY AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2016, AND DECEMBER 31, 2015,
AND FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

1. GENERAL:

(1) Company overview and recent changes in business environment

Ssangyong Motor Company (the “Company”) was incorporated on December 6, 1962, in the Republic Korea and listed its stocks on the Korea Stock Exchange in May 1975. The Company is headquartered at Dongsak-ro, Pyungtaek and its factories are located at 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, 2016, are as follows:

Name of shareholders	Number of shares owned	Percentage of ownership (%)
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 financial statement, its period belongs to annual financial report, adopts Korean International Reporting Standards (“K-IFRS”) 1034, Interim Financial Reporting. The audited consolidated financial statement, December 31, 2015, is used to understand the consolidated financial statement.

The account policy is identified with the audited financial statement of December 31, 2015, 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. 0.05820 at March 31, 2016), 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) Amendments to K-IFRSs and new interpretations that are mandatorily effective for the current year

Amendments to K-IFRS 1001 – Presentation of Financial Statements

The amendments to K-IFRS 1001 clarify the concept of applying materiality in practice and restrict an entity reducing the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The application of these amendments has no impact on the disclosure in the Group’s consolidated financial statements.

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

The amendments to K-IFRS 1016 prohibit the Company from using a revenue-based depreciation method for items of property, plant and equipment. The application of these amendments has no impact on the disclosure in the Group’s consolidated financial statements.

Amendments to K-IFRS 1038– Intangible Assets

The amendments to K-IFRS 1038 do not allow presumption that revenue is an appropriate basis for the amortization of intangible assets and that presumption can only be limited when the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Amendments to K-IFRS 1016 – Property, plant and equipment and K-IFRS 1041 Agriculture: Bearer Plants

The amendments to K-IFRS 1016 'Property, Plant and Equipment' and K-IFRS 1041 'Agriculture' define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with K-IFRS 1016, instead of K-IFRS 1041. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Amendments to K-IFRS 1110 – Consolidated Financial Statements, K-IFRS 1112 Disclosure of interests in other entities and K-IFRS 1028 Investment in associates

The amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

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 a joint operation that constitutes a business as defined in K-IFRS 1103 *Business Combinations*. A joint operator is also required to disclose the relevant information required by K-IFRS 1103 and other standards for business combinations. The application of these amendments has no impact on the disclosure in the Group's consolidated financial statements.

Annual Improvements to K-IFRS 2012-2014 Cycle

The annual improvements include amendments to a number of K-IFRSs. The amendments introduce specific guidance in K-IFRS 1105 Non-current Assets Held for Sale and Discontinued Operations for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), such a change is considered as a continuation of the original plan of disposal and not as a change to a plan of sale. Other amendments in the annual improvements include K-IFRS 1107 Financial Instruments: Disclosures, K-IFRS 1019 Employee Benefits and K-IFRS 1034 Interim Financial Reporting. The application of these amendments has no impact on the disclosure in the Group's consolidated 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 1109 – Financial Instruments

The amendments to K-IFRS 1109 contain the requirements for the classification and measurement of financial assets and financial liabilities based on a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and based on the contractual terms that give rise on specified dates to cash flows, impairment methodology based on the expected credit losses and broadened types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting and the change of the hedge effectiveness test. The amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to K-IFRS 1115 – Revenue from Contracts with Customers

The core principle under K-IFRS 1115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments introduce a five-step approach to revenue recognition and measurement: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract and 5) Recognize revenue when (or as) the entity satisfies a performance obligation. This standard will supersede K-IFRS 1011 - Construction Contracts, K-IFRS 1018- Revenue, K-IFRS 2113 - Customer Loyalty Programs, K-IFRS 2115-Agreements for the Construction of Real Estate, K-IFRS 2118 - Transfers of Assets from Customers and K-IFRS 2031-Revenue-Barter Transactions Involving Advertising Services. The amendments are effective for annual periods beginning on or after January 1, 2018.

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, 2015.

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, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	Financial institution	March 31, 2016	December 31, 2015	Notes
Cash and cash equivalents	Shinhan Bank and others	₩ 885,732	₩ 567,340	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank	919,613	957,689	
Long-term financial instruments	Shinhan Bank and others	6,000	6,000	Overdraft deposit
		<u>₩ 1,811,345</u>	<u>₩ 1,531,029</u>	

(Unit: Indian rupee in thousands)

	Financial institution	March 31, 2016	December 31, 2015	Notes
Cash and cash equivalents	Shinhan Bank and others	Rs. 51,550	Rs. 33,019	Government subsidies and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank	53,521	55,737	
Long-term financial instruments	Shinhan Bank and others	349	349	Overdraft deposit
		<u>Rs. 105,420</u>	<u>Rs. 89,105</u>	

6. LONG-TERM AFS FINANCIAL ASSETS:

The Group's long-term AFS financial assets as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Classification	Ownership (%)	March 31, 2016			December 31, 2015
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	₩ 500,000	₩ 685,246	₩ 500,000	₩ 500,000
Korea Management Consultants Association (*)	1.50	60,000	603,782	60,000	60,000
		<u>₩ 560,000</u>	<u>₩ 1,289,028</u>	<u>₩ 560,000</u>	<u>₩ 560,000</u>

(Unit: Indian rupee in thousands)

Classification	Ownership (%)	March 31, 2016			December 31, 2015
		Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation (*)	1.72	Rs. 29,100	Rs. 39,881	Rs. 29,100	Rs. 29,100
Korea Management Consultants Association (*)	1.50	3,492	35,140	3,492	3,492
		<u>Rs. 32,592</u>	<u>Rs. 75,021</u>	<u>Rs. 32,592</u>	<u>Rs. 32,592</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, 2016, 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, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Financial Assets	March 31, 2016			
	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	₩ 167,331,403	₩ 10,578,514	₩ 2,582,158	₩ 40,829,418
Less: Allowance for doubtful accounts	(94,307)	(2,178)	(8,422)	(156,507)
	<u>₩ 167,237,096</u>	<u>₩ 10,576,336</u>	<u>₩ 2,573,736</u>	<u>₩ 40,672,911</u>

December 31, 2015				
Financial Assets	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	₹ 151,034,088	₹ 6,455,062	₹ 2,628,696	₹ 39,887,268
Less: Allowance for doubtful accounts	(44,462)	(2,252)	(8,666)	(159,256)
	<u>₹ 150,989,626</u>	<u>₹ 6,452,810</u>	<u>₹ 2,620,030</u>	<u>₹ 39,728,012</u>

(Unit: Indian rupee in thousands)

March 31, 2016				
Financial Assets	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	Rs. 9,738,688	Rs. 615,670	Rs. 150,282	Rs. 2,376,272
Less: Allowance for doubtful accounts	(5,489)	(127)	(490)	(9,109)
	<u>Rs. 9,733,199</u>	<u>Rs. 615,543</u>	<u>Rs. 149,792</u>	<u>Rs. 2,367,163</u>

December 31, 2015				
Financial Assets	Trade receivables	Non-trade receivables	Other receivables	Non-current other receivables
Receivables – general	Rs. 8,790,184	Rs. 375,685	Rs. 152,990	Rs. 2,321,439
Less: Allowance for doubtful accounts	(2,588)	(131)	(504)	(9,269)
	<u>Rs. 8,787,596</u>	<u>Rs. 375,554</u>	<u>Rs. 152,486</u>	<u>Rs. 2,312,170</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, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

Classification	March 31, 2016			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ -	₩ 271,103	₩ 58,975	₩ 330,078
Non-trade receivables	195,401	8,865	4,060,848	4,265,114
Non-current other receivables	-	-	103,250	103,250
	<u>₩ 195,401</u>	<u>₩ 279,968</u>	<u>₩ 4,223,073</u>	<u>₩ 4,698,442</u>

Classification	December 31, 2015			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	₩ 344,346	₩ 316,971	₩ 20,749	₩ 682,066
Non-trade receivables	285,124	1,833	4,125,784	4,412,741
Non-current other receivables	-	-	103,250	103,250
	<u>₩ 629,470</u>	<u>₩ 318,804</u>	<u>₩ 4,249,783</u>	<u>₩ 5,198,057</u>

(Unit: Indian rupee in thousands)

Classification	March 31, 2016			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. -	Rs. 15,778	Rs. 3,432	Rs. 19,210
Non-trade receivables	11,372	516	236,341	248,229
Non-current other receivables	-	-	6,009	6,009
	<u>Rs. 11,372</u>	<u>Rs. 16,294</u>	<u>Rs. 245,782</u>	<u>Rs. 273,448</u>

Classification	December 31, 2015			
	3-6 months	6-12 months	Over 1 year	Total
Trade receivables	Rs. 20,041	Rs. 18,448	Rs. 1,208	Rs. 39,697
Non-trade receivables	16,594	107	240,121	256,822
Non-current other receivables	-	-	6,009	6,009
	<u>Rs. 36,635</u>	<u>Rs. 18,555</u>	<u>Rs. 247,338</u>	<u>Rs. 302,528</u>

- 2) Aging analysis of the trade, non-trade receivables and other long-term receivables that are impaired as of March 31, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

Classification	March 31, 2016			
	3-6 months	6-12 months	Over 1 year	Total
Non-current other receivables	₩ -	₩ -	₩ 44,607	₩ 44,607

Classification	December 31, 2015			
	3-6 months	6-12 months	Over 1 year	Total
Non-current other receivables	₩ -	₩ -	₩ 47,349	₩ 47,349

(Unit: Indian rupee in thousands)

Classification	March 31, 2016			
	3-6 months	6-12 months	Over 1 year	Total
Non-current other receivables	Rs. -	Rs. -	Rs. 2,596	Rs. 2,596

Classification	December 31, 2015			
	3-6 months	6-12 months	Over 1 year	Total
Non-current other receivables	<u>Rs. -</u>	<u>Rs. -</u>	<u>Rs. 2,756</u>	<u>Rs. 2,756</u>

- 3) Changes in allowance for trade and other receivables for the three months ended March 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

Classification	Three months ended March 31, 2016			
	Trade Receivables	Non-trade Receivables	Other Receivables	Non-current other receivables
Beginning balance	₩ 44,462	₩ 2,252	₩ 8,666	₩ 159,256
Bad debt expense	49,845	(74)	(244)	(2,749)
Ending balance	<u>₩ 94,307</u>	<u>₩ 2,178</u>	<u>₩ 8,422</u>	<u>₩ 156,507</u>

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

(Unit: Indian rupee in thousands)

Classification	Three months ended March 31, 2016			
	Trade Receivables	Non-trade Receivables	Other Receivables	Non-current other receivables
Beginning balance	Rs. 2,588	Rs. 131	Rs. 504	Rs. 9,269
Bad debt expense	2,901	(4)	(14)	(160)
Ending balance	<u>Rs. 5,489</u>	<u>Rs. 127</u>	<u>Rs. 490</u>	<u>Rs. 9,109</u>

Classification	Three months ended March 31, 2015			
	Trade Receivables	Non-trade Receivables	Other Receivables	Non-current other receivables
Beginning balance	Rs. 5,073	Rs. 22,892	Rs. 643	Rs. 8,709
Bad debt expense	1,508	(1,215)	(173)	(355)
Write-offs	-	(21,457)	-	-
Ending balance	<u>Rs. 6,581</u>	<u>Rs. 220</u>	<u>Rs. 470</u>	<u>Rs. 8,354</u>

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 collectibility of each receivable through an individual analysis and reserves 100% allowance. For the receivables that are not subject to individual analysis, the allowance is estimated by applying the average loss rate for the past three years to the remaining balance of the receivables at the end of a reporting period; the three-year average loss rate is calculated by dividing the amount of actual loss occurred in the past three years by the average balance of the receivables.

8. INVENTORIES:

Details of the inventories as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	<u>March 31, 2016</u>		<u>December 31, 2015</u>	
Merchandises	₩	39,982,413	₩	41,253,588
Finished goods		65,032,542		56,174,620
Work in process		33,232,043		29,360,159
Raw materials		48,829,537		45,354,455
Submaterials		440,643		454,283
Supplies		3,684,963		3,740,522
Goods in transit		65,511,102		71,335,617
Total	₩	<u>256,713,243</u>	₩	<u>247,673,244</u>

(Unit: Indian rupee in thousands)

	<u>March 31, 2016</u>		<u>December 31, 2015</u>	
Merchandises	Rs.	2,326,976	Rs.	2,400,959
Finished goods		3,784,894		3,269,363
Work in process		1,934,105		1,708,761
Raw materials		2,841,879		2,639,629
Submaterials		25,645		26,439
Supplies		214,465		217,698
Goods in transit		3,812,747		4,151,734
Total	Rs.	<u>14,940,711</u>	Rs.	<u>14,414,583</u>

The Group is using the “lower of cost or market method” on the consolidated statement of financial position in the case of inventories’ market value decrease under the acquisition cost. On the other hand, loss on valuation of inventories that was deducted to “cost of sales” on current period due to the application of “lower of cost or market method,” is ₩352,274 thousand (Rs. 20,502 thousand).

9. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE:

(1) Details of investments in subsidiaries and joint venture as of March 31, 2016, are as follows:

<u>Classification</u>	<u>Entities</u>	<u>Location</u>	<u>Ownership (%)</u>	<u>Closing month</u>	<u>Industry</u>
Investments in subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100.00	December	Car sales
	Ssangyong European Parts Center B.V.	Netherland	100.00	December	A/S and sales
Investment in joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51	December	Installment finance

(*) SY Auto Capital Co., Ltd. is a joint arrangement whereby the Group’s and KB Capital Co., Ltd. that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement and the results, and assets and liabilities of joint venture are incorporated in these consolidated financial statements using the equity method of accounting.

(2) Changes in the carrying amounts of investments in joint venture for the three months ended March 31, 2015, are as follows:

(Unit: Korean won in thousands)

<u>Company</u>	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Share of profit of a joint venture</u>	<u>Ending balance</u>
SY Auto Capital Co., Ltd.	₩ 9,868,178	₩ -	₩ 802,488	₩ 10,670,666

(Unit: Indian rupee in thousands)

Company	Beginning balance	Acquisition	Share of profit of a joint venture	Ending balance
SY Auto Capital Co., Ltd.	Rs. 574,328	Rs. -	Rs. 46,705	Rs. 621,033

(3) Summarized financial information of subsidiaries and joint venture

The summarized financial information of the Group's subsidiaries and joint venture as of March 31, 2016, and December 31, 2015, and for the three months ended March 31, 2016 and 2015, is as follows:

March 31, 2016

(Unit: Korean won in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 3,916,299	₩ 827,840	₩ 3,088,459
Ssangyong European Parts Center B.V.	8,957,875	12,601,252	(3,643,377)
SY Auto Capital Co., Ltd.	43,164,715	23,106,122	20,058,593

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 13,457	₩ (175,550)	₩ (184,786)
Ssangyong European Parts Center B.V.	3,957,587	132,199	52,813
SY Auto Capital Co., Ltd.	1,237,967	709,225	709,225

(Unit: Indian rupee in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 227,929	Rs. 48,180	Rs. 179,749
Ssangyong European Parts Center B.V.	521,348	733,393	(212,045)
SY Auto Capital Co., Ltd.	2,512,186	1,344,776	1,167,410

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 783	Rs. (10,217)	Rs. (10,755)
Ssangyong European Parts Center B.V.	230,332	7,694	3,074
SY Auto Capital Co., Ltd.	72,050	41,277	41,277

December 31, 2015

(Unit: Korean won in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 4,264,069	₩ 990,824	₩ 3,273,245
Ssangyong European Parts Center B.V.	8,399,103	12,095,292	(3,696,189)
SY Auto Capital Co., Ltd.	19,608,715	259,347	19,349,368

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 1,270,691	₩ (2,505,187)	₩ (2,386,469)
Ssangyong European Parts Center B.V.	14,776,015	105,948	274,428
SY Auto Capital Co., Ltd.	42,256	(650,632)	(650,632)

(Unit: Indian rupee in thousands)

Companies	Assets	Liabilities	Equity
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 248,169	Rs. 57,666	Rs. 190,503
Ssangyong European Parts Center B.V.	488,828	703,946	(215,118)
SY Auto Capital Co., Ltd.	1,141,227	15,094	1,126,133

Companies	Sales	Net income (loss)	Comprehensive income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs. 73,954	Rs. (145,802)	Rs. (138,892)
Ssangyong European Parts Center B.V.	859,964	6,166	15,972
SY Auto Capital Co., Ltd.	2,459	(37,867)	(37,867)

10. OTHER ASSETS:

Carrying values of the Group's other assets as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Account	March 31, 2016	December 31, 2015
Other current assets		
Advance payments	₩ 1,608,506	₩ 1,077,675
Less: Allowance for doubtful accounts	(4,027)	(663)
Prepaid expenses	8,816,691	5,074,020
Income tax refundable	513,407	416,791
	<u>₩ 10,934,577</u>	<u>₩ 6,567,823</u>
Other non-current assets		
Other non-current assets	<u>₩ 352,978</u>	<u>₩ 352,985</u>

(Unit: Indian rupee in thousands)

Account	March 31, 2016	December 31, 2015
Other current assets		
Advance payments	Rs. 93,615	Rs. 62,721
Less: Allowance for doubtful accounts	(234)	(39)
Prepaid expenses	513,131	295,308
Income tax refundable	29,880	24,257
	<u>Rs. 636,392</u>	<u>Rs. 382,247</u>
Other non-current assets		
Other non-current assets	<u>Rs. 20,543</u>	<u>Rs. 20,544</u>

11. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	March 31, 2016				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	536,918,843	1,591,755	199,083,683	148,366,786	187,876,619
Structures	106,736,506	130,720	61,173,685	28,913,882	16,518,219
Machinery	1,318,767,468	402,389	1,033,612,716	98,336,787	186,415,576
Vehicles	8,529,322	-	6,365,145	881,872	1,282,305
Tools and molds	1,064,006,083	4,594	634,060,644	160,686,764	269,254,081
Equipment	67,275,551	5,098	41,835,486	3,936,591	21,498,376
Construction in progress	30,718,101	-	-	-	30,718,101
Machinery in transit	1,730,692	-	-	-	1,730,692
	<u>₩ 3,610,213,879</u>	<u>₩ 2,134,556</u>	<u>₩ 1,976,131,359</u>	<u>₩ 441,122,682</u>	<u>₩ 1,190,825,282</u>

December 31, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₹ 475,531,313	₹ -	₹ -	₹ -	₹ 475,531,313
Buildings	536,914,323	1,603,429	196,449,216	148,366,786	190,494,892
Structures	106,552,738	135,809	60,736,919	28,913,882	16,766,128
Machinery	1,312,354,742	453,057	1,027,789,268	98,337,509	185,774,908
Vehicles	8,798,376	-	6,479,303	896,350	1,422,723
Tools and molds	1,028,887,149	6,657	615,699,091	160,933,311	252,248,090
Equipment	67,396,593	6,874	40,517,584	4,056,991	22,815,144
Construction in progress	40,866,774	-	-	-	40,866,774
Machinery in transit	1,924,851	-	-	-	1,924,851
	<u>₹ 3,579,226,859</u>	<u>₹ 2,205,826</u>	<u>₹ 1,947,671,381</u>	<u>₹ 441,504,829</u>	<u>₹ 1,187,844,823</u>

(Unit: Indian rupee in thousands)

March 31, 2016					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₹ 27,675,922	₹ -	₹ -	₹ -	₹ 27,675,922
Buildings	31,248,677	92,640	11,586,671	8,634,947	10,934,419
Structures	6,212,065	7,608	3,560,308	1,682,788	961,361
Machinery	76,752,267	23,419	60,156,261	5,723,201	10,849,386
Vehicles	496,407	-	370,451	51,325	74,631
Tools and molds	61,925,154	267	36,902,329	9,351,970	15,670,588
Equipment	3,915,437	297	2,434,825	229,110	1,251,205
Construction in progress	1,787,793	-	-	-	1,787,793
Machinery in transit	100,726	-	-	-	100,726
	<u>₹ 210,114,448</u>	<u>₹ 124,231</u>	<u>₹ 115,010,845</u>	<u>₹ 25,673,341</u>	<u>₹ 69,306,031</u>

December 31, 2015					
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₹ 27,675,922	₹ -	₹ -	₹ -	₹ 27,675,922
Buildings	31,248,414	93,320	11,433,344	8,634,947	11,086,803
Structures	6,201,369	7,904	3,534,889	1,682,788	975,788
Machinery	76,379,046	26,368	59,817,335	5,723,243	10,812,100
Vehicles	512,065	-	377,095	52,168	82,802
Tools and molds	59,881,232	387	35,833,687	9,366,319	14,680,839
Equipment	3,922,482	400	2,358,122	236,117	1,327,843
Construction in progress	2,378,446	-	-	-	2,378,446
Machinery in transit	112,026	-	-	-	112,026
	<u>₹ 208,311,002</u>	<u>₹ 128,379</u>	<u>₹ 113,354,472</u>	<u>₹ 25,695,582</u>	<u>₹ 69,132,569</u>

(2) Changes in the carrying amounts of property, plant and equipment for the three months ended March 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Three months ended March 31, 2016					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	₩ 475,531,313	₩ -	₩ -	₩ -	₩ -	₩ 475,531,313
Buildings	190,494,892	6,805	2,285	-	2,622,793	187,876,619
Structures	16,766,128	167,800	1,132	17,100	431,677	16,518,219
Machinery	185,774,908	26,800	15	7,792,042	7,178,159	186,415,576
Vehicles	1,422,723	-	6,888	(96)	133,434	1,282,305
Tools and molds	252,248,090	2,170,200	9,861	33,520,738	18,675,086	269,254,081
Equipment	22,815,144	348,684	9,900	62,135	1,717,687	21,498,376
Construction in progress	40,866,774	30,411,556	-	(40,560,229)	-	30,718,101
Machinery in transit	1,924,851	384,226	-	(578,385)	-	1,730,692
	<u>₩ 1,187,844,823</u>	<u>₩ 33,516,071</u>	<u>₩ 30,081</u>	<u>₩ 253,305</u>	<u>₩ 30,758,836</u>	<u>₩ 1,190,825,282</u>

	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	1242	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>

(*) Capitalization cost that has flowed into construction in progress and other accounts is ₩253,266 thousand (2015: ₩157,600 thousand) in this period.

(**) Depreciation cost of suspended assets amounting to ₩5,278 thousand (2015: ₩4,739 thousand) is excluded from the depreciation cost in the consolidated statement of cash flows.

(Unit: Indian rupee in thousands)

	Three months ended March 31, 2016					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	Rs. 27,675,922	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 27,675,922
Buildings	11,086,803	396	133	-	152,647	10,934,419
Structures	975,788	9,766	66	997	25,124	961,361
Machinery	10,812,100	1,560	1	453,496	417,769	10,849,386
Vehicles	82,802	-	401	(4)	7,766	74,631
Tools and molds	14,680,839	126,306	574	1,950,907	1,086,890	15,670,588
Equipment	1,327,843	20,293	576	3,614	99,969	1,251,205
Construction in progress	2,378,446	1,769,953	-	(2,360,606)	-	1,787,793
Machinery in transit	112,026	22,362	-	(33,662)	-	100,726
	<u>Rs. 69,132,569</u>	<u>Rs. 1,950,636</u>	<u>Rs. 1,751</u>	<u>Rs. 14,742</u>	<u>Rs. 1,790,165</u>	<u>Rs. 69,306,031</u>

	Three months ended March 31, 2015					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Land	Rs. 27,675,922	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 27,675,922
Buildings	11,328,514	854	72	83,647	147,629	11,265,314
Structures	986,813	1,685	-	27,522	24,544	991,476
Machinery	8,617,201	88,039	105	2,359,077	440,779	10,623,433
Vehicles	95,518	-	-	5,667	9,431	91,754
Tools and molds	10,384,283	1,042,696	5	5,417,620	986,209	15,858,385
Equipment	1,428,796	20,912	73	(251)	94,289	1,355,095

	Three months ended March 31, 2015					
	Beginning balance	Acquisition	Disposal	Other(*)	Depreciation (**)	Ending balance
Construction in progress	Rs. 7,657,328	Rs. 1,960,174	Rs. -	Rs. (7,813,821)	Rs. -	Rs. 1,803,681
Machinery in transit	137,083	6,453	-	(77,270)	-	66,266
	<u>Rs. 68,311,458</u>	<u>Rs. 3,120,813</u>	<u>Rs. 255</u>	<u>Rs. 2,191</u>	<u>Rs. 1,702,881</u>	<u>Rs. 69,731,326</u>

(*) Capitalization cost that has flowed into construction in progress and other accounts is Rs. 14,740 thousand (2015: Rs. 9,172 thousand) in this period.

(**) Depreciation cost of suspended assets amounting to Rs. 308 thousand (2015: Rs. 276 thousand) is excluded from the depreciation cost in consolidated statement of cash flows.

(3) The assets pledged as collateral for the Group's borrowings as of March 31, 2016, are as follows:

(Unit: Korean won in thousands)

Assets pledged as collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	₩ 366,132,440	
buildings and structures	150-3 (factory site) and others	75,926,638	₩ 267,000,000
Machinery	Pyeongtaek plant production facilities	5,785,003	
		<u>₩ 447,844,081</u>	

(Unit: Indian rupee in thousands)

Assets pledged as collaterals	Details	Book value	Maximum amount
Land	Chilgoe-dong Pyeongtaek, Gyeonggi-do	Rs. 21,308,908	
buildings and structures	150-3 (factory site) and others	4,418,930	Rs. 16,000,000
Machinery	Pyeongtaek plant production facilities	336,687	
		<u>Rs. 26,064,525</u>	

(4) Borrowing costs and capitalized interest, which is the capital for the three months ended March 31, 2016 and 2015, are as follows.

(Unit: Korean won in thousands)

Account	Three months ended March 31, 2016	Three months ended March 31, 2015
Capitalized interest expenses(*)	₩ 780,012	₩ 514,981
Capitalization interest rate	3.79%	4.13%

(*) Borrowing costs that have been capitalized during the three months in development costs is ₩526,746 thousand (2015: ₩357,381 thousand).

(Unit: Indian rupee in thousands)

Account	Three months ended March 31, 2016	Three months ended March 31, 2015
Capitalized interest expenses(*)	Rs. 45,397	Rs. 29,972
Capitalization interest rate	3.79%	4.13%

(*) Borrowing costs that have been capitalized during the three months in development costs is Rs. 30,657 thousand (2015: Rs. 20,800 thousand).

12. INTANGIBLE ASSETS:

(1) Details of intangible assets as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	March 31, 2016				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 170,793,491	₩ -	₩ 45,665,146	₩ -	₩ 125,128,345
Patents	2,993,227	21,664	1,295,989	39,497	1,636,077
Other intangible assets	83,860,270	18,044	19,272,992	576,105	63,993,129
	<u>₩ 257,646,988</u>	<u>₩ 39,708</u>	<u>₩ 66,234,127</u>	<u>₩ 615,602</u>	<u>₩ 190,757,551</u>

	December 31, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	₩ 148,086,281	₩ -	₩ 38,550,140	₩ -	₩ 109,536,141
Patents	2,816,199	22,335	1,170,064	39,190	1,584,610
Other intangible assets	93,908,276	21,283	17,487,054	576,105	75,823,834
	<u>₩ 244,810,756</u>	<u>₩ 43,618</u>	<u>₩ 57,207,258</u>	<u>₩ 615,295</u>	<u>₩ 186,944,585</u>

(Unit: Indian rupee in thousands)

	March 31, 2016				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 9,940,181	Rs. -	Rs. 2,657,711	Rs. -	Rs. 7,282,470
Patents	174,206	1,261	75,427	2,299	95,219
Other intangible assets	4,880,668	1,050	1,121,688	33,530	3,724,400
	<u>Rs. 14,995,055</u>	<u>Rs. 2,311</u>	<u>Rs. 3,854,826</u>	<u>Rs. 35,829</u>	<u>Rs. 11,102,089</u>

	December 31, 2015				
	Acquisition cost	Government subsidies	Accumulated depreciation	Accumulated impairment loss	Book value
Development cost	Rs. 8,618,622	Rs. -	Rs. 2,243,618	Rs. -	Rs. 6,375,004
Patents	163,903	1,300	68,098	2,281	92,224
Other intangible assets	5,465,462	1,238	1,017,747	33,530	4,412,947
	<u>Rs. 14,247,987</u>	<u>Rs. 2,538</u>	<u>Rs. 3,329,463</u>	<u>Rs. 35,811</u>	<u>Rs. 10,880,175</u>

(2) Changes in intangible assets for the three months ended March 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Three months ended March 31, 2016						
	Beginning balance	Acquisition(*)	Transfer	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	₩ 109,536,141	₩ -	₩ 22,707,210	₩ 7,115,006	₩ -	₩ -	₩ 125,128,345
Patents	1,584,610	177,028	-	125,254	307	-	1,636,077
Other intangible assets	75,823,834	12,129,873	(22,707,210)	1,780,114	-	526,746	63,993,129
	<u>₩ 186,944,585</u>	<u>₩ 12,306,901</u>	<u>₩ -</u>	<u>₩ 9,020,374</u>	<u>₩ 307</u>	<u>₩ 526,746</u>	<u>₩ 190,757,551</u>

	Three months ended March 31, 2015						
	Beginning balance	Acquisition(*)	Transfer	Depreciation	Impairment loss	Other	Ending balance
Development cost	₩ 14,223,033	₩ 188,190	₩ 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	135,628,790	15,005,535	(94,888,466)	1,651,569	-	423,842	54,518,132
	<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 development costs, the amount that has flowed into the capital of the cost is ₩526,746 thousand (2015: ₩357,381 thousand), including difference of change of exchange rate.

(Unit: Indian rupee in thousands)

	Three months ended March 31, 2016						
	Beginning balance	Acquisition(*)	Transfer	Depreciation	Impairment loss	Other(**)	Ending balance
Development cost	Rs. 6,375,004	Rs. -	Rs. 1,321,560	Rs. 414,094	Rs. -	Rs. -	Rs. 7,282,470
Patents	92,224	10,303	-	7,290	18	-	95,219
Other intangible assets	4,412,947	705,959	(1,321,560)	103,602	-	30,656	3,724,400
	<u>Rs. 10,880,175</u>	<u>Rs. 716,262</u>	<u>Rs. -</u>	<u>Rs. 524,986</u>	<u>Rs. 18</u>	<u>Rs. 30,656</u>	<u>Rs. 11,102,089</u>

	Three months ended March 31, 2015						
	Beginning balance	Acquisition(*)	Disposal	Depreciation	Impairment loss	Other	Ending balance
Development cost	Rs. 827,781	Rs. 109,531	Rs. 5,522,509	Rs. 344,257	Rs. -	Rs. 414	Rs. 6,115,978
Patents	61,902	13,439	-	5,164	140	-	70,037
Other intangible assets	7,893,596	873,322	(5,522,509)	96,121	-	24,668	3,172,956
	<u>Rs. 8,783,279</u>	<u>Rs. 996,292</u>	<u>Rs. -</u>	<u>Rs. 445,542</u>	<u>Rs. 140</u>	<u>Rs. 25,082</u>	<u>Rs. 9,358,971</u>

- (*) Of the current-year development costs, the amount that has flowed into the capital of the cost is ₩30,657 thousand (2015: ₩20,800 thousand), including difference of change of exchange rate.
- (3) Amortization of the Group's intangible assets for the three months ended March 31, 2016 and 2015, is as follows:

Account	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2016	Three months ended March 31, 2015
Cost of goods manufactured	₩ 7,115,006	₩ 5,915,085	Rs. 414,094	Rs. 344,257
Selling and administrative expenses	1,905,368	1,740,294	110,892	101,285
	<u>₩ 9,020,374</u>	<u>₩ 7,655,379</u>	<u>Rs. 524,986</u>	<u>Rs. 445,542</u>

- (4) Changes in volume and book value of emission rights for the three months ended March 31, 2016, are as follows:

(Unit: tCo2 / Korean won in thousands)

	2015		2016		2017		Total	
	Volume	Book value	Volume	Book value	Volume	Book value	Volume	Book value
Beginning balance	129,076	₩ -	127,422	₩ -	124,838	₩ -	381,336	₩ -
Allowance allocated free of charge	-	-	-	-	-	-	-	-
Ending balance	129,076	₩ -	127,422	₩ -	124,838	₩ -	381,336	₩ -

There are no pledged emission rights for the Group's borrowings as of March 31, 2016.

- (5) Changes in emission liability for the three months ended March 31, 2016, are as follows:

(Unit: Korean won in thousands)

Account	Beginning balance	Increase	Decrease	Ending balance
Emission liability	₩ 153,050	₩ -	₩ -	₩ 153,050

(Unit: Indian rupee in thousands)

Account	Beginning balance	Increase	Decrease	Ending balance
Emission liability	Rs. 8,908	Rs. -	Rs. -	Rs. 8,908

Estimated amount of greenhouse gas that is discharged during the year is 45,521t CO2

13. **BORROWINGS:**

(1) The Group's short-term borrowings as of March 31, 2016, and December 31, 2015, consist of the follows.

(Unit: Korean won in thousands)

<u>Creditor</u>	<u>Type</u>	<u>Interest rate (%)</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Korea Development Bank ("KDB")	Operating fund	CD + 2.12	₩ 30,000,000	₩ 30,000,000
Woori Bank(*)	Operating fund	CD + 2.00	20,000,000	17,500,000
Bank Of America ("BOA") and others	Banker's usance	0.66-1.35	98,493,760	105,724,546
			<u>₩ 148,493,760</u>	<u>₩ 153,224,546</u>

(Unit: Indian rupee in thousands)

<u>Creditor</u>	<u>Type</u>	<u>Interest rate (%)</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
KDB	Operating fund	CD + 2.12	Rs. 1,746,000	Rs. 1,746,000
Woori Bank(*)	Operating fund	CD + 2.00	1,164,000	1,018,500
BOA and others	Banker's usance	0.66-1.35	5,732,337	6,153,169
			<u>Rs. 8,642,337</u>	<u>Rs. 8,917,669</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, 2016, and December 31, 2015, consist of the follows:

(Unit: Korean won in thousands)

<u>Creditor</u>	<u>Type</u>	<u>Interest rate (%)</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Woori Bank	Operating fund	CD + 2.0	₩ 52,500,000	₩ 55,000,000
Net: Within one year arrival worth			(20,000,000)	(17,500,000)
			<u>₩ 32,500,000</u>	<u>₩ 37,500,000</u>

(Unit: Indian rupee in thousands)

<u>Creditor</u>	<u>Type</u>	<u>Interest rate (%)</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Woori Bank	Operating fund	CD + 2.0	Rs. 3,055,500	Rs. 3,201,000
Net: within one year arrival worth			(1,164,000)	(1,018,500)
			<u>Rs. 1,891,500</u>	<u>Rs. 2,182,500</u>

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

<u>Creditor</u>	<u>Assets pledged as collaterals</u>	<u>Pledged date</u>	<u>Maximum credit amount</u>
KDB	Land, buildings and machinery	2009-08-13	₩ 195 billion (Rs. 11 billion)
Woori Bank	Land, buildings and machinery	2014-10-29	₩ 36 billion (Rs. 2 billion)
Woori Bank	Land, buildings and machinery	2015-08-07	₩ 36 billion (Rs. 2 billion)

14. **OTHER FINANCIAL LIABILITIES:**

Carrying amounts of the Group's other financial liabilities as of March 31, 2016, and December 31, 2015, are as follows:

<u>Classification</u>	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Other current financial liabilities:				
Accrued expenses	<u>₩ 20,520,923</u>	<u>₩ 32,484,211</u>	<u>Rs. 1,194,317</u>	<u>Rs. 1,890,581</u>

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, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Beginning Balance	Increase	Decrease	Ending Balance	Current	Non-current
Three months ended March 31, 2016	₩ 143,793,979	₩ 22,606,220	₩ 24,895,168	₩ 141,505,031	₩ 54,997,955	₩ 86,507,076
Three months ended March 31, 2015	137,866,039	25,685,659	25,463,336	138,088,362	56,578,386	81,509,976

(Unit: Indian rupee in thousands)

	Beginning Balance	Increase	Decrease	Ending Balance	Current	Non-current
Three months ended March 31, 2016	Rs. 8,368,810	Rs. 1,315,682	Rs. 1,448,899	Rs. 8,235,593	Rs. 3,200,881	Rs. 5,034,712
Three months ended March 31, 2015	8,023,803	1,494,905	1,481,966	8,036,742	3,292,862	4,743,880

16. OTHER CURRENT LIABILITIES:

Carrying amounts of the Group's other liabilities as of March 31, 2016, and December 31, 2015, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Other liabilities				
Advances from customers	₩ 30,636,109	₩ 2,572,498	Rs. 1,783,022	Rs. 149,719
Deposits received	638,890	733,742	37,183	42,704
Withholdings	19,166,335	25,578,489	1,115,481	1,488,668
	<u>₩ 50,441,334</u>	<u>₩ 28,884,729</u>	<u>Rs. 2,935,686</u>	<u>Rs. 1,681,091</u>

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, 2016, and December 31, 2015, are as follows:

Classification	Korean won in thousands		Indian rupee in thousands	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Present value of defined benefit obligation	₩ 295,277,996	₩ 293,343,081	Rs. 17,185,180	Rs. 17,072,567
Fair value of plan assets	(1,250,318)	(1,337,356)	(72,769)	(77,834)
	<u>₩ 294,027,678</u>	<u>₩ 292,005,725</u>	<u>Rs. 17,112,411</u>	<u>Rs. 16,994,733</u>

(2) Changes in the Group's defined benefit obligation for the three months ended March 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Three months ended March 31, 2016		
	Present value of defined benefit obligations("DBO")	Fair value of scheme Assets	Total
Beginning balance	₩ 293,343,081	₩ (1,337,356)	₩ 292,005,725
Net current service cost	10,210,870	-	10,210,870
Interest cost (income) on DBO	2,130,035	(9,693)	2,120,342
Subtotal	<u>305,683,986</u>	<u>(1,347,049)</u>	<u>304,336,937</u>

Three months ended March 31, 2016			
	Present value of	Fair value of scheme	Total
	defined benefit obligations("DBO")	Assets	
Remeasurements			
Asset loss	₹ -	₹ 3,287	₹ 3,287
Payments			
Benefit payment from plan assets	(93,444)	93,444	-
Benefit payment from company	<u>(10,312,546)</u>	<u>-</u>	<u>(10,312,546)</u>
Ending balance	<u>₹ 295,277,996</u>	<u>₹ (1,250,318)</u>	<u>₹ 294,027,678</u>

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

(Unit: Indian rupee in thousands)

Three months ended March 31, 2016			
	Present value of	Fair value of scheme	Total
	defined benefit obligations	Assets	
Beginning balance	Rs. 17,072,567	Rs. (77,834)	Rs. 16,994,733
Net current service cost	594,273	-	594,273
Interest cost (income) on DBO	<u>123,967</u>	<u>(564)</u>	<u>123,403</u>
Subtotal	<u>17,790,807</u>	<u>(78,398)</u>	<u>17,712,409</u>
Remeasurements			
Asset Loss	-	192	192
Payments			
Benefit payment from plan assets	(5,438)	5,438	-
Benefit payment from company	<u>(600,190)</u>	<u>-</u>	<u>(600,190)</u>
Ending balance	<u>Rs. 17,185,179</u>	<u>Rs. (72,768)</u>	<u>Rs. 17,112,411</u>

Three months ended March 31, 2015			
	Present value of	Fair value of scheme	Total
	defined benefit obligations	Assets	
Beginning balance	Rs. 14,444,600	Rs. (83,844)	Rs. 14,360,756
Net current service cost	547,678	-	547,678
Interest cost (income) on DBO	<u>122,234</u>	<u>(708)</u>	<u>121,526</u>
Subtotal	<u>15,114,512</u>	<u>(84,552)</u>	<u>15,029,960</u>
Remeasurements			
Asset loss	-	301	301
Payments			
Benefit payment from plan assets	(1,580)	1,580	-
Benefit payment from company	<u>(233,059)</u>	<u>-</u>	<u>(233,059)</u>
Ending balance	<u>Rs. 14,879,873</u>	<u>Rs. (82,671)</u>	<u>Rs. 14,797,202</u>

(3) Actuarial assumptions used as of March 31, 2016, and December 31, 2015, are as follows:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Discount rate (%)	2.92	2.92
Expected rate of salary increase (%)	4.92	4.92

18. CONTINGENCIES AND COMMITMENTS:

The major commitments and contingent liabilities as of March 31, 2016, are as follows:

- (1) The Group carries product liability insurance for all products that it sells.
- (2) As of March 31, 2016, the Group has been providing guarantees from Korea Development Bank, etc. amounting to USD 284 million (execution amount USD 153 million) related to import Letter of Credit (“L/C”)
- (3) The followings are the major loan arrangements with the financial institutions as of March 31, 2016.

(Unit: Korean won in thousands)

<u>Financial institution</u>	<u>Classification</u>	<u>Limit</u>	<u>Exercise price</u>
KDB	Operating purpose loans	₩ 30,000,000	₩ 30,000,000
Woori Bank	Operating purpose loans	52,500,000	52,500,000
JP Morgan	Limit purpose loans	15,000,000	-
Nonghyup Bank	Limit purpose loans	50,000,000	-
BNP Paribas	Limit purpose loans	15,000,000	-
Deutsche Bank	Limit purpose loans	17,000,000	-
BOA	Limit purpose loans	15,000,000	-
Total		<u>₩ 194,500,000</u>	<u>₩ 82,500,000</u>

(Unit: Indian rupee in thousands)

<u>Financial institution</u>	<u>Classification</u>	<u>Limit</u>	<u>Exercise price</u>
KDB	Operating purpose loans	Rs. 1,746,000	Rs. 1,746,000
Woori Bank	Operating purpose loans	3,055,500	3,055,500
JP Morgan	Limit purpose loans	873,000	-
Nonghyup Bank	Limit purpose loans	2,910,000	-
BNP Paribas	Limit purpose loans	873,000	-
Deutsche Bank	Limit purpose loans	989,400	-
BOA	Limit purpose loans	873,000	-
Total		<u>Rs. 11,319,900</u>	<u>Rs. 4,801,500</u>

(4) As of March 31, 2016, the Group has provided payment guarantee of USD 23,445,779 from Standard Chartered Bank Korea Limited in connection with advance refund guarantee and performance bond.

(5) Pending litigations

As of March 31, 2016, the Group has two pending litigations as a plaintiff, with claims amounting to ₩2,385 million (Rs. 139 million), and 27 pending litigations as a defendant, with claims amounting to ₩19,713 million (Rs. 1,147 million). The Group recognized other payables amounting to ₩27,674 million (Rs. 1,611 million) that are expected to be a probable loss and can be reasonably estimated as of March 31, 2016.

19. CAPITAL STOCK:

As of March 31, 2016, and December 31, 2015, 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 authorized	Shares outstanding	Par value	Capital stock
March 31, 2016	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480
December 31, 2015	3,000,000,000	137,220,096	₩ 5,000	₩ 686,100,480

(Unit: Indian rupee in thousands except par value)

Classification	No. of shares Authorized	Shares outstanding	Par value	Capital stock
March 31, 2016	3,000,000,000	137,220,096	Rs. 291	Rs. 39,931,048
December 31, 2015	3,000,000,000	137,220,096	Rs. 291	Rs. 39,931,048

20. OTHER CAPITAL SURPLUS:

Details of other capital surplus and retained earnings as of March 31, 2016, and December 31, 2015, are as follows:

	March 31, 2016 (Korean won in thousands)	December 31, 2015	March 31, 2016 (Indian rupee in thousands)	December 31, 2015
Other capital surplus				
Paid-up capital in excess of par value	₩ 11,452,713	₩ 11,452,713	Rs. 666,548	Rs. 666,548
Gain on capital reduction	118,189,001	118,189,001	6,878,600	6,878,600
Debt to be swapped for equity	931,508	931,508	54,214	54,214
Gain on disposal of treasury stocks	1,105,138	1,105,138	64,319	64,319
	<u>₩ 131,678,360</u>	<u>₩ 131,678,360</u>	<u>Rs. 7,663,681</u>	<u>Rs. 7,663,681</u>

21. OTHER CAPITAL ADJUSTMENTS:

(1) Details of the Group's other capital adjustments as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Classification	March 31, 2016	December 31, 2015
Other capital adjustments		
Gain on valuation of derivatives	₩ 2,430,419	₩ 227,340
Gain on overseas operation translation	1,254,968	1,343,590
	<u>₩ 3,685,387</u>	<u>₩ 1,570,930</u>

(Unit: Indian rupee in thousands)

Classification	March 31, 2016	December 31, 2015
Other capital adjustments		
Gain on valuation of derivatives	Rs. 141,450	Rs. 13,231
Gain on overseas operation translation	73,039	78,197
	<u>Rs. 214,489</u>	<u>Rs. 91,428</u>

- (2) Changes in the Group's gain (loss) on valuation of derivatives for the three months ended March 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2016	Three months ended March 31, 2015
Beginning balance	₩ 227,340	₩ (14,167,300)	Rs. 13,231	Rs. (824,537)
Gain (loss) on valuation of derivatives	2,299,899	(2,298,000)	133,854	(133,744)
Reclassified to net income	(96,820)	4,345,850	(5,635)	252,928
Ending balance	₩ 2,430,419	₩ (12,119,450)	Rs. 141,450	Rs. (705,353)

- (3) Changes in the Group's gain (loss) on overseas operation translation credit for the three months ended March 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2016	Three months ended March 31, 2015
Beginning balance	₩ 1,343,590	₩ 1,102,069	Rs. 78,197	Rs. 64,140
Cumulative effect of foreign currency translation	(88,622)	448,421	(5,158)	26,098
Ending balance	₩ 1,254,968	₩ 1,550,490	Rs. 73,039	Rs. 90,238

22. ACCUMULATED DEFICIT:

- (1) Details of deficit as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	March 31, 2016	December 31, 2015
Deficit	₩ (99,952,994)	₩ (102,294,593)

(Unit: Indian rupee in thousands)

	March 31, 2016	December 31, 2015
Deficit	Rs. (5,817,264)	Rs. (5,953,545)

- (2) Changes in deficit (retained earnings) for the three months ended March 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	Three months ended March 31, 2016	Three months ended March 31, 2015
Beginning balance	₩ (102,294,593)	₩ (25,034,685)
Net income (loss)	2,344,886	(31,246,324)
Actuarial loss	(3,287)	(5,167)
Ending balance	₩ (99,952,994)	₩ (56,286,176)

(Unit: Indian rupee in thousands)

	Three months ended March 31, 2016	Three months ended March 31, 2015
Beginning balance	Rs. (5,953,545)	Rs. (1,457,019)
Net income (loss)	136,472	(1,818,536)
Actuarial loss	(191)	(301)
Ending balance	Rs. (5,817,264)	Rs. (3,275,856)

23. INCOME TAX:

Composition of income tax expense for the three months ended March 31, 2016 and 2015, is as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended Rs. March 31, 2016	Three months ended March 31, 2015
Income tax expense of Parent Company	₩ -	₩ -	Rs. -	Rs. -
Income tax expense of subsidiary company	19,320	18,119	1,124	1,055
Income tax expense of consolidated company	<u>₩ 19,320</u>	<u>₩ 18,119</u>	<u>Rs. 1,124</u>	<u>Rs. 1,055</u>

24. EXPENSES BY CATEGORY:

Details of expenses classified by category for the three months ended March 31, 2016 and 2015, are as follows

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2016	Three months ended March 31, 2015
Changes in inventories Raw materials and merchandise goods used	₩ (14,519,301)	₩ (39,664,200)	Rs. (845,023)	Rs. (2,308,456)
Salaries	547,437,009	561,176,689	31,860,834	32,660,483
Depreciation	122,054,076	116,052,178	7,103,547	6,754,237
Amortization	30,758,836	29,259,120	1,790,165	1,702,881
Other	9,020,374	7,655,379	524,986	445,542
Total(*)	<u>₩ 110,331,213</u>	<u>₩ 120,092,207</u>	<u>Rs. 6,421,276</u>	<u>Rs. 6,989,367</u>
	<u>₩ 805,082,207</u>	<u>₩ 794,571,373</u>	<u>Rs. 46,855,785</u>	<u>Rs. 46,244,054</u>

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

25. DERIVATIVES FINANCIAL INSTRUMENTS:

The Group has a derivative contract with financial institutions, such as KDB, 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 ₩2,515,099 thousand (Rs. 146,379 thousand) and loss on valuation of derivatives for ₩84,680 thousand (Rs. 4,929 thousand) applied to cash flow risk aversion accounting treatment is recognized as other capital components, and gain on valuation of derivatives for ₩55,591 thousand (Rs. 3,235 thousand), which is an inefficient part, is recognized as current income for the three months ended March 31, 2016.

Gain on valuation of derivatives for ₩1,701,698 thousand (Rs. 99,039 thousand) applied to financial asset at fair value through profit or loss is recognized as current income for the three months ended March 31, 2016.

26. SELLING AND ADMINISTRATIVE EXPENSES:

(1) Details of the Group's selling expenses for the three months ended March 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian-rupee in thousands	
	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2016	Three months ended March 31, 2015
Warranty expenses	₩ 13,818,083	₩ 18,572,194	Rs. 804,212	Rs. 1,080,902
Sales commissions	49,972,198	42,973,986	2,908,382	2,501,086
Advertising expenses	5,542,780	6,682,295	322,590	388,910
Export expenses	9,614,982	12,106,491	559,592	704,598
Others	8,990,233	10,621,402	523,232	618,165
	<u>₩ 87,938,276</u>	<u>₩ 90,956,368</u>	<u>Rs. 5,118,008</u>	<u>Rs. 5,293,661</u>

- (2) Details of the Group's administrative expenses for the three months ended March 31, 2016 and 2015, 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, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Salaries	₩ 13,061,248	₩ 12,198,809	Rs. 760,165	Rs. 709,971
Postemployment benefits	2,346,998	1,875,860	136,595	109,175
Employee benefits	3,161,338	2,690,040	183,990	156,560
Rent expense	2,465,067	2,834,760	143,467	164,983
Service fees	6,019,561	6,604,967	350,338	384,409
Depreciation	2,870,044	2,902,679	167,037	168,936
R&D expenses	4,521,210	4,244,881	263,134	247,052
Amortization	1,905,368	1,740,294	110,892	101,285
Bad debt expense	49,845	25,910	2,901	1,508
Other administrative expenses	7,555,401	7,046,451	439,725	410,103
	<u>₩ 43,956,080</u>	<u>₩ 42,164,651</u>	<u>Rs. 2,558,244</u>	<u>Rs. 2,453,982</u>

27. NON-OPERATING INCOME (EXPENSES):

- (1) Details of the Group's non-operating income for the three months ended March 31, 2016 and 2015, 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, 2016	March 31, 2016	March 31, 2016	March 31, 2015
Gain on foreign currency transactions	₩ 3,019,101	₩ 2,760,731	Rs. 175,712	Rs. 160,675
Gain on foreign currency translation	798,632	516,667	46,480	30,070
Gain on disposal of property, plant and equipment	12,283	9,150	715	533
Others	3,245,839	4,389,343	188,908	255,459
	<u>₩ 7,075,855</u>	<u>₩ 7,675,891</u>	<u>Rs. 411,815</u>	<u>Rs. 446,737</u>

- (2) Details of the Group's other non-operating expense for the three months ended March 31, 2016 and 2015, 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, 2016	March 31, 2016	March 31, 2016	March 31, 2015
Loss on foreign currency transactions	₩ 3,407,696	₩ 1,793,690	Rs. 198,328	Rs. 104,393
Loss on foreign currency translation	376,092	1,111,448	21,889	64,686
Loss on disposal of property, plant and equipment	14,497	3,794	844	221
Loss on disposal of trade receivables	4,794,475	1,584,262	279,038	92,204
Others	637,074	2,417,310	37,078	140,686
	<u>₩ 9,229,834</u>	<u>₩ 6,910,504</u>	<u>Rs. 537,177</u>	<u>Rs. 402,190</u>

28. FINANCIAL INCOME AND COST:

- (1) Details of the Group's financial income for the three months ended March 31, 2016 and 2015, 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, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Interest income	₩ 668,877	₩ 932,127	Rs. 38,927	Rs. 54,250
Dividend income	6,000	6,000	349	349
Gain on foreign currency transactions	698,484	1,931,081	40,652	112,389
Gain on foreign currency translation	1,270,557	4,277,693	73,947	248,961
Gain on disposal of derivatives	990,507	117,850	57,648	6,859
Gain on valuation of derivatives	83,893	1,895,050	4,883	110,292
	<u>₩ 3,718,318</u>	<u>₩ 9,159,801</u>	<u>Rs. 216,406</u>	<u>Rs. 533,100</u>

- (2) Details of the Group's financial cost for the three months ended March 31, 2016 and 2015, 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, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Interest expense	₩ 192,065	₩ 266,235	Rs. 11,177	Rs. 15,495
Loss on foreign currency transactions	3,412,584	2,175,659	198,613	126,624
Loss on foreign currency translation	1,904,471	123,028	110,840	7,160
Loss on disposal of derivatives	834,468	4,389,900	48,566	255,492
Loss on valuation of derivatives	1,730,000	-	100,687	-
	<u>₩ 8,073,588</u>	<u>₩ 6,954,822</u>	<u>Rs. 469,883</u>	<u>Rs. 404,771</u>

- (3) Details of the Group's financial net profit for the three months ended March 31, 2016 and 2015, 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, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Loan and receivables	₩ (2,871,202)	₩ 4,575,979	Rs. (167,104)	Rs. 266,321
AFS financial assets	6,000	6,000	349	349
Derivative assets/liabilities	(1,490,068)	(2,377,000)	(86,722)	(138,341)
	<u>₩ (4,355,270)</u>	<u>₩ 2,204,979</u>	<u>Rs. (253,477)</u>	<u>Rs. 128,329</u>

29. INCOME (LOSS) PER SHARE:

- (1) Basic income (loss) per share for the three months ended March 31, 2016 and 2015, 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, 2016	March 31, 2015	March 31, 2015	March 31, 2015
Net income (loss)	₩ 2,344,886	₩ (31,246,324)	Rs. 136,472	Rs. (1,818,536)
Income (loss) contributed to common stocks	2,344,886	(31,246,324)	136,472	(1,818,536)
Number of common stocks outstanding	137,182,087	137,065,947	137,182,087	137,065,947
Basic and diluted income (loss) per share(*)	<u>₩ 17</u>	<u>₩ (228)</u>	<u>Rs. 1</u>	<u>Rs. (13)</u>

- (*) Basic and diluted losses per share for the three months ended March 31, 2016 and 2015, are identical since there are no dilutive potential common shares.
- (2) The number of shares outstanding for the three months ended March 31, 2016 and 2015, is calculated as follows:

Three months ended March 31, 2016					
	Time interval		Outstanding	Weighted- average impact	Outstanding
	2016-01-01	2016-03-31			
Common stock			137,182,087	91/91	137,182,087
Total					<u>137,182,087</u>
Three months ended March 31, 2015					
	Time interval		Outstanding	Weighted- average impact	Outstanding
	2015-01-01	2015-03-31			
Common stock			137,220,096	90/90	137,220,096
Treasury stock			(237,964)	53/90	(140,134)
Treasury stock			(221,997)	1/90	(2,467)
Treasury stock			(191,997)	1/90	(2,133)
Treasury stock			(161,997)	1/90	(1,800)
Treasury stock			(121,997)	1/90	(1,356)
Treasury stock			(71,997)	3/90	(2,400)
Treasury stock			(21,706)	16/90	(3,859)
Total					<u>137,065,947</u>

30. CASH FLOWS FROM OPERATING ACTIVITIES:

Details of cash flows from operating activities for the three months ended March 31, 2016 and 2015, are as follows:

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2016	Three months ended March 31, 2015
1. Net income (loss)	₩ 2,344,886	₩ (31,246,324)	Rs. 136,472	Rs. (1,818,536)
2. Adjustments	57,177,475	46,603,932	3,327,729	2,712,349
Retirement benefits	12,331,212	11,498,353	717,677	669,204
Depreciation	30,753,558	29,254,381	1,789,857	1,702,605
Amortization	9,020,374	7,655,379	524,986	445,542
Loss on disposal of trade receivables	4,794,475	1,584,262	279,038	92,204
Loss /gain on foreign currency Translation	211,374	(3,559,884)	12,302	(207,185)
Loss /gain on disposal of property, plant and equipment	2,214	(5,356)	129	(312)
Net Interest income / expense	(476,812)	(665,892)	(27,750)	(38,755)
Gain on dividends	(6,000)	(6,000)	(349)	(349)
Loss /gain on valuation of inventories	(352,274)	2,803,230	(20,502)	163,148
Equity income on investments	(802,488)	-	(46,705)	-
Others	<u>1,701,842</u>	<u>(1,954,541)</u>	<u>99,046</u>	<u>(113,753)</u>
3. Changes in working capital	(147,063,929)	43,261,747	(8,559,120)	2,517,834
Decrease (increase) in trade receivables	(21,197,638)	2,227,800	(1,233,703)	129,659
Increase in non-trade receivables	(3,729,849)	(100,167)	(217,077)	(5,830)
Increase in inventories	(8,558,283)	(31,703,320)	(498,092)	(1,845,133)
Increase in other assets	(4,173,851)	(3,084,345)	(242,918)	(179,509)
Increase (decrease) in trade payables	(78,622,478)	104,707,141	(4,575,828)	6,093,956
Decrease in other payables	(25,796,697)	(33,778,424)	(1,501,368)	(1,965,904)
Decrease in accrued charges	(11,921,335)	(8,169,812)	(693,822)	(475,483)
Increase (decrease) in provision of product Warranties	(2,288,948)	222,323	(133,217)	12,939

	Korean won in thousands		Indian rupee in thousands	
	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2016	Three months ended March 31, 2015
Payment of severance indemnities	₩ (10,312,547)	₩ (4,004,456)	Rs. (600,190)	Rs. (233,059)
Increase in other liabilities	19,537,697	16,945,007	1,137,095	986,198
Net cash used in operating activities	₩ (87,541,568)	₩ 58,619,355	Rs. (5,094,919)	Rs. 3,411,647

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, 2016 and 2015, is as follows:

(Unit: Korean won and Indian rupee in thousands)

Sales region	Three months ended March 31, 2016	
Republic of Korea	₩ 564,486,410	Rs. 32,853,109
Europe	133,015,126	7,741,480
Asia Pacific	68,377,094	3,979,547
Others	50,071,076	2,914,137
Consolidation adjustment	(2,796,532)	(162,758)
	₩ 813,153,174	Rs. 47,325,515

Sales region	Three months ended March 31, 2015	
Republic of Korea	₩ 535,572,373	Rs. 31,170,312
Europe	103,519,209	6,024,818
Asia Pacific	47,769,933	2,780,210
Others	75,510,400	4,394,705
Consolidation adjustment	(1,999,113)	(116,348)
	₩ 760,372,802	Rs. 44,253,697

Non-current assets are not separately disclosed as all are located at 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 other parts, etc., for the three months ended March 31, 2016 and 2015, is as follows:

(Unit: Korean won and Indian rupee in thousands)

Sales	Three months ended March 31, 2016	
Automobile	₩ 706,136,044	Rs. 41,097,118
Other parts, etc.	107,017,130	6,228,397
	₩ 813,153,174	Rs. 47,325,515

Sales	Three months ended March 31, 2015	
Automobile	₩ 674,605,618	₩ 39,262,047
Other parts, etc.	85,767,184	4,991,650
	₩ 760,372,802	Rs. 44,253,697

32. RELATED-PARTY TRANSACTIONS:

(1) Details of related parties as of March 31, 2016, are as follows:

	<u>Related parties</u>
Controlling company	Mahindra & Mahindra Ltd.
Joint ventures	SY Auto Capital Co., 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, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

	<u>Company</u>	<u>Description</u>	<u>Three months ended March 31, 2016</u>	<u>Three months ended March 31, 2015</u>
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	₩ 21,419,503	₩ 370,244
		Other income	-	13,221
		Purchases	210,777	505,599
		Other expenses	32,195	41,156
Transactions with Joint ventures	SY Auto Capital Co., Ltd.	Other expenses	₩ 4,411,424	₩ -
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Sales	₩ 78,219	₩ 2,087,353
		Other expenses	22,503	73,281

(Unit: Indian rupee in thousands)

	<u>Company</u>	<u>Description</u>	<u>Three months ended March 31, 2016</u>	<u>Three months ended March 31, 2015</u>
Transactions with controlling company	Mahindra & Mahindra Ltd.	Sales	Rs. 1,246,615	Rs. 21,548
		Other income	-	769
		Purchases	12,267	29,426
		Other expenses	1,874	2,395
Transactions with Joint ventures	SY Auto Capital Co., Ltd.	Other expenses	Rs. 256,745	Rs. -
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.	Sales	Rs. 4,552	Rs. 121,484
		Other expenses	1,310	4,265

The bad debt expense recognized for the three months ended March 31, 2016 and 2015, does not exist.

(3) Outstanding receivables and payables from transactions with related parties as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Receivables from and payables to controlling company:		
Trade receivables	₩ 21,113,091	₩ 89,823
Non-trade receivables	131,268	54,959
Trade payables	99,383	207,149
Non-trade payables	37,962	2,808

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Receivables from and payables to Joint ventures:		
Non-trade receivables	₩ -	₩ 96,000
Receivables from and payables to affiliates:		
Trade receivables	₩ 10,651	₩ 20,769
Non-trade payables	50,922	89,314

(Unit: Indian rupee in thousands)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Receivables from and payables to controlling company:		
Trade receivables	Rs. 1,228,782	Rs. 5,228
Non-trade receivables	7,640	3,199
Trade payables	5,784	12,056
Non-trade payables	2,209	163
Receivables from and payables to controlling company:		
Non-trade receivables	Rs. -	Rs. 5,587
Receivables from and payables to affiliates:		
Trade receivables	Rs. 620	Rs. 1,209
Non-trade payables	2,964	5,198

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, 2016.

- (4) Loan and borrowing transactions with related parties for three months ended March 31, 2016 and 2015, does not exist.
- (5) Details of compensation for key executives for the three months ended March 31, 2016 and 2015, are as follows:

	<u>Korean won in thousands</u>		<u>Indian rupee in thousands</u>	
	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2016	Three months ended March 31, 2015
Short-term employee benefits	₩ 168,063	₩ 277,816	Rs. 9,781	Rs. 16,169
Retirement benefits	5,893	11,676	343	680

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, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

	March 31, 2016		December 31, 2015	
Debt (A)	₩	1,213,777,303	₩	1,322,142,538
Equity (B)		<u>721,511,233</u>		<u>717,055,177</u>
Debt ratio (A/B)		<u>168.23%</u>		<u>184.39%</u>

(Unit: Indian rupee in thousands)

	March 31, 2016		December 31, 2015	
Debt (A)	Rs.	70,641,838	Rs.	76,948,696
Equity (B)		<u>41,991,954</u>		<u>41,732,612</u>
Debt ratio (A/B)		<u>168.23%</u>		<u>184.39%</u>

(2) Details of financial assets and liabilities by category as of March 31, 2016, and December 2015, are as follows:

1) Financial assets

(Unit: Korean won in thousands)

March 31, 2016							
Financial assets	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value	
Cash and cash equivalents	₩ 50,703,026	₩ -	₩ -	₩ -	₩ 50,703,026	₩ 50,703,026	
Non-current financial instruments	6,000	-	-	-	6,000	6,000	
Trade and other receivables	221,060,079	-	-	-	221,060,079	221,060,079	
AFS financial assets	-	560,000	-	-	560,000	560,000	
Derivative assets	-	-	158,564	2,546,570	2,705,134	2,705,134	
	<u>₩ 271,769,105</u>	<u>₩ 560,000</u>	<u>₩ 158,564</u>	<u>₩ 2,546,570</u>	<u>₩ 275,034,239</u>	<u>₩ 275,034,239</u>	
December 31, 2015							
Financial assets	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value	
Cash and cash equivalents	₩ 197,881,904	₩ -	₩ -	₩ -	₩ 197,881,904	₩ 197,881,904	
Non-current financial instruments	6,000	-	-	-	6,000	6,000	
Trade and other receivables	199,790,478	-	-	-	199,790,478	199,790,478	
AFS financial assets	-	560,000	-	-	560,000	560,000	
Derivative assets	-	-	1,429,088	278,607	1,707,695	1,707,695	
	<u>₩ 397,678,382</u>	<u>₩ 560,000</u>	<u>₩ 1,429,088</u>	<u>₩ 278,607</u>	<u>₩ 399,946,077</u>	<u>₩ 399,946,077</u>	

(Unit: Indian rupee in thousand)

March 31, 2016							
Financial assets	Loans and receivables	AFS financial assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value	
Cash and cash equivalents	Rs. 2,950,916	Rs. -	Rs. -	Rs. -	Rs. 2,950,916	Rs. 2,950,916	
Non-current financial instruments	349	-	-	-	349	349	
Trade and other receivables	12,865,697	-	-	-	12,865,697	12,865,697	
AFS financial assets	-	32,592	-	-	32,592	32,592	
Derivative assets	-	-	9,229	148,210	157,439	157,439	
	<u>Rs. 15,816,962</u>	<u>Rs. 32,592</u>	<u>Rs. 9,229</u>	<u>Rs. 148,210</u>	<u>Rs. 16,006,993</u>	<u>Rs. 16,006,993</u>	

December 31, 2015						
Financial assets	Financial assets				Total	Fair value
	Loans and receivables	AFS financial assets	at FVTPL	Designated to hedge item		
Cash and cash equivalents	Rs. 11,516,727	Rs. -	Rs. -	Rs. -	Rs. 11,516,727	Rs. 11,516,727
Non-current financial instruments	349	-	-	-	349	349
Trade and other receivables	11,627,806	-	-	-	11,627,806	11,627,806
AFS financial assets	-	32,592	-	-	32,592	32,592
Derivative assets	-	-	83,173	16,215	99,388	99,388
	<u>Rs. 23,144,882</u>	<u>Rs. 32,592</u>	<u>Rs. 83,173</u>	<u>Rs. 16,215</u>	<u>Rs. 23,276,862</u>	<u>Rs. 23,276,862</u>

2) Financial liabilities

(Unit: Korean won in thousands)

March 31, 2016						
Financial liabilities	Financial liability measured at amortized cost		Financial liabilities at FVTPL	Derivatives designated to hedge item	Total	Fair value
	Trade payables and other payables	₩ 529,649,710				
Debt	180,993,760	-	-	180,993,760	180,993,760	
Derivative liabilities	-	1,118,429	34,182	1,152,611	1,152,611	
	<u>₩ 710,643,470</u>	<u>₩ 1,118,429</u>	<u>₩ 34,182</u>	<u>₩ 711,796,081</u>	<u>₩ 711,796,081</u>	

December 31, 2015					
Financial liabilities	Financial liability measured at amortized cost		Derivatives designated to hedge item	Total	Fair value
	Trade payables and other payables	₩ 650,426,883			
Debt	190,724,546	-	190,724,546	190,724,546	
Derivative liabilities	-	24,074	24,074	24,074	
	<u>₩ 841,151,429</u>	<u>₩ 24,074</u>	<u>₩ 841,175,503</u>	<u>₩ 841,175,503</u>	

(Unit: Indian rupee in thousands)

March 31, 2016						
Financial liabilities	Financial liability measured at amortized cost		Financial liabilities at FVTPL	Derivatives designated to hedge item	Total	Fair value
	Trade payables and other payables	Rs. 30,825,613				
Debt	10,533,837	-	-	10,533,837	10,533,837	
Derivative liabilities	-	65,093	1,989	67,082	67,082	
	<u>Rs. 41,359,450</u>	<u>Rs. 65,093</u>	<u>Rs. 1,989</u>	<u>Rs. 41,426,532</u>	<u>Rs. 41,426,532</u>	

December 31, 2015					
Financial liabilities	Financial liability measured at amortized cost		Derivatives designated to hedge item	Total	Fair value
	Trade payables and other payables	Rs. 37,854,844			
Debt	11,100,169	-	11,100,169	11,100,169	
Derivative liabilities	-	1,401	1,401	1,401	
	<u>Rs. 48,955,013</u>	<u>Rs. 1,401</u>	<u>Rs. 48,956,414</u>	<u>Rs. 48,956,414</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 March 31, 2016.

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

(Unit: Korean won and Indian rupee in thousands)

Currency	Korean won in thousands		Indian rupee in thousands	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 1,636,873	₩ (1,636,873)	Rs. 95,266	Rs. (95,266)
EUR	(1,236,733)	1,236,733	(71,978)	71,978
JPY	(6,647,042)	6,647,042	(386,858)	386,858
Others	493,292	(493,292)	28,710	(28,710)
	<u>₩ (5,753,610)</u>	<u>₩ 5,753,610</u>	<u>Rs. (334,860)</u>	<u>Rs. 334,860</u>

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 ₩2,430,419 thousand (Rs. 141,450 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 by ₩102,842 thousand (Rs. 5,985 thousand) for the three months ended March 31, 2016, 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, 2016, and December 31, 2015, the maximum exposed amounts of credit risk for financial assets maintained by the Group are as follows.

	<u>March 31, 2016</u> (Korean won in thousands)		<u>December 31, 2015</u> (Korean won in thousands)		<u>March 31, 2016</u> (Indian rupee in thousands)		<u>December 31, 2015</u> (Indian rupee in thousands)	
Trade and other receivables	₩	221,060,079	₩	199,790,478	Rs.	12,865,697	Rs.	11,627,806

3) Liquidity risk

The Group makes short-term and long-term fund management plans in order to control the liquidity risk. The Group analyzes and reviews actual cash outflows 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, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

	<u>March 31, 2016</u>		
	<u>Within year</u>	<u>More than 1 year</u>	<u>Total</u>
Trade payables	₩ 352,756,747	₩ -	₩ 352,756,747
Non-trade payables	145,477,449	-	145,477,449
Short-term borrowings(*)	150,072,497	-	150,072,497
Derivative liabilities	1,152,611	-	1,152,611
Other payables	20,520,923	-	20,520,923
Long-term borrowings(*)	-	34,939,641	34,939,641
Other non-current payables	-	10,894,591	10,894,591
	<u>₩ 669,980,227</u>	<u>₩ 45,834,232</u>	<u>₩ 715,814,459</u>

	<u>December 31, 2015</u>		
	<u>Within year</u>	<u>More than 1 year</u>	<u>Total</u>
Trade payables	₩ 432,432,182	₩ -	₩ 432,432,182
Non-trade payables	172,897,876	-	172,897,876
Short-term borrowings(*)	154,713,544	-	154,713,544
Derivative liabilities	24,074	-	24,074
Other payables	32,484,211	-	32,484,211
Long-term borrowings(*)	-	40,037,205	40,037,205
Other non-current payables	-	12,612,614	12,612,614
	<u>₩ 792,551,887</u>	<u>₩ 52,649,819</u>	<u>₩ 845,201,706</u>

(*) Including expected interest expenses.

(Unit: Indian rupee in thousands)

	<u>March 31, 2016</u>		
	<u>Within year</u>	<u>More than 1 year</u>	<u>Total</u>
Trade payables	Rs. 20,530,443	Rs. -	Rs. 20,530,443
Non-trade payables	8,466,788	-	8,466,788
Short-term borrowings(*)	8,734,219	-	8,734,219
Derivative liabilities	67,082	-	67,082
Other payables	1,194,317	-	1,194,317
Long-term borrowings(*)	-	2,033,487	2,033,487
Other non-current payables	-	634,065	634,065
	<u>Rs. 38,992,849</u>	<u>Rs. 2,667,552</u>	<u>Rs. 41,660,401</u>

	December 31, 2015		
	Within year	More than 1 year	Total
Trade payables	Rs. 25,167,553	Rs. -	Rs. 25,167,553
Non-trade payables	10,062,656	-	10,062,656
Short-term borrowings(*)	9,004,328	-	9,004,328
Derivative liabilities	1,401	-	1,401
Other payables	1,890,581	-	1,890,581
Long-term borrowings(*)	-	2,330,165	2,330,165
Other non-current payables	-	734,054	734,054
	<u>Rs. 46,126,519</u>	<u>Rs. 3,064,219</u>	<u>Rs. 49,190,738</u>

(*) Including expected interest expenses.

Funding arrangements as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	March 31, 2016	December 31, 2015
Borrowing limit commitments Used	₩ 82,500,000	₩ 85,000,000
Unused	112,000,000	112,000,000
Total	<u>₩ 194,500,000</u>	<u>₩ 197,000,000</u>

(Unit: Indian rupee in thousands)

	Rs. March 31, 2016	December 31, 2015
Borrowing limit commitments Used	₩ 4,801,500	₩ 4,947,000
Unused	6,518,400	6,518,400
Total	<u>₩ 11,319,900</u>	<u>₩ 11,465,400</u>

(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 Levels 1, 2 or 3, based on the degree to which the fair value is observable.

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

Fair values of financial instruments by heirarchy level as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Type	March 31, 2016			Fair value
	Level 1	Level 2	Level 3	
Derivative assets designated to hedge item	₩	- ₩ 2,705,134	₩	- ₩ 2,705,134
Derivative liabilities designated to hedge item	₩	- ₩ 1,152,611	₩	- ₩ 1,152,611
Type	December 31, 2015			Fair value
	Level 1	Level 2	Level 3	
Derivative assets designated to hedge item	₩	- ₩ 1,707,695	₩	- ₩ 1,707,695
Derivative liabilities designated to hedge item	₩	- ₩ 24,074	₩	- ₩ 24,074

(Unit: Indian rupee in thousands)

Type	March 31, 2016			Fair value
	Level 1	Level 2	Level 3	
Derivative assets designated to hedge item	Rs.	- Rs. 157,439	Rs.	- Rs. 157,439
Derivative liabilities designated to hedge item	Rs.	- Rs. 67,082	Rs.	- Rs. 67,082
Type	December 31, 2015			Fair value
	Level 1	Level 2	Level 3	
Derivative assets designated to hedge item	Rs.	- Rs. 99,388	Rs.	- Rs. 99,388
Derivative liabilities designated to hedge item	Rs.	- Rs. 1,401	Rs.	- Rs. 1,401

- 4) The Group measures the foreign exchange forward contract (derivative assets: ₩2,705,134 thousand (Rs. 157,439 thousand), derivative liabilities: ₩1,152,611 thousand (Rs. 67,082 thousand) based on the forward rate announced officially in the market as of March 31, 2016. In the event that no corresponding forward rate with residual period of the foreign exchange forward contract in the market exists, the Group measured the market value through interpolation method.

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