

SSANGYONG MOTOR COMPANY

Separate Interim Financial Statements

(Unaudited)

March 31, 2019 and 2018

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
Ssangyong Motor Company

Reviewed financial statements

We have reviewed the accompanying separate interim financial statements of Ssangyong Motor Company, which comprise the separate interim statement of financial position as of March 31, 2019, the separate interim statements of comprehensive loss, changes in equity and cash flows for the three-month periods ended March 31, 2019 and 2018 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of the separate interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' review responsibility

Our responsibility is to issue a report on these separate interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the separate interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

Other matters

The separate statement of financial position of the Company as of December 31, 2018, and the related separate statements of comprehensive loss, changes in equity and cash flows for the year then ended, which are not this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 16, 2019, expressed an unqualified opinion. The statement of financial position of the company as of December 31, 2018, presented for comparative purposes, is consistent with the audited separate financial statements in all material respects.

The procedures and practices utilized in the Republic of Korea to review such separate interim financial statements may differ from those generally accepted and applied in other countries.

The accompanying separate interim financial statements as of and for the three-month periods ended March 31, 2019 and 2018 have been translated into Indian Rupee solely for the convenience of the reader and such translation does not comply with K-IFRS. We have reviewed the translation and nothing came to our attention that cause us to believe that the separate interim financial statements expressed in Korean won have not been translated into Indian Rupee on the basis set forth in note 2.(1) to the separate interim financial statements.

KPMG Samsung Accounting Corp.

Seoul, Korea
May 14, 2019

This report is effective as of May 14, 2019, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SSANGYONG MOTOR COMPANY
 Separate Interim Statements of Financial Position
 (Unaudited)

As of March 31, 2019, and December 31, 2018

(In thousands of won and in thousands of rupee)

	<i>Note</i>	Korean won		Indian rupee	
		2019	2018	2019	2018
Assets					
Cash and cash equivalents	4,5,33 ₩	352,447,892	150,953,423	Rs 21,444,692	9,184,761
Trade and other receivables, net	7,32,33	197,984,449	195,638,837	12,046,364	11,903,645
Derivative assets	25,33	490,512	891,319	29,845	54,233
Inventories, net	8,24	230,077,086	216,956,615	13,999,040	13,200,725
Other current assets	10	13,931,315	11,243,637	847,651	684,119
Total current assets		794,931,254	575,683,831	48,367,592	35,027,483
Non-current financial instruments	5,33	4,000	4,000	243	243
Non-current other receivables, net	7,32,33	39,198,564	35,124,579	2,385,037	2,137,155
Non-current financial assets	6,33	560,000	560,000	34,073	34,073
Property, plant and equipment, net	11,13	1,250,644,895	1,227,206,439	76,095,489	74,669,376
Intangible assets, net	11,12	365,472,032	353,759,963	22,237,146	21,524,525
Investments in subsidiaries	9	3,248,243	3,248,243	197,639	197,639
Investments in joint venture	9	10,200,000	10,200,000	620,619	620,619
Other non-current assets	2,10	6,701,815	276,099	407,772	16,800
Total non-current assets		1,676,029,549	1,630,379,323	101,978,018	99,200,430
Total assets		₩ 2,470,960,803	2,206,063,154	Rs 150,345,610	134,227,913

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
 Separate Interim Statements of Financial Position, Continued
 (Unaudited)

As of March 31, 2019, and December 31, 2018

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee	
		2019	2018	2019	2018
Liabilities					
Trade and other payables	14,18,32,33	₩ 905,324,959	730,540,041	Rs 55,084,497	44,449,709
Short-term borrowings	13,18,30,33	196,944,457	178,227,545	11,983,085	10,844,255
Derivative liabilities	25,33	403,436	-	24,547	-
Provision of warranty for sale					
- current	15	49,265,976	49,209,826	2,997,588	2,994,172
Other long-term employee					
benefits liabilities- current		2,063,270	2,726,289	125,541	165,880
Other current liabilities	16,32	33,487,620	32,909,339	2,037,554	2,002,370
Total current liabilities		1,187,489,718	993,613,040	72,252,812	60,456,386
Long-term borrowings	13,18,30,33	118,750,000	75,000,000	7,225,344	4,563,375
Non-current other payables	33	1,415,304	1,593,271	86,114	96,943
Other non-current liabilities	16	16,925,724	11,257,510	1,029,846	684,963
Defined benefit liabilities	17	331,682,405	329,181,466	20,181,216	20,029,046
Other long-term employee					
benefits liabilities					
- non-current		14,623,331	14,313,193	889,756	870,886
Provision of warranty for sale					
- non-current	15	83,003,812	85,828,261	5,050,367	5,222,221
Total non-current liabilities		566,400,576	517,173,701	34,462,643	31,467,434
Total liabilities		₩ 1,753,890,294	1,510,786,741	Rs 106,715,455	91,923,820
Equity					
Capital stock	19,32	749,200,010	689,746,980	45,585,075	41,967,655
Other capital surplus	20	78,162,820	87,909,478	4,755,817	5,348,852
Other equity	21	(301,450)	103,000	(18,342)	6,267
Accumulated deficit	22	(109,990,871)	(82,483,045)	(6,692,395)	(5,018,681)
Total equity		₩ 717,070,509	695,276,413	Rs 43,630,155	42,304,093
Total liabilities and equity		₩ 2,470,960,803	2,206,063,154	Rs 150,345,610	134,227,913

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
 Separate Interim Statements of Comprehensive loss
 (Unaudited)

For the three-month periods ended March 31, 2019 and 2018

(In thousands of won and in thousands of rupee, except earnings per share information)

	Note	Korean won		Indian rupee	
		2019	2018	2019	2018
Sales	31,32 ₩	942,690,440	806,787,584	Rs 57,358,000	49,088,991
Cost of sales	24	831,980,932	717,542,474	50,621,880	43,658,872
Gross profit		<u>110,709,508</u>	<u>89,245,110</u>	<u>6,736,120</u>	<u>5,430,119</u>
Selling, general and administrative expenses	24,26	139,741,026	120,365,926	8,502,543	7,323,665
Operating loss		<u>(29,031,518)</u>	<u>(31,120,816)</u>	<u>(1,766,423)</u>	<u>(1,893,546)</u>
Other income	27	3,115,207	3,381,705	189,545	205,760
Other expenses	27,32	(1,902,916)	(2,028,451)	(115,783)	(123,421)
Finance income	25,28	3,664,979	3,175,841	222,996	193,234
Finance costs	25,28	(3,351,903)	(7,575,168)	(203,947)	(460,911)
Loss before income taxes		<u>(27,506,151)</u>	<u>(34,166,889)</u>	<u>(1,673,612)</u>	<u>(2,078,884)</u>
Income tax expenses	23	-	-	-	-
Loss for the period		<u>(27,506,151)</u>	<u>(34,166,889)</u>	<u>(1,673,612)</u>	<u>(2,078,884)</u>
Other comprehensive income(loss) for the period		(406,125)	767,319	(24,711)	46,687
Items that will never be reclassified to loss:					
Defined benefit plan re-measurements	17,22	(1,675)	(3,241)	(102)	(198)
Items that are or may be reclassified subsequently to profit(loss):					
Effective portion of changes in fair value of cash flow hedge	21,25	(404,450)	770,560	(24,609)	46,885
Total comprehensive loss for the period	₩	<u>(27,912,276)</u>	<u>(33,399,570)</u>	Rs <u>(1,698,323)</u>	<u>(2,032,197)</u>
Losses per share					
Basic and diluted losses per share (In won and In rupee)	29 ₩	(187)	(246)	Rs (11)	(15)

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
 Separate Interim Statements of Changes in Equity
 (Unaudited)

For the three-month periods ended March 31, 2019 and 2018

(In thousands of won)

Korean won

	Korean won							
	Capital stock	Other capital surplus			Gain on disposal of treasury stock	Other equity	Retained earnings (Accumulated deficit)	Total
Paid-in capital in excess of par value		Gain on capital reduction	Debt to be swapped for equity					
Balance at January 1, 2018	₩ 689,746,980	12,916,274	118,189,001	931,508	1,105,137	-	(45,232,442)	777,656,458
Total comprehensive income(loss) for the period:								
Loss for the period	-	-	-	-	-	-	(34,166,889)	(34,166,889)
Defined benefit plan re-measurements	-	-	-	-	-	-	(3,241)	(3,241)
Changes in fair value of cash flow hedge	-	-	-	-	-	770,560	-	770,560
Transactions with owners of the Parent Company, recognized directly in equity:								
Disposition of deficit	-	-	(44,127,305)	-	(1,105,137)	-	45,232,442	-
Balance at March 31, 2018	₩ 689,746,980	12,916,274	74,061,696	931,508	-	770,560	(34,170,130)	744,256,888
Balance at January 1, 2019	₩ 689,746,980	12,916,274	74,061,696	931,508	-	103,000	(82,483,045)	695,276,413
Total comprehensive income(loss) for the period:								
Loss for the period	-	-	-	-	-	-	(27,506,151)	(27,506,151)
Defined benefit plan re-measurements	-	-	-	-	-	-	(1,675)	(1,675)
Changes in fair value of cash flow hedge	-	-	-	-	-	(404,450)	-	(404,450)
Transactions with owners of the Parent Company, recognized directly in equity:								
Issue of ordinary shares	59,453,030	(9,746,658)	-	-	-	-	-	49,706,372
Balance at March 31, 2019	₩ 749,200,010	3,169,616	74,061,696	931,508	-	(301,450)	(109,990,871)	717,070,509

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
 Separate Interim Statements of Changes in Equity, Continued
 (Unaudited)

For the three-month periods ended March 31, 2019 and 2018

(In thousands of rupee)

	Indian rupee							Total
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Gain on disposal of treasury stock	Other equity	Retained earnings (Accumulated deficit)	
Balance at January 1, 2018	Rs 41,967,655	785,891	7,191,210	56,677	67,242	-	(2,752,168)	47,316,507
Total comprehensive income(loss) for the period:								
Loss for the period	-	-	-	-	-	-	(2,078,884)	(2,078,884)
Defined benefit plan re-measurements	-	-	-	-	-	-	(198)	(198)
Changes in fair value of cash flow hedge	-	-	-	-	-	46,885	-	46,885
Transactions with owners of the Parent Company, recognized directly in equity:								
Disposition of deficit	-	-	(2,684,926)	-	(67,242)	-	2,752,168	-
Balance at March 31, 2018	Rs 41,967,655	785,891	4,506,284	56,677	-	46,885	(2,079,082)	45,284,310
Balance at January 1, 2019	Rs 41,967,655	785,891	4,506,284	56,677	-	6,267	(5,018,681)	42,304,093
Total comprehensive income(loss) for the period:								
Loss for the period	-	-	-	-	-	-	(1,673,612)	(1,673,612)
Defined benefit plan re-measurements	-	-	-	-	-	-	(102)	(102)
Changes in fair value of cash flow hedge	-	-	-	-	-	(24,609)	-	(24,609)
Transactions with owners of the Parent Company, recognized directly in equity:								
Issue of ordinary shares	3,617,420	(593,035)	-	-	-	-	-	3,024,385
Balance at March 31, 2019	Rs 45,585,075	192,856	4,506,284	56,677	-	(18,342)	(6,692,395)	43,630,155

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
 Separate Interim Statements of Cash Flows
 (Unaudited)

For the three-month periods ended March 31, 2019 and 2018

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Cash flows from operating activities				
Loss for the period	₩ (27,506,151)	(34,166,889) Rs	(1,673,612)	(2,078,884)
Adjustment	76,315,322	73,648,343	4,643,406	4,481,133
Changes in assets and liabilities	132,589,421	13,397,609	8,067,403	815,178
Cash generated from operations (note 30)	<u>181,398,592</u>	<u>52,879,063</u>	<u>11,037,197</u>	<u>3,217,427</u>
Interest received	957,205	601,632	58,241	36,606
Interest paid	(1,356,872)	(1,166,324)	(82,558)	(70,965)
Dividends received	6,000	6,000	365	365
Net cash provided by operating activities	<u>181,004,925</u>	<u>52,320,371</u>	<u>11,013,245</u>	<u>3,183,433</u>
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	257,469	140,616	15,665	8,556
Acquisition of property, plant and equipment	(55,714,864)	(41,496,104)	(3,389,971)	(2,524,830)
Acquisition of intangible assets	(31,548,916)	(21,153,476)	(1,919,594)	(1,287,083)
Cash flow used in other investing activities	(1,388,145)	(43,910)	(84,461)	(2,673)
Net cash used in investing activities	<u>(88,394,456)</u>	<u>(62,552,874)</u>	<u>(5,378,361)</u>	<u>(3,806,030)</u>
Cash flows from financing activities				
Proceeds from borrowings	62,639,471	-	3,811,299	-
Proceeds from issuing capital stock	49,999,998	-	3,042,250	-
Repayment of borrowings	(1,250,000)	(15,661,567)	(76,056)	(952,928)
Cash flow used in other financing activities	(2,505,469)	-	(152,446)	-
Net cash provided by (used in) financing activities	<u>108,884,000</u>	<u>(15,661,567)</u>	<u>6,625,047</u>	<u>(952,928)</u>
Net increase(decrease) in cash and cash equivalents	<u>201,494,469</u>	<u>(25,894,070)</u>	<u>12,259,931</u>	<u>(1,575,525)</u>
Cash and cash equivalents at January 1	150,953,423	212,521,514	9,184,761	12,930,872
Cash and cash equivalents at March 31	<u>₩ 352,447,892</u>	<u>186,627,444</u> Rs	<u>21,444,692</u>	<u>11,355,347</u>

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

1. General Description of the Company

(1) Organization and description of business of the Company

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, Pyeongtaek, and its factories are located in Pyeongtaek, Gyeonggi-do, and Changwon, Gyeongsangnam-do, Republic of Korea to manufacture, sell and fix multiple types of vehicle, heavy machinery and those parts.

(2) Major shareholders

As of March 31, 2019, the Company's shareholders are as follows:

<u>Name of shareholder</u>	<u>Number of shares</u>	<u>Percentage of ownership</u>
Mahindra & Mahindra Ltd.	111,855,108	74.65%
Others	37,984,894	25.35%
	<u>149,840,002</u>	<u>100.00%</u>

2. Basis of Preparation and Accounting Policies

(1) Basis of translating separate interim financial statements

The separate interim financial statements are expressed in Korean won and have been translated into Indian rupees at the rate of INR 0.060845 to ₩ 1 on March 31, 2019, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into Indian rupees at this or any other rate.

(2) Statement of compliance

The separate interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed in the Act on External Audits of Corporations in the Republic of Korea.

These separate interim financial statements were prepared in accordance with K-IFRS No.1034, 'Interim Financial Reporting' as part of the period covered by the Company's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual separate financial statements as of and for the year ended December 31, 2018. These separate interim financial statements do not include all of the disclosures required for full annual financial statements.

These separate interim financial statements are separate interim financial statements prepared in accordance with K-IFRS No.1027, 'Separate Financial Statements' presented by a parent, an investor in an associate or a venturer in a joint venture, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

The Company has initially applied K-IFRS No.1116 'Leases' for preparation of the separate interim financial statements as of and for the three months ended March 31, 2019. The significant changes in accounting policies are described in note 2.(4).

SSANGYONG MOTOR COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

2. Basis of Preparation and Accounting Policies, Continued

(3) Use of estimates and judgments

The preparation of the separate interim financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management's judgments in applying accounting policies and estimation, used in separate interim financial statements, are the same as those applied to the separate interim financial statements as of and for the year ended December 31, 2018 except for main sources of uncertainty in estimates and new significant judgements related to lessee accounting under K-IFRS No.1116, which are described in note 2.(4).

(4) Changes in accounting policies

New standard, interpretations, and changes in accounting policies resulting from the adoption of them are as follows. The changes in accounting policies described below will be also reflected in the annual financial statements for the year ending December 31, 2019.

The Company has initially adopted K-IFRS No.1116 Leases from January 1, 2019. A number of other new standards are effective from January 1, 2019 but they do not have a material effect on the Company's financial statements.

K-IFRS No.1116 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The comparative information presented for 2018 has not been restated. It is presented, as previously reported, under K-IFRS No.1017 and related interpretations. The details of the changes in accounting policies are disclosed below.

1) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under K-IFRS No.2104 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under K-IFRS No.1116, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to K-IFRS No.1116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied K-IFRS No.1116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under K-IFRS No.1017 and K-IFRS No.2104 were not reassessed. Therefore, the definition of a lease under K-IFRS No.1116 has been applied only to contracts entered into or changed on or after January 1, 2019.

SSANGYONG MOTOR COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

2. Basis of Preparation and Accounting Policies, Continued

(4) Changes in accounting policy, continued

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of land and Buildings in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under K-IFRS No.1116, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets are as below.

(In millions of won)

		Property, plant and equipment		
		Land and Buildings	Vehicles	Total
Balance at January 1, 2019	₩	2,112	5,177	7,289
Balance at March 31, 2019		1,721	4,705	6,426

(In millions of rupee)

		Property, plant and equipment		
		Land and Buildings	Vehicles	Total
Balance at January 1, 2019	Rs	128	315	443
Balance at March 31, 2019		105	286	391

The Company presents lease liabilities in 'other liabilities' in the separate statements of financial position.

① Significant accounting policies

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The Company measures Right-of-use asset's useful lives based on the lease period and, recognises amortisation costs using a straight-line method based on that useful lives.

SSANGYONG MOTOR COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

2. Basis of Preparation and Accounting Policies, Continued

(4) Changes in accounting policy, continued

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

② Transition

Previously, the Company classified property leases as operating leases under K-IFRS No.1017. These include Land and Buildings, Vehicles. The leases typically run for lease period according to lease contract. Some leases include termination option or an option to renew the lease for an additional period after the end of the non-cancellable period.

At transition, for leases classified as operating leases under K-IFRS No.1017, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate and the interest rate implicit in the lease as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company applied this approach to all other leases.

The Company used the following practical expedients when applying K-IFRS No.1116 to leases previously classified as operating leases under K-IFRS No.1017.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

SSANGYONG MOTOR COMPANY
Notes to the Separate Interim Financial Statements
(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

2. Basis of Preparation and Accounting Policies, Continued

(4) Changes in accounting policy, continued

③ As a lessor

The Company leases out some of right-of-use assets.

The accounting policies applicable to the Company as a lessor are not different from those under K-IFRS No.1017. However, when the Company is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The Company is not required to make any adjustments on transition to K-IFRS No.1116 for leases in which it acts as a lessor.

The Company sub-leases some of Land and Buildings. On transition to K-IFRS No.1116, the right-of-use assets recognized from the head leases are presented in finance leases, and the sub-lease contracts are classified as finance leases under K-IFRS No.1116.

④ Impacts on financial statements

i) Impacts on transition

On transition to K-IFRS No.1116, the impact on-balance sheet is summarised below.

(In millions of won and in thousands of rupee)

	<u>Korean won</u>	<u>Indian rupee</u>
	January 1, 2019	January 1, 2019
Right-of-use assets	₩ 7,289	Rs 444
Lease liability	6,006	365
Sub-lease receivables	13,295	809

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate and the interest rate implicit in the lease at January 1, 2019. The weighted-average rate of incremental borrowing applied is 3.93%, and the weighted-average rate of the interest rate implicit in the lease applied is 10.36%.

(In millions of won and in thousands of rupee)

	<u>Korean won</u>	<u>Indian rupee</u>
	January 1, 2019	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's financial statements	₩ 6,690	Rs 407
Discounted using the incremental borrowing rate at January 1, 2019	6,334	385
– Recognition exemption for leases of low-value assets	(2,829)	(172)
– Recognition exemption for leases with less than 12 months of lease term at transition	(267)	(16)
– Sub-lease liabilities recognized and adjustment extension options reasonably certain to be exercised	10,057	612
Lease liabilities recognized at January 1, 2019	13,295	809

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For the three-month periods ended March 31, 2019 and 2018

2. Basis of Preparation and Accounting Policies, Continued

(4) Changes in accounting policy, continued

ii) Impacts for the period

As a result of initially applying K-IFRS No.1116, in relation to the leases that were previously classified as operating leases, the Company recognized ₩ 6,426 million (Rs 391 million) of right-of-use assets and ₩ 6,442 million (Rs 392 million) of lease liabilities and respectively ₩ 4,600 million (Rs 280 million) of sub-lease receivables and sub-lease liabilities as at March 31, 2019.

Also in relation to those leases under K-IFRS No.1116, the Company has recognized depreciation and interest costs, instead of operating lease expense. During the three months ended March 31, 2019, the Company recognized ₩ 863 million (Rs 53 million) of depreciation costs and ₩ 78 million (Rs 5 million) of interest costs from these leases.

3. Significant Accounting Policies

Except for the changes in accounting policies as described in note 2.(4), the accounting policies applied by the Company in these separate interim financial statements are the same as those applied by the Company in the separate financial statements as of and for the year ended December 31, 2018.

For better comparative purposes, certain comparative amounts in the separate interim financial statements have been reclassified according to the separate financial statements of the current year, which do not have an impact on either net profit or net equity of the prior year.

The following new standards, interpretations and amendments to existing standards, which have been published, are effective for annual periods beginning after January 1, 2019 and earlier application is permitted; however the Company has not early adopted them.

The following amendment standards will not have a material impact on the Company.

- K-IFRS No.2123 'Uncertainty of tax treatment'
- K-IFRS No.1109 'Financial instruments' revision
- K-IFRS No.1028 'Investing in affiliated and joint ventures'
- K-IFRS No.1019 'employee salary'
- K-IFRS No.1117 'Insurance contract'

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.

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5. Restricted Financial Instruments

Restricted financial Instruments as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Financial institution		Korean won		Indian rupee		Description
			2019	2018	2019	2018	
Cash and cash equivalents	Shinhan Bank and others	₩	965,268	1,086,949	Rs 58,732	66,135	Litigated asset, government grants and others
Long-term financial instruments	Woori Bank		750,855	750,379	45,686	45,658	Unconfirmed reorganization debt pledged as collateral
	Shinhan Bank and others		4,000	4,000	243	243	Bank account deposit
		₩	<u>1,720,123</u>	<u>1,841,328</u>	Rs <u>104,661</u>	<u>112,036</u>	

6. Non-current Financial Assets

Non-current financial assets as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	Ownership (%)		2019		2018	
			Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation(*)	1.72	₩	500,000	722,313	500,000	500,000
Korea Management Consultants Association(*)	1.50		60,000	854,342	60,000	60,000
		₩	<u>560,000</u>	<u>1,576,655</u>	<u>560,000</u>	<u>560,000</u>

(In thousands of rupee)

	Ownership (%)		2019		2018	
			Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation(*)	1.72	Rs	30,422	43,950	30,422	30,422
Korea Management Consultants Association(*)	1.50		3,651	51,982	3,651	3,651
		Rs	<u>34,073</u>	<u>95,932</u>	<u>34,073</u>	<u>34,073</u>

(*) Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at acquisition cost.

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7. Trade and Other Receivables

(1) Details of trade and other receivables as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	2019		2018	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 178,043,281	559,281	179,134,041	1,332,414
Less: Allowance for doubtful accounts	(223,332)	(2,689)	(122,904)	(1,395)
Other receivables	10,319,763	547,699	8,440,060	553,345
Less: Allowance for doubtful accounts	(3,995,325)	(465,074)	(3,918,799)	(450,095)
Loans and others(*)	13,840,062	38,559,704	12,106,439	33,690,667
Less: Allowance for doubtful accounts	-	(357)	-	(357)
	₩ 197,984,449	39,198,564	195,638,837	35,124,579

(*) The other receivables listed above include ₩ 4,599,767 thousand for sub-lease receivables and the interest revenue received by the sub-lease contract is ₩ 164,916 thousand.

(In thousands of rupee)

	2019		2018	
	Current	Non-current	Current	Non-current
Trade receivables	Rs 10,833,043	34,029	10,899,411	81,071
Less: Allowance for doubtful accounts	(13,588)	(163)	(7,478)	(85)
Other receivables	627,906	33,325	513,535	33,668
Less: Allowance for doubtful accounts	(243,096)	(28,297)	(238,439)	(27,386)
Loans and others(*)	842,099	2,346,165	736,616	2,049,909
Less: Allowance for doubtful accounts	-	(22)	-	(22)
	Rs 12,046,364	2,385,037	11,903,645	2,137,155

(*) The other receivables listed above include Rs 279,873 thousand for sub-lease receivables and the interest revenue received by the sub-lease contract is Rs 10,034 thousand.

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7. Trade and Other Receivables, Continued

(2) Details of aging analysis of the trade and other receivables as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	2019		2018	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Not past due	₩ 178,602,562	59,181,416	180,466,455	50,752,577
Less than 30 days	-	-	-	-
More than 60 days	-	-	-	-
More than 90 days	-	4,085,812	-	4,037,934
	₩ 178,602,562	63,267,228	180,466,455	54,790,511

(In thousands of rupee)

	2019		2018	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Not past due	Rs 10,867,072	3,600,894	10,980,482	3,088,040
Less than 30 days	-	-	-	-
More than 60 days	-	-	-	-
More than 90 days	-	248,601	-	245,688
	Rs 10,867,072	3,849,495	10,980,482	3,333,728

(*) Others consist of other receivables, loans and others.

(3) Changes in allowance for trade and other receivables for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won)

	2019		2018	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	₩ 124,299	4,369,251	126,715	3,783,442
Bad debt expense	101,722	91,505	-	928
Reversal of allowance for bad debts	-	-	(8,532)	(17,685)
Ending balance	₩ 226,021	4,460,756	118,183	3,766,685

(In thousands of rupee)

	2019		2018	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	Rs 7,563	265,847	7,710	230,204
Bad debt expense	6,188	5,568	-	56
Reversal of allowance for bad debts	-	-	(519)	(1,076)
Ending balance	Rs 13,751	271,415	7,191	229,184

SSANGYONG MOTOR COMPANY
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For the three-month periods ended March 31, 2019 and 2018

8. Inventories

Details of inventories as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Merchandises	₩ 38,296,414	39,892,986	Rs 2,330,145	2,427,289
Finished goods	75,470,617	76,588,557	4,592,010	4,660,031
Work-in-process	27,330,252	27,069,755	1,662,909	1,647,059
Raw materials	33,543,202	31,654,571	2,040,936	1,926,022
Sub-materials	389,634	413,615	23,707	25,166
Supplies	3,587,386	3,611,193	218,275	219,723
Goods in transit	51,459,581	37,725,938	3,131,058	2,295,435
	₩ <u>230,077,086</u>	<u>216,956,615</u>	Rs <u>13,999,040</u>	<u>13,200,725</u>

The Company has measured inventories at the lower of cost or net realizable value. The loss on valuation of inventories amounted to ₩ 1,884,958 thousand (Rs 114,690 thousand) for the three-month periods ended March 31, 2019 is included in cost of sales.

SSANGYONG MOTOR COMPANY
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9. Investments in Subsidiaries and a Joint venture

Details of investment in subsidiaries and a joint venture as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	Company	Location	Owner ship	Closing month	2019		2018
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	₩ 5,338,097	297,410	297,410
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	835,695	-	-
	Ssangyong Australia Pty Ltd.	Australia	100%	December	<u>2,950,833</u>	<u>2,950,833</u>	<u>2,950,833</u>
					<u>9,124,625</u>	<u>3,248,243</u>	<u>3,248,243</u>
Joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51%	December	<u>10,200,000</u>	<u>10,200,000</u>	<u>10,200,000</u>
					₩ <u>19,324,625</u>	<u>13,448,243</u>	<u>13,448,243</u>

(In thousands of rupee)

	Company	Location	Owner ship	Closing month	2019		2018
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	Rs 324,797	18,096	18,096
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	50,848	-	-
	Ssangyong Australia Pty Ltd.	Australia	100%	December	<u>179,543</u>	<u>179,543</u>	<u>179,543</u>
					<u>555,188</u>	<u>197,639</u>	<u>197,639</u>
Joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51%	December	<u>620,619</u>	<u>620,619</u>	<u>620,619</u>
					Rs <u>1,175,807</u>	<u>818,258</u>	<u>818,258</u>

(*) SY Auto Capital Co., Ltd. is a joint venture which was established under joint venture agreement, as joint venture since the Company has rights only to the net assets, and their legal structures of arrangements are separated.

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For the three-month periods ended March 31, 2019 and 2018

10. Other Assets

Details of other assets as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Other current assets				
Advance payments	₩ 1,315,334	1,013,026	Rs 80,031	61,637
Prepaid expenses	12,187,143	9,906,317	741,527	602,750
Current tax assets	428,838	324,294	26,093	19,732
	₩ 13,931,315	11,243,637	Rs 847,651	684,119
Other non-current assets				
Other non-current assets	₩ 276,044	276,099	Rs 16,796	16,800
Right-of-use assets(*)	6,425,771	-	390,976	-
	₩ 6,701,815	276,099	Rs 407,772	16,800

(*)The details and depreciation costs for right-of-use assets are as follows:

(In thousands of won)	Beginning balance	Increase	Depreciation	Ending balance
Land and building	₩ 2,111,692	-	(391,070)	1,720,622
Vehicle	5,177,133	-	(471,984)	4,705,149
Total	₩ 7,288,825	-	(863,054)	6,425,771

(In thousands of rupee)	Beginning balance	Increase	Depreciation	Ending balance
Land and building	Rs 128,486	-	(23,795)	104,691
Vehicle	315,003	-	(28,718)	286,285
Total	Rs 443,489	-	(52,513)	390,976

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11. Property, Plant and Equipment

(1) Details of property, plant and equipment as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won)

		2019				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	475,116,992	(7,354)	-	-	475,109,638
Buildings		551,171,569	(3,709,714)	(231,382,765)	(148,366,786)	167,712,304
Structures		112,236,387	(84,812)	(66,276,134)	(28,862,964)	17,012,477
Machinery		1,297,151,261	(153,958)	(1,030,709,245)	(92,201,337)	174,086,721
Vehicles		8,696,073	(5,494)	(5,742,683)	(446,780)	2,501,116
Tools and molds		1,355,871,156	(22,705)	(845,111,572)	(156,638,001)	354,098,878
Equipment		67,881,326	(70,496)	(51,808,899)	(2,899,144)	13,102,787
Construction in progress		45,695,504	-	-	-	45,695,504
Machinery in transit		1,325,470	-	-	-	1,325,470
	₩	<u>3,915,145,738</u>	<u>(4,054,533)</u>	<u>(2,231,031,298)</u>	<u>(429,415,012)</u>	<u>1,250,644,895</u>

(In thousands of won)

		2018				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	475,116,992	(7,354)	-	-	475,109,638
Buildings		550,322,646	(3,734,723)	(228,576,444)	(148,366,786)	169,644,693
Structures		112,176,542	(90,063)	(65,850,786)	(28,862,964)	17,372,729
Machinery		1,276,272,698	(166,908)	(1,023,019,261)	(92,390,513)	160,696,016
Vehicles		7,499,847	(5,878)	(5,745,301)	(516,742)	1,231,926
Tools and molds		1,261,396,400	(24,038)	(826,949,338)	(157,469,741)	276,953,283
Equipment		69,535,620	(74,248)	(52,003,068)	(3,203,583)	14,254,721
Construction in progress		110,625,296	-	-	-	110,625,296
Machinery in transit		1,318,137	-	-	-	1,318,137
	₩	<u>3,864,264,178</u>	<u>(4,103,212)</u>	<u>(2,202,144,198)</u>	<u>(430,810,329)</u>	<u>1,227,206,439</u>

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11. Property, Plant and Equipment, Continued

(1) Details of property, plant and equipment as of March 31, 2019 and December 31, 2018 are as follows, continued:

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	28,908,493	(447)	-	-	28,908,046
Buildings		33,536,034	(225,719)	(14,078,484)	(9,027,377)	10,204,454
Structures		6,829,023	(5,160)	(4,032,571)	(1,756,167)	1,035,125
Machinery		78,925,168	(9,368)	(62,713,504)	(5,609,990)	10,592,306
Vehicles		529,113	(334)	(349,414)	(27,184)	152,181
Tools and molds		82,497,980	(1,381)	(51,420,814)	(9,530,639)	21,545,146
Equipment		4,130,239	(4,289)	(3,152,312)	(176,399)	797,239
Construction in progress		2,780,343	-	-	-	2,780,343
Machinery in transit		80,649	-	-	-	80,649
	Rs	<u>238,217,042</u>	<u>(246,698)</u>	<u>(135,747,099)</u>	<u>(26,127,756)</u>	<u>76,095,489</u>

(In thousands of rupee)

		2018				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	28,908,493	(447)	-	-	28,908,046
Buildings		33,484,381	(227,239)	(13,907,734)	(9,027,377)	10,322,031
Structures		6,825,382	(5,480)	(4,006,691)	(1,756,167)	1,057,044
Machinery		77,654,812	(10,156)	(62,245,607)	(5,621,501)	9,777,548
Vehicles		456,328	(358)	(349,573)	(31,441)	74,956
Tools and molds		76,749,664	(1,463)	(50,315,732)	(9,581,246)	16,851,223
Equipment		4,230,895	(4,517)	(3,164,127)	(194,922)	867,329
Construction in progress		6,730,996	-	-	-	6,730,996
Machinery in transit		80,203	-	-	-	80,203
	Rs	<u>235,121,154</u>	<u>(249,660)</u>	<u>(133,989,464)</u>	<u>(26,212,654)</u>	<u>74,669,376</u>

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11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩	475,109,638	-	-	-	-	475,109,638
Buildings		169,644,693	-	-	(2,781,313)	848,924	167,712,304
Structures		17,372,729	-	(2,408)	(423,523)	65,679	17,012,477
Machinery		160,696,016	77,568	(258,869)	(8,715,792)	22,287,798	174,086,721
Vehicles		1,231,926	223,939	(2,882)	(145,963)	1,194,096	2,501,116
Tools and molds		276,953,283	287,200	(477)	(24,079,406)	100,938,278	354,098,878
Equipment		14,254,721	199,717	(18,331)	(1,433,571)	100,251	13,102,787
Construction in progress		110,625,296	58,973,971	-	-	(123,903,763)	45,695,504
Machinery in transit		1,318,137	7,333	-	-	-	1,325,470
	₩	<u>1,227,206,439</u>	<u>59,769,728</u>	<u>(282,967)</u>	<u>(37,579,568)</u>	<u>1,531,263</u>	<u>1,250,644,895</u>

(In thousands of won)

		2018					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩	475,062,920	-	-	-	-	475,062,920
Buildings		175,450,508	-	(352)	(2,709,401)	108,696	172,849,451
Structures		16,717,153	-	-	(449,200)	1,687,148	17,955,101
Machinery		168,999,971	22,000	(4,768)	(8,205,326)	14,432,462	175,244,339
Vehicles		1,182,791	83,297	(174,948)	(100,114)	519,001	1,510,027
Tools and molds		298,398,114	449,900	(52,384)	(22,101,490)	50,172,418	326,866,558
Equipment		16,415,748	263,605	(5,332)	(1,646,542)	-	15,027,479
Construction in progress		87,441,686	23,344,073	-	-	(66,210,468)	44,575,291
	₩	<u>1,239,668,891</u>	<u>24,162,875</u>	<u>(237,784)</u>	<u>(35,212,073)</u>	<u>709,257</u>	<u>1,229,091,166</u>

(*) Capitalized borrowing costs in respect of construction in progress are ₩ 376,981 thousand (2018: ₩ 190,256 thousand) and ₩ 1,154,282 thousand (2018: ₩ 519,001 thousand) which are transferred from inventory to vehicles during the three-month periods ended March 31, 2019 and 2018, respectively.

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11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the three-month periods ended March 31, 2019 and 2018 are as follows, continued:

(In thousands of rupee)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs	28,908,046	-	-	-	-	28,908,046
Buildings		10,322,031	-	-	(169,230)	51,653	10,204,454
Structures		1,057,044	-	(147)	(25,768)	3,996	1,035,125
Machinery		9,777,548	4,720	(15,751)	(530,312)	1,356,101	10,592,306
Vehicles		74,956	13,626	(175)	(8,881)	72,655	152,181
Tools and molds		16,851,223	17,475	(29)	(1,465,113)	6,141,590	21,545,146
Equipment		867,329	12,151	(1,115)	(87,226)	6,100	797,239
Construction in progress		6,730,996	3,588,271	-	-	(7,538,924)	2,780,343
Machinery in transit		80,203	446	-	-	-	80,649
	Rs	<u>74,669,376</u>	<u>3,636,689</u>	<u>(17,217)</u>	<u>(2,286,530)</u>	<u>93,171</u>	<u>76,095,489</u>

(In thousands of rupee)

		2018					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs	28,905,203	-	-	-	-	28,905,203
Buildings		10,675,286	-	(21)	(164,854)	6,614	10,517,025
Structures		1,017,155	-	-	(27,332)	102,655	1,092,478
Machinery		10,282,803	1,339	(290)	(499,253)	878,143	10,662,742
Vehicles		71,967	5,068	(10,645)	(6,091)	31,579	91,878
Tools and molds		18,156,034	27,375	(3,189)	(1,344,765)	3,052,741	19,888,196
Equipment		998,816	16,038	(323)	(100,184)	-	914,347
Construction in progress		5,320,390	1,420,370	-	-	(4,028,576)	2,712,184
	Rs	<u>75,427,654</u>	<u>1,470,190</u>	<u>(14,468)</u>	<u>(2,142,479)</u>	<u>43,156</u>	<u>74,784,053</u>

(*) Capitalized borrowing costs in respect of construction in progress are Rs 22,937 thousand (2018: Rs 11,576 thousand) and Rs 70,232 thousand (2018: Rs 31,579 thousand) which are transferred from inventory to vehicles for the three-month periods ended March 31, 2019 and 2018, respectively.

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11. Property, Plant and Equipment, Continued

(3) Details of pledged assets provided as collateral for the borrowings as of March 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	Book value	Collateralized amount	Book value	Collateralized amount
Land	₩ 340,125,850		Rs 20,694,957	
Buildings and structures	52,572,218	219,000,000	3,198,757	13,325,055
Machinery and others	7,167		436	
	₩ 392,705,235	219,000,000	Rs 23,894,150	13,325,055

(4) Capitalized borrowing costs and capitalization interest rate for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Capitalized interest expenses (*)	₩ 1,103,036	783,721	Rs 67,114	47,686
Capitalization interest rate	3.61%	3.34%	3.61%	3.34%

(*) Capitalized borrowing costs for intangible assets are ₩ 726,055 thousand (Rs 44,177 thousand) and ₩ 593,465 thousand (Rs 36,109 thousand) for the three-month periods ended March 31, 2019 and 2018, respectively.

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12. Intangible Assets

(1) Details of intangible assets as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩	484,347,133	-	(201,760,165)	-	282,586,968
Patents		4,484,940	(11,005)	(3,064,943)	(120,915)	1,288,077
Other intangible assets		114,372,328	(3,332)	(31,362,559)	(1,409,450)	81,596,987
	₩	<u>603,204,401</u>	<u>(14,337)</u>	<u>(236,187,667)</u>	<u>(1,530,365)</u>	<u>365,472,032</u>

(In thousands of won)

		2018				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩	345,185,015	-	(182,160,013)	-	163,025,002
Patents		4,360,730	(11,558)	(2,907,159)	(107,788)	1,334,225
Other intangible assets		221,383,684	(6,186)	(30,567,312)	(1,409,450)	189,400,736
	₩	<u>570,929,429</u>	<u>(17,744)</u>	<u>(215,634,484)</u>	<u>(1,517,238)</u>	<u>353,759,963</u>

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	29,470,101	-	(12,276,097)	-	17,194,004
Patents		272,886	(670)	(186,486)	(7,357)	78,373
Other intangible assets		6,958,985	(202)	(1,908,256)	(85,758)	4,964,769
	Rs	<u>36,701,972</u>	<u>(872)</u>	<u>(14,370,839)</u>	<u>(93,115)</u>	<u>22,237,146</u>

(In thousands of rupee)

		2018				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	21,002,782	-	(11,083,526)	-	9,919,256
Patents		265,330	(703)	(176,886)	(6,558)	81,183
Other intangible assets		13,470,089	(377)	(1,859,868)	(85,758)	11,524,086
	Rs	<u>34,738,201</u>	<u>(1,080)</u>	<u>(13,120,280)</u>	<u>(92,316)</u>	<u>21,524,525</u>

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12. Intangible Assets, Continued

(2) Changes in intangible assets for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won)

		2019						
		Beginning balance	Acquisition	Amortization	Impairment	Transfer	Others(*)	Ending balance
Internally created intangible assets:								
Development cost	₩	163,025,002	-	(19,600,152)	-	139,162,118	-	282,586,968
Other intangible assets		181,843,818	31,192,506	-	-	(139,162,118)	726,055	74,600,261
		<u>344,868,820</u>	<u>31,192,506</u>	<u>(19,600,152)</u>	<u>-</u>	<u>-</u>	<u>726,055</u>	<u>357,187,229</u>
Individually acquired intangible assets:								
Patents		1,334,224	124,210	(157,230)	(13,127)	-	-	1,288,077
Other intangible assets		7,556,919	232,200	(792,393)	-	-	-	6,996,726
		<u>8,891,143</u>	<u>356,410</u>	<u>(949,623)</u>	<u>(13,127)</u>	<u>-</u>	<u>-</u>	<u>8,284,803</u>
	₩	<u>353,759,963</u>	<u>31,548,916</u>	<u>(20,549,775)</u>	<u>(13,127)</u>	<u>-</u>	<u>726,055</u>	<u>365,472,032</u>

(In thousands of won)

		2018						
		Beginning balance	Acquisition	Amortization	Impairment	Transfer	Others(*)	Ending balance
Internally created intangible assets:								
Development cost	₩	189,161,366	-	(16,591,490)	-	40,229,595	-	212,799,471
Other intangible assets		104,765,438	20,938,645	-	-	(40,229,595)	593,465	86,067,953
		<u>293,926,804</u>	<u>20,938,645</u>	<u>(16,591,490)</u>	<u>-</u>	<u>-</u>	<u>593,465</u>	<u>298,867,424</u>
Individually acquired intangible assets:								
Patents		1,592,985	53,040	(150,447)	(315)	-	-	1,495,263
Other intangible assets		7,748,933	161,791	(936,190)	-	-	-	6,974,534
		<u>9,341,918</u>	<u>214,831</u>	<u>(1,086,637)</u>	<u>(315)</u>	<u>-</u>	<u>-</u>	<u>8,469,797</u>
	₩	<u>303,268,722</u>	<u>21,153,476</u>	<u>(17,678,127)</u>	<u>(315)</u>	<u>-</u>	<u>593,465</u>	<u>307,337,221</u>

(*) Capitalized borrowing costs in respect of other intangible assets are ₩ 726,055 thousand and ₩ 593,465 thousand for the three-month periods ended March 31, 2019 and 2018, respectively.

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12. Intangible Assets, Continued

(2) Changes in intangible assets for the three-month periods ended March 31, 2019 and 2018 are as follows, continued:

(In thousands of rupee)

		2019						
		Beginning balance	Acquisition	Amortization	Impairment	Transfer	Others(*)	Ending balance
Internally created intangible assets:								
Development cost	Rs	9,919,256	-	(1,192,571)	-	8,467,319	-	17,194,004
Other intangible assets		11,064,286	1,897,908	-	-	(8,467,319)	44,178	4,539,053
		<u>20,983,542</u>	<u>1,897,908</u>	<u>(1,192,571)</u>	<u>-</u>	<u>-</u>	<u>44,178</u>	<u>21,733,057</u>
Individually acquired intangible assets:								
Patents		81,183	7,558	(9,569)	(799)	-	-	78,373
Other intangible assets		459,800	14,128	(48,212)	-	-	-	425,716
		<u>540,983</u>	<u>21,686</u>	<u>(57,781)</u>	<u>(799)</u>	<u>-</u>	<u>-</u>	<u>504,089</u>
	Rs	<u>21,524,525</u>	<u>1,919,594</u>	<u>(1,250,352)</u>	<u>(799)</u>	<u>-</u>	<u>44,178</u>	<u>22,237,146</u>

(In thousands of rupee)

		2018						
		Beginning balance	Acquisition	Amortization	Impairment	Transfer	Others(*)	Ending balance
Internally created intangible assets:								
Development cost	Rs	11,509,523	-	(1,009,509)	-	2,447,770	-	12,947,784
Other intangible assets		6,374,453	1,274,012	-	-	(2,447,770)	36,109	5,236,804
		<u>17,883,976</u>	<u>1,274,012</u>	<u>(1,009,509)</u>	<u>-</u>	<u>-</u>	<u>36,109</u>	<u>18,184,588</u>
Individually acquired intangible assets:								
Patents		96,925	3,227	(9,154)	(19)	-	-	90,979
Other intangible assets		471,484	9,844	(56,962)	-	-	-	424,366
		<u>568,409</u>	<u>13,071</u>	<u>(66,116)</u>	<u>(19)</u>	<u>-</u>	<u>-</u>	<u>515,345</u>
	Rs	<u>18,452,385</u>	<u>1,287,083</u>	<u>(1,075,625)</u>	<u>(19)</u>	<u>-</u>	<u>36,109</u>	<u>18,699,933</u>

(*) Capitalized borrowing costs in respect of other intangible assets are Rs 44,178 thousand and Rs 36,109 thousand for the three-month periods ended March 31, 2019 and 2018, respectively.

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12. Intangible Assets, Continued

(3) Details of capitalized development costs as of March 31, 2019 are as follows.

(In thousands of won and in thousands of rupee)

	<u>Project name</u>		<u>Korean won</u>		<u>Indian rupee</u>	<u>Remaining amortization period(*1)</u>
Development costs	RV(*2)	₩	261,364,489	Rs	15,902,722	1~4 years
	Power train and others		21,222,479		1,291,282	1~4 years
Other intangible assets	RV(*3)		55,519,570		3,378,088	-
	Power train and others		19,080,691		1,160,965	-
		₩	<u>357,187,229</u>	Rs	<u>21,733,057</u>	

(*1) If the amortization is initiated, the remaining amortization period is recorded. If the amortization is not started, it is marked with "-" only.

(*2) Development projects for vehicles are currently being sold at the end of March, 2019.

(*3) On-going development project for vehicles as of March 31, 2019 to respond to consumer needs and market conditions.

(4) Details of expenditures for research and developments for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		<u>Korean won</u>			<u>Indian rupee</u>	
		<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Capitalization of intangible assets	₩	30,463,355	21,532,110	Rs	1,853,543	1,310,121
Manufacturing costs		16,253,136	19,658,739		988,922	1,196,136
Selling and administrative expenses		4,511,348	3,939,321		274,493	239,688
	₩	<u>51,227,839</u>	<u>45,130,170</u>	Rs	<u>3,116,958</u>	<u>2,745,945</u>

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13. Borrowings

(1) Details of short-term borrowings as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate (%)	Korean won		Indian rupee	
			2019	2018	2019	2018
Korea Development Bank	Operating fund	CD+1.98	₩ 30,000,000	30,000,000	Rs 1,825,350	1,825,350
Kookmin Bank	Facility fund(*)	CD+2.00	10,000,000	5,000,000	608,450	304,225
Citibank Korea and others	Banker's usance	0.30 ~ 3.53	156,944,457	143,227,545	9,549,285	8,714,680
			₩ 196,944,457	178,227,545	Rs 11,983,085	10,844,255

(*) Current portion of long-term borrowing

(2) Details of long-term borrowing as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate(%)	Korean won		Indian rupee	
			2019	2018	2019	2018
Korea Development Bank	Facility fund	CD+1.57	₩ 70,000,000	70,000,000	Rs 4,259,150	4,259,150
JP Morgan	Facility fund	CD+2.00	40,000,000	-	2,433,800	-
Kookmin Bank	Facility fund	CD+2.00	18,750,000	10,000,000	1,140,844	608,450
Less: Current portion			(10,000,000)	(5,000,000)	(608,450)	(304,225)
			₩ 118,750,000	75,000,000	Rs 7,225,344	4,563,375

(3) Details of pledged assets as collateral for borrowings as of March 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Pledged assets	Korean won		Indian rupee	
		Borrowings amount	Maximum credit amount	Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	₩ 100,000,000	195,000,000	Rs 6,084,500	11,864,775
Kookmin Bank	Land, buildings and machinery	18,750,000	24,000,000	1,140,844	1,460,280
		₩ 118,750,000	219,000,000	Rs 7,225,344	13,325,055

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14. Other Financial Liabilities

Details of other financial liabilities as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Accrued expenses	₩ 24,042,223	38,035,516	Rs 1,462,849	2,314,271

15. Provision of Warranty for sale

The Company generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Beginning balance	₩ 135,038,087	146,239,557	Rs 8,216,392	8,897,946
Increase	5,807,450	4,425,412	353,354	269,264
Decrease	(8,575,749)	(10,042,449)	(521,791)	(611,032)
Ending balance	₩ 132,269,788	140,622,520	Rs 8,047,955	8,556,178
Current	₩ 49,265,976	50,928,139	Rs 2,997,588	3,098,723
Non-current	83,003,812	89,694,381	5,050,367	5,457,455

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16. Other Liabilities

Details of other liabilities as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	2019		2018	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 3,299,439	-	3,798,708	-
Deposits received	583,875	-	525,166	-
Withholdings	19,432,827	-	22,531,153	-
Deferred income	3,941,256	12,113,779	6,054,312	11,257,510
Lease liabilities(*)	6,230,223	4,811,945	-	-
	₩ 33,487,620	16,925,724	32,909,339	11,257,510

(*) The total amount of lease liabilities paid in the current term is ₩ 2,384,214 thousand and interests expenses is ₩ 131,439 thousand.

(In thousands of rupee)

	2019		2018	
	Current	Non-current	Current	Non-current
Advances from customers	Rs 200,754	-	231,132	-
Deposits received	35,526	-	31,955	-
Withholdings	1,182,390	-	1,370,908	-
Deferred income	239,806	737,063	368,375	684,963
Lease liabilities(*)	379,078	292,783	-	-
	Rs 2,037,554	1,029,846	2,002,370	684,963

(*) The total amount of lease liabilities paid in the current term is Rs 145,068 thousand and interests expenses is Rs 7,998 thousand.

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17. Employee Benefits

(1) Details of defined benefit liabilities as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Present value of defined benefit obligations	₩ 332,668,475	330,195,117	Rs 20,241,213	20,090,722
Fair value of plan assets	(986,070)	(1,013,651)	(59,997)	(61,676)
	₩ 331,682,405	329,181,466	Rs 20,181,216	20,029,046

(2) Changes in defined benefit liabilities for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won)

Details	2019		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 330,195,117	(1,013,651)	329,181,466
Current service cost	9,930,550	-	9,930,550
Interest expense (income)	2,147,698	(6,579)	2,141,119
Sub-total	₩ 342,273,365	(1,020,230)	341,253,135
Re-measurement factors:			
Re-measurements of plan assets	-	1,675	1,675
Sub-total	₩ -	1,675	1,675
Benefit paid by plan	(32,485)	32,485	-
Benefit paid directly	(9,572,405)	-	(9,572,405)
Ending balance	₩ 332,668,475	(986,070)	331,682,405

(In thousands of won)

Details	2018		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 285,658,090	(1,094,967)	284,563,123
Current service cost	9,080,201	-	9,080,201
Interest expense (income)	2,223,087	(8,508)	2,214,579
Sub-total	₩ 296,961,378	(1,103,475)	295,857,903
Re-measurement factors:			
Re-measurements of plan assets	-	3,241	3,241
Sub-total	₩ -	3,241	3,241
Benefit paid by plan	(42,821)	42,821	-
Benefit paid directly	(8,261,865)	-	(8,261,865)
Ending balance	₩ 288,656,692	(1,057,413)	287,599,279

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17. Employee Benefits, Continued

(2) Changes in defined benefit obligation for the three-month periods ended March 31, 2019 and 2018 are as follows, continued:

(In thousands of rupee)

Details	2019		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 20,090,722	(61,676)	20,029,046
Current service cost	604,224	-	604,224
Interest expense (income)	130,677	(400)	130,277
Sub-total	Rs 20,825,623	(62,076)	20,763,547
Re-measurement factors:			
Re-measurements of plan assets	-	102	102
Sub-total	Rs -	102	102
Benefit paid by plan	(1,977)	1,977	-
Benefit paid directly	(582,433)	-	(582,433)
Ending balance	Rs 20,241,213	(59,997)	20,181,216

(In thousands of rupee)

Details	2018		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 17,380,866	(66,623)	17,314,243
Current service cost	552,485	-	552,485
Interest expense (income)	135,264	(518)	134,746
Sub-total	Rs 18,068,615	(67,141)	18,001,474
Re-measurement factors:			
Re-measurements of plan assets	-	198	198
Sub-total	Rs -	198	198
Benefit paid by plan	(2,605)	2,605	-
Benefit paid directly	(502,694)	-	(502,694)
Ending balance	Rs 17,563,316	(64,338)	17,498,978

(3) The components of plan assets as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Insurance contracts	₩ 986,070	1,013,651	Rs 59,997	61,676

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17. Employee Benefits, Continued

(4) Actuarial assumptions used related to plans as of March 31, 2019 and December 31, 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Discount rate (%)	2.63	2.63
Rate of future salary growth (%)	3.95	3.95

The discount rate is the market yield at the end of the reporting year on high quality corporate bonds (AA+) that have maturity which approximates the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The discount rate for the calculation of the present value of defined benefit obligations is also used as expected return on plan assets.

18. Commitments and Contingencies

Details of commitments and contingencies as of March 31, 2019 are as follows:

- (1) The Company carries product liability insurance for all products that it sells.
- (2) As of March 31, 2019, the Company has agreements with Korea Development Bank and others for various borrowings, trading finance and others with limit of ₩ 305,750 million (Rs 18,603 million) and USD 254 million.
- (3) As of March 31, 2019, the Company has been provided with guarantees amounting to USD 896,649 by Standard Chartered Bank Korea Limited in connection with refunds for advance received and performing transactions.
- (4) As of March 31, 2019, 4 claims as a plaintiff were filed with the claim amount of ₩ 4,592 million (Rs 279 million) and 13 claims as a defendant were filed with the claims of ₩ 3,951 million (Rs 240 million). The Company made a reasonable estimate by considering the possibility and amount of outflow of resources, and recognized the provision of ₩ 6,806 million (Rs 414 million) as other payable for the foregoing lawsuits and claims.

19. Capital Stock

(1) The Company's capital stock as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee, except for par value and share information)

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Number of shares authorized (In share)	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Shares outstanding (In share)	149,840,002	137,949,396	149,840,002	137,949,396
Par value (In won)	₩ 5,000	5,000	Rs 304	304
Capital stock	749,200,010	689,746,980	45,585,075	41,967,655

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19. Capital Stock, Continued

(2) Changes in the Company's shares outstanding for the years ended March 31, 2019 and 2018 are as follows:

(In share)

	<u>2019</u>	<u>2018</u>
Beginning Shares outstanding	137,949,396	137,949,396
Paid-up capital	11,890,606	-
Ending Shares outstanding	149,840,002	137,949,396

20. Other Capital Surplus and Retained Earnings

Details of other capital surplus and retained earnings as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Paid-in capital in excess of par value	₩ 3,169,615	12,916,273	Rs 192,856	785,891
Gain on capital reduction	74,061,697	74,061,697	4,506,284	4,506,284
Debt to be swapped for equity	931,508	931,508	56,677	56,677
	<u>₩ 78,162,820</u>	<u>87,909,478</u>	<u>Rs 4,755,817</u>	<u>5,348,852</u>

21. Other Equity

(1) Details of the Company's other equity as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Gains (losses) on valuation of derivatives	₩ (301,450)	103,000	Rs (18,342)	6,267

(2) Changes in the Company's gains (losses) on valuation of derivatives for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance	₩ 103,000	-	Rs 6,267	-
Gains(losses) on valuation of derivatives	(301,450)	770,560	(18,342)	46,885
Reclassified to net income(losses)	(103,000)	-	(6,267)	-
Ending balance	<u>₩ (301,450)</u>	<u>770,560</u>	<u>Rs (18,342)</u>	<u>46,885</u>

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22. Accumulated deficit

(1) Details of deficit as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Deficit	₩ (109,990,871)	(82,483,045)	Rs (6,692,395)	(5,018,681)

(2) Changes in deficit for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Beginning balance	₩ (82,483,045)	(45,232,442)	Rs (5,018,681)	(2,752,168)
Disposition of deficit	-	45,232,442	-	2,752,168
Loss for the period	(27,506,151)	(34,166,889)	(1,673,612)	(2,078,884)
Defined benefit plan re-measurement	(1,675)	(3,241)	(102)	(198)
Ending balance	₩ (109,990,871)	(82,483,045)	Rs (6,692,395)	(5,018,681)

23. Income Tax Expense

Income tax expense and deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward are not recognized as of March 31, 2019.

24. Nature of Expenses

Details of nature of expenses for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Changes in inventories	₩ 2,454,016	(10,867,625)	Rs 149,315	(661,241)
Raw materials consumed and purchase of merchandise	643,838,547	552,459,383	39,174,356	33,614,391
Employee benefits	138,311,226	128,373,387	8,415,547	7,810,879
Depreciation	37,579,568	35,212,073	2,286,530	2,142,479
Amortization	20,549,775	17,678,127	1,250,352	1,075,625
Others	128,988,825	115,053,055	7,848,323	7,000,404
	₩ 971,721,957	837,908,400	Rs 59,124,423	50,982,537

Total expenses are equal to the sum of cost of sales and selling, general and administrative expenses.

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25. Derivatives

The Company holds derivative contracts to minimize foreign exchange risk. As of March 31, 2019, effective portion of changes in fair value of cash flow hedge is ₩ 301,450 thousand (Rs 18,342 thousand) classified as other equity. Ineffective portion of change in fair value of cash flow hedge recognized in current profit or loss is net amounting to ₩ 222,320 thousand (Rs 13,527 thousand) recognized in current profit. And, changes in fair value of derivative not designated as hedging instrument for the year ended March 31, 2019 are net amounting to ₩ 48,218 thousand (Rs 2,934 thousand) recognized in current loss.

26. Selling, General and Administrative Expenses

(1) Details of selling expenses for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Warranty expenses	₩ 12,130,615	9,124,874	Rs 738,087	555,203
Commissions	59,287,018	49,885,139	3,607,319	3,035,261
Advertising	6,471,881	6,922,555	393,782	421,203
Export expenses	3,773,098	1,450,129	229,574	88,233
Others	7,301,713	7,151,904	444,272	435,158
	₩ 88,964,325	74,534,601	Rs 5,413,034	4,535,058

(2) Details of general and administrative expenses for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Salaries	₩ 13,622,355	12,680,527	Rs 828,852	771,548
Retirement benefit costs	1,523,952	1,463,778	92,725	89,064
Employee welfare	3,041,254	2,856,059	185,045	173,777
Rent expense	2,499,306	2,996,099	152,070	182,298
Service fees	9,239,624	9,380,079	562,185	570,731
Depreciation	7,214,895	3,942,154	438,990	239,860
R&D expenses	4,511,348	3,939,321	274,493	239,688
Amortization	949,623	1,086,638	57,780	66,116
Bad debt expense	101,722	(8,532)	6,188	(519)
Others	8,072,622	7,495,202	491,181	456,044
	₩ 50,776,701	45,831,325	Rs 3,089,509	2,788,607

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27. Other Income and Expenses

(1) Details of other income for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Rs	Indian rupee	
	2019	2018		2019	2018
Foreign exchange transaction gain	₩ 792,405	1,502,713		48,214	91,433
Foreign exchange translation gain	329,418	537,240		20,043	32,688
Gain on disposal of property, plant and equipment	254,867	12,573		15,507	765
Others	1,738,517	1,329,179		105,781	80,874
	₩ <u>3,115,207</u>	<u>3,381,705</u>	Rs	<u>189,545</u>	<u>205,760</u>

(2) Details of other expenses for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Rs	Indian rupee	
	2019	2018		2019	2018
Foreign exchange transaction loss	₩ 859,354	1,573,281		52,287	95,726
Foreign exchange translation loss	240,777	112,421		14,650	6,840
Loss on disposal of property, plant and equipment	280,362	109,741		17,059	6,677
Loss on disposal of trade receivables	27,693	22,750		1,685	1,384
Others	494,730	210,258		30,102	12,794
	₩ <u>1,902,916</u>	<u>2,028,451</u>	Rs	<u>115,783</u>	<u>123,421</u>

28. Finance Income and Costs

(1) Details of finance income for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Rs	Indian rupee	
	2019	2018		2019	2018
Interest income	₩ 1,121,474	547,960		68,237	33,340
Dividend income	6,000	6,000		365	365
Foreign exchange transaction gain	1,852,303	1,168,456		112,703	71,095
Foreign exchange translation gain	202,338	272,591		12,311	16,586
Realized gain of financial derivatives	260,544	1,109,867		15,853	67,530
Unrealized gain of financial derivatives	222,320	70,967		13,527	4,318
	₩ <u>3,664,979</u>	<u>3,175,841</u>	Rs	<u>222,996</u>	<u>193,234</u>

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28. Finance Income and Costs, Continued

(2) Details of finance costs for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Interest expense	₩ 396,650	405,291	Rs 24,134	24,660
Foreign exchange transaction loss	1,591,699	3,293,223	96,847	200,376
Foreign exchange translation loss	1,279,779	3,404,935	77,868	207,173
Realized loss of financial derivatives	35,557	136,598	2,163	8,311
Unrealized loss of financial derivatives	48,218	335,121	2,935	20,391
	₩ <u>3,351,903</u>	<u>7,575,168</u>	Rs <u>203,947</u>	<u>460,911</u>

(3) Details of the Company's financial net profit or loss for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Financial assets/ liabilities at amortized cost	₩ (92,012)	(5,114,442)	Rs (5,598)	(311,188)
Non-current financial assets	6,000	6,000	365	365
Derivatives financial assets (liabilities)	399,088	709,115	24,282	43,146
	₩ <u>313,076</u>	<u>(4,399,327)</u>	Rs <u>19,049</u>	<u>(267,677)</u>

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29. Losses per Share

(1) Basic losses per share for the three-month periods ended March 31, 2019 and 2018 are calculated as follows:

(In thousands of won and in thousands of rupee, except per share information)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Loss for the period	₩ (27,506,151)	(34,166,889)	Rs (1,673,612)	(2,078,884)
Loss contributed to common stocks	(27,506,151)	(34,166,889)	(1,673,612)	(2,078,884)
Weighted average number of common shares	146,824,272	138,983,372	146,824,272	138,983,372
Basic losses per share(*) (In won)	₩ (187)	(246)	Rs (11)	(15)

(*) Diluted earnings (losses) per share are not calculated for the three-month periods ended March 31, 2019 and 2018, because there are no dilutive shares as of March 31, 2019 and 2018.

(2) Weighted average number of common shares outstanding for the years ended March 31, 2019 and 2018 are calculated as follows:

	2019			
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2019-01-01~2019-03-31	137,949,396	90/90	137,949,396
Issuing(*)	2019-01-01~2019-03-31	1,033,976	90/90	1,033,976
Issuing	2019-01-26~2019-03-31	10,856,630	65/90	7,840,900
				<u>146,824,272</u>

(*) In accordance with K-IFRS 1033, when the rights offering is less than fair value, the shares issued below the fair value are considered as free shares and the number of shares outstanding is retroactively calculated.

	2018			
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2018-01-01~2018-03-31	137,949,396	90/90	137,949,396
Issuing(*)	2018-01-01~2018-03-31	1,033,976	90/90	1,033,976
				<u>138,983,372</u>

(*) In accordance with K-IFRS 1033, when the rights offering is less than fair value, the shares issued below fair value are considered as free shares and the number of shares outstanding is retroactively applied.

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30. Cash Flows

(1) Details of cash flows from operating activities for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Loss for the period	₩ (27,506,151)	(34,166,889)	Rs (1,673,612)	(2,078,884)
Adjustments for:				
Retirement benefit costs	12,071,668	11,294,780	734,501	687,231
Depreciation	37,579,568	35,212,073	2,286,530	2,142,479
Amortization	20,549,775	17,678,127	1,250,352	1,075,625
Losses on disposal of trade receivables	27,693	22,750	1,685	1,384
Foreign exchange translation gain and loss, net	988,800	2,707,525	60,164	164,739
Losses on disposal of property, plant and equipment	25,497	97,168	1,552	5,912
Interest expense and income, net	(727,027)	(142,669)	(44,236)	(8,680)
Dividends income	(6,000)	(6,000)	(365)	(365)
Unrealized gain and loss of financial derivatives, net	(174,102)	264,154	(10,592)	16,073
Losses on valuation of inventories	(1,884,958)	2,118,748	(114,690)	128,915
Increase in provision of warranty for sale	6,721,628	4,425,412	408,977	269,264
Others	1,142,780	(23,725)	69,528	(1,444)
	<u>76,315,322</u>	<u>73,648,343</u>	<u>4,643,406</u>	<u>4,481,133</u>
Changes in assets and liabilities				
Trade receivables	2,032,693	27,001,094	123,679	1,642,882
Other receivables	(1,788,036)	(223,832)	(108,793)	(13,619)
Inventories	(13,377,987)	(4,328,362)	(813,984)	(263,359)
Trade payables	135,555,719	29,990,958	8,247,888	1,824,800
Other payables	48,795,773	(4,216,899)	2,968,979	(256,577)
Accrued expenses	(14,133,904)	(14,032,280)	(859,977)	(853,794)
Usage of provision of warranty for sale	(8,575,749)	(10,042,449)	(521,791)	(611,033)
Payment of retirement benefits	(9,572,405)	(8,261,865)	(582,433)	(502,694)
Others	(6,346,683)	(2,488,756)	(386,165)	(151,428)
	<u>132,589,421</u>	<u>13,397,609</u>	<u>8,067,403</u>	<u>815,178</u>
Net cash provided by operating activities	₩ <u>181,398,592</u>	<u>52,879,063</u>	Rs <u>11,037,197</u>	<u>3,217,427</u>

(2) Significant non-cash activities for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Changes in other payables related to the acquisition of property, plant and equipment	₩ 4,054,862	(17,333,229)	Rs 246,718	(1,054,640)

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30. Cash Flows, Continued

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the three-month period ended March 31, 2019 is as follows:

(In thousands of won)

		Beginning balance	Increase	Decrease	Liquidity	Exchange rate effect	Ending balance
Banker's usance (*)	₩	143,227,545	12,639,471	-	-	1,077,441	156,944,457
Short-term borrowings		35,000,000	-	(1,250,000)	6,250,000	-	40,000,000
Long-term borrowings		75,000,000	50,000,000	-	(6,250,000)	-	118,750,000
	₩	253,227,545	62,639,471	(1,250,000)	-	1,077,441	315,694,457

(In thousands of rupee)

		Beginning balance	Increase	Decrease	Liquidity	Exchange rate effect	Ending balance
Banker's usance (*)	Rs	8,714,680	769,049	-	-	65,556	9,549,285
Short-term borrowings		2,129,575	-	(76,056)	380,281	-	2,433,800
Long-term borrowings		4,563,375	3,042,250	-	(380,281)	-	7,225,344
	Rs	15,407,630	3,811,299	(76,056)	-	65,556	19,208,429

(*) The changes in usance borrowings are presented by net amounts.

31. Segment Information

(1) The Company determined itself as a single reportable segment by considering the nature of goods and service as well as the characteristic of assets providing service. The Company has not disclosed operating income or loss, profit or loss before income taxes and total assets and liabilities by reportable segment.

(2) Geographic sales information of the Company for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

Sales region		Korean won		Indian rupee		
		2019	2018	2019	2018	
Republic of Korea	₩	761,928,535	665,871,215	Rs	46,359,541	40,514,934
Europe		67,848,335	80,217,194		4,128,232	4,880,815
Asia Pacific		71,643,559	13,229,243		4,359,152	804,933
Others		41,270,011	47,469,932		2,511,075	2,888,309
	₩	942,690,440	806,787,584	Rs	57,358,000	49,088,991

Non-current assets are not separately disclosed since those are located in Korea. Main customer over 10% of sales is not disclosed since most sales are occurred through contract with individual customer and authorized foreign agencies.

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31. Segment Information, Continued

(3) Information of sales of goods and service for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won			Indian rupee	
	2019	2018		2019	2018
Automobile	₩ 806,854,365	711,392,479	Rs	49,093,054	43,284,675
Merchandise and parts	107,911,402	76,327,175		6,565,869	4,644,127
Others	27,924,673	19,067,930		1,699,077	1,160,189
	₩ 942,690,440	806,787,584	Rs	57,358,000	49,088,991

(4) Balance of Contracts as of March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won			Indian rupee	
	2019	2018		2019	2018
Receivables from contracts with customers	₩ 178,376,541	180,342,156	Rs	10,853,321	10,972,918
Contract liabilities	16,055,035	17,311,822		976,869	1,053,338

The contract liabilities related to service warranties and transportation contracts that are executed over period, that are recognized in deferred income and advances from customers.

32. Transactions and Balances with Related Parties

(1) Details of related parties as of March 31, 2019 are as follows:

Relationship	Company
Parent	Mahindra & Mahindra Ltd. Ssangyong Australia Pty Ltd.
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.
Joint venture	SY Auto Capital Co., Ltd. Mahindra Vehicle Manufacturing Ltd.,
Others	Mahindra Electric Mobility Ltd., Mahindra & Mahindra South Africa Ltd. PININFARINA S.p.A

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32. Transactions and Balances with Related Parties, Continued

(2) Transactions with related parties for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won)

Relationship	Company	Description		2019	2018
Parent	Mahindra & Mahindra Ltd.	Sales	₩	11,465,860	1,103,639
		Other expenses		382,508	599,684
Subsidiaries	Ssangyong European Parts Center B.V.	Sales		3,401,194	2,815,438
	Ssangyong Australia Pty Ltd	Sales		17,534,222	-
	Ssangyong Motor (Shanghai) Co.Ltd.	Other expenses		31,822	-
Joint venture	SY Auto Capital Co., Ltd.	Other expenses		7,276,737	3,111,551
	Mahindra Vehicle Manufacturing Ltd.	Sales		25,426,618	1,080,997
Others	Mahindra Electric Mobility Ltd.	Other expenses		67,442	-
	Mahindra & Mahindra South Africa Ltd.	Sales		3,292	8,139
	PININFARINA S.p.A	Other expenses		303,049	-

(In thousands of rupee)

Relationship	Company	Description		2019	2018
Parent	Mahindra & Mahindra Ltd.	Sales	Rs	697,640	67,151
		Other expenses		23,274	36,488
Subsidiaries	Ssangyong European Parts Center B.V.	Sales		206,946	171,305
	Ssangyong Australia Pty Ltd	Sales		1,066,870	-
	Ssangyong Motor (Shanghai) Co.Ltd.	Other expenses		1,936	-
Joint venture	SY Auto Capital Co., Ltd.	Other expenses		442,753	189,322
	Mahindra Vehicle Manufacturing Ltd.	Sales		1,547,083	65,773
Others	Mahindra Electric Mobility Ltd.	Other expenses		4,104	-
	Mahindra & Mahindra South Africa Ltd.	Sales		200	495
	PININFARINA S.p.A	Other expenses		18,439	-

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32. Transactions and Balances with Related Parties, Continued

(3) Account balances with related parties as of March 31, 2019 and 2018 are as follows:

(In thousands of won)

<u>Relationship</u>	<u>Company</u>	<u>Description</u>	<u>2019</u>	<u>2018</u>
Parent	Mahindra & Mahindra Ltd.	Trade receivables ₩	5,267,714	4,171,953
		Other receivables	32,084	30,314
		Other payables	626,027	669,683
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	12,863,132	13,451,565
		Other payables	51,569	43,002
		Trade receivables	25,468,037	9,621,128
Subsidiaries	Ssangyong Australia Pty Ltd.	Other payables	439,533	86,650
		Other receivables	420,756	405,844
		Other payables	109,597	79,755
Joint venture	SY Auto Capital Co., Ltd. Mahindra Vehicle Manufacturing Ltd.	Other payables	245,146	242,805
		Trade receivables	7,121,679	5,405,701
		Other payables	2,375,000	2,500,000
Others	Mahindra Electric Mobility Ltd. Mahindra & Mahindra South Africa Ltd.	Other payables	22,756	44,724
		Other payables	8,268	11,560

(In thousands of rupee)

<u>Relationship</u>	<u>Company</u>	<u>Description</u>	<u>2019</u>	<u>2018</u>
Parent	Mahindra & Mahindra Ltd.	Trade receivables Rs	320,514	253,842
		Other receivables	1,952	1,844
		Other payables	38,091	40,747
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	782,657	818,460
		Other payables	3,138	2,616
		Trade receivables	1,549,603	585,398
Subsidiaries	Ssangyong Australia Pty Ltd.	Other payables	26,743	5,272
		Other receivables	25,601	24,694
		Other payables	6,668	4,853
Joint venture	SY Auto Capital Co., Ltd. Mahindra Vehicle Manufacturing Ltd.	Other payables	14,916	14,773
		Trade receivables	433,319	328,910
		Other payables	144,507	152,113
Others	Mahindra Electric Mobility Ltd. Mahindra & Mahindra South Africa Ltd.	Other payables	1,385	2,721
		Other payables	503	703

Allowance for receivables from related parties are ₩ 420,756 thousand (Rs 25,601 thousand) recognized as of March 31, 2019.

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32. Transactions and Balances with Related Parties, Continued

(4) Details of transactions with related parties for the three-month periods ended March 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2019	2018	2019	2018
Parent	Mahindra& Mahindra Ltd.	₩ 49,706,372	-	Rs 3,024,385	-

(5) Executive compensation of the Company for the three-month periods ended March 31, 2019 and 2018, is as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2019	2018	2019	2018
Short-term employee benefits	₩	2,361,946	2,103,319	Rs 143,713	127,976
Retirement benefits		37,823	35,211	2,301	2,142

33. Financial Instruments

(1) Capital risk management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound or optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

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

Debt-to-equity ratio as of March 31, 2019 and December 31, 2018 is as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2019	2018	2019	2018
Debt (A)	₩	1,753,890,294	1,510,786,741	Rs 106,715,455	91,923,820
Equity (B)		717,070,509	695,276,413	43,630,155	42,304,093
Debt-to-equity ratio (A/B)		244.59%	217.29%	244.59%	217.29%

SSANGYONG MOTOR COMPANY
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33. Financial Instruments, Continued

(2) Details of financial assets and liabilities by category as of March 31, 2019 and December 31, 2018 are as follows:

1) Financial assets

(In thousands of won)

	2019				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	₩ 352,447,892	-	-	352,447,892	352,447,892
Long-term financial instruments	4,000	-	-	4,000	4,000
Trade and other receivables	234,876,442	-	-	234,876,442	234,876,442
Non-current financial assets	-	560,000	-	560,000	560,000
Derivative assets	-	436,411	54,101	490,512	490,512
	₩ 587,328,334	996,411	54,101	588,378,846	588,378,846

(In thousands of won)

	2018				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	₩ 150,953,423	-	-	150,953,423	150,953,423
Long-term financial instruments	4,000	-	-	4,000	4,000
Trade and other receivables	228,980,147	-	-	228,980,147	228,980,147
Non-current financial assets	-	560,000	-	560,000	560,000
Derivative assets	-	806,894	84,425	891,319	891,319
	₩ 379,937,570	1,366,894	84,425	381,388,889	381,388,889

(In thousands of rupee)

	2019				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	Rs 21,444,692	-	-	21,444,692	21,444,692
Long-term financial instruments	243	-	-	243	243
Trade and other receivables	14,291,057	-	-	14,291,057	14,291,057
Non-current financial assets	-	34,073	-	34,073	34,073
Derivative assets	-	26,553	3,292	29,845	29,845
	Rs 35,735,992	60,626	3,292	35,799,910	35,799,910

(In thousands of rupee)

	2018				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	Rs 9,184,761	-	-	9,184,761	9,184,761
Long-term financial instruments	243	-	-	243	243
Trade and other receivables	13,932,297	-	-	13,932,297	13,932,297
Non-current financial assets	-	34,073	-	34,073	34,073
Derivative assets	-	49,095	5,138	54,233	54,233
	Rs 23,117,301	83,168	5,138	23,205,607	23,205,607

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33. Financial Instruments, Continued

(2) Details of financial assets and liabilities by category as of March 31, 2019 and December 31, 2018 are as follows, continued:

2) Financial liabilities

(In thousands of won)

		2019			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	₩ 882,459,197	-	-	882,459,197	882,459,197
Borrowings	315,694,457	-	-	315,694,457	315,694,457
Derivative liabilities	-	-	403,436	403,436	403,436
	<u>₩ 1,198,153,654</u>	<u>-</u>	<u>403,436</u>	<u>1,198,557,090</u>	<u>1,198,557,090</u>

(In thousands of won)

		2018			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL		Total	Fair value
Trade and other payables	₩ 691,768,504	-		691,768,504	691,768,504
Borrowings	253,227,545	-		253,227,545	253,227,545
	<u>₩ 944,996,049</u>	<u>-</u>		<u>944,996,049</u>	<u>944,996,049</u>

(In thousands of rupee)

		2019			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	Rs 53,693,230	-	-	53,693,230	53,693,230
Borrowings	19,208,429	-	-	19,208,429	19,208,429
Derivative liabilities	-	-	24,547	24,547	24,547
	<u>Rs 72,901,659</u>	<u>-</u>	<u>24,547</u>	<u>72,926,206</u>	<u>72,926,206</u>

(In thousands of rupee)

		2018			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL		Total	Fair value
Trade and other payables	Rs 42,090,655	-		42,090,655	42,090,655
Borrowings	15,407,630	-		15,407,630	15,407,630
	<u>Rs 57,498,285</u>	<u>-</u>		<u>57,498,285</u>	<u>57,498,285</u>

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33. Financial Instruments, Continued

(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 factors.

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

1) Market risk

a. Foreign exchange 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 exchange 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% as of March 31, 2019.

(In thousands of won and in thousands of rupee)

Currency	Korean won		Indian rupee	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 1,427,023	(1,427,023) Rs	86,827	(86,827)
EUR	(2,607,172)	2,607,172	(158,633)	158,633
JPY	(11,438,050)	11,438,050	(695,948)	695,948
Others	3,390,781	(3,390,781)	206,312	(206,312)
	₩ (9,227,418)	9,227,418 Rs	(561,442)	561,442

b. Interest rate risk

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

If 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 or increase in ₩ 195,719 thousand (Rs 11,909 thousand) for the three-month periods ended March 31, 2019, due to floating rate debt's interest rate risk.

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33. Financial Instruments, Continued

(3) Financial risk management, continued

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.

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 index, 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.

The Company estimates allowances for doubtful accounts (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.) through individual analysis for the receivables that are over more than 90 days.

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 year; the average loss rate for the past three-years is calculated by dividing the amount of actual loss occurred in the past three years by the average balance of the receivables.

The Company estimates an allowance for the receivables that are over 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.

Maximum exposure in respect of credit risk as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee		
		2019	2018	2019	2018	
Trade and other receivables	₩	234,876,442	228,980,147	Rs	14,291,057	13,932,297

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33. Financial Instruments, Continued

(3) Financial risk management, continued

3) Liquidity risk

The Company has managed liquidity risk to maintain adequate level of liquidity by periodic projecting cash outflow. To manage the risks, the Company has entered into a factoring agreement with capital financial institutions.

The contractual maturities of financial liabilities as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	2019		
	Within a year	Over 1 year	Total
Trade payables	₩ 670,435,917	-	670,435,917
Other payables	209,350,834	-	209,350,834
Short-term borrowings(*)	198,061,852	-	198,061,852
Derivatives liabilities	403,436	-	403,436
Other payables	1,257,142	-	1,257,142
Long-term borrowings(*)	-	125,461,223	125,461,223
Long-term other payables	-	1,415,304	1,415,304
	₩ 1,079,509,181	126,876,527	1,206,385,708

(*) Including expected interest expenses.

(In thousands of won)

	2018		
	Within a year	Over 1 year	Total
Trade payables	₩ 534,719,078	-	534,719,078
Other payables	154,398,334	-	154,398,334
Short-term borrowings(*)	179,518,770	-	179,518,770
Other payables	1,057,821	-	1,057,821
Long-term borrowings(*)	-	78,760,222	78,760,222
Long-term other payables	-	1,593,271	1,593,271
	₩ 869,694,003	80,353,493	950,047,496

(*) Including expected interest expenses.

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For the three-month periods ended March 31, 2019 and 2018

33. Financial Instruments, Continued

(3) Financial risk management, continued

3) Liquidity risk, continued

(In thousands of rupee)

		2019		
		Within a year	Over 1 year	Total
Trade payables	Rs	40,792,673	-	40,792,673
Other payables		12,737,951	-	12,737,951
Short-term borrowings(*)		12,051,073	-	12,051,073
Derivatives liabilities		24,547	-	24,547
Other payables		76,492	-	76,492
Long-term borrowings(*)		-	7,633,688	7,633,688
Long-term other payables		-	86,114	86,114
	Rs	<u>65,682,736</u>	<u>7,719,802</u>	<u>73,402,538</u>

(*) Including expected interest expenses.

(In thousands of rupee)

		2018		
		Within a year	Over 1 year	Total
Trade payables	Rs	32,534,982	-	32,534,982
Other payables		9,394,367	-	9,394,367
Short-term borrowings(*)		10,922,820	-	10,922,820
Other payables		64,363	-	64,363
Long-term borrowings(*)		-	4,792,165	4,792,165
Long-term other payables		-	96,943	96,943
	Rs	<u>52,916,532</u>	<u>4,889,108</u>	<u>57,805,640</u>

(*) Including expected interest expenses.

Details of commitments for borrowings as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2019	2018	2019	2018
Limitation of commitments for borrowings	Used	₩ 158,750,000	110,000,000	Rs 9,659,144	6,692,950
	Unused	<u>147,000,000</u>	<u>147,000,000</u>	<u>8,944,215</u>	<u>8,944,215</u>
		<u>₩ 305,750,000</u>	<u>257,000,000</u>	<u>Rs 18,603,359</u>	<u>15,637,165</u>

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33. Financial Instruments, Continued

(4) Fair value of financial instruments

1) The Company's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost on separate interim 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. In case of borrowings, its fair value are disclosed, but estimated in amortized costs. The company deem that its book value are similar to its fair values calculated by generally accepted valuation models based on discounts 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	quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or in indirectly (i.e. derived from prices)
Level 3	input for the asset or liability that are not based on observable market data (unobservable inputs)

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33. Financial Instruments, Continued

(4) Fair value of financial instruments, continued

Fair values of financial instruments by hierarchy level as of March 31, 2019 and December 31, 2018 are as follows:

(In thousands of won)

		Level 1	Level 2	Level 3	Fair value
As of March 31, 2019					
Derivatives assets	₩	-	490,512	-	490,512
Derivatives liabilities		-	403,436	-	403,436

As of December 31, 2018

Derivatives liabilities	₩	-	891,319	-	891,319
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(In thousands of rupee)

		Level 1	Level 2	Level 3	Fair value
As of March 31, 2019					
Derivatives assets	Rs	-	29,845	-	29,845
Derivatives liabilities		-	24,547	-	24,547

As of December 31, 2018

Derivatives liabilities	Rs	-	54,232	-	54,232
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4) The Company measures the foreign exchange forward contract derivative assets: ₩ 490,512 thousand (Rs 29,845 thousand), derivative liabilities: ₩ 403,436 thousand (Rs 24,547 thousand) based on the forward rate announced officially in the market as of March 31, 2019. In the event that no corresponding forward rate with residual year 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 foreign exchange forward as level 2.