

**SSANGYONG MOTOR COMPANY**

Separate Interim Financial Statements

(Unaudited)

September 30, 2019 and 2018

(With Independent Auditors' Review Report Thereon)

# Contents

	<b>Page</b>
<b>Independent Auditors' Review Report</b>	1
Separate Interim Statements of Financial Position	3
Separate Interim Statements of Comprehensive Loss	5
Separate Interim Statements of Changes in Equity	7
Separate Interim Statements of Cash Flows	9
Notes to the Separate Interim Financial Statements	10

## **Independent Auditors' Review Report**

Based on a report originally issued in Korean

The Board of Directors and Shareholders  
Ssangyong Motor Company

We have reviewed the accompanying separate interim financial statements of Ssangyong Motor Company, which comprise the separate interim statement of financial position as of September 30, 2019, the separate interim statements of comprehensive loss for the three-month and nine-month periods ended September 30, 2019 and 2018, the separate interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 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 accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 12, 2019, expressed an unqualified opinion. The statement of financial position of the company as of December 31, 2018, presented for comparative purposes, is consistent, in all material respects, with the audited separate financial statements from which it has been derived.

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 September 30, 2019 and December 31, 2019 and for the three-month and the nine-month periods ended September 30, 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 Samjong Accounting Corp.*

Seoul, Korea  
November 12, 2019

This report is effective as of November 12, 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 September 30, 2019 and December 31, 2018

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee	
		2019	2018	2019	2018
<b>Assets</b>					
Cash and cash equivalents	4,5,34 ₩	36,558,649	150,953,423	Rs 2,153,304	8,891,157
Trade and other receivables, net	2,7,32,33,34	209,327,358	195,638,837	12,329,381	11,523,127
Derivative assets	26,34	86,117	891,319	5,072	52,499
Inventories, net	8,25	263,249,183	216,956,615	15,505,377	12,778,745
Other current assets	10	15,488,754	11,243,637	912,289	662,250
<b>Total current assets</b>		<u>524,710,061</u>	<u>575,683,831</u>	<u>30,905,423</u>	<u>33,907,778</u>
Non-current financial instruments	5,34	4,000	4,000	236	236
Non-current other receivables, net	7,32,33,34	38,203,818	35,124,579	2,250,205	2,068,837
Non-current financial assets	6,34	560,000	560,000	32,984	32,984
Property, plant and equipment, net	11,14	1,216,982,670	1,227,206,439	71,680,279	72,282,459
Intangible assets, net	11,12	344,445,885	353,759,962	20,287,863	20,836,462
Investments in subsidiaries	9	4,365,005	3,248,243	257,099	191,322
Investments in joint venture	9	10,200,000	10,200,000	600,780	600,780
Other non-current assets	10	276,043	276,100	16,258	16,262
Right-of-use assets	2,13	5,861,836	-	345,262	-
<b>Total non-current assets</b>		<u>1,620,899,257</u>	<u>1,630,379,323</u>	<u>95,470,966</u>	<u>96,029,342</u>
<b>Total assets</b>		<u>₩ 2,145,609,318</u>	<u>2,206,063,154</u>	<u>Rs 126,376,389</u>	<u>129,937,120</u>

See accompanying notes to the separate interim financial statements.

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

As of September 30, 2019 and December 31, 2018

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee	
		2019	2018	2019	2018
<b>Liabilities</b>					
Trade and other payables	15,19,33,34	₩ 592,043,737	730,540,041	Rs 34,871,376	43,028,808
Short-term borrowings	14,19,31,34	303,272,097	178,227,545	17,862,726	10,497,602
Provision of warranty for sale					
- current	16	49,983,151	49,209,826	2,944,008	2,898,459
Other long-term employee benefits liabilities- current		707,815	2,726,289	41,690	160,578
Other current liabilities	17,32,33	29,638,928	32,909,339	1,745,733	1,938,361
Lease liabilities - current	2,13,34	5,598,957	-	329,779	-
<b>Total current liabilities</b>		<u>981,244,685</u>	<u>993,613,040</u>	<u>57,795,312</u>	<u>58,523,808</u>
Long-term borrowings	14,19,31,34	143,750,000	75,000,000	8,466,875	4,417,500
Non-current other payables	34	887,279	1,593,271	52,261	93,844
Other non-current liabilities	17,32	15,410,301	11,257,510	907,667	663,067
Defined benefit liabilities	18	346,654,259	329,181,466	20,417,936	19,388,788
Other long-term employee benefits liabilities					
- non-current		15,232,633	14,313,193	897,202	843,047
Provision of warranty for sale - non-current	16	79,218,716	85,828,261	4,665,982	5,055,285
Non-current lease liabilities	2,13,34	4,431,903	-	261,039	-
<b>Total non-current liabilities</b>		<u>605,585,091</u>	<u>517,173,701</u>	<u>35,668,962</u>	<u>30,461,531</u>
<b>Total liabilities</b>		₩ <u>1,586,829,776</u>	<u>1,510,786,741</u>	Rs <u>93,464,274</u>	<u>88,985,339</u>
<b>Equity</b>					
Capital stock	20,33	₩ 749,200,010	689,746,980	Rs 44,127,880	40,626,097
Other capital surplus	21	78,162,820	87,909,478	4,603,790	5,177,868
Other equity	22	84,750	103,000	4,992	6,067
Accumulated deficit	23	(268,668,038)	(82,483,045)	(15,824,547)	(4,858,251)
<b>Total equity</b>		₩ <u>558,779,542</u>	<u>695,276,413</u>	Rs <u>32,912,115</u>	<u>40,951,781</u>
<b>Total liabilities and equity</b>		₩ <u>2,145,609,318</u>	<u>2,206,063,154</u>	Rs <u>126,376,389</u>	<u>129,937,120</u>

See accompanying notes to the separate interim financial statements.

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

**For the three-month and nine-month periods ended September 30, 2019 and 2018**

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

	Note	2019		2018	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Sales	32,33	₩ 835,300,075	2,710,079,827	₩ 901,868,857	2,648,526,168
Cost of sales	25,33	812,093,440	2,487,032,084	794,582,122	2,332,418,060
<b>Gross profit</b>		<u>23,206,635</u>	<u>223,047,743</u>	<u>107,286,735</u>	<u>316,108,108</u>
Selling, general and administrative expenses	25,27	127,941,405	403,952,743	129,732,317	377,671,011
<b>Operating loss</b>		<u>(104,734,770)</u>	<u>(180,905,000)</u>	<u>(22,445,582)</u>	<u>(61,562,903)</u>
Other income	28,33	3,849,222	12,666,984	2,439,554	8,068,471
Other expenses	28,33	2,761,010	7,997,118	993,057	5,803,636
Finance income	26,29	1,763,554	7,898,789	2,219,464	9,900,888
Finance costs	26,29	6,516,701	17,843,447	288,498	10,464,604
<b>Loss before income taxes</b>		<u>(108,399,705)</u>	<u>(186,179,792)</u>	<u>(19,068,119)</u>	<u>(59,861,784)</u>
Income tax expenses	24	-	-	-	-
<b>Loss for the period</b>		<u>(108,399,705)</u>	<u>(186,179,792)</u>	<u>(19,068,119)</u>	<u>(59,861,784)</u>
<b>Other comprehensive income (loss) for the period</b>	22,23				
<b>Items that will never be reclassified to profit or loss:</b>					
Defined benefit plan re-measurements	18	(1,760)	(5,201)	(3,332)	(9,881)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Effective portion of changes in fair value of cash flow hedge	22,26	117,370	(18,250)	848,050	1,005,020
<b>Total comprehensive loss for the period</b>		<u>₩ (108,284,095)</u>	<u>(186,203,243)</u>	<u>₩ (18,223,401)</u>	<u>(58,866,645)</u>
<b>Losses per share</b>					
Basic and diluted losses per share (In won)	30	₩ (723)	(1,251)	₩ (137)	(431)

See accompanying notes to the separate interim financial statements.

SSANGYONG MOTOR COMPANY  
 Separate Interim Statements of Comprehensive Loss, Continued  
 (Unaudited)

**For the three-month and nine-month periods ended September 30, 2019 and 2018**

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

	Note	2019		2018	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Sales	32,33	Rs 49,199,174	159,623,702	Rs 53,120,076	155,998,191
Cost of sales	25,33	47,832,303	146,486,190	46,800,887	137,379,423
<b>Gross profit</b>		<u>1,366,871</u>	<u>13,137,512</u>	<u>6,319,189</u>	<u>18,618,768</u>
Selling, general and administrative expenses	25,27	7,535,749	23,792,817	7,641,233	22,244,823
<b>Operating loss</b>		<u>(6,168,878)</u>	<u>(10,655,305)</u>	<u>(1,322,044)</u>	<u>(3,626,055)</u>
Other income	28,33	226,719	746,085	143,690	475,233
Other expenses	28,33	162,623	471,030	58,491	341,834
Finance income	26,29	103,873	465,239	130,726	583,162
Finance costs	26,29	383,834	1,050,979	16,993	616,365
<b>Loss before income taxes</b>		<u>(6,384,743)</u>	<u>(10,965,990)</u>	<u>(1,123,112)</u>	<u>(3,525,859)</u>
Income tax expenses	24	-	-	-	-
<b>Loss for the period</b>		<u>(6,384,743)</u>	<u>(10,965,990)</u>	<u>(1,123,112)</u>	<u>(3,525,859)</u>
<b>Other comprehensive income (loss) for the period</b>	22,23				
<b>Items that will never be reclassified to profit or loss:</b>					
Defined benefit plan re-measurements	18	(104)	(306)	(196)	(582)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Effective portion of changes in fair value of cash flow hedge	22,26	6,913	(1,075)	49,950	59,196
<b>Total comprehensive loss for the period</b>		Rs <u>(6,377,934)</u>	<u>(10,967,371)</u>	Rs <u>(1,073,358)</u>	<u>(3,467,245)</u>
<b>Losses per share</b>					
Basic and diluted losses per share (In rupee)	30	Rs (43)	(74)	Rs (8)	(25)

See accompanying notes to the separate interim financial statements.



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

**For the nine-month periods ended September 30, 2019 and 2018**

(In thousands of won)

	Capital stock	Other capital surplus				Other equity	Accumulated deficit	Total
		Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Gain on disposal of treasury stock			
<b>Balance at January 1, 2018</b>	₩ 689,746,980	12,916,273	118,189,001	931,508	1,105,138	-	(45,232,442)	777,656,458
<b>Total comprehensive income(loss) for the period:</b>								
Loss for the period	-	-	-	-	-	-	(59,861,784)	(59,861,784)
Defined benefit plan re-measurements	-	-	-	-	-	-	(9,881)	(9,881)
Changes in fair value of cash flow hedge	-	-	-	-	-	1,005,020	-	1,005,020
<b>Transactions with owners of the Parent Company, recognized directly in equity:</b>								
Disposition of deficit	-	-	(44,127,304)	-	(1,105,138)	-	45,232,442	-
<b>Balance at September 30, 2018</b>	₩ 689,746,980	12,916,273	74,061,697	931,508	-	1,005,020	(59,871,665)	718,789,813
<b>Balance at January 1, 2019</b>	₩ 689,746,980	12,916,273	74,061,697	931,508	-	103,000	(82,483,045)	695,276,413
<b>Total comprehensive income(loss) for the period:</b>								
Loss for the period	-	-	-	-	-	-	(186,179,792)	(186,179,792)
Defined benefit plan re-measurements	-	-	-	-	-	-	(5,201)	(5,201)
Changes in fair value of cash flow hedge	-	-	-	-	-	(18,250)	-	(18,250)
<b>Transactions with owners of the Parent Company, recognized directly in equity:</b>								
Issue of ordinary shares	59,453,030	(9,746,658)	-	-	-	-	-	49,706,372
<b>Balance at September 30, 2019</b>	₩ 749,200,010	3,169,615	74,061,697	931,508	-	84,750	(268,668,038)	558,779,542

See accompanying notes to the separate interim financial statements.

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

**For the nine-month periods ended September 30, 2019 and 2018**

(In thousands of rupee)

	Capital stock	Other capital surplus			Other equity	Accumulated deficit	Total	
		Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity				Gain on disposal of treasury stock
<b>Balance at January 1, 2018</b>	Rs 40,626,097	760,768	6,961,332	54,866	65,093	-	(2,664,191)	45,803,965
<b>Total comprehensive income(loss) for the period:</b>								
Loss for the period	-	-	-	-	-	-	(3,525,859)	(3,525,859)
Defined benefit plan re-measurements	-	-	-	-	-	-	(582)	(582)
Changes in fair value of cash flow hedge	-	-	-	-	-	59,196	-	59,196
<b>Transactions with owners of the Parent Company, recognized directly in equity:</b>								
Disposition of deficit	-	-	(2,599,098)	-	(65,093)	-	2,664,191	-
<b>Balance at September 30, 2018</b>	Rs <u>40,626,097</u>	<u>760,768</u>	<u>4,362,234</u>	<u>54,866</u>	<u>-</u>	<u>59,196</u>	<u>(3,526,441)</u>	<u>42,336,720</u>
<b>Balance at January 1, 2019</b>	Rs 40,626,097	760,768	4,362,234	54,866	-	6,067	(4,858,251)	40,951,781
<b>Total comprehensive income(loss) for the period:</b>								
Loss for the period	-	-	-	-	-	-	(10,965,990)	(10,965,990)
Defined benefit plan re-measurements	-	-	-	-	-	-	(306)	(306)
Changes in fair value of cash flow hedge	-	-	-	-	-	(1,075)	-	(1,075)
<b>Transactions with owners of the Parent Company, recognized directly in equity:</b>								
Issue of ordinary shares	<u>3,501,783</u>	<u>(574,078)</u>	-	-	-	-	-	<u>2,927,705</u>
<b>Balance at September 30, 2019</b>	Rs <u>44,127,880</u>	<u>186,690</u>	<u>4,362,234</u>	<u>54,866</u>	<u>-</u>	<u>4,992</u>	<u>(15,824,547)</u>	<u>32,912,115</u>

See accompanying notes to the separate interim financial statements.

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

For the nine-month periods ended September 30, 2019 and 2018

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Loss for the period	₩ (186,179,792)	(59,861,784)	Rs (10,965,990)	(3,525,859)
Adjustment	266,110,963	211,716,638	15,673,936	12,470,110
Changes in assets and liabilities	(247,484,295)	2,423,900	(14,576,825)	142,768
<b>Cash generated from operations (note 31)</b>	<b>(167,553,124)</b>	<b>154,278,754</b>	<b>(9,868,879)</b>	<b>9,087,019</b>
Interest received	3,095,425	1,753,532	182,320	103,283
Interest paid	(5,597,438)	(3,415,498)	(329,689)	(201,173)
Dividends received	11,000	11,000	648	648
<b>Net cash provided by (used in) operating activities</b>	<b>(170,044,137)</b>	<b>152,627,788</b>	<b>(10,015,600)</b>	<b>8,989,777</b>
<b>Cash flows from investing activities</b>				
Proceed from disposal of property, plant and equipment	1,630,664	310,341	96,046	18,280
Proceed from disposal of intangible assets	112,138	-	6,605	-
Acquisition of property, plant and equipment	(116,287,961)	(109,692,366)	(6,849,361)	(6,460,880)
Acquisition of intangible assets	(60,320,375)	(78,806,248)	(3,552,870)	(4,641,688)
Acquisition of investments in subsidiaries	(1,116,761)	(812,300)	(65,777)	(47,844)
Cash flow used in other investing activities	(2,588,229)	(1,693,924)	(152,447)	(99,774)
<b>Net cash used in investing activities</b>	<b>(178,570,524)</b>	<b>(190,694,497)</b>	<b>(10,517,804)</b>	<b>(11,231,906)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	210,000,000	3,496,367	12,369,000	205,936
Proceeds from issuing capital stock	49,706,372	-	2,927,705	-
Repayment of borrowings	(18,822,995)	(12,500,000)	(1,108,674)	(736,250)
Cash flow used in other financing activities	(6,663,490)	20,000	(392,480)	1,178
<b>Net cash provided by (used in) financing activities</b>	<b>234,219,887</b>	<b>(8,983,633)</b>	<b>13,795,551</b>	<b>(529,136)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(114,394,774)</b>	<b>(47,050,342)</b>	<b>(6,737,853)</b>	<b>(2,771,265)</b>
Cash and cash equivalents at January 1	150,953,423	212,521,514	8,891,157	12,517,517
<b>Cash and cash equivalents at September 30</b>	<b>₩ 36,558,649</b>	<b>165,471,172</b>	<b>Rs 2,153,304</b>	<b>9,746,252</b>

See accompanying notes to the separate interim financial statements.

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

For the nine-month periods ended September 30, 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 September 30, 2019, the Company's shareholders are as follows:

(In shares)

<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 0.0589 to ₩ 1 on September 30, 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 nine month ended September 30, 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 nine-month periods ended September 30, 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 nine-month periods ended September 30, 2019 and 2018

**2. Basis of Preparation and Accounting Policies, Continued**

**(4) Changes in accounting policy, continued**

1) Definition of a lease, 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)

		<b>Property, plant and equipment</b>			
		<b>Land and Buildings</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
Balance at January 1, 2019	₩	2,112	5,177	-	7,289
Balance at September 30, 2019		1,158	3,992	712	5,862

(In millions of rupee)

		<b>Property, plant and equipment</b>			
		<b>Land and Buildings</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
Balance at January 1, 2019	Rs	124	305	-	429
Balance at September 30, 2019		68	235	42	345

The Company presents right-of-use assets and lease liabilities separately in the statement 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 nine-month periods ended September 30, 2019 and 2018**

**2. Basis of Preparation and Accounting Policies, Continued**

**(4) Changes in accounting policy, continued**

2) As a lessee, continued

① Significant accounting policies, 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 nine-month periods ended September 30, 2019 and 2018**

**2. Basis of Preparation and Accounting Policies, Continued**

**(4) Changes in accounting policy, continued**

2) As a lessee, 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 429
Lease liability	6,006	354
Sub-lease receivables	13,295	783

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 394
Discounted using the incremental borrowing rate at January 1, 2019	6,334	373
– Recognition exemption for leases of low-value assets	(2,829)	(166)
– 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	592
Lease liabilities recognized at January 1, 2019	13,295	783



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

**For the nine-month periods ended September 30, 2019 and 2018**

**2. Basis of Preparation and Accounting Policies, Continued**

**(4) Changes in accounting policy, continued**

2) As a lessee, continued

④ Impacts on financial statements, 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 ₩5,862 million (Rs 345 million) of right-of-use assets and ₩ 5,892 million (Rs 347 million) of lease liabilities and respectively ₩ 4,139 million (Rs 244 million) of sub-lease receivables and sub-lease liabilities as of September 30, 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 nine month ended September 30, 2019, the Company recognized ₩ 2,516 million (Rs 148 million) of depreciation costs, ₩ 376 million (Rs 22 million) of interest costs and ₩ 154 million (Rs 9 million) of interest income 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.

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.

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

For the nine-month periods ended September 30, 2019 and 2018

**5. Restricted Financial Instruments**

Restricted financial Instruments as of September 30, 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	₩ 1,232,375	1,086,949	Rs 72,587	64,021	Litigated asset, government grants and others
Long-term financial instruments	Woori Bank	751,841	750,379	44,283	44,197	Unconfirmed reorganization debt pledged as collateral
	Shinhan Bank and others	4,000	4,000	236	236	Bank account deposit
		₩ 1,988,216	1,841,328	Rs 117,106	108,454	

**6. Non-current Financial Assets**

Non-current financial assets as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	Ownership (%)		2019		2018
			Acquisition cost	Net asset value	Book value
Korea Business Finance Loan(*)	1.72	₩	500,000	722,313	500,000
Korea Management Consultants Association(*)	1.50		60,000	854,342	60,000
		₩	560,000	1,576,655	560,000

(In thousands of rupee)

	Ownership (%)		2019		2018
			Acquisition cost	Net asset value	Book value
Korea Business Finance Loan(*)	1.72	Rs	29,450	42,544	29,450
Korea Management Consultants Association(*)	1.50		3,534	50,321	3,534
		Rs	32,984	92,865	32,984

(\*) 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.

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

**For the nine-month periods ended September 30, 2019 and 2018**

**7. Trade and Other Receivables**

(1) Details of trade and other receivables as of September 30, 2019 and December 31, 2018 are as follows:

*(In thousands of won)*

	2019		2018	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 191,693,006	10,772	179,134,041	1,332,414
Less: Allowance for doubtful accounts	(422,218)	(137)	(122,904)	(1,395)
Other receivables	7,926,956	547,153	8,440,060	553,345
Less: Allowance for doubtful accounts	(4,188,274)	(464,553)	(3,918,799)	(450,095)
Loans and others(*)	14,317,888	38,110,940	12,106,439	33,690,667
Less: Allowance for doubtful accounts	-	(357)	-	(357)
	<u>₩ 209,327,358</u>	<u>38,203,818</u>	<u>195,638,837</u>	<u>35,124,579</u>

(\*) The other receivables listed above include ₩ 4,138,728 thousand for sub-lease receivables and the interest revenue received by the sub-lease contract is ₩ 471,834 thousand.

*(In thousands of rupee)*

	2019		2018	
	Current	Non-current	Current	Non-current
Trade receivables	Rs 11,290,718	635	10,550,994	78,480
Less: Allowance for doubtful accounts	(24,869)	(8)	(7,239)	(82)
Other receivables	466,898	32,227	497,120	32,591
Less: Allowance for doubtful accounts	(246,690)	(27,362)	(230,817)	(26,511)
Loans and others(*)	843,324	2,244,734	713,069	1,984,380
Less: Allowance for doubtful accounts	-	(21)	-	(21)
	<u>Rs 12,329,381</u>	<u>2,250,205</u>	<u>11,523,127</u>	<u>2,068,837</u>

(\*) The other receivables listed above include Rs 243,771 thousand for sub-lease receivables and the interest revenue received by the sub-lease contract is Rs 27,791 thousand.

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

For the nine-month periods ended September 30, 2019 and 2018

**7. Trade and Other Receivables, Continued**

(2) Details of aging analysis of the trade and other receivables as of September 30, 2019 and December 31, 2018 are as follows:

*(In thousands of won)*

	2019		2018	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	₩ 160,900,583	54,805,817	169,731,967	47,795,006
Less than 180 days	23,733,468	109,899	3,899,884	361,228
Less than 270 days	3,437,689	757,123	3,844,119	133,364
Less than 365 days	2,510,457	64,319	2,511,167	1,878,601
More than 365 days	1,121,581	5,165,779	479,318	4,622,312
	₩ 191,703,778	60,902,937	180,466,455	54,790,511
Impaired receivables	422,355	4,653,184	124,299	4,369,251

*(In thousands of rupee)*

	2019		2018	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	Rs 9,477,045	3,228,063	9,997,212	2,815,126
Less than 180 days	1,397,901	6,473	229,703	21,276
Less than 270 days	202,480	44,595	226,419	7,855
Less than 365 days	147,866	3,788	147,908	110,650
More than 365 days	66,061	304,264	28,232	272,253
	Rs 11,291,353	3,587,183	10,629,474	3,227,160
Impaired receivables	24,877	274,073	7,321	257,349

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

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

For the nine-month periods ended September 30, 2019 and 2018

**7. Trade and Other Receivables, Continued**

(3) Changes in allowance for trade and other receivables for the nine-month periods ended September 30, 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	299,313	284,425	-	149,940
Reversal of allowance for bad debts	(1,257)	-	(30,960)	(6,628)
Removal	-	(492)	-	-
Ending balance	₩ 422,355	4,653,184	95,755	3,926,754

(In thousands of rupee)

	2019		2018	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	Rs 7,321	257,349	7,464	222,845
Bad debt expense	17,630	16,753	-	8,831
Reversal of allowance for bad debts	(74)	-	(1,824)	(390)
Removal	-	(29)	-	-
Ending balance	Rs 24,877	274,073	5,640	231,286

**8. Inventories**

Details of inventories as of September 30, 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	₩ 35,808,828	39,892,986	Rs 2,109,140	2,349,697
Finished goods	116,158,970	76,588,557	6,841,763	4,511,066
Work-in-process	28,865,465	27,069,755	1,700,176	1,594,409
Raw materials	41,772,762	31,654,571	2,460,416	1,864,454
Sub-materials	774,830	413,615	45,637	24,362
Supplies	3,271,465	3,611,193	192,689	212,699
Goods in transit	36,596,863	37,725,938	2,155,556	2,222,058
	₩ 263,249,183	216,956,615	Rs 15,505,377	12,778,745

The Company has measured inventories at the lower of cost or net realizable value. The loss on valuation of inventories amounted to ₩ 7,884,178 thousand (Rs 464,378 thousand) for the nine-month period ended September 30, 2019 is included in cost of sales.

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

For the nine-month periods ended September 30, 2019 and 2018

9. Investments in Subsidiaries and a Joint venture

Details of investment in subsidiaries and a joint venture as of September 30, 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.(*1)	Australia	100%	December	4,067,595	4,067,595	2,950,833
					<u>10,241,387</u>	<u>4,365,005</u>	<u>3,248,243</u>
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	10,200,000	10,200,000	10,200,000
					<u>₩ 20,441,387</u>	<u>14,565,005</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 314,414	17,518	17,518
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	49,222	-	-
	Ssangyong Australia Pty Ltd.(*1)	Australia	100%	December	239,581	239,581	173,804
					<u>603,217</u>	<u>257,099</u>	<u>191,322</u>
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	600,780	600,780	600,780
					<u>Rs 1,203,997</u>	<u>857,879</u>	<u>792,102</u>

(\*1) The Company made additional investments of ₩ 1,117 million (Rs 66 million) during the quarter.

(\*2) 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.

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

**For the nine-month periods ended September 30, 2019 and 2018**

**10. Other Assets**

Details of other assets as of September 30, 2019 and December 31, 2018 are as follows:

*(In thousands of won and in thousands of rupee)*

	<b>Korean won</b>		<b>Indian rupee</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Other current assets</b>				
Advance payments	₩ 1,511,074	1,013,026	Rs 89,003	59,667
Prepaid expenses	13,599,354	9,906,317	801,003	583,482
Current tax assets	<u>378,326</u>	<u>324,294</u>	<u>22,283</u>	<u>19,101</u>
	₩ <u>15,488,754</u>	<u>11,243,637</u>	Rs <u>912,289</u>	<u>662,250</u>
<b>Other non-current assets</b>				
Other non-current assets	₩ 276,043	276,100	Rs 16,258	16,262

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

For the nine-month periods ended September 30, 2019 and 2018

**11. Property, Plant and Equipment**

(1) Details of property, plant and equipment as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	<b>2019</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	₩ 474,755,254	(7,354)	-	-	474,747,900
Buildings	551,671,557	(3,706,667)	(237,032,061)	(148,366,786)	162,566,043
Structures	112,501,772	(74,591)	(67,089,232)	(28,862,964)	16,474,985
Machinery	1,304,341,988	(128,720)	(1,046,657,103)	(91,471,866)	166,084,299
Vehicles	8,308,450	(4,728)	(5,630,852)	(360,619)	2,312,251
Tools and molds	1,410,460,794	(20,038)	(892,307,627)	(155,102,641)	363,030,488
Equipment	68,794,425	(62,991)	(53,848,528)	(2,860,174)	12,022,732
Construction in progress	19,019,256	-	-	-	19,019,256
Machinery in transit	724,716	-	-	-	724,716
	<b>₩ 3,950,578,212</b>	<b>(4,005,089)</b>	<b>(2,302,565,403)</b>	<b>(427,025,050)</b>	<b>1,216,982,670</b>

(In thousands of won)

	<b>2018</b>				
	<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
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
	<b>₩ 3,864,264,178</b>	<b>(4,103,212)</b>	<b>(2,202,144,198)</b>	<b>(430,810,329)</b>	<b>1,227,206,439</b>



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

For the nine-month periods ended September 30, 2019 and 2018

**11. Property, Plant and Equipment, Continued**

(1) Details of property, plant and equipment as of September 30, 2019 and December 31, 2018 are as follows, continued:

(In thousands of rupee)

		<b>2019</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	Rs	27,963,084	(433)	-	-	27,962,651
Buildings		32,493,455	(218,323)	(13,961,190)	(8,738,804)	9,575,138
Structures		6,626,354	(4,393)	(3,951,556)	(1,700,029)	970,376
Machinery		76,825,743	(7,582)	(61,648,103)	(5,387,693)	9,782,365
Vehicles		489,368	(278)	(331,657)	(21,240)	136,193
Tools and molds		83,076,141	(1,180)	(52,556,919)	(9,135,546)	21,382,496
Equipment		4,051,992	(3,710)	(3,171,678)	(168,464)	708,140
Construction in progress		1,120,234	-	-	-	1,120,234
Machinery in transit		42,686	-	-	-	42,686
	Rs	<u>232,689,057</u>	<u>(235,899)</u>	<u>(135,621,103)</u>	<u>(25,151,776)</u>	<u>71,680,279</u>

(In thousands of rupee)

		<b>2018</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	Rs	27,984,391	(433)	-	-	27,983,958
Buildings		32,414,004	(219,975)	(13,463,153)	(8,738,804)	9,992,072
Structures		6,607,198	(5,305)	(3,878,611)	(1,700,029)	1,023,253
Machinery		75,172,462	(9,831)	(60,255,834)	(5,441,801)	9,464,996
Vehicles		441,741	(346)	(338,398)	(30,436)	72,561
Tools and molds		74,296,248	(1,416)	(48,707,316)	(9,274,968)	16,312,548
Equipment		4,095,648	(4,373)	(3,062,981)	(188,691)	839,603
Construction in progress		6,515,830	-	-	-	6,515,830
Machinery in transit		77,638	-	-	-	77,638
	Rs	<u>227,605,160</u>	<u>(241,679)</u>	<u>(129,706,293)</u>	<u>(25,374,729)</u>	<u>72,282,459</u>

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

For the nine-month periods ended September 30, 2019 and 2018

11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩	475,109,638	-	(361,738)	-	-	474,747,900
Buildings		169,644,693	51,982	-	(8,379,048)	1,248,416	162,566,043
Structures		17,372,729	101,859	(2,409)	(1,236,108)	238,914	16,474,985
Machinery		160,696,016	83,802	(261,920)	(29,204,610)	34,771,011	166,084,299
Vehicles		1,231,926	328,527	(427,366)	(430,757)	1,609,921	2,312,251
Tools and molds		276,953,283	9,221,403	(270,054)	(78,424,135)	155,549,991	363,030,488
Equipment		14,254,721	1,471,438	(29,194)	(3,943,404)	269,171	12,022,732
Construction in progress		110,625,296	98,860,571	-	-	(190,466,611)	19,019,256
Machinery in transit		1,318,137	491,293	-	-	(1,084,714)	724,716
	₩	<u>1,227,206,439</u>	<u>110,610,875</u>	<u>(1,352,681)</u>	<u>(121,618,062)</u>	<u>2,136,099</u>	<u>1,216,982,670</u>

(In thousands of won)

		2018					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩	475,062,920	39,901	-	-	-	475,102,821
Buildings		175,450,508	86,864	(352)	(8,187,652)	6,724,787	174,074,155
Structures		16,717,153	262,198	-	(1,295,018)	1,834,656	17,518,989
Machinery		168,999,971	32,713	(7,226)	(24,618,639)	21,105,524	165,512,343
Vehicles		1,182,791	114,689	(231,390)	(290,383)	526,999	1,302,706
Tools and molds		298,398,114	625,500	(53,756)	(66,786,581)	62,927,777	295,111,054
Equipment		16,415,748	1,749,771	(35,612)	(4,702,990)	289,201	13,716,118
Construction in progress		87,441,686	90,806,819	-	-	(92,149,179)	86,099,326
	₩	<u>1,239,668,891</u>	<u>93,718,455</u>	<u>(328,336)</u>	<u>(105,881,263)</u>	<u>1,259,765</u>	<u>1,228,437,512</u>

(\*) Capitalized borrowing costs in respect of construction in progress are ₩ 672,872 thousand (2018: ₩ 760,765 thousand), ₩ 1,510,907 thousand (2018: ₩ 519,000 thousand) which are transferred from inventory to vehicles and the government subsidy of ₩ 47,680 thousand (2018: ₩ 20,000 thousand) used for asset acquisition was adjusted in others. during the nine-month periods ended September 30, 2019 and 2018, respectively.

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

For the nine-month periods ended September 30, 2019 and 2018

11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the nine-month periods ended September 30, 2019 and 2018 are as follows, continued:

(In thousands of rupee)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs	27,983,958	-	(21,307)	-	-	27,962,651
Buildings		9,992,072	3,062	-	(493,526)	73,530	9,575,138
Structures		1,023,253	5,999	(142)	(72,807)	14,073	970,376
Machinery		9,464,996	4,936	(15,427)	(1,720,152)	2,048,012	9,782,365
Vehicles		72,561	19,350	(25,171)	(25,371)	94,824	136,193
Tools and molds		16,312,548	543,141	(15,906)	(4,619,182)	9,161,895	21,382,496
Equipment		839,603	86,668	(1,720)	(232,266)	15,855	708,140
Construction in progress		6,515,830	5,822,888	-	-	(11,218,484)	1,120,234
Machinery in transit		77,638	28,937	-	-	(63,889)	42,686
	Rs	<u>72,282,459</u>	<u>6,514,981</u>	<u>(79,673)</u>	<u>(7,163,304)</u>	<u>125,816</u>	<u>71,680,279</u>

(In thousands of rupee)

		2018					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs	27,981,206	2,350	-	-	-	27,983,556
Buildings		10,334,035	5,116	(21)	(482,253)	396,090	10,252,967
Structures		984,640	15,443	-	(76,277)	108,061	1,031,867
Machinery		9,954,098	1,927	(426)	(1,450,038)	1,243,115	9,748,676
Vehicles		69,666	6,755	(13,629)	(17,104)	31,040	76,728
Tools and molds		17,575,649	36,842	(3,166)	(3,933,730)	3,706,446	17,382,041
Equipment		966,888	103,062	(2,098)	(277,006)	17,034	807,880
Construction in progress		5,150,315	5,348,522	-	-	(5,427,587)	5,071,250
	Rs	<u>73,016,497</u>	<u>5,520,017</u>	<u>(19,340)</u>	<u>(6,236,408)</u>	<u>74,199</u>	<u>72,354,965</u>

(\*) Capitalized borrowing costs in respect of construction in progress are Rs 39,632 thousand (2018: Rs 44,809 thousand), Rs 88,992 thousand (2018: Rs 30,569 thousand) which are transferred from inventory to vehicles and the government subsidy of Rs 2,808 thousand (2018: Rs 1,178 thousand) used for asset acquisition was adjusted in others for the nine-month periods ended September 30, 2019 and 2018, respectively.

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

**For the nine-month periods ended September 30, 2019 and 2018**

**11. Property, Plant and Equipment, Continued**

(3) Details of pledged assets provided as collateral for the borrowings as of September 30, 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	₩ 450,663,972		Rs 26,544,108	
Buildings and structures	121,992,696	372,000,000	7,185,370	21,910,800
Machinery and others	19,100		1,125	
	₩ 572,675,768	372,000,000	Rs 33,730,603	21,910,800

(4) Capitalized borrowing costs and capitalization interest rate for the nine-month periods ended September 30, 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 (*)	₩ 2,721,054	2,802,281	Rs 160,270	165,054
Capitalization interest rate	3.56%	3.35%	3.56%	3.35%

(\*) Capitalized borrowing costs for intangible assets are ₩ 2,048,182 thousand (Rs 120,638 thousand) and ₩ 2,041,516 thousand (Rs 120,245 thousand) for the nine-month periods ended September 30, 2019 and 2018, respectively.

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

For the nine-month periods ended September 30, 2019 and 2018

12. Intangible Assets

(1) Details of intangible assets as of September 30, 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	₩	510,279,976	-	(250,720,600)	-	259,559,376
Patents		4,734,217	(9,897)	(3,379,229)	(146,527)	1,198,564
Other intangible assets		118,171,656	-	(33,074,261)	(1,409,450)	83,687,945
	₩	<u>633,185,849</u>	<u>(9,897)</u>	<u>(287,174,090)</u>	<u>(1,555,977)</u>	<u>344,445,885</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	(11,559)	(2,907,159)	(107,788)	1,334,224
Other intangible assets		221,383,684	(6,186)	(30,567,312)	(1,409,450)	189,400,736
	₩	<u>570,929,429</u>	<u>(17,745)</u>	<u>(215,634,484)</u>	<u>(1,517,238)</u>	<u>353,759,962</u>

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	30,055,491	-	(14,767,443)	-	15,288,048
Patents		278,845	(583)	(199,037)	(8,630)	70,595
Other intangible assets		6,960,311	-	(1,948,074)	(83,017)	4,929,220
	Rs	<u>37,294,647</u>	<u>(583)</u>	<u>(16,914,554)</u>	<u>(91,647)</u>	<u>20,287,863</u>

(In thousands of rupee)

		2018				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	20,331,398	-	(10,729,225)	-	9,602,173
Patents		256,848	(681)	(171,232)	(6,349)	78,586
Other intangible assets		13,039,499	(364)	(1,800,415)	(83,017)	11,155,703
	Rs	<u>33,627,745</u>	<u>(1,045)</u>	<u>(12,700,872)</u>	<u>(89,366)</u>	<u>20,836,462</u>

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

For the nine-month periods ended September 30, 2019 and 2018

12. Intangible Assets, Continued

(2) Changes in intangible assets for the nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won)

<b>2019</b>								
	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Disposal</u>	<u>Amortization</u>	<u>Impairment</u>	<u>Transfer</u>	<u>Others(*)</u>	<u>Ending balance</u>
<b>Internally created intangible assets:</b>								
Development cost	₩ 163,025,002	-	-	(68,560,587)	-	165,094,961	-	259,559,376
Other intangible assets	<u>181,843,818</u>	<u>57,542,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(165,094,961)</u>	<u>2,048,182</u>	<u>76,339,232</u>
	<u>344,868,820</u>	<u>57,542,193</u>	<u>-</u>	<u>(68,560,587)</u>	<u>-</u>	<u>-</u>	<u>2,048,182</u>	<u>335,898,608</u>
<b>Individually acquired intangible assets:</b>								
Patents	1,334,224	373,487	-	(470,408)	(38,739)	-	-	1,198,564
Other intangible assets	<u>7,556,918</u>	<u>2,404,695</u>	<u>(112,138)</u>	<u>(2,500,762)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,348,713</u>
	<u>8,891,142</u>	<u>2,778,182</u>	<u>(112,138)</u>	<u>(2,971,170)</u>	<u>(38,739)</u>	<u>-</u>	<u>-</u>	<u>8,547,277</u>
	<u>₩ 353,759,962</u>	<u>60,320,375</u>	<u>(112,138)</u>	<u>(71,531,757)</u>	<u>(38,739)</u>	<u>-</u>	<u>2,048,182</u>	<u>344,445,885</u>

(In thousands of won)

<b>2018</b>							
	<u>Beginning balance</u>	<u>Acquisition</u>	<u>Amortization</u>	<u>Impairment</u>	<u>Transfer</u>	<u>Others(*)</u>	<u>Ending balance</u>
<b>Internally created intangible assets:</b>							
Development cost	₩ 189,161,366	-	(49,774,469)	-	40,229,595	-	179,616,492
Other intangible assets	<u>104,765,438</u>	<u>76,530,406</u>	<u>-</u>	<u>-</u>	<u>(40,229,595)</u>	<u>2,041,516</u>	<u>143,107,765</u>
	<u>293,926,804</u>	<u>76,530,406</u>	<u>(49,774,469)</u>	<u>-</u>	<u>-</u>	<u>2,041,516</u>	<u>322,724,257</u>
<b>Individually acquired intangible assets:</b>							
Patents	1,592,985	288,439	(447,597)	(19,796)	-	-	1,414,031
Other intangible assets	<u>7,748,933</u>	<u>1,987,403</u>	<u>(2,731,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,005,061</u>
	<u>9,341,918</u>	<u>2,275,842</u>	<u>(3,178,872)</u>	<u>(19,796)</u>	<u>-</u>	<u>-</u>	<u>8,419,092</u>
	<u>₩ 303,268,722</u>	<u>78,806,248</u>	<u>(52,953,341)</u>	<u>(19,796)</u>	<u>-</u>	<u>2,041,516</u>	<u>331,143,349</u>

(\*) Capitalized borrowing costs in respect of other intangible assets are ₩ 2,048,182 thousand and ₩ 2,041,516 thousand for the nine-month periods ended September 30, 2019 and 2018, respectively.

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

For the nine-month periods ended September 30, 2019 and 2018

12. Intangible Assets, Continued

(2) Changes in intangible assets for the nine-month periods ended September 30, 2019 and 2018 are as follows, continued:

(In thousands of rupee)

		2019							
		Beginning balance	Acquisition	Disposal	Amortization	Impairment	Transfer	Others(*)	Ending balance
<b>Internally created intangible assets:</b>									
Development cost									
	Rs	9,602,173	-	-	(4,038,219)	-	9,724,094	-	15,288,048
Other intangible assets									
		10,710,601	3,389,235	-	-	-	(9,724,094)	120,638	4,496,380
		<u>20,312,774</u>	<u>3,389,235</u>	<u>-</u>	<u>(4,038,219)</u>	<u>-</u>	<u>-</u>	<u>120,638</u>	<u>19,784,428</u>
<b>Individually acquired intangible assets:</b>									
Patents									
		78,586	21,998	-	(27,707)	(2,282)	-	-	70,595
Other intangible assets									
		445,102	141,637	(6,605)	(147,294)	-	-	-	432,840
		<u>523,688</u>	<u>163,635</u>	<u>(6,605)</u>	<u>(175,001)</u>	<u>(2,282)</u>	<u>-</u>	<u>-</u>	<u>503,435</u>
	Rs	<u>20,836,462</u>	<u>3,552,870</u>	<u>(6,605)</u>	<u>(4,213,220)</u>	<u>(2,282)</u>	<u>-</u>	<u>120,638</u>	<u>20,287,863</u>

(In thousands of rupee)

		2018							
		Beginning balance	Acquisition	Amortization	Impairment	Transfer	Others(*)	Ending balance	
<b>Internally created intangible assets:</b>									
Development cost									
	Rs	11,141,604	-	(2,931,716)	-	2,369,523	-	10,579,411	
Other intangible assets									
		6,170,684	4,507,641	-	-	(2,369,523)	120,245	8,429,047	
		<u>17,312,288</u>	<u>4,507,641</u>	<u>(2,931,716)</u>	<u>-</u>	<u>-</u>	<u>120,245</u>	<u>19,008,458</u>	
<b>Individually acquired intangible assets:</b>									
Patents									
		93,827	16,989	(26,363)	(1,166)	-	-	83,287	
Other intangible assets									
		456,412	117,058	(160,872)	-	-	-	412,598	
		<u>550,239</u>	<u>134,047</u>	<u>(187,235)</u>	<u>(1,166)</u>	<u>-</u>	<u>-</u>	<u>495,885</u>	
	Rs	<u>17,862,527</u>	<u>4,641,688</u>	<u>(3,118,951)</u>	<u>(1,166)</u>	<u>-</u>	<u>120,245</u>	<u>19,504,343</u>	

(\*) Capitalized borrowing costs in respect of other intangible assets are Rs 120,638 thousand and Rs 120,245 thousand for the nine-month periods ended September 30, 2019 and 2018, respectively.

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

For the nine-month periods ended September 30, 2019 and 2018

12. Intangible Assets, Continued

(3) Details of capitalized development costs as of September 30, 2019 are as follows.

(In thousands of won and in thousands of rupee)

	Project name		Korean won	Indian rupee	Remaining amortization period(*1)
Development costs	RV(*2)	₩	225,535,346	Rs 13,284,032	1~4 years
	Power train and others		34,024,030	2,004,015	1~4 years
Other intangible assets	RV(*3)		76,339,232	4,496,381	-
		₩	<u>335,898,608</u>	<u>Rs 19,784,428</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 September, 2019.

(\*3) On-going development project for vehicles as of September 30, 2019 to respond to consumer needs and market conditions.

(4) Details of expenditures for research and developments for the nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2019	2018	2019	2018
Other intangible assets	₩	59,590,375	78,571,922	Rs 3,509,873	4,627,886
Manufacturing costs		79,602,026	47,267,809	4,688,559	2,784,074
Selling and administrative expenses		9,159,747	10,802,554	539,509	636,270
	₩	<u>148,352,148</u>	<u>136,642,285</u>	<u>Rs 8,737,941</u>	<u>8,048,230</u>



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

For the nine-month periods ended September 30, 2019 and 2018

13. Lease

(1) Changes in right-of-use assets for the nine-month period ended September 30, 2019 are as follows:

<i>(In thousands of won)</i>		<b>Beginning balance</b>	<b>Increase</b>	<b>Depreciation</b>	<b>Ending balance</b>
Land and building	₩	2,111,692	41,367	(995,342)	1,157,717
Vehicle		5,177,133	246,173	(1,431,651)	3,991,655
Equipment		-	801,522	(89,058)	712,464
Total	₩	<u>7,288,825</u>	<u>1,089,062</u>	<u>(2,516,051)</u>	<u>5,861,836</u>

<i>(In thousands of rupee)</i>		<b>Beginning balance</b>	<b>Increase</b>	<b>Depreciation</b>	<b>Ending balance</b>
Land and building	Rs	124,379	2,437	(58,626)	68,190
Vehicle		304,933	14,499	(84,324)	235,108
Equipment		-	47,210	(5,246)	41,964
Total	Rs	<u>429,312</u>	<u>64,146</u>	<u>(148,196)</u>	<u>345,262</u>

(2) Details of lease liabilities as of September 30, 2019 are as follows:

<i>(In thousands of won)</i>		<b>Within a year</b>	<b>Over 1 year</b>
Lease liabilities(*)	₩	5,598,957	4,431,903

<i>(In thousands of rupee)</i>		<b>Within a year</b>	<b>Over 1 year</b>
Lease liabilities(*)	Rs	329,779	261,039

(\*) The total amount of lease liabilities paid in the current term is ₩ 6,711,170 thousand (Rs 395,288 thousand) and interests expenses is ₩ 376,435 thousand (Rs 22,172 thousand).

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

For the nine-month periods ended September 30, 2019 and 2018

14. Borrowings

(1) Details of short-term borrowings as of September 30, 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 1,767,000	1,767,000
	Facility fund(*)	CD+1.57	70,000,000	-	4,123,000	-
Kookmin Bank	Facility fund(*)	CD+2.00	10,000,000	5,000,000	589,000	294,500
Woori Bank	General fund(*)	CD+2.00	20,000,000	-	1,178,000	-
BOA	Overdraft	CD+2.00	30,000,000	-	1,767,000	-
JP Morgan	Overdraft	CD+2.00	10,000,000	-	589,000	-
Citi Bank Korea and others	Banker's usance	0.30 ~ 0.81	133,272,097	143,227,545	7,849,726	8,436,102
			₩ 303,272,097	178,227,545	Rs 17,862,726	10,497,602

(\*) Current portion of long-term borrowing

(2) Details of long-term borrowing as of September 30, 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 ~1.60	₩ 150,000,000	70,000,000	Rs 8,835,000	4,123,000
JP Morgan	Facility fund	CD+2.00	40,000,000	-	2,356,000	-
Woori Bank	General fund	CD+2.00	40,000,000	-	2,356,000	-
Kookmin Bank	Facility fund	CD+2.00	13,750,000	10,000,000	809,875	589,000
Less: Current portion			(100,000,000)	(5,000,000)	(5,890,000)	(294,500)
			₩ 143,750,000	75,000,000	Rs 8,466,875	4,417,500

(3) Details of pledged assets as collateral for borrowings as of September 30, 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	₩ 180,000,000	300,000,000	Rs 10,602,000	17,670,000
Kookmin Bank	Land, buildings	13,750,000	24,000,000	809,875	1,413,600
Woori Bank	Land, buildings	40,000,000	48,000,000	2,356,000	2,827,200
		₩ 233,750,000	372,000,000	Rs 13,767,875	21,910,800

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

**For the nine-month periods ended September 30, 2019 and 2018**

**15. Other Financial Liabilities**

Details of other financial liabilities as of September 30, 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	₩ 35,868,588	38,035,516	Rs 2,112,660	2,240,292

**16. 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 nine-month periods ended September 30, 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 7,953,743	8,613,510
Increase	22,600,524	16,811,224	1,331,171	990,181
Decrease	28,436,744	28,557,131	1,674,924	1,682,015
Ending balance	₩ <u>129,201,867</u>	<u>134,493,650</u>	<u>Rs 7,609,990</u>	<u>7,921,676</u>
Current	₩ 49,983,151	49,048,859	Rs 2,944,008	2,888,978
Non-current	79,218,716	85,444,791	4,665,982	5,032,698

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

**For the nine-month periods ended September 30, 2019 and 2018**

**17. Other Liabilities**

Details of other liabilities as of September 30, 2019 and December 31, 2018 are as follows:

*(In thousands of won)*

	<b>2019</b>		<b>2018</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Advances from customers	₩ 4,794,298	-	3,798,708	-
Deposits received	587,104	-	525,166	-
Withholdings	18,722,228	-	22,531,153	-
Deferred income	5,535,298	15,410,301	6,054,312	11,257,510
	₩ 29,638,928	15,410,301	32,909,339	11,257,510

*(In thousands of rupee)*

	<b>2019</b>		<b>2018</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Advances from customers	Rs 282,384	-	223,744	-
Deposits received	34,580	-	30,932	-
Withholdings	1,102,739	-	1,327,085	-
Deferred income	326,030	907,667	356,600	663,067
	Rs 1,745,733	907,667	1,938,361	663,067

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

For the nine-month periods ended September 30, 2019 and 2018

18. Employee Benefits

(1) Details of defined benefit liabilities as of September 30, 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	₩ 347,611,495	330,195,117	Rs 20,474,317	19,448,492
Fair value of plan assets	(957,236)	(1,013,651)	(56,381)	(59,704)
	₩ 346,654,259	329,181,466	Rs 20,417,936	19,388,788

(2) Changes in defined benefit liabilities for the nine-month periods ended September 30, 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	29,791,649	-	29,791,649
Interest expense (income)	6,443,094	(19,738)	6,423,356
Sub-total	366,429,860	(1,033,389)	365,396,471
Re-measurement factors:			
Re-measurements of plan assets	-	5,201	5,201
Sub-total	-	5,201	5,201
Benefit paid by plan	(70,952)	70,952	-
Benefit paid directly	(18,747,413)	-	(18,747,413)
Ending balance	₩ 347,611,495	(957,236)	346,654,259

(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	27,240,603	-	27,240,603
Interest expense (income)	6,669,262	(25,525)	6,643,737
Sub-total	319,567,955	(1,120,492)	318,447,463
Re-measurement factors:			
Re-measurements of plan assets	-	9,881	9,881
Sub-total	-	9,881	9,881
Benefit paid by plan	(82,668)	82,668	-
Benefit paid directly	(16,290,475)	-	(16,290,475)
Ending balance	₩ 303,194,812	(1,027,943)	302,166,869

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

For the nine-month periods ended September 30, 2019 and 2018

18. Employee Benefits, Continued

(2) Changes in defined benefit obligation for the nine-month periods ended September 30, 2019 and 2018 are as follows, continued:

(In thousands of rupee)

Details	2019		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 19,448,492	(59,704)	19,388,788
Current service cost	1,754,728	-	1,754,728
Interest expense (income)	379,499	(1,162)	378,337
Sub-total	21,582,719	(60,866)	21,521,853
Re-measurement factors:			
Re-measurements of plan assets	-	306	306
Sub-total	-	306	306
Benefit paid by plan	(4,179)	4,179	-
Benefit paid directly	(1,104,223)	-	(1,104,223)
Ending balance	Rs 20,474,317	(56,381)	20,417,936

(In thousands of rupee)

Details	2018		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 16,825,262	(64,494)	16,760,768
Current service cost	1,604,472	-	1,604,472
Interest expense (income)	392,819	(1,503)	391,316
Sub-total	18,822,553	(65,997)	18,756,556
Re-measurement factors:			
Re-measurements of plan assets	-	582	582
Sub-total	-	582	582
Benefit paid by plan	(4,869)	4,869	-
Benefit paid directly	(959,509)	-	(959,509)
Ending balance	Rs 17,858,175	(60,546)	17,797,629

(3) The components of plan assets as of September 30, 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	₩ 957,236	1,013,651	Rs 56,381	59,704

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

**For the nine-month periods ended September 30, 2019 and 2018**

**18. Employee Benefits, Continued**

(4) Actuarial assumptions used related to plans as of September 30, 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.

**19. Commitments and Contingencies**

Details of commitments and contingencies as of September 30, 2019 are as follows:

- (1) The Company carries product liability insurance for all products that it sells.
- (2) As of September 30, 2019, the Company has agreements with Korea Development Bank and others for various borrowings, trading finance and others with limit of ₩ 420,750 million (Rs 24,782 million) and USD 245 million.
- (3) As of September 30, 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 September 30, 2019, 5 claims as a plaintiff were filed with the claim amount of ₩ 6,070 million (Rs 358 million) and 12 claims as a defendant were filed with the claims of ₩ 3,413 million (Rs 201 million). The Company made a reasonable estimate by considering the possibility and amount of outflow of resources, and recognized the provision of ₩ 7,249 million (Rs 427 million) as other payable for the foregoing lawsuits and claims.

**20. Capital Stock**

(1) The Company's capital stock as of September 30, 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 and in rupee) ₩	5,000	5,000	Rs 295	295
Capital stock	749,200,010	689,746,980	44,127,880	40,626,097

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

**For the nine-month periods ended September 30, 2019 and 2018**

**20. Capital Stock, Continued**

(2) Changes in the Company's shares outstanding for the nine-month periods ended September 30, 2019 and December 31, 2018 are as follows:

*(In shares)*

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

**21. Other Capital Surplus and Retained Earnings**

Details of other capital surplus and retained earnings as of September 30, 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 186,690	760,768
Gain on capital reduction	74,061,697	74,061,697	4,362,234	4,362,234
Debt to be swapped for equity	931,508	931,508	54,866	54,866
	<u>₩ 78,162,820</u>	<u>87,909,478</u>	<u>Rs 4,603,790</u>	<u>5,177,868</u>

**22. Other Equity**

(1) Details of the Company's other equity as of September 30, 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 ₩	84,750	103,000	Rs 4,992	6,067

(2) Changes in the Company's gains (losses) on valuation of derivatives for the nine-month periods ended September 30, 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 6,067	-
Gains(losses) on valuation of derivatives	84,750	1,005,020	4,992	59,196
Reclassified to net income(losses)	(103,000)	-	(6,067)	-
Ending balance ₩	<u>84,750</u>	<u>1,005,020</u>	<u>Rs 4,992</u>	<u>59,196</u>



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

**For the nine-month periods ended September 30, 2019 and 2018**

**23. Accumulated deficit**

(1) Details of deficit as of September 30, 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	₩ (268,668,038)	(82,483,045)	Rs (15,824,547)	(4,858,251)

(2) Changes in deficit for the nine-month periods ended September 30, 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 (4,858,251)	(2,664,191)
Disposition of deficit	-	45,232,442	-	2,664,191
Loss for the period	(186,179,792)	(59,861,784)	(10,965,990)	(3,525,859)
Defined benefit plan re-measurement	(5,201)	(9,881)	(306)	(582)
Ending balance	₩ (268,668,038)	(59,871,665)	Rs (15,824,547)	(3,526,441)

**24. 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 September 30, 2019.

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

**For the nine-month periods ended September 30, 2019 and 2018**

**25. Nature of Expenses**

Details of nature of expenses for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:

*(In thousands of won)*

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Changes in inventories	₩ 30,448,471	(37,281,965)	₩ 2,372,337	(1,859,506)
Raw materials consumed and purchase of merchandise	569,084,528	1,921,748,068	614,909,038	1,805,731,207
Employee benefits	140,732,229	417,329,073	138,496,573	402,770,382
Depreciation	42,711,796	121,618,062	35,570,850	105,881,263
Amortization	25,765,662	71,531,757	17,612,539	52,953,341
Others	131,292,159	396,039,832	115,353,102	344,612,384
	₩ <u>940,034,845</u>	<u>2,890,984,827</u>	₩ <u>924,314,439</u>	<u>2,710,089,071</u>

*(In thousands of Rupee)*

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Changes in inventories	Rs 1,793,415	(2,195,908)	Rs 139,731	(109,525)
Raw materials consumed and purchase of merchandise	33,519,079	113,190,961	36,218,142	106,357,568
Employee benefits	8,289,128	24,580,682	8,157,448	23,723,175
Depreciation	2,515,725	7,163,304	2,095,123	6,236,408
Amortization	1,517,597	4,213,220	1,037,379	3,118,950
Others	7,733,108	23,326,748	6,794,297	20,297,670
	Rs <u>55,368,052</u>	<u>170,279,007</u>	Rs <u>54,442,120</u>	<u>159,624,246</u>

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

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

**For the nine-month periods ended September 30, 2019 and 2018**

**26. Derivatives**

The Company holds derivative contracts to minimize foreign exchange risk. As of September 30, 2019, effective portion of changes in fair value of cash flow hedge is ₩ 84,750 thousand (Rs 4,992 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 ₩ 1,831 thousand (Rs 108 thousand) recognized in current profit. And, changes in fair value of derivative not designated as hedging instrument for the nine-month periods ended September 30, 2019 are net amounting to ₩ 464 thousand (Rs 27 thousand) recognized in current loss.

**27. Selling, General and Administrative Expenses**

(1) Details of selling expenses for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:

*(In thousands of won)*

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Warranty expenses	₩ 14,120,625	40,307,052	₩ 13,884,676	32,720,673
Commissions	55,823,912	173,939,787	58,971,628	168,306,737
Advertising	4,843,535	14,713,764	2,873,978	13,506,912
Export expenses	1,764,490	8,398,817	3,074,512	6,406,079
Others	5,710,380	21,681,258	5,326,580	17,291,377
	₩ 82,262,942	259,040,678	₩ 84,131,374	238,231,778

*(In thousands of Rupee)*

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Warranty expenses	Rs 831,705	2,374,085	Rs 817,807	1,927,248
Commissions	3,288,028	10,245,053	3,473,429	9,913,267
Advertising	285,284	866,641	169,277	795,557
Export expenses	103,928	494,690	181,089	377,318
Others	336,342	1,277,027	313,736	1,018,462
	Rs 4,845,287	15,257,496	Rs 4,955,338	14,031,852

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

For the nine-month periods ended September 30, 2019 and 2018

**27. Selling, General and Administrative Expenses, Continued**

(2) Details of general and administrative expenses for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Salaries	₩ 13,715,243	40,759,411	₩ 12,625,869	38,652,738
Retirement benefit costs	1,528,632	4,570,800	1,483,146	4,426,315
Employee welfare	4,053,758	10,329,687	3,862,514	9,681,915
Rent expense	2,464,054	7,535,897	3,047,023	9,032,106
Service fees	4,976,484	21,651,470	8,963,427	27,182,638
Depreciation	6,977,472	22,037,053	3,868,150	11,602,343
R&D expenses	2,603,292	9,159,747	2,644,863	10,802,554
Amortization	1,019,365	2,971,171	1,025,150	3,097,582
Bad debt expense(Reversal of allowance for Doubtful)	27,576	298,056	(32,816)	(30,960)
Others	8,312,587	25,598,773	8,113,617	24,992,002
	₩ <u>45,678,463</u>	<u>144,912,065</u>	₩ <u>45,600,943</u>	<u>139,439,233</u>

(In thousands of rupee)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Salaries	Rs 807,828	2,400,729	Rs 743,664	2,276,646
Retirement benefit costs	90,036	269,220	87,357	260,710
Employee welfare	238,766	608,419	227,502	570,265
Rent expense	145,133	443,864	179,470	531,991
Service fees	293,115	1,275,272	527,946	1,601,057
Depreciation	410,973	1,297,982	227,834	683,378
R&D expenses	153,334	539,509	155,782	636,270
Amortization	60,041	175,002	60,381	182,448
Bad debt expense(Reversal of allowance for Doubtful)	1,624	17,556	(1,933)	(1,824)
Others	489,612	1,507,768	477,892	1,472,030
	Rs <u>2,690,462</u>	<u>8,535,321</u>	Rs <u>2,685,895</u>	<u>8,212,971</u>

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

For the nine-month periods ended September 30, 2019 and 2018

**28. Other Income and Expenses**

(1) Details of other income for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction gain	₩ 2,086,321	4,306,670	₩ 1,152,511	4,014,152
Foreign exchange translation gain	(332,188)	799,148	73,356	487,024
Gain on disposal of property, plant and equipment	216,804	875,699	5,255	135,100
Others	1,878,285	6,685,467	1,208,432	3,432,195
	₩ <u>3,849,222</u>	<u>12,666,984</u>	₩ <u>2,439,554</u>	<u>8,068,471</u>

(In thousands of rupee)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction gain	Rs 122,884	253,663	Rs 67,883	236,434
Foreign exchange translation gain	(19,566)	47,070	4,321	28,686
Gain on disposal of property, plant and equipment	12,770	51,578	310	7,957
Others	110,631	393,774	71,176	202,156
	Rs <u>226,719</u>	<u>746,085</u>	Rs <u>143,690</u>	<u>475,233</u>

(2) Details of other expenses for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction loss	₩ 1,778,077	4,721,854	₩ 1,171,349	4,209,685
Foreign exchange translation loss	113,422	463,052	(396,727)	224,707
Loss on disposal of property, plant and equipment	249,811	597,716	17,533	153,095
Others	619,700	2,214,496	200,902	1,216,149
	₩ <u>2,761,010</u>	<u>7,997,118</u>	₩ <u>993,057</u>	<u>5,803,636</u>

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

For the nine-month periods ended September 30, 2019 and 2018

**28. Other Income and Expenses, Continued**

(2) Details of other expenses for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows, continued:

(In thousands of rupee)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction loss	Rs 104,728	278,117	Rs 68,992	247,951
Foreign exchange translation loss	6,681	27,274	(23,367)	13,235
Loss on disposal of property, plant and equipment	14,714	35,205	1,033	9,017
Others	36,500	130,434	11,833	71,631
	<u>Rs 162,623</u>	<u>471,030</u>	<u>Rs 58,491</u>	<u>341,834</u>

**29. Finance Income and Costs**

(1) Details of finance income for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest income	₩ 745,851	3,095,236	₩ 706,378	1,719,578
Dividend income	-	11,000	-	11,000
Foreign exchange transaction gain	741,198	3,642,900	547,370	3,293,872
Foreign exchange translation gain	199,479	647,924	1,183,449	1,590,109
Realized gain of financial derivatives	112,668	499,898	660,510	3,153,257
Unrealized gain of financial derivatives	(35,642)	1,831	(878,243)	133,072
	<u>₩ 1,763,554</u>	<u>7,898,789</u>	<u>₩ 2,219,464</u>	<u>9,900,888</u>

(In thousands of rupee)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest income	Rs 43,931	182,308	Rs 41,606	101,283
Dividend income	-	648	-	648
Foreign exchange transaction gain	43,656	214,568	32,240	194,009
Foreign exchange translation gain	11,749	38,163	69,705	93,657
Realized gain of financial derivatives	6,636	29,444	38,904	185,727
Unrealized gain of financial derivatives	(2,099)	108	(51,729)	7,838
	<u>Rs 103,873</u>	<u>465,239</u>	<u>Rs 130,726</u>	<u>583,162</u>

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

**For the nine-month periods ended September 30, 2019 and 2018**

**29. Finance Income and Costs, Continued**

(2) Details of finance costs for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:

*(In thousands of won)*

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest expense	₩ 1,714,328	3,038,803	₩ 167,115	664,422
Foreign exchange transaction loss	6,250,105	11,324,060	1,875,102	7,845,688
Foreign exchange translation loss	(1,370,559)	3,265,471	(2,156,764)	488,410
Realized loss of financial derivatives	73,061	214,649	398,500	1,424,288
Unrealized loss of financial derivatives	(150,234)	464	4,545	41,796
	₩ 6,516,701	17,843,447	₩ 288,498	10,464,604

*(In thousands of rupee)*

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest expense	Rs 100,974	178,985	Rs 9,843	39,134
Foreign exchange transaction loss	368,132	666,988	110,443	462,111
Foreign exchange translation loss	(80,726)	192,336	(127,033)	28,767
Realized loss of financial derivatives	4,303	12,643	23,472	83,891
Unrealized loss of financial derivatives	(8,849)	27	268	2,462
	Rs 383,834	1,050,979	Rs 16,993	616,365

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

**For the nine-month periods ended September 30, 2019 and 2018**

**29. Finance Income and Costs, Continued**

(3) Details of the Company's financial net profit or loss for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:

*(In thousands of won)*

	<b>2019</b>		<b>2018</b>	
	<b>Three-month period</b>	<b>Nine-month period</b>	<b>Three-month period</b>	<b>Nine-month period</b>
Amortised cost of financial assets and financial liabilities	₩ (4,907,347)	(10,242,274)	₩ 2,551,744	(2,394,961)
Non-Current financial assets	-	11,000	-	11,000
Derivatives financial assets (liabilities)	154,200	286,616	(620,778)	1,820,245
	<u>₩ (4,753,147)</u>	<u>(9,944,658)</u>	<u>₩ 1,930,966</u>	<u>(563,716)</u>

*(In thousands of rupee)*

	<b>2019</b>		<b>2018</b>	
	<b>Three-month period</b>	<b>Nine-month period</b>	<b>Three-month period</b>	<b>Nine-month period</b>
Amortised cost of financial assets and financial liabilities	Rs (289,044)	(603,270)	Rs 150,297	(141,063)
Non-Current financial assets	-	648	-	648
Derivatives financial assets (liabilities)	9,083	16,882	(36,564)	107,212
	<u>Rs (279,961)</u>	<u>(585,740)</u>	<u>Rs 113,733</u>	<u>(33,203)</u>



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

**For the nine-month periods ended September 30, 2019 and 2018**

**30. Losses per Share**

(1) Basic losses per share for the three-month and nine-month periods ended September 30, 2019 and 2018 are calculated as follows:

*(In thousands of won, except per share information)*

	<b>2019</b>		<b>2018</b>	
	<b>Three-month period</b>	<b>Nine-month period</b>	<b>Three-month period</b>	<b>Nine-month period</b>
Loss for the period	₩ (108,399,705)	(186,179,792)	₩ (19,068,119)	(59,861,784)
Loss contributed to common stocks	(108,399,705)	(186,179,792)	(19,068,119)	(59,861,784)
Weighted average number of common shares (In shares)	149,840,002	148,845,805	138,983,372	138,983,372
Basic losses per share(*) (In won)	₩ (723)	(1,251)	₩ (137)	(431)

*(In thousands of rupee, except per share information)*

	<b>2019</b>		<b>2018</b>	
	<b>Three-month period</b>	<b>Nine-month period</b>	<b>Three-month period</b>	<b>Nine-month period</b>
Loss for the period	Rs (6,384,743)	(10,965,990)	Rs (1,123,112)	(3,525,859)
Loss contributed to common stocks	(6,384,743)	(10,965,990)	(1,123,112)	(3,525,859)
Weighted average number of common shares (In shares)	149,840,002	148,845,805	138,983,372	138,983,372
Basic losses per share(*) (In rupee)	Rs (43)	(74)	Rs (8)	(25)

(\*) Diluted earnings (losses) per share are not calculated for the nine-month periods ended September 30, 2019 and 2018, because there are no dilutive shares as of September 30, 2019 and 2018.

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

**For the nine-month periods ended September 30, 2019 and 2018**

**30. Losses per Share, Continued**

(2) Weighted average number of common shares outstanding for the nine-month periods September 30, 2019 and 2018 are calculated as follows:

(In shares)	<b>2019</b>			
	<b>Outstanding period</b>	<b>Common shares issued</b>	(In days) <b>Weighted-average</b>	<b>Common shares outstanding</b>
Beginning	2019-01-01~2019-09-30	137,949,396	273/273	137,949,396
Issuing(*)	2019-01-01~2019-09-30	1,033,976	273/273	1,033,976
Issuing	2019-01-26~2019-09-30	10,856,630	248/273	9,862,433
				<b>148,845,805</b>

(\*) In accordance with K-IFRS No.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.

(In shares)	<b>2018</b>			
	<b>Outstanding period</b>	<b>Common shares issued</b>	(In days) <b>Weighted-average</b>	<b>Common shares outstanding</b>
Beginning	2018-01-01~2018-09-30	137,949,396	273/273	137,949,396
Issuing(*)	2018-01-01~2018-09-30	1,033,976	273/273	1,033,976
				<b>138,983,372</b>

(\*) In accordance with K-IFRS No.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.

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

For the nine-month periods ended September 30, 2019 and 2018

31. Cash Flows

(1) Details of cash flows from operating activities for the nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
<b>Loss for the period</b>	₩ (186,179,792)	(59,861,784)	Rs (10,965,990)	(3,525,859)
<b>Adjustments for:</b>				
Retirement benefit costs	36,366,501	33,884,340	2,141,987	1,995,788
Depreciation	121,618,062	105,881,263	7,163,304	6,236,408
Amortization	71,531,757	52,953,341	4,213,220	3,118,950
Losses on disposal of trade receivables	68,532	53,695	4,037	3,163
Foreign exchange translation gain and loss, net	2,281,451	(1,364,016)	134,377	(80,341)
Losses (Gains) on disposal of property, plant and equipment	(277,983)	17,995	(16,373)	1,060
Interest expense and income, net	(73,225)	(1,055,156)	(4,313)	(62,149)
Dividends income	(11,000)	(11,000)	(648)	(648)
Unrealized gain and loss of financial derivatives, net	(1,367)	(91,276)	(81)	(5,376)
Losses on valuation of inventories	7,884,178	4,503,970	464,378	265,284
Increase in provision of warranty for sale	23,514,703	16,811,224	1,385,016	990,181
Others	3,209,353	132,258	189,032	7,790
	<u>266,110,962</u>	<u>211,716,638</u>	<u>15,673,936</u>	<u>12,470,110</u>
<b>Changes in assets and liabilities</b>				-
Trade receivables	(11,110,867)	27,366,827	(654,430)	1,611,906
Other receivables	825,281	366,706	48,609	21,599
Inventories	(56,675,846)	12,479,890	(3,338,207)	735,066
Trade payables	(120,115,701)	23,986,123	(7,074,815)	1,412,783
Other payables	(11,559,803)	(10,025,247)	(680,872)	(590,487)
Accrued expenses	(2,312,554)	573,278	(136,209)	33,766
Usage of provision of warranty for sale	(28,436,744)	(28,557,131)	(1,674,924)	(1,682,015)
Payment of retirement benefits	(18,747,413)	(16,290,475)	(1,104,223)	(959,509)
Others	649,352	(7,476,071)	38,246	(440,341)
	<u>(247,484,295)</u>	<u>2,423,900</u>	<u>(14,576,825)</u>	<u>142,768</u>
<b>Net cash provided by (in used) operating activities</b>	₩ <u>(167,553,125)</u>	<u>154,278,754</u>	Rs <u>(9,868,879)</u>	<u>9,087,019</u>

(2) Significant non-cash activities for the nine-month periods ended September 30, 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	₩ (5,677,086)	(15,973,911)	Rs (334,380)	(940,863)

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

For the nine-month periods ended September 30, 2019 and 2018

**31. Cash Flows, Continued**

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the nine-month period ended September 30, 2019 is as follows:

(In thousands of won)

	<b>Beginning balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Liquidity</b>	<b>Others</b>	<b>Exchange rate effect</b>	<b>Ending balance</b>
Banker's usance (*)	₩ 143,227,545	-	(12,572,995)	-	-	2,617,547	133,272,097
Short-term borrowings	35,000,000	40,000,000	(6,250,000)	101,250,000	-	-	170,000,000
Long-term borrowings	75,000,000	170,000,000	-	(101,250,000)	-	-	143,750,000
Lease liabilities	-	-	(6,711,170)	-	16,742,030	-	10,030,860
	₩ 253,227,545	210,000,000	(25,534,165)	-	16,742,030	2,617,547	457,052,957

(In thousands of rupee)

	<b>Beginning balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Liquidity</b>	<b>Others</b>	<b>Exchange rate effect</b>	<b>Ending balance</b>
Banker's usance (*)	Rs 8,436,102	-	(740,549)	-	-	154,174	7,849,727
Short-term borrowings	2,061,500	2,356,000	(368,125)	5,963,625	-	-	10,013,000
Long-term borrowings	4,417,500	10,013,000	-	(5,963,625)	-	-	8,466,875
Lease liabilities	-	-	(395,288)	-	986,106	-	590,818
	Rs 14,915,102	12,369,000	(1,503,962)	-	986,106	154,174	26,920,420

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

**32. 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 nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

<b>Sales region</b>	<b>Korean won</b>		<b>Indian rupee</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Republic of Korea	₩ 2,207,456,405	2,157,818,489	Rs 130,019,182	127,095,509
Europe	238,029,124	202,546,657	14,019,915	11,929,998
Asia Pacific	143,684,533	79,193,527	8,463,019	4,664,499
Others	120,909,765	208,967,495	7,121,586	12,308,185
	₩ 2,710,079,827	2,648,526,168	Rs 159,623,702	155,998,191

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.

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

For the nine-month periods ended September 30, 2019 and 2018

**32. Segment Information, Continued**

(3) Information of sales of goods and service for the nine-month periods ended September 30, 2019 and 2018 are as follows:

*(In thousands of won and in thousands of rupee)*

	Korean won		Indian rupee	
	2019	2018	2019	2018
Automobile	₩ 2,334,900,495	2,327,405,699	Rs 137,525,639	137,084,196
Merchandise and parts	298,828,936	249,108,647	17,601,024	14,672,499
Others	76,350,396	72,011,822	4,497,039	4,241,496
	₩ 2,710,079,827	2,648,526,168	Rs 159,623,702	155,998,191

(4) Balance of Contracts as of September 30, 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
Receivables from contracts with customers	₩ 191,281,423	180,342,156	Rs 11,266,476	10,622,153
Contract liabilities	20,945,600	17,311,822	1,233,696	1,019,666

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

**33. Transactions and Balances with Related Parties**

(1) Details of parent and subsidiary relationships as of September 30, 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.

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

For the nine-month periods ended September 30, 2019 and 2018

**33. Transactions and Balances with Related Parties, Continued**

(2) Transactions with related parties for the nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won)

<b>Relationship</b>	<b>Company</b>	<b>Description</b>	<b>2019</b>	<b>2018</b>
Parent	Mahindra & Mahindra Ltd.	Sales	₩ 30,871,844	4,808,743
		Purchases	-	103,581
		Other expenses	582,265	891,819
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	11,756,106	9,023,562
	Ssangyong Australia Pty Ltd	Sales	32,020,774	2,206,848
	Ssangyong Motor (Shanghai) Co.Ltd.	Other expenses	294,257	-
Joint venture	SY Auto Capital Co., Ltd.	Other income	1,770,207	-
		Other expenses	22,676,284	14,277,026
Others	Mahindra Vehicle Manufacturing Ltd.	Sales	40,921,475	15,541,474
	Mahindra Electric Mobility Ltd.	Other expenses	336,823	2,516,203
	Mahindra & Mahindra South Africa Ltd.	Sales	13,817	42,805
	PININFARINA S.p.A	Other expenses	384,694	525,391

(In thousands of rupee)

<b>Relationship</b>	<b>Company</b>	<b>Description</b>	<b>2019</b>	<b>2018</b>
Parent	Mahindra & Mahindra Ltd.	Sales	Rs 1,818,352	283,235
		Purchases	-	6,101
		Other expenses	34,295	52,528
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	692,435	531,488
	Ssangyong Australia Pty Ltd	Sales	1,886,024	129,983
	Ssangyong Motor (Shanghai) Co.Ltd.	Other expenses	17,332	-
Joint venture	SY Auto Capital Co., Ltd.	Other incomes	104,265	-
		Other expenses	1,335,633	840,917
Others	Mahindra Vehicle Manufacturing Ltd.	Sales	2,410,275	915,393
	Mahindra Electric Mobility Ltd.	Other expenses	19,839	148,204
	Mahindra & Mahindra South Africa Ltd.	Sales	814	2,521
	PININFARINA S.p.A	Other expenses	22,658	30,946

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

For the nine-month periods ended September 30, 2019 and 2018

**33. Transactions and Balances with Related Parties, Continued**

(3) Account balances with related parties as of September 30, 2019 and December 31, 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 ₩	1,277,044	4,171,953
		Other receivables	50,302	30,314
		Other payables	682,613	669,683
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	14,385,065	13,451,565
		Other payables	36,275	43,002
		Trade receivables	25,124,385	9,621,128
Subsidiaries	Ssangyong Australia Pty Ltd.	Other payables	38,937	86,650
		Other receivables	420,207	405,844
		Other payables	89,999	79,755
Joint venture	SY Auto Capital Co., Ltd.	Other payables	124,016	242,805
		Trade receivables	-	5,405,701
		Other payables	2,375,007	2,500,000
Others	Mahindra Vehicle Manufacturing Ltd.	Other payables	242,876	44,724
		Other payables	9,538	11,560
		Other payables		

(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	75,218	245,728
		Other receivables	2,963	1,785
		Other payables	40,206	39,444
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	847,280	792,297
		Other payables	2,137	2,533
		Trade receivables	1,479,826	566,684
Subsidiaries	Ssangyong Australia Pty Ltd.	Other payables	2,293	5,104
		Other receivables	24,750	23,904
		Other payables	5,301	4,698
Joint venture	SY Auto Capital Co., Ltd.	Other payables	7,304	14,301
		Trade receivables	-	318,396
		Other payables	139,888	147,250
Others	Mahindra Vehicle Manufacturing Ltd.	Other payables	14,305	2,634
		Other payables	562	681
		Other payables		

Allowance for receivables from related parties are ₩ 599,294 thousand (Rs 35,298 thousand) recognized as of September 30, 2019 and ₩ 405,844 thousand (Rs 23,904 thousand) recognized as of December 31, 2018

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

For the nine-month periods ended September 30, 2019 and 2018

**33. Transactions and Balances with Related Parties, Continued**

- (2) Details of Capital transactions with related parties for the nine-month periods ended September 30, 2019 and 2018 are as follows:

*(In thousands of won)*

Relationship	Description	Company	Korean won	
			2019	2018
Parent	Issuing Capital Stock	Mahindra& Mahindra Ltd.	₩ 49,706,372	-
Subsidiary	Equity Contribution	Ssangyong Australia Pty Ltd.	1,116,761	812,300

*(In thousands of rupee)*

Relationship	Description	Company	Indian rupee	
			2019	2018
Parent	Issuing Capital Stock	Mahindra& Mahindra Ltd.	Rs 2,927,705	-
Subsidiary	Equity Contribution	Ssangyong Australia Pty Ltd.	65,777	47,844

- (2) Executive compensation of the Company for the nine-month periods ended September 30, 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	₩	5,798,334	5,318,064	Rs 341,522	313,234
Retirement benefits		430,157	394,381	25,336	23,229



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

For the nine-month periods ended September 30, 2019 and 2018

34. Financial Instruments

(2) 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 September 30, 2019 and December 31, 2018 is as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Rs	Indian rupee	
	2019	2018		2019	2018
Debt (A)	₩ 1,586,829,776	1,510,786,741		93,464,274	88,985,339
Equity (B)	558,779,542	695,276,413		32,912,115	40,951,781
Debt-to-equity ratio (A/B)	283.98%	217.29%		283.98%	217.29%

(2) Details of financial assets and liabilities by category as of September 30, 2019 and December 31, 2018 are as follows:

2) Financial assets

(In thousands of won)

	2019				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	₩ 36,558,649	-	-	36,558,649	36,558,649
Long-term financial instruments	4,000	-	-	4,000	4,000
Trade and other receivables	246,747,325	-	-	246,747,325	246,747,325
Non-current financial assets	-	560,000	-	560,000	560,000
Derivative assets	-	-	86,117	86,117	86,117
	₩ 283,309,974	560,000	86,117	283,956,091	283,956,091

(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

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

For the nine-month periods ended September 30, 2019 and 2018

**34. Financial Instruments, Continued**

(2) Details of financial assets and liabilities by category as of September 30, 2019 and December 31, 2018 are as follows, continued:

1) Financial assets, continued

(In thousands of rupee)

		<b>2019</b>				
		<b>Amoritsed cost</b>	<b>Measured at FVTPL</b>	<b>Derivatives cash flow hedge</b>	<b>Total</b>	<b>Fair value</b>
Cash and cash equivalents	Rs	2,153,304	-	-	2,153,304	2,153,304
Long-term financial instruments		236	-	-	236	236
Trade and other receivables		14,533,417	-	-	14,533,417	14,533,417
Non-current financial assets		-	32,984	-	32,984	32,984
Derivative assets		-	-	5,072	5,072	5,072
	Rs	<u>16,686,957</u>	<u>32,984</u>	<u>5,072</u>	<u>16,725,013</u>	<u>16,725,013</u>

(In thousands of rupee)

		<b>2018</b>				
		<b>Amoritsed cost</b>	<b>Measured at FVTPL</b>	<b>Derivatives cash flow hedge</b>	<b>Total</b>	<b>Fair value</b>
Cash and cash equivalents	Rs	8,891,157	-	-	8,891,157	8,891,157
Long-term financial instruments		236	-	-	236	236
Trade and other receivables		13,486,931	-	-	13,486,931	13,486,931
Non-current financial assets		-	32,984	-	32,984	32,984
Derivative assets		-	47,526	4,973	52,499	52,499
	Rs	<u>22,378,324</u>	<u>80,510</u>	<u>4,973</u>	<u>22,463,807</u>	<u>22,463,807</u>

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

For the nine-month periods ended September 30, 2019 and 2018

**34. Financial Instruments, Continued**

(2) Details of financial assets and liabilities by category as of September 30, 2019 and December 31, 2018 are as follows, continued:

2) Financial liabilities

(In thousands of won)

		<b>2019</b>			
		<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	₩	558,327,815	-	558,327,815	558,327,815
Borrowings		447,022,097	-	447,022,097	447,022,097
Lease liabilities		10,030,860	-	10,030,860	10,030,860
	₩	<u>1,015,380,772</u>	<u>-</u>	<u>1,015,380,772</u>	<u>1,015,380,772</u>

(In thousands of won)

		<b>2018</b>			
		<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
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)

		<b>2019</b>			
		<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	Rs	32,885,508	-	32,885,508	32,885,508
Borrowings		26,329,601	-	26,329,601	26,329,601
Lease liabilities		590,818	-	590,818	590,818
	Rs	<u>59,805,927</u>	<u>-</u>	<u>59,805,927</u>	<u>59,805,927</u>

(In thousands of rupee)

		<b>2018</b>			
		<b>Financial liability measured at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Total</b>	<b>Fair value</b>
Trade and other payables	Rs	40,745,165	-	40,745,165	40,745,165
Borrowings		14,915,102	-	14,915,102	14,915,102
	Rs	<u>55,660,267</u>	<u>-</u>	<u>55,660,267</u>	<u>55,660,267</u>

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

**For the nine-month periods ended September 30, 2019 and 2018**

**34. 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 September 30, 2019.

*(In thousands of won and in thousands of rupee)*

Currency	Korean won		Indian rupee	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 1,627,372	(1,627,372) Rs	95,852	(95,852)
EUR	682,296	(682,296)	40,187	(40,187)
JPY	(10,702,552)	10,702,552	(630,380)	630,380
Others	2,952,768	(2,952,768)	173,918	(173,918)
	₩ (5,440,116)	5,440,116 Rs	(320,423)	320,423

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 ₩ 613,852 thousand (Rs 36,156 thousand) for the nine-month period ended September 30, 2019, due to floating rate debt's interest rate risk.

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

**For the nine-month periods ended September 30, 2019 and 2018**

**34. 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 September 30, 2019 and December 31, 2018 are as follows:

*(In thousands of won and in thousands of rupee)*

	<b>Korean won</b>		<b>Indian rupee</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Trade and other receivables	₩ 246,747,325	228,980,147	Rs 14,533,417	13,486,931

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

For the nine-month periods ended September 30, 2019 and 2018

**34. 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 September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	<b>2019</b>		
	<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	₩ 414,641,663	-	414,641,663
Other payables	142,798,873	-	142,798,873
Short-term borrowings(*)	306,200,310	-	306,200,310
Lease liabilities(*)	5,881,014	4,594,923	10,475,937
Long-term borrowings(*)	-	160,377,256	160,377,256
Long-term other payables	-	887,279	887,279
	<b>₩ 869,521,860</b>	<b>165,859,458</b>	<b>1,035,381,318</b>

(\*) Including expected interest expenses.

(In thousands of won)

	<b>2018</b>		
	<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	₩ 534,719,078	-	534,719,078
Other payables	155,456,155	-	155,456,155
Short-term borrowings(*)	179,518,770	-	179,518,770
Long-term borrowings(*)	-	78,760,222	78,760,222
Long-term other payables	-	1,593,271	1,593,271
	<b>₩ 869,694,003</b>	<b>80,353,493</b>	<b>950,047,496</b>

(\*) Including expected interest expenses.

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

For the nine-month periods ended September 30, 2019 and 2018

**34. Financial Instruments, Continued**

(3) Financial risk management, continued

3) Liquidity risk, continued

(In thousands of rupee)

		<b>2019</b>		
		<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	Rs	24,422,394	-	24,422,394
Other payables		8,410,853	-	8,410,853
Short-term borrowings(*)		18,035,198	-	18,035,198
Lease liabilities(*)		346,392	270,641	617,033
Long-term borrowings(*)		-	9,446,220	9,446,220
Long-term other payables		-	52,261	52,261
	Rs	<u>51,214,837</u>	<u>9,769,122</u>	<u>60,983,959</u>

(\*) Including expected interest expenses.

(In thousands of rupee)

		<b>2018</b>		
		<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	Rs	31,494,954	-	31,494,954
Other payables		9,156,368	-	9,156,368
Short-term borrowings(*)		10,573,656	-	10,573,656
Long-term borrowings(*)		-	4,638,977	4,638,977
Long-term other payables		-	93,844	93,844
	Rs	<u>51,224,978</u>	<u>4,732,821</u>	<u>55,957,799</u>

(\*) Including expected interest expenses.

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

**For the nine-month periods ended September 30, 2019 and 2018**

**34. 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.



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

**For the nine-month periods ended September 30, 2019 and 2018**

**34. Financial Instruments, Continued**

(4) Fair value of financial instruments, continued

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)

Fair values of financial instruments by hierarchy level as of September 30, 2019 and December 31, 2018 are as follows:

*(In thousands of won)*

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
<b>As of September 30, 2019</b>					
Derivatives assets	₩	-	86,117	-	86,117
<b>As of December 31, 2018</b>					
Derivatives assets	₩	-	891,319	-	891,319

*(In thousands of rupee)*

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
<b>As of September 30, 2019</b>					
Derivatives assets	Rs	-	5,072	-	5,072
<b>As of December 31, 2018</b>					
Derivatives assets	Rs	-	52,499	-	52,499

4) The Company measures the foreign exchange forward contract derivative assets: ₩ 86,117 thousand (Rs 5,072 thousand) based on the forward rate announced officially in the market as of September 30, 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.

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

**For the nine-month periods ended September 30, 2019 and 2018**

**35. Going concern assumption**

The Company's financial statements are prepared on the assumption that it will continue as going concern, and therefore our assets and liabilities are accounted for on the assumption that they can be recovered or repaid at their carrying amount through the normal course of business activities.

However, as of the end of the reporting period due to deteriorating financial structure, the Company has incurred operating losses of ₩ 180,905 million (Rs 10,655 million) and net losses of ₩ 186,180 million (Rs 10,966 million) as of the end of the reporting period. In addition, the company's current liabilities exceed its current assets by ₩ 456,535 million (Rs 26,890 million).

The deterioration in the company's financial structure was determined to be an event or situation that would significantly doubt on going concern assumption, and we plan the new capital increase and additional borrowing and the plan to extend the maturity of short-term borrowings. Under these plans, we have determined that there is no significant uncertainty about the going concern assumption.