

SSANGYONG MOTOR COMPANY

Separate Interim Financial Statements

(Unaudited)

30 June, 2019 and 2018

(With Independent Auditors' Review Report Thereon)

Contents

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

Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
Ssangyong Motor Company

We have reviewed the accompanying separate interim financial statements of Ssangyong Motor Company, which comprise the separate interim statement of financial position as of June 30, 2019, the separate interim statements of comprehensive loss for the three-month and six-month periods ended June 30, 2019 and 2018, the separate interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2019 and 2018 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

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

Auditors' review responsibility

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

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

Conclusion

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

Other matters

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

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

The accompanying separate interim financial statements as of June 30, 2019 and December 31, 2019 and for the three-month and the six-month periods ended June 30, 2019 and 2018 have been translated into Indian Rupee solely for the convenience of the reader and such translation does not comply with K-IFRS. We have reviewed the translation and nothing came to our attention that cause us to believe that the separate interim financial statements expressed in Korean won have not been translated into Indian Rupee on the basis set forth in note 2.(1) to the separate interim financial statements.

KPMG Samjong Accounting Corp.

Seoul, Korea
August 13, 2019

This report is effective as of August 13, 2019, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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

As of June 30, 2019 and December 31, 2018

(In thousands of won and in thousands of rupee)

	<i>Note</i>	Korean won		Indian rupee	
		2019	2018	2019	2018
Assets					
Cash and cash equivalents	4,5,33 ₩	308,628,890	150,953,423	Rs 18,425,145	9,011,919
Trade and other receivables, net	7,32,33	194,150,054	195,638,837	11,590,758	11,679,639
Derivative assets	25,33	272,995	891,319	16,298	53,212
Inventories, net	8,24	298,905,586	216,956,615	17,844,663	12,952,310
Other current assets	10	12,564,565	11,243,637	750,105	671,245
Total current assets		814,522,090	575,683,831	48,626,969	34,368,325
Non-current financial instruments	5,33	4,000	4,000	239	239
Non-current other receivables, net	7,32,33	39,218,166	35,124,579	2,341,325	2,096,937
Non-current financial assets	6,33	560,000	560,000	33,432	33,432
Property, plant and equipment, net	11,13	1,235,312,279	1,227,206,439	73,748,143	73,264,224
Intangible assets, net	11,12	358,093,824	353,759,963	21,378,201	21,119,470
Investments in subsidiaries	9	3,248,243	3,248,243	193,920	193,920
Investments in joint venture	9	10,200,000	10,200,000	608,940	608,940
Other non-current assets	2,10	6,732,461	276,099	401,927	16,483
Total non-current assets		1,653,368,973	1,630,379,323	98,706,127	97,333,645
Total assets		₩ 2,467,891,063	2,206,063,154	Rs 147,333,096	131,701,970

See accompanying notes to the separate interim financial statements.

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

As of June 30, 2019 and December 31, 2018

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee	
		2019	2018	2019	2018
Liabilities					
Trade and other payables	14,18,32,33 ₩	951,062,749	730,540,041	Rs 56,778,446	43,613,240
Short-term borrowings	13,18,30,33	194,670,605	178,227,545	11,621,835	10,640,184
Derivative liabilities	25,33	418,839	-	25,005	-
Provision of warranty for sale					
- current	15	50,044,554	49,209,826	2,987,660	2,937,827
Other long-term employee benefits liabilities- current		1,463,890	2,726,289	87,394	162,759
Other current liabilities	16,32	33,332,966	32,909,339	1,989,978	1,964,688
Total current liabilities		<u>1,230,993,603</u>	<u>993,613,040</u>	<u>73,490,318</u>	<u>59,318,698</u>
Long-term borrowings	13,18,30,33	116,250,000	75,000,000	6,940,125	4,477,500
Non-current other payables	33	943,194	1,593,271	56,309	95,118
Other non-current liabilities	16	17,864,422	11,257,510	1,066,506	672,073
Defined benefit liabilities	17	338,477,848	329,181,466	20,207,128	19,652,134
Other long-term employee benefits liabilities					
- non-current		14,927,981	14,313,193	891,199	854,498
Provision of warranty for sale					
- non-current	15	81,370,378	85,828,261	4,857,812	5,123,947
Total non-current liabilities		<u>569,833,823</u>	<u>517,173,701</u>	<u>34,019,079</u>	<u>30,875,270</u>
Total liabilities		₩ <u>1,800,827,426</u>	<u>1,510,786,741</u>	Rs <u>107,509,397</u>	<u>90,193,968</u>
Equity					
Capital stock	19,32	749,200,010	689,746,980	44,727,241	41,177,895
Other capital surplus	20	78,162,820	87,909,478	4,666,320	5,248,196
Other equity	21	(32,620)	103,000	(1,948)	6,149
Accumulated deficit	22	(160,266,573)	(82,483,045)	(9,567,914)	(4,924,238)
Total equity		₩ <u>667,063,637</u>	<u>695,276,413</u>	Rs <u>39,823,699</u>	<u>41,508,002</u>
Total liabilities and equity		₩ <u>2,467,891,063</u>	<u>2,206,063,154</u>	Rs <u>147,333,096</u>	<u>131,701,970</u>

See accompanying notes to the separate interim financial statements.

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

For the three-month and six-month periods ended June 30, 2019 and 2018

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

	Note	2019		2018	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	31,32	₩ 932,089,312	1,874,779,751	₩ 939,869,727	1,746,657,311
Cost of sales	24,32	842,957,713	1,674,938,644	820,293,464	1,537,835,938
Gross profit		<u>89,131,599</u>	<u>199,841,107</u>	<u>119,576,263</u>	<u>208,821,373</u>
Selling, general and administrative expenses	24,26	136,270,311	276,011,337	127,572,768	247,938,694
Operating loss		<u>(47,138,712)</u>	<u>(76,170,230)</u>	<u>(7,996,505)</u>	<u>(39,117,321)</u>
Other income	27,32	5,702,556	8,817,763	2,247,211	5,628,917
Other expenses	27,32	(3,333,193)	(5,236,109)	(2,782,127)	(4,810,579)
Finance income	25,28	2,470,255	6,135,235	4,505,583	7,681,424
Finance costs	25,28	(7,974,842)	(11,326,746)	(2,600,938)	(10,176,106)
Loss before income taxes		<u>(50,273,936)</u>	<u>(77,780,087)</u>	<u>(6,626,776)</u>	<u>(40,793,665)</u>
Income tax expenses	23	-	-	-	-
Loss for the period		<u>(50,273,936)</u>	<u>(77,780,087)</u>	<u>(6,626,776)</u>	<u>(40,793,665)</u>
Other comprehensive income (loss) for the period	21,22	267,064	(139,061)	(616,898)	150,422
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	17	(1,766)	(3,441)	(3,307)	(6,548)
Items that are or may be reclassified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedge	21,25	<u>268,830</u>	<u>(135,620)</u>	<u>(613,591)</u>	<u>156,970</u>
Total comprehensive loss for the period		<u>₩ (50,006,872)</u>	<u>(77,919,148)</u>	<u>₩ (7,243,674)</u>	<u>(40,643,243)</u>
Losses per share					
Basic and diluted losses per share (In won)	29	₩ (336)	(524)	₩ (48)	(294)

See accompanying notes to the separate interim financial statements.

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

For the three-month and six-month periods ended June 30, 2019 and 2018

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

	<i>Note</i>	2019		2018	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	31,32	Rs 55,645,732	111,924,351	Rs 56,110,223	104,275,441
Cost of sales	24,32	50,324,576	99,993,837	48,971,520	91,808,805
Gross profit		<u>5,321,156</u>	<u>11,930,514</u>	<u>7,138,703</u>	<u>12,466,636</u>
Selling, general and administrative expenses	24,26	8,135,337	16,477,877	7,616,094	14,801,940
Operating loss		<u>(2,814,181)</u>	<u>(4,547,363)</u>	<u>(477,391)</u>	<u>(2,335,304)</u>
Other income	27,32	340,443	526,420	134,158	336,046
Other expenses	27,32	(198,992)	(312,596)	(166,093)	(287,192)
Finance income	25,28	147,474	366,275	268,983	458,582
Finance costs	25,28	(476,098)	(676,207)	(155,276)	(607,514)
Loss before income taxes		<u>(3,001,354)</u>	<u>(4,643,471)</u>	<u>(395,619)</u>	<u>(2,435,382)</u>
Income tax expenses	23	-	-	-	-
Loss for the period		<u>(3,001,354)</u>	<u>(4,643,471)</u>	<u>(395,619)</u>	<u>(2,435,382)</u>
Other comprehensive income (loss) for the period	21,22	15,944	(8,302)	(36,828)	8,980
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	17	(105)	(205)	(197)	(391)
Items that are or may be reclassified subsequently to profit or loss:					
Effective portion of changes in fair value of cash flow hedge	21,25	16,049	(8,097)	(36,631)	9,371
Total comprehensive loss for the period		Rs <u>(2,985,410)</u>	<u>(4,651,773)</u>	Rs <u>(432,447)</u>	<u>(2,426,402)</u>
Losses per share					
Basic and diluted losses per share (In rupee)	29	Rs (20)	(31)	Rs (3)	(18)

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2019 and 2018

(In thousands of won)

	Capital stock	Other capital surplus			Gain on disposal of treasury stock	Other equity	Retained earnings (Accumulated deficit)	Total
		Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity				
Balance at January 1, 2018	₩ 689,746,980	12,916,273	118,189,001	931,509	1,105,137	-	(45,232,442)	777,656,458
Total comprehensive income(loss) for the period:								
Loss for the period	-	-	-	-	-	-	(40,793,665)	(40,793,665)
Defined benefit plan re-measurements	-	-	-	-	-	-	(6,548)	(6,548)
Changes in fair value of cash flow hedge	-	-	-	-	-	156,970	-	156,970
Transactions with owners of the Parent Company, recognized directly in equity:								
Disposition of deficit	-	-	(44,127,304)	-	(1,105,137)	-	45,232,442	-
Balance at June 30, 2018	₩ <u>689,746,980</u>	<u>12,916,273</u>	<u>74,061,697</u>	<u>931,509</u>	<u>-</u>	<u>156,970</u>	<u>(40,800,213)</u>	<u>737,013,216</u>
Balance at January 1, 2019	₩ 689,746,980	12,916,273	74,061,697	931,508	-	103,000	(82,483,045)	695,276,413
Total comprehensive income(loss) for the period:								
Loss for the period	-	-	-	-	-	-	(77,780,087)	(77,780,087)
Defined benefit plan re-measurements	-	-	-	-	-	-	(3,441)	(3,441)
Changes in fair value of cash flow hedge	-	-	-	-	-	(135,620)	-	(135,620)
Transactions with owners of the Parent Company, recognized directly in equity:								
Issue of ordinary shares	59,453,030	(9,746,658)	-	-	-	-	-	49,706,372
Balance at June 30, 2019	₩ <u>749,200,010</u>	<u>3,169,615</u>	<u>74,061,697</u>	<u>931,508</u>	<u>-</u>	<u>(32,620)</u>	<u>(160,266,573)</u>	<u>667,063,637</u>

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2019 and 2018

(In thousands of rupee)

	Capital stock	Other capital surplus			Gain on disposal of treasury stock	Other equity	Retained earnings (Accumulated deficit)	Total
		Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity				
Balance at January 1, 2018	Rs 41,177,895	771,102	7,055,883	55,611	65,977	-	(2,700,377)	46,426,091
Total comprehensive income(loss) for the period:								
Loss for the period	-	-	-	-	-	-	(2,435,382)	(2,435,382)
Defined benefit plan re-measurements	-	-	-	-	-	-	(391)	(391)
Changes in fair value of cash flow hedge	-	-	-	-	-	9,371	-	9,371
Transactions with owners of the Parent Company, recognized directly in equity:								
Disposition of deficit	-	-	(2,634,400)	-	(65,977)	-	2,700,377	-
Balance at June 30, 2018	Rs <u>41,177,895</u>	<u>771,102</u>	<u>4,421,483</u>	<u>55,611</u>	<u>-</u>	<u>9,371</u>	<u>(2,435,773)</u>	<u>43,999,689</u>
Balance at January 1, 2019	Rs 41,177,895	771,102	4,421,483	55,611	-	6,149	(4,924,238)	41,508,002
Total comprehensive income(loss) for the period:								
Loss for the period	-	-	-	-	-	-	(4,643,471)	(4,643,471)
Defined benefit plan re-measurements	-	-	-	-	-	-	(205)	(205)
Changes in fair value of cash flow hedge	-	-	-	-	-	(8,097)	-	(8,097)
Transactions with owners of the Parent Company, recognized directly in equity:								
Issue of ordinary shares	3,549,346	(581,876)	-	-	-	-	-	2,967,470
Balance at June 30, 2019	Rs <u>44,727,241</u>	<u>189,226</u>	<u>4,421,483</u>	<u>55,611</u>	<u>-</u>	<u>(1,948)</u>	<u>(9,567,914)</u>	<u>39,823,699</u>

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2019 and 2018

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Cash flows from operating activities				
Loss for the period	₩ (77,780,087)	(40,793,665) Rs	(4,643,471)	(2,435,382)
Adjustment	171,138,310	140,594,070	10,216,957	8,393,466
Changes in assets and liabilities	107,403,585	(83,441,934)	6,411,994	(4,981,483)
Cash generated from operations (note 30)	<u>200,761,808</u>	<u>16,358,471</u>	<u>11,985,480</u>	<u>976,601</u>
Interest received	2,195,540	1,102,286	131,074	65,806
Interest paid	(3,305,016)	(2,333,647)	(197,310)	(139,319)
Dividends received	11,000	11,000	657	657
Net cash provided by operating activities	<u>199,663,332</u>	<u>15,138,110</u>	<u>11,919,901</u>	<u>903,745</u>
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	1,389,941	258,730	82,979	15,447
Acquisition of property, plant and equipment	(91,524,221)	(69,460,882)	(5,463,994)	(4,146,815)
Acquisition of intangible assets	(48,662,986)	(44,978,702)	(2,905,180)	(2,685,228)
Cash flow used in other investing activities	(1,952,810)	(337,022)	(116,585)	(20,121)
Net cash used in investing activities	<u>(140,750,076)</u>	<u>(114,517,876)</u>	<u>(8,402,780)</u>	<u>(6,836,717)</u>
Cash flows from financing activities				
Proceeds from borrowings	57,255,474	-	3,418,152	-
Proceeds from issuing capital stock	49,706,372	-	2,967,471	-
Repayment of borrowings	(3,750,000)	(12,401,644)	(223,875)	(740,378)
Cash flow used in other financing activities	(4,449,635)	-	(265,643)	-
Net cash provided by (used in) financing activities	<u>98,762,211</u>	<u>(12,401,644)</u>	<u>5,896,105</u>	<u>(740,378)</u>
Net increase(decrease) in cash and cash equivalents	<u>157,675,467</u>	<u>(111,781,410)</u>	<u>9,413,226</u>	<u>(6,673,350)</u>
Cash and cash equivalents at January 1	150,953,423	212,521,514	9,011,919	12,687,534
Cash and cash equivalents at June 30	<u>₩ 308,628,890</u>	<u>100,740,104</u> Rs	<u>18,425,145</u>	<u>6,014,184</u>

See accompanying notes to the separate interim financial statements.

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

For the six-month periods ended June 30, 2019 and 2018

1. General Description of the Company

(1) Organization and description of business of the Company

Ssangyong Motor Company (the "Company") was incorporated on December 6, 1962, in the Republic of Korea and listed its stocks on the Korea Stock Exchange in May 1975. The Company is headquartered in Dongsak-ro, Pyeongtaek, and its factories are located in Pyeongtaek, Gyeonggi-do, and Changwon, Gyeongsangnam-do, Republic of Korea to manufacture, sell and fix multiple types of vehicle, heavy machinery and those parts.

(2) Major shareholders

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

(In shares)

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

2. Basis of Preparation and Accounting Policies

(1) Basis of translating separate interim financial statements

The separate interim financial statements are expressed in Korean won and have been translated into Indian rupees at the rate of INR 0.0597 to ₩ 1 on June 30, 2019, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into Indian rupees at this or any other rate.

(2) Statement of compliance

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

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

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

The Company has initially applied K-IFRS No.1116 'Leases' for preparation of the separate interim financial statements as of and for the six months ended June 30, 2019. The significant changes in accounting policies are described in note 2.(4).

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

For the six-month periods ended June 30, 2019 and 2018

2. Basis of Preparation and Accounting Policies, Continued

(3) Use of estimates and judgments

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

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

(4) Changes in accounting policies

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

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

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

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

1) Definition of a lease

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

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

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

For the six-month periods ended June 30, 2019 and 2018

2. Basis of Preparation and Accounting Policies, Continued

(4) Changes in accounting policy, continued

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

2) As a lessee

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

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

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

(In millions of won)

		Property, plant and equipment			
		Land and Buildings	Vehicles	Equipment	Total
Balance at January 1, 2019	₩	2,112	5,177	-	7,289
Balance at June 30, 2019		1,317	4,360	779	6,456

(In millions of rupee)

		Property, plant and equipment			
		Land and Buildings	Vehicles	Equipment	Total
Balance at January 1, 2019	Rs	126	309	-	435
Balance at June 30, 2019		79	260	46	385

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

① Significant accounting policies

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

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

For the six-month periods ended June 30, 2019 and 2018

2. Basis of Preparation and Accounting Policies, Continued

(4) Changes in accounting policy, continued

2) As a lessee, continued

① Significant accounting policies, continued

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

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

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

② Transition

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

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

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

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

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

For the six-month periods ended June 30, 2019 and 2018

2. Basis of Preparation and Accounting Policies, Continued

(4) Changes in accounting policy, continued

2) As a lessee, continued

③ As a lessor

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

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

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

④ Impacts on financial statements

i) Impacts on transition

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

(In millions of won and in thousands of rupee)

	<u>Korean won</u>	<u>Indian rupee</u>
	January 1, 2019	January 1, 2019
Right-of-use assets	₩ 7,289	Rs 435
Lease liability	6,006	359
Sub-lease receivables	13,295	794

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

(In millions of won and in thousands of rupee)

	<u>Korean won</u>	<u>Indian rupee</u>
	January 1, 2019	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's financial statements	₩ 6,690	Rs 399
Discounted using the incremental borrowing rate at January 1, 2019	6,334	378
– Recognition exemption for leases of low-value assets	(2,829)	(169)
– Recognition exemption for leases with less than 12 months of lease term at transition	(267)	(16)
– Sub-lease liabilities recognized and adjustment extension options reasonably certain to be exercised	10,057	601
Lease liabilities recognized at January 1, 2019	13,295	794

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

For the six-month periods ended June 30, 2019 and 2018

2. Basis of Preparation and Accounting Policies, Continued

(4) Changes in accounting policy, continued

2) As a lessee, continued

④ Impacts on financial statements, continued

ii) Impacts for the period

As a result of initially applying K-IFRS No.1116, in relation to the leases that were previously classified as operating leases, the Company recognized ₩ 6,456 million (Rs 385 million) of right-of-use assets and ₩ 6,482 million (Rs 387 million) of lease liabilities and respectively ₩ 4,794 million (Rs 286 million) of sub-lease receivables and sub-lease liabilities as at June 30, 2019.

Also in relation to those leases under K-IFRS No.1116, the Company has recognized depreciation and interest costs, instead of operating lease expense. During the six months ended June 30, 2019, the Company recognized ₩ 1,171 million (Rs 70 million) of depreciation costs, ₩ 258 million (Rs 15 million) of interest costs and ₩ 107 million (Rs 6 million) of interest income from these leases.

3. Significant Accounting Policies

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

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

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

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

4. Cash and Cash Equivalents

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

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

For the six-month periods ended June 30, 2019 and 2018

5. Restricted Financial Instruments

Restricted financial Instruments as of June 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	₩ 1,160,350	1,086,949	Rs 69,273	64,891	Litigated asset, government grants and others
Long-term financial instruments	Woori Bank	751,330	750,379	44,854	44,797	Unconfirmed reorganization debt pledged as collateral
	Shinhan Bank and others	4,000	4,000	239	239	Bank account deposit
		₩ 1,915,680	1,841,328	Rs 114,366	109,927	

6. Non-current Financial Assets

Non-current financial assets as of June 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
Kihyup Technology Banking Corporation(*)	1.72	₩	500,000	722,313	500,000	500,000
Korea Management Consultants Association(*)	1.50		60,000	854,342	60,000	60,000
		₩	560,000	1,576,655	560,000	560,000

(In thousands of rupee)

	Ownership (%)		2019		2018	
			Acquisition cost	Net asset value	Book value	Book value
Kihyup Technology Banking Corporation(*)	1.72	Rs	29,850	43,122	29,850	29,850
Korea Management Consultants Association(*)	1.50		3,582	51,004	3,582	3,582
		Rs	33,432	94,126	33,432	33,432

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

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

For the six-month periods ended June 30, 2019 and 2018

7. Trade and Other Receivables

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

(In thousands of won)

	2019		2018	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 176,191,007	201,416	179,134,041	1,332,414
Less: Allowance for doubtful accounts	(393,200)	(1,580)	(122,904)	(1,395)
Other receivables	8,706,311	546,056	8,440,060	553,345
Less: Allowance for doubtful accounts	(4,045,471)	(463,454)	(3,918,799)	(450,095)
Loans and others(*)	13,691,407	38,936,085	12,106,439	33,690,667
Less: Allowance for doubtful accounts	-	(357)	-	(357)
	<u>₩ 194,150,054</u>	<u>39,218,166</u>	<u>195,638,837</u>	<u>35,124,579</u>

(*) The other receivables listed above include ₩ 4,793,772 thousand for sub-lease receivables and the interest revenue received by the sub-lease contract is ₩ 328,759 thousand.

(In thousands of rupee)

	2019		2018	
	Current	Non-current	Current	Non-current
Trade receivables	Rs 10,518,603	12,025	10,694,302	79,545
Less: Allowance for doubtful accounts	(23,473)	(95)	(7,337)	(83)
Other receivables	519,767	32,600	503,872	33,035
Less: Allowance for doubtful accounts	(241,515)	(27,668)	(233,952)	(26,871)
Loans and others(*)	817,376	2,324,484	722,754	2,011,332
Less: Allowance for doubtful accounts	-	(21)	-	(21)
	<u>Rs 11,590,758</u>	<u>2,341,325</u>	<u>11,679,639</u>	<u>2,096,937</u>

(*) The other receivables listed above include Rs 286,188 thousand for sub-lease receivables and the interest revenue received by the sub-lease contract is Rs 19,627 thousand.

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

For the six-month periods ended June 30, 2019 and 2018

7. Trade and Other Receivables, Continued

(2) Details of aging analysis of the trade and other receivables as of June 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	₩ 156,944,475	55,871,715	169,731,967	47,795,006
Less than 180 days	11,483,642	910,849	3,899,884	361,228
Less than 270 days	4,824,716	309,805	3,844,119	133,364
Less than 365 days	1,726,218	206,588	2,511,167	1,878,601
More than 365 days	1,413,372	4,580,902	479,318	4,622,312
Impaired receivables	₩ 176,392,423	61,879,859	180,466,455	54,790,511
	394,780	4,509,282	124,299	4,369,251

(In thousands of rupee)

	2019		2018	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	Rs 9,369,585	3,335,541	10,132,998	2,853,362
Less than 180 days	685,573	54,378	232,823	21,565
Less than 270 days	288,036	18,495	229,494	7,962
Less than 365 days	103,055	12,333	149,917	112,152
More than 365 days	84,379	273,480	28,615	275,952
Impaired receivables	Rs 10,530,628	3,694,227	10,773,847	3,270,993
	23,568	269,204	7,420	260,844

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

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

For the six-month periods ended June 30, 2019 and 2018

7. Trade and Other Receivables, Continued

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

(In thousands of won)

	2019		2018	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	₩ 124,299	4,369,252	126,715	3,783,442
Bad debt expense	270,481	140,522	1,856	180,904
Reversal of allowance for bad debts	-	-	-	(5,948)
Removal	-	(492)	-	-
Ending balance	₩ <u>394,780</u>	<u>4,509,282</u>	<u>128,571</u>	<u>3,958,398</u>

(In thousands of rupee)

	2019		2018	
	Trade receivables	Others	Trade receivables	Others
Beginning balance	Rs 7,420	260,844	7,565	225,871
Bad debt expense	16,148	8,389	111	10,800
Reversal of allowance for bad debts	-	-	-	(355)
Removal	-	(29)	-	-
Ending balance	Rs <u>23,568</u>	<u>269,204</u>	<u>7,676</u>	<u>236,316</u>

8. Inventories

Details of inventories as of June 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	₩ 36,768,242	39,892,986	Rs 2,195,064	2,381,611
Finished goods	147,173,406	76,588,557	8,786,252	4,572,337
Work-in-process	27,340,087	27,069,755	1,632,203	1,616,064
Raw materials	36,633,701	31,654,571	2,187,032	1,889,778
Sub-materials	393,518	413,615	23,493	24,693
Supplies	3,284,206	3,611,193	196,067	215,588
Goods in transit	<u>47,312,426</u>	<u>37,725,938</u>	<u>2,824,552</u>	<u>2,252,239</u>
	₩ <u>298,905,586</u>	<u>216,956,615</u>	Rs <u>17,844,663</u>	<u>12,952,310</u>

The Company has measured inventories at the lower of cost or net realizable value. The loss on valuation of inventories amounted to ₩ 2,631,161 thousand (Rs 157,080 thousand) for the six-month periods ended June 30, 2019 is included in cost of sales.

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

For the six-month periods ended June 30, 2019 and 2018

9. Investments in Subsidiaries and a Joint venture

Details of investment in subsidiaries and a joint venture as of June 30, 2019 and December 31, 2018 are as follows:

(In thousands of won)

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

(In thousands of rupee)

	Company	Location	Owner ship	Closing month	2019		2018
					Acquisition cost	Book value	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	Rs 318,684	17,755	17,755
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	49,891	-	-
	Ssangyong Australia Pty Ltd.	Australia	100%	December	<u>176,165</u>	<u>176,165</u>	<u>176,165</u>
					<u>544,740</u>	<u>193,920</u>	<u>193,920</u>
Joint venture	SY Auto Capital Co., Ltd.(*)	Korea	51%	December	<u>608,940</u>	<u>608,940</u>	<u>608,940</u>
					Rs <u>1,153,680</u>	<u>802,860</u>	<u>802,860</u>

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

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

For the six-month periods ended June 30, 2019 and 2018

10. Other Assets

Details of other assets as of June 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
Other current assets				
Advance payments	₩ 1,447,283	1,013,026	Rs 86,403	60,476
Prepaid expenses	10,836,369	9,906,317	646,931	591,407
Current tax assets	280,913	324,294	16,771	19,360
	₩ 12,564,565	11,243,637	Rs 750,105	671,245
Other non-current assets				
Other non-current assets	₩ 276,044	276,099	Rs 16,479	16,482
Right-of-use assets(*)	6,456,417	-	385,448	-
	₩ 6,732,461	276,099	Rs 401,927	16,482

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

(In thousands of won)	Beginning balance	Increase	Depreciation	Others	Ending balance
Land and building	₩ 2,111,692	76,388	(737,575)	(133,032)	1,317,473
Vehicle	5,177,133	133,963	(951,410)	-	4,359,686
Equipment	-	801,522	(22,264)	-	779,258
Total	₩ 7,288,825	1,011,873	(1,711,249)	(133,032)	6,456,417

(In thousands of rupee)	Beginning balance	Increase	Depreciation	Others	Ending balance
Land and building	Rs 126,068	4,560	(44,033)	(7,942)	78,653
Vehicle	309,075	7,998	(56,800)	-	260,273
Equipment	-	47,851	(1,329)	-	46,522
Total	Rs 435,143	60,409	(102,162)	(7,942)	385,448

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

For the six-month periods ended June 30, 2019 and 2018

11. Property, Plant and Equipment

(1) Details of property, plant and equipment as of June 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		551,413,295	(3,732,207)	(234,206,152)	(148,366,786)	165,108,150
Structures		112,231,087	(79,631)	(66,679,717)	(28,862,964)	16,608,775
Machinery		1,302,664,750	(140,846)	(1,037,010,464)	(92,156,271)	173,357,169
Vehicles		8,343,565	(5,111)	(5,721,085)	(446,780)	2,170,589
Tools and molds		1,400,077,580	(21,371)	(870,496,977)	(156,459,679)	373,099,553
Equipment		68,195,808	(66,744)	(52,946,781)	(2,868,992)	12,313,291
Construction in progress		17,450,228	-	-	-	17,450,228
Machinery in transit		456,624	-	-	-	456,624
	₩	<u>3,935,588,191</u>	<u>(4,053,264)</u>	<u>(2,267,061,176)</u>	<u>(429,161,472)</u>	<u>1,235,312,279</u>

(In thousands of won)

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

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

For the six-month periods ended June 30, 2019 and 2018

11. Property, Plant and Equipment, Continued

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

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	28,342,889	(439)	-	-	28,342,450
Buildings		32,919,374	(222,814)	(13,982,107)	(8,857,497)	9,856,956
Structures		6,700,196	(4,754)	(3,980,779)	(1,723,119)	991,544
Machinery		77,769,086	(8,409)	(61,909,525)	(5,501,729)	10,349,423
Vehicles		498,111	(305)	(341,549)	(26,673)	129,584
Tools and molds		83,584,632	(1,276)	(51,968,670)	(9,340,643)	22,274,043
Equipment		4,071,290	(3,985)	(3,160,923)	(171,280)	735,102
Construction in progress		1,041,779	-	-	-	1,041,779
Machinery in transit		27,262	-	-	-	27,262
	Rs	<u>234,954,619</u>	<u>(241,982)</u>	<u>(135,343,553)</u>	<u>(25,620,941)</u>	<u>73,748,143</u>

(In thousands of rupee)

		2018				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	28,364,484	(439)	-	-	28,364,045
Buildings		32,854,262	(222,963)	(13,646,014)	(8,857,497)	10,127,788
Structures		6,696,940	(5,377)	(3,931,292)	(1,723,119)	1,037,152
Machinery		76,193,479	(9,964)	(61,074,250)	(5,515,714)	9,593,551
Vehicles		447,739	(351)	(342,994)	(30,849)	73,545
Tools and molds		75,305,365	(1,435)	(49,368,875)	(9,400,944)	16,534,111
Equipment		4,151,277	(4,432)	(3,104,583)	(191,254)	851,008
Construction in progress		6,604,330	-	-	-	6,604,330
Machinery in transit		78,694	-	-	-	78,694
	Rs	<u>230,696,570</u>	<u>(244,961)</u>	<u>(131,468,008)</u>	<u>(25,719,377)</u>	<u>73,264,224</u>

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

For the six-month periods ended June 30, 2019 and 2018

11. Property, Plant and Equipment, Continued

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

(In thousands of won)

		2018					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩	475,062,920	-	-	-	-	475,062,920
Buildings		175,450,508	59,275	(352)	(5,423,582)	850,147	170,935,996
Structures		16,717,153	38,000	-	(872,546)	1,687,147	17,569,754
Machinery		168,999,971	35,730	(7,201)	(16,371,494)	15,179,862	167,836,868
Vehicles		1,182,791	114,689	(181,507)	(196,802)	521,800	1,440,971
Tools and molds		298,398,114	523,400	(53,725)	(44,236,261)	55,864,885	310,496,413
Equipment		16,415,748	1,096,820	(21,661)	(3,209,728)	270,000	14,551,179
Construction in progress		87,441,686	46,360,246	-	-	(73,372,787)	60,429,145
	₩	<u>1,239,668,891</u>	<u>48,228,160</u>	<u>(264,446)</u>	<u>(70,310,413)</u>	<u>1,001,054</u>	<u>1,218,323,246</u>

(*) Capitalized borrowing costs in respect of construction in progress are ₩ 603,573 thousand (2018: ₩ 482,056 thousand) and ₩ 1,299,593 thousand (2018: ₩ 518,998 thousand) which are transferred from inventory to vehicles during the six-month periods ended June 30, 2019 and 2018, respectively.

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

For the six-month periods ended June 30, 2019 and 2018

11. Property, Plant and Equipment, Continued

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

(In thousands of rupee)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs	28,364,045	-	(21,595)	-	-	28,342,450
Buildings		10,127,788	1,500	-	(333,042)	60,710	9,856,956
Structures		1,037,152	-	(144)	(49,654)	4,190	991,544
Machinery		9,593,551	4,909	(15,636)	(1,127,708)	1,894,307	10,349,423
Vehicles		73,545	15,998	(25,419)	(17,141)	82,601	129,584
Tools and molds		16,534,111	49,866	(255)	(3,017,845)	8,708,166	22,274,043
Equipment		851,008	44,000	(1,364)	(165,314)	6,772	735,102
Construction in progress		6,604,330	5,018,666	-	-	(10,581,217)	1,041,779
Machinery in transit		78,694	13,325	-	-	(64,757)	27,262
	Rs	<u>73,264,224</u>	<u>5,148,264</u>	<u>(64,413)</u>	<u>(4,710,704)</u>	<u>110,772</u>	<u>73,748,143</u>

(In thousands of rupee)

		2018					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	Rs	28,361,256	-	-	-	-	28,361,256
Buildings		10,474,395	3,539	(21)	(323,788)	50,754	10,204,879
Structures		998,014	2,269	-	(52,091)	100,723	1,048,915
Machinery		10,089,298	2,133	(430)	(977,378)	906,238	10,019,861
Vehicles		70,613	6,847	(10,836)	(11,749)	31,151	86,026
Tools and molds		17,814,368	31,248	(3,209)	(2,640,905)	3,335,134	18,536,636
Equipment		980,020	65,479	(1,292)	(191,621)	16,119	868,705
Construction in progress		5,220,270	2,767,707	-	-	(4,380,355)	3,607,622
	Rs	<u>74,008,234</u>	<u>2,879,222</u>	<u>(15,788)</u>	<u>(4,197,532)</u>	<u>59,764</u>	<u>72,733,900</u>

(*) Capitalized borrowing costs in respect of construction in progress are Rs 36,033 thousand (2018: Rs 28,779 thousand) and Rs 77,586 thousand (2018: Rs 30,985 thousand) which are transferred from inventory to vehicles for the six-month periods ended June 30, 2019 and 2018, respectively.

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

For the six-month periods ended June 30, 2019 and 2018

11. Property, Plant and Equipment, Continued

(3) Details of pledged assets provided as collateral for the borrowings as of June 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	₩ 339,764,112		Rs 20,283,917	
Buildings and structures	51,317,278	219,000,000	3,063,641	13,074,300
Machinery and others	22,552		1,346	
	₩ 391,103,942	219,000,000	Rs 23,348,904	13,074,300

(4) Capitalized borrowing costs and capitalization interest rate for the six-month periods ended June 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 (*)	₩ 2,064,654	1,838,098	Rs 123,260	109,734
Capitalization interest rate	3.67%	3.35%	3.67%	3.35%

(*) Capitalized borrowing costs for intangible assets are ₩ 1,461,081 thousand (Rs 87,227 thousand) and ₩ 1,356,042 thousand (Rs 80,956 thousand) for the six-month periods ended June 30, 2019 and 2018, respectively.

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

For the six-month periods ended June 30, 2019 and 2018

12. Intangible Assets

(1) Details of intangible assets as of June 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	₩	504,283,442	-	(225,974,304)	-	278,309,138
Patents		4,585,748	(10,451)	(3,224,633)	(131,898)	1,218,766
Other intangible assets		112,184,306	(1,332)	(32,207,604)	(1,409,450)	78,565,920
	₩	<u>621,053,496</u>	<u>(11,783)</u>	<u>(261,406,541)</u>	<u>(1,541,348)</u>	<u>358,093,824</u>

(In thousands of won)

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

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	30,105,721	-	(13,490,666)	-	16,615,055
Patents		273,769	(624)	(192,511)	(7,874)	72,760
Other intangible assets		6,697,404	(79)	(1,922,795)	(84,144)	4,690,386
	Rs	<u>37,076,894</u>	<u>(703)</u>	<u>(15,605,972)</u>	<u>(92,018)</u>	<u>21,378,201</u>

(In thousands of rupee)

		2018				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	20,607,546	-	(10,874,953)	-	9,732,593
Patents		260,337	(690)	(173,557)	(6,435)	79,655
Other intangible assets		13,216,605	(370)	(1,824,869)	(84,144)	11,307,222
	Rs	<u>34,084,488</u>	<u>(1,060)</u>	<u>(12,873,379)</u>	<u>(90,579)</u>	<u>21,119,470</u>

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

For the six-month periods ended June 30, 2019 and 2018

12. Intangible Assets, Continued

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

(In thousands of won)

		2019					Ending	
		Beginning	Acquisition	Amortization	Impairment	Transfer	Others(*)	balance
		balance						
Internally created intangible assets:								
Development cost	₩	163,025,002	-	(43,814,291)	-	159,098,427	-	278,309,138
Other intangible assets		181,843,818	46,579,786	-	-	(159,098,427)	1,461,081	70,786,258
		<u>344,868,820</u>	<u>46,579,786</u>	<u>(43,814,291)</u>	<u>-</u>	<u>-</u>	<u>1,461,081</u>	<u>349,095,396</u>
Individually acquired intangible assets:								
Patents		1,334,225	225,018	(316,367)	(24,110)	-	-	1,218,766
Other intangible assets		7,556,918	1,858,182	(1,635,438)	-	-	-	7,779,662
		<u>8,891,143</u>	<u>2,083,200</u>	<u>(1,951,805)</u>	<u>(24,110)</u>	<u>-</u>	<u>-</u>	<u>8,998,428</u>
	₩	<u>353,759,963</u>	<u>48,662,986</u>	<u>(45,766,096)</u>	<u>(24,110)</u>	<u>-</u>	<u>1,461,081</u>	<u>358,093,824</u>

(In thousands of won)

		2018					Ending	
		Beginning	Acquisition	Amortization	Impairment	Transfer	Others(*)	balance
		balance						
Internally created intangible assets:								
Development cost	₩	189,161,365	-	(33,182,979)	-	40,229,595	-	196,207,981
Other intangible assets		104,765,437	44,306,232	-	-	(40,229,595)	1,356,042	110,198,116
		<u>293,926,802</u>	<u>44,306,232</u>	<u>(33,182,979)</u>	<u>-</u>	<u>-</u>	<u>1,356,042</u>	<u>306,406,097</u>
Individually acquired intangible assets:								
Patents		1,592,985	183,237	(301,758)	(9,998)	-	-	1,464,466
Other intangible assets		7,748,933	489,233	(1,856,064)	-	-	-	6,382,102
		<u>9,341,918</u>	<u>672,470</u>	<u>(2,157,822)</u>	<u>(9,998)</u>	<u>-</u>	<u>-</u>	<u>7,846,568</u>
	₩	<u>303,268,720</u>	<u>44,978,702</u>	<u>(35,340,801)</u>	<u>(9,998)</u>	<u>-</u>	<u>1,356,042</u>	<u>314,252,665</u>

(*) Capitalized borrowing costs in respect of other intangible assets are ₩ 1,461,081 thousand and ₩ 1,356,042 thousand for the six-month periods ended June 30, 2019 and 2018, respectively.

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

For the six-month periods ended June 30, 2019 and 2018

12. Intangible Assets, Continued

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

(In thousands of rupee)

		2019						
		Beginning balance	Acquisition	Amortization	Impairment	Transfer	Others(*)	Ending balance
Internally created intangible assets:								
Development cost	Rs	9,732,593	-	(2,615,713)	-	9,498,175	-	16,615,055
Other intangible assets		10,856,075	2,780,813	-	-	(9,498,175)	87,227	4,225,940
		<u>20,588,668</u>	<u>2,780,813</u>	<u>(2,615,713)</u>	<u>-</u>	<u>-</u>	<u>87,227</u>	<u>20,840,995</u>
Individually acquired intangible assets:								
Patents		79,655	13,434	(18,889)	(1,440)	-	-	72,760
Other intangible assets		451,147	110,933	(97,634)	-	-	-	464,446
		<u>530,802</u>	<u>124,367</u>	<u>(116,523)</u>	<u>(1,440)</u>	<u>-</u>	<u>-</u>	<u>537,206</u>
	Rs	<u>21,119,470</u>	<u>2,905,180</u>	<u>(2,732,236)</u>	<u>(1,440)</u>	<u>-</u>	<u>87,227</u>	<u>21,378,201</u>

(In thousands of rupee)

		2018						
		Beginning balance	Acquisition	Amortization	Impairment	Transfer	Others(*)	Ending balance
Internally created intangible assets:								
Development cost	Rs	11,292,933	-	(1,981,024)	-	2,401,707	-	11,713,616
Other intangible assets		6,254,497	2,645,082	-	-	(2,401,707)	80,956	6,578,828
		<u>17,547,430</u>	<u>2,645,082</u>	<u>(1,981,024)</u>	<u>-</u>	<u>-</u>	<u>80,956</u>	<u>18,292,444</u>
Individually acquired intangible assets:								
Patents		95,101	10,939	(18,015)	(597)	-	-	87,428
Other intangible assets		462,611	29,207	(110,807)	-	-	-	381,011
		<u>557,712</u>	<u>40,146</u>	<u>(128,822)</u>	<u>(597)</u>	<u>-</u>	<u>-</u>	<u>468,439</u>
	Rs	<u>18,105,142</u>	<u>2,685,228</u>	<u>(2,109,846)</u>	<u>(597)</u>	<u>-</u>	<u>80,956</u>	<u>18,760,883</u>

(*) Capitalized borrowing costs in respect of other intangible assets are Rs 87,227 thousand and Rs 80,956 thousand for the six-month periods ended June 30, 2019 and 2018, respectively.

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

For the six-month periods ended June 30, 2019 and 2018

12. Intangible Assets, Continued

(3) Details of capitalized development costs as of June 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)	₩	240,551,593	Rs 14,360,930	1~4 years
	Power train and others		37,757,545	2,254,125	1~4 years
Other intangible assets	RV(*3)		70,786,258	4,225,940	-
	Power train and others		-	-	-
		₩	<u>349,095,396</u>	<u>Rs 20,840,995</u>	

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

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

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

(4) Details of expenditures for research and developments for the six-month periods ended June 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	₩	48,040,867	45,662,274	Rs 2,868,040	2,726,038
Manufacturing costs		48,127,326	32,260,681	2,873,201	1,925,963
Selling and administrative expenses		6,556,455	8,157,690	391,420	487,014
		₩	<u>102,724,648</u>	<u>Rs 6,132,661</u>	<u>5,139,015</u>

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

For the six-month periods ended June 30, 2019 and 2018

13. Borrowings

(1) Details of short-term borrowings as of June 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 1,791,000	1,791,000
Kookmin Bank	Facility fund(*)	CD+2.00	10,000,000	5,000,000	597,000	298,500
Citibank Korea and others	Banker's usance	0.30 ~ 3.53	154,670,605	143,227,545	9,233,835	8,550,684
			₩ 194,670,605	178,227,545	Rs 11,621,835	10,640,184

(*) Current portion of long-term borrowing

(2) Details of long-term borrowing as of June 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	₩ 70,000,000	70,000,000	Rs 4,179,000	4,179,000
JP Morgan	Facility fund	CD+2.00	40,000,000	-	2,388,000	-
Kookmin Bank	Facility fund	CD+2.00	16,250,000	10,000,000	970,125	597,000
Less: Current portion			(10,000,000)	(5,000,000)	(597,000)	(298,500)
			₩ 116,250,000	75,000,000	Rs 6,940,125	4,477,500

(3) Details of pledged assets as collateral for borrowings as of June 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	₩ 100,000,000	195,000,000	Rs 5,970,000	11,641,500
Kookmin Bank	Land, buildings	16,250,000	24,000,000	970,125	1,432,800
		₩ 116,250,000	219,000,000	Rs 6,940,125	13,074,300

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

For the six-month periods ended June 30, 2019 and 2018

14. Other Financial Liabilities

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Accrued expenses	₩ 30,770,538	38,035,516	Rs 1,837,001	2,270,720

15. Provision of Warranty for sale

The Company generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the six-month periods ended June 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 8,061,774	8,730,504
Increase	14,232,124	8,728,367	849,658	521,084
Decrease	17,855,280	19,579,800	1,065,960	1,168,914
Ending balance	₩ 131,414,931	135,388,124	Rs 7,845,472	8,082,672
Current	₩ 50,044,553	47,622,669	Rs 2,987,660	2,843,074
Non-current	81,370,378	87,765,455	4,857,812	5,239,598

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

For the six-month periods ended June 30, 2019 and 2018

16. Other Liabilities

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

(In thousands of won)

		2019		2018	
		Current	Non-current	Current	Non-current
Advances from customers	₩	2,530,806	-	3,798,708	-
Deposits received		580,505	-	525,166	-
Withholdings		19,793,784	-	22,531,153	-
Deferred income		4,149,675	12,867,184	6,054,312	11,257,510
Lease liabilities(*)		6,278,196	4,997,238	-	-
	₩	<u>33,332,966</u>	<u>17,864,422</u>	<u>32,909,339</u>	<u>11,257,510</u>

(*) The total amount of lease liabilities paid in the current term is ₩ 4,497,316 thousand and interests expenses is ₩ 258,579 thousand.

(In thousands of rupee)

		2019		2018	
		Current	Non-current	Current	Non-current
Advances from customers	Rs	151,089	-	226,783	-
Deposits received		34,656	-	31,352	-
Withholdings		1,181,689	-	1,345,110	-
Deferred income		247,736	768,171	361,443	672,073
Lease liabilities(*)		374,808	298,335	-	-
	Rs	<u>1,989,978</u>	<u>1,066,506</u>	<u>1,964,688</u>	<u>672,073</u>

(*) The total amount of lease liabilities paid in the current term is Rs 268,490 thousand and interests expenses is Rs 15,437 thousand.

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

For the six-month periods ended June 30, 2019 and 2018

17. Employee Benefits

(1) Details of defined benefit liabilities as of June 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	₩ 339,444,499	330,195,117	Rs 20,264,837	19,712,649
Fair value of plan assets	(966,651)	(1,013,651)	(57,709)	(60,515)
	₩ 338,477,848	329,181,466	Rs 20,207,128	19,652,134

(2) Changes in defined benefit liabilities for the six-month periods ended June 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	19,861,099	-	19,861,099
Interest expense (income)	4,295,396	(13,159)	4,282,237
Sub-total	₩ 354,351,612	(1,026,810)	353,324,802
Re-measurement factors:			
Re-measurements of plan assets	-	3,441	3,441
Sub-total	₩ -	3,441	3,441
Benefit paid by plan	(56,718)	56,718	-
Benefit paid directly	(14,850,395)	-	(14,850,395)
Ending balance	₩ 339,444,499	(966,651)	338,477,848

(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	18,160,402	-	18,160,402
Interest expense (income)	4,446,175	(17,017)	4,429,158
Sub-total	₩ 308,264,667	(1,111,984)	307,152,683
Re-measurement factors:			
Re-measurements of plan assets	-	6,548	6,548
Sub-total	₩ -	6,548	6,548
Benefit paid by plan	(67,038)	67,038	-
Benefit paid directly	(12,566,971)	-	(12,566,971)
Ending balance	₩ 295,630,658	(1,038,398)	294,592,260

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

For the six-month periods ended June 30, 2019 and 2018

17. Employee Benefits, Continued

(2) Changes in defined benefit obligation for the six-month periods ended June 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 19,712,649	(60,515)	19,652,134
Current service cost	1,185,708	-	1,185,708
Interest expense (income)	256,435	(785)	255,650
Sub-total	Rs 21,154,792	(61,300)	21,093,492
Re-measurement factors:			
Re-measurements of plan assets	-	205	205
Sub-total	Rs -	205	205
Benefit paid by plan	(3,386)	3,386	-
Benefit paid directly	(886,569)	-	(886,569)
Ending balance	Rs 20,264,837	(57,709)	20,207,128

(In thousands of rupee)

Details	2018		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 17,053,788	(65,370)	16,988,418
Current service cost	1,084,176	-	1,084,176
Interest expense (income)	265,437	(1,016)	264,421
Sub-total	Rs 18,403,401	(66,386)	18,337,015
Re-measurement factors:			
Re-measurements of plan assets	-	391	391
Sub-total	Rs -	391	391
Benefit paid by plan	(4,002)	4,002	-
Benefit paid directly	(750,248)	-	(750,248)
Ending balance	Rs 17,649,151	(61,993)	17,587,158

(3) The components of plan assets as of June 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	₩ 966,651	1,013,651	Rs 57,709	60,515

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

For the six-month periods ended June 30, 2019 and 2018

17. Employee Benefits, Continued

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

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

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

18. Commitments and Contingencies

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

- (1) The Company carries product liability insurance for all products that it sells.
- (2) As of June 30, 2019, the Company has agreements with Korea Development Bank and others for various borrowings, trading finance and others with limit of ₩ 303,250 million (Rs 18,104 million) and USD 245 million.
- (3) As of June 30, 2019, the Company has been provided with guarantees amounting to USD 896,649 by Standard Chartered Bank Korea Limited in connection with refunds for advance received and performing transactions.
- (4) As of June 30, 2019, 5 claims as a plaintiff were filed with the claim amount of ₩ 6,070 million (Rs 362 million) and 13 claims as a defendant were filed with the claims of ₩ 4,063 million (Rs 243 million). The Company made a reasonable estimate by considering the possibility and amount of outflow of resources, and recognized the provision of ₩ 7,025 million (Rs 419 million) as other payable for the foregoing lawsuits and claims.

19. Capital Stock

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

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

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Number of shares authorized (In share)	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Shares outstanding (In share)	149,840,002	137,949,396	149,840,002	137,949,396
Par value (In won and in rupee) ₩	5,000	5,000	Rs 299	299
Capital stock	749,200,010	689,746,980	44,727,241	41,177,895

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

For the six-month periods ended June 30, 2019 and 2018

19. Capital Stock, Continued

(2) Changes in the Company's shares outstanding for the years ended June 30, 2019 and 2018 are as follows:

(In share)

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

20. Other Capital Surplus and Retained Earnings

Details of other capital surplus and retained earnings as of June 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 ₩	3,169,616	12,916,274	Rs 189,226	771,102
Gain on capital reduction	74,061,696	74,061,696	4,421,483	4,421,483
Debt to be swapped for equity	931,508	931,508	55,611	55,611
	<u>₩ 78,162,820</u>	<u>87,909,478</u>	<u>Rs 4,666,320</u>	<u>5,248,196</u>

21. Other Equity

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

(In thousands of won and in thousands of rupee)

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Gains (losses) on valuation of derivatives ₩	(32,620)	103,000	Rs (1,948)	6,149

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

(In thousands of won and in thousands of rupee)

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning balance ₩	103,000	-	Rs 6,149	-
Gains(losses) on valuation of derivatives	(32,620)	156,970	(1,948)	9,371
Reclassified to net income(losses)	(103,000)	-	(6,149)	-
Ending balance ₩	<u>(32,620)</u>	<u>156,970</u>	<u>Rs (1,948)</u>	<u>9,371</u>

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

For the six-month periods ended June 30, 2019 and 2018

22. Accumulated deficit

(1) Details of deficit as of June 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	₩ (160,266,573)	(82,483,045)	Rs (9,567,914)	(4,924,238)

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Beginning balance	₩ (82,483,045)	(45,232,442)	Rs (4,924,238)	(2,700,377)
Disposition of deficit	-	45,232,442	-	2,700,377
Loss for the period	(77,780,087)	(40,793,665)	(4,643,471)	(2,435,382)
Defined benefit plan re-measurement	(3,441)	(6,548)	(205)	(391)
Ending balance	₩ (160,266,573)	(40,800,213)	Rs (9,567,914)	(2,435,773)

23. Income Tax Expense

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

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

For the six-month periods ended June 30, 2019 and 2018

24. Nature of Expenses

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

(In thousands of won)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	₩ (70,184,452)	(67,730,437)	₩ 6,635,781	(4,231,844)
Raw materials consumed and purchase of merchandise	708,824,993	1,352,663,540	638,362,786	1,190,822,169
Employee benefits	138,285,618	276,596,844	135,900,422	264,273,809
Depreciation	41,326,698	78,906,266	35,098,341	70,310,413
Amortization	25,216,320	45,766,096	17,662,675	35,340,801
Others	135,758,847	264,747,672	114,206,227	229,259,284
	₩ <u>979,228,024</u>	<u>1,950,949,981</u>	₩ <u>947,866,232</u>	<u>1,785,774,632</u>

(In thousands of Rupee)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	Rs (4,190,012)	(4,043,507)	Rs 396,156	(252,641)
Raw materials consumed and purchase of merchandise	42,316,852	80,754,013	38,110,258	71,092,083
Employee benefits	8,255,651	16,512,832	8,113,255	15,777,146
Depreciation	2,467,204	4,710,704	2,095,371	4,197,532
Amortization	1,505,414	2,732,236	1,054,462	2,109,846
Others	8,104,804	15,805,436	6,818,112	13,686,779
	Rs <u>58,459,913</u>	<u>116,471,714</u>	Rs <u>56,587,614</u>	<u>106,610,745</u>

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

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

For the six-month periods ended June 30, 2019 and 2018

25. Derivatives

The Company holds derivative contracts to minimize foreign exchange risk. As of June 30, 2019, effective portion of changes in fair value of cash flow hedge is ₩ 32,620 thousand (Rs 1,948 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 ₩ 37,473 thousand (Rs 2,237 thousand) recognized in current profit. And, changes in fair value of derivative not designated as hedging instrument for the year ended June 30, 2019 are net amounting to ₩ 150,697 thousand (Rs 8,997 thousand) recognized in current loss.

26. Selling, General and Administrative Expenses

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

(In thousands of won)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Warranty expenses	₩ 14,055,812	26,186,427	₩ 9,711,123	18,835,998
Commissions	58,828,857	118,115,875	59,449,970	109,335,109
Advertising	3,398,349	9,870,229	3,710,379	10,632,934
Export expenses	2,861,230	6,634,327	1,881,439	3,331,568
Others	8,669,164	15,970,878	4,812,892	11,964,795
	₩ <u>87,813,412</u>	<u>176,777,736</u>	₩ <u>79,565,803</u>	<u>154,100,404</u>

(In thousands of Rupee)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Warranty expenses	Rs 839,132	1,563,330	Rs 579,754	1,124,509
Commissions	3,512,083	7,051,518	3,549,163	6,527,306
Advertising	202,881	589,253	221,510	634,786
Export expenses	170,815	396,069	112,322	198,895
Others	517,549	953,461	287,330	714,298
	Rs <u>5,242,460</u>	<u>10,553,631</u>	Rs <u>4,750,079</u>	<u>9,199,794</u>

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

For the six-month periods ended June 30, 2019 and 2018

26. Selling, General and Administrative Expenses, Continued

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

(In thousands of won)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Salaries	₩ 13,421,812	27,044,168	₩ 13,346,342	26,026,869
Retirement benefit costs	1,518,216	3,042,168	1,479,390	2,943,168
Employee welfare	3,234,675	6,275,929	2,963,342	5,819,401
Rent expense	2,572,537	5,071,843	2,988,984	5,985,084
Service fees	7,435,362	16,674,986	8,839,132	18,219,210
Depreciation	7,844,686	15,059,581	3,792,039	7,734,193
R&D expenses	2,045,107	6,556,455	4,218,369	8,157,690
Amortization	1,002,182	1,951,804	985,794	2,072,432
Bad debt expense	168,759	270,481	10,389	1,857
Others	9,213,563	17,286,186	9,383,184	16,878,386
	₩ <u>48,456,899</u>	<u>99,233,601</u>	₩ <u>48,006,965</u>	<u>93,838,290</u>

(In thousands of rupee)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Salaries	Rs 801,282	1,614,537	Rs 796,777	1,553,804
Retirement benefit costs	90,637	181,617	88,320	175,707
Employee welfare	193,110	374,673	176,912	347,418
Rent expense	153,580	302,789	178,442	357,310
Service fees	443,891	995,497	527,696	1,087,687
Depreciation	468,328	899,057	226,385	461,731
R&D expenses	122,093	391,420	251,837	487,014
Amortization	59,830	116,523	58,852	123,724
Bad debt expense	10,075	16,148	620	111
Others	550,051	1,031,985	560,174	1,007,640
	Rs <u>2,892,877</u>	<u>5,924,246</u>	Rs <u>2,866,015</u>	<u>5,602,146</u>

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

For the six-month periods ended June 30, 2019 and 2018

27. Other Income and Expenses

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

(In thousands of won)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction gain	₩ 1,427,944	2,220,349	₩ 1,358,928	2,861,641
Foreign exchange translation gain	801,918	1,131,336	(123,573)	413,667
Gain on disposal of property, plant and equipment	404,029	658,895	117,272	129,845
Others	3,068,665	4,807,183	894,584	2,223,764
	₩ <u>5,702,556</u>	<u>8,817,763</u>	₩ <u>2,247,211</u>	<u>5,628,917</u>

(In thousands of rupee)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction gain	Rs 85,248	132,555	Rs 81,128	170,840
Foreign exchange translation gain	47,875	67,541	(7,377)	24,696
Gain on disposal of property, plant and equipment	24,121	39,336	7,001	7,752
Others	183,199	286,988	53,406	132,758
	Rs <u>340,443</u>	<u>526,420</u>	Rs <u>134,158</u>	<u>336,046</u>

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

(In thousands of won)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction loss	₩ 2,084,423	2,943,777	₩ 1,465,055	3,038,336
Foreign exchange translation loss	108,854	349,630	509,014	621,435
Loss on disposal of property, plant and equipment	67,543	347,905	25,821	135,562
Loss on disposal of trade receivables	28,451	56,144	14,892	37,642
Others	1,043,922	1,538,653	767,345	977,604
	₩ <u>3,333,193</u>	<u>5,236,109</u>	₩ <u>2,782,127</u>	<u>4,810,579</u>

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

For the six-month periods ended June 30, 2019 and 2018

27. Other Income and Expenses, Continued

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

(In thousands of rupee)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction loss	Rs 124,440	175,743	Rs 87,464	181,389
Foreign exchange translation loss	6,499	20,873	30,388	37,100
Loss on disposal of property, plant and equipment	4,032	20,770	1,542	8,093
Loss on disposal of trade receivables	1,699	3,352	889	2,247
Others	62,322	91,858	45,810	58,363
	<u>Rs 198,992</u>	<u>312,596</u>	<u>Rs 166,093</u>	<u>287,192</u>

28. Finance Income and Costs

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

(In thousands of won)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest income	₩ 1,227,911	2,349,385	₩ 465,240	1,013,200
Dividend income	5,000	11,000	5,000	11,000
Foreign exchange transaction gain	1,049,400	2,901,703	1,578,046	2,746,501
Foreign exchange translation gain	246,106	448,445	134,070	406,661
Realized gain of financial derivatives	126,685	387,229	1,382,880	2,492,747
Unrealized gain of financial derivatives	(184,847)	37,473	940,347	1,011,315
	<u>₩ 2,470,255</u>	<u>6,135,235</u>	<u>₩ 4,505,583</u>	<u>7,681,424</u>

(In thousands of rupee)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest income	Rs 73,306	140,258	Rs 27,775	60,488
Dividend income	299	657	299	657
Foreign exchange transaction gain	62,649	173,232	94,209	163,966
Foreign exchange translation gain	14,693	26,772	8,004	24,278
Realized gain of financial derivatives	7,563	23,118	82,558	148,817
Unrealized gain of financial derivatives	(11,036)	2,238	56,138	60,376
	<u>Rs 147,474</u>	<u>366,275</u>	<u>Rs 268,983</u>	<u>458,582</u>

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

For the six-month periods ended June 30, 2019 and 2018

28. Finance Income and Costs, Continued

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

(In thousands of won)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest expense	₩ 927,824	1,324,474	₩ 92,016	497,307
Foreign exchange transaction loss	3,482,256	5,073,956	2,677,363	5,970,587
Foreign exchange translation loss	3,356,251	4,636,030	(759,761)	2,645,174
Realized loss of financial derivatives	106,032	141,589	889,190	1,025,788
Unrealized loss of financial derivatives	102,479	150,697	(297,870)	37,250
	₩ 7,974,842	11,326,746	₩ 2,600,938	10,176,106

(In thousands of rupee)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest expense	Rs 55,391	79,071	Rs 5,493	29,689
Foreign exchange transaction loss	207,891	302,915	159,839	356,444
Foreign exchange translation loss	200,368	276,771	(45,358)	157,917
Realized loss of financial derivatives	6,330	8,453	53,085	61,240
Unrealized loss of financial derivatives	6,118	8,997	(17,783)	2,224
	Rs 476,098	676,207	Rs 155,276	607,514

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

(In thousands of won)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Amortised cost of financial assets and financial liabilities	₩ (5,242,913)	(5,334,927)	₩ 167,738	(4,946,706)
Non-Current financial assets	5,000	11,000	5,000	11,000
Derivatives financial assets (liabilities)	(266,673)	132,416	1,731,907	2,441,024
	₩ (5,504,586)	(5,191,511)	₩ 1,904,645	(2,494,682)

(In thousands of rupee)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Amortised cost of financial assets and financial liabilities	Rs (313,002)	(318,495)	Rs 10,014	(295,318)
Non-Current financial assets	299	657	299	657
Derivatives financial assets (liabilities)	(15,920)	7,906	103,395	145,729
	Rs (328,623)	(309,932)	Rs 113,708	(148,932)

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

For the six-month periods ended June 30, 2019 and 2018

29. Losses per Share

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

(In thousands of won, except per share information)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Loss for the period	₩ (50,273,936)	(77,780,087)	₩ (6,626,776)	(40,793,665)
Loss contributed to common stocks	(50,273,936)	(77,780,087)	(6,626,776)	(40,793,665)
Weighted average number of common shares(shares)	149,840,002	148,340,467	138,983,372	138,983,372
Basic losses per share(*) (In won)	₩ (336)	(524)	₩ (48)	(294)

(In thousands of rupee, except per share information)

	2019		2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Loss for the period	Rs (3,001,354)	(4,643,471)	Rs (395,619)	(2,435,382)
Loss contributed to common stocks	(3,001,354)	(4,643,471)	(395,619)	(2,435,382)
Weighted average number of common shares(shares)	149,840,002	148,340,467	138,983,372	138,983,372
Basic losses per share(*) (In rupee)	Rs (20)	(31)	Rs (3)	(18)

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

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

For the six-month periods ended June 30, 2019 and 2018

29. Losses per Share, Continued

(2) Weighted average number of common shares outstanding for the years ended June 30, 2019 and 2018 are calculated as follows:

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

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

(In shares)	2018			
	Outstanding period	Common shares issued	(In days) Weighted-average	Common shares outstanding
Beginning	2018-01-01~2018-06-30	137,949,396	181/181	137,949,396
Issuing(*)	2018-01-01~2018-06-30	1,033,976	181/181	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.

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

For the six-month periods ended June 30, 2019 and 2018

30. Cash Flows

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Loss for the period	₩ (77,780,087)	(40,793,665)	Rs (4,643,471)	(2,435,382)
Adjustments for:				
Retirement benefit costs	24,244,334	22,589,560	1,447,387	1,348,597
Depreciation	78,906,266	70,310,413	4,710,704	4,197,532
Amortization	45,766,096	35,340,801	2,732,236	2,109,846
Losses on disposal of trade receivables	56,144	37,642	3,352	2,247
Foreign exchange translation gain and loss, net	3,405,879	2,446,281	203,331	146,043
Losses on disposal of property, plant and equipment	(310,990)	5,717	(18,566)	341
Interest expense and income, net	(1,027,113)	(515,893)	(61,319)	(30,799)
Dividends income	(11,000)	(11,000)	(657)	(657)
Unrealized gain and loss of financial derivatives, net	113,224	(974,065)	6,759	(58,152)
Losses on valuation of inventories	2,631,161	2,448,692	157,080	146,187
Increase in provision of warranty for sale	15,146,303	8,728,367	904,234	521,084
Others	2,218,007	187,555	132,416	11,197
	<u>171,138,311</u>	<u>140,594,070</u>	<u>10,216,957</u>	<u>8,393,466</u>
Changes in assets and liabilities				
Trade receivables	4,352,786	28,308,992	259,861	1,690,047
Other receivables	(109,397)	616,521	(6,531)	36,806
Inventories	(86,867,919)	12,121,225	(5,186,015)	723,637
Trade payables	197,006,043	(56,770,289)	11,761,261	(3,389,186)
Other payables	35,615,609	(29,855,094)	2,126,252	(1,782,349)
Accrued expenses	(7,346,886)	(7,513,445)	(438,609)	(448,553)
Usage of provision of warranty for sale	(17,855,280)	(19,579,800)	(1,065,960)	(1,168,914)
Payment of retirement benefits	(14,850,395)	(12,566,971)	(886,569)	(750,248)
Others	(2,540,976)	1,796,927	(151,696)	107,277
	<u>107,403,585</u>	<u>(83,441,934)</u>	<u>6,411,994</u>	<u>(4,981,483)</u>
Net cash provided by operating activities	₩ <u>200,761,809</u>	<u>16,358,471</u>	Rs <u>11,985,480</u>	<u>976,601</u>

(2) Significant non-cash activities for the six-month periods ended June 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	₩ 5,288,648	(21,232,720)	Rs 315,730	(1,267,593)

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

For the six-month periods ended June 30, 2019 and 2018

30. Cash Flows, Continued

(3) Adjustment of liabilities from financing activities

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

(In thousands of won)

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

(In thousands of rupee)

	Beginning balance	Increase	Decrease	Liquidity	Others	Exchange rate effect	Ending balance
Banker's usance (*)	Rs 8,550,684	433,152	-	-	-	249,999	9,233,835
Short-term borrowings	2,089,500	-	(223,875)	522,375	-	-	2,388,000
Long-term borrowings	4,477,500	2,985,000	-	(522,375)	-	-	6,940,125
Lease liabilities	793,708	-	(268,490)	-	147,925	-	673,143
	Rs 15,911,392	3,418,152	(492,365)	-	147,925	249,999	19,235,103

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

31. Segment Information

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

(2) Geographic sales information of the Company for the six-month periods ended June 30, 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	₩ 1,531,847,668	1,423,744,143	Rs 91,451,305	84,997,525
Europe	149,904,755	158,798,328	8,949,314	9,480,260
Asia Pacific	114,650,819	29,238,642	6,844,654	1,745,547
Others	78,376,509	134,876,198	4,679,078	8,052,109
	₩ 1,874,779,751	1,746,657,311	Rs 111,924,351	104,275,441

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

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

For the six-month periods ended June 30, 2019 and 2018

31. Segment Information, Continued

(3) Information of sales of goods and service for the six-month periods ended June 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	₩ 1,613,438,666	1,544,094,598	Rs 96,322,288	92,182,448
Merchandise and parts	208,325,793	156,815,039	12,437,050	9,361,858
Others	53,015,292	45,747,674	3,165,013	2,731,135
	₩ 1,874,779,751	1,746,657,311	Rs 111,924,351	104,275,441

(4) Balance of Contracts as of June 30, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	2019	2018
Receivables from contracts with customers	₩ 175,997,643	180,342,156	Rs 10,507,059	10,766,427
Contract liabilities	17,016,859	17,311,822	1,015,906	1,033,516

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

32. Transactions and Balances with Related Parties

(1) Details of related parties as of June 30, 2019 are as follows:

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

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

For the six-month periods ended June 30, 2019 and 2018

32. Transactions and Balances with Related Parties, Continued

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

(In thousands of won)

Relationship	Company	Description	2019	2018
Parent	Mahindra & Mahindra Ltd.	Sales	₩ 22,303,071	2,336,169
		Purchases	-	103,581
		Other expenses	459,944	707,336
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	7,893,381	5,782,041
	Ssangyong Australia Pty Ltd	Sales	24,957,830	-
	Ssangyong Motor (Shanghai) Co.Ltd.	Other expenses	195,489	-
Joint venture	SY Auto Capital Co., Ltd.	Other expenses	14,839,120	8,519,247
		Other income	1,081,944	-
Others	Mahindra Vehicle Manufacturing Ltd.	Sales	39,577,498	3,819,365
	Mahindra Electric Mobility Ltd.	Other expenses	131,192	2,439,828
	Mahindra & Mahindra South Africa Ltd.	Sales	6,911	30,755
	PININFARINA S.p.A	Other expenses	384,694	419,324

(In thousands of rupee)

Relationship	Company	Description	2019	2018
Parent	Mahindra & Mahindra Ltd.	Sales	Rs 1,331,493	139,469
		Purchases	-	6,184
		Other expenses	27,459	42,228
Subsidiaries	Ssangyong European Parts Center B.V.	Sales	471,235	345,188
	Ssangyong Australia Pty Ltd	Sales	1,489,982	-
	Ssangyong Motor (Shanghai) Co.Ltd.	Other expenses	11,671	-
Joint venture	SY Auto Capital Co., Ltd.	Other expenses	885,895	508,599
		Other incomes	64,592	-
Others	Mahindra Vehicle Manufacturing Ltd.	Sales	2,362,777	228,016
	Mahindra Electric Mobility Ltd.	Other expenses	7,832	145,658
	Mahindra & Mahindra South Africa Ltd.	Sales	413	1,836
	PININFARINA S.p.A	Other expenses	22,966	25,034

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

For the six-month periods ended June 30, 2019 and 2018

32. Transactions and Balances with Related Parties, Continued

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

(In thousands of won)

Relationship	Company	Description	2019	2018
Parent	Mahindra & Mahindra Ltd.	Trade receivables ₩	3,272,950	4,171,953
		Other receivables	43,338	30,314
		Other payables	644,272	669,683
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	14,373,680	13,451,565
		Other payables	73,898	43,002
		Trade receivables	24,955,297	9,621,128
Subsidiaries	Ssangyong Australia Pty Ltd.	Other payables	51,899	86,650
		Other receivables	419,110	405,844
		Other payables	10,982	79,755
Joint venture	SY Auto Capital Co., Ltd.	Other payables	216,966	242,805
		Trade receivables	2,365,477	5,405,701
Others	Mahindra Vehicle Manufacturing Ltd.	Other payables	2,375,007	2,500,000
		Other payables	62,994	44,724
		Other payables	4,649	11,560

(In thousands of rupee)

Relationship	Company	Description	2019	2018
Parent	Mahindra & Mahindra Ltd.	Trade receivables Rs	195,395	249,066
		Other receivables	2,587	1,810
		Other payables	38,463	39,980
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables	858,109	803,058
		Other payables	4,412	2,567
		Trade receivables	1,489,831	574,381
Subsidiaries	Ssangyong Australia Pty Ltd.	Other payables	3,098	5,173
		Other receivables	25,021	24,229
		Other payables	656	4,761
Joint venture	SY Auto Capital Co., Ltd.	Other payables	12,953	14,495
		Trade receivables	141,219	322,720
Others	Mahindra Vehicle Manufacturing Ltd.	Other payables	141,788	149,250
		Other payables	3,761	2,670
		Other payables	278	690

Allowance for receivables from related parties are ₩ 419,110 thousand (Rs 25,021 thousand) recognized as of June 30, 2019.

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

For the six-month periods ended June 30, 2019 and 2018

32. Transactions and Balances with Related Parties, Continued

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

(In thousands of won and in thousands of rupee)

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

(5) Executive compensation of the Company for the six-month periods ended June 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	₩	4,217,362	3,582,746	Rs 251,777	213,890
Retirement benefits		151,080	245,306	9,019	14,645

33. Financial Instruments

(1) Capital risk management

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

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

Debt-to-equity ratio as of June 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)	₩	1,800,827,426	1,510,786,741	Rs 107,509,397	90,193,968
Equity (B)		667,063,637	695,276,413	39,823,699	41,508,002
Debt-to-equity ratio (A/B)		269.96%	217.29%	269.96%	217.29%

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

For the six-month periods ended June 30, 2019 and 2018

33. Financial Instruments, Continued

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

1) Financial assets

(In thousands of won)

	2019				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	₩ 308,628,890	-	-	308,628,890	308,628,890
Long-term financial instruments	4,000	-	-	4,000	4,000
Trade and other receivables	232,011,178	-	-	232,011,178	232,011,178
Non-current financial assets	-	560,000	-	560,000	560,000
Derivative assets	-	-	272,995	272,995	272,995
	₩ 540,644,068	560,000	272,995	541,477,063	541,477,063

(In thousands of won)

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

(In thousands of rupee)

	2019				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	Rs 18,425,145	-	-	18,425,145	18,425,145
Long-term financial instruments	239	-	-	239	239
Trade and other receivables	13,851,067	-	-	13,851,067	13,851,067
Non-current financial assets	-	33,432	-	33,432	33,432
Derivative assets	-	-	16,298	16,298	16,298
	Rs 32,276,451	33,432	16,298	32,326,181	32,326,181

(In thousands of rupee)

	2018				
	Amoritsed cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	Rs 9,011,919	-	-	9,011,919	9,011,919
Long-term financial instruments	239	-	-	239	239
Trade and other receivables	13,670,115	-	-	13,670,115	13,670,115
Non-current financial assets	-	33,432	-	33,432	33,432
Derivative assets	-	48,172	5,040	53,212	53,212
	Rs 22,682,273	81,604	5,040	22,768,917	22,768,917

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

For the six-month periods ended June 30, 2019 and 2018

33. Financial Instruments, Continued

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

2) Financial liabilities

(In thousands of won)

		2019				
		Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	₩	933,705,909	-	-	933,705,909	933,705,909
Borrowings		310,920,605	-	-	310,920,605	310,920,605
Derivative liabilities		-	-	418,839	418,839	418,839
	₩	<u>1,244,626,514</u>	<u>-</u>	<u>418,839</u>	<u>1,245,045,353</u>	<u>1,245,045,353</u>

(In thousands of won)

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

(In thousands of rupee)

		2019				
		Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	Rs	55,742,243	-	-	55,742,243	55,742,243
Borrowings		18,561,960	-	-	18,561,960	18,561,960
Derivative liabilities		-	-	25,005	25,005	25,005
	Rs	<u>74,304,203</u>	<u>-</u>	<u>25,005</u>	<u>74,329,208</u>	<u>74,329,208</u>

(In thousands of rupee)

		2018			
		Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	Rs	41,298,580	-	41,298,580	41,298,580
Borrowings		15,117,684	-	15,117,684	15,117,684
	Rs	<u>56,416,264</u>	<u>-</u>	<u>56,416,264</u>	<u>56,416,264</u>

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

For the six-month periods ended June 30, 2019 and 2018

33. Financial Instruments, Continued

(3) Financial risk management

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

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

1) Market risk

a. Foreign exchange risk

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

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

(In thousands of won and in thousands of rupee)

Currency	Korean won		Indian rupee	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 1,811,855	(1,811,855) Rs	108,168	(108,168)
EUR	(2,279,119)	2,279,119	(136,063)	136,063
JPY	(11,838,618)	11,838,618	(706,765)	706,765
Others	3,929,602	(3,929,602)	234,597	(234,597)
	₩ (8,376,280)	8,376,280 Rs	(500,063)	500,063

b. Interest rate risk

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

If other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Company's current income will decrease or increase in ₩ 342,055 thousand (Rs 20,421 thousand) for the six-month periods ended June 30, 2019, due to floating rate debt's interest rate risk.

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

For the six-month periods ended June 30, 2019 and 2018

33. Financial Instruments, Continued

(3) Financial risk management, continued

2) Credit risk

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

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

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

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

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

Maximum exposure in respect of credit risk as of June 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
Trade and other receivables	₩ 232,011,178	228,980,147	Rs 13,851,067	13,670,115

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

For the six-month periods ended June 30, 2019 and 2018

33. Financial Instruments, Continued

(3) Financial risk management, continued

3) Liquidity risk

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

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

(In thousands of won)

	2019		
	Within a year	Over 1 year	Total
Trade payables	₩ 731,389,651	-	731,389,651
Other payables	188,902,561	-	188,902,561
Short-term borrowings(*)	195,384,033	-	195,384,033
Derivatives liabilities	418,839	-	418,839
Lease liabilities(*)	6,614,745	5,188,526	11,803,271
Other payables	1,195,069	-	1,195,069
Long-term borrowings(*)	-	121,678,147	121,678,147
Long-term other payables	-	943,194	943,194
	<u>₩ 1,123,904,898</u>	<u>127,809,867</u>	<u>1,251,714,765</u>

(*) Including expected interest expenses.

(In thousands of won)

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

(*) Including expected interest expenses.

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

For the six-month periods ended June 30, 2019 and 2018

33. Financial Instruments, Continued

(3) Financial risk management, continued

3) Liquidity risk, continued

(In thousands of rupee)

		2019		
		Within a year	Over 1 year	Total
Trade payables	Rs	43,663,962	-	43,663,962
Other payables		11,277,483	-	11,277,483
Short-term borrowings(*)		11,664,427	-	11,664,427
Derivatives liabilities		25,005	-	25,005
Lease liabilities(*)		394,900	309,755	704,655
Other payables		71,346	-	71,346
Long-term borrowings(*)		-	7,264,185	7,264,185
Long-term other payables		-	56,309	56,309
	Rs	<u>67,097,123</u>	<u>7,630,249</u>	<u>74,727,372</u>

(*) Including expected interest expenses.

(In thousands of rupee)

		2018		
		Within a year	Over 1 year	Total
Trade payables	Rs	31,922,729	-	31,922,729
Other payables		9,217,581	-	9,217,581
Short-term borrowings(*)		10,717,271	-	10,717,271
Other payables		63,152	-	63,152
Long-term borrowings(*)		-	4,701,985	4,701,985
Long-term other payables		-	95,118	95,118
	Rs	<u>51,920,733</u>	<u>4,797,103</u>	<u>56,717,836</u>

(*) Including expected interest expenses.

Details of commitments for borrowings as of June 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
Limitation of commitments for borrowings	Used	₩ 156,250,000	110,000,000	Rs 9,328,125	6,567,000
	Unused	<u>147,000,000</u>	<u>147,000,000</u>	<u>8,775,900</u>	<u>8,775,900</u>
		<u>₩ 303,250,000</u>	<u>257,000,000</u>	<u>Rs 18,104,025</u>	<u>15,342,900</u>

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

For the six-month periods ended June 30, 2019 and 2018

33. Financial Instruments, Continued

(4) Fair value of financial instruments

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

2) Valuation methods and assumptions applied in fair value measurement

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

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

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

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

For the six-month periods ended June 30, 2019 and 2018

33. 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 June 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>
As of June 30, 2019					
Derivatives assets	₩	-	272,995	-	272,995
Derivatives liabilities		-	418,839	-	418,839
As of December 31, 2018					
Derivatives liabilities	₩	-	891,319	-	891,319

(In thousands of rupee)

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
As of June 30, 2019					
Derivatives assets	Rs	-	16,298	-	16,298
Derivatives liabilities		-	25,005	-	25,005
As of December 31, 2018					
Derivatives liabilities	Rs	-	53,212	-	53,212

4) The Company measures the foreign exchange forward contract derivative assets: ₩ 272,995 thousand (Rs 16,298 thousand), derivative liabilities: ₩ 418,839 thousand (Rs 25,005 thousand) based on the forward rate announced officially in the market as of June 30, 2019. In the event that no corresponding forward rate with residual year of the foreign exchange forward contract in the market exists, the Company measured the market value through interpolation method.

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