

SSANGYONG MOTOR COMPANY

Separate Interim Financial Statements

(Unaudited)

June 30, 2020 and 2019

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
Ssangyong Motor Company

We have reviewed the accompanying separate interim financial statements of Ssangyong Motor Company (the "Company"), which comprise the separate interim statement of financial position as of June 30, 2020, the separate interim statements of comprehensive loss for the three-month and six-month periods ended June 30, 2020 and 2019, the separate interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2020 and 2019 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.

Basis for Disclaimer of Opinion

The accompanying separate interim financial statements have been prepared assuming that the Company will continue as a going concern and therefore the Company's 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. As discussed in note 34 to the separate interim financial statements, the Company has incurred operating loss of ₩213,870 million and a net loss of ₩202,496 million during the period ended June 30, 2020 and, as of that date, the Company's current liabilities exceed its current assets by ₩447,956 million.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Whether the Company to continue as a going concern or not includes a material uncertainty that depends on the final results of the capital reorganization plan and business improvement plan of the Company, as discussed in note 34 to the separate interim financial statement. However, we were not able to obtain sufficient appropriate review evidence that could reasonably estimate any adjustment of assets, liabilities and related profit or loss items that might be resulted from the outcome of this uncertainty.

**Disclaimer of Opinion**

Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we do not express a review opinion on the accompanying separate interim financial statements.

Other matters

The separate statement of financial position of the Company as of December 31, 2019, 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 16, 2020, expressed an unqualified opinion. The statement of financial position of the company as of December 31, 2019, 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 and for the six-month periods ended June 30, 2020 and 2019 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
August 14, 2020

This report is effective as of August 14, 2020, 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 June 30, 2020 and December 31, 2019

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee	
		2020	2019	2020	2019
Assets					
Cash and cash equivalents	4,5,33 ₩	165,388,404	119,130,707	Rs 10,425,258	7,509,404
Trade and other receivables, net	7,13,31, 32,33	142,584,008	173,894,654	8,987,783	10,961,450
Inventories, net	8,25	174,402,712	204,624,341	10,993,475	12,898,495
Other current assets	10	63,792,169	8,879,552	4,021,139	559,723
Total current assets		<u>546,167,293</u>	<u>506,529,254</u>	<u>34,427,655</u>	<u>31,929,072</u>
Non-current financial instruments	5,33	4,000	4,000	252	252
Non-current other receivables, net	7,31,32, 33	42,131,011	38,884,934	2,655,728	2,451,112
Non-current financial assets	6,33	560,000	560,000	35,300	35,300
Property, plant and equipment, net	11,14	954,782,568	1,141,386,612	60,184,719	71,947,305
Intangible assets, net	12	269,118,708	312,855,599	16,963,898	19,720,853
Investments in subsidiaries	9	297,411	297,411	18,747	18,747
Investments in joint venture	9	10,200,000	10,200,000	642,957	642,957
Other non-current assets	10	275,981	276,041	17,397	17,400
Right-of-use assets	13	15,539,179	5,851,154	979,512	368,827
Total non-current assets		<u>1,292,908,858</u>	<u>1,510,315,751</u>	<u>81,498,510</u>	<u>95,202,753</u>
Total assets		<u>₩ 1,839,076,151</u>	<u>2,016,845,005</u>	<u>Rs 115,926,165</u>	<u>127,131,825</u>

See accompanying notes to the separate interim financial statements.

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

As of June 30, 2020 and December 31, 2019

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee	
		2020	2019	2020	2019
Liabilities					
Trade payables	32,33 ₩	376,642,930	477,054,916	Rs 23,741,687	30,071,157
Other payables	19,32,33	155,512,559	128,788,149	9,802,734	8,118,161
Short-term borrowings	14,19,30,33	306,906,555	254,106,448	19,345,855	16,017,600
Other financial liabilities	15,33	46,851,888	39,427,815	2,953,309	2,485,332
Provision of warranty for sale					
- current	16	57,145,722	50,305,013	3,602,181	3,170,976
Other long-term employee benefits liabilities- current		2,014,859	2,078,739	127,007	131,033
Other current liabilities	17,31,32	43,027,315	25,535,241	2,712,227	1,609,614
Current lease liabilities	13,30,33	6,020,971	6,128,903	379,531	386,336
Total current liabilities		<u>994,122,799</u>	<u>983,425,224</u>	<u>62,664,531</u>	<u>61,990,209</u>
Long-term borrowings	14,19,30,32,33	152,500,000	158,750,000	9,612,838	10,006,806
Non-current other payables	33	759,499	848,340	47,875	53,475
Other non-current liabilities	17,31	16,560,735	15,862,475	1,043,906	999,891
Defined benefit liabilities	18	373,191,206	356,155,261	23,524,108	22,450,247
Other long-term employee benefits liabilities		14,752,824	14,174,556	929,944	893,493
Non-current provision of warranty for sale	16	71,029,519	78,226,239	4,477,346	4,930,991
Non-current Lease liabilities	13,30,33	13,117,842	3,863,317	826,882	243,525
Total non-current liabilities		<u>641,911,625</u>	<u>627,880,188</u>	<u>40,462,899</u>	<u>39,578,428</u>
Total liabilities		<u>1,636,034,424</u>	<u>1,611,305,412</u>	<u>103,127,430</u>	<u>101,568,637</u>
Equity					
Capital stock	20,32	749,200,010	749,200,010	47,225,823	47,225,823
Other capital surplus	21	78,162,820	78,162,820	4,926,993	4,926,993
Other equity	22	-	-	-	-
Accumulated deficit	23	(624,321,103)	(421,823,237)	(39,354,081)	(26,589,628)
Total equity		<u>203,041,727</u>	<u>405,539,593</u>	<u>12,798,735</u>	<u>25,563,188</u>
Total liabilities and equity	₩	<u>1,839,076,151</u>	<u>2,016,845,005</u>	Rs <u>115,926,165</u>	<u>127,131,825</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 six-month periods ended June 30, 2020 and 2019

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

	Note	2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	31,32 ₩	698,438,490	1,340,597,594	932,089,312	1,874,779,751
Cost of sales	25,32	695,110,025	1,330,217,020	842,957,713	1,674,938,644
Gross profit		<u>3,328,465</u>	<u>10,380,574</u>	<u>89,131,599</u>	<u>199,841,107</u>
Selling, general and administrative expenses	25,26	119,447,462	224,250,705	136,270,311	276,011,337
Operating loss		<u>(116,118,997)</u>	<u>(213,870,131)</u>	<u>(47,138,712)</u>	<u>(76,170,230)</u>
Other income	27,32	115,773,197	119,601,389	5,702,556	8,817,763
Other expenses	27,32	(6,748,127)	(98,554,556)	(3,333,193)	(5,236,109)
Finance income	28	975,042	2,584,296	2,470,255	6,135,235
Finance costs	28	(3,480,994)	(12,257,266)	(7,974,842)	(11,326,746)
Loss before income taxes		<u>(9,599,879)</u>	<u>(202,496,268)</u>	<u>(50,273,936)</u>	<u>(77,780,087)</u>
Income tax expenses	24	-	-	-	-
Loss for the period		<u>(9,599,879)</u>	<u>(202,496,268)</u>	<u>(50,273,936)</u>	<u>(77,780,087)</u>
Other comprehensive income (loss) for the period		(131,197)	(1,598)	267,064	(139,061)
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(807)	(1,598)	(1,766)	(3,441)
Items that are or may be reclassified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedge	28	(130,390)	-	268,830	(135,620)
Total comprehensive loss for the period	₩	<u>(9,731,076)</u>	<u>(202,497,866)</u>	<u>(50,006,872)</u>	<u>(77,919,148)</u>
Losses per share					
Basic and diluted losses per share (In won)	29 ₩	(64)	(1,351)	(336)	(524)

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 six-month periods ended June 30, 2020 and 2019

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

	<i>Note</i>	2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	31,32	Rs 44,026,070	84,504,569	58,754,250	118,176,742
Cost of sales	25,32	43,816,260	83,850,230	53,135,839	105,579,757
Gross profit		<u>209,810</u>	<u>654,339</u>	<u>5,618,411</u>	<u>12,596,985</u>
Selling, general and administrative expenses	25,26	7,529,371	14,135,643	8,589,799	17,398,375
Operating loss		<u>(7,319,561)</u>	<u>(13,481,304)</u>	<u>(2,971,388)</u>	<u>(4,801,390)</u>
Other income	27,32	7,297,763	7,539,074	359,461	555,828
Other expenses	27,32	(425,368)	(6,212,386)	(210,108)	(330,060)
Finance income	28	61,462	162,901	155,713	386,735
Finance costs	28	(219,424)	(772,637)	(502,694)	(713,981)
Loss before income taxes		<u>(605,128)</u>	<u>(12,764,352)</u>	<u>(3,169,016)</u>	<u>(4,902,868)</u>
Income tax expenses	24	-	-	-	-
Loss for the period		<u>(605,128)</u>	<u>(12,764,352)</u>	<u>(3,169,016)</u>	<u>(4,902,868)</u>
Other comprehensive income (loss) for the period		(8,270)	(101)	16,835	(8,766)
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(51)	(101)	(111)	(217)
Items that are or may be reclassified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedge	28	(8,219)	-	16,946	(8,549)
Total comprehensive loss for the period		Rs <u>(613,398)</u>	<u>(12,764,453)</u>	<u>(3,152,181)</u>	<u>(4,911,634)</u>
Losses per share					
Basic and diluted losses per share (In rupee)	29	Rs (4)	(85)	(21)	(33)

See accompanying notes to the separate interim financial statements

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

For the six-month periods ended June 30, 2020 and 2019

(In thousands of won)

	Korean won							
	Capital stock	Paid-in capital in excess of par value	Other capital surplus		Debt to be swapped for equity	Other equity		
			Gain on capital reduction					
Balance at January 1, 2019	₩ 689,746,980	12,916,273	74,061,697		931,508	103,000	(82,483,045)	695,276,413
Total comprehensive income(loss) for the period:								
Loss for the period	-	-	-	-	-	-	(77,780,087)	(77,780,087)
Defined benefit plan re-measurements	-	-	-	-	-	-	(3,441)	(3,441)
Changes in fair value of cash flow hedge	-	-	-	-	-	(135,620)	-	(135,620)
Transactions with owners of the Parent Company, recognized directly in equity:								
Issue of ordinary shares	59,453,030	(9,746,658)	-	-	-	-	-	49,706,372
Balance at June 30, 2019	₩ 749,200,010	3,169,615	74,061,697		931,508	(32,620)	(160,266,573)	667,063,637
Balance at January 1, 2020	₩ 749,200,010	3,169,615	74,061,697		931,508	-	(421,823,237)	405,539,593
Total comprehensive income(loss) for the period:								
Loss for the period	-	-	-	-	-	-	(202,496,268)	(202,496,268)
Defined benefit plan re-measurements	-	-	-	-	-	-	(1,598)	(1,598)
Balance at June 30, 2020	₩ 749,200,010	3,169,615	74,061,697		931,508	-	(624,321,103)	203,041,727

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2020 and 2019

(In thousands of rupee)

	Indian rupee						
	Other capital surplus						
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Other equity	Accumulated deficit	Total
Balance at January 1, 2019	Rs 43,478,201	814,177	4,668,479	58,718	6,493	(5,199,319)	43,826,749
Total comprehensive income(loss) for the period:							
Loss for the period	-	-	-	-	-	(4,902,868)	(4,902,868)
Defined benefit plan re-measurements	-	-	-	-	-	(217)	(217)
Changes in fair value of cash flow hedge	-	-	-	-	(8,549)	-	(8,549)
Transactions with owners of the Parent Company, recognized directly in equity:							
Issue of ordinary shares	3,747,622	(614,381)	-	-	-	-	3,133,241
Balance at June 30, 2019	Rs 47,225,823	199,796	4,668,479	58,718	(2,056)	(10,102,404)	42,048,356
Balance at January 1, 2020	Rs 47,225,823	199,796	4,668,479	58,718	-	(26,589,628)	25,563,188
Total comprehensive income(loss) for the period:							
Loss for the period	-	-	-	-	-	(12,764,352)	(12,764,352)
Defined benefit plan re-measurements	-	-	-	-	-	(101)	(101)
Balance at June 30, 2020	Rs 47,225,823	199,796	4,668,479	58,718	-	(39,354,081)	12,798,735

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2020 and 2019

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Cash flows from operating activities				
Loss for the period	₩ (202,496,268)	(77,780,087)	Rs (12,764,352)	(4,902,868)
Adjustment	144,061,678	171,138,310	9,080,929	10,787,704
Changes in assets and liabilities	(81,216,326)	107,403,585	(5,119,472)	6,770,185
Cash generated from operations (note 30)	<u>(139,650,916)</u>	<u>200,761,808</u>	<u>(8,802,895)</u>	<u>12,655,021</u>
Interest received	1,104,947	2,195,540	69,650	138,396
Interest paid	(6,593,888)	(3,305,016)	(415,646)	(208,332)
Dividends received	6,000	11,000	378	693
Net cash provided by (used in) operating activities	<u>(145,133,857)</u>	<u>199,663,332</u>	<u>(9,148,513)</u>	<u>12,585,778</u>
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	185,472,701	1,389,941	11,691,272	87,615
Acquisition of property, plant and equipment	(14,579,101)	(91,524,221)	(918,994)	(5,769,229)
Acquisition of intangible assets	(20,860,305)	(48,662,986)	(1,314,929)	(3,067,471)
Cash flow provided by (used in) other investing activities	71,254	(1,952,810)	4,491	(123,095)
Net cash provided by (used in) investing activities	<u>150,104,549</u>	<u>(140,750,076)</u>	<u>9,461,840</u>	<u>(8,872,180)</u>
Cash flows from financing activities				
Proceeds from borrowings	157,000,000	57,255,474	9,896,495	3,609,099
Proceeds from issuing capital stock	-	49,706,372	-	3,133,241
Receipts of government grants	108,688	47,680	6,851	3,006
Repayment of borrowings	(111,328,300)	(3,750,000)	(7,017,579)	(236,381)
Payment of lease liabilities	(4,493,383)	(4,497,315)	(283,240)	(283,488)
Net cash provided by financing activities	<u>41,287,005</u>	<u>98,762,211</u>	<u>2,602,527</u>	<u>6,225,477</u>
Net increase in cash and cash equivalents	<u>46,257,697</u>	<u>157,675,467</u>	<u>2,915,854</u>	<u>9,939,075</u>
Cash and cash equivalents at January 1	119,130,707	150,953,423	7,509,404	9,515,349
Cash and cash equivalents at June 30	<u>₩ 165,388,404</u>	<u>308,628,890</u>	<u>Rs 10,425,258</u>	<u>19,454,424</u>

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2020 and 2019

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 June 30, 2020, the Company's shareholders are as follows:

<u>Name of shareholder</u>	<u>Number of shares (In 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 financial statements

The separate financial statements are expressed in Korean won and have been translated into Indian rupees at the rate of INR 0.063035 to ₩1 on June 30, 2020, 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, 2019. 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.

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

For the six-month periods ended June 30, 2020 and 2019

2. Basis of Preparation and Accounting Policies, Continued

(3) Use of estimates and judgments

The preparation of the separate 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.

The management's judgment on the application of the Company's accounting policies and the estimated amount used in the quarterly financial statements is the same as the annual financial statements for the fiscal year ending December 31, 2019.

Meanwhile, the spread of COVID-19 during 2020 is having a significant impact on domestic and foreign economies. This can have a negative impact on the reduction or delay of sales and the recovery of existing receivables. This could also negatively affect our financial position and performance, which are expected to continue in the Company's annual financial statements in 2020.

Important accounting estimates and assumptions used in preparing the separate interim financial statements can be adjusted according to changes in uncertainty under COVID-19, and the ultimate impact of COVID-19 on the Company's business, financial status and management performance is unpredictable as of the end of the period.

3. Changes in accounting policies

The Company applied the following new standards, interpretations and amendments to existing standards from January 1, 2020, except for this, the significant accounting policies applied to the preparation of separate interim financial statements are the same as those adopted when preparing annual financial statements for the year ended December 31, 2019.

(1) Revised K-IFRS No.1001 'Presentation of Financial Statements' and K-IFRS No.1008 'Accounting Policies, Changes in Accounting Estimates and Errors - Definitions of Material'

The definition of material was clarified and K-IFRS No.1001 and K-IFRS No.1008 were amended in accordance with the clarified definitions. In determining the importance of the information, the impact of non-critical information as well as the omission or distortion of important information, and the characteristics of the users of the information to be disclosed by the Company were to be considered. There is no significant effect on the separate interim financial statements by amending the Standard.

(2) Revised K-IFRS No.1103 'Business Combinations - definition of a business'

In the revised project definition, in order to determine a set of acquired activities and assets as a business, inputs and practical processes with the ability to contribute significantly to the creation of output were required to be included, and economic benefits were excluded from the reduction in cost. In addition, when most of the fair value of the acquired total assets is concentrated on a single identifiable asset or company of assets, an optional intensive test was added that the acquired activities and company of assets can be determined by the company of assets or assets, not by the business. There is no significant effect on the separate interim financial statements by amending the Standard.

On the other hand, there are no standards or interpretations that have been enacted or announced but have not been applied since the enforcement date has not yet arrived.

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

For the six-month periods ended June 30, 2020 and 2019

4. Cash and Cash Equivalents

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

5. Restricted Financial Instruments

Restricted financial Instruments as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Financial institution	Korean won		Indian rupee		Description
		2020	2019	2020	2019	
Cash and cash equivalents	Shinhan Bank and others	₩ 337,579	187,494	Rs 21,279	11,819	Litigated asset, government grants and others
Long-term financial instruments	Woori Bank	5,753,190	752,317	362,652	47,422	Unconfirmed reorganization debt pledged as collateral
	Shinhan Bank and others	4,000	4,000	252	252	Bank account deposit
		₩ <u>6,094,769</u>	<u>943,811</u>	Rs <u>384,183</u>	<u>59,493</u>	

6. Non-current Financial Assets

Non-current financial assets as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	Ownership (%)		2020		2019
			Acquisition cost	Net asset value	Book value
Korea Business Finance Loan(*)	1.72	₩	500,000	736,772	500,000
Korea Management Consultants Association(*)	1.50		60,000	949,895	60,000
		₩	<u>560,000</u>	<u>1,686,667</u>	<u>560,000</u>

(In thousands of rupee)

	Ownership (%)		2020		2019
			Acquisition cost	Net asset value	Book value
Korea Business Finance Loan(*)	1.72	Rs	31,518	46,442	31,518
Korea Management Consultants Association(*)	1.50		3,782	59,877	3,782
		Rs	<u>35,300</u>	<u>106,319</u>	<u>35,300</u>

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

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7. Trade and Other Receivables

(1) Details of trade and other receivables as of June 31, 2020 and December 31, 2019 are as follows:
(In thousands of won)

	2020		2019	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 121,677,642	-	159,356,266	100,000
Less: Allowance for doubtful accounts	(205,929)	-	(332,307)	(497)
Other receivables	7,247,452	106,200	7,104,763	108,172
Less: Allowance for doubtful accounts	(4,598,961)	(44,250)	(4,442,546)	(44,345)
Loans and others(*)	18,463,804	42,069,418	12,208,478	38,721,961
Less: Allowance for doubtful accounts	-	(357)	-	(357)
	₩ 142,584,008	42,131,011	173,894,654	38,884,934

(*) The Loans and others listed above include ₩3,711,068 thousand and ₩4,037,510 thousand for sub lease receivables as of June 30, 2020 and December 31, 2019, respectively. The interest revenue received by the sub lease contract are ₩295,493 thousand and ₩328,759 thousand for the six-month periods ended June 30, 2020 and 2019, respectively.

(In thousands of rupee)

	2020		2019	
	Current	Non-current	Current	Non-current
Trade receivables	Rs 7,669,950	-	10,045,022	6,304
Less: Allowance for doubtful accounts	(12,981)	-	(20,947)	(31)
Other receivables	456,843	6,694	447,849	6,819
Less: Allowance for doubtful accounts	(289,896)	(2,789)	(280,036)	(2,795)
Loans and others(*)	1,163,867	2,651,846	769,562	2,440,838
Less: Allowance for doubtful accounts	-	(23)	-	(23)
	Rs 8,987,783	2,655,728	10,961,450	2,451,112

(*) The Loans and others listed above include Rs 233,927 thousand and Rs 254,504 thousand for sub lease receivables as of June 30, 2020 and December 31, 2019, respectively. The interest revenue received by the sub lease contract are Rs 18,626 thousand and Rs 20,723 thousand for the six-month periods ended June 30, 2020 and 2019, respectively.

(2) Details of aging analysis of the trade and other receivables as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	2020		2019	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	₩ 90,242,021	62,013,635	124,619,361	53,501,544
Less than 180 days	5,174,019	1,028,113	15,540,796	57,067
Less than 270 days	10,649,413	71,632	17,528,017	30,610
Less than 365 days	11,735,143	47,778	674,780	1,568
More than 366 days	3,877,046	4,725,716	1,093,312	4,552,585
Total	₩ 121,677,642	67,886,874	159,456,266	58,143,374
Impaired receivables	₩ 205,929	4,643,568	332,804	4,487,248

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

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7. Trade and Other Receivables, Continued

(2) Details of aging analysis of the trade and other receivables as of June 30, 2020 and December 31, 2019 are as follows, continued:

(In thousands of rupee)

	2020		2019	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	Rs 5,688,406	3,909,029	7,855,381	3,372,470
Less than 180 days	326,144	64,807	979,614	3,597
Less than 270 days	671,286	4,515	1,104,879	1,930
Less than 365 days	739,725	3,012	42,535	99
More than 366 days	244,389	297,887	68,917	286,972
Total	Rs 7,669,950	4,279,250	10,051,326	3,665,068
Impaired receivables	Rs 12,981	292,708	20,978	282,854

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

(3) Changes in allowance for trade and other receivables the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020		2019	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	₩ 332,804	4,487,248	124,299	4,369,251
Bad debt expense	-	160,849	270,481	140,523
Reversal of allowance for bad debts	(126,875)	(96)	-	-
Write off	-	(4,433)	-	(492)
Ending balance	₩ 205,929	4,643,568	394,780	4,509,282

(In thousands of rupee)

	2020		2019	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	Rs 20,978	282,854	7,835	275,416
Bad debt expense	-	10,138	17,050	8,858
Reversal of allowance for bad debts	(7,997)	(6)	-	-
Write off	-	(278)	-	(31)
Ending balance	Rs 12,981	292,708	24,885	284,243

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8. Inventories

Details of inventories as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Merchandises	₩ 37,609,561	37,958,354	Rs 2,370,719	2,392,705
Finished goods	53,950,841	73,488,372	3,400,791	4,632,340
Work-in-process	26,732,439	22,869,812	1,685,079	1,441,599
Raw materials	33,431,923	34,184,282	2,107,381	2,154,806
Sub-materials	372,817	375,663	23,501	23,680
Supplies	3,276,090	3,270,070	206,508	206,129
Goods in transit	19,029,041	32,477,788	1,199,496	2,047,236
	₩ <u>174,402,712</u>	<u>204,624,341</u>	Rs <u>10,993,475</u>	<u>12,898,495</u>

The Company has measured inventories at the lower of cost or net realizable value. The reversal of loss on valuation of inventories amounted to ₩180,822 thousand (Rs 11,398 thousand) for the six-month period ended June 30, 2020 and the loss on valuation of inventories amounted to ₩2,631,161 thousand (Rs 165,855 thousand) for the six-month period ended June 30, 2019.

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9. Investments in Subsidiaries and a Joint venture

Details of investment in subsidiaries and a joint venture as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	Company	Location	Owner ship	Closing month	2020		2019
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	₩ 5,338,097	297,411	297,411
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	835,695	-	-
	Ssangyong Australia Pty Ltd.(*1)	Australia	100%	December	4,067,594	-	-
					<u>10,241,386</u>	<u>297,411</u>	<u>297,411</u>
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	10,200,000	10,200,000	10,200,000
					<u>₩ 20,441,386</u>	<u>10,497,411</u>	<u>10,497,411</u>

(*1) The Company made additional investments of ₩1,116,761 thousand during the previous year. Impairment loss on investments in subsidiaries of ₩4,067,594 thousand was recognized for the year ended December 31, 2019.

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

(In thousands of rupee)

	Company	Location	Owner ship	Closing month	2020		2019
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	Rs 336,487	18,747	18,747
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	256,401	-	-
	Ssangyong Australia Pty Ltd.(*1)	Australia	100%	December	642,957	-	-
					<u>1,235,845</u>	<u>18,747</u>	<u>18,747</u>
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	642,957	642,957	642,957
					<u>Rs 1,878,802</u>	<u>661,704</u>	<u>661,704</u>

(*1) The Company made additional investments of Rs 70,395 thousand during the previous year. Impairment loss on investments in subsidiaries of Rs 256,401 thousand was recognized for the year ended December 31, 2019.

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

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10. Other Assets

Details of other assets as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Other current assets				
Advance payments	₩ 57,985,992	1,341,758	Rs 3,655,147	84,578
Prepaid expenses	5,314,179	7,107,472	334,979	448,019
Current tax assets	491,998	430,322	31,013	27,126
	₩ 63,792,169	8,879,552	Rs 4,021,139	559,723
Other non-current assets				
Other non-current assets	₩ 275,981	276,041	Rs 17,397	17,400

11. Property, Plant and Equipment

(1) Details of property, plant and equipment as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	2020				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 402,580,149	(7,354)	-	-	402,572,795
Buildings	535,548,393	(3,630,045)	(233,328,323)	(156,914,544)	141,675,481
Structures	112,028,871	(59,473)	(67,657,648)	(31,209,247)	13,102,503
Machinery	1,304,753,980	(148,869)	(1,069,204,380)	(113,763,166)	121,637,565
Vehicles	6,723,706	(3,578)	(5,070,280)	(406,552)	1,243,296
Tools and molds	1,394,506,062	(81,662)	(954,213,269)	(196,445,414)	243,765,717
Equipment	65,707,630	(104,720)	(53,499,428)	(3,693,155)	8,410,327
Construction in progress	24,256,647	-	-	(2,276,564)	21,980,083
Machinery in transit	394,801	-	-	-	394,801
	₩ 3,846,500,239	(4,035,701)	(2,382,973,328)	(504,708,642)	954,782,568

(In thousands of won)

	2019				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 474,755,254	(7,354)	-	-	474,747,900
Buildings	552,055,868	(3,681,126)	(239,864,472)	(157,179,120)	151,331,150
Structures	112,714,645	(69,552)	(67,488,211)	(29,759,580)	15,397,302
Machinery	1,306,810,589	(143,706)	(1,053,087,261)	(100,241,895)	153,337,727
Vehicles	8,304,758	(4,344)	(5,758,383)	(471,742)	2,070,289
Tools and molds	1,405,141,005	(90,765)	(912,094,472)	(171,857,337)	321,098,431
Equipment	69,603,163	(110,235)	(54,857,475)	(3,482,468)	11,152,985
Construction in progress	12,717,610	-	-	(699,821)	12,017,789
Machinery in transit	233,039	-	-	-	233,039
	₩ 3,942,335,931	(4,107,082)	(2,333,150,274)	(463,691,963)	1,141,386,612

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11. Property, Plant and Equipment, Continued

(1) Details of property, plant and equipment as of June 30, 2020 and December 31, 2019 are as follows, continued:

(In thousands of rupee)

		2020				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	25,376,640	(464)	-	-	25,376,176
Buildings		33,758,293	(228,820)	(14,707,851)	(9,891,108)	8,930,514
Structures		7,061,740	(3,749)	(4,264,800)	(1,967,275)	825,916
Machinery		82,245,167	(9,384)	(67,397,298)	(7,171,061)	7,667,424
Vehicles		423,829	(226)	(319,605)	(25,627)	78,371
Tools and molds		87,902,690	(5,148)	(60,148,833)	(12,382,937)	15,365,772
Equipment		4,141,880	(6,601)	(3,372,336)	(232,798)	530,145
Construction in progress		1,529,018	-	-	(143,503)	1,385,515
Machinery in transit		24,886	-	-	-	24,886
	Rs	<u>242,464,143</u>	<u>(254,392)</u>	<u>(150,210,723)</u>	<u>(31,814,309)</u>	<u>60,184,719</u>

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	29,926,198	(464)	-	-	29,925,734
Buildings		34,798,842	(232,040)	(15,119,857)	(9,907,786)	9,539,159
Structures		7,104,968	(4,385)	(4,254,119)	(1,875,895)	970,569
Machinery		82,374,805	(9,058)	(66,381,355)	(6,318,748)	9,665,644
Vehicles		523,489	(273)	(362,980)	(29,736)	130,500
Tools and molds		88,573,063	(5,721)	(57,493,875)	(10,833,027)	20,240,440
Equipment		4,387,435	(6,949)	(3,457,941)	(219,517)	703,028
Construction in progress		801,655	-	-	(44,114)	757,541
Machinery in transit		14,690	-	-	-	14,690
	Rs	<u>248,505,145</u>	<u>(258,890)</u>	<u>(147,070,127)</u>	<u>(29,228,823)</u>	<u>71,947,305</u>

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11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

		2020					Ending balance
		Beginning balance	Acquisition	Disposal (*1)	Depreciation	Impairment (*2)	
Land	₩	474,747,900	-	(72,175,105)	-	-	402,572,795
Buildings		151,331,150	7,900	(4,421,222)	(5,246,347)	-	141,675,481
Structures		15,397,302	-	(102,561)	(724,950)	(1,467,288)	13,102,503
Machinery		153,337,727	26,568	(62,117)	(18,774,902)	(14,145,255)	121,637,565
Vehicles		2,070,289	3,806	(649,856)	(203,291)	-	1,243,296
Tools and molds		321,098,431	220,092	(177,740)	(51,262,411)	(28,911,604)	243,765,717
Equipment		11,152,985	197,439	(18,513)	(1,930,457)	(996,376)	8,410,327
Construction in progress		12,017,789	15,082,509	-	-	(1,648,990)	21,980,083
Machinery in transit		233,039	555,779	-	-	(394,017)	394,801
	₩	<u>1,141,386,612</u>	<u>16,094,093</u>	<u>(77,607,114)</u>	<u>(78,142,358)</u>	<u>(47,169,513)</u>	<u>954,782,568</u>

(*1) The Company has sold the land, buildings, and structures located in Guro-dong, Guro-gu, Seoul, and Gamjeon-dong, Sasang-gu, Busan by ₩206,250 million (the book value were ₩76,699 million) and related gain on disposals is recognized as ₩108,146 million for the six-month periods ended June 30, 2020.

(*2) The Company judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at ₩47,170 million for property, plant and equipment during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*3) Capitalized borrowing costs in respect of construction in progress is ₩227,192 thousand and ₩22,344 thousand was transferred from inventory to vehicles for the six-month periods ended June 30, 2020. Meanwhile, the government grants of ₩28,688 thousand is adjusted in others.

(In thousands of won)

		2019					Ending balance
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	
Land	₩	475,109,638	-	(361,738)	-	-	474,747,900
Buildings		169,644,693	25,120	-	(5,578,587)	1,016,924	165,108,150
Structures		17,372,729	-	(2,409)	(831,724)	70,179	16,608,775
Machinery		160,696,016	82,229	(261,902)	(18,889,606)	31,730,432	173,357,169
Vehicles		1,231,926	267,967	(425,775)	(287,136)	1,383,607	2,170,589
Tools and molds		276,953,283	835,270	(4,274)	(50,550,151)	145,865,425	373,099,553
Equipment		14,254,721	737,034	(22,853)	(2,769,062)	113,451	12,313,291
Construction in progress		110,625,296	84,064,751	-	-	(177,239,819)	17,450,228
Machinery in transit		1,318,137	223,201	-	-	(1,084,714)	456,624
	₩	<u>1,227,206,439</u>	<u>86,235,572</u>	<u>(1,078,951)</u>	<u>(78,906,266)</u>	<u>1,855,485</u>	<u>1,235,312,279</u>

(*) Capitalized borrowing costs in respect of construction in progress is ₩603,573 thousand and ₩1,299,593 thousand was transferred from inventory to vehicles during the period ended June 30, 2019.

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11. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the six-month periods ended June 30, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

		2020						
		Beginning balance	Acquisition	Disposal (*1)	Depreciation	Impairment (*2)	Others(*3)	Ending balance
Land	Rs	29,925,734	-	(4,549,558)	-	-	-	25,376,176
Buildings		9,539,159	498	(278,692)	(330,703)	-	252	8,930,514
Structures		970,569	-	(6,465)	(45,698)	(92,490)	-	825,916
Machinery		9,665,644	1,675	(3,916)	(1,183,476)	(891,646)	79,143	7,667,424
Vehicles		130,500	240	(40,963)	(12,814)	-	1,408	78,371
Tools and molds		20,240,440	13,873	(11,204)	(3,231,326)	(1,822,443)	176,432	15,365,772
Equipment		703,028	12,446	(1,167)	(121,687)	(62,807)	332	530,145
Construction in progress		757,541	950,726	-	-	(103,944)	(218,808)	1,385,515
Machinery in transit		14,690	35,034	-	-	-	(24,838)	24,886
	Rs	<u>71,947,305</u>	<u>1,014,492</u>	<u>(4,891,965)</u>	<u>(4,925,704)</u>	<u>(2,973,330)</u>	<u>13,921</u>	<u>60,184,719</u>

(*1) The Company has sold the land, buildings, and structures located in Guro-dong, Guro-gu, Seoul, and Gamjeon-dong, Sasang-gu, Busan by Rs 13,001 million (the book value were Rs 4,835 million) and related gain on disposals is recognized as Rs 6,817 million for the six-month periods ended June 30, 2020.

(*2) The Company judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at Rs 2,973 million for property, plant and equipment during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*3) Capitalized borrowing costs in respect of construction in progress is Rs 14,321 thousand and Rs 1,408 thousand was transferred from inventory to vehicles for the six-month periods ended June 30, 2020. Meanwhile, the government grants of Rs 1,808 thousand is adjusted in others.

(In thousands of rupee)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs	29,948,536	-	(22,802)	-	-	29,925,734
Buildings		10,693,553	1,583	-	(351,646)	64,102	10,407,592
Structures		1,095,090	-	(152)	(52,428)	4,424	1,046,934
Machinery		10,129,473	5,183	(16,509)	(1,190,706)	2,000,128	10,927,569
Vehicles		77,654	16,891	(26,839)	(18,100)	87,216	136,822
Tools and molds		17,457,750	52,651	(269)	(3,186,429)	9,194,627	23,518,330
Equipment		898,546	46,460	(1,441)	(174,547)	7,149	776,167
Construction in progress		6,973,266	5,299,022	-	-	(11,172,312)	1,099,976
Machinery in transit		83,089	14,069	-	-	(68,375)	28,783
	Rs	<u>77,356,957</u>	<u>5,435,859</u>	<u>(68,012)</u>	<u>(4,973,856)</u>	<u>116,959</u>	<u>77,867,907</u>

(*) Capitalized borrowing costs in respect of construction in progress is Rs 38,046 thousand and Rs 81,920 thousand was transferred from inventory to vehicles during the period ended June 30, 2019.

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11. Property, Plant and Equipment, Continued

(3) Details of pledged assets provided as collateral for the borrowings as of June 30, 2020 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	₩ 390,642,884		Rs 24,624,174	
Buildings and structures	109,407,541	362,081,080	6,896,504	22,823,781
Machinery and others	13,741		866	
	₩ <u>500,064,166</u>	<u>362,081,080</u>	Rs <u>31,521,544</u>	<u>22,823,781</u>

(4) Capitalized borrowing costs and capitalization interest rate for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Capitalized interest expenses(*)	₩ 1,546,860	2,064,654	Rs 97,506	130,145
Capitalization interest rate	3.11%	3.67%	3.11%	3.67%

(*) Capitalized borrowing costs for intangible assets are ₩1,319,668 thousand (Rs 83,185 thousand) and ₩1,461,081 thousand (Rs 92,099 thousand) for the six-month periods ended June 30, 2020 and 2019, respectively.

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12. Intangible Assets

(1) Details of intangible assets as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

		2020				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩	510,279,976	-	(309,687,858)	(32,860,505)	167,731,613
Patents		4,969,805	(9,343)	(3,788,925)	(171,576)	999,961
Other intangible assets		152,228,658	(80,000)	(35,468,775)	(16,292,749)	100,387,134
	₩	<u>667,478,439</u>	<u>(89,343)</u>	<u>(348,945,558)</u>	<u>(49,324,830)</u>	<u>269,118,708</u>

(In thousands of won)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩	510,279,976	-	(275,331,952)	(12,928,659)	222,019,365
Patents		4,848,742	(9,343)	(3,525,514)	(156,296)	1,157,589
Other intangible assets		130,169,749	-	(33,946,764)	(6,544,340)	89,678,645
	₩	<u>645,298,467</u>	<u>(9,343)</u>	<u>(312,804,230)</u>	<u>(19,629,295)</u>	<u>312,855,599</u>

(In thousands of rupee)

		2020				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	32,165,498	-	(19,521,174)	(2,071,362)	10,572,962
Patents		313,272	(589)	(238,835)	(10,815)	63,033
Other intangible assets		9,595,733	(5,043)	(2,235,774)	(1,027,013)	6,327,903
	Rs	<u>42,074,503</u>	<u>(5,632)</u>	<u>(21,995,783)</u>	<u>(3,109,190)</u>	<u>16,963,898</u>

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	32,165,498	-	(17,355,550)	(814,957)	13,994,991
Patents		305,640	(589)	(222,231)	(9,851)	72,969
Other intangible assets		8,205,250	-	(2,139,834)	(412,523)	5,652,893
	Rs	<u>40,676,388</u>	<u>(589)</u>	<u>(19,717,615)</u>	<u>(1,237,331)</u>	<u>19,720,853</u>

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12. Intangible Assets, Continued

(2) Changes in intangible assets for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

		2020					
		Beginning balance	Acquisition	Amortization	Impairment(*1)	Others(*2)	Ending balance
Internally created intangible assets:							
Development cost	₩	222,019,365	-	(34,355,906)	(19,931,846)	-	167,731,613
Other intangible assets		82,875,485	20,372,028	-	(9,312,502)	1,319,668	95,254,679
		<u>304,894,850</u>	<u>20,372,028</u>	<u>(34,355,906)</u>	<u>(29,244,348)</u>	<u>1,319,668</u>	<u>262,986,292</u>
Individually acquired intangible assets:							
Patents		1,157,589	121,062	(263,410)	(15,280)	-	999,961
Other intangible assets		6,803,160	367,215	(1,522,011)	(435,909)	(80,000)	5,132,455
		7,960,749	488,277	(1,785,421)	(451,189)	(80,000)	6,132,416
	₩	<u>312,855,599</u>	<u>20,860,305</u>	<u>(36,141,327)</u>	<u>(29,695,537)</u>	<u>1,239,668</u>	<u>269,118,708</u>

(In thousands of won)

		2019						
		Beginning balance	Acquisition	Amortization	Impairment	Transfer	Others(*2)	Ending balance
Internally created intangible assets:								
Development cost	₩	163,025,002	-	(43,814,291)	-	159,098,427	-	278,309,138
Other intangible assets		181,843,818	46,579,786	-	-	(159,098,427)	1,461,081	70,786,258
		<u>344,868,820</u>	<u>46,579,786</u>	<u>(43,814,291)</u>	<u>-</u>	<u>-</u>	<u>1,461,081</u>	<u>349,095,396</u>
Individually acquired intangible assets:								
Patents		1,334,224	225,018	(316,366)	(24,110)	-	-	1,218,766
Other intangible assets		7,556,918	1,858,182	(1,635,438)	-	-	-	7,779,662
		8,891,142	2,083,200	(1,951,804)	(24,110)	-	-	8,998,428
	₩	<u>353,759,962</u>	<u>48,662,986</u>	<u>(45,766,095)</u>	<u>(24,110)</u>	<u>-</u>	<u>1,461,081</u>	<u>358,093,824</u>

(*1) The Company judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at ₩29,680 million for intangible assets during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*2) Capitalized borrowing costs in respect of other intangible assets is ₩1,319,668 thousand and ₩1,461,081 thousand for the six-month periods ended June 30, 2020 and 2019, respectively.

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12. Intangible Assets, Continued

(2) Changes in intangible assets for the six-month periods ended June 30, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

		2020					
		Beginning balance	Acquisition	Amortization	Impairment(*1)	Others(*2)	Ending balance
Internally created intangible assets:							
Development cost	Rs	13,994,991	-	(2,165,625)	(1,256,404)	-	10,572,962
Other intangible assets		5,224,056	1,284,151	-	(587,013)	83,185	6,004,379
		<u>19,219,047</u>	<u>1,284,151</u>	<u>(2,165,625)</u>	<u>(1,843,417)</u>	<u>83,185</u>	<u>16,577,341</u>
Individually acquired intangible assets:							
Patents		72,969	7,631	(16,604)	(963)	-	63,033
Other intangible assets		428,837	23,147	(95,940)	(27,478)	(5,042)	323,524
		<u>501,806</u>	<u>30,708</u>	<u>(112,544)</u>	<u>(28,441)</u>	<u>(5,042)</u>	<u>386,557</u>
	Rs	<u>19,720,853</u>	<u>1,314,929</u>	<u>(2,278,169)</u>	<u>(1,871,858)</u>	<u>78,143</u>	<u>16,963,898</u>

(In thousands of rupee)

		2019						
		Beginning balance	Acquisition	Amortization	Impairment	Transfer	Others(*2)	Ending balance
Internally created intangible assets:								
Development cost	Rs	10,276,281	-	(2,761,833)	-	10,028,769	-	17,543,217
Other intangible assets		11,462,525	2,936,157	-	-	(10,028,769)	92,099	4,462,012
		<u>21,738,806</u>	<u>2,936,157</u>	<u>(2,761,833)</u>	<u>-</u>	<u>-</u>	<u>92,099</u>	<u>22,005,229</u>
Individually acquired intangible assets:								
Patents		84,103	14,184	(19,942)	(1,520)	-	-	76,825
Other intangible assets		476,350	117,130	(103,091)	-	-	-	490,389
		<u>560,453</u>	<u>131,314</u>	<u>(123,033)</u>	<u>(1,520)</u>	<u>-</u>	<u>-</u>	<u>567,214</u>
	Rs	<u>22,299,259</u>	<u>3,067,471</u>	<u>(2,884,866)</u>	<u>(1,520)</u>	<u>-</u>	<u>92,099</u>	<u>22,572,443</u>

(*1) The Company judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Company conducted an impairment assessment on the cash-generating unit and recognized impairment loss at Rs 1,871 million for intangible assets during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*2) Capitalized borrowing costs in respect of other intangible assets is Rs 83,185 thousand and Rs 92,099 thousand for the six-month periods ended June 30, 2020 and 2019, respectively.

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12. Intangible Assets, Continued

(3) Details of capitalized development costs as of June 30, 2020 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)	₩ 146,574,586	Rs 9,239,329	1~4 years
	Power train and others	21,157,027	1,333,633	1~4 years
Other intangible assets	RV(*3)	95,254,679	6,004,379	-
		₩ 262,986,292	Rs 16,577,341	

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

(*2) It is a development project for vehicles under sale as of June 30, 2020.

(*3) On-going development project for vehicles as of June 30, 2020 to respond to consumer needs and market conditions.

(4) Details of expenditures for research and developments for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Capitalization of intangible assets	₩ 21,691,697	48,040,867	Rs 1,367,336	3,028,256
Manufacturing costs	46,991,862	48,127,326	2,962,132	3,033,706
Selling and administrative expenses	8,275,132	6,556,455	521,623	413,286
	₩ 76,958,691	102,724,648	Rs 4,851,091	6,475,248

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13. Lease

(1) Changes in right-of-use assets as of June 30, 2020 are as follows:

(In thousands of won)

		Beginning balance	Increase(*)	Depreciation	Ending balance
Land and building	₩	919,239	11,001,948	(519,150)	11,402,037
Vehicle		3,575,908	76,613	(923,303)	2,729,218
Equipment		1,356,007	415,756	(363,839)	1,407,924
Total	₩	<u>5,851,154</u>	<u>11,494,317</u>	<u>(1,806,292)</u>	<u>15,539,179</u>

(In thousands of rupee)

		Beginning balance	Increase(*)	Depreciation	Ending balance
Land and building	Rs	57,944	693,508	(32,725)	718,727
Vehicle		225,407	4,829	(58,200)	172,036
Equipment		85,476	26,208	(22,935)	88,749
Total	Rs	<u>368,827</u>	<u>724,545</u>	<u>(113,860)</u>	<u>979,512</u>

(*) According to the contract of the lease transaction for the Guro Maintenance center ₩10,927 million (Rs 689 million) has increased during the six-month period ended June 30, 2020.

(2) Details of lease liabilities as of June 30, 2020 are as follows:

(In thousands of won)

		Within a year	Over 1 year
Lease liabilities(*)	₩	<u>6,020,971</u>	<u>13,117,842</u>

(In thousands of rupee)

		Within a year	Over 1 year
Lease liabilities(*)	Rs	<u>379,531</u>	<u>826,882</u>

(*) The total amount of lease liabilities paid in the current term is ₩4,493,383 thousand (Rs 283,240 thousand) and interests expenses is ₩201,781 thousand (Rs 12,719 thousand) during the six-month period ended June 30, 2020.

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13. Lease, Continued

(3) Expenses from lease contracts with low cost and short-term contract for the six-month period ended June 30, 2020 are as the following:

<i>(In thousands of won)</i>	<u>Exemption of lease recognition</u>	<u>Expenses</u>
Office equipment	Low cost	₩ 463,054
	Short term	11,110
Building	Short term	15,000

<i>(In thousands of rupee)</i>	<u>Exemption of lease recognition</u>	<u>Expenses</u>
Office equipment	Low cost	Rs 29,189
	Short term	700
Building	Short term	946

(4) The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

<i>(In thousands of won and in thousands of rupee)</i>	<u>2020</u>	
	<u>Korean won</u>	<u>Indian rupee</u>
Sub lease		
Less than 1 year	₩ 3,041,499	Rs 191,721
1 year to 2 years	756,940	47,714
Lease to be received	3,798,439	239,435
Unrealized interests	(87,371)	(5,507)
Net investment in the lease	3,711,068	233,928
Interests from sublease for this period	81,239	5,121

(5) Sales and lease back

The Company has been liquidating the land and buildings of the factory in Guro-dong, Guro-gu, Seoul to enhance asset efficiency and financial stability for the six-month periods ended June 30, 2020. The main terms of sales and lease back transactions are as the following:

	<u>Main terms</u>
Type	Sales and lease back
Counterparty	PIA Guro-station PFV Co., Ltd.
Transaction amount	₩180 Billion (Rs 11 Billion)
Underlying assets	Factory land and building in Guro-dong, Guro-gu, Seoul

The details of the company's recognition for the six-month periods ended June 30, 2020 due to sales and lease back transactions are as the following:

- Right-of-use asset: ₩10,927 million (Rs 689 million) increased.
- Lease liabilities: ₩10,733 million (Rs 677 million) increased.
- Property, plant and equipment: ₩60,834 million (Rs 3,835 million) decreased.
- Gains on disposal of PPE: ₩97,761 million (Rs 6,162 million) increased.
- Lease deposit: ₩10,800 million (Rs 681 million) increased.

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14. Borrowings

(1) Details of short-term borrowings as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate (%)	Korean won		Indian rupee	
			2020	2019	2020	2019
Korea Development Bank	Operating fund	CD+2.10	₩ 20,000,000	20,000,000	Rs 1,260,700	1,260,700
Korea Development Bank	Facility fund(*)	CD+1.57	70,000,000	70,000,000	4,412,450	4,412,450
Woori Bank	Operating fund(*)	CD+2.00	12,500,000	17,500,000	787,937	1,103,113
Kookmin Bank	Operating fund(*)	CD+2.00	-	10,000,000	-	630,350
JP Morgan	Operating fund(*)	CD+2.00	40,000,000	-	2,521,400	-
BNP PARIBAS	Overdraft	CD+2.00	29,000,000	30,000,000	1,828,015	1,891,050
JP Morgan	Overdraft	CD+2.00	49,999,813	-	3,151,744	-
BOA	Overdraft	CD+2.00	30,000,002	-	1,891,045	-
Citi Bank and others	Banker's usance	0.30 ~0.80	55,406,740	106,606,448	3,492,564	6,719,937
			₩ 306,906,555	254,106,448	Rs 19,345,855	16,017,600

(*) Current portion of long-term borrowing

(2) Details of long-term borrowing as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate(%)	Korean won		Indian rupee	
			2020	2019	2020	2019
Korea Development Bank	Facility fund	CD+1.57 ~ 1.60	₩ 170,000,000	170,000,000	Rs 10,715,950	10,715,950
Woori Bank	Operating fund	CD+2.00	25,000,000	35,000,000	1,575,875	2,206,225
Kookmin Bank	Facility fund	CD+2.00	-	11,250,000	-	709,144
JP Morgan	Facilities fund	CD+2.00	40,000,000	40,000,000	2,521,400	2,521,400
Mahindra & Mahindra Ltd.(*)		3.00	40,000,000	-	2,521,400	-
Less: Current portion			(122,500,000)	(97,500,000)	(7,721,787)	(6,145,913)
			₩ 152,500,000	158,750,000	Rs 9,612,838	10,006,806

(*) The Company has the right to request conversion to equity within the borrowing period and Mahindra & Mahindra Ltd. cannot reject without reasonable reasons.

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14. Borrowings, Continued

(3) Details of pledged assets as collateral for borrowings as of June 30, 2020 are as follows:

(In thousands of won)

Creditor	Pledged assets		Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	₩	190,000,000	300,000,000
Woori Bank	Land and buildings		25,000,000	48,000,000
		₩	<u>215,000,000</u>	<u>348,000,000</u>

(In thousands of rupee)

Creditor	Pledged assets		Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	Rs	11,976,650	18,910,500
Woori Bank	Land and buildings		1,575,875	3,025,680
		Rs	<u>13,552,525</u>	<u>21,936,180</u>

15. Other Financial Liabilities

Details of other financial liabilities as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Accrued expenses	₩ 46,851,888	39,427,815	Rs 2,953,309	2,485,332

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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 six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ 128,531,252	135,038,087	Rs 8,101,967	8,512,126
Increase	17,673,494	14,232,124	1,114,050	897,122
Decrease	(18,029,505)	(17,855,280)	(1,136,490)	(1,125,508)
Ending balance	₩ 128,175,241	131,414,931	Rs 8,079,527	8,283,740
Current	₩ 57,145,722	50,044,553	Rs 3,602,181	3,154,558
Non-current	71,029,519	81,370,378	4,477,346	5,129,182

17. Other Liabilities

Details of other liabilities as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	2020		2019	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 23,016,630	-	3,734,946	-
Deposits received	570,422	-	580,505	-
Withholdings	11,223,504	-	17,435,070	-
Unearned revenue	1,987,516	16,560,735	3,784,720	15,862,475
Refund liability(*)	6,229,243	-	-	-
	₩ 43,027,315	16,560,735	25,535,241	15,862,475

(In thousands of rupee)

	2020		2019	
	Current	Non-current	Current	Non-current
Advances from customers	Rs 1,450,853	-	235,432	-
Deposits received	35,957	-	36,592	-
Withholdings	707,474	-	1,099,020	-
Unearned revenue	125,283	1,043,906	238,570	999,891
Refund liability(*)	392,660	-	-	-
	Rs 2,712,227	1,043,906	1,609,614	999,891

(*) The Company estimates the amount of returnable sales and records the expected future return as a refund liability.

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18. Employee Benefits

(1) Details of defined benefit liabilities as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Present value of defined benefit obligations	₩ 374,126,479	357,109,529	Rs 23,583,063	22,510,399
Fair value of plan assets	(935,273)	(954,268)	(58,955)	(60,152)
	<u>₩ 373,191,206</u>	<u>356,155,261</u>	<u>Rs 23,524,108</u>	<u>22,450,247</u>

(2) Changes in defined benefit liabilities for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

Details	2020		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 357,109,529	(954,268)	356,155,261
Current service cost	20,174,336	-	20,174,336
Interest expense (income)	4,053,852	(10,801)	4,043,051
Sub-total	<u>381,337,717</u>	<u>(965,069)</u>	<u>380,372,648</u>
Re-measurement factors:			
Re-measurements of plan assets	-	1,598	1,598
Sub-total	<u>-</u>	<u>1,598</u>	<u>1,598</u>
Benefit paid by plan	(28,198)	28,198	-
Benefit paid directly	(7,183,040)	-	(7,183,040)
Ending balance	<u>₩ 374,126,479</u>	<u>(935,273)</u>	<u>373,191,206</u>

(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	19,861,099	-	19,861,099
Interest expense (income)	4,295,396	(13,159)	4,282,237
Sub-total	<u>354,351,612</u>	<u>(1,026,810)</u>	<u>353,324,802</u>
Re-measurement factors:			
Re-measurements of plan assets	-	3,441	3,441
Sub-total	<u>-</u>	<u>3,441</u>	<u>3,441</u>
Benefit paid by plan	(56,718)	56,718	-
Benefit paid directly	(14,850,395)	-	(14,850,395)
Ending balance	<u>₩ 339,444,499</u>	<u>(966,651)</u>	<u>338,477,848</u>

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18. Employee Benefits, Continued

(2) Changes in defined benefit obligation for the six-month periods ended June 30, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

Details	2020		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 22,510,399	(60,152)	22,450,247
Current service cost	1,271,689	-	1,271,689
Interest expense (income)	255,535	(681)	254,854
Sub-total	24,037,623	(60,833)	23,976,790
Re-measurement factors:			
Re-measurements of plan assets	-	101	101
Sub-total	-	101	101
Benefit paid by plan	(1,777)	1,777	-
Benefit paid directly	(452,783)	-	(452,783)
Ending balance	Rs 23,583,063	(58,955)	23,524,108

(In thousands of rupee)

Details	2019		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 20,813,849	(63,895)	20,749,954
Current service cost	1,251,944	-	1,251,944
Interest expense (income)	270,760	(829)	269,931
Sub-total	22,336,553	(64,724)	22,271,829
Re-measurement factors:			
Re-measurements of plan assets	-	217	217
Sub-total	-	217	217
Benefit paid by plan	(3,575)	3,575	-
Benefit paid directly	(936,095)	-	(936,095)
Ending balance	Rs 21,396,883	(60,932)	21,335,951

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18. Employee Benefits, Continued

(3) The components of plan assets as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Insurance contracts	₩ 935,273	954,268	Rs 58,955	60,932

(4) Actuarial assumptions used related to plans as of June 30, 2020 and December 31, 2019 are as follows:

	2020	2019
Discount rate (%)	2.30	2.30
Rate of future salary growth (%)	3.96	3.96

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.

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19. Commitments and Contingencies

Details of commitments and contingencies as of June 30, 2020 are as follows:

- (1) The Company carries product liability insurance for all products that it sells.
- (2) As of June 30, 2020, the Company has agreements with Korea Development Bank and others for various borrowings, trading finance and others with limit of ₩404,000 million (Rs 25,466 million) and USD 184 million. In addition, there is a requirement to retain over 51% of the majority interest in Mahindra & Mahindra Ltd., in relation to JP Morgan, BNP PARIBAS, BOA's overdraft borrowings and JP Morgan facility fund borrowings.
- (3) As of June 30, 2020, 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 June 30, 2020, 3 claims as a plaintiff were filled with the claim amount of ₩4,630 million (Rs 292 million) and 12 claims as a defendant were filled with the claims of ₩1,653 million (Rs 104 million). The provision amounting to ₩8,092 million (Rs 510 million) is recognized as other payable for the foregoing lawsuits and claims, since the amounts for potential loss can be estimated and management expect that it is probable that the Company will be required to incur an outflow.
- (5) The Company concluded a contract to dispose of the Guro A/S Center to PIA Guro-station PFV Co., Ltd. for the six-month periods ended June 30, 2020 and concluded a lease contract to lease back the center for two years (an additional extension within one year). According to the terms of the lease contract, if the lessor intends to dispose of the underlying assets (Guro A/S Center) to a third party before the expiration of the lease period, the company has been granted the right of preemption the center at a fixed amount (₩270 billion (Rs 17 billion)).

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20. Capital Stock

The Company's capital stock as of June 30, 2020 and December 31, 2019 are as follows:

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

	Korean won		Indian rupee	
	2020	2019	2020	2019
Number of shares authorized (in shares)	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Shares outstanding (in shares)	149,840,002	149,840,002	149,840,002	149,840,002
Par value (in won and rupee)	₩ 5,000	5,000 Rs	315	315
Capital stock	₩ 749,200,010	749,200,010 Rs	47,225,823	47,225,823

21. Other Capital Surplus and Retained Earnings

Details of other capital surplus and retained earnings as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Paid-up capital in excess of par value	₩ 3,169,615	3,169,615 Rs	199,796	199,796
Gain on capital reduction	74,061,697	74,061,697	4,668,479	4,668,479
Debt to be swapped for equity	931,508	931,508	58,718	58,718
	₩ 78,162,820	78,162,820 Rs	4,926,993	4,926,993

22. Other Equity

(1) Details of the Company's other equity as of as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Gains on valuation of derivatives	₩ -	- Rs	-	-

(2) Changes in the Company's gains (losses) on valuation of derivatives for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ -	103,000 Rs	-	6,493
Gains on valuation of derivatives	130,390	(32,620)	8,219	(2,056)
Reclassified to net income (losses)	(130,390)	(103,000)	(8,219)	(6,493)
Ending balance	₩ -	(32,620) Rs	-	(2,056)

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23. Deficit

(1) Details of deficit as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Deficit	₩ (624,321,103)	(421,823,237)	Rs (39,354,081)	(26,589,628)

(2) Changes in deficit for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ (421,823,237)	(82,483,045)	Rs (26,589,628)	(5,199,319)
Loss for the period	(202,496,268)	(77,780,087)	(12,764,352)	(4,902,868)
Defined benefit plan re-measurement	(1,598)	(3,441)	(101)	(217)
Ending balance	₩ (624,321,103)	(160,266,573)	Rs (39,354,081)	(10,102,404)

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 June 30, 2020.

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25. Nature of Expenses

Details of nature of expenses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	₩	27,969,959	16,023,696	(70,184,452)	(67,730,437)
Raw materials consumed and purchase of merchandise		485,935,342	960,666,955	708,824,993	1,352,663,540
Employee benefits		109,485,198	219,899,583	138,285,618	276,596,844
Depreciation		37,129,044	78,142,358	41,326,698	78,906,266
Amortization		16,957,483	36,141,327	25,216,320	45,766,096
Others		137,080,461	243,593,806	135,758,847	264,747,672
	₩	<u>814,557,487</u>	<u>1,554,467,725</u>	<u>979,228,024</u>	<u>1,950,949,981</u>

(In thousands of Rupee)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	Rs	1,763,086	1,010,054	(4,424,077)	(4,269,388)
Raw materials consumed and purchase of merchandise		30,630,934	60,555,642	44,680,783	85,265,146
Employee benefits		6,901,399	13,861,370	8,716,834	17,435,282
Depreciation		2,340,429	4,925,704	2,605,028	4,973,856
Amortization		1,068,915	2,278,169	1,589,511	2,884,866
Others		8,640,868	15,354,934	8,557,559	16,688,370
	Rs	<u>51,345,631</u>	<u>97,985,873</u>	<u>61,725,638</u>	<u>122,978,132</u>

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

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26. Selling, General and Administrative Expenses

(1) Details of selling expenses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Warranty expenses	₩ 9,813,597	25,641,901	14,055,812	26,186,427
Commissions	60,457,271	100,103,258	58,828,857	118,115,875
Advertising	5,184,916	7,078,016	3,398,349	9,870,229
Export expenses	1,240,592	2,898,996	2,861,230	6,634,327
Others	3,876,939	7,359,332	8,669,164	15,970,878
	₩ 80,573,315	143,081,503	87,813,412	176,777,736

(In thousands of Rupee)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Warranty expenses	Rs 618,600	1,616,337	886,008	1,650,661
Commissions	3,810,924	6,310,009	3,708,277	7,445,434
Advertising	326,831	446,163	214,215	622,170
Export expenses	78,201	182,738	180,358	418,195
Others	244,383	463,895	546,461	1,006,725
	Rs 5,078,939	9,019,142	5,535,319	11,143,185

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26. Selling, General and Administrative Expenses, Continued

(2) Details of general and administrative expenses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Salaries	₩ 10,261,009	21,011,581	13,421,812	27,044,168
Retirement benefit costs	1,567,483	3,127,991	1,518,216	3,042,168
Employee welfare	2,283,399	4,690,756	3,234,675	6,275,929
Rent expense	2,448,518	4,881,026	2,572,537	5,071,843
Service fees	3,997,715	8,682,272	7,435,362	16,674,986
Depreciation	6,027,743	12,884,726	7,844,686	15,059,581
R&D expenses	2,980,652	8,275,132	2,045,107	6,556,455
Amortization	840,858	1,785,420	1,002,182	1,951,804
Bad debt expense	45,898	(126,875)	168,759	270,481
Others	8,420,872	15,957,173	9,213,563	17,286,186
	₩ <u>38,874,147</u>	<u>81,169,202</u>	<u>48,456,899</u>	<u>99,233,601</u>

(In thousands of rupee)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Salaries	Rs 646,803	1,324,465	846,044	1,704,729
Retirement benefit costs	98,806	197,173	95,701	191,763
Employee welfare	143,934	295,682	203,898	395,603
Rent expense	154,342	307,675	162,160	319,704
Service fees	251,996	547,287	468,688	1,051,108
Depreciation	379,959	812,189	494,490	949,281
R&D expenses	187,885	521,623	128,913	413,286
Amortization	53,003	112,544	63,173	123,032
Bad debt expense	2,893	(7,998)	10,638	17,050
Others	530,811	1,005,861	580,776	1,089,634
	Rs <u>2,450,432</u>	<u>5,116,501</u>	<u>3,054,481</u>	<u>6,255,190</u>

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27. Other Income and Expenses

(1) Details of other income for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction gain	₩ 898,085	1,990,394	1,427,944	2,220,349
Foreign exchange translation gain	282,154	1,365,688	801,918	1,131,336
Gain on disposal of property, plant and equipment	110,625,160	110,845,341	404,029	658,895
Others	3,967,798	5,399,966	3,068,665	4,807,183
	₩ <u>115,773,197</u>	<u>119,601,389</u>	<u>5,702,556</u>	<u>8,817,763</u>

(In thousands of rupee)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction gain	Rs 56,611	125,464	90,010	139,960
Foreign exchange translation gain	17,786	86,086	50,549	71,314
Gain on disposal of property, plant and equipment	6,973,257	6,987,136	25,481	41,533
Others	250,109	340,388	193,421	303,021
	Rs <u>7,297,763</u>	<u>7,539,074</u>	<u>359,461</u>	<u>555,828</u>

(2) Details of other expenses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction loss	₩ 1,090,480	3,616,606	2,084,423	2,943,777
Foreign exchange translation loss	(1,457,687)	385,193	108,854	349,630
Loss on disposal of property, plant and equipment	2,544,876	2,785,168	67,543	347,905
Impairment losses on property, plant and equipment	-	47,169,513	-	-
Impairment loss on intangible assets	6,053	29,695,537	10,983	24,110
Loss on disposal of trade receivables	14,321	45,103	28,451	56,144
Others	4,550,084	14,857,436	1,032,939	1,514,543
	₩ <u>6,748,127</u>	<u>98,554,556</u>	<u>3,333,193</u>	<u>5,236,109</u>

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27. Other Income and Expenses, Continued

(2) Details of other expenses for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction loss	Rs	68,738	227,973	131,392	185,561
Foreign exchange translation loss		(91,885)	24,281	6,862	22,039
Loss on disposal of property, plant and equipment		160,416	175,563	4,258	21,930
Impairment losses on property, plant and equipment		-	2,973,330	-	-
Impairment loss on intangible assets		382	1,871,858	692	1,520
Loss on disposal of trade receivables		903	2,843	1,793	3,539
Others		286,814	936,538	65,111	95,471
	Rs	<u>425,368</u>	<u>6,212,386</u>	<u>210,108</u>	<u>330,060</u>

28. Finance Income and Costs

(1) Details of finance income for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Interest income	₩	447,877	1,134,055	1,227,911	2,349,385
Dividend income		-	6,000	5,000	11,000
Foreign exchange transaction gain		383,563	1,127,821	1,049,400	2,901,703
Foreign exchange translation gain		173,762	316,420	246,106	448,445
Realized gain of financial derivatives		-	-	126,685	387,229
Unrealized gain of financial derivatives		(30,160)	-	(184,847)	37,473
	₩	<u>975,042</u>	<u>2,584,296</u>	<u>2,470,255</u>	<u>6,135,235</u>

(In thousands of rupee)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Interest income	Rs	28,232	71,485	77,401	148,093
Dividend income		-	378	315	693
Foreign exchange transaction gain		24,178	71,092	66,149	182,909
Foreign exchange translation gain		10,953	19,946	15,513	28,268
Realized gain of financial derivatives		-	-	7,986	24,409
Unrealized gain of financial derivatives		(1,901)	-	(11,651)	2,363
	Rs	<u>61,462</u>	<u>162,901</u>	<u>155,713</u>	<u>386,735</u>

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28. Finance Income and Costs, Continued

(2) Details of finance costs for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest expense	₩ 2,508,335	4,989,863	927,824	1,324,474
Foreign exchange transaction loss	4,439,314	6,072,575	3,482,256	5,073,956
Foreign exchange translation loss	(3,449,175)	1,194,828	3,356,251	4,636,030
Realized loss of financial derivatives	-	-	106,032	141,589
Unrealized loss of financial derivatives	(17,480)	-	102,479	150,697
	₩ <u>3,480,994</u>	<u>12,257,266</u>	<u>7,974,842</u>	<u>11,326,746</u>

(In thousands of rupee)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest expense	Rs 158,113	314,536	58,485	83,488
Foreign exchange transaction loss	279,832	382,785	219,504	319,837
Foreign exchange translation loss	(217,419)	75,316	211,561	292,232
Realized loss of financial derivatives	-	-	6,684	8,925
Unrealized loss of financial derivatives	(1,102)	-	6,460	9,499
	Rs <u>219,424</u>	<u>772,637</u>	<u>502,694</u>	<u>713,981</u>

(3) Details of the Company's financial net profit or loss for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Amortised cost of financial assets and financial liabilities	₩ (2,493,272)	(9,678,970)	(5,242,913)	(5,334,927)
Financial assets measured at FVTPL	-	6,000	5,000	11,000
Derivatives financial assets/liabilities	(12,680)	-	(266,673)	132,416
	₩ <u>(2,505,952)</u>	<u>(9,672,970)</u>	<u>(5,504,586)</u>	<u>(5,191,511)</u>

(In thousands of rupee)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Amortised cost of financial assets and financial liabilities	Rs (157,163)	(610,114)	(330,487)	(336,287)
Financial assets measured at FVTPL	-	378	315	693
Derivatives financial assets/liabilities	(799)	-	(16,809)	8,348
	Rs <u>(157,962)</u>	<u>(609,736)</u>	<u>(346,981)</u>	<u>(327,246)</u>

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29. Losses per Share

(1) Basic losses per share for the three-month and six-month periods ended June 30, 2020 and 2019 are calculated as follows:

(In thousands of won, except per share information)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Loss for the period	₩	(9,599,879)	(202,496,268)	(50,273,936)	(77,780,087)
Loss contributed to common stocks		(9,599,879)	(202,496,268)	(50,273,936)	(77,780,087)
Weighted average number of common shares(shares)		149,840,002	149,840,002	149,840,002	148,340,467
Basic losses per share(*) (In won)	₩	(64)	(1,351)	(336)	(524)

(In thousands of rupee, except per share information)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Loss for the period	Rs	(605,128)	(12,764,352)	(3,169,016)	(4,902,868)
Loss contributed to common stocks		(605,128)	(12,764,352)	(3,169,016)	(4,902,868)
Weighted average number of common shares(shares)		149,840,002	149,840,002	149,840,002	148,340,467
Basic losses per share(*) (In rupee)	Rs	(4)	(85)	(21)	(33)

(*) Diluted earnings (losses) per share are not calculated for the three-month and six-month periods ended June 30, 2020 and 2019, because there are no dilutive shares as of June 30, 2020 and 2019.

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29. Losses per Share, Continued

(2) Weighted average number of common shares outstanding for the six-month periods ended June 30, 2020 and 2019 are calculated as follows:

(In shares)

		2020		
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2020-01-01~2020-06-30	149,840,002	182/182	149,840,002

(In shares)

		2019		
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2019-01-01~2019-06-30	137,949,396	181/181	137,949,396
Issuing(*)	2019-01-01~2019-06-30	1,033,976	181/181	1,033,976
Issuing	2019-01-26~2019-06-30	10,856,630	156/181	9,357,095
				<u>148,340,467</u>

(*) 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.

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30. Cash Flows

(1) Details of cash flows from operating activities for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Loss for the period	₩ (202,496,268)	(77,780,087)	Rs (12,764,352)	(4,902,868)
Adjustments for:				
Retirement benefit costs	24,217,387	24,244,334	1,526,543	1,528,242
Depreciation	78,142,358	78,906,266	4,925,704	4,973,856
Amortization	36,141,327	45,766,096	2,278,169	2,884,866
Impairment losses on property, plant and equipment	47,169,513	-	2,973,330	-
Impairment loss on intangible assets	29,695,537	24,110	1,871,858	1,520
Losses on disposal of trade receivables	45,103	56,144	2,843	3,539
Foreign exchange translation gain and loss, net	(102,087)	3,405,879	(6,435)	214,690
Losses (Gains) on disposal of property, plant and equipment	(108,060,173)	(310,990)	(6,811,573)	(19,603)
Interest expense and income, net	3,855,808	(1,027,113)	243,051	(64,744)
Dividends income	(6,000)	(11,000)	(378)	(693)
Unrealized gain and loss of financial derivatives, net	-	113,224	-	7,137
(Reversal of) losses on valuation of inventories	(180,822)	2,631,161	(11,398)	165,855
Increase in provision of warranty for sale	17,673,494	15,146,303	1,114,050	954,747
Others	15,470,233	2,193,897	975,165	138,292
	<u>144,061,678</u>	<u>171,138,311</u>	<u>9,080,929</u>	<u>10,787,704</u>
Changes in assets and liabilities				
Trade receivables	38,748,153	4,352,786	2,442,490	274,378
Other receivables	43,291	(109,397)	2,729	(6,896)
Inventories	30,380,101	(86,867,919)	1,915,010	(5,475,719)
Trade payables	(100,568,982)	197,006,043	(6,339,366)	12,418,276
Other payables	11,424,464	35,615,609	720,141	2,245,030
Accrued expenses	7,481,237	(7,346,886)	471,580	(463,111)
Usage of provision of warranty for sale	(18,029,505)	(17,855,280)	(1,136,490)	(1,125,508)
Payment of retirement benefits	(7,183,040)	(14,850,395)	(452,783)	(936,095)
Others	(43,512,045)	(2,540,976)	(2,742,783)	(160,170)
	<u>(81,216,326)</u>	<u>107,403,585</u>	<u>(5,119,472)</u>	<u>6,770,185</u>
Net cash provided by (used in) operating activities	₩ <u>(139,650,916)</u>	<u>200,761,809</u>	Rs <u>(8,802,895)</u>	<u>12,655,021</u>

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30. Cash Flows, Continued

(2) Significant non-cash activities for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Changes in other payables related to the acquisition of property, plant and equipment	₩ (1,514,992)	5,288,649	Rs (95,498)	333,370

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the six-month period ended June 30, 2020 is as follows:

(In thousands of won)

	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	₩ 106,606,448	-	(52,078,115)	-	878,407	55,406,740
Short-term borrowings	147,500,000	117,000,000	(59,250,185)	46,250,000	-	251,499,815
Long-term borrowings	158,750,000	40,000,000	-	(46,250,000)	-	152,500,000
Lease liabilities	9,992,220	-	(4,493,383)	-	13,639,976	19,138,813
	₩ 422,848,668	157,000,000	(115,821,683)	-	14,518,383	478,545,368

(In thousands of rupee)

	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	Rs 6,719,937	-	(3,282,744)	-	55,371	3,492,564
Short-term borrowings	9,297,663	7,375,095	(3,734,835)	2,915,368	-	15,853,291
Long-term borrowings	10,006,806	2,521,400	-	(2,915,368)	-	9,612,838
Lease liabilities	629,861	-	(283,240)	-	859,792	1,206,413
	Rs 26,654,267	9,896,495	(7,300,819)	-	915,163	30,165,106

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

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30. Cash Flows, Continued

(3) Adjustment of liabilities from financing activities, continued

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

(In thousands of won)

	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	₩ 143,227,545	7,255,474	-	-	4,187,586	154,670,605
Short-term borrowings	35,000,000	-	(3,750,000)	8,750,000	-	40,000,000
Long-term borrowings	75,000,000	50,000,000	-	(8,750,000)	-	116,250,000
Lease liabilities	13,294,943	-	(4,497,316)	-	2,477,807	11,275,434
	₩ 266,522,488	57,255,474	(8,247,316)	-	6,665,393	322,196,039

(In thousands of rupee)

	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	Rs 9,028,348	457,349	-	-	263,964	9,749,661
Short-term borrowings	2,206,225	-	(236,381)	551,556	-	2,521,400
Long-term borrowings	4,727,625	3,151,750	-	(551,556)	-	7,327,819
Lease liabilities	838,047	-	(283,488)	-	156,189	710,748
	Rs 16,800,245	3,609,099	(519,869)	-	420,153	20,309,628

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

31. Segment Information

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

(2) Geographic sales information of the Company for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

Sales region	Korean won		Indian rupee	
	2020	2019	2020	2019
Republic of Korea	₩ 1,135,786,819	1,531,847,668	Rs 71,594,322	96,560,018
Europe	94,816,803	149,904,755	5,976,777	9,449,246
Asia Pacific	49,317,380	114,650,819	3,108,721	7,227,014
Others	60,676,592	78,376,509	3,824,749	4,940,464
	₩ 1,340,597,594	1,874,779,751	Rs 84,504,569	118,176,742

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

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31. Segment Information, Continued

(3) Information of sales of goods and service for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won			Indian rupee	
	2020	2019		2020	2019
Automobile	₩ 1,153,158,476	1,613,438,666	Rs	72,689,345	101,703,106
Merchandise and parts	145,780,661	208,325,793		9,189,284	13,131,816
Others	41,658,457	53,015,292		2,625,940	3,341,820
	₩ 1,340,597,594	1,874,779,751	Rs	84,504,569	118,176,742

(4) Balance of contracts as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won			Indian rupee	
	2020	2019		2020	2019
Receivables from contracts					
with customers	₩ 121,471,713	159,123,462	Rs	7,656,969	10,030,347
Contract liabilities	41,564,882	23,382,142		2,620,042	1,473,893

Contract liabilities include advances from customers and unearned revenue was occurred that recognizing over time such as product warranty and transportation.

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32. Transactions and Balances with Related Parties

(1) Details of related parties as of June 30, 2020 are as follows:

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

(2) Transactions with related parties for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Sales	₩ 14,545,892	22,303,071
		Purchases	3,103,829	-
		Other expenses	389,808	459,944
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	5,284,500	7,893,381
		Sales	7,687,564	24,957,830
		Other income	18,536	-
Joint venture	SY Auto Capital Co., Ltd.	Other expenses	197,708	195,489
		Other income	439,883	1,081,944
		Other expenses	31,013,684	14,839,120
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales	820,374	39,584,409
		Other expenses	1,431,797	515,886

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32. Transactions and Balances with Related Parties, Continued

(2) Transactions with related parties for the six-month periods ended June 30, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Sales	Rs 916,900	1,405,874
		Purchases	195,650	-
		Other expenses	24,572	28,993
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	333,108	497,559
		Sales	484,586	1,573,217
		Other income	1,168	-
Joint venture	Ssangyong Motor (Shanghai) Co.Ltd. SY Auto Capital Co., Ltd.	Other expenses	12,463	12,323
		Other income	27,728	68,200
		Other expenses	1,954,948	935,384
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales	51,712	2,495,203
		Other expenses	90,253	32,519

(3) Account balances with related parties as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Trade receivables	₩ 4,932,997	454,892
		Other receivables	227,967	50,954
		Trade payables	549,433	486,641
		Other payables	1,324,088	811,771
		Borrowings	40,000,000	-
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	15,290,615	14,013,743
		Other payables	24,367	22,867
		Trade receivables	19,307,465	25,253,968
		Other payables	5,349	6,631
		Other receivables	423,050	413,275
Others	Ssangyong Motor (Shanghai) Co.Ltd. Mahindra Vehicle Manufacturing Ltd. and others	Other payables	90,489	91,077
		Trade receivables	189,058	208,034
		Other receivables	159,674	-
		Other payables	2,051,385	2,646,646

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32. Transactions and Balances with Related Parties, Continued

(3) Account balances with related parties as of June 30, 2020 and December 31, 2019 are as follows, continued:

(In thousands of rupee)

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Trade receivables	Rs 310,951	28,674
		Other receivables	14,370	3,212
		Trade payables	34,634	30,675
		Other payables	83,464	51,170
		Borrowings	2,521,400	-
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	963,844	883,356
		Other payables	1,536	1,441
		Trade receivables	1,217,046	1,591,884
Subsidiaries	Ssangyong Australia Pty Ltd.	Other payables	337	418
		Other receivables	26,667	26,051
		Other payables	5,704	5,741
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables	11,917	13,113
		Other receivables	10,065	-
		Other payables	129,309	166,831

Allowance for receivables from related parties were recognized ₩ 591,182 thousand (Rs 37,265 thousand) as of June 30, 2020 and ₩ 594,752 thousand (Rs 37,490 thousand) as of December 31, 2019, respectively.

(4) Capital transactions with related parties for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2020	2019	2020	2019
		Loan	Paid-in capital increase	Loan	Paid-in capital increase
Parent	Mahindra & Mahindra Ltd.	₩ 40,000,000	49,706,372	Rs 2,521,400	3,133,241

(5) Executive compensation of the Company for the six-month periods ended June 30, 2020 and 2019, are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2020	2019	2020	2019
Short-term employee benefits	₩	2,421,835	4,217,362	Rs 152,660	265,841
Retirement benefits		104,874	151,080	6,611	9,523

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33. Financial Instruments

(1) Capital risk management

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

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

Debt-to-equity ratio as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Rs	Indian rupee	
	2020	2019		2020	2019
Debt (A)	₩ 1,636,034,424	1,611,305,412		103,127,430	101,568,637
Equity (B)	203,041,727	405,539,593		12,798,735	25,563,188
Debt-to-equity ratio (A/B)	805.76%	397.32%		805.76%	397.32%

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33. Financial Instruments, Continued

(2) Details of financial assets and liabilities by category as of June 30, 2020 and December 31, 2019 are as follows:

1) Financial assets

(In thousands of won)

	2020			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	₩ 165,388,404	-	165,388,404	165,388,404
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	184,240,279	-	184,240,279	184,240,279
Non-current financial assets	-	560,000	560,000	560,000
	<u>₩ 349,632,683</u>	<u>560,000</u>	<u>350,192,683</u>	<u>350,192,683</u>

(In thousands of won)

	2019			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	₩ 119,130,707	-	119,130,707	119,130,707
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	212,482,093	-	212,482,093	212,482,093
Non-current financial assets	-	560,000	560,000	560,000
	<u>₩ 331,616,800</u>	<u>560,000</u>	<u>332,176,800</u>	<u>332,176,800</u>

(In thousands of rupee)

	2020			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	Rs 10,425,258	-	10,425,258	10,425,258
Long-term financial instruments	252	-	252	252
Trade and other receivables	11,613,586	-	11,613,586	11,613,586
Non-current financial assets	-	35,300	35,300	35,300
	<u>Rs 22,039,096</u>	<u>35,300</u>	<u>22,074,396</u>	<u>22,074,396</u>

(In thousands of rupee)

	2019			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	Rs 7,509,404	-	7,509,404	7,509,404
Long-term financial instruments	252	-	252	252
Trade and other receivables	13,393,809	-	13,393,809	13,393,809
Non-current financial assets	-	35,300	35,300	35,300
	<u>Rs 20,903,465</u>	<u>35,300</u>	<u>20,938,765</u>	<u>20,938,765</u>

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33. Financial Instruments, Continued

(2) Details of financial assets and liabilities by category as of June 30, 2020 and December 31, 2019 are as follows, continued:

2) Financial liabilities

(In thousands of won)

	2020			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	₩ 516,644,652	-	516,644,652	516,644,652
Borrowings	459,406,555	-	459,406,555	459,406,555
Lease liabilities	19,138,813	-	19,138,813	19,138,813
	<u>₩ 995,190,020</u>	<u>-</u>	<u>995,190,020</u>	<u>995,190,020</u>

(In thousands of won)

	2019			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	₩ 597,614,144	-	597,614,144	597,614,144
Borrowings	412,856,448	-	412,856,448	412,856,448
Lease liabilities	9,992,220	-	9,992,220	9,992,220
	<u>₩ 1,020,462,812</u>	<u>-</u>	<u>1,020,462,812</u>	<u>1,020,462,812</u>

(In thousands of rupee)

	2020			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	Rs 32,566,696	-	32,566,696	32,566,696
Borrowings	28,958,692	-	28,958,692	28,958,692
Lease liabilities	1,206,415	-	1,206,415	1,206,415
	<u>Rs 62,731,803</u>	<u>-</u>	<u>62,731,803</u>	<u>62,731,803</u>

(In thousands of rupee)

	2019			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	Rs 37,670,608	-	37,670,608	37,670,608
Borrowings	26,024,406	-	26,024,406	26,024,406
Lease liabilities	629,860	-	629,860	629,860
	<u>Rs 64,324,874</u>	<u>-</u>	<u>64,324,874</u>	<u>64,324,874</u>

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33. Financial Instruments, Continued

(3) Financial risk management

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

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

1) Market risk

a. Foreign exchange risk

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

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% as of June 30, 2020.

(In thousands of won and in thousands of rupee)

Currency	Korean won		Indian rupee	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 684,272	(684,272) Rs	43,133	(43,133)
EUR	(542,905)	542,905	(34,222)	34,222
JPY	(5,060,284)	5,060,284	(318,975)	318,975
Others	1,955,723	(1,955,723)	123,279	(123,279)
	₩ (2,963,194)	2,963,194 Rs	(186,785)	186,785

b. Interest rate risk

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

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 ₩830,794 thousand (Rs 52,369 thousand) for the six-month period ended June 30, 2020, due to floating rate debt's interest rate risk.

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33. Financial Instruments, Continued

(3) Financial risk management, continued

2) Credit risk

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

If a credit risk occurs with respect to a dealership sale, which is a major type of the Company's sales, the respective dealership bears all of the risk; the Company manages credit risk on product sales using two management index, agreed liability rate and agreed excess rate, and when the management index exceeds the agreed rate, it imposes a release restriction on the respective dealership and transfers a credit risk arising from product sales. The Company's trade receivables are usually collected within 30 days but some of the notes receivable are collected within 75 days.

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

Maximum exposure in respect of credit risk as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Trade and other receivables	₩ 184,240,279	212,482,093	Rs 11,613,586	13,393,809

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33. Financial Instruments, Continued

(3) Financial risk management, continued

3) Liquidity risk

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

The contractual maturities of financial liabilities as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

		2020		
		Within a year	Over 1 year	Total
Trade payables	₩	376,642,930	-	376,642,930
Other payables		138,089,000	-	138,089,000
Short-term borrowings(*)		310,680,542	-	310,680,542
Lease liabilities(*)		6,238,815	13,760,790	19,999,605
Other payables		1,153,224	-	1,153,224
Long-term borrowings(*)		-	161,837,683	161,837,683
Long-term other payables		-	759,499	759,499
	₩	<u>832,804,511</u>	<u>176,357,972</u>	<u>1,009,162,483</u>

(In thousands of won)

		2019		
		Within a year	Over 1 year	Total
Trade payables	₩	477,054,916	-	477,054,916
Other payables		118,490,416	-	118,490,416
Short-term borrowings(*)		256,399,637	-	256,399,637
Lease liabilities(*)		6,414,948	3,981,696	10,396,644
Other payables		1,220,472	-	1,220,472
Long-term borrowings(*)		-	171,603,986	171,603,986
Long-term other payables		-	848,340	848,340
	₩	<u>859,580,389</u>	<u>176,434,022</u>	<u>1,036,014,411</u>

(*) Including expected interest expenses.

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33. Financial Instruments, Continued

(3) Financial risk management, continued

3) Liquidity risk, continued

(In thousands of rupee)

		2020		
		Within a year	Over 1 year	Total
Trade payables	Rs	23,741,687	-	23,741,687
Other payables		8,704,440	-	8,704,440
Short-term borrowings(*)		19,583,748	-	19,583,748
Lease liabilities(*)		393,264	867,411	1,260,675
Other payables		72,693	-	72,693
Long-term borrowings(*)		-	10,201,438	10,201,438
Long-term other payables		-	47,875	47,875
	Rs	<u>52,495,832</u>	<u>11,116,724</u>	<u>63,612,556</u>

(In thousands of rupee)

		2019		
		Within a year	Over 1 year	Total
Trade payables	Rs	30,071,157	-	30,071,157
Other payables		7,469,043	-	7,469,043
Short-term borrowings(*)		16,162,151	-	16,162,151
Lease liabilities(*)		404,366	250,986	655,352
Other payables		76,932	-	76,932
Long-term borrowings(*)		-	10,817,057	10,817,057
Long-term other payables		-	53,475	53,475
	Rs	<u>54,183,649</u>	<u>11,121,518</u>	<u>65,305,167</u>

(*) Including expected interest expenses.

Details of commitments for borrowings as of June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2020	2019	2020	2019
Limitation of commitments for borrowings	Used	₩ 403,999,815	306,250,000	Rs 25,466,128	19,304,469
	Unused	185	117,000,000	12	7,375,095
		₩ <u>404,000,000</u>	<u>423,250,000</u>	Rs <u>25,466,140</u>	<u>26,679,564</u>

SSANGYONG MOTOR COMPANY
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For the six-month periods ended June 30, 2020 and 2019

33. Financial Instruments, Continued

(4) Fair value of financial instruments

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

2) Valuation methods and assumptions applied in fair value measurement

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

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

Fair values of other financial assets and liabilities (except those stated above) are calculated by generally accepted valuation models based on discounted cash flow analysis. In case of borrowings, its fair value are disclosed, but estimated in amortized costs. The Company deem that its book value are similar to its fair values calculated by generally accepted valuation models based on discounts cash flow analysis.

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

Level 1	quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or in indirectly (i.e. derived from prices)
Level 3	input for the asset or liability that are not based on observable market data (unobservable inputs)

No financial instruments are measured at fair value after initial recognition as of June 30, 2020 and December 31, 2019.

SSANGYONG MOTOR COMPANY
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34. Going concern assumption

The Company's separate interim 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, due to deteriorating financial structure, the Company has incurred operating losses of ~~₩~~213,870 million (Rs 13,481 million) and net losses of ~~₩~~202,496 million (Rs 12,764 million) as of the end of the reporting period. In addition, the company's current liabilities exceed its current assets by ~~₩~~447,956 million (Rs 28,237 million) as of the end of the reporting period. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

In circumstances where material uncertainty on the ability to continue as a going concern, which is the basis for preparation of the separate interim financial statements, the Company has commenced a capital reorganization plan necessary for debt repayment and other fund demands, business improvement plan necessary for achieving stable operating income.

As it will be difficult for the Company to continue as a going concern if the Company fails to achieve its plan, the carrying amount of the Company's assets and liabilities may not be recoverable in the normal course of business. The separate interim financial statements do not include any adjustments that might result from the outcome of this uncertainty.