

**SSANGYONG MOTOR COMPANY AND SUBSIDIARIES**

Consolidated Interim Financial Statements

(Unaudited)

September 30, 2019 and 2018

(With Independent Auditors' Review Report Thereon)

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## **Independent Auditors' Review Report**

Based on a report originally issued in Korean

The Board of Directors and Shareholders  
Ssangyong Motor Company

We have reviewed the accompanying consolidated interim financial statements of Ssangyong Motor Company and its subsidiaries (the "Group"), which comprise the consolidated interim statement of financial position as of September 30, 2019, the consolidated interim statements of comprehensive loss for the three-month and nine-month periods ended September 30, 2019 and 2018, the consolidated interim statements of changes in equity and cash flows for the nine-month periods ended September 30, 2019 and 2018, and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of these consolidated 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 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 consolidated interim financial statements based on our reviews.

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

### **Conclusion**

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

### **Other matters**

The consolidated statement of financial position of the Group as of December 31, 2018, and the related consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 12, 2019, expressed an unqualified opinion. The accompanying consolidated statement of financial position of the Group as of December 31, 2018, presented for comparative purposes, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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

The accompanying consolidated interim financial statements as of September 30, 2019 and December 31, 2019 and for the three-month and the nine-month periods ended September 30, 2019 and 2018 have been translated into Indian Rupee solely for the convenience of the reader and such translation does not comply with K-IFRS. We have reviewed the translation and nothing came to our attention that cause us to believe that the consolidated 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 consolidated interim financial statements.

*KPMG Samjong Accounting Corp.*

Seoul, Korea  
November 12, 2019

This report is effective as of November 12, 2019, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying consolidated 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 AND SUBSIDIARIES  
Consolidated Interim Statements of Financial Position  
(Unaudited)

As of September 30, 2019 and December 31, 2018

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee	
		2019	2018	2019	2018
<b>Assets</b>					
Cash and cash equivalents	4,5,34 ₩	43,161,783	156,062,657	Rs 2,542,229	9,192,090
Trade and other receivables, net	2,7,32,33,34	172,417,182	174,203,955	10,155,372	10,260,613
Derivative assets	26,34	86,117	891,319	5,072	52,499
Inventories, net	8,25	289,658,295	228,612,470	17,060,874	13,465,274
Other current assets	10	15,665,260	11,299,802	922,684	665,558
<b>Total current assets</b>		<u>520,988,637</u>	<u>571,070,203</u>	<u>30,686,231</u>	<u>33,636,034</u>
Non-current financial instruments	5,34	4,000	4,000	236	236
Non-current other receivables, net	7,32,33,34	38,294,813	35,124,579	2,255,564	2,068,838
Non-current financial assets	4	560,000	560,000	32,984	32,984
Property, plant and equipment, net	6,34	1,217,833,087	1,228,125,718	71,730,369	72,336,605
Intangible assets, net	11,14	344,710,422	353,759,963	20,303,444	20,836,462
Investments in joint venture	11,12	18,650,874	16,706,345	1,098,536	984,004
Other non-current assets	9	287,183	291,258	16,915	17,155
Right of use assets	10	7,691,401	-	453,024	-
<b>Total non-current assets</b>	2,13	<u>1,628,031,780</u>	<u>1,634,571,863</u>	<u>95,891,072</u>	<u>96,276,284</u>
<b>Total assets</b>		₩ <u>2,149,020,417</u>	<u>2,205,642,066</u>	Rs <u>126,577,303</u>	<u>129,912,318</u>

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Financial Position, Continued  
(Unaudited)

As of September 30, 2019 and December 31, 2018

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee	
		2019	2018	2019	2018
<b>Liabilities</b>					
Trade and other payables	15, 19, 33, 34 ₩	594,638,965	731,995,229	Rs 35,024,236	43,114,520
Short-term borrowings	14, 19, 31, 34	303,272,097	178,227,545	17,862,726	10,497,602
Provision of warranty for sale					
- current	16	49,983,151	49,209,826	2,944,008	2,898,459
Other long-term employee benefits liabilities- current		707,815	2,726,289	41,690	160,578
Other current liabilities	17, 32, 33	29,709,472	32,961,085	1,749,888	1,941,408
Current lease liability	2, 13, 34	6,418,016	-	378,021	-
<b>Total current liabilities</b>		<u>984,729,516</u>	<u>995,119,974</u>	<u>58,000,569</u>	<u>58,612,567</u>
Long-term borrowings	14, 19, 31, 34	143,750,000	75,000,000	8,466,875	4,417,500
Non-current other payables	34	887,279	1,593,271	52,261	93,844
Other non-current liabilities	17, 32	15,836,011	11,317,482	932,741	666,600
Non-current lease liabilities	2, 13, 34	5,474,365	-	322,440	-
Defined benefit liabilities	18	346,654,259	329,181,466	20,417,936	19,388,788
Other long-term employee benefits liabilities					
-non current		15,232,632	14,313,193	897,202	843,047
Provision of warranty for sale					
-non-current	16	79,012,605	85,828,261	4,653,842	5,055,285
<b>Total non-current liabilities</b>		<u>606,847,151</u>	<u>517,233,673</u>	<u>35,743,297</u>	<u>30,465,064</u>
<b>Total liabilities</b>		₩ <u>1,591,576,667</u>	<u>1,512,353,647</u>	Rs <u>93,743,866</u>	<u>89,077,631</u>
<b>Equity</b>					
Capital stock	20, 33 ₩	749,200,010	689,746,980	Rs 44,127,881	40,626,097
Other capital surplus	21	78,162,820	87,909,478	4,603,790	5,177,868
Other equity	22	1,166,965	1,242,617	68,734	73,190
Accumulated deficit	23	(271,086,045)	(85,610,656)	(15,966,968)	(5,042,468)
<b>Equity attributable to owners of the Company</b>		<u>557,443,750</u>	<u>693,288,419</u>	<u>32,833,437</u>	<u>40,834,687</u>
<b>Non-controlling interests</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		₩ <u>557,443,750</u>	<u>693,288,419</u>	Rs <u>32,833,437</u>	<u>40,834,687</u>
<b>Total liabilities and equity</b>		₩ <u>2,149,020,417</u>	<u>2,205,642,066</u>	Rs <u>126,577,303</u>	<u>129,912,318</u>

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Comprehensive Loss  
(Unaudited)

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

(In thousands of won except earnings per share information)

	Note	2019		2018	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Sales	32,33 ₩	836,425,443	2,704,682,921	₩ 901,497,395	2,652,116,062
Cost of sales	25,33	811,056,618	2,474,786,356	792,491,112	2,332,050,543
<b>Gross profit</b>		<u>25,368,825</u>	<u>229,896,565</u>	<u>109,006,283</u>	<u>320,065,519</u>
Selling, general and administrative expenses	25,27	130,542,640	411,996,450	130,959,441	380,759,830
<b>Operating loss</b>		<u>(105,173,815)</u>	<u>(182,099,885)</u>	<u>(21,953,158)</u>	<u>(60,694,311)</u>
Other income	28,33	3,810,016	12,630,627	2,439,553	8,068,521
Other expenses	28,33	2,816,089	8,052,198	993,057	5,803,636
Finance income	26,29	1,795,767	7,971,594	2,230,049	9,924,388
Finance costs	26,29	6,523,839	17,864,855	291,661	10,477,497
Share of profits of joint venture		1,006,991	1,944,748	335,768	1,134,891
<b>Loss before income taxes</b>		<u>(107,900,969)</u>	<u>(185,469,969)</u>	<u>(18,232,506)</u>	<u>(57,847,644)</u>
Income tax expenses	24	-	-	-	-
<b>Loss for the period</b>		<u>(107,900,969)</u>	<u>(185,469,969)</u>	<u>(18,232,506)</u>	<u>(57,847,644)</u>
<b>Loss attributable to:</b>					
Owners of the Company		(107,900,969)	(185,469,969)	(18,232,506)	(57,847,644)
Non-controlling interests		-	-	-	-
<b>Other comprehensive income(loss) for the period</b>	22,23	117,446	(81,072)	801,489	935,852
<b>Items that will never be reclassified to loss:</b>					
Defined benefit plan re-measurements	18	(1,760)	(5,201)	(3,332)	(9,881)
Defined benefit plan re-measurements of joint ventures	9	(95)	(219)	(429)	(848)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Effective portion of changes in fair value of cash flow hedge	22,26	117,370	(18,250)	848,050	1,005,020
Foreign currency translation difference for foreign operation		1,931	(57,402)	(42,800)	(58,439)
<b>Total comprehensive loss for the period</b>		<u>₩ (107,783,523)</u>	<u>(185,551,041)</u>	<u>₩ (17,431,017)</u>	<u>(56,911,792)</u>
<b>Total comprehensive loss attributable to:</b>					
Owners of the Company	₩	(107,783,523)	(185,551,041)	₩ (17,431,017)	(56,911,792)
Non-controlling interests		-	-	-	-
<b>Losses Per share</b>					
Basic and diluted losses per share (In won)	30 ₩	(720)	(1,246)	₩ (132)	(419)

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Comprehensive Loss, Continued  
(Unaudited)

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

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

	Note	2019		2018	
		Three-month period	Nine-month period	Three-month period	Nine-month period
Sales	32,33	Rs 49,265,459	159,305,824	Rs 53,098,197	156,209,636
Cost of sales	25,33	47,771,235	145,764,916	46,677,727	137,357,777
<b>Gross profit</b>		<u>1,494,224</u>	<u>13,540,908</u>	<u>6,420,470</u>	<u>18,851,859</u>
Selling, general and administrative expenses	25,27	7,688,962	24,266,591	7,713,511	22,426,754
<b>Operating loss</b>		<u>(6,194,738)</u>	<u>(10,725,683)</u>	<u>(1,293,041)</u>	<u>(3,574,895)</u>
Other income	28,33	224,410	743,944	143,690	475,236
Other expenses	28,33	165,868	474,274	58,491	341,834
Finance income	26,29	105,771	469,527	131,350	584,546
Finance costs	26,29	384,254	1,052,240	17,179	617,125
Share of profits of joint venture		59,312	114,545	19,776	66,846
<b>Loss before income taxes</b>		<u>(6,355,367)</u>	<u>(10,924,181)</u>	<u>(1,073,895)</u>	<u>(3,407,226)</u>
Income tax expenses	24	-	-	-	-
<b>Loss for the period</b>		<u>(6,355,367)</u>	<u>(10,924,181)</u>	<u>(1,073,895)</u>	<u>(3,407,226)</u>
<b>Loss attributable to:</b>					
Owners of the Company		(6,355,367)	(10,924,181)	(1,073,895)	(3,407,226)
Non-controlling interests		-	-	-	-
<b>Other comprehensive income(loss) for the period</b>	22,23	6,917	(4,775)	47,208	55,122
<b>Items that will never be reclassified to loss:</b>					
Defined benefit plan re-measurements	18	(104)	(306)	(196)	(582)
Defined benefit plan re-measurements of joint ventures	9	(6)	(13)	(25)	(50)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Effective portion of changes in fair value of cash flow hedge	22,26	6,913	(1,075)	49,950	59,196
Foreign currency translation difference for foreign operation		114	(3,381)	(2,521)	(3,442)
<b>Total comprehensive loss for the period</b>		<u>Rs (6,348,450)</u>	<u>(10,928,956)</u>	<u>Rs (1,026,687)</u>	<u>(3,352,104)</u>
<b>Total comprehensive loss attributable to:</b>					
Owners of the Company		Rs (6,348,450)	(10,928,956)	Rs (1,026,687)	(3,352,104)
Non-controlling interests		-	-	-	-
<b>Losses Per share</b>					
Basic and diluted losses per share (In rupee)	30	Rs (42)	(73)	Rs (8)	(25)

See accompanying notes to the consolidated interim financial statements.



SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Changes in Equity  
(Unaudited)

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

(In thousands of won)

	Capital stock	Other capital surplus			Gain on disposal of treasury stock	Other equity	Accumulated deficit	Non-controlling interest	Total
		Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity					
<b>Balance at January 1, 2018</b>	₩ 689,746,980	12,916,273	118,189,001	931,508	1,105,137	1,153,581	(48,887,555)	-	775,154,925
<b>Total comprehensive income(loss) for the period:</b>									
Loss for the period	-	-	-	-	-	-	(57,847,644)	-	(57,847,644)
Defined benefit plan re-measurements	-	-	-	-	-	-	(9,881)	-	(9,881)
Changes in the factors of corporate joint re-measurement	-	-	-	-	-	-	(848)	-	(848)
Changes in fair value of cash flow hedge	-	-	-	-	-	1,005,020	-	-	1,005,020
Foreign currency translation difference for foreign operation	-	-	-	-	-	(58,439)	-	-	(58,439)
<b>Transactions with owners of the Parent Company, recognized directly in equity:</b>									
Disposition of deficits	-	-	(44,127,304)	-	(1,105,137)	-	45,232,441	-	-
<b>Balance at September 30, 2018</b>	₩ 689,746,980	12,916,273	74,061,697	931,508	-	2,100,162	(61,513,487)	-	718,243,133
<b>Balance at January 1, 2019</b>	₩ 689,746,980	12,916,273	74,061,697	931,508	-	1,242,617	(85,610,656)	-	693,288,419
<b>Total comprehensive income(loss) for the period:</b>									
Loss for the period	-	-	-	-	-	-	(185,469,969)	-	(185,469,969)
Defined benefit plan re-measurements	-	-	-	-	-	-	(5,201)	-	(5,201)
Changes in the factors of corporate joint re-measurement	-	-	-	-	-	-	(219)	-	(219)
Changes in fair value of cash flow hedge	-	-	-	-	-	(18,250)	-	-	(18,250)
Foreign currency translation difference for foreign operation	-	-	-	-	-	(57,402)	-	-	(57,402)
<b>Transactions with owners of the Parent Company, recognized directly in equity:</b>									
Issue of ordinary shares	59,453,030	(9,746,658)	-	-	-	-	-	-	49,706,372
<b>Balance at September 30, 2019</b>	₩ 749,200,010	3,169,615	74,061,697	931,508	-	1,166,965	(271,086,045)	-	557,443,750

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Changes in Equity, Continued  
(Unaudited)

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

(In thousands of rupee)

	Capital stock	Other capital surplus			Gain on disposal of treasury stock	Other equity	Accumulated deficit	Non-controlling interest	Total
		Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity					
<b>Balance at January 1, 2018</b>	Rs 40,626,097	760,768	6,961,332	54,866	65,093	67,946	(2,879,477)	-	45,656,625
<b>Total comprehensive income(loss) for the period:</b>									
Loss for the period	-	-	-	-	-	-	(3,407,226)	-	(3,407,226)
Defined benefit plan re-measurements	-	-	-	-	-	-	(582)	-	(582)
Changes in the factors of corporate joint re-measurement	-	-	-	-	-	-	(50)	-	(50)
Changes in fair value of cash flow hedge	-	-	-	-	-	59,196	-	-	59,196
Foreign currency translation difference for foreign operation	-	-	-	-	-	(3,442)	-	-	(3,442)
<b>Transactions with owners of the Parent Company, recognized directly in equity:</b>									
Disposition of deficits	-	-	(2,599,098)	-	(65,093)	-	2,664,191	-	-
<b>Balance at September 30, 2018</b>	Rs 40,626,097	760,768	4,362,234	54,866	-	123,700	(3,623,144)	-	42,304,521
<b>Balance at January 1, 2019</b>	Rs 40,626,097	760,768	4,362,234	54,866	-	73,190	(5,042,468)	-	40,834,687
<b>Total comprehensive income(loss) for the period:</b>									
Loss for the period	-	-	-	-	-	-	(10,924,181)	-	(10,924,181)
Defined benefit plan re-measurements	-	-	-	-	-	-	(306)	-	(306)
Changes in the factors of corporate joint re-measurement	-	-	-	-	-	-	(13)	-	(13)
Changes in fair value of cash flow hedge	-	-	-	-	-	(1,075)	-	-	(1,075)
Foreign currency translation difference for foreign operation	-	-	-	-	-	(3,381)	-	-	(3,381)
<b>Transactions with owners of the Parent Company, recognized directly in equity:</b>									
Issue of ordinary shares	3,501,784	(574,078)	-	-	-	-	-	-	2,927,706
<b>Balance at September 30, 2019</b>	Rs 44,127,881	186,690	4,362,234	54,866	-	68,734	(15,966,968)	-	32,833,437

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Consolidated Interim Statements of Cash Flows  
(Unaudited)

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Loss for the period	₩ (185,469,969)	(57,847,644)	Rs (10,924,181)	(3,407,226)
Adjustment	264,735,736	210,593,450	15,592,935	12,403,954
Changes in assets and liabilities	(246,275,309)	90,121	(14,505,616)	5,308
<b>Cash generated from operations (note 31)</b>	<u>(167,009,542)</u>	<u>152,835,927</u>	<u>(9,836,862)</u>	<u>9,002,036</u>
Interest received	3,140,731	1,766,827	184,989	104,066
Interest paid	(5,617,761)	(3,425,916)	(330,886)	(201,786)
Dividends received	11,000	11,000	648	648
<b>Net cash provided by (used in) operating activities</b>	<u>(169,475,572)</u>	<u>151,187,838</u>	<u>(9,982,111)</u>	<u>8,904,964</u>
<b>Cash flows from investing activities</b>				
Proceed from disposal of property, plant and equipment	2,078,503	310,688	122,424	18,300
Proceed from disposal of intangible assets	112,138	-	6,605	-
Acquisition of property, plant and equipment	(116,439,022)	(109,692,366)	(6,858,258)	(6,460,880)
Acquisition of intangible assets	(60,386,709)	(78,806,248)	(3,556,777)	(4,641,688)
Cash flow used in other investing activities	(2,588,230)	(1,693,924)	(152,447)	(99,773)
<b>Net cash used in investing activities</b>	<u>(177,223,320)</u>	<u>(189,881,850)</u>	<u>(10,438,453)</u>	<u>(11,184,041)</u>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	210,000,000	3,496,367	12,369,000	205,936
Receive government grants	47,680	20,000	2,808	1,178
Paid-in capital increase	49,706,372	-	2,927,705	-
Repayment of borrowings	(18,822,995)	(12,500,000)	(1,108,674)	(736,250)
Decrease in finance lease liability	(7,293,222)	-	(429,571)	-
<b>Net cash provided by (used in) financing activities</b>	<u>233,637,835</u>	<u>(8,983,633)</u>	<u>13,761,268</u>	<u>(529,136)</u>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<u>160,183</u>	<u>20,294</u>	<u>9,435</u>	<u>1,195</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(112,900,874)</u>	<u>(47,657,351)</u>	<u>(6,649,861)</u>	<u>(2,807,018)</u>
Cash and cash equivalents at January 1	156,062,657	215,443,730	9,192,090	12,689,636
<b>Cash and cash equivalents at September 30</b> ₩	<u>43,161,783</u>	<u>167,786,379</u>	<u>Rs 2,542,229</u>	<u>9,882,618</u>

See accompanying notes to the consolidated interim financial statements.

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Interim Financial Statements  
(Unaudited)

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

**1. General Description of the Company**

**(1) Organization and description of business of the Company**

Ssangyong Motor Company (the "Parent 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 Parent Company is headquartered in Dongsak-ro, Pyeongtaek, and its factories are located in Pyeongtaek, Gyeonggi-do, and Changwon, Gyeongsangnam-do, Republic of Korea to manufacture, sell and fix multiple types of vehicle, heavy machinery and those parts.

**(2) Major shareholders**

As of September 30, 2019, the Parent Company's shareholders are as follows:

(In shares)

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

The consolidated financial statements comprise the Company and its subsidiaries (the "Group") and the Group's interest in associates and joint ventures.

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

**(1) Basis of translating consolidated interim financial statements**

The consolidated interim financial statements are expressed in Korean won and have been translated into Indian rupees at the rate of INR 0.0589 to ₹1 on September 30, 2019, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into Indian rupees at this or any other rate.

**(2) Statement of compliance**

The consolidated 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 consolidated interim financial statements were prepared in accordance with K-IFRS No.1034, 'Interim Financial Reporting' as part of the period covered by the Group'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 Group since the last annual consolidated financial statements as of and for the year ended December 31, 2018. These consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

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

The Group has initially applied K-IFRS No.1116 'Leases' for preparation of the consolidated interim financial statements as of and for the nine month ended September 30, 2019. The significant changes in accounting policies are described in note 2.(4).

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES  
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**For the nine-month periods ended September 30, 2019 and 2018**

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

**(3) Use of estimates and judgments**

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

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

**(4) Changes in accounting policies**

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

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

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

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

1) Definition of a lease

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

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

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

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2. Basis of Preparation and Accounting Policies, Continued

(4) Changes in accounting policies, continued

2) As a lessee

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

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

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

(In millions of won)

		<b>Property, plant and equipment</b>			
		<b>Land and Buildings</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
Balance at January 1, 2019	₩	3,990	5,471	-	9,461
Balance at September 30, 2019		2,751	4,227	713	7,691

(In millions of rupee)

		<b>Property, plant and equipment</b>			
		<b>Land and Buildings</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
Balance at January 1, 2019	Rs	235	322	-	557
Balance at September 30, 2019		162	249	42	453

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

① Significant accounting policies

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

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

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

2) As a lessee, continued

① Significant accounting policies, continued

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

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

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

② Transition

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

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

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

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

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

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

2) As a lessee, continued

③ As a lessor

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

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

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

④ Impacts on financial statements

i) Impacts on transition

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

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

	<u>Korean won</u>	<u>Indian rupee</u>
	January 1, 2019	January 1, 2019
Right-of-use assets	₩ 9,461	Rs 557
Sub-lease receivables	6,006	354
Lease liability	15,467	910

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

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

	<u>Korean won</u>	<u>Indian rupee</u>
	January 1, 2019	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's financial statements	₩ 10,269	Rs 605
Discounted using the incremental borrowing rate at January 1, 2019	8,257	486
– Recognition exemption for leases of low-value assets	(2,829)	(167)
– Recognition exemption for leases with less than 12 months of lease term at transition	(267)	(16)
– Sub-lease liabilities recognized and adjustment extension options reasonably certain to be exercised	10,306	607
Lease liabilities recognized at January 1, 2019	15,467	910



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

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

2) As a lessee, continued

④ Impacts on financial statements, continued

ii) Impacts for the period

As a result of initially applying K-IFRS No.1116, in relation to the leases that were previously classified as operating leases, the Group recognized ~~₩~~7,691 million (Rs453 million) of right-of-use assets and ~~₩~~ 7,753 million (Rs457 million) of lease liabilities and respectively ~~₩~~4,139 million (Rs244 million) of sub-lease receivables and sub-lease liabilities as of September 30, 2019.

Also in relation to those leases under K-IFRS No.1116, the Group has recognized depreciation and interest costs, instead of operating lease expense. During the nine month ended September 30, 2019, the Group recognized ~~₩~~3,098 million (Rs182 million) of depreciation costs and ~~₩~~386 million (Rs23 million) of interest costs and ~~₩~~154 million (Rs9 million) of interest income from these leases.

**3. Significant Accounting Policies**

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

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

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

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

**4. Cash and Cash Equivalents**

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

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5. Restricted Financial Instruments

Restricted financial Instruments as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Financial institution	Korean won		Indian rupee		Description		
		2019	2018	2019	2018			
Cash and cash equivalents	Shinhan Bank and others	₩	1,232,375	1,086,949	Rs	72,587	64,021	Litigated asset, government grants and others Unconfirmed reorganization debt pledged as collateral
Long-term financial instruments	Woori Bank		751,841	750,379		44,283	44,197	
	Shinhan Bank and others		4,000	4,000		236	236	Bank account deposit
		₩	<u>1,988,216</u>	<u>1,841,328</u>	Rs	<u>117,106</u>	<u>108,454</u>	

6. Non-Current Financial Assets

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

(In thousands of won)

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

(In thousands of rupee)

	Ownership (%)		2019		2018	
			Acquisition cost	Net asset value	Book value	Book value
Korea Business Finance Loan(*)	1.72	Rs	29,450	42,544	29,450	29,450
Korea Management Consultants Association(*)	1.50		3,534	50,321	3,534	3,534
		Rs	<u>32,984</u>	<u>92,865</u>	<u>32,984</u>	<u>32,984</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 September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	2019		2018	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 154,334,888	10,772	157,304,034	1,332,414
Less: Allowance for doubtful accounts	(422,218)	(137)	(122,904)	(1,395)
Other receivables	8,359,023	232,303	8,760,688	147,500
Less: Allowance for doubtful accounts	(4,188,274)	(58,708)	(3,918,799)	(44,250)
Loans and others(*)	14,333,762	38,110,940	12,180,936	33,690,667
Less: Allowance for doubtful accounts	-	(357)	-	(357)
	₩ 172,417,181	38,294,813	174,203,955	35,124,579

(\*) The other receivables listed above include ₩ 4,138,728 thousand for sub-lease receivables and the interest revenue received by the sub-lease contract is ₩ 472,834 thousand.

(In thousands of rupee)

	2019		2018	
	Current	Non-current	Current	Non-current
Trade receivables	Rs 9,090,325	634	9,265,208	78,479
Less: Allowance for doubtful accounts	(24,869)	(8)	(7,239)	(82)
Other receivables	492,346	13,683	516,005	8,688
Less: Allowance for doubtful accounts	(246,689)	(3,458)	(230,818)	(2,606)
Loans and others(*)	844,259	2,244,734	717,457	1,984,380
Less: Allowance for doubtful accounts	-	(21)	-	(21)
	Rs 10,155,372	2,255,564	10,260,613	2,068,838

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

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7. Trade and Other Receivables, Continued

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

(In thousands of won)

	2019		2018	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	₩ 123,448,573	55,359,116	147,811,277	48,190,129
Less than 180 days	23,733,468	109,899	3,899,884	361,228
Less than 270 days	3,437,689	757,123	3,844,119	133,364
Less than 365 days	2,510,457	64,319	2,511,167	1,878,601
More than 365 days	1,215,473	4,745,571	570,001	4,216,469
	₩ 154,345,660	61,036,028	158,636,448	54,779,791
Impaired receivables	422,355	4,247,339	124,299	3,963,406

(In thousands of rupee)

	2019		2018	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	Rs 7,271,121	3,260,652	8,706,084	2,838,399
Less than 180 days	1,397,901	6,473	229,703	21,276
Less than 270 days	202,480	44,595	226,419	7,855
Less than 365 days	147,866	3,788	147,908	110,650
More than 365 days	71,591	279,514	33,573	248,350
	Rs 9,090,959	3,595,022	9,343,687	3,226,530
Impaired receivables	24,877	250,168	7,321	233,445

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

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

(3) Changes in allowance for trade and other receivables for the nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won)

	2019		2018	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	₩ 124,299	3,963,406	126,715	3,783,442
Bad debt expense	299,313	284,425	-	149,940
Reversal of allowance for bad debts	(1,257)	-	(30,960)	(6,628)
Removal	-	(492)	-	-
Ending balance	₩ 422,355	4,247,339	95,755	3,926,754

(In thousands of rupee)

	2019		2018	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	Rs 7,321	233,445	7,464	222,845
Bad debt expense	17,630	16,753	-	8,831
Reversal of allowance for bad debts	(74)	-	(1,824)	(390)
Removal	-	(30)	-	-
Ending balance	Rs 24,877	250,168	5,640	231,286

**8. Inventories**

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Merchandises	₩ 39,635,684	44,349,645	Rs 2,334,542	2,612,194
Finished goods	137,202,621	83,787,753	8,081,234	4,935,099
Work-in-process	28,865,465	27,069,755	1,700,176	1,594,409
Raw materials	41,772,762	31,654,571	2,460,417	1,864,453
Sub-materials	774,830	413,615	45,637	24,362
Supplies	3,271,465	3,611,193	192,689	212,699
Goods in transit	38,135,468	37,725,938	2,246,179	2,222,058
	₩ 289,658,295	228,612,470	Rs 17,060,874	13,465,274

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

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9. Investments in Subsidiaries and a Joint venture

(1) Details of investment in subsidiaries and a joint venture as of September 30, 2019 are as follows:

	<u>Group</u>	<u>Location</u>	<u>Owner -ship</u>	<u>Closing month</u>	<u>Industry</u>
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	Sales of automobile
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	A/S and sales
	Ssangyong Australia Pty Ltd	Australia	100%	December	Sales of automobile
Joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51%	December	Finance

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

(2) Changes in the carrying amounts of investments in a joint venture for the nine-month period ended September 30, 2019 is as follows:

(In thousands of won)

		<u>Beginning balance</u>	<u>Share of profit of a joint venture</u>	<u>Changes in defined benefit plan re-measurements</u>	<u>Ending balance</u>
SY Auto Capital Co., Ltd.	₩	16,706,345	1,944,748	(219)	18,650,874

(In thousands of rupee)

		<u>Beginning balance</u>	<u>Share of profit of a joint venture</u>	<u>Changes in defined benefit plan re-measurements</u>	<u>Ending balance</u>
SY Auto Capital Co., Ltd.	Rs	984,004	114,545	(13)	1,098,536

(3) Summarized financial information of subsidiaries and a joint venture

1) The summarized financial information of the Group's subsidiaries and joint venture as of and for the nine-month period ended September 30, 2019 is as follows:

(In thousands of won)

		<u>2019</u>				
		<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Sales</u>	<u>Net income (loss)</u>
Ssangyong Motor (Shanghai) Co., Ltd.	₩	609,370	541,247	68,123	324,721	(240,652)
Ssangyong European Parts Center B.V.		14,344,089	16,516,600	(2,172,511)	15,144,812	1,160,642
Ssangyong Australia Pty Ltd		27,015,824	27,961,964	(946,140)	23,164,585	(2,548,508)
SY Auto Capital Co., Ltd.		89,947,811	54,462,497	35,485,314	13,298,935	4,366,203

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**9. Investments in Subsidiaries and a Joint venture, Continued**

(3) Summarized financial information of subsidiaries and a joint venture, continued

1) The summarized financial information of the Group's subsidiaries and joint venture as of and for the nine-month period ended September 30, 2019 is as follows, continued:

(In thousands of rupee)

		2019				
		Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs	35,892	31,879	4,013	19,126	(14,174)
Ssangyong European Parts Center B.V.		844,867	972,828	(127,961)	892,029	68,362
Ssangyong Australia Pty Ltd		1,591,232	1,646,960	(55,728)	1,364,394	(150,107)
SY Auto Capital Co., Ltd. (*)		5,297,926	3,207,841	2,090,085	783,307	257,169

(\*) Additional financial information for the joint venture for the nine-month period ended September 30, 2019 is as follows:

(In thousands of won)

		Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd.	₩	5,247,638	52,369,944	632,083	1,802,930	1,017,530	1,310,528

(In thousands of rupee)

		Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd.	Rs	309,086	3,084,590	37,230	106,193	59,933	77,190

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9. Investments in Subsidiaries and a Joint venture, Continued

(3) Summarized financial information of subsidiaries and a joint venture, continued

2) The summarized financial information of the Group's subsidiaries and a joint venture as of and for the year ended 2018 is as follows:

(In thousands of won)

	2018				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 857,388	559,977	297,411	117,767	(770,177)
Ssangyong European Parts Center B.V.	10,573,792	13,824,773	(3,250,981)	19,240,893	157,039
Ssangyong Australia Pty Ltd	11,298,929	10,826,727	472,202	3,311,392	(2,455,680)
SY Auto Capital Co., Ltd.(*)	89,948,057	58,812,195	31,135,862	13,564,131	2,728,552

(In thousands of rupee)

	2018				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs 50,500	32,983	17,517	6,936	(45,363)
Ssangyong European Parts Center B.V.	622,796	814,279	(191,483)	1,133,289	9,250
Ssangyong Australia Pty Ltd	665,507	637,694	27,813	195,041	(144,640)
SY Auto Capital Co., Ltd.(*)	5,297,941	3,464,038	1,833,903	798,927	160,712

(\*) Additional financial information for the joint venture for the year ended 2018 is as follows:

(In thousands of won)

	Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd.	₩ 2,032,075	57,730,337	821,860	2,356,269	1,298,471	914,140

(In thousands of rupee)

	Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd.	Rs 119,689	3,400,317	48,408	138,784	76,480	53,843

(4) Reconciliation from the net assets of the Company's joint venture to the carrying amount of investments in joint venture as of September 30, 2019 is as follows:

(In thousands of won)

	Net assets	Percentage of ownership	Share of the net assets of the Company	Reconciliation	Carrying amount
SY Auto Capital Co., Ltd.	₩ 35,485,314	51.00%	18,097,510	553,364	18,650,874

(In thousands of rupee)

	Net assets	Percentage of ownership	Share of the net assets of the Company	Reconciliation	Carrying amount
SY Auto Capital Co., Ltd.	Rs 2,090,085	51.00%	1,065,943	32,593	1,098,536



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**10. Other Assets**

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
<b>Other current assets</b>				
Advance payments	₩ 1,513,361	1,028,309	Rs 89,137	60,567
Prepaid expenses	13,773,573	9,947,199	811,264	585,890
Current tax assets	378,326	324,294	22,283	19,101
	₩ 15,665,260	11,299,802	Rs 922,684	665,558
<b>Other non-current assets</b>				
Other non-current assets	₩ 287,183	291,258	Rs 16,915	17,155

**11. Property, Plant and Equipment**

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

(In thousands of won)

	2019				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 474,755,254	(7,354)	-	-	474,747,900
Buildings	551,671,557	(3,706,667)	(237,032,061)	(148,366,786)	162,566,043
Structures	112,501,772	(74,591)	(67,089,232)	(28,862,964)	16,474,985
Machinery	1,304,341,988	(128,720)	(1,046,657,103)	(91,471,866)	166,084,299
Vehicles	9,036,101	(4,728)	(5,707,057)	(360,619)	2,963,697
Tools and molds	1,410,460,794	(20,038)	(892,307,627)	(155,102,641)	363,030,488
Equipment	69,114,329	(62,991)	(53,980,880)	(2,860,174)	12,210,284
Construction in progress	19,030,675	-	-	-	19,030,675
Machinery in transit	724,716	-	-	-	724,716
	₩ 3,951,637,186	(4,005,089)	(2,302,773,960)	(427,025,050)	1,217,833,087

(In thousands of won)

	2018				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 475,116,992	(7,354)	-	-	475,109,638
Buildings	550,322,646	(3,734,723)	(228,576,444)	(148,366,786)	169,644,693
Structures	112,176,542	(90,063)	(65,850,786)	(28,862,964)	17,372,729
Machinery	1,276,272,698	(166,908)	(1,023,019,261)	(92,390,513)	160,696,016
Vehicles	8,195,311	(5,878)	(5,821,277)	(516,742)	1,851,414
Tools and molds	1,261,396,400	(24,038)	(826,949,338)	(157,469,741)	276,953,283
Equipment	69,709,884	(74,248)	(52,108,182)	(3,203,583)	14,323,871
Construction in progress	110,855,937	-	-	-	110,855,937
Machinery in transit	1,318,137	-	-	-	1,318,137
	₩ 3,865,364,547	(4,103,212)	(2,202,325,288)	(430,810,329)	1,228,125,718

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

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

(In thousands of rupee)

		<b>2019</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	Rs	27,963,084	(433)	-	-	27,962,651
Buildings		32,493,455	(218,323)	(13,961,188)	(8,738,804)	9,575,140
Structures		6,626,354	(4,393)	(3,951,556)	(1,700,029)	970,376
Machinery		76,825,743	(7,582)	(61,648,103)	(5,387,693)	9,782,365
Vehicles		532,226	(278)	(336,146)	(21,240)	174,562
Tools and molds		83,076,141	(1,180)	(52,556,919)	(9,135,546)	21,382,496
Equipment		4,070,834	(3,710)	(3,179,474)	(168,464)	719,186
Construction in progress		1,120,907	-	-	-	1,120,907
Machinery in transit		42,686	-	-	-	42,686
	Rs	<u>232,751,430</u>	<u>(235,899)</u>	<u>(135,633,386)</u>	<u>(25,151,776)</u>	<u>71,730,369</u>

(In thousands of rupee)

		<b>2018</b>				
		<b>Acquisition cost</b>	<b>Government grants</b>	<b>Accumulated depreciation</b>	<b>Accumulated impairment losses</b>	<b>Book value</b>
Land	Rs	27,984,391	(433)	-	-	27,983,958
Buildings		32,414,004	(219,975)	(13,463,153)	(8,738,804)	9,992,072
Structures		6,607,198	(5,305)	(3,878,611)	(1,700,029)	1,023,253
Machinery		75,172,462	(9,831)	(60,255,834)	(5,441,801)	9,464,996
Vehicles		482,704	(346)	(342,873)	(30,436)	109,049
Tools and molds		74,296,248	(1,416)	(48,707,316)	(9,274,968)	16,312,548
Equipment		4,105,912	(4,373)	(3,069,172)	(188,691)	843,676
Construction in progress		6,529,415	-	-	-	6,529,415
Machinery in transit		77,638	-	-	-	77,638
	Rs	<u>227,669,972</u>	<u>(241,679)</u>	<u>(129,716,959)</u>	<u>(25,374,729)</u>	<u>72,336,605</u>

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11. Property, Plant and Equipment, Continued

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

(In thousands of won)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩	475,109,638	-	(361,738)	-	-	474,747,900
Buildings		169,644,693	51,982	-	(8,379,048)	1,248,416	162,566,043
Structures		17,372,729	101,859	(2,409)	(1,236,108)	238,914	16,474,985
Machinery		160,696,016	83,802	(261,920)	(29,204,610)	34,771,011	166,084,299
Vehicles		1,851,414	328,528	(968,550)	(493,190)	2,245,495	2,963,697
Tools and molds		276,953,283	9,221,403	(270,054)	(78,424,135)	155,549,991	363,030,488
Equipment		14,323,871	1,615,297	(34,574)	(3,967,815)	273,505	12,210,284
Construction in progress		110,855,937	98,867,772	-	-	(190,693,034)	19,030,675
Machinery in transit		1,318,137	491,294	-	-	(1,084,715)	724,716
	₩	<u>1,228,125,718</u>	<u>110,761,937</u>	<u>(1,899,245)</u>	<u>(121,704,906)</u>	<u>2,549,583</u>	<u>1,217,833,087</u>

(In thousands of won)

		2018					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩	475,062,920	39,901	-	-	-	475,102,821
Buildings		175,450,508	86,864	(352)	(8,187,652)	6,724,787	174,074,155
Structures		16,717,153	262,198	-	(1,295,018)	1,834,656	17,518,989
Machinery		168,999,971	32,713	(7,226)	(24,618,639)	21,105,524	165,512,343
Vehicles		1,199,808	114,689	(231,390)	(303,807)	1,013,539	1,792,839
Tools and molds		298,398,114	625,500	(53,756)	(66,786,581)	62,927,777	295,111,054
Equipment		16,433,791	1,749,771	(35,959)	(4,707,065)	294,333	13,734,871
Construction in progress		87,441,686	90,806,819	-	-	(92,149,179)	86,099,326
	₩	<u>1,239,703,951</u>	<u>93,718,455</u>	<u>(328,683)</u>	<u>(105,898,762)</u>	<u>1,751,437</u>	<u>1,228,946,398</u>

(\*) Capitalized borrowing costs in respect of construction in progress are ₩ 672,872 thousand (2018: ₩ 760,765 thousand), ₩ 1,510,907 thousand (2018: ₩ 1,018,805 thousand) which are transferred from inventory to vehicles and ₩ 233,490 thousand which are transferred from Construction in progress to Intangible Assets, the government subsidy of ₩ 47,680 thousand (2018: ₩ 20,000 thousand) used for asset acquisition was adjusted in others. during the nine-month periods ended September 30, 2019 and 2018, respectively.

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11. Property, Plant and Equipment, Continued

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

(In thousands of rupee)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs	27,983,958	-	(21,307)	-	-	27,962,651
Buildings		9,992,072	3,062	-	(493,526)	73,532	9,575,140
Structures		1,023,253	5,999	(142)	(72,807)	14,073	970,376
Machinery		9,464,996	4,936	(15,427)	(1,720,152)	2,048,012	9,782,365
Vehicles		109,049	19,350	(57,048)	(29,048)	132,2659	174,562
Tools and molds		16,312,548	543,141	(15,906)	(4,619,182)	9,161,895	21,382,496
Equipment		843,676	95,141	(2,036)	(233,704)	16,109	719,186
Construction in progress		6,529,415	5,823,312	-	-	(11,231,820)	1,120,907
Machinery in transit		77,638	28,937	-	-	(63,889)	42,686
	Rs	<u>72,336,605</u>	<u>6,523,878</u>	<u>(111,866)</u>	<u>(7,168,419)</u>	<u>150,171</u>	<u>71,730,369</u>

(In thousands of rupee)

		2018					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs	27,981,206	2,350	-	-	-	27,983,556
Buildings		10,334,035	5,116	(21)	(482,253)	396,090	10,252,967
Structures		984,640	15,443	-	(76,277)	108,061	1,031,867
Machinery		9,954,098	1,927	(426)	(1,450,038)	1,243,115	9,748,676
Vehicles		70,669	6,755	(13,629)	(17,894)	59,697	105,598
Tools and molds		17,575,649	36,842	(3,166)	(3,933,729)	3,706,445	17,382,041
Equipment		967,950	103,062	(2,118)	(277,246)	17,336	808,984
Construction in progress		5,150,315	5,348,522	-	-	(5,427,587)	5,071,250
	Rs	<u>73,018,562</u>	<u>5,520,017</u>	<u>(19,360)</u>	<u>(6,237,437)</u>	<u>103,157</u>	<u>72,384,939</u>

(\*) Capitalized borrowing costs in respect of construction in progress are Rs 39,632 thousand (2018: Rs 44,809 thousand), Rs 88,992 thousand (2018: Rs 60,008 thousand) which are transferred from inventory to vehicles and Rs 13,753 thousand which are transferred from Construction in progress to Intangible Assets, the government subsidy of Rs 2,808 thousand (2018: Rs 1,178 thousand) used for asset acquisition was adjusted in others. during the nine-month periods ended September 30, 2019 and 2018, respectively.

(3) Details of pledged assets provided as collateral for the borrowings as of September 30, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	Book value	Collateralized amount	Book value	Collateralized amount
Land	₩ 450,663,972		Rs 26,544,108	
Buildings and structures	121,992,696	372,000,000	7,185,370	21,910,800
Machinery and others	19,100		1,125	
	<u>₩ 572,675,768</u>	<u>372,000,000</u>	<u>Rs 33,730,603</u>	<u>21,910,800</u>

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

(4) Capitalized borrowing costs and capitalization interest rate for the nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		2019	2018
Capitalized interest expenses(*)	₩	2,721,054	2,802,281	Rs	160,270	165,054
Capitalization interest rate		3.56%	3.35%		3.56%	3.35%

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

**12. Intangible Assets**

(1) Details of intangible assets as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩	510,279,976	-	(250,720,600)	-	259,559,376
Patents		4,734,217	(9,897)	(3,379,229)	(146,527)	1,198,564
Other intangible assets		118,471,695	-	(33,109,763)	(1,409,450)	83,952,482
	₩	<u>633,485,888</u>	<u>(9,897)</u>	<u>(287,209,592)</u>	<u>(1,555,977)</u>	<u>344,710,422</u>

(In thousands of won)

		2018				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩	345,185,015	-	(182,160,013)	-	163,025,002
Patents		4,360,730	(11,559)	(2,907,159)	(107,788)	1,334,224
Other intangible assets		221,383,684	(6,186)	(30,567,311)	(1,409,450)	189,400,737
	₩	<u>570,929,429</u>	<u>(17,745)</u>	<u>(215,634,483)</u>	<u>(1,517,238)</u>	<u>353,759,963</u>

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12. Intangible Assets, Continued

(1) Details of intangible assets as of September 30, 2019 and December 31, 2018 are as follows, continued:

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	30,055,491	-	(14,767,443)	-	15,288,048
Patents		278,845	(583)	(199,037)	(8,630)	70,595
Other intangible assets		6,977,983	-	(1,950,165)	(83,017)	4,944,801
	Rs	<u>37,312,319</u>	<u>(583)</u>	<u>(16,916,645)</u>	<u>(91,647)</u>	<u>20,303,444</u>

(In thousands of rupee)

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

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

(In thousands of won)

		2019							
		Beginning balance	Acquisition	Disposal	Amortization	Impairment	Transfer	Others(*)	Ending balance
<b>Internally created intangible assets:</b>									
Development cost	₩	163,025,002	-	-	(68,560,587)	-	165,094,961	-	259,559,376
Other intangible assets		181,843,818	57,542,193	-	-	-	(165,094,961)	2,048,182	76,339,232
	₩	<u>344,868,820</u>	<u>57,542,193</u>	<u>-</u>	<u>(68,560,587)</u>	<u>-</u>	<u>-</u>	<u>2,048,182</u>	<u>335,898,608</u>
<b>Individually acquired intangible assets:</b>									
Patents		1,334,224	373,487	-	(470,408)	(38,739)	-	-	1,198,564
Other intangible assets		7,556,919	2,471,029	(112,138)	(2,536,238)	-	233,490	188	7,613,250
		<u>8,891,143</u>	<u>2,844,516</u>	<u>(112,138)</u>	<u>(3,006,646)</u>	<u>(38,739)</u>	<u>233,490</u>	<u>188</u>	<u>8,811,814</u>
	₩	<u>353,759,963</u>	<u>60,386,709</u>	<u>(112,138)</u>	<u>(71,567,233)</u>	<u>(38,739)</u>	<u>233,490</u>	<u>2,048,370</u>	<u>344,710,422</u>

(\*) Included in other intangible assets during the current quarter was capitalization cost of ₩ 2,048,182 thousand.

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12. Intangible Assets, Continued

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

(In thousands of won)

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

(\*) Included in other intangible assets during the prior quarter was capitalization cost of ₩ 2,041,516 thousand

(In thousands of rupee)

		2019						Ending	
		Beginning	Acquisition	Disposal	Amortization	Impairment	Transfer	Others(*)	balance
		balance							
<b>Internally created intangible assets:</b>									
Development cost Rs									
		9,602,173	-	-	(4,038,219)	-	9,724,093	-	15,288,047
Other intangible									
assets		10,710,601	3,389,235	-	-	-	(9,724,093)	120,638	4,496,381
		<u>20,312,774</u>	<u>3,389,235</u>	<u>-</u>	<u>(4,038,219)</u>	<u>-</u>	<u>-</u>	<u>120,638</u>	<u>19,784,428</u>
<b>Individually acquired intangible assets:</b>									
Patents									
		78,586	21,998	-	(27,707)	(2,282)	-	-	70,595
Other intangible									
assets		445,102	145,544	(6,605)	(149,384)	-	13,753	11	448,421
		<u>523,688</u>	<u>167,542</u>	<u>(6,605)</u>	<u>(177,091)</u>	<u>(2,282)</u>	<u>13,753</u>	<u>11</u>	<u>519,016</u>
	Rs	<u>20,836,462</u>	<u>3,556,777</u>	<u>(6,605)</u>	<u>(4,215,310)</u>	<u>(2,282)</u>	<u>13,753</u>	<u>120,649</u>	<u>20,303,444</u>

(\*) Included in other intangible assets during the current quarter was capitalization cost of Rs 120,638 thousand.

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12. Intangible Assets, Continued

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

(In thousands of rupee)

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

(\*) Included in other intangible assets during the prior quarter was capitalization cost of Rs 120,245 thousand.

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

(In thousands of won and in thousands of rupee)

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

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

(\*2) Development projects for vehicles that have been completed, which are on sale as of September 30, 2019.

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



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**12. Intangible Assets, Continued**

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

(In thousands of won and in thousands of rupee)

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

**13. Lease**

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

(In thousands of won)	Beginning balance	Increase	Depreciation	Others	Ending balance
Land and building	₩ 3,990,125	405,497	(1,511,111)	(133,032)	2,751,479
Vehicle	5,470,948	253,870	(1,497,360)	-	4,227,458
Equipment	-	801,522	(89,058)	-	712,464
Total	₩ 9,461,073	1,460,889	(3,097,529)	(133,032)	7,691,401

(In thousands of rupee)	Beginning balance	Increase	Depreciation	Others	Ending balance
Land and building	Rs 235,018	23,884	(89,004)	(7,835)	162,063
Vehicle	322,239	14,953	(88,195)	-	248,997
Equipment	-	47,210	(5,246)	-	41,964
Total	Rs 557,257	86,047	(182,445)	(7,835)	453,024

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

(In thousands of won)	Within a year	Over 1 year
Lease liability	₩ 6,418,016	5,474,365

(In thousands of rupee)	Within a year	Over 1 year
Lease liability	Rs 378,021	322,440

The total amount of lease liabilities paid in the current term is ₩ 7,293,222 (Rs 429,571) thousand and interests expenses is ₩ 386,083 (Rs 22,740) thousand.

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14. Borrowings

(1) Details of short-term borrowings as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate (%)	Korean won		Indian rupee	
			2019	2018	2019	2018
Korea Development Bank	Operating fund	CD+1.98	₩ 30,000,000	30,000,000	Rs 1,767,000	1,767,000
	Facility fund(*)	CD+1.57	70,000,000	-	4,123,000	-
Kookmin Bank	Facility fund(*)	CD+2.00	10,000,000	5,000,000	589,000	294,500
Woori Bank	General fund(*)	CD+2.00	20,000,000	-	1,178,000	-
BOA	Overdraft	CD+2.00	30,000,000	-	1,767,000	-
JP Morgan	Overdraft	CD+2.00	10,000,000	-	589,000	-
Citi Bank Korea and others	Banker's usance	0.30 ~ 0.81	133,272,097	143,227,545	7,849,726	8,436,102
			₩ 303,272,097	178,227,545	Rs 17,862,726	10,497,602

(\*) Current portion of long-term borrowing

(2) Details of long-term borrowing as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate(%)	Korean won		Indian rupee	
			2019	2018	2019	2018
Korea Development Bank	Facility fund	CD+1.57	₩ 150,000,000	70,000,000	Rs 8,835,000	4,123,000
JP Morgan	Facility fund	~1.60	40,000,000	-	2,356,000	-
Woori Bank	General fund	CD+2.00	40,000,000	-	2,356,000	-
Kookmin Bank	Facility fund	CD+2.00	13,750,000	10,000,000	809,875	589,000
Less: Current portion			(100,000,000)	(5,000,000)	(5,890,000)	(294,500)
			₩ 143,750,000	75,000,000	Rs 8,466,875	4,417,500

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**14. Borrowings, Continued**

(3) Details of pledged assets as collateral for borrowings as of September 30, 2019 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Pledged assets	Korean won		Indian rupee	
		Borrowings amount	Maximum credit amount	Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	₩ 180,000,000	300,000,000	Rs 10,602,000	17,670,000
Kookmin Bank	Land, buildings	13,750,000	24,000,000	809,875	1,413,600
Woori Bank	Land, buildings	40,000,000	48,000,000	2,356,000	2,827,200
		₩ 233,750,000	372,000,000	Rs 13,767,875	21,910,800

**15. Other Financial Liabilities**

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

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2019	2018	2019	2018
Accrued expenses	₩	35,921,949	38,053,382	Rs 2,115,803	2,241,344

**16. Provision of Warranty for sale**

The Group 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 nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2019	2018	2019	2018
Beginning balance	₩	135,038,087	146,239,557	Rs 7,953,743	8,613,510
Increase		22,394,413	16,811,224	1,319,031	990,181
Decrease		28,436,744	28,557,131	1,674,924	1,682,015
Ending balance	₩	128,995,756	134,493,650	Rs 7,597,850	7,921,676
Current	₩	49,983,151	49,048,859	Rs 2,944,008	2,888,978
Non-current		79,012,605	85,444,791	4,653,842	5,032,698

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**17. Other Liabilities**

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

*(In thousands of won)*

		2019		2018	
		Current	Non-current	Current	Non-current
Advances from customers	₩	4,795,598	-	3,817,676	-
Deposits received		680,041	-	525,166	-
Withholdings		18,745,687	-	22,650,209	-
Deferred income		5,488,146	15,836,011	5,968,033	11,317,482
	₩	<u>29,709,472</u>	<u>15,836,011</u>	<u>32,961,084</u>	<u>11,317,482</u>

*(In thousands of rupee)*

		2019		2018	
		Current	Non-current	Current	Non-current
Advances from customers	Rs	282,461	-	224,861	-
Deposits received		40,054	-	30,932	-
Withholdings		1,104,121	-	1,334,098	-
Deferred income		323,252	932,741	351,517	666,600
	Rs	<u>1,749,888</u>	<u>932,741</u>	<u>1,941,408</u>	<u>666,600</u>

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18. Employee Benefits

(1) Details of defined benefit liabilities as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Present value of defined benefit obligations	₩ 347,611,495	330,195,117	Rs 20,474,317	19,448,492
Fair value of plan assets	(957,236)	(1,013,651)	(56,381)	(59,704)
	₩ 346,654,259	329,181,466	Rs 20,417,936	19,388,788

(2) Changes in defined benefit liabilities for the nine months ended September 30, 2019 and 2018 are as follows:

(In thousands of won)

Details	2019		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 330,195,117	(1,013,651)	329,181,466
Current service cost	29,791,649	-	29,791,649
Interest expense (income)	6,443,094	(19,738)	6,423,356
Sub-total	366,429,860	(1,033,389)	365,396,471
Re-measurement factors:			
Re-measurements of plan assets	-	5,201	5,201
Sub-total	-	5,201	5,201
Benefit paid by plan	(70,952)	70,952	-
Benefit paid directly	(18,747,413)	-	(18,747,413)
Ending balance	₩ 347,611,495	(957,236)	346,654,259

(In thousands of won)

Details	2018		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 285,658,090	(1,094,967)	284,563,123
Current service cost	27,240,603	-	27,240,603
Interest expense (income)	6,669,262	(25,525)	6,643,737
Sub-total	319,567,955	(1,120,492)	318,447,463
Re-measurement factors:			
Re-measurements of plan assets	-	9,881	9,881
Sub-total	-	9,881	9,881
Benefit paid by plan	(82,668)	82,668	-
Benefit paid directly	(16,290,475)	-	(16,290,475)
Ending balance	₩ 303,194,812	(1,027,943)	302,166,869

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18. Employee Benefits, Continued

(2) Changes in defined benefit liabilities for the nine months ended September 30, 2019 and 2018 are as follows, continued:

(In thousands of rupee)

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

(In thousands of rupee)

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

(3) The components of plan assets as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee		
		2019	2018	2019	2018	
		Insurance contracts	₩	957,236	1,013,651	Rs

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**18. Employee Benefits, Continued**

(4) Actuarial assumptions used related to plans as of September 30, 2019 and December 31, 2018 are as follows:

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

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

**19. Commitments and Contingencies**

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

- (1) The Group carries product liability insurance for all products that it sells.
- (2) As of September 30, 2019, the Group has agreements with Korea Development Bank and others for various borrowings, trading finance and others with limit of ₩ 420,750 million (Rs 24,782 million) and USD 245 million.
- (3) As of September 30, 2019, the Group has been provided with guarantees amounting to USD 896,649 by Standard Chartered Bank Korea Limited in connection with refunds for advance received and performing transactions.
- (4) As of September 30, 2019, 5 claims as a plaintiff were filed with the claim amount of ₩ 6,070 million (Rs 358 million) and 12 claims as a defendant were filed with the claims of ₩ 3,413 million (Rs 201 million). The Group made a reasonable estimate by considering the possibility and amount of outflow of resources, and recognized the provision of ₩ 7,249 million (Rs 427 million) as other payable for the foregoing lawsuits and claims.

**20. Capital Stock**

(1) The Group's capital stock as of September 30, 2019 and December 31, 2018 are as follows:

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

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Number of shares authorized (In shares)	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Shares outstanding (In shares)	149,840,002	137,949,396	149,840,002	137,949,396
Par value (In won and in rupee)	₩ 5,000	5,000	Rs 295	295
Capital stock	749,200,010	689,746,980	44,127,881	40,626,097

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**20. Capital Stock, Continued**

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

*(In shares)*

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

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

Details of other capital surplus and retained earnings as of September 30, 2019 and December 31, 2018 are as follows:

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

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Paid-in capital in excess of par value ₩	3,169,615	12,916,273	Rs 186,690	760,768
Gain on capital reduction	74,061,697	74,061,697	4,362,234	4,362,234
Debt to be swapped for equity	931,508	931,508	54,866	54,866
	<u>₩ 78,162,820</u>	<u>87,909,478</u>	<u>Rs 4,603,790</u>	<u>5,177,868</u>



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**22. Other Equity**

(1) Details of the Group's other equity as of September 30, 2019 and December 31, 2018 are as follows:

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

	Korean won		Indian rupee	
	2019	2018	2019	2018
Gains on valuation of derivatives	₩ 84,750	103,000	Rs 4,992	6,067
Accumulated foreign currency translation difference for foreign operation	1,082,215	1,139,617	63,742	67,123
	₩ 1,166,965	1,242,617	Rs 68,734	73,190

(2) Changes in the Group's gains (losses) on valuation of derivatives for the nine-month periods ended September 30, 2019 and 2018 are as follows:

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

	Korean won		Indian rupee	
	2019	2018	2019	2018
Beginning balance	₩ 103,000	-	Rs 6,067	-
Gains on valuation of derivatives	84,750	1,005,020	4,992	59,196
Reclassified to net income	(103,000)	-	(6,067)	-
Ending balance	₩ 84,750	1,005,020	Rs 4,992	59,196

(3) Changes in the foreign currency translation difference for foreign operation for the nine-month periods ended September 30, 2019 and 2018 are as follows:

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

	Korean won		Indian rupee	
	2019	2018	2019	2018
Beginning balance	₩ 1,139,617	1,153,581	Rs 67,123	67,946
Foreign currency translation difference for foreign operation	(57,402)	(58,439)	(3,381)	(3,442)
Ending balance	₩ 1,082,215	1,095,142	Rs 63,742	64,504

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**23. Accumulated deficit**

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

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

	Korean won		Indian rupee	
	2019	2018	2019	2018
Deficit	₩ (271,086,045)	(85,610,656)	Rs (15,966,968)	(5,042,468)

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

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

	Korean won		Indian rupee	
	2019	2018	2019	2018
Beginning balance	₩ (85,610,656)	(48,887,556)	Rs (5,042,468)	(2,879,477)
Disposition of deficit	-	45,232,441	-	2,664,191
Loss for the period	(185,469,969)	(57,847,644)	(10,924,181)	(3,407,226)
Defined benefit plan re-measurement	(5,201)	(9,881)	(306)	(582)
Defined benefit plan re-measurement from joint venture	(219)	(848)	(13)	(50)
Ending balance	₩ (271,086,045)	(61,513,488)	Rs (15,966,968)	(3,623,144)

**24. Income Tax Expense**

Income tax expense and deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward are not recognized as of September 30, 2019.

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**25. Nature of Expenses**

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

*(In thousands of won)*

	<b>2019</b>		<b>2018</b>	
	<b>Three-month period</b>	<b>Nine-month period</b>	<b>Three-month period</b>	<b>Nine-month period</b>
Changes in inventories	₩ 26,923,468	(50,496,617)	₩ 3,116,790	(362,068)
Raw materials consumed and purchase of merchandise	578,455,062	1,952,876,724	618,053,129	1,816,023,218
Employee benefits	141,540,344	419,696,486	138,984,098	403,920,876
Depreciation	42,744,013	121,704,906	35,580,026	105,898,762
Amortization	25,780,218	71,567,233	17,612,540	52,953,341
Others	126,156,153	371,434,074	110,103,970	334,376,244
	<u>₩ 941,599,258</u>	<u>2,886,782,806</u>	<u>₩ 923,450,553</u>	<u>2,712,810,373</u>

*(In thousands of Rupee)*

	<b>2019</b>		<b>2018</b>	
	<b>Three-month period</b>	<b>Nine-month period</b>	<b>Three-month period</b>	<b>Nine-month period</b>
Changes in inventories	Rs 1,585,792	(2,974,251)	Rs 183,579	(21,326)
Raw materials consumed and purchase of merchandise	34,071,003	115,024,439	36,403,329	106,963,768
Employee benefits	8,336,726	24,720,123	8,186,163	23,790,940
Depreciation	2,517,622	7,168,419	2,095,664	6,237,437
Amortization	1,518,455	4,215,310	1,037,379	3,118,952
Others	7,430,599	21,877,467	6,485,124	19,694,760
	<u>Rs 55,460,197</u>	<u>170,031,507</u>	<u>Rs 54,391,238</u>	<u>159,784,531</u>

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

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**26. Derivatives**

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

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

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

*(In thousands of won)*

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Warranty expenses	₩ 14,095,675	39,993,586	₩ 13,884,676	32,720,673
Commissions	55,823,912	173,939,787	58,971,628	168,306,737
Advertising	5,186,796	16,535,529	2,913,097	13,546,032
Export expenses	1,764,490	8,398,817	3,074,512	6,406,079
Others	6,258,149	23,224,610	5,327,214	17,292,940
	₩ <u>83,129,022</u>	<u>262,092,329</u>	₩ <u>84,171,127</u>	<u>238,272,461</u>

*(In thousands of Rupee)*

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Warranty expenses	Rs 830,235	2,355,622	Rs 817,807	1,927,248
Commissions	3,288,028	10,245,053	3,473,429	9,913,267
Advertising	305,502	973,943	171,581	797,861
Export expenses	103,928	494,690	181,089	377,318
Others	368,607	1,367,930	313,773	1,018,554
	Rs <u>4,896,300</u>	<u>15,437,238</u>	Rs <u>4,957,679</u>	<u>14,034,248</u>

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27. Selling, General and Administrative Expenses, Continued

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

(In thousands of won)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Salaries	₩ 14,344,927	42,545,973	₩ 12,997,879	39,528,314
Retirement benefit costs	1,528,632	4,570,800	1,483,146	4,426,315
Employee welfare	4,232,189	10,910,538	3,978,029	9,956,834
Rent expense	2,483,135	7,601,214	3,061,244	9,102,368
Service fees	5,063,986	21,935,655	9,020,104	27,320,780
Depreciation	7,009,689	22,123,897	3,877,325	11,619,841
R&D expenses	2,603,292	9,159,747	2,644,863	10,802,554
Amortization	1,033,923	3,006,647	1,025,150	3,097,582
Bad debt expense(Reversal of allowance for Doubtful)	27,576	298,056	(32,816)	(30,960)
Others	9,086,269	27,751,594	8,733,390	26,663,741
	₩ <u>47,413,618</u>	<u>149,904,121</u>	₩ <u>46,788,314</u>	<u>142,487,369</u>

(In thousands of rupee)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Salaries	Rs 844,916	2,505,958	Rs 765,575	2,328,218
Retirement benefit costs	90,036	269,220	87,357	260,710
Employee welfare	249,276	642,631	234,306	586,458
Rent expense	146,257	447,712	180,307	536,129
Service fees	298,269	1,292,010	531,284	1,609,194
Depreciation	412,871	1,303,098	228,374	684,409
R&D expenses	153,334	539,509	155,782	636,270
Amortization	60,898	177,091	60,381	182,448
Bad debt expense(Reversal of allowance for Doubtful)	1,624	17,556	(1,933)	(1,824)
Others	535,181	1,634,568	514,399	1,570,494
	Rs <u>2,792,662</u>	<u>8,829,353</u>	Rs <u>2,755,832</u>	<u>8,392,506</u>

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28. Other Income and Expenses

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

(In thousands of won)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction gain	₩ 2,086,321	4,306,670	₩ 1,152,511	4,014,152
Foreign exchange translation gain	(332,188)	799,148	73,356	487,024
Gain on disposal of property, plant and equipment	172,048	832,054	5,255	135,100
Others	1,883,835	6,692,755	1,208,431	3,432,245
	₩ <u>3,810,016</u>	<u>12,630,627</u>	₩ <u>2,439,553</u>	<u>8,068,521</u>

(In thousands of rupee)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction gain	Rs 122,884	253,663	Rs 67,883	236,434
Foreign exchange translation gain	(19,566)	47,070	4,321	28,686
Gain on disposal of property, plant and equipment	10,134	49,008	310	7,957
Others	110,958	394,203	71,176	202,159
	Rs <u>224,410</u>	<u>743,944</u>	Rs <u>143,690</u>	<u>475,236</u>

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

(In thousands of won)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction loss	₩ 1,778,077	4,721,854	₩ 1,171,349	4,209,685
Foreign exchange translation loss	113,422	463,052	(396,727)	224,707
Loss on disposal of property, plant and equipment	304,890	652,795	17,533	153,095
Loss on disposal of trade receivables	12,388	68,532	16,052	53,695
Others	607,312	2,145,965	184,850	1,162,454
	₩ <u>2,816,089</u>	<u>8,052,198</u>	₩ <u>993,057</u>	<u>5,803,636</u>

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

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

(In thousands of rupee)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Foreign exchange transaction loss	Rs 104,729	278,117	Rs 68,992	247,950
Foreign exchange translation loss	6,681	27,274	(23,367)	13,235
Loss on disposal of property, plant and equipment	17,958	38,450	1,033	9,017
Loss on disposal of trade receivables	730	4,037	945	3,163
Others	35,770	126,396	10,888	68,469
	<u>Rs 165,868</u>	<u>474,274</u>	<u>Rs 58,491</u>	<u>341,834</u>

**29. Finance Income and Costs**

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

(In thousands of won)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest income	₩ 762,401	3,140,542	₩ 711,494	1,732,873
Dividend income	-	11,000	-	11,000
Foreign exchange transaction gain	754,922	3,668,069	550,720	3,298,983
Foreign exchange translation gain	201,417	650,254	1,185,568	1,595,203
Realized gain of financial derivatives	112,669	499,898	660,510	3,153,257
Unrealized gain of financial derivatives	(35,642)	1,831	(878,243)	133,072
	<u>₩ 1,795,767</u>	<u>7,971,594</u>	<u>₩ 2,230,049</u>	<u>9,924,388</u>

(In thousands of rupee)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest income	Rs 44,905	184,978	Rs 41,907	102,066
Dividend income	-	648	-	648
Foreign exchange transaction gain	44,466	216,049	32,438	194,310
Foreign exchange translation gain	11,863	38,300	69,830	93,957
Realized gain of financial derivatives	6,636	29,444	38,904	185,727
Unrealized gain of financial derivatives	(2,099)	108	(51,729)	7,838
	<u>Rs 105,771</u>	<u>469,527</u>	<u>Rs 131,350</u>	<u>584,546</u>

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29. Finance Income and Costs, Continued

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

(In thousands of won)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest expense	₩ 1,721,329	3,059,127	₩ 170,337	674,840
Foreign exchange transaction loss	6,250,107	11,324,721	1,875,095	7,845,988
Foreign exchange translation loss	(1,370,424)	3,265,894	(2,156,816)	490,585
Realized loss of financial derivatives	73,061	214,649	398,500	1,424,288
Unrealized loss of financial derivatives	(150,234)	464	4,545	41,796
	₩ 6,523,839	17,864,855	₩ 291,661	10,477,497

(In thousands of rupee)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Interest expense	Rs 101,386	180,183	Rs 10,033	39,748
Foreign exchange transaction loss	368,132	667,026	110,442	462,129
Foreign exchange translation loss	(80,718)	192,361	(127,036)	28,895
Realized loss of financial derivatives	4,303	12,643	23,472	83,891
Unrealized loss of financial derivatives	(8,849)	27	268	2,462
	Rs 384,254	1,052,240	Rs 17,179	617,125



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29. Finance Income and Costs, Continued

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

(In thousands of won)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Amortised cost of financial assets and financial liabilities	₩ (4,882,272)	(10,190,877)	₩ 2,559,166	(2,384,354)
Non-Current financial assets	-	11,000	-	11,000
Derivatives financial assets (liabilities)	154,200	286,616	(620,778)	1,820,245
	₩ (4,728,072)	(9,893,261)	₩ 1,938,388	(553,109)

(In thousands of rupee)

	2019		2018	
	Three-month period	Nine-month period	Three-month period	Nine-month period
Amortised cost of financial assets and financial liabilities	Rs (287,565)	(600,243)	Rs 150,735	(140,439)
Non-Current financial assets	-	648	-	648
Derivatives financial assets (liabilities)	9,082	16,882	(36,564)	107,212
	Rs (278,483)	(582,713)	Rs 114,171	(32,579)

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

**30. Losses per Share**

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

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

	<b>2019</b>		<b>2018</b>	
	<b>Three-month period</b>	<b>Nine-month period</b>	<b>Three-month period</b>	<b>Nine-month period</b>
Loss for the period	₩ (107,900,969)	(185,469,969)	₩ (18,232,506)	(57,847,644)
Loss contributed to common stocks	(107,900,969)	(185,469,969)	(18,232,506)	(57,847,644)
Weighted average number of common shares (In shares)	149,840,002	148,845,805	138,983,372	138,983,372
Basic losses per share(*) (In won)	₩ (720)	(1,246)	₩ (131)	(416)

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

	<b>2019</b>		<b>2018</b>	
	<b>Three-month period</b>	<b>Nine-month period</b>	<b>Three-month period</b>	<b>Nine-month period</b>
Loss for the period	Rs (6,355,367)	(10,924,181)	Rs (1,073,895)	(3,407,226)
Loss contributed to common stocks	(6,355,367)	(10,924,181)	(1,073,895)	(3,407,226)
Weighted average number of common shares (In shares)	149,840,002	148,845,805	138,983,372	138,983,372
Basic losses per share(*) (In rupee)	Rs (42)	(73)	Rs (8)	(25)

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

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

**30. Losses per Share, Continued**

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

(In shares)

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

(In shares)

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

(\*) In accordance with K-IFRS No.1033, when the rights offering is less than fair value, the shares issued below fair value are considered as free shares and the number of shares outstanding is retroactively applied.

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31. Cash Flows

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
<b>Loss for the period</b>	₩ (185,469,969)	(57,847,644)	Rs (10,924,181)	(3,407,226)
<b>Adjustments for:</b>				
Retirement benefit costs	36,366,501	33,884,340	2,141,987	1,995,788
Depreciation	121,704,906	105,898,762	7,168,419	6,237,437
Amortization	71,567,233	52,953,341	4,215,310	3,118,952
Losses on disposal of trade receivables	68,532	53,695	4,037	3,163
Foreign exchange translation gain and loss, net	2,279,544	(1,366,935)	134,265	(80,512)
Losses on disposal of property, plant and equipment	(179,258)	17,995	(10,558)	1,060
Interest expense and income, net	(98,207)	(1,058,033)	(5,784)	(62,318)
Dividends income	(11,000)	(11,000)	(648)	(648)
Unrealized gain and loss of financial derivatives, net	(1,367)	(91,276)	(81)	(5,376)
Losses on valuation of inventories	7,884,178	4,503,970	464,378	265,284
Increase in provision of warranty for sale	23,308,592	16,811,224	1,372,876	990,181
Equity profit on investments	(1,944,748)	(1,134,891)	(114,546)	(66,845)
Others	3,790,830	132,258	223,280	7,788
	<u>264,735,736</u>	<u>210,593,450</u>	<u>15,592,935</u>	<u>12,403,954</u>
<b>Changes in assets and liabilities</b>				
Trade receivables	4,429,742	26,821,531	260,912	1,579,788
Other receivables	587,367	880,075	34,596	51,836
Inventories	(71,563,449)	10,934,556	(4,215,087)	644,045
Trade payables	(120,588,847)	23,822,517	(7,102,683)	1,403,146
Other payables	(10,650,053)	(10,471,709)	(627,288)	(616,784)
Accrued expenses	(2,245,151)	576,651	(132,239)	33,965
Usage of provision of warranty for sale	(28,436,744)	(28,557,131)	(1,674,924)	(1,682,015)
Payment of retirement benefits	(18,747,413)	(16,290,475)	(1,104,223)	(959,509)
Others	939,239	(7,625,894)	55,320	(449,164)
	<u>(246,275,309)</u>	<u>90,121</u>	<u>(14,505,616)</u>	<u>5,308</u>
<b>Net cash provided by (in used) operating activities</b>	₩ <u>(167,009,542)</u>	<u>152,835,927</u>	Rs <u>(9,836,862)</u>	<u>9,002,036</u>

(2) Significant non-cash activities for the nine month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Changes in other payables related to the acquisition of property, plant and equipment	₩ (5,677,085)	(15,973,911)	Rs (334,380)	(940,863)

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31. Cash Flows, Continued

(3) Adjustment of liabilities from financing activities

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

(In thousands of won)

		<b>Beginning balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Liquidity</b>	<b>Others</b>	<b>Exchange rate effect</b>	<b>Ending balance</b>
Banker's usance (*)	₩	143,227,545	-	(12,572,995)	-	-	2,617,547	133,272,097
Short-term borrowings		35,000,000	40,000,000	(6,250,000)	101,250,000	-	-	170,000,000
Long-term borrowings		75,000,000	170,000,000	-	(101,250,000)	-	-	143,750,000
Lease liabilities		-	-	(7,293,222)	-	19,134,768	50,835	11,892,381
	₩	<u>253,227,545</u>	<u>210,000,000</u>	<u>(26,116,217)</u>	<u>-</u>	<u>19,134,768</u>	<u>2,668,382</u>	<u>458,914,478</u>

(In thousands of rupee)

		<b>Beginning balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Liquidity</b>	<b>Others</b>	<b>Exchange rate effect</b>	<b>Ending balance</b>
Banker's usance (*)	Rs	8,436,102	-	(740,549)	-	-	154,174	7,849,727
Short-term borrowings		2,061,500	2,356,000	(368,125)	5,963,625	-	-	10,013,000
Long-term borrowings		4,417,500	10,013,000	-	(5,963,625)	-	-	8,466,875
Lease liabilities		-	-	(429,571)	-	1,127,038	2,994	700,461
	Rs	<u>14,915,102</u>	<u>12,369,000</u>	<u>(1,538,245)</u>	<u>-</u>	<u>1,127,038</u>	<u>157,168</u>	<u>27,030,063</u>

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

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**32. Segment Information**

(1) The Group 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 Group 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 Group for the nine-month periods ended September 30, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

Sales region	Korean won		Indian rupee	
	2019	2018	2019	2018
Republic of Korea	₩ 2,207,456,406	2,157,818,489	Rs 130,019,182	127,095,509
Europe	253,173,936	217,282,198	14,911,945	12,797,921
Asia Pacific	167,173,839	79,278,290	9,846,539	4,669,491
Others	120,909,765	208,967,495	7,121,585	12,308,186
Consolidated adjustment	(44,031,025)	(11,230,410)	(2,593,427)	(661,471)
	₩ <u>2,704,682,921</u>	<u>2,652,116,062</u>	Rs <u>159,305,824</u>	<u>156,209,636</u>

Non-current assets are not separately disclosed since those are mostly 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.

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Automobile	₩ 2,326,161,704	2,325,214,728	Rs 137,010,924	136,955,147
Merchandise and parts	302,579,967	254,000,050	17,821,960	14,960,603
Others	75,941,250	72,901,284	4,472,940	4,293,886
	₩ <u>2,704,682,921</u>	<u>2,652,116,062</u>	Rs <u>159,305,824</u>	<u>156,209,636</u>

(4) Balance of Contracts as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Receivables from contracts with customers	₩ 153,923,305	158,512,150	Rs 9,066,083	9,336,366
Contract liabilities	20,945,600	17,311,822	1,233,696	1,019,666

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

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

(1) Details of parent and subsidiary relationships as of September 30, 2019 are as follows:

Relationship	Company
Parent	Mahindra & Mahindra Ltd.
Joint venture	SY Auto Capital Co., Ltd.

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

*(In thousands of won)*

Relationship	Company	Description	2019	2018
Parent	Mahindra & Mahindra Ltd.	Sales	₩ 30,871,844	4,808,743
		Purchases	-	103,581
		Other expenses	582,265	891,819
Joint venture	SY Auto Capital Co., Ltd.	Other income	1,770,207	-
		Other expenses	22,676,284	14,277,026
Others	Mahindra Vehicle Manufacturing Ltd.	Sales	40,921,475	15,541,474
	Mahindra Electric Mobility Ltd.	Other expenses	336,823	2,516,203
	Mahindra & Mahindra South Africa Ltd.	Sales	13,817	42,805
	PININFARINA S.p.A	Other expenses	384,694	525,391

*(In thousands of rupee)*

Relationship	Company	Description	2019	2018
Parent	Mahindra & Mahindra Ltd.	Sales	Rs 1,818,352	283,235
		Purchases	-	6,101
		Other expenses	34,295	52,528
Joint venture	SY Auto Capital Co., Ltd.	Other income	104,265	-
		Other expenses	1,335,633	840,917
Others	Mahindra Vehicle Manufacturing Ltd.	Sales	2,410,275	915,393
	Mahindra Electric Mobility Ltd.	Other expenses	19,839	148,204
	Mahindra & Mahindra South Africa Ltd.	Sales	814	2,521
	PININFARINA S.p.A	Other expenses	22,658	30,946

No bad debt expense was recognized for the nine month periods ended September 30, 2019 and 2018.

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

(3) Account balances with related parties as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won)

Relationship	Company	Description	2019	2018
Parent	Mahindra & Mahindra Ltd.	Trade receivables ₩	1,277,044	4,171,953
		Other receivables	50,302	30,314
		Other payables	682,613	669,683
Joint venture	SY Auto Capital Co., Ltd.	Other payables	124,016	242,805
		Trade receivables	-	5,405,701
Others	Mahindra Vehicle Manufacturing Ltd.	Other payables	2,375,007	2,500,000
	Mahindra Electric Mobility Ltd.	Other payables	242,876	44,724
	Mahindra & Mahindra South Africa Ltd.	Other payables	9,538	11,560

(In thousands of rupee)

Relationship	Company	Description	2019	2018
Parent	Mahindra & Mahindra Ltd.	Trade receivables Rs	75,218	245,728
		Other receivables	2,963	1,785
		Other payables	40,206	39,444
Joint venture	SY Auto Capital Co., Ltd.	Other payables	7,304	14,301
		Trade receivables	-	318,396
Others	Mahindra Vehicle Manufacturing Ltd.	Other payables	139,888	147,250
	Mahindra Electric Mobility Ltd.	Other payables	14,305	2,634
	Mahindra & Mahindra South Africa Ltd.	Other payables	562	681

Allowance for receivables from related parties are not recognized as of September 30, 2019 and December 31, 2018.

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

(In thousands of won)

Relationship	Description	Company	Korean won	
			2019	2018
Parent	Issuing Capital Stock	Mahindra & Mahindra Ltd.	₩ 49,706,372	-

(In thousands of rupee)

Relationship	Description	Company	Indian rupee	
			2019	2018
Parent	Issuing Capital Stock	Mahindra & Mahindra Ltd.	Rs 2,927,705	-



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

(5) Executive compensation of the Group for the nine-month periods ended September 30, 2019 and 2018, is as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		2019	2018
Short-term employee benefits	₩	5,910,988	5,318,064	Rs	348,157	313,234
Retirement benefits		430,157	394,381		25,336	23,229

**34. Financial Instruments**

(1) Capital risk management

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

Debt-to-equity ratio as of September 30, 2019 and December 31, 2018 is as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		2019	2018
Debt (A)	₩	1,591,576,667	1,512,353,646	Rs	93,743,866	89,077,630
Equity (B)		557,443,750	693,288,419		32,833,437	40,834,687
Debt-to-equity ratio (A/B)		285.51%	218.14%		285.51%	218.14%

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

1) Financial assets

(In thousands of won)

		2019				
		Amortised cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	₩	43,161,783	-	-	43,161,783	43,161,783
Long-term financial instruments		4,000	-	-	4,000	4,000
Trade and other receivables		209,928,143	-	-	209,928,143	209,928,143
Non-current financial assets		-	560,000	-	560,000	560,000
Derivative assets		-	-	86,117	86,117	86,117
	₩	253,093,926	560,000	86,117	253,740,043	253,740,043

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34. Financial Instruments, Continued

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

1) Financial assets, continued

(In thousands of won)

	2018				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	₩ 156,062,657	-	-	156,062,657	156,062,657
Long-term financial instruments	4,000	-	-	4,000	4,000
Trade and other receivables	207,545,265	-	-	207,545,265	207,545,265
Non-current financial assets	-	560,000	-	560,000	560,000
Derivative assets	-	806,894	84,425	891,319	891,319
	₩ 363,611,922	1,366,894	84,425	365,063,241	365,063,241

(In thousands of rupee)

	2019				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	Rs 2,542,229	-	-	2,542,229	2,542,229
Long-term financial instruments	236	-	-	236	236
Trade and other receivables	12,364,768	-	-	12,364,768	12,364,768
Non-current financial assets	-	32,984	-	32,984	32,984
Derivative assets	-	-	5,072	5,072	5,072
	Rs 14,907,233	32,984	5,072	14,945,289	14,945,289

(In thousands of rupee)

	2018				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	Rs 9,192,090	-	-	9,192,090	9,192,090
Long-term financial instruments	236	-	-	236	236
Trade and other receivables	12,224,416	-	-	12,224,416	12,224,416
Non-current financial assets	-	32,984	-	32,984	32,984
Derivative assets	-	47,526	4,973	52,499	52,499
	Rs 21,416,742	80,510	4,973	21,502,225	21,502,225

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34. Financial Instruments, Continued

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

2) Financial liabilities

(In thousands of won)

		2019				
		Financial liability measured at amortised cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	₩	561,015,980	-	-	561,015,980	561,015,980
Borrowings		447,022,097	-	-	447,022,097	447,022,097
Lease liabilities		11,892,381	-	-	11,892,381	11,892,381
	₩	<u>1,019,930,458</u>	<u>-</u>	<u>-</u>	<u>1,019,930,458</u>	<u>1,019,930,458</u>

(In thousands of won)

		2018				
		Financial liability measured at amortised cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	₩	693,223,692	-	-	693,223,692	693,223,692
Borrowings		253,227,545	-	-	253,227,545	253,227,545
	₩	<u>946,451,237</u>	<u>-</u>	<u>-</u>	<u>946,451,237</u>	<u>946,451,237</u>

(In thousands of rupee)

		2019				
		Financial liability measured at amortised cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	Rs	33,043,841	-	-	33,043,841	33,043,841
Borrowings		26,329,601	-	-	26,329,601	26,329,601
Lease liabilities		700,461	-	-	700,461	700,461
	Rs	<u>60,073,903</u>	<u>-</u>	<u>-</u>	<u>60,073,903</u>	<u>60,073,903</u>

(In thousands of rupee)

		2018				
		Financial liability measured at amortised cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	Rs	40,830,875	-	-	40,830,875	40,830,875
Borrowings		14,915,102	-	-	14,915,102	14,915,102
	Rs	<u>55,745,977</u>	<u>-</u>	<u>-</u>	<u>55,745,977</u>	<u>55,745,977</u>

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**34. Financial Instruments, Continued**

(3) Financial risk management

The Group is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Group operates a risk management policy and a program that performs close monitoring 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 Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group assesses, manages and reports, on a regular basis, the foreign exchange risk for its receivables and payables denominated in foreign currency.

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% as of September 30, 2019.

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

Currency	Korean won		Indian rupee	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 1,636,372	(1,636,372)	Rs 96,382	(96,382)
EUR	(756,210)	756,210	(44,541)	44,541
JPY	(10,702,552)	10,702,552	(630,380)	630,380
Others	398,309	(398,309)	23,460	(23,460)
	₩ (9,424,081)	9,424,081	Rs (555,079)	555,079

b. Interest rate risk

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

If other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Group's current income will decrease or increase in ₩ 613,853 thousand (Rs 36,156 thousand) for the nine-month period ended September 30, 2019, due to floating rate debt's interest rate risk.

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**34. Financial Instruments, Continued**

(3) Financial risk management, continued

2) Credit risk

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

If a credit risk occurs with respect to a dealership sale, which is a major type of the Group's sales, the respective dealership bears all of the risk; the Group manages credit risk on product sales using two management 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 Group's trade receivables are usually collected within 30 days but some of the notes receivable are collected within 75 days.

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

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

The Group estimates an allowance for the receivables that are over more than 90 days, but less than one year through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Group estimates an allowance based on the historical loss rates.

Maximum exposure in respect of credit risk as of September 30, 2019 and December 31, 2018 are as follows:

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

	<b>Korean won</b>		<b>Indian rupee</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Trade and other receivables	₩ 209,928,143	207,545,265	Rs 12,364,768	12,224,416

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34. Financial Instruments, Continued

(3) Financial risk management, continued

3) Liquidity risk

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

The contractual maturities of financial liabilities as of September 30, 2019 and December 31, 2018 are as follows:

(In thousands of won)

	<b>2019</b>		
	<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	₩ 415,013,157	-	415,013,157
Other payables	145,115,544	-	145,115,544
Short-term borrowings(*)	306,200,310	-	306,200,310
Lease liabilities(*)	6,706,967	5,645,776	12,352,743
Long-term borrowings(*)	-	160,377,256	160,377,256
Long-term other payables	-	887,279	887,279
	<b>₩ 873,035,978</b>	<b>166,910,311</b>	<b>1,039,946,289</b>

(In thousands of won)

	<b>2018</b>		
	<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	₩ 534,943,259	-	534,943,259
Other payables	156,669,296	-	156,669,296
Short-term borrowings(*)	179,518,770	-	179,518,770
Long-term borrowings(*)	-	78,760,222	78,760,222
Long-term other payables	-	1,593,271	1,593,271
	<b>₩ 871,131,325</b>	<b>80,353,493</b>	<b>951,484,818</b>

(\*) Including expected interest expenses.

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**34. Financial Instruments, Continued**

(3) Financial risk management, continued

3) Liquidity risk, continued

(In thousands of rupee)

		<b>2019</b>		
		<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	Rs	24,444,275	-	24,444,275
Other payables		8,547,306	-	8,547,306
Short-term borrowings(*)		18,035,198	-	18,035,198
Lease liabilities(*)		395,040	332,536	727,576
Long-term borrowings(*)		-	9,446,220	9,446,220
Long-term other payables		-	52,261	52,261
	Rs	<u>51,421,819</u>	<u>9,831,017</u>	<u>61,252,836</u>

(In thousands of rupee)

		<b>2018</b>		
		<b>Within a year</b>	<b>Over 1 year</b>	<b>Total</b>
Trade payables	Rs	31,508,158	-	31,508,158
Other payables		9,227,822	-	9,227,822
Short-term borrowings(*)		10,573,656	-	10,573,656
Long-term borrowings(*)		-	4,638,977	4,638,977
Long-term other payables		-	93,844	93,844
	Rs	<u>51,309,636</u>	<u>4,732,821</u>	<u>56,042,457</u>

(\*) Including expected interest expenses.

(4) Fair value of financial instruments

1) The Group's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortised 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 Group uses the closing price as the quoted market price for its financial assets.

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

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

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**34. Financial Instruments, Continued**

(4) Fair value of financial instruments, continued

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

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

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

*(In thousands of won)*

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

*(In thousands of rupee)*

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

4) The Group measures the foreign exchange forward contract derivative assets: ₩ 86,117 thousand (Rs 5,072 thousand) based on the forward rate announced officially in the market as of September 30, 2019. In the event that no corresponding forward rate with residual year of the foreign exchange forward contract in the market exists, the Group measured the market value through interpolation method.

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



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**35. Going concern assumption**

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

However, as of the end of the reporting period due to deteriorating financial structure, the Group has incurred operating losses of ₩ 182,100 millions (Rs 10,726 million) and net losses of ₩ 185,470 millions (Rs 10,924 million) as of the end of reporting period. In addition, the Group's current liabilities exceed its current assets by ₩ 463,741 millions (Rs 27,314 million).

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