

SSANGYONG MOTOR COMPANY

SEPARATE 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 separate financial statement of Ssangyong Motor Company (the "Company"). The financial statements consist of the separate statement of financial position as of March 31, 2016, and the related separate statement of comprehensive income, separate statement of changes in shareholders' equity and separate statement of cash flows, all expressed in Korean won, 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 separate financial statements

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

Independent accountants' responsibility

Our responsibility is to express a conclusion on the accompanying interim separate financial statements based on our review. We conducted our review in accordance with the standards for review of interim financial statements in the Republic of Korea. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate financial statement of the Company are not presently fairly, in all material respects, in accordance with Korean International Financial Reporting Standards (K-IFRS) 1034, *Interim Financial Reporting*.

Other matters

We have given an opinion on the comparative separate statement of financial position as of December 31, 2015, and the related separate statement of income, separate statement of retained earnings and separate statement of cash flows on March 8, 2016, as fairly stated. There is no difference in terms of importance between comparative purpose 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, 2016, the accountants' review report date. Certain subsequent events or circumstances may have occurred between accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying separate financial statements and may result in modifications to the accountants' review report.

SSANGYONG MOTOR COMPANY

SEPARATE 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) ₩	45,749,974	₩ 192,773,290	Rs. 2,662,648	Rs. 11,219,406
Trade and other receivables, net (Notes 7, 32 and 33)	180,987,368	161,044,205	10,533,465	9,372,773
Derivative assets (Notes 25 and 33)	2,705,134	1,707,695	157,439	99,388
Inventories, net (Notes 8 and 24)	252,789,765	243,631,536	14,712,364	14,179,355
Other current assets (Note 10)	10,876,545	6,537,137	633,015	380,461
Total current assets	<u>493,108,786</u>	<u>605,693,863</u>	<u>28,698,931</u>	<u>35,251,383</u>
NON-CURRENT ASSETS:				
Non-current financial instruments (Notes 5 and 33)	6,000	6,000	349	349
Non-current AFS financial assets (Notes 6 and 33)	560,000	560,000	32,592	32,592
Non-current other receivables, net (Notes 7 and 33)	51,865,858	50,222,268	3,018,593	2,922,936
Property, plant and equipment, net (Notes 11 and 13)	1,190,766,970	1,187,781,726	69,302,638	69,128,896
Intangible assets (Note 12)	190,757,551	186,944,585	11,102,089	10,880,175
Investments in subsidiaries (Note 9)	5,829,056	5,829,056	339,251	339,251
Investments in joint ventures (Note 9)	10,200,000	10,200,000	593,640	593,640
Other non-current assets (Note 10)	352,978	352,985	20,543	20,544
Total non-current assets	<u>1,450,338,413</u>	<u>1,441,896,620</u>	<u>84,409,695</u>	<u>83,918,383</u>
TOTAL ASSETS	<u>₩ 1,943,447,199</u>	<u>₩ 2,047,590,483</u>	<u>Rs. 113,108,626</u>	<u>Rs. 119,169,766</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Trade and other payables (Notes 18, 32 and 33)	₩ 518,393,853	₩ 637,482,215	Rs. 30,170,522	Rs. 37,101,465
Short-term borrowings (Notes 13, 18 and 34)	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	56,861,222	3,200,881	3,309,323
Long-term employee benefits obligation	1,346,623	1,960,778	78,373	114,117
Other current liabilities (Note 16)	50,397,767	28,855,529	2,933,150	1,679,392
Total current liabilities	<u>₩ 774,782,569</u>	<u>₩ 878,408,364</u>	<u>Rs. 45,092,345</u>	<u>Rs. 51,123,367</u>

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE 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)	10,894,590	12,612,614	634,065	734,054
Retirement benefit obligation (Note 17)	294,027,677	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>438,589,899</u>	<u>443,372,917</u>	<u>25,525,932</u>	<u>25,804,303</u>
TOTAL LIABILITIES	<u><u>1,213,372,468</u></u>	<u><u>1,321,781,281</u></u>	<u><u>70,618,277</u></u>	<u><u>76,927,670</u></u>
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)	2,430,419	227,340	141,450	13,231
Retained earnings (accumulated deficit) (Note 22)	<u>(90,134,528)</u>	<u>(92,196,978)</u>	<u>(5,245,830)</u>	<u>(5,365,864)</u>
TOTAL SHAREHOLDERS' EQUITY	<u>730,074,731</u>	<u>725,809,202</u>	<u>42,490,349</u>	<u>42,242,096</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>₩ 1,943,447,199</u>	<u>₩ 2,047,590,483</u>	<u>Rs. 113,108,626</u>	<u>Rs. 119,169,766</u>

(Concluded)

See notes to separate financial statements.

SSANGYONG MOTOR COMPANY

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME
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)
SALES (Notes 31 and 32)	₩ 811,978,662	₩ 758,922,447	Rs. 47,257,158	Rs. 44,169,286
COST OF SALES (Notes 24 and 32)	<u>672,429,155</u>	<u>661,705,362</u>	<u>39,135,377</u>	<u>38,511,252</u>
GROSS PROFIT	139,549,507	97,217,085	8,121,781	5,658,034
SELLING AND ADMINISTRATIVE EXPENSES (Notes 24 and 26)	<u>130,935,691</u>	<u>131,590,391</u>	<u>7,620,457</u>	<u>7,658,561</u>
OPERATING INCOME (LOSS)	8,613,816	(34,373,306)	501,324	(2,000,527)
NON-OPERATING INCOME (Note 27)	7,075,855	7,675,891	411,815	446,737
NON-OPERATING EXPENSES (Note 27)	9,229,835	6,910,504	537,176	402,191
FINANCIAL INCOME (Notes 25 and 28)	3,675,569	9,099,272	213,918	529,578
FINANCIAL COST (Note 28)	<u>8,069,669</u>	<u>6,952,420</u>	<u>469,655</u>	<u>404,631</u>
INCOME (LOSS) BEFORE INCOME TAX EXPENSE	2,065,736	(31,461,067)	120,226	(1,831,034)
INCOME TAX EXPENSE (Note 23)	-	-	-	-
NET INCOME (LOSS)	2,065,736	(31,461,067)	120,226	(1,831,034)
OTHER COMPREHENSIVE INCOME	<u>2,199,793</u>	<u>2,042,683</u>	<u>128,027</u>	<u>118,884</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>₩ 4,265,529</u>	<u>₩ (29,418,384)</u>	<u>Rs. 248,253</u>	<u>Rs. (1,712,150)</u>
INCOME (LOSS) PER SHARE (Note 29) Basic and diluted income (loss) per share	<u>₩ 15</u>	<u>₩ (230)</u>	<u>Rs. 1</u>	<u>Rs. (13)</u>

See notes to separate financial statements.

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

	Korean won in thousands								
	Capital stock	Paid-up capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain on disposal of Treasury stocks	Other capital adjustments	Retained earnings (accumulated deficit)	Total
Balance at January 1, 2015	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ (1,189,820)	₩ -	₩ (14,167,300)	₩ (18,220,064)	₩ 783,096,518
Net loss	-	-	-	-	-	-	-	(31,461,067)	(31,461,067)
Actuarial loss	-	-	-	-	-	-	-	(5,167)	(5,167)
Acquisition of treasury shares	-	-	-	-	1,189,820	1,105,138	-	-	2,294,958
Gains on valuation of derivatives	-	-	-	-	-	-	2,047,850	-	2,047,850
Balance at March 31, 2015	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 118,189,001</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ 1,105,138</u>	<u>₩ (12,119,450)</u>	<u>₩ (49,686,298)</u>	<u>₩ 755,973,092</u>
Balance at January 1, 2016	₩ 686,100,480	₩ 11,452,713	₩ 118,189,001	₩ 931,508	₩ -	₩ 1,105,138	₩ 227,340	₩ (92,196,978)	₩ 725,809,202
Net income	-	-	-	-	-	-	-	2,065,736	2,065,736
Actuarial loss	-	-	-	-	-	-	-	(3,286)	(3,286)
Gain on valuation of derivatives	-	-	-	-	-	-	2,203,079	-	2,203,079
Balance at March 31, 2016	<u>₩ 686,100,480</u>	<u>₩ 11,452,713</u>	<u>₩ 118,189,001</u>	<u>₩ 931,508</u>	<u>₩ -</u>	<u>₩ 1,105,138</u>	<u>₩ 2,430,419</u>	<u>₩ (90,134,528)</u>	<u>₩ 730,074,731</u>

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

	Indian rupee in thousands								
	Other capital surplus					Gain on disposal of Treasury stocks	Other capital adjustments	Retained earnings (accumulated deficit)	Total
	Capital stock	Paid-up capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Treasury stock				
Balance at January 1, 2015	Rs. 39,931,048	Rs. 666,548	Rs. 6,878,600	Rs. 54,214	Rs. (69,248)	Rs. -	Rs. (824,537)	Rs. (1,060,408)	Rs. 45,576,217
Net loss	-	-	-	-	-	-	-	(1,831,034)	(1,831,034)
Actuarial loss	-	-	-	-	-	-	-	(301)	(301)
Acquisition of treasury shares	-	-	-	-	69,248	64,319	-	-	133,567
Gains on valuation of derivatives	-	-	-	-	-	-	119,185	-	119,185
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. (705,352)</u>	<u>Rs. (2,891,743)</u>	<u>Rs. 43,997,634</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. 13,231	Rs. (5,365,864)	Rs. 42,242,096
Net income	-	-	-	-	-	-	-	120,226	120,226
Actuarial loss	-	-	-	-	-	-	-	(192)	(192)
Gain on valuation of derivatives	-	-	-	-	-	-	128,219	-	128,219
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. 141,450</u>	<u>Rs. (5,245,830)</u>	<u>Rs. 42,490,349</u>

(Concluded)

See notes to separate financial statements.

SSANGYONG MOTOR COMPANY

STATEMENT OF CASH FLOWS

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
	(In thousands)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	₩ 2,065,736	₩ (31,461,067)	Rs. 120,226	Rs. (1,831,034)
Adjustment (Note 30)	58,011,318	46,636,839	3,376,259	2,714,264
Changes in net working capital (Note 30)	<u>(147,413,106)</u>	<u>44,350,952</u>	<u>(8,579,443)</u>	<u>2,581,225</u>
	(87,336,052)	59,526,724	(5,082,958)	3,464,455
Interests received	723,019	761,484	42,080	44,318
Interests paid	(1,010,995)	(749,025)	(58,840)	(43,593)
Dividend income received	<u>6,000</u>	<u>6,000</u>	<u>349</u>	<u>349</u>
Net cash (used in) provided by operating activities	<u>(87,618,028)</u>	<u>59,545,183</u>	<u>(5,099,369)</u>	<u>3,465,529</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in other receivables	864,666	1,996,981	50,324	116,224
Disposal of property, plant and equipment	27,867	9,735	1,622	567
Decrease in other assets	<u>-</u>	<u>105,825</u>	<u>-</u>	<u>6,159</u>
	892,533	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	35,706,536	53,622,212	2,078,122	3,120,813
Acquisition of intangible assets	<u>12,306,901</u>	<u>17,118,415</u>	<u>716,262</u>	<u>996,292</u>
	49,933,437	72,695,247	2,906,128	4,230,864
Net cash used in investing activities	<u>(49,040,904)</u>	<u>(70,582,706)</u>	<u>(2,854,182)</u>	<u>(4,107,914)</u>
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
Paid-up capital increase	<u>-</u>	<u>2,294,957</u>	<u>-</u>	<u>133,567</u>
	₩ -	₩ 41,169,368	Rs. -	Rs. 2,396,058

(Continued)

SSANGYONG MOTOR COMPANY

SEPARATE 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	(10,364,384)	41,169,368	(603,207)	2,396,058
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(147,023,316)	30,131,845	(8,556,758)	1,753,673
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	192,773,290	149,091,233	11,219,406	8,677,110
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	₩ 45,749,974	₩ 179,223,078	Rs. 2,662,648	Rs. 10,430,783

(Concluded)

See notes to separate financial statements.

SSANGYONG MOTOR COMPANY

NOTES TO SEPARATE 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 of Korea and listed its stocks on the Korea Stock Exchange in May 1975. The Company is headquartered in Dongsak-ro, Pyungtaek, and its factories are located in Pyungtaek, Kyeonggi-do; and Changwon, Kyeongsangnam-do, Republic of Korea. The Company manufactures and distributes motor vehicles and parts.

(2) Major shareholders

The Company’s shareholders as of March 31, 2016, are as follows:

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

2. SIGNIFICANT ACCOUNTING POLICIES:

The Company’s summarized interim separate financial statements, its period belongs to annual financial report, adopt Korean International Financial Reporting Standards (“K-IFRS”) 1034, *Interim Financial Reporting*. The Company’s financial statements are separate financial statements prepared in accordance with the requirements of K-IFRS 1027, *Separate Financial Statements*. The audited separate financial statements, as of and for the year December 31, 2015, are used to understand the interim separate financial statements.

The accounting policy is identified with the audited financial statements as of December 31, 2015, except for the accounting policy explained as follows.

The Indian rupee amounts presented in these separate financial statements were computed by translating the Korean won into Indian rupees based on the Bank of Korea Basic Rate (₩1 to Rs. 0.05820 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-IFRS 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 Company’s separate financial statements.

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

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

Amendments to K-IFRS 1027 – Separate Financial Statements

The following amendments discuss accounting for investment in subsidiaries, related parties and joint ventures at cost basis, as well as allowing application of K-IFRS 1039, *Financial Instruments: Recognition and Measurement*, methods and application of equity method accounting under K-IFRS 1028, *Investment in Associates and Joint Ventures*. The application of these amendments has no impact on the disclosure in the Company's separate 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, which 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 Company's separate 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 Company's separate 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 Company's separate financial statements.

Annual Improvements to K-IFRS 2012-2014 Cycle

The Annual Improvements include amendments to a number of K-IFRS. 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 Company's separate financial statements.

2) New and revised K-IFRS issued, but 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 Programmes, 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 Company does not anticipate that the amendments referred above will have a significant effect on the Company's separate financial statements and disclosures.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS:

In the preparation of the Company's interim separate financial statements, management is required to apply accounting policies and make judgments, estimation and assumptions affecting the carrying amounts of assets and liabilities, income and expenses. The estimation and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimates. The management's significant judgments about the application of the Company's accounting policies and the main resources of the uncertainty are consistent with those of the annual separate financial statements for the year ended December 31, 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. 33,020	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. 89,106</u>	

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

The Company’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	Other long-term receivables
Receivables – general	₩ 167,681,504	₩ 10,876,057	₩ 2,534,714	₩ 52,022,365
Less: Allowance for doubtful accounts	(94,307)	(2,178)	(8,422)	(156,507)
	<u>₩ 167,587,197</u>	<u>₩ 10,873,879</u>	<u>₩ 2,526,292</u>	<u>₩ 51,865,858</u>

Financial assets	December 31, 2015			
	Trade receivables	Non-trade receivables	Other Receivables	Other long-term receivables
Receivables – general	₩ 151,800,114	₩ 6,718,300	₩ 2,581,171	₩ 50,381,524
Less: Allowance for doubtful accounts	<u>(44,462)</u>	<u>(2,252)</u>	<u>(8,666)</u>	<u>(159,256)</u>
	<u>₩ 151,755,652</u>	<u>₩ 6,716,048</u>	<u>₩ 2,572,505</u>	<u>₩ 50,222,268</u>

(Unit: Indian rupee in thousands)

Financial assets	March 31, 2016			
	Trade receivables	Non-trade receivables	Other Receivables	Other long-term receivables
Receivables – general	Rs. 9,759,064	Rs. 632,987	Rs. 147,520	Rs. 3,027,702
Less: Allowance for doubtful accounts	<u>(5,489)</u>	<u>(127)</u>	<u>(490)</u>	<u>(9,109)</u>
	<u>Rs. 9,753,575</u>	<u>Rs. 632,860</u>	<u>Rs. 147,030</u>	<u>Rs. 3,018,593</u>

Financial assets	December 31, 2015			
	Trade receivables	Non-trade receivables	Other Receivables	Other long-term receivables
Receivables – general	Rs. 8,834,767	Rs. 391,005	Rs. 150,224	Rs. 2,932,205
Less: Allowance for doubtful accounts	<u>(2,588)</u>	<u>(131)</u>	<u>(504)</u>	<u>(9,269)</u>
	<u>Rs. 8,832,179</u>	<u>Rs. 390,874</u>	<u>Rs. 149,720</u>	<u>Rs. 2,922,936</u>

(2) Credit risk and allowance for doubtful accounts

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

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

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

Some of the trade receivables that are overdue for more than 90 days are not included in the above-mentioned trade receivables (refer to the aging analysis below); the Company did not reserve an allowance for the aforementioned receivables since their credit ratings did not change materially and they are expected to be collected. The Company has no collaterals pledged or credit enforcement provided for the aforementioned receivables and does not have a legal right to offset those receivables with the debt of the transacting parties.

- 1) Aging analysis of the trade and non-trade receivables that are overdue but are not impaired as of 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	More than 1 year	Total
Trade receivables	₩ 1,286,526	₩ 302,377	₩ 58,975	₩ 1,647,878
Non-trade receivables	195,401	475,257	4,060,848	4,731,506
Other long-term receivables	<u>2,813,294</u>	<u>5,636,337</u>	<u>103,250</u>	<u>8,552,881</u>
	<u>₩ 4,295,221</u>	<u>₩ 6,413,971</u>	<u>₩ 4,223,073</u>	<u>₩ 14,932,265</u>

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₹ 502,783	₹ 316,971	₹ 467,374	₹ 1,287,128
Non-trade receivables	285,124	470,299	4,125,784	4,881,207
Other long-term receivables	2,894,991	4,843,854	103,250	7,842,095
	<u>₹ 3,682,898</u>	<u>₹ 5,631,124</u>	<u>₹ 4,696,408</u>	<u>₹ 14,010,430</u>

(Unit: Indian rupee in thousands)

Classification	March 31, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₹ 74,876	₹ 17,598	₹ 3,432	₹ 95,906
Non-trade receivables	11,372	27,660	236,341	275,373
Other long-term receivables	163,734	328,035	6,009	497,778
	<u>₹ 249,982</u>	<u>₹ 373,293</u>	<u>₹ 245,782</u>	<u>₹ 869,057</u>

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Trade receivables	₹ 29,262	₹ 18,448	₹ 27,201	₹ 74,911
Non-trade receivables	16,594	27,371	240,121	284,086
Other long-term receivables	168,488	281,912	6,009	456,409
	<u>₹ 214,344</u>	<u>₹ 327,731</u>	<u>₹ 273,331</u>	<u>₹ 815,406</u>

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

(Unit: Korean won in thousands)

Classification	March 31, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₩ -	₩ -	₩ 44,607	₩ 44,607

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₩ -	₩ -	₩ 47,349	₩ 47,349

(Unit: Indian rupee in thousands)

Classification	March 31, 2016			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₹ -	₹ -	₹ 2,596	₹ 2,596

Classification	December 31, 2015			
	3-6 months	6-12 months	More than 1 year	Total
Other long-term receivables	₹ -	₹ -	₹ 2,756	₹ 2,756

- 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	Other long-term 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	Other long-term 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	Other long-term receivables
Beginning balance	₹ 2,588	₹ 131	₹ 504	₹ 9,269
Bad debt expense	2,901	(4)	(14)	(160)
Ending balance	<u>₹ 5,489</u>	<u>₹ 127</u>	<u>₹ 490</u>	<u>₹ 9,109</u>

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

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

8. INVENTORIES:

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

(Unit: Korean won in thousands)

	March 31, 2016	December 31, 2015
Merchandises	₩ 37,477,689	₩ 38,356,970
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	64,092,348	70,190,527
Total	<u>₩ 252,789,765</u>	<u>₩ 243,631,536</u>

(Unit: Indian rupee in thousands)

	March 31, 2016	December 31, 2015
Merchandises	₹ 2,181,201	₹ 2,232,376
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	3,730,175	4,085,089
Total	<u>₹ 14,712,364</u>	<u>₹ 14,179,355</u>

The Company uses the “lower of cost or market method” in the statement of financial position in case inventories’ market value decreases under the acquisition cost. On the other hand, reversal of loss on valuation of inventories, which was deducted to “cost of sales” during the current period due to the application of “lower of cost or market method,” amounted to ₩352,274 thousand (Rs. 20,502 thousand).

9. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURE:

(1) Details of investment in subsidiaries and joint venture as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

Classification	Company	Location	Ownership %	Closing month	March 31, 2016		December 31, 2015
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100	December	₩ 5,338,097	₩ 5,829,056	₩ 5,829,056
	Ssangyong European Parts Center B.V.	Netherlands	100	December	835,695	-	-
Joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51	December	6,173,792	5,829,056	5,829,056
					10,200,000	10,200,000	10,200,000
					₩ 16,373,792	₩ 16,029,056	₩ 16,029,056

(Unit: Indian rupee in thousands)

Classification	Company	Location	Ownership %	Closing month	March 31, 2016		December 31, 2015
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100	December	Rs. 310,677	Rs. 339,251	Rs. 339,251
	Ssangyong European Parts Center B.V.	Netherlands	100	December	48,637	-	-
Joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51	December	359,314	339,251	339,251
					593,640	593,640	593,640
					Rs. 952,954	Rs. 932,891	Rs. 932,891

(*) SY Auto Capital Co., Ltd. is a joint arrangement whereby the Group 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.

(2) Summarized financial information of subsidiaries

The summarized financial information of the Company’s subsidiaries and joint venture as of and for the three months ended March 31, 2016, is as follows:

(Unit: Korean won in thousands)

Classification	Company	Assets	Liabilities	Sales	Net income (loss)
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	₩ 3,916,299	₩ 827,840	₩ 13,457	₩ (175,550)
	Ssangyong European Parts Center B.V.	8,957,875	12,601,252	3,957,587	132,199
Joint venture	SY Auto Capital Co., Ltd.	43,164,715	23,106,122	1,237,967	709,225

(Unit: Indian rupee in thousands)

Classification	Company	Assets	Liabilities	Sales	Net income (loss)
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd	Rs. 227,929	Rs. 48,180	Rs. 783	Rs. (10,217)
	Ssangyong European Parts Center B.V.	521,348	733,393	230,332	7,694
Joint venture	SY Auto Capital Co., Ltd.	2,512,186	1,344,776	72,050	41,277

10. OTHER ASSETS:

Carrying amounts of 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	₩ 1,607,406	₩ 1,077,125
Less: Allowance for doubtful Accounts	(4,027)	(663)
Prepaid expenses	8,759,759	5,043,884
Income tax refundable	513,407	416,791
	<u>₩ 10,876,545</u>	<u>₩ 6,537,137</u>
Other non-current assets		
Other non-current assets	352,978	352,985
	<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. 93,551	Rs. 62,689
Less: Allowance for doubtful accounts	(234)	(39)
Prepaid expenses	509,818	293,554
Other current assets	29,880	24,257
	<u>Rs. 633,015</u>	<u>Rs. 380,461</u>
Other non-current assets		
Other non-current assets	20,543	20,544
	<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	Depreciation	Loss on valuation	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	8,463,333	-	6,338,419	881,873	1,243,041
Tools and molds	1,064,006,082	4,594	634,060,645	160,686,763	269,254,080
Equipment	67,149,974	5,098	41,728,956	3,936,591	21,479,329

March 31, 2016					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Construction in progress	₹ 30,718,100	₹ -	₹ -	₹ -	₹ 30,718,100
Machinery in transit	₹ 1,730,693	₹ -	₹ -	₹ -	₹ 1,730,693
	<u>₹ 3,610,022,312</u>	<u>₹ 2,134,556</u>	<u>₹ 1,975,998,104</u>	<u>₹ 441,122,682</u>	<u>₹ 1,190,766,970</u>

December 31, 2015					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	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	8,732,094	-	6,455,442	896,350	1,380,302
Tools and molds	1,028,887,149	6,657	615,699,092	160,933,311	252,248,089
Equipment	67,272,687	6,874	40,414,354	4,056,990	22,794,469
Construction in progress	40,866,774	-	-	-	40,866,774
Machinery in transit	1,924,851	-	-	-	1,924,851
	<u>₹ 3,579,036,671</u>	<u>₹ 2,205,826</u>	<u>₹ 1,947,544,291</u>	<u>₹ 441,504,828</u>	<u>₹ 1,187,781,726</u>

(Unit: Indian rupee in thousands)

March 31, 2016					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	Carrying amount
Land	₹. 27,675,922	₹. -	₹. -	₹. -	₹. 27,675,922
Buildings	31,248,677	92,640	11,586,670	8,634,947	10,934,420
Structures	6,212,065	7,608	3,560,308	1,682,788	961,361
Machinery	76,752,267	23,419	60,156,260	5,723,201	10,849,387
Vehicles	492,566	-	368,896	51,325	72,345
Tools and molds	61,925,154	267	36,902,330	9,351,970	15,670,587
Equipment	3,908,128	297	2,428,625	229,110	1,250,096
Construction in progress	1,787,793	-	-	-	1,787,793
Machinery in transit	100,727	-	-	-	100,727
	<u>₹. 210,103,299</u>	<u>₹. 124,231</u>	<u>₹. 115,003,089</u>	<u>₹. 25,673,341</u>	<u>₹. 69,302,638</u>

December 31, 2015					
	Acquisition cost	Government subsidies	Depreciation	Loss on valuation	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	59,817,334	5,723,243	10,812,101
Vehicles	508,208	-	375,707	52,168	80,333
Tools and molds	59,881,232	387	35,833,687	9,366,319	14,680,839
Equipment	3,915,270	400	2,352,115	236,117	1,326,638
Construction in progress	2,378,446	-	-	-	2,378,446
Machinery in transit	112,026	-	-	-	112,026
	<u>₹. 208,299,933</u>	<u>₹. 128,379</u>	<u>₹. 113,347,076</u>	<u>₹. 25,695,582</u>	<u>₹. 69,128,896</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	₩ 1,380,302	₩ -	₩ 6,888	₩ -	₩ 130,373	₩ 1,243,041
Tools and molds	₩ 252,248,089	₩ 2,170,200	₩ 9,861	₩ 33,520,738	₩ 18,675,086	₩ 269,254,080
Equipment	22,794,469	348,684	9,899	62,000	1,715,925	21,479,329
Construction in progress	40,866,774	30,411,556	-	(40,560,230)	-	30,718,100
Machinery in transit	1,924,851	384,226	-	(578,384)	-	1,730,693
	<u>₩ 1,187,781,726</u>	<u>₩ 33,516,071</u>	<u>₩ 30,080</u>	<u>₩ 253,266</u>	<u>₩ 30,754,013</u>	<u>₩ 1,190,766,970</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	1,242	1,437,240	2,536,582	193,562,102
Structures	16,955,549	28,951	-	472,882	421,720	17,035,662
Machinery	148,061,878	1,512,700	1,802	40,533,963	7,573,517	182,533,222
Vehicles	1,587,353	-	8	97,041	159,106	1,525,280
Tools and molds	178,424,106	17,915,747	81	93,086,246	16,945,168	272,480,850
Equipment	24,525,850	359,317	1,246	(3,771)	1,617,987	23,262,163
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>₩ 1,173,658,635</u>	<u>₩ 53,622,212</u>	<u>₩ 4,379</u>	<u>₩ 37,840</u>	<u>₩ 29,254,080</u>	<u>₩ 1,198,060,228</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 separated 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	397	133	-	152,647	10,934,420
Structures	975,788	9,766	66	997	25,124	961,361
Machinery	10,812,101	1,560	1	453,496	417,769	10,849,387
Vehicles	80,333	-	401	-	7,587	72,345
Tools and molds	14,680,839	126,306	574	1,950,906	1,086,890	15,670,587
Equipment	1,326,638	20,293	576	3,608	99,867	1,250,096
Construction in progress	2,378,446	1,769,953	-	(2,360,606)	-	1,787,793
Machinery in transit	112,026	22,362	-	(33,661)	-	100,727
	<u>Rs. 69,128,896</u>	<u>Rs. 1,950,637</u>	<u>Rs. 1,751</u>	<u>Rs. 14,740</u>	<u>Rs. 1,789,884</u>	<u>Rs. 69,302,638</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	92,384	-	-	5,648	9,260	88,772
Tools and molds	10,384,283	1,042,696	5	5,417,620	986,209	15,858,385
Equipment	1,427,404	20,912	73	(219)	94,167	1,353,857

	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. 68,306,932</u>	<u>Rs. 3,120,813</u>	<u>Rs. 255</u>	<u>Rs. 2,204</u>	<u>Rs. 1,702,588</u>	<u>Rs. 69,727,106</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 separated statement of cash flows.

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

(Unit: Korean won in thousands)

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

(Unit: Indian rupee in thousands)

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

(4) Borrowing costs and capitalized interest, which are 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 for the three months in development costs are ₩ 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 for the three months in development costs are 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	83,734,615	18,044	19,147,337	576,105	63,993,129
	<u>₩ 257,521,333</u>	<u>₩ 39,708</u>	<u>₩ 66,108,472</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	93,785,206	21,283	17,363,984	576,105	75,823,834
	<u>₩ 244,687,686</u>	<u>₩ 43,618</u>	<u>₩ 57,084,188</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	4,873,356	1,050	1,114,377	33,529	3,724,400
	<u>Rs. 14,987,743</u>	<u>Rs. 2,311</u>	<u>Rs. 3,847,515</u>	<u>Rs. 35,828</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. 2,243,619	Rs. -	Rs. 6,375,003
Patents	163,903	1,300	68,098	2,281	92,224
Other intangible assets	5,458,299	1,238	1,010,584	33,529	4,412,948
	<u>Rs. 14,240,824</u>	<u>Rs. 2,538</u>	<u>Rs. 3,322,301</u>	<u>Rs. 35,810</u>	<u>Rs. 10,880,175</u>

(2) Changes in intangible assets for the three months ended March 31, 2016, and March 31, 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	₩ 1,881,970	₩ 94,888,466	₩ 5,915,086	₩ -	₩ 7,106	₩ 105,085,489
Patents	1,063,611	230,910	-	88,724	2,429	-	1,203,368
Other intangible assets	<u>135,628,790</u>	<u>15,005,535</u>	<u>(94,888,466)</u>	<u>1,651,569</u>	<u>-</u>	<u>423,842</u>	<u>54,518,132</u>
	<u>₩ 150,915,434</u>	<u>₩ 17,118,415</u>	<u>₩ -</u>	<u>₩ 7,655,379</u>	<u>₩ 2,429</u>	<u>₩ 430,948</u>	<u>₩ 160,806,989</u>

(*) Of the current-year 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. 6,375,003	Rs. -	Rs. 1,321,560	Rs. 414,093	Rs. -	Rs. -	Rs. 7,282,470
Patents	92,224	10,303	-	7,290	18	-	95,219
Other intangible assets	<u>4,412,948</u>	<u>705,959</u>	<u>(1,321,560)</u>	<u>103,604</u>	<u>-</u>	<u>30,657</u>	<u>3,724,400</u>
	<u>Rs. 10,880,175</u>	<u>Rs. 716,262</u>	<u>Rs. -</u>	<u>Rs. 524,987</u>	<u>Rs. 18</u>	<u>Rs. 30,657</u>	<u>Rs. 11,102,089</u>

Three months ended March 31, 2015							
	Beginning balance	Acquisition	Transfer	Depreciation	Impairment loss	Other(*)	Ending balance
Development cost	Rs. 827,781	Rs. 109,531	Rs. 5,522,509	Rs. 344,258	Rs. -	Rs. 412	Rs. 6,115,975
Patents	61,902	13,439	-	5,164	141	-	70,036
Other intangible assets	<u>7,893,596</u>	<u>873,322</u>	<u>(5,522,509)</u>	<u>96,121</u>	<u>-</u>	<u>24,667</u>	<u>3,172,955</u>
	<u>Rs. 8,783,279</u>	<u>Rs. 996,292</u>	<u>Rs. -</u>	<u>Rs. 445,543</u>	<u>Rs. 141</u>	<u>Rs. 25,079</u>	<u>Rs. 9,358,966</u>

(*) Of the current-year development costs, the amount that has flowed into the capital of the cost is Rs. 30,657 thousand (2015: Rs. 20,800 thousand), including difference of change of exchange rate.

(3) Amortization of the intangible assets for the three months ended March 31, 2016 and 2015, is as follows:

Account	Korean won in thousands		Indian rupee in thousands	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cost of goods manufactured	₩ 7,115,006	₩ 5,915,085	Rs. 414,093	Rs. 344,258
Selling and administrative expenses	<u>1,905,368</u>	<u>1,740,294</u>	<u>110,894</u>	<u>101,285</u>
	<u>₩ 9,020,374</u>	<u>₩ 7,655,379</u>	<u>Rs. 524,987</u>	<u>Rs. 445,543</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 Company'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 Company's short-term borrowings as of March 31, 2016, and December 31, 2015, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate	March 31, 2016	December 31, 2015
Korea Development Bank ("KDB")	Operating fund	CD + 2.12%	₩ 30,000,000	₩ 30,000,000
Woori Bank (*)	Operating fund	CD + 2.0%	20,000,000	17,500,000
Besides Bank Of America ("BOA")	Banker's usance	0.66%–1.35%	98,493,760	105,724,546
			₩ 148,493,760	₩ 153,224,546

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate	March 31, 2016	December 31, 2015
KDB	Operating fund	CD + 2.12%	Rs. 1,746,000	Rs. 1,746,000
Woori Bank (*)	Operating fund	CD + 2.0%	1,164,000	1,018,500
Besides BOA	Banker's usance	0.66%–1.35%	5,732,337	6,153,169
			Rs. 8,642,337	Rs. 8,917,669

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

(2) The Company's long-term borrowings as of March 31, 2016, and December 31, 2015, consist of the following:

(Unit: Korean won in thousands)

Creditor	Type	Interest rate	March 31, 2016	December 31, 2015
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)
			₩ 32,500,000	₩ 37,500,000

(Unit: Indian rupee in thousands)

Creditor	Type	Interest rate	March 31, 2016	December 31, 2015
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)
			Rs. 1,891,500	Rs. 2,182,500

(3) The Company provided the following collateral in relation to its borrowings:

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

14. OTHER FINANCIAL LIABILITIES:

Carrying amounts of other financial liabilities as of 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 current financial liabilities:				
Accrued expenses	₩ 20,520,923	₩ 32,484,211	Rs. 1,194,319	Rs. 1,890,581

15. PROVISION FOR PRODUCT WARRANTIES:

The Company provides warranties for the sale of its products and establishes a provision for product warranties for the amount of expected warranty costs. Provisions for product warranties as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

	Beginning balance	Increase	Decrease	Ending balance	Current	Non-current
March 31, 2016	₩ 143,793,979	₩ 22,606,220	₩ 24,895,168	₩ 141,505,031	₩ 54,997,955	₩ 86,507,076
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
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
March 31, 2015	Rs. 8,023,803	Rs. 1,494,905	Rs. 1,481,966	Rs. 8,036,742	Rs. 3,292,862	Rs. 4,743,880

16. OTHER LIABILITIES:

Carrying amounts of 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
Advances from customers	₩ 30,618,622	₩ 2,572,498	Rs. 1,782,004	Rs. 149,719
Deposits received	638,891	733,742	37,183	42,704
Withholdings	19,140,254	25,549,289	1,113,963	1,486,969
	₩ 50,397,767	₩ 28,855,529	Rs. 2,933,150	Rs. 1,679,392

17. RETIREMENT BENEFIT OBLIGATION:

(1) Defined benefit plans and related liabilities arising from the Company's separate 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. 17,185,179	Rs. 17,072,567
Fair value of plan assets	(1,250,319)	(1,337,356)	(72,768)	(77,834)
	₩ 294,027,677	₩ 292,005,725	Rs. 17,112,411	Rs. 16,994,733

(2) Changes in the Company's defined benefit obligation (DBO) 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 DBOs	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	<u>2,130,035</u>	<u>(9,693)</u>	<u>2,120,342</u>
Subtotal	<u>305,683,986</u>	<u>(1,347,049)</u>	<u>304,336,937</u>
Remeasurements			
Asset loss	-	3,286	3,286
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>₩ (1,250,319)</u>	<u>₩ 294,027,677</u>

	Three months ended March 31, 2015		
	Present value of DBOs	Fair value of scheme assets	Total
Beginning balance	₩ 248,189,001	₩ (1,440,612)	₩ 246,748,389
Net current service cost	9,410,271	-	9,410,271
Interest cost (income) 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 DBOs	Fair value of scheme assets	Total
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 DBOs	Fair value of scheme assets	Total
Beginning balance	Rs. 14,444,599	Rs. (83,843)	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>15,114,511</u>	<u>(84,551)</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. 14,879,872</u>	<u>Rs. (82,670)</u>	<u>Rs. 14,797,202</u>

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

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

18. CONTINGENCIES AND COMMITMENTS:

The following are the major commitments and contingent liabilities as of March 31, 2016.

- (1) The Company carries product liability insurance for all products that it sells.
- (2) As of March 31, 2016, the Company has been providing guarantees from KDB, etc., amounting to USD 284 million (amount execution USD 153 million) related to import L/C.
- (3) The following 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 Company 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 Company 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 Company 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 3 billion shares. Details of capital stock are as follows:

(Unit: Won in thousands, except for par value)

<u>Classification</u>	<u>No. of shares authorized</u>	<u>Shares outstanding</u>	<u>Par value</u>	<u>Capital stock</u>
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 for par value)

<u>Classification</u>	<u>No. of shares authorized</u>	<u>Shares outstanding</u>	<u>Par value</u>	<u>Capital stock</u>
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 AND RETAINED EARNINGS:

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

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
	<u>(Korean won in thousands)</u>		<u>(Indian rupee in thousands)</u>	
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 Company's other capital adjustments as of March 31, 2016, and December 31, 2015, are as follows:

(Unit: Korean won in thousands)

<u>Classification</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Other capital adjustments		
Gains (losses) on valuation of derivatives	₩ 2,430,419	₩ 227,340

(Unit: Indian rupee in thousands)

<u>Classification</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Other capital adjustments		
Gains (losses) on valuation of derivatives	Rs. 141,450	Rs. 13,231

- (2) Changes in the Company's gains (losses) on valuation of derivatives as of and 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)
Gains (losses) on valuation of derivatives	2,299,899	(2,298,000)	133,854	(133,743)
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. (705,352)

22. 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	₩ (90,134,528)	₩ (92,196,978)

(Unit: Indian rupee in thousands)

	March 31, 2016	December 31, 2015
Deficit	Rs. (5,245,830)	Rs. (5,365,864)

- (2) Changes in retained earnings (deficit) 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	₩ (92,196,978)	₩ (18,220,064)
Net loss	2,065,736	(31,461,067)
Actuarial losses	(3,286)	(5,167)
Ending balance	₩ (90,134,528)	₩ (49,686,298)

(Unit: Indian rupee in thousands)

	Three months ended March 31, 2016	Three months ended March 31, 2015
Beginning balance	Rs. (5,365,864)	Rs. (1,060,408)
Net loss	120,226	(1,831,034)
Actuarial losses	(192)	(301)
Ending balance	Rs. (5,245,830)	Rs. (2,891,743)

23. INCOME TAX:

The Company did not recognize deferred income tax assets and income tax because of deficit as of and for the three months ended March 31, 2016.

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	₩ (11,850,524)	₩ (38,039,051)	Rs. (689,700)	Rs. (2,213,873)
Raw materials and merchandise goods used	544,009,536	559,806,549	31,661,355	32,580,741
Employee benefits	121,656,219	115,635,672	7,080,392	6,729,996
Depreciation	30,754,013	29,254,080	1,789,884	1,702,588
Amortization	9,020,374	7,655,379	524,987	445,543
Other	109,775,228	118,983,124	6,388,916	6,924,818
Total (*)	₩ 803,364,846	₩ 793,295,753	Rs. 46,755,834	Rs. 46,169,813

(*) It is sum of cost of sales and selling and administrative expenses.

25. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company has a derivative contract with financial institutions, such as 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) 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	₩ 13,817,456	₩ 18,572,232	Rs. 804,176	Rs. 1,080,904
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	8,985,166	10,045,637	522,937	584,656
	₩ 87,932,582	₩ 90,380,641	Rs. 5,117,677	Rs. 5,260,154

(2) 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 March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2016	Three months ended March 31, 2015
Salaries	₩ 13,175,884	₩ 11,883,908	Rs. 766,836	Rs. 691,643
Postemployment benefits	2,346,998	1,875,860	136,595	109,175
Employee benefits	3,056,935	2,588,436	177,914	150,647
Rent expense	2,430,933	2,802,064	141,480	163,080
Service fees	5,993,484	6,593,543	348,821	383,744
Depreciation	2,865,222	2,897,639	166,756	168,643

	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
R&D expenses	₩ 4,113,120	₩ 4,244,881	₩ 239,384	₩ 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	7,065,320	6,557,215	411,201	381,630
	<u>₩ 43,003,109</u>	<u>₩ 41,209,750</u>	<u>Rs. 2,502,780</u>	<u>Rs. 2,398,407</u>

27. NON-OPERATING INCOME (EXPENSES):

- (1) Details of the Company'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, 2015	March 31, 2016	March 31, 2015
Gain on foreign currency transactions	₩ 3,019,101	₩ 2,760,731	₩ 175,712	₩ 160,675
Gain on foreign currency translation	₩ 798,632	₩ 516,667	Rs. 46,480	Rs. 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 Company's 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, 2015	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	14,496	3,794	844	221
Loss on disposal of trade receivables	4,794,475	1,584,262	279,038	92,204
Others	637,076	2,417,310	37,077	140,687
	<u>₩ 9,229,835</u>	<u>₩ 6,910,504</u>	<u>Rs. 537,176</u>	<u>Rs. 402,191</u>

28. FINANCIAL INCOME AND COST:

- (1) Details of the Company's financial income 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>	
	<u>Three months ended</u>	<u>Three months ended</u>	<u>Three months ended</u>	<u>Three months ended</u>
	<u>March 31, 2016</u>	<u>March 31, 2015</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Interest income	₩ 629,349	₩ 874,209	Rs. 36,628	Rs. 50,879
Dividend income	6,000	6,000	349	349
Gain on foreign currency transactions	695,831	1,929,019	40,497	112,270
Gain on foreign currency translation	1,269,989	4,277,144	73,914	248,929
Gain on disposal of derivatives	990,507	117,850	57,648	6,859
Gain on valuation of derivatives	83,893	1,895,050	4,882	110,292
	<u>₩ 3,675,569</u>	<u>₩ 9,099,272</u>	<u>Rs. 213,918</u>	<u>Rs. 529,578</u>

- (2) Details of the Company's financial cost 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>	
	<u>Three months ended</u>	<u>Three months ended</u>	<u>Three months ended</u>	<u>Three months ended</u>
	<u>March 31, 2016</u>	<u>March 31, 2015</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Interest expense	₩ 189,030	₩ 263,936	Rs. 11,002	Rs. 15,361
Loss on foreign currency transactions	3,412,584	2,175,658	198,612	126,624
Loss on foreign currency translation	1,903,587	122,926	110,789	7,154
Loss on disposal of derivatives	834,468	4,389,900	48,566	255,492
Loss on valuation of derivatives	1,730,000	-	100,686	-
	<u>₩ 8,069,669</u>	<u>₩ 6,952,420</u>	<u>Rs. 469,655</u>	<u>Rs. 404,631</u>

- (3) Details of the Company's financial net profit 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>	
	<u>Three months ended</u>	<u>Three months ended</u>	<u>Three months ended</u>	<u>Three months ended</u>
	<u>March 31, 2016</u>	<u>March 31, 2015</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Loan and receivables	₩ (2,910,032)	₩ 4,517,852	Rs. (169,364)	Rs. 262,939
AFS financial assets	6,000	6,000	349	349
Other financial liabilities	(1,490,068)	(2,377,000)	(86,722)	(138,341)
	<u>₩ (4,394,100)</u>	<u>₩ 2,146,852</u>	<u>Rs. (255,737)</u>	<u>Rs. 124,947</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: 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, 2016	March 31, 2015
Net income (loss)	₩ 2,065,736	₩ (31,461,067)	Rs. 120,226	Rs. (1,831,034)
Income (loss) contributed to common stocks	2,065,736	(31,461,067)	120,226	(1,831,034)
Number of common stocks outstanding	137,182,087	137,065,947	137,182,087	137,065,947
Basic and diluted income (loss) per share(*)	₩ 15	₩ (230)	Rs. 1	Rs. (13)

(*) Basic and diluted income (loss) 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:

		March 31, 2016				
		Time interval	Outstanding	Accumulated outstanding	Weighted-average impact	Outstanding
Common stock		2016-01-01 2016-03-31	137,182,087	137,182,087	91/91	137,182,087
		March 31, 2015				
Common stock		2015-01-01 2015-03-31	137,220,096	137,220,096	90/90	137,220,096
Treasury stock		2015-01-01 2015-02-22	(237,964)	(237,964)	53/90	(140,134)
		2015-02-23 2015-02-23	(221,997)	(221,997)	1/90	(2,467)
		2015-02-24 2015-02-24	(191,997)	(191,997)	1/90	(2,133)
		2015-02-25 2015-02-25	(161,997)	(161,997)	1/90	(1,800)
		2015-02-26 2015-02-26	(121,997)	(121,997)	1/90	(1,356)
		2015-02-27 2015-03-01	(71,997)	(71,997)	3/90	(2,400)
		2015-03-02 2015-03-17	(21,706)	(21,706)	16/90	(3,859)
Total						137,065,947

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	Three months ended	Three months ended	Three months ended
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
1. Net income (loss)	₩ 2,065,736	₩ (31,461,067)	Rs. 120,226	Rs. (1,831,034)
2. Adjustments	58,011,318	46,636,839	3,376,259	2,714,264
Postemployment benefits	12,331,212	11,498,353	717,677	669,204
Depreciation	30,748,735	29,249,341	1,789,576	1,702,312
Amortization	9,020,374	7,655,379	524,987	445,543
Loss on disposal of trade receivables	4,794,475	1,584,262	279,038	92,204
Gain / loss on foreign currency translation	211,058	(3,559,437)	12,284	(207,159)

	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
Gain / loss on disposal of property, plant and equipment	₩ 2,213	₩ (5,356)	₩ 129	₩ (312)
Interest income / expense	(440,319)	(610,273)	(25,626)	(35,518)
Gain on dividends	(6,000)	(6,000)	(349)	(349)
Gain/ loss on valuation of inventories	(352,274)	2,803,230	(20,502)	163,148
Others	1,701,844	(1,972,660)	99,045	(114,809)
3. Changes in working capital	(147,413,106)	44,350,952	(8,579,443)	2,581,225
Decrease (increase) in trade receivables, net	(20,713,934)	2,184,131	(1,205,551)	127,116
Increase in non-trade receivables, net	(4,225,647)	(132,506)	(245,933)	(7,712)
Increase in inventories	(8,805,956)	(31,152,028)	(512,507)	(1,813,048)
Increase in other assets	(4,260,612)	(3,098,383)	(247,968)	(180,326)
Increase (decrease) in trade payables	(79,175,953)	104,848,264	(4,608,040)	6,102,169
Decrease in other payables	(25,231,627)	(33,271,704)	(1,468,481)	(1,936,413)
Decrease in accrued charges	(11,921,335)	(8,169,812)	(693,822)	(475,483)
Increase(decrease) in provision of product warranties	(2,288,948)	222,322	(133,217)	12,939
Payment of severance indemnities	(10,312,546)	(4,004,456)	(600,190)	(233,059)
Increase in other assets	19,523,452	16,925,124	1,136,266	985,042
Net cash (used in) provided by operating activities	₩ (87,336,052)	₩ 59,526,724	Rs. (5,082,958)	Rs. 3,464,455

31. SEGMENT INFORMATION:

- (1) The Company determined itself as a single reportable segment in light of nature of goods or service creating operating income and trait of assets providing service. Therefore, writing disclosure according to reportable segment's operating income, income before income tax and its assets and liabilities is omitted.
- (2) Information of each sales region for the 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	129,057,539	7,511,149
Asia Pacific	68,363,637	3,978,764
Others	50,071,076	2,914,136
	₩ 811,978,662	Rs. 47,257,158

Sales region	Three months ended March 31, 2015	
Republic of Korea	₩ 535,572,373	Rs. 31,170,312
Europe	100,546,265	5,851,793
Asia Pacific	47,293,409	2,752,476
Others	75,510,400	4,394,705
	₩ 758,922,447	Rs. 44,169,286

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

(3) Information of each sales product and 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.		105,842,618		6,160,040
	₩	811,978,662	Rs.	47,257,158
Sales	Three months ended March 31, 2015			
Automobile	₩	674,605,618	Rs.	39,262,046
Other parts, etc.		84,316,829		4,907,240
	₩	758,922,447	Rs.	44,169,286

32. RELATED-PARTY TRANSACTIONS:

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

	Related parties
Controlling company	Mahindra & Mahindra Ltd.
Subsidiary companies	Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.
Joint venture company	SY Auto Capital Co., Ltd.
Other affiliate companies	Mahindra Vehicle Manufacturing Ltd. Mahindra & Mahindra South Africa Ltd.

(2) Major transactions with related parties for the three months ended March 31, 2016 and 2015, are as follows:

(Unit: Korean won in thousands)

Related party	Company	Description	Three months ended March 31, 2016	Three months ended March 31, 2015
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 subsidiaries	SsangyongEuropean Parts Center B.V. and one other	Sales	2,796,532	1,999,075
		Other expenses	-	38
Transactions with Joint venture company	SY Auto Capital Co., Ltd.	Other expenses	₩ 4,411,424	₩ -
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. and one other	Sales	₩ 78,219	₩ 2,087,353
		Other expenses	22,503	73,281

(Unit: Indian rupee in thousands)

Related Party	Company	Description	Three months ended March 31, 2016	Three months ended March 31, 2015
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 subsidiaries	SsangyongEuropean Parts Center B.V. and 1 other	Sales	Rs. 162,758	Rs. 116,346
		Other expenses	-	2

<u>Related Party</u>	<u>Company</u>	<u>Description</u>	<u>Three months ended March 31, 2016</u>	<u>Three months ended March 31, 2015</u>
Transactions with Joint venture company	SY Auto Capital Co., Ltd.	Other expenses	Rs. 256,745	Rs. -
Transaction with other affiliates	Mahindra Vehicle Manufacturing Ltd. and 1 other	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
Receivables from and payables to subsidiaries:		
Trade receivables	₩ 12,516,198	₩ 12,200,938
Non-trade receivables	466,392	468,466
Non-trade payables	506,819	511,041
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 subsidiaries:		
Trade receivables	Rs. 728,443	Rs. 710,095
Non-trade receivables	27,144	27,265
Non-trade payables	29,497	29,743
Receivables from and payables to joint ventures:		
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 Company 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:

	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
Short-term employee benefits	₩ 168,063	₩ 277,816	Rs. 9,781	Rs. 16,169
Postemployment benefits	5,893	11,676	343	680

33. FINANCIAL INSTRUMENTS:

(1) Capital risk management

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

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

Debt-to-equity ratio as of March 31, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

	March 31, 2016	December 31, 2015
Debt (A)	₩ 1,213,372,468	₩ 1,321,781,281
Equity (B)	730,074,731	725,809,202
Debt ratio (A/ B)	166.20%	182.11%

(Unit: Indian rupee in thousands)

	March 31, 2016	December 31, 2015
Debt (A)	Rs. 70,618,277	Rs. 76,927,670
Equity (B)	42,490,349	42,242,096
Debt ratio (A/ B)	166.20%	182.11%

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

1) Financial assets

(Unit: Korean won in thousands)

Financial assets	March 31, 2016					
	Loans and Receivables	AFS financial Assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 45,749,974	₩ -	₩ -	₩ -	₩ 45,749,974	₩ 45,749,974
Long-term financial instruments	6,000	-	-	-	6,000	6,000
Trade receivables and other receivables	232,853,226	-	-	-	232,853,226	232,853,226
Long-term AFS financial assets	-	560,000	-	-	560,000	560,000
Derivative assets	-	-	158,564	2,546,570	2,705,134	2,705,134
	₩ 278,609,200	₩ 560,000	₩ 158,564	₩ 2,546,570	₩ 281,874,334	₩ 281,874,334

Financial assets	December 31, 2015					
	Loans and Receivables	AFS financial Assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Cash and cash equivalents	₩ 192,773,290	₩ -	₩ -	₩ -	₩ 192,773,290	₩ 192,773,290
Long-term financial instruments	6,000	-	-	-	6,000	6,000
Trade receivables and other receivables	211,266,473	-	-	-	211,266,473	211,266,473

December 31, 2015						
Financial assets	Loans and Receivables	AFS financial Assets	Financial assets at FVTPL	Designated to hedge item	Total	Fair value
Long-term AFS financial assets	₩ -	₩ 560,000	₩ -	₩ -	₩ 560,000	₩ 560,000
Derivative assets	-	-	1,429,088	278,607	1,707,695	1,707,695
	<u>₩ 404,045,763</u>	<u>₩ 560,000</u>	<u>₩ 1,429,088</u>	<u>₩ 278,607</u>	<u>₩ 406,313,458</u>	<u>₩ 406,313,458</u>

(Unit: Indian rupee 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	Rs. 2,662,648	Rs. -	Rs. -	Rs. -	Rs. 2,662,648	Rs. 2,662,648
Long-term financial instruments	349	-	-	-	349	349
Trade receivables and other receivables	13,552,058	-	-	-	13,552,058	13,552,058
Long-term AFS financial assets	-	32,592	-	-	32,592	32,592
Derivative assets	-	-	9,229	148,210	157,439	157,439
	<u>Rs. 16,215,055</u>	<u>Rs. 32,592</u>	<u>Rs. 9,229</u>	<u>Rs. 148,210</u>	<u>Rs. 16,405,086</u>	<u>Rs. 16,405,086</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	Rs. 11,219,406	Rs. -	Rs. -	Rs. -	Rs. 11,219,406	Rs. 11,219,406
Long-term financial instruments	349	-	-	-	349	349
Trade receivables and other receivables	12,295,709	-	-	-	12,295,709	12,295,709
Long-term AFS financial assets	-	32,592	-	-	32,592	32,592
Derivative assets	-	-	83,173	16,215	99,388	99,388
	<u>Rs. 23,515,464</u>	<u>Rs. 32,592</u>	<u>Rs. 83,173</u>	<u>Rs. 16,215</u>	<u>Rs. 23,647,444</u>	<u>Rs. 23,647,444</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	₩ 529,288,443	₩ -	₩ -	₩ 529,288,443	₩ 529,288,443
Debt	180,993,760	-	-	180,993,760	180,993,760
Derivative liabilities	-	1,118,429	34,182	1,152,611	1,152,611
	<u>₩ 710,282,203</u>	<u>₩ 1,118,429</u>	<u>₩ 34,182</u>	<u>₩ 711,434,814</u>	<u>₩ 711,434,814</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	₩ 650,094,829	₩ -	₩ 650,094,829	₩ 650,094,829
Debt	190,724,546	-	190,724,546	190,724,546
Derivative liabilities	-	24,074	24,074	24,074
	<u>₩ 840,819,375</u>	<u>₩ 24,074</u>	<u>₩ 840,843,449</u>	<u>₩ 840,843,449</u>

(Unit: Indian rupee in thousands)

Financial liabilities	March 31, 2016				
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge item	Total	Fair value
Trade payables and other payables	Rs. 30,804,587	Rs. -	Rs. -	Rs. 30,804,587	Rs. 30,804,587
Debt	10,533,837	-	-	10,533,837	10,533,837
Derivative liabilities	-	65,093	1,989	67,082	67,082
	<u>Rs. 41,338,424</u>	<u>Rs. 65,093</u>	<u>Rs. 1,989</u>	<u>Rs. 41,405,506</u>	<u>Rs. 41,405,506</u>

Financial liabilities	December 31, 2015			
	Financial liability measured at amortized cost	Derivatives designated to hedge item	Total	Fair value
Trade payables and other payables	Rs. 37,835,519	Rs. -	Rs. 37,835,519	Rs. 37,835,519
Debt	11,100,169	-	11,100,169	11,100,169
Derivative liabilities	-	1,401	1,401	1,401
	<u>Rs. 48,935,688</u>	<u>Rs. 1,401</u>	<u>Rs. 48,937,089</u>	<u>Rs. 48,937,089</u>

(3) Financial risk management

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

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

1) Market risk

a. Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company assesses, manages and reports, on a regular basis, the foreign currency risk for its receivables and payables denominated in foreign currency.

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% at the period-end of March 31, 2016.

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

(Unit: Korean won and Indian rupee in thousands)

Currency	Korean won in thousands		Indian rupee in thousands	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 1,635,038	₩ (1,635,038)	Rs. 95,159	Rs. (95,159)
EUR	(31,628)	31,628	(1,841)	1,841
JPY	(6,647,042)	6,647,042	(386,858)	386,858
Others	537,599	(537,599)	31,288	(31,288)
	<u>₩ (4,506,033)</u>	<u>₩ 4,506,033</u>	<u>Rs. (262,252)</u>	<u>Rs. 262,252</u>

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

The cumulative benefits of cash flow hedging related to forward contracts deferred to equity, amount to ₩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 Company's current income will decrease/increase ₩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 Company regularly assesses credit ratings of its customers and transacting parties based on their financial status and past experiences and establishes credit limit for each customer or transacting party.

As of March 31, 2016, and December 31, 2015, the maximum exposed amounts of credit risk for financial assets maintained by the Company are as follows.

	<u>March 31, 2016</u> (Korean won in thousands)		<u>December 31, 2015</u> (Korean won in thousands)	
Trade and other receivables	₩	232,853,226	₩	211,266,473

	<u>March 31, 2016</u> (Indian rupee in thousands)		<u>December 31, 2015</u> (Indian rupee in thousands)	
Trade and other receivables	₹	13,552,058	₹	12,295,709

3) Liquidity risk

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

Maturity analysis of non-derivative financial liabilities according to their remaining maturities as of March 31, 2016, and December 31, 2015, is as follows:

(Unit: Korean won in thousands)

	<u>March 31, 2016</u>		
	<u>Within a year</u>	<u>More than one year</u>	<u>Total</u>
Trade payables	₩ 352,740,287	₩ -	₩ 352,740,287
Non-trade payables	145,132,643	-	145,132,643
Short-term borrowings(*)	150,072,497	-	150,072,497
Derivatives liabilities	1,152,611	-	1,152,611
Other payables	20,520,923	-	20,520,923
Long-term borrowings(*)	-	34,939,641	34,939,641
Long-term non-trade payables	-	10,894,590	10,894,590
	<u>₩ 669,618,961</u>	<u>₩ 45,834,231</u>	<u>₩ 715,453,192</u>

	<u>December 31, 2015</u>		
	<u>Within a year</u>	<u>More than one year</u>	<u>Total</u>
Trade payables	₩ 432,415,649	₩ -	₩ 432,415,649
Non-trade payables	172,582,355	-	172,582,355
Short-term borrowings(*)	154,713,544	-	154,713,544

	December 31, 2015		
	Within a year	More than one year	Total
Derivatives liabilities	₩ 24,074	₩ -	₩ 24,074
Other payables	32,484,211	-	32,484,211
Long-term borrowings(*)	-	40,037,205	40,037,205
Long-term non-trade payables	-	12,612,614	12,612,614
	<u>₩ 792,219,833</u>	<u>₩ 52,649,819</u>	<u>₩ 844,869,652</u>

(*) Including expected interest expenses.

(Unit: Indian rupee in thousands)

	March 31, 2016		
	Within a year	More than 1 year	Total
Trade payables	Rs. 20,529,483	Rs. -	Rs. 20,529,483
Non-trade payables	8,446,720	-	8,446,720
Short-term borrowings(*)	8,734,219	-	8,734,219
Derivatives liabilities	67,082	-	67,082
Other payables	1,194,319	-	1,194,319
Long-term borrowings(*)	-	2,033,487	2,033,487
Long-term non-trade payables	-	634,065	634,065
	<u>Rs. 38,971,823</u>	<u>Rs. 2,667,552</u>	<u>Rs. 41,639,375</u>

	December 31, 2015		
	Within a year	More than 1 year	Total
Trade payables	Rs. 25,166,591	Rs. -	Rs. 25,166,591
Non-trade payables	10,044,293	-	10,044,293
Short-term borrowings(*)	9,004,328	-	9,004,328
Derivatives liabilities	1,401	-	1,401
Other payables	1,890,581	-	1,890,581
Long-term borrowings(*)	-	2,330,165	2,330,165
Long-term non-trade payables	-	734,054	734,054
	<u>Rs. 46,107,194</u>	<u>Rs. 3,064,219</u>	<u>Rs. 49,171,413</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	<u>112,000,000</u>	<u>112,000,000</u>
	Total	<u>₩ 194,500,000</u>	<u>₩ 197,000,000</u>

(Unit: Indian rupee in thousands)

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

(5) Fair value of financial instruments

- 1) The Company's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost on financial statements is not significant.

2) Valuation methods and assumptions applied in fair value measurement

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

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

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

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

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

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

(Unit: Korean won in thousands)

Type	March 31, 2016			
	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	₩ -	₩ 2,705,134	₩ -	₩ 2,705,134
Derivatives liabilities designated to hedge item	-	1,152,611	-	1,152,611

Type	December 31, 2015			
	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	₩ -	₩ 1,707,695	₩ -	₩ 1,707,695
Derivatives liabilities designated to hedge item	-	24,074	-	24,074

(Unit: Indian rupee in thousands)

Type	March 31, 2016			
	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	Rs. -	Rs. 157,439	Rs. -	Rs. 157,439
Derivatives liabilities designated to hedge item	-	67,082	-	67,082

Type	December 31, 2015			
	Level 1	Level 2	Level 3	Fair value
Derivatives designated to hedge item	Rs. -	Rs. 99,388	Rs. -	Rs. 99,388
Derivatives liabilities designated to hedge item	-	1,401	-	1,401

4) The Company 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 Company measured the market value through interpolation method.

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