

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES

Consolidated Interim Financial Statements

(Unaudited)

March 31, 2020 and 2019

(With Independent Auditors' Review Report Thereon)

Contents

	Page
Independent Auditors' Review Report	1
Consolidated Interim Statements of Financial Position	3
Consolidated Interim Statements of Comprehensive Loss	5
Consolidated Interim Statements of Changes in Equity	6
Consolidated Interim Statements of Cash Flows	8
Notes to the Consolidated Interim Financial Statements	9

Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
Ssangyong Motor Company

We have reviewed the accompanying consolidated interim financial statements of Ssangyong Motor Company and its subsidiaries (the "Group"), which comprise the consolidated interim statement of financial position as of March 31, 2020, the consolidated interim statements of comprehensive loss, changes in equity and cash flows for the three-month periods ended March 31, 2020 and 2019 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of the consolidated 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 consolidated interim financial statements based on our review.

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

Basis for Disclaimer of Opinion

The accompanying consolidated interim financial statements have been prepared assuming that the Group will continue as a going concern and therefore the Group's assets and liabilities are accounted for on the assumption that they can be recovered or repaid at their carrying amount through the normal course of business activities. As discussed in note 36 to the consolidated interim financial statements, the Group has incurred operating loss of ₩98,634 million and a net loss of ₩193,537 million during the period ended March 31, 2020 and, as of that date, the Group's current liabilities exceed its current assets by ₩589,865 million.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Whether the Group to continue as a going concern or not includes a material uncertainty that depends on the final results of the capital reorganization plan and business improvement plan of the Group, as discussed in note 36 to the consolidated interim financial statement. However, we were not able to obtain sufficient appropriate review evidence that could reasonably estimate any adjustment of assets, liabilities and related profit or loss items that might be resulted from the outcome of this uncertainty.

Disclaimer of Opinion

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



Other matters

The consolidated statement of financial position of the Group as of December 31, 2019, and the related consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 16, 2020, expressed an unqualified opinion. The consolidated statement of financial position of the Group as of December 31, 2019, presented for comparative purposes, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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

The accompanying consolidated interim financial statements as of and for the three-month periods ended March 31, 2020 and 2019 have been translated into Indian Rupee solely for the convenience of the reader and such translation does not comply with K-IFRS. We have reviewed the translation and nothing came to our attention that cause us to believe that the consolidated interim financial statements expressed in Korean won have not been translated into Indian Rupee on the basis set forth in note 2.(1) to the consolidated interim financial statements.

KPMG Samjong Accounting Corp.

Seoul, Korea
May 15, 2020

This report is effective as of May 15, 2020, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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

As of March 31, 2020 and December 31, 2019

(In thousands of won and in thousands of rupee)

	<i>Note</i>	Korean won		Indian rupee		
		2020	2019	2020	2019	
Assets						
Cash and cash equivalents	4,5,35 ₩	49,809,451	125,800,194	Rs 3,078,971	7,776,339	
Trade and other receivables, net	7,14,33					
	34,35	92,930,494	136,594,866	5,744,498	8,443,612	
Derivative assets	27,35	230,190	-	14,229	-	
Inventories, net	8,26	237,575,891	226,131,073	14,685,754	13,978,292	
Non-current assets held for sale	10	15,865,159	-	980,705	-	
Other current assets	11	12,995,929	9,013,632	803,344	557,178	
Total current assets		409,407,114	497,539,765	25,307,501	30,755,421	
Non-current financial instruments	5,35	4,000	4,000	247	247	
Non-current other receivables, net	7,33,34,					
	35	37,951,920	38,937,441	2,345,998	2,406,918	
Non-current financial assets	6,35	560,000	560,000	34,616	34,616	
Property, plant and equipment, net	12,15	1,044,910,343	1,142,262,329	64,591,133	70,608,946	
Intangible assets, net	12,13	276,739,596	313,104,754	17,106,658	19,354,570	
Investments in joint venture	9	19,278,061	19,053,781	1,191,673	1,177,809	
Other non-current assets	11	276,017	285,505	17,063	17,650	
Right of use assets	14	6,828,058	7,459,568	422,076	461,113	
Total non-current assets		1,386,547,995	1,521,667,378	85,709,464	94,061,869	
Total assets		₩ 1,795,955,109	2,019,207,143	Rs 111,016,965	124,817,290	

See accompanying notes to the consolidated interim financial statements.

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

As of March 31, 2020 and December 31, 2019

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee		
		2020	2019	2020	2019	
Liabilities						
Trade payables	34,35	₩ 363,792,079	477,370,219	Rs 22,487,807	29,508,640	
Other payables	20,34,35	113,180,453	131,066,324	6,996,250	8,101,865	
Short-term borrowings	15,20, 32,35	389,932,965	254,106,448	24,103,706	15,707,590	
Derivative liabilities	27,35	87,120	-	5,385	-	
Other Financial Liabilities	16,35	43,190,779	39,493,725	2,669,838	2,441,305	
Provision of warranty for sale						
- current	17	56,566,741	50,305,013	3,496,673	3,109,605	
Other long-term employee benefits liabilities- current		2,014,859	2,078,739	124,548	128,497	
Other current liabilities	16,18,33, 34,35	23,490,422	25,724,193	1,452,061	1,590,141	
Current lease liabilities	14,32,35	7,016,283	6,939,730	433,712	428,979	
Total current liabilities		<u>999,271,701</u>	<u>987,084,391</u>	<u>61,769,980</u>	<u>61,016,622</u>	
Long-term borrowings	15,20, 32,35	115,000,000	158,750,000	7,108,725	9,813,131	
Non-current other payables	35	801,832	848,340	49,565	52,440	
Other non-current liabilities	18,33	16,791,576	16,399,791	1,037,971	1,013,754	
Defined benefit liabilities	19	361,745,063	356,155,261	22,361,271	22,015,737	
Other long-term employee benefits liabilities		14,463,690	14,174,556	894,073	876,200	
Non-current provision of warranty for sale	17	74,199,627	77,980,593	4,586,650	4,820,370	
Non-current lease liabilities	14,32,35	3,787,494	4,690,654	234,124	289,953	
Total non-current liabilities		<u>586,789,282</u>	<u>628,999,195</u>	<u>36,272,379</u>	<u>38,881,585</u>	
Total liabilities		<u>1,586,060,983</u>	<u>1,616,083,586</u>	<u>98,042,359</u>	<u>99,898,207</u>	
Equity						
Capital stock	21	749,200,010	749,200,010	46,311,799	46,311,799	
Other capital surplus	22	78,162,820	78,162,820	4,831,635	4,831,635	
Other equity	23	1,417,626	1,109,395	87,630	68,577	
Accumulated deficit	24	(618,886,330)	(425,348,668)	(38,256,459)	(26,292,928)	
Equity attributable to owners of the Company		<u>209,894,126</u>	<u>403,123,557</u>	<u>12,974,605</u>	<u>24,919,083</u>	
Non-controlling interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total equity		<u>209,894,126</u>	<u>403,123,557</u>	<u>12,974,605</u>	<u>24,919,083</u>	
Total liabilities and equity		<u>₩ 1,795,955,109</u>	<u>2,019,207,143</u>	<u>Rs 111,016,964</u>	<u>124,817,290</u>	

See accompanying notes to the consolidated interim financial statements.

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

For the three-month periods ended March 31, 2020 and 2019

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

	Note	Korean won		Indian rupee	
		2020	2019	2020	2019
Sales	33,34	₩ 649,187,371	933,209,041	Rs 40,129,517	57,686,317
Cost of sales	26,34	639,744,339	818,914,036	39,545,796	50,621,171
Gross profit		<u>9,443,032</u>	<u>114,295,005</u>	<u>583,721</u>	<u>7,065,146</u>
Selling, general and administrative expenses	26,28	108,077,295	142,097,311	6,680,798	8,783,746
Operating loss		<u>(98,634,263)</u>	<u>(27,802,306)</u>	<u>(6,097,077)</u>	<u>(1,718,600)</u>
Other income	29,34	3,830,501	3,116,317	236,782	192,635
Other expenses	29,34	91,807,977	1,902,916	5,675,110	117,628
Finance income	27,30	1,634,198	3,680,861	101,018	227,532
Finance costs	27,30	8,783,610	3,357,398	542,959	207,537
Share of profits of joint venture	9	224,474	146,160	13,876	9,035
Loss before income taxes		<u>(193,536,677)</u>	<u>(26,119,282)</u>	<u>(11,963,470)</u>	<u>(1,614,563)</u>
Income tax expenses	25	-	-	-	-
Loss for the period		<u>(193,536,677)</u>	<u>(26,119,282)</u>	<u>(11,963,470)</u>	<u>(1,614,563)</u>
Loss attributable to:					
Owners of the Company		(193,536,677)	(26,119,282)	(11,963,470)	(1,614,563)
Non-controlling interests		-	-	-	-
Other comprehensive income (loss) for the period		307,246	(385,759)	18,992	(23,846)
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	19,24	(791)	(1,675)	(49)	(104)
Defined benefit plan re-measurements of joint ventures	9,24	(194)	(62)	(12)	(4)
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of cash flow hedge	23,27	130,390	(404,450)	8,060	(25,001)
Foreign currency translation difference for foreign operation		177,841	20,428	10,993	1,263
Total comprehensive loss for the period		<u>₩ (193,229,431)</u>	<u>(26,505,041)</u>	<u>Rs (11,944,478)</u>	<u>(1,638,409)</u>
Total comprehensive loss attributable to:					
Owners of the Company		(193,229,431)	(26,505,041)	(11,944,478)	(1,638,409)
Non-controlling interests		-	-	-	-
Losses per share					
Basic and diluted losses per share (in won and in rupee)	31	₩ (1,292)	(178)	Rs (80)	(11)

See accompanying notes to the consolidated interim financial statements.

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

For the three-month periods ended March 31, 2020 and 2019

(In thousands of won)

	Capital stock	Paid-in capital in excess of par value	Other capital surplus	Debt to be swapped for equity	Other equity	Accumulated deficit	Non- controlling interests	Total
		Gain on capital reduction						
Balance at January 1, 2019	₩ 689,746,980	12,916,273	74,061,697	931,508	1,242,617	(85,610,656)	-	693,288,419
Total comprehensive income (loss) for the period:								
Loss for the period	-	-	-	-	-	(26,119,282)	-	(26,119,282)
Defined benefit plan re-measurements	-	-	-	-	-	(1,675)	-	(1,675)
Defined benefit plan re-measurements of joint ventures	-	-	-	-	-	(62)	-	(62)
Changes in fair value of cash flow hedge	-	-	-	-	(404,450)	-	-	(404,450)
Foreign currency translation difference for foreign operation	-	-	-	-	20,428	-	-	20,428
Transactions with owners of the Parent Company, recognized directly in equity:								
Issue of ordinary shares	₩ 59,453,030	(9,746,658)	-	-	-	-	-	49,706,372
Balance at March 31, 2019	₩ 749,200,010	3,169,615	74,061,697	931,508	858,595	(111,731,675)	-	716,489,750
Balance at January 1, 2020	₩ 749,200,010	3,169,615	74,061,697	931,508	1,109,395	(425,348,668)	-	403,123,557
Total comprehensive income (loss) for the period:								
Loss for the period	-	-	-	-	-	(193,536,677)	-	(193,536,677)
Defined benefit plan re-measurements	-	-	-	-	-	(791)	-	(791)
Defined benefit plan re-measurements of joint ventures	-	-	-	-	-	(194)	-	(194)
Changes in fair value of cash flow hedge	-	-	-	-	130,390	-	-	130,390
Foreign currency translation difference for foreign operation	-	-	-	-	177,841	-	-	177,841
Balance at March 31, 2020	₩ 749,200,010	3,169,615	74,061,697	931,508	1,417,626	(618,886,330)	-	209,894,126

See accompanying notes to the consolidated interim financial statements.

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

For the three-month periods ended March 31, 2020 and 2019

(In thousands of rupee)

	Capital stock	Other capital surplus			Debt to be swapped for equity	Other equity	Accumulated deficit	Non-controlling interests	Total
		Paid-in capital in excess of par value	Gain on capital reduction						
Balance at January 1, 2019	Rs 42,636,710	798,420	4,578,124	57,581	76,812	(5,292,023)	-	42,855,624	
Total comprehensive income(loss) for the period:									
Loss for the period	-	-	-	-	-	(1,614,563)	-	(1,614,563)	
Defined benefit plan re-measurements	-	-	-	-	-	(104)	-	(104)	
Defined benefit plan re-measurements of joint ventures	-	-	-	-	-	(4)	-	(4)	
Changes in fair value of cash flow hedge	-	-	-	-	(25,001)	-	-	(25,001)	
Foreign currency translation difference for foreign operation	-	-	-	-	1,263	-	-	1,263	
Transactions with owners of the Parent Company, recognized directly in equity:									
Disposal of Accumulated Deficit	3,675,089	(602,490)	-	-	-	-	-	3,072,599	
Balance at March 31, 2019	Rs 46,311,799	195,930	4,578,124	57,581	53,074	(6,906,694)	-	44,289,814	
Balance at January 1, 2020	Rs 46,311,799	195,930	4,578,124	57,581	68,577	(26,292,928)	-	24,919,083	
Total comprehensive income(loss) for the period:									
Loss for the period	-	-	-	-	-	(11,963,470)	-	(11,963,470)	
Defined benefit plan re-measurements	-	-	-	-	-	(49)	-	(49)	
Defined benefit plan re-measurements of joint ventures	-	-	-	-	-	(12)	-	(12)	
Changes in fair value of cash flow hedge	-	-	-	-	8,060	-	-	8,060	
Foreign currency translation difference for foreign operation	-	-	-	-	10,993	-	-	10,993	
Balance at March 31, 2020	Rs 46,311,799	195,930	4,578,124	57,581	87,630	(38,256,459)	-	12,974,605	

See accompanying notes to the consolidated interim financial statements.

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

For the three-month periods ended March 31, 2020 and 2019

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Cash flows from operating activities				
Loss for the period	₩ (193,536,677)	(26,119,282)	Rs (11,963,470)	(1,614,563)
Adjustment	168,971,496	76,369,728	10,444,973	4,720,795
Changes in assets and liabilities	(112,454,923)	133,623,523	(6,951,401)	8,259,937
Cash generated from operations (note 32)	<u>(137,020,104)</u>	<u>183,873,969</u>	<u>(8,469,898)</u>	<u>11,366,169</u>
Interest received	697,672	969,487	43,127	59,929
Interest paid	(2,982,507)	(1,358,112)	(184,364)	(83,952)
Dividends received	6,000	6,000	371	371
Net cash provided by (used in) operating activities	<u>(139,298,939)</u>	<u>183,491,344</u>	<u>(8,610,764)</u>	<u>11,342,517</u>
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	939,403	282,731	58,069	17,477
Acquisition of property, plant and equipment	(9,680,828)	(55,764,635)	(598,420)	(3,447,091)
Acquisition of intangible assets	(11,844,401)	(31,591,896)	(732,162)	(1,952,853)
Cash flow used in other investing activities	(870,349)	(1,388,145)	(53,800)	(85,808)
Net cash used in investing activities	<u>(21,456,175)</u>	<u>(88,461,945)</u>	<u>(1,326,313)</u>	<u>(5,468,275)</u>
Cash flows from financing activities				
Proceeds from borrowings	96,999,947	62,639,471	5,996,052	3,872,059
Receipts of government grants	-	40,932	-	2,530
Proceeds from issuing capital stock	-	49,999,998	-	3,090,750
Repayment of borrowings	(9,424,774)	(1,250,000)	(582,592)	(77,269)
Payment of lease liabilities	(2,445,567)	(2,431,683)	(151,173)	(150,314)
Stock issuance cost	-	(293,626)	-	(18,151)
Net cash provided by financing activities	<u>85,129,606</u>	<u>108,705,092</u>	<u>5,262,287</u>	<u>6,719,605</u>
Effect of exchange rate fluctuations on cash and cash equivalents	<u>(365,235)</u>	<u>101,689</u>	<u>(22,578)</u>	<u>6,287</u>
Net increase(decrease) in cash and cash equivalents	<u>(75,990,743)</u>	<u>203,836,180</u>	<u>(4,697,368)</u>	<u>12,600,134</u>
Cash and cash equivalents at January 1	125,800,194	156,062,657	7,776,339	9,647,013
Cash and cash equivalents at March 31	₩ <u>49,809,451</u>	<u>359,898,837</u>	Rs <u>3,078,971</u>	<u>22,247,147</u>

See accompanying notes to the consolidated interim financial statements.

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

For the three-month periods ended March 31, 2020 and 2019

1. General Description of the Company

(1) Organization and description of business of the Company

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

(2) Major shareholders

As of March 31, 2020, the Company's shareholders are as follows:

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

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

2. Basis of Preparation and Accounting Policies

(1) Basis of translating consolidated financial statements

The consolidated interim financial statements are expressed in Korean won and have been translated into Indian rupees at the rate of INR 0.061815 to ₩1 on March 31, 2020, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into Indian rupees at this or any other rate.

(2) Statement of compliance

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

These consolidated interim financial statements were prepared in accordance with K-IFRS No.1034, 'Interim Financial Reporting' as part of the period covered by the Group's K-IFRS annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as of and for the year ended December 31, 2019. These consolidated interim financial statements do not include all of the disclosures required for full annual financial statements.

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

For the three-month periods ended March 31, 2020 and 2019

2. Basis of Preparation and Accounting Policies, Continued

(3) Use of estimates and judgments

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

Management's judgments in applying accounting policies and estimation, used in consolidated interim financial statements, are the same as those applied to the consolidated financial statements as of and for the year ended December 31, 2019.

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

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

3. Changes in accounting policies

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

(1) Revised K-IFRS No.1001 'Presentation of Financial Statements' and K-IFRS No.1008 'Accounting Policies, Changes in Accounting Estimates and Errors - Definitions of Material'
The definition of material was clarified and K-IFRS No.1001 and K-IFRS No.1008 were amended in accordance with the clarified definitions. In determining the importance of the information, the impact of non-critical information as well as the omission or distortion of important information, and the characteristics of the users of the information to be disclosed by the Group were to be considered. There is no significant effect on the consolidated interim financial statements by amending the Standard.

(2) Revised K-IFRS No.1103 'Business Combinations - definition of a business'
In the revised project definition, in order to determine a set of acquired activities and assets as a business, inputs and practical processes with the ability to contribute significantly to the creation of output were required to be included, and economic benefits were excluded from the reduction in cost. In addition, when most of the fair value of the acquired total assets is concentrated on a single identifiable asset or group of assets, an optional intensive test was added that the acquired activities and the group of assets can be determined by the group of assets or assets, not by the business. There is no significant effect on the consolidated interim financial statements by amending the Standard.

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

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

For the three-month periods ended March 31, 2020 and 2019

4. Cash and Cash Equivalents

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

5. Restricted Financial Instruments

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

(In thousands of won and in thousands of rupee)

	Financial institution	Korean won		Indian rupee		Description
		2020	2019	2020	2019	
Cash and cash equivalents	Shinhan Bank and others	₩ 442,845	187,494	Rs 27,374	11,590	Litigated asset, government grants and others Unconfirmed reorganization debt pledged as collateral
	Woori Bank	752,793	752,317	46,534	46,504	
Long-term financial instruments	Shinhan Bank and others	4,000	4,000	247	247	Bank account deposit
		₩ 1,199,638	943,811	Rs 74,155	58,341	

6. Non-current Financial Assets

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

(In thousands of won)

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

(In thousands of rupee)

	Ownership (%)		2020		2019
			Acquisition cost	Net asset value	Book value
Korea Business Finance Loan(*)	1.72	Rs	30,908	45,544	30,908
Korea Management Consultants Association(*)	1.50		3,709	58,718	3,709
		Rs	34,617	104,262	34,617

(*) 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 AND SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements
(Unaudited)

For the three-month periods ended March 31, 2020 and 2019

7. Trade and Other Receivables

(1) Details of trade and other receivables as of March 31, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	2020		2019	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 75,163,517	-	121,416,354	100,000
Less: Allowance for doubtful accounts	(55,676)	-	(150,829)	(497)
Other receivables	8,380,868	156,840	7,141,943	160,679
Less: Allowance for doubtful accounts	(4,254,123)	(44,250)	(4,036,701)	(44,345)
Loans and others(*)	13,695,908	37,839,687	12,224,099	38,721,961
Less: Allowance for doubtful accounts	-	(357)	-	(357)
	<u>₩ 92,930,494</u>	<u>37,951,920</u>	<u>136,594,866</u>	<u>38,937,441</u>

(*) The Loans and others listed above include ₩3,852,762 thousand and ₩4,037,510 thousand for sub lease receivables as of March 31, 2020 and December 31, 2019, respectively. The interest revenue received by the sub lease contract are ₩150,324 thousand and ₩164,916 thousand for the three-month periods ended March 31, 2020 and 2019, respectively.

(In thousands of rupee)

	2020		2019	
	Current	Non-current	Current	Non-current
Trade receivables	Rs 4,646,233	-	7,505,352	6,182
Less: Allowance for doubtful accounts	(3,442)	-	(9,323)	(31)
Other receivables	518,063	9,695	441,479	9,932
Less: Allowance for doubtful accounts	(262,969)	(2,735)	(249,529)	(2,741)
Loans and others(*)	846,613	2,339,060	755,633	2,393,598
Less: Allowance for doubtful accounts	-	(22)	-	(22)
	<u>Rs 5,744,498</u>	<u>2,345,998</u>	<u>8,443,612</u>	<u>2,406,918</u>

(*) The Loans and others listed above include Rs 238,158 thousand and Rs 249,579 thousand for sub lease receivables as of March 31, 2020 and December 31, 2019, respectively. The interest revenue received by the sub lease contract are Rs 9,292 thousand and Rs 10,194 thousand for the three-month periods ended March 31, 2020 and 2019, respectively.

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

For the three-month periods ended March 31, 2020 and 2019

7. Trade and Other Receivables, Continued

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

(In thousands of won)

	2020		2019	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	₩ 71,296,877	55,499,539	86,595,988	53,967,620
Less than 180 days	2,128,122	88,640	15,540,796	57,067
Less than 270 days	1,051,504	50,505	17,528,017	30,610
Less than 365 days	-	74,710	674,780	54,075
More than 366 days	687,014	4,359,909	1,176,773	4,139,310
Total	₩ 75,163,517	60,073,303	121,516,354	58,248,682
Impaired receivables	55,676	4,298,730	151,326	4,081,404

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

(In thousands of rupee)

	2020		2019	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	Rs 4,407,216	3,430,704	5,352,931	3,336,008
Less than 180 days	131,550	5,479	960,654	3,528
Less than 270 days	64,999	3,122	1,083,494	1,892
Less than 365 days	-	4,618	41,712	3,343
More than 366 days	42,468	269,508	72,743	255,871
Total	Rs 4,646,233	3,713,431	7,511,534	3,600,642
Impaired receivables	3,442	265,726	9,354	252,292

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

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

For the three-month periods ended March 31, 2020 and 2019

7. Trade and Other Receivables, Continued

(3) Changes in allowance for trade and other receivables for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Trade receivables	Others	Trade receivables	Others
Beginning balance	₩	151,326	4,081,404	124,299	3,963,406
Bad debt expense		-	217,421	101,722	91,506
Reversal of allowance for bad debts		(95,650)	(95)	-	-
Ending balance	₩	<u>55,676</u>	<u>4,298,730</u>	<u>226,021</u>	<u>4,054,912</u>

(In thousands of rupee)

		2020		2019	
		Trade receivables	Others	Trade receivables	Others
Beginning balance	Rs	9,354	252,292	7,684	244,998
Bad debt expense		-	13,440	6,288	5,656
Reversal of allowance for bad debts		(5,912)	(6)	-	-
Ending balance	Rs	<u>3,442</u>	<u>265,726</u>	<u>13,972</u>	<u>250,654</u>

8. Inventories

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

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		2020	2019
Merchandises	₩	44,785,025	42,992,862	Rs	2,768,386	2,657,604
Finished goods		92,985,363	89,960,595		5,747,890	5,560,914
Work-in-process		25,181,320	22,869,812		1,556,583	1,413,697
Raw materials		37,880,091	34,184,282		2,341,558	2,113,101
Sub-materials		377,342	375,663		23,325	23,222
Supplies		3,276,295	3,270,070		202,524	202,139
Goods in transit		33,090,455	32,477,789		2,045,488	2,007,615
	₩	<u>237,575,891</u>	<u>226,131,073</u>	Rs	<u>14,685,754</u>	<u>13,978,292</u>

The Group has measured inventories at the lower of cost or net realizable value. The loss on valuation of inventories amounted to ₩770,552 thousand (Rs 47,632 thousand) for the three-month period ended March 31, 2020 and the reversal of loss on valuation of inventories amounted to ₩1,884,958 thousand (Rs 116,519 thousand) for the three-month period ended March 31, 2019.

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

For the three-month periods ended March 31, 2020 and 2019

9. Investments in Subsidiaries and a Joint venture

(1) Details of investment in subsidiaries and a joint venture as of March 31, 2020 are as follows:

	<u>Company</u>	<u>Location</u>	<u>Owner ship</u>	<u>Closing month</u>	<u>Industry</u>
	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	Sales of automobile
Subsidiaries	Ssangyong European Parts Center B.V.	Netherlands	100%	December	A/S and sales
	Ssangyong Australia Pty Ltd.(*1)	Australia	100%	December	Sales of automobile
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	Finance

(*1) The Group made additional investments of ₩1,116,761 thousand (Rs 69,033 thousand) during the previous year.

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

(2) Changes in the carrying amounts of investments in a joint venture for the three-month ended March 31, 2020 is as follows:

(In thousands of won)

		<u>Beginning balance</u>	<u>Share of profit of a joint venture</u>	<u>Changes in defined benefit plan re-measurements</u>	<u>Ending balance</u>
SY Auto Capital Co.,Ltd.	₩	19,053,781	224,474	(194)	19,278,061

(In thousands of rupee)

		<u>Beginning balance</u>	<u>Share of profit of a joint venture</u>	<u>Changes in defined benefit plan re-measurements</u>	<u>Ending balance</u>
SY Auto Capital Co.,Ltd.	Rs	1,177,809	13,876	(12)	1,191,673

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

For the three-month periods ended March 31, 2020 and 2019

9. Investments in Subsidiaries and a Joint venture, Continued

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

1) The summarized financial information of the Group's subsidiaries and joint venture as of and for the three-month period ended March 31, 2020 is as follows:

(In thousands of won)

	2020				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 611,671	515,987	95,684	98,588	9,834
Ssangyong European Parts Center B.V.	13,915,682	16,922,506	(3,006,824)	4,945,556	248,434
Ssangyong Australia Pty Ltd.	19,935,469	24,152,909	(4,217,440)	9,100,533	(941,074)
SY Auto Capital Co., Ltd. (*)	87,777,309	51,169,912	36,607,397	3,191,625	424,662

(In thousands of rupee)

	2020				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs 37,810	31,896	5,914	6,094	608
Ssangyong European Parts Center B.V.	860,198	1,046,065	(185,867)	305,710	15,357
Ssangyong Australia Pty Ltd.	1,232,311	1,493,012	(260,701)	562,549	(58,173)
SY Auto Capital Co., Ltd. (*)	5,425,954	3,163,068	2,262,886	197,290	26,251

(*) Additional financial information for the joint venture for the three-month period ended March 31, 2020 is as follows:

(In thousands of won)

	Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd. ₩	1,973,095	49,845,978	293,414	595,347	315,389	168,681

(In thousands of rupee)

	Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd. Rs	121,967	3,081,229	18,137	36,801	19,496	10,427

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

For the three-month periods ended March 31, 2020 and 2019

9. Investments in Subsidiaries and a Joint venture, Continued

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

2) The summarized financial information of the Group's subsidiaries and a joint venture as of and for the year ended December 31, 2019 is as follows:

(In thousands of won)

		2019				Net income
		Assets	Liabilities	Equity	Sales	(loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩	619,978	537,545	82,433	424,088	(224,200)
Ssangyong European Parts Center B.V.		12,880,539	16,017,980	(3,137,441)	19,779,843	160,883
Ssangyong Australia Pty Ltd.		24,671,750	28,240,356	(3,568,606)	30,045,826	(5,165,468)
SY Auto Capital Co., Ltd.(*)		88,610,829	52,427,714	36,183,115	18,189,633	5,231,768

(In thousands of rupee)

		2019				Net income
		Assets	Liabilities	Equity	Sales	(loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs	38,324	33,228	5,096	26,215	(13,859)
Ssangyong European Parts Center B.V.		796,210	990,151	(193,941)	1,222,691	9,945
Ssangyong Australia Pty Ltd.		1,525,085	1,745,678	(220,593)	1,857,283	(319,303)
SY Auto Capital Co., Ltd.(*)		5,477,478	3,240,819	2,236,659	1,124,392	323,402

(*) Additional financial information for the joint venture for the year ended December 31, 2019 is as follows:

(In thousands of won)

	Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd.	₩ 4,075,644	50,830,635	1,150,399	2,411,013	1,390,466	1,589,874

(In thousands of rupee)

	Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd.	Rs 251,936	3,142,096	71,112	149,037	85,952	98,278

(4) Reconciliation from the net assets of the Group's joint venture to the carrying amount of investments in joint venture as of March 31, 2020 is as follows:

(In thousands of won)

	Net assets	Percentage of ownership	Share of the net assets of the Group	Reconciliation	Carrying amount
SY Auto Capital Co., Ltd.	₩ 36,607,397	51%	18,669,773	608,288	19,278,061

(In thousands of rupee)

	Net assets	Percentage of ownership	Share of the net assets of the Group	Reconciliation	Carrying amount
SY Auto Capital Co., Ltd.	Rs 2,262,886	51%	1,154,072	37,601	1,191,673

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

For the three-month periods ended March 31, 2020 and 2019

10. Non-current assets held for sale

(1) The Group is selling land and buildings located in Gamjeon-dong, Sasang-gu, Busan. Accordingly, the carrying amount (₩15,865 million (Rs 981 million)) of the assets was classified as non-current assets held for sale as of March 31, 2020. Meanwhile, in April 2020, after the end of the reporting period, the sale was completed (sale price: ₩26,250 million (Rs 1,623 million)) and related disposal profit was recognized at ₩10,385 million (Rs 642 million).

(2) The details of non-current assets held for sale as are as follows:

(In thousands of won)

		2020		
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 13,422,033	-	-	13,422,033
Buildings	5,104,484	(2,534,102)	(139,600)	2,430,782
Structures	122,386	(109,234)	(808)	12,344
	<u>₩ 18,648,903</u>	<u>(2,643,336)</u>	<u>(140,408)</u>	<u>15,865,159</u>

(In thousands of rupee)

		2020		
	Acquisition cost	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs 829,683	-	-	829,683
Buildings	315,534	(156,646)	(8,629)	150,259
Structures	7,565	(6,752)	(50)	763
	<u>Rs 1,152,782</u>	<u>(163,398)</u>	<u>(8,679)</u>	<u>980,705</u>

11. Other Assets

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Other current assets				
Advance payments	₩ 1,175,492	1,343,777	Rs 72,663	83,066
Prepaid expenses	11,325,586	7,239,532	700,092	447,512
Current tax assets	494,851	430,323	30,589	26,600
	<u>₩ 12,995,929</u>	<u>9,013,632</u>	<u>Rs 803,344</u>	<u>557,178</u>
Other non-current assets				
Other non-current assets	₩ 276,017	285,505	Rs 17,063	17,650

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

For the three-month periods ended March 31, 2020 and 2019

12. Property, Plant and Equipment

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

(In thousands of won)

	2020				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 461,333,221	(7,354)	-	-	461,325,867
Buildings	546,951,384	(3,655,585)	(240,012,221)	(157,039,520)	146,244,058
Structures	112,592,258	(64,512)	(67,767,647)	(31,226,062)	13,534,037
Machinery	1,305,759,285	(135,340)	(1,061,266,050)	(113,884,267)	130,473,628
Vehicles	7,814,220	(3,961)	(5,382,403)	(408,429)	2,019,427
Tools and molds	1,396,186,710	(86,213)	(932,298,463)	(197,125,906)	266,676,128
Equipment	69,700,860	(104,265)	(55,739,426)	(4,458,638)	9,398,531
Construction in progress	17,579,333	-	-	(2,340,666)	15,238,667
	₩ 3,917,917,271	(4,057,230)	(2,362,466,210)	(506,483,488)	1,044,910,343

(In thousands of won)

	2019				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩ 474,755,254	(7,354)	-	-	474,747,900
Buildings	552,055,868	(3,681,126)	(239,864,472)	(157,179,120)	151,331,150
Structures	112,714,645	(69,552)	(67,488,211)	(29,759,580)	15,397,302
Machinery	1,306,810,589	(143,706)	(1,053,087,261)	(100,241,895)	153,337,727
Vehicles	9,022,958	(4,344)	(5,835,898)	(471,742)	2,710,974
Tools and molds	1,405,141,005	(90,765)	(912,094,472)	(171,857,337)	321,098,431
Equipment	69,980,709	(110,235)	(55,002,567)	(3,482,468)	11,385,439
Construction in progress	12,720,188	-	-	(699,821)	12,020,367
Machinery in transit	233,039	-	-	-	233,039
	₩ 3,943,434,255	(4,107,082)	(2,333,372,881)	(463,691,963)	1,142,262,329

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

For the three-month periods ended March 31, 2020 and 2019

12. Property, Plant and Equipment, Continued

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

(In thousands of rupee)

		2020				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	28,517,313	(455)	-	-	28,516,858
Buildings		33,809,800	(225,969)	(14,836,357)	(9,707,398)	9,040,076
Structures		6,959,890	(3,987)	(4,189,057)	(1,930,239)	836,607
Machinery		80,715,510	(8,365)	(65,602,161)	(7,039,756)	8,065,228
Vehicles		483,036	(244)	(332,714)	(25,247)	124,831
Tools and molds		86,305,281	(5,329)	(57,630,029)	(12,185,338)	16,484,585
Equipment		4,308,559	(6,444)	(3,445,533)	(275,611)	580,971
Construction in progress		1,086,666	-	-	(144,689)	941,977
Machinery in transit		-	-	-	-	-
	Rs	<u>242,186,055</u>	<u>(250,793)</u>	<u>(146,035,851)</u>	<u>(31,308,278)</u>	<u>64,591,133</u>

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	29,346,996	(455)	-	-	29,346,541
Buildings		34,125,333	(227,549)	(14,827,222)	(9,716,027)	9,354,535
Structures		6,967,456	(4,299)	(4,171,784)	(1,839,589)	951,784
Machinery		80,780,497	(8,883)	(65,096,589)	(6,196,453)	9,478,572
Vehicles		557,754	(269)	(360,746)	(29,161)	167,578
Tools and molds		86,858,791	(5,611)	(56,381,120)	(10,623,361)	19,848,699
Equipment		4,325,858	(6,814)	(3,399,982)	(215,269)	703,793
Construction in progress		786,298	-	-	(43,259)	743,039
Machinery in transit		14,405	-	-	-	14,405
	Rs	<u>243,763,388</u>	<u>(253,880)</u>	<u>(144,237,443)</u>	<u>(28,663,119)</u>	<u>70,608,946</u>

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

For the three-month periods ended March 31, 2020 and 2019

12. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won)

		2020						
		Beginning balance	Acquisition	Disposal	Depreciation	Impairment (*1)	Others(*2)	Ending balance
Land	₩	474,747,900	-	-	-	-	(13,422,033)	461,325,867
Buildings		151,331,150	-	-	(2,656,310)	-	(2,430,782)	146,244,058
Structures		15,397,302	-	-	(383,632)	(1,467,288)	(12,345)	13,534,037
Machinery		153,337,727	-	(60,672)	(9,875,068)	(14,145,255)	1,216,896	130,473,628
Vehicles		2,710,974	-	(816,642)	(134,068)	-	259,163	2,019,427
Tools and molds		321,098,431	201,910	(95,865)	(26,964,880)	(28,911,604)	1,348,136	266,676,128
Equipment		11,385,439	72,702	(11,995)	(1,037,064)	(996,376)	(14,175)	9,398,531
Construction in progress		12,020,367	6,927,402	-	-	(1,648,991)	(2,060,111)	15,238,667
Machinery in transit		233,039	160,978	-	-	-	(394,017)	-
	₩	<u>1,142,262,329</u>	<u>7,362,992</u>	<u>(985,174)</u>	<u>(41,051,022)</u>	<u>(47,169,514)</u>	<u>(15,509,268)</u>	<u>1,044,910,343</u>

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

(*2) Capitalized borrowing costs in respect of construction in progress is ₩112,185 thousand and the carrying amount classified as a non-current asset held for sale is ₩15,865,159 thousand for period ended March 31, 2020.

(In thousands of won)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩	475,109,638	-	-	-	-	475,109,638
Buildings		169,644,693	-	-	(2,781,313)	848,924	167,712,304
Structures		17,372,729	-	(2,408)	(423,523)	65,679	17,012,477
Machinery		160,696,016	77,568	(258,869)	(8,715,792)	22,287,798	174,086,721
Vehicles		1,851,414	223,939	(27,033)	(164,346)	1,206,496	3,090,470
Tools and molds		276,953,283	287,200	(477)	(24,079,406)	100,938,278	354,098,878
Equipment		14,323,871	249,488	(18,331)	(1,440,163)	104,909	13,219,774
Construction in progress		110,855,937	58,973,971	-	-	(124,133,273)	45,696,635
Machinery in transit		1,318,137	7,333	-	-	-	1,325,470
	₩	<u>1,228,125,718</u>	<u>59,819,499</u>	<u>(307,118)</u>	<u>(37,604,543)</u>	<u>1,318,811</u>	<u>1,251,352,367</u>

(*) Capitalized borrowing costs in respect of construction in progress is ₩376,981 thousand and ₩1,154,282 thousand was transferred from inventory to vehicles during the period ended March 31, 2019.

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

For the three-month periods ended March 31, 2020 and 2019

12. Property, Plant and Equipment, Continued

(2) Changes in property, plant and equipment for the three-month periods ended March 31, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

		2020						
		Beginning balance	Acquisition	Disposal	Depreciation	Impairment (*1)	Others(*2)	Ending balance
Land	Rs	29,346,541	-	-	-	-	(829,683)	28,516,858
Buildings		9,354,535	-	-	(164,200)	-	(150,259)	9,040,076
Structures		951,784	-	-	(23,714)	(90,700)	(763)	836,607
Machinery		9,478,572	-	(3,750)	(610,427)	(874,389)	75,222	8,065,228
Vehicles		167,578	-	(50,481)	(8,287)	-	16,021	124,831
Tools and molds		19,848,699	12,481	(5,926)	(1,666,834)	(1,787,170)	83,335	16,484,585
Equipment		703,793	4,494	(741)	(64,107)	(61,592)	(876)	580,971
Construction in progress		743,039	428,217	-	-	(101,933)	(127,346)	941,977
Machinery in transit		14,405	9,951	-	-	-	(24,356)	-
	Rs	<u>70,608,946</u>	<u>455,143</u>	<u>(60,898)</u>	<u>(2,537,569)</u>	<u>(2,915,784)</u>	<u>(958,705)</u>	<u>64,591,133</u>

(*1) The Group judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Group conducted an impairment assessment on the cash-generating unit and recognized impairment loss at Rs 2,916 million for property, plant and equipment during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*2) Capitalized borrowing costs in respect of construction in progress is Rs 6,935 thousand and the carrying amount classified as a non-current asset held for sale is Rs 980,705 thousand for period ended March 31, 2020.

(In thousands of rupee)

		2019						
		Beginning balance	Acquisition	Disposal	Depreciation	Impairment	Others(*)	Ending balance
Land	Rs	29,368,902	-	-	-	-	-	29,368,902
Buildings		10,486,587	-	-	(171,927)	-	52,476	10,367,136
Structures		1,073,895	-	(149)	(26,180)	-	4,060	1,051,626
Machinery		9,933,424	4,795	(16,002)	(538,767)	-	1,377,720	10,761,170
Vehicles		114,445	13,843	(1,671)	(10,159)	-	74,580	191,038
Tools and molds		17,119,867	17,753	(29)	(1,488,468)	-	6,239,500	21,888,623
Equipment		885,430	15,422	(1,133)	(89,024)	-	6,485	817,180
Construction in progress		6,852,560	3,645,476	-	-	-	(7,673,298)	2,824,738
Machinery in transit		81,481	453	-	-	-	-	81,934
	Rs	<u>75,916,591</u>	<u>3,697,742</u>	<u>(18,984)</u>	<u>(2,324,525)</u>	<u>-</u>	<u>81,523</u>	<u>77,352,347</u>

(*) Capitalized borrowing costs in respect of construction in progress is Rs 23,303 thousand and Rs 71,352 thousand was transferred from inventory to vehicles during the period ended March 31, 2019.

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

For the three-month periods ended March 31, 2020 and 2019

12. Property, Plant and Equipment, Continued

(3) Details of pledged assets provided as collateral for the borrowings as of March 31, 2020 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	Book value	Collateralized amount	Book value	Collateralized amount
Land	₩ 449,395,956		Rs 27,779,411	
Buildings and structures	113,527,479	372,000,000	7,017,701	22,995,180
Machinery and others	14,690		908	
	₩ 562,938,125	372,000,000	Rs 34,798,020	22,995,180

(4) Capitalized borrowing costs and capitalization interest rate for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Capitalized interest expenses(*)	₩ 807,347	1,103,036	Rs 49,906	68,184
Capitalization interest rate	3.28%	3.61%	3.28%	3.61%

(*) Capitalized borrowing costs for intangible assets are ₩695,162 thousand (Rs 42,971 thousand) and ₩726,055 thousand (Rs 44,881 thousand) for the three-month periods ended March 31, 2020 and 2019, respectively.

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

For the three-month periods ended March 31, 2020 and 2019

13. Intangible Assets

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

(In thousands of won)

		2020				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩	510,279,976	-	(293,571,233)	(32,860,505)	183,848,238
Patents		4,936,313	(9,343)	(3,661,487)	(165,523)	1,099,960
Other intangible assets		142,899,648	-	(34,815,499)	(16,292,751)	91,791,398
	₩	<u>658,115,937</u>	<u>(9,343)</u>	<u>(332,048,219)</u>	<u>(49,318,779)</u>	<u>276,739,596</u>

(In thousands of won)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩	510,279,976	-	(275,331,952)	(12,928,659)	222,019,365
Patents		4,848,742	(9,343)	(3,525,514)	(156,296)	1,157,589
Other intangible assets		130,468,990	-	(33,996,850)	(6,544,340)	89,927,800
	₩	<u>645,597,708</u>	<u>(9,343)</u>	<u>(312,854,316)</u>	<u>(19,629,295)</u>	<u>313,104,754</u>

(In thousands of rupee)

		2020				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	31,542,957	-	(18,147,106)	(2,031,272)	11,364,579
Patents		305,138	(578)	(226,334)	(10,232)	67,994
Other intangible assets		8,833,342	-	(2,152,121)	(1,007,136)	5,674,085
	Rs	<u>40,681,437</u>	<u>(578)</u>	<u>(20,525,561)</u>	<u>(3,048,640)</u>	<u>17,106,658</u>

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs	31,542,957	-	(17,019,645)	(799,185)	13,724,127
Patents		299,725	(578)	(217,930)	(9,661)	71,556
Other intangible assets		8,064,941	-	(2,101,516)	(404,538)	5,558,887
	Rs	<u>39,907,623</u>	<u>(578)</u>	<u>(19,339,091)</u>	<u>(1,213,384)</u>	<u>19,354,570</u>

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

For the three-month periods ended March 31, 2020 and 2019

13. Intangible Assets, Continued

(2) Changes in intangible assets for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won)

		2020						
		Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others(*2)	Ending balance
Internally created intangible assets:								
Development cost	₩	222,019,365	-	(18,239,281)	(19,931,846)	-	-	183,848,238
Other intangible assets		82,875,485	11,638,942	-	(9,312,504)	-	695,162	85,897,085
		<u>304,894,850</u>	<u>11,638,942</u>	<u>(18,239,281)</u>	<u>(29,244,350)</u>	<u>-</u>	<u>695,162</u>	<u>269,745,323</u>
Individually acquired intangible assets:								
Patents		1,157,589	87,571	(135,973)	(9,227)	-	-	1,099,960
Other intangible assets		7,052,315	117,888	(822,792)	(435,907)	-	(17,191)	5,894,313
		8,209,904	205,459	(958,765)	(445,134)	-	(17,191)	6,994,273
	₩	<u>313,104,754</u>	<u>11,844,401</u>	<u>(19,198,046)</u>	<u>(29,689,484)</u>	<u>-</u>	<u>677,971</u>	<u>276,739,596</u>

(In thousands of won)

		2019						
		Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others(*2)	Ending balance
Internally created intangible assets:								
Development cost	₩	163,025,002	-	(19,600,152)	-	139,162,118	-	282,586,968
Other intangible assets		181,843,818	31,192,506	-	-	(139,162,118)	726,055	74,600,261
		<u>344,868,820</u>	<u>31,192,506</u>	<u>(19,600,152)</u>	<u>-</u>	<u>-</u>	<u>726,055</u>	<u>357,187,229</u>
Individually acquired intangible assets:								
Patents		1,334,224	124,210	(157,230)	(13,127)	-	-	1,288,077
Other intangible assets		7,556,918	275,181	(800,068)	-	230,258	1,486	7,263,775
		8,891,142	399,391	(957,298)	(13,127)	230,258	1,486	8,551,852
	₩	<u>353,759,962</u>	<u>31,591,897</u>	<u>(20,557,450)</u>	<u>(13,127)</u>	<u>230,258</u>	<u>727,541</u>	<u>365,739,081</u>

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

(*2) Capitalized borrowing costs in respect of other intangible assets is ₩695,162 thousand and ₩726,055 thousand for the three-month periods ended March 31, 2020 and 2019, respectively.

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

For the three-month periods ended March 31, 2020 and 2019

13. Intangible Assets, Continued

(2) Changes in intangible assets for the three-month periods ended March 31, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

		2020						
		Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others(*2)	Ending balance
Internally created intangible assets:								
Development cost	Rs	13,724,127	-	(1,127,461)	(1,232,087)	-	-	11,364,579
Other intangible assets		5,122,948	719,461	-	(575,652)	-	42,971	5,309,728
		<u>18,847,075</u>	<u>719,461</u>	<u>(1,127,461)</u>	<u>(1,807,739)</u>	<u>-</u>	<u>42,971</u>	<u>16,674,307</u>
Individually acquired intangible assets:								
Patents		71,556	5,413	(8,405)	(570)	-	-	67,994
Other intangible assets		435,939	7,288	(50,861)	(26,946)	-	(1,063)	364,357
		507,495	12,701	(59,266)	(27,516)	-	(1,063)	432,351
	Rs	<u>19,354,570</u>	<u>732,162</u>	<u>(1,186,727)</u>	<u>(1,835,255)</u>	<u>-</u>	<u>41,908</u>	<u>17,106,658</u>

(In thousands of rupee)

		2019						
		Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others(*2)	Ending balance
Internally created intangible assets:								
Development cost	Rs	10,077,390	-	(1,211,583)	-	8,602,306	-	17,468,113
Other intangible assets		11,240,676	1,928,165	-	-	(8,602,306)	44,881	4,611,416
		<u>21,318,066</u>	<u>1,928,165</u>	<u>(1,211,583)</u>	<u>-</u>	<u>-</u>	<u>44,881</u>	<u>22,079,529</u>
Individually acquired intangible assets:								
Patents		82,475	7,678	(9,719)	(811)	-	-	79,623
Other intangible assets		467,131	17,010	(49,457)	-	14,233	92	449,009
		549,606	24,688	(59,176)	(811)	14,233	92	528,632
	Rs	<u>21,867,672</u>	<u>1,952,853</u>	<u>(1,270,759)</u>	<u>(811)</u>	<u>14,233</u>	<u>44,973</u>	<u>22,608,161</u>

(*1) The Group judged that there is an indication of impairment to the cash-generating unit due to continuous deterioration of competitiveness and the deterioration of the market due to the spread of COVID-19. Accordingly, the Group conducted an impairment assessment on the cash-generating unit and recognized impairment loss at Rs 1,835 million for intangible assets during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*2) Capitalized borrowing costs in respect of other intangible assets is Rs 42,971 thousand and Rs 44,881 thousand for the three-month periods ended March 31, 2020 and 2019, respectively.

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

For the three-month periods ended March 31, 2020 and 2019

13. Intangible Assets, Continued

(3) Details of capitalized development costs as of March 31, 2020 are as follows:

(In thousands of won and in thousands of rupee)

	Project name	Korean won	Indian rupee	Remaining amortization period(*1)
Development cost	RV(*2)	₩ 160,406,227	Rs 9,915,511	1~4 years
	Power train and others	23,442,011	1,449,068	1~4 years
Other intangible assets	RV(*3)	85,897,085	5,309,728	-
		₩ 269,745,323	Rs 16,674,307	

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

(*2) It is a development projects for vehicles under sale as of March 31, 2020.

(*3) On-going development project for vehicles as of March 31, 2020 for consumer needs and market conditions.

(4) Details of expenditures for research and developments for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2020	2019	2020	2019
Capitalization of intangible assets	₩	12,334,104	30,463,355	Rs 762,433	1,883,092
Manufacturing costs		19,488,398	16,253,136	1,204,675	1,004,688
Selling and administrative expenses		5,294,480	4,511,348	327,278	278,869
	₩	37,116,982	51,227,839	Rs 2,294,386	3,166,649

14. Lease

(1) Changes in right-of-use assets for the three-month periods ended March 31, 2020 are as follows:

(In thousands of won)

		Beginning balance	Increase	Depreciation	Exchange rate effect	Ending balance
Land and building	₩	2,316,703	1,275	(438,244)	37,852	1,917,586
Vehicle		3,786,859	-	(485,258)	7,791	3,309,392
Equipment		1,356,006	415,757	(170,683)	-	1,601,080
	₩	7,459,568	417,032	(1,094,185)	45,643	6,828,058

(In thousands of rupee)

		Beginning balance	Increase	Depreciation	Exchange rate effect	Ending balance
Land and building	Rs	143,207	78	(27,090)	2,339	118,534
Vehicle		234,085	-	(29,996)	482	204,571
Equipment		83,821	25,700	(10,550)	-	98,971
	Rs	461,113	25,778	(67,636)	2,821	422,076

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

For the three-month periods ended March 31, 2020 and 2019

14. Lease, Continued

(2) Details of lease liabilities as of March 31, 2020 are as follows:

<i>(In thousands of won)</i>	<u>Within a year</u>	<u>Over 1 year</u>
Lease liabilities(*)	₩ 7,016,283	3,787,494

<i>(In thousands of rupee)</i>	<u>Within a year</u>	<u>Over 1 year</u>
Lease liabilities(*)	Rs 433,712	234,124

(*) The total amount of lease liabilities paid in the current term is ₩2,445,567 thousand (Rs 151,173 thousand) and interest expenses is ₩109,093 thousand (Rs 6,744 thousand) during the three-month period ended March 31, 2020.

(3) Expenses from lease contracts with low cost and short-term contract for the three-month period ended March 31, 2020 are as the following:

<i>(In thousands of won)</i>	<u>Exemption of lease recognition</u>	<u>Expenses</u>
Office equipment	Low cost	₩ 228,767
	Short term	11,110
Building	Short term	7,500

<i>(In thousands of rupee)</i>	<u>Exemption of lease recognition</u>	<u>Expenses</u>
Office equipment	Low cost	Rs 14,141
	Short term	687
Building	Short term	464

(4) The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date. Under K-IFRS No 1017, the Group did not have any finance leases as a lessor.

	2020	
	<u>Korean won</u>	<u>Indian rupee</u>
Less than 1 year	₩ 3,041,105	Rs 187,986
1 year to 2 years	914,818	56,549
Lease to be received	3,955,923	244,535
Unrealized interests	(103,161)	(6,377)
Net investment in the lease	3,852,762	238,158
Interests from sublease for this period	42,551	2,630

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

For the three-month periods ended March 31, 2020 and 2019

15. Borrowings

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

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate (%)	Korean won		Indian rupee	
			2020	2019	2020	2019
Korea Development Bank	Operating fund	CD+2.10	₩ 20,000,000	20,000,000	Rs 1,236,300	1,236,300
Korea Development Bank	Facility fund(*)	CD+1.57	70,000,000	70,000,000	4,327,050	4,327,050
Kookmin Bank	Operating fund(*)	CD+2.00	8,750,000	10,000,000	540,881	618,150
Woori Bank	Operating fund(*)	CD+2.00	15,000,000	17,500,000	927,225	1,081,763
JP Morgan	Operating fund(*)	CD+2.00	40,000,000	-	2,472,600	-
BNP PARIBAS	Overdraft	CD+2.00	47,000,000	30,000,000	2,905,305	1,854,450
JP Morgan	Overdraft	CD+2.00	49,999,973	-	3,090,748	-
BOA	Overdraft	CD+2.00	29,999,974	-	1,854,448	-
Citi Bank Korea and others	Banker's usance	0.30 ~0.80	109,183,018	106,606,448	6,749,149	6,589,877
			₩ 389,932,965	254,106,448	Rs 24,103,706	15,707,590

(*) Current portion of long-term borrowing

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

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate(%)	Korean won		Indian rupee	
			2020	2019	2020	2019
Korea Development Bank	Facility fund	CD+1.57 ~ 1.60	₩ 170,000,000	170,000,000	Rs 10,508,550	10,508,550
Woori Bank	Operating fund	CD+2.00	30,000,000	35,000,000	1,854,450	2,163,525
Kookmin Bank	Facility fund	CD+2.00	8,750,000	11,250,000	540,881	695,419
JP Morgan	Facilities fund	CD+2.00	40,000,000	40,000,000	2,472,600	2,472,600
Less: Current portion			(133,750,000)	(97,500,000)	(8,267,756)	(6,026,963)
			₩ 115,000,000	158,750,000	Rs 7,108,725	9,813,131

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

For the three-month periods ended March 31, 2020 and 2019

15. Borrowings, Continued

(3) Details of pledged assets as collateral for borrowings as of March 31, 2020 are as follows:

(In thousands of won)

<u>Creditor</u>	<u>Pledged assets</u>		<u>Borrowings amount</u>	<u>Maximum credit amount</u>
Korea Development Bank	Land, buildings, structures and machinery	₩	190,000,000	300,000,000
Kookmin Bank	Land and buildings		8,750,000	24,000,000
Woori Bank	Land and buildings		30,000,000	48,000,000
		₩	<u>228,750,000</u>	<u>372,000,000</u>

(In thousands of rupee)

<u>Creditor</u>	<u>Pledged assets</u>		<u>Borrowings amount</u>	<u>Maximum credit amount</u>
Korea Development Bank	Land, buildings, structures and machinery	Rs	11,744,850	18,544,500
Kookmin Bank	Land and buildings		540,881	1,483,560
Woori Bank	Land and buildings		1,854,450	2,967,120
		Rs	<u>14,140,181</u>	<u>22,995,180</u>

16. Other Financial Liabilities

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

(In thousands of won and in thousands of rupee)

		<u>Korean won</u>		<u>Indian rupee</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accrued expenses	₩	43,190,779	39,493,725	Rs 2,669,838	2,441,305

17. Provision of Warranty for sale

The Group generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		<u>Korean won</u>		<u>Indian rupee</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Beginning balance	₩	128,531,252	135,038,087	Rs 7,945,159	8,347,379
Increase		11,304,212	5,807,450	698,770	358,988
Decrease		(9,069,096)	(8,575,749)	(560,606)	(530,110)
Ending balance	₩	<u>130,766,368</u>	<u>132,269,788</u>	<u>Rs 8,083,323</u>	<u>8,176,257</u>
Current	₩	56,566,741	49,265,976	Rs 3,496,673	3,045,376
Non-current		74,199,627	83,003,812	4,586,650	5,130,881

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

For the three-month periods ended March 31, 2020 and 2019

18. Other Liabilities

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

(In thousands of won)

	2020		2019	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 2,979,250	-	3,736,226	-
Deposits received	708,452	-	696,247	-
Withholdings	12,800,226	-	17,507,000	-
Unearned revenue	5,550,572	16,791,576	3,784,720	16,399,791
Refund liability	1,451,922	-	-	-
	₩ <u>23,490,422</u>	<u>16,791,576</u>	<u>25,724,193</u>	<u>16,399,791</u>

(In thousands of rupee)

	2020		2019	
	Current	Non-current	Current	Non-current
Advances from customers	Rs 184,162	-	230,955	-
Deposits received	43,793	-	43,039	-
Withholdings	791,246	-	1,082,195	-
Unearned revenue	343,109	1,037,971	233,952	1,013,754
Refund liability	89,751	-	-	-
	Rs <u>1,452,061</u>	<u>1,037,971</u>	<u>1,590,141</u>	<u>1,013,754</u>

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

For the three-month periods ended March 31, 2020 and 2019

19. Employee Benefits

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Present value of defined benefit obligations	₩ 362,675,743	357,109,529	Rs 22,418,801	22,074,726
Fair value of plan assets	(930,680)	(954,268)	(57,530)	(58,989)
	₩ 361,745,063	356,155,261	Rs 22,361,271	22,015,737

(2) Changes in defined benefit liabilities for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won)

Details	2020		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 357,109,529	(954,268)	356,155,261
Current service cost	10,137,667	-	10,137,667
Interest expense (income)	2,026,926	(5,400)	2,021,526
Sub-total	369,274,122	(959,668)	368,314,454
Re-measurement factors:			
Re-measurements of plan assets	-	791	791
Sub-total	-	791	791
Benefit paid by plan	(28,197)	28,197	-
Benefit paid directly	(6,570,182)	-	(6,570,182)
Ending balance	₩ 362,675,743	(930,680)	361,745,063

(In thousands of won)

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

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

For the three-month periods ended March 31, 2020 and 2019

19. Employee Benefits, Continued

(2) Changes in defined benefit liabilities for the three-month periods ended March 31, 2020 and 2019 are as follows, continued:

(In thousands of rupee)

Details	2020		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 22,074,726	(58,988)	22,015,738
Current service cost	626,660	-	626,660
Interest expense (income)	125,294	(334)	124,960
Sub-total	22,826,680	(59,322)	22,767,358
Re-measurement factors:			
Re-measurements of plan assets	-	49	49
Sub-total	-	49	49
Benefit paid by plan	(1,743)	1,743	-
Benefit paid directly	(406,136)	-	(406,136)
Ending balance	Rs 22,418,801	(57,530)	22,361,271

(In thousands of rupee)

Details	2019		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 20,411,011	(62,659)	20,348,352
Current service cost	613,857	-	613,857
Interest expense (income)	132,760	(407)	132,353
Sub-total	21,157,628	(63,066)	21,094,562
Re-measurement factors:			
Re-measurements of plan assets	-	104	104
Sub-total	-	104	104
Benefit paid by plan	(2,008)	2,008	-
Benefit paid directly	(591,718)	-	(591,718)
Ending balance	Rs 20,563,902	(60,954)	20,502,948

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

For the three-month periods ended March 31, 2020 and 2019

19. Employee Benefits, Continued

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Insurance contracts	₩ 930,680	954,268	Rs 57,530	58,988

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

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

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

20. Commitments and Contingencies

Details of commitments and contingencies as of March 31, 2020 are as follows:

- (1) The Group carries product liability insurance for all products that it sells.
- (2) As of March 31, 2020, the Group has agreements with Korea Development Bank and others for various borrowings, trading finance and others with limit of ₩415,750 million (Rs 25,700 million) and USD 225 million. In addition, there is a requirement to retain over 51% of the majority interest in Mahindra & Mahindra Ltd., in relation to JP Morgan, BNP PARIBAS, BOA's overdraft borrowings and JP Morgan facility fund borrowings.
- (3) As of March 31, 2020, the Group has been provided with guarantees amounting to USD 896,649 by Standard Chartered Bank Korea Limited in connection with refunds for advance received and performing transactions.
- (4) As of March 31, 2020, 4 claims as a plaintiff were filled with the claim amount of ₩5,203 million (Rs 322 million) and 12 claims as a defendant were filled with the claims of ₩2,179 million (Rs 135 million). The provision amounting to ₩7,673 million (Rs 474 million) is recognized as other payable for the foregoing lawsuits and claims, since the amounts for potential loss can be estimated and management expect that it is probable that the Group will be required to incur an outflow.

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

For the three-month periods ended March 31, 2020 and 2019

21. Capital Stock

The Group's capital stock as of March 31, 2020 and December 31, 2019 are as follows:

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

	Korean won		Indian rupee	
	2020	2019	2020	2019
Number of shares authorized (in shares)	3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Shares outstanding (in shares)	149,840,002	149,840,002	149,840,002	149,840,002
Par value (in won and in rupee)	₩ 5,000	5,000 Rs	309	309
Capital stock	₩ 749,200,010	749,200,010 Rs	46,311,799	46,311,799

22. Other Capital Surplus and Retained Earnings

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Paid-up capital in excess of par value	₩ 3,169,615	3,169,615 Rs	195,930	195,930
Gain on capital reduction	74,061,697	74,061,697	4,578,124	4,578,124
Debt to be swapped for equity	931,508	931,508	57,581	57,581
	₩ <u>78,162,820</u>	<u>78,162,820</u> Rs	<u>4,831,635</u>	<u>4,831,635</u>

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

For the three-month periods ended March 31, 2020 and 2019

23. Other Equity

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Gains on valuation of derivatives	₩ 130,390	-	Rs 8,060	-
Accumulated foreign currency translation difference for foreign operations	<u>1,287,236</u>	<u>1,109,395</u>	<u>79,570</u>	<u>68,577</u>
	₩ <u>1,417,626</u>	<u>1,109,395</u>	Rs <u>87,630</u>	<u>68,577</u>

(2) Changes in the Group's gains (losses) on valuation of derivatives for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ -	103,000	Rs -	6,367
Gains on valuation of derivatives	130,390	(301,450)	8,060	(18,634)
Reclassified to net income (losses)	-	(103,000)	-	(6,367)
Ending balance	₩ <u>130,390</u>	<u>(301,450)</u>	Rs <u>8,060</u>	<u>(18,634)</u>

(3) Changes in the foreign currency translation difference for foreign operation for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ 1,109,395	1,139,617	Rs 68,577	70,445
Foreign currency translation difference for foreign operation	<u>177,841</u>	<u>20,428</u>	<u>10,993</u>	<u>1,263</u>
Ending balance	₩ <u>1,287,236</u>	<u>1,160,045</u>	Rs <u>79,570</u>	<u>71,708</u>

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

For the three-month periods ended March 31, 2020 and 2019

24. Deficit

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Deficit	₩ (618,886,330)	(425,348,668)	Rs (38,256,459)	(26,292,928)

(2) Changes in deficit for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ (425,348,668)	(85,610,656)	Rs (26,292,928)	(5,292,023)
Loss for the year	(193,536,677)	(26,119,282)	(11,963,470)	(1,614,563)
Defined benefit plan re-measurement	(791)	(1,675)	(49)	(104)
Defined benefit plan re-measurement from joint venture	(194)	(62)	(12)	(4)
Ending balance	₩ (618,886,330)	(111,731,675)	Rs (38,256,459)	(6,906,694)

25. Income Tax Expense

Income tax expense and deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward are not recognized as of March 31, 2020.

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

For the three-month periods ended March 31, 2020 and 2019

26. Nature of Expenses

Details of nature of expenses for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Changes in inventories	₩ (7,128,438)	(9,463,785) Rs	(440,644)	(585,004)
Raw materials consumed and purchase of merchandise	486,871,387	653,392,508	30,095,955	40,389,458
Employee benefits	111,077,782	139,072,087	6,866,273	8,596,741
Depreciation	41,051,022	37,604,544	2,537,569	2,324,525
Amortization	19,198,046	20,557,450	1,186,727	1,270,759
Others	96,751,835	119,848,543	5,980,714	7,408,437
	₩ <u>747,821,634</u>	<u>961,011,347</u> Rs	<u>46,226,594</u>	<u>59,404,916</u>

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

27. Derivatives

The Group holds derivative contracts to minimize foreign exchange risk. As of March 31, 2020, effective portion of changes in fair value of cash flow hedge is ₩130,390 thousand (Rs 8,060 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 ₩30,160 thousand (Rs 1,864 thousand) recognized in current profit. And, changes in fair value of derivative not designated as hedging instrument for the three-month period ended March 31, 2020 are net amounting to ₩17,480 thousand (Rs 1,081 thousand) recognized in current loss.

28. Selling, General and Administrative Expenses

(1) Details of selling expenses for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Warranty expenses	₩ 16,005,160	12,126,156 Rs	989,359	749,578
Commissions	39,645,987	59,287,018	2,450,717	3,664,827
Advertising	2,327,237	6,859,829	143,858	424,040
Export expenses	1,658,404	3,773,098	102,514	233,234
Others	4,516,138	7,730,469	279,165	477,860
	₩ <u>64,152,926</u>	<u>89,776,570</u> Rs	<u>3,965,613</u>	<u>5,549,539</u>

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

For the three-month periods ended March 31, 2020 and 2019

28. Selling, General and Administrative Expenses, Continued

(2) Details of general and administrative expenses for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Salaries	₩ 11,281,027	14,201,521	Rs 697,337	877,867
Retirement benefit costs	1,560,508	1,523,952	96,463	94,203
Employee welfare	2,540,300	3,222,950	157,029	199,227
Rent expense	2,452,503	2,533,457	151,601	156,606
Service fees	4,755,648	9,336,481	293,970	577,134
Depreciation	6,894,690	7,241,443	426,195	447,630
R&D expenses	5,294,480	4,511,348	327,278	278,869
Amortization	958,765	957,298	59,266	59,175
Bad debt expense	(95,650)	101,723	(5,913)	6,288
Others	8,282,098	8,690,568	511,959	537,208
	₩ <u>43,924,369</u>	<u>52,320,741</u>	Rs <u>2,715,185</u>	<u>3,234,207</u>

29. Other Income and Expenses

(1) Details of other income for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Foreign exchange transaction gain	₩ 1,092,309	792,405	Rs 67,521	48,983
Foreign exchange translation gain	1,083,534	329,418	66,979	20,363
Gain on disposal of PP&E	220,181	255,975	13,611	15,823
Others	1,434,477	1,738,519	88,671	107,466
	₩ <u>3,830,501</u>	<u>3,116,317</u>	Rs <u>236,782</u>	<u>192,635</u>

(2) Details of other expenses for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Foreign exchange transaction loss	₩ 2,526,126	859,354	Rs 156,152	53,121
Foreign exchange translation loss	1,842,880	240,777	113,918	14,884
Loss on disposal of property, plant and equipment	265,952	280,362	16,440	17,331
Loss on disposal of trade receivables	30,782	27,693	1,903	1,712
Impairment loss on PP&E	47,169,514	-	2,915,784	-
Impairment loss on Intangible	29,689,484	-	1,835,255	-
Others	10,283,239	494,730	635,658	30,580
	₩ <u>91,807,977</u>	<u>1,902,916</u>	Rs <u>5,675,110</u>	<u>117,628</u>

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

For the three-month periods ended March 31, 2020 and 2019

30. Finance Income and Costs

(1) Details of finance income for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Interest income	₩ 699,624	1,133,757	Rs 43,247	70,083
Dividend income	6,000	6,000	371	371
Foreign exchange transaction gain	753,942	1,855,514	46,605	114,697
Foreign exchange translation gain	144,472	202,726	8,931	12,532
Realized gain of financial derivatives	-	260,544	-	16,106
Unrealized gain of financial derivatives	30,160	222,320	1,864	13,743
	₩ 1,634,198	3,680,861	Rs 101,018	227,532

(2) Details of finance costs for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Interest expense	₩ 2,488,053	399,948	Rs 153,799	24,723
Foreign exchange transaction loss	1,633,260	1,592,350	100,960	98,430
Foreign exchange translation loss	4,644,817	1,281,325	287,119	79,205
Realized loss of financial derivatives	-	35,557	-	2,198
Unrealized loss of financial derivatives	17,480	48,218	1,081	2,981
	₩ 8,783,610	3,357,398	Rs 542,959	207,537

(3) Details of the Group's financial net profit or loss for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Financial assets/ liabilities				
at amortized cost	₩ (7,168,092)	(81,625)	Rs (443,096)	(5,046)
Financial assets at FVTPL	6,000	6,000	371	371
Derivatives financial assets (liabilities)	12,680	399,088	784	24,670
	₩ (7,149,412)	323,463	Rs (441,941)	19,995

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

For the three-month periods ended March 31, 2020 and 2019

31. Losses per Share

(1) Basic losses per share for the three-month periods ended March 31, 2020 and 2019 are calculated as follows:

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

	Korean won		Indian rupee	
	2020	2019	2020	2019
Loss for the periods	₩ (193,536,677)	(26,119,282)	Rs (11,963,470)	(1,614,563)
Loss contributed to common stocks	(193,536,677)	(26,119,282)	(11,963,470)	(1,614,563)
Weighted average number of common shares (in shares)	149,840,002	146,824,272	149,840,002	146,824,272
Basic losses per share(*) (in won and in rupee)	₩ (1,292)	(178)	Rs (80)	(11)

(*) Diluted losses per share are not calculated for the three-month periods ended March 31, 2020 and 2019, because there are no dilutive shares as of March 31, 2020 and 2019.

(2) Weighted average number of common shares outstanding for the three-month periods ended March 31, 2020 and 2019 are calculated as follows:

(In shares)

	2020			
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2020-01-01~2020-03-31	149,840,002	91/91	149,840,002

(In shares)

	2019			
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2019-01-01~2019-12-31	137,949,396	90/90	137,949,396
Issuing(*)	2019-01-01~2019-12-31	1,033,976	90/90	1,033,976
Issuing	2019-01-26~2019-12-31	10,856,630	65/90	7,840,900
				<u>146,824,272</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.

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

For the three-month periods ended March 31, 2020 and 2019

32. Cash Flows

(1) Details of cash flows from operating activities for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Loss for the period	₩ (193,536,677)	(26,119,282)	Rs (11,963,470)	(1,614,563)
Adjustments for:				
Retirement benefit costs	12,159,192	12,071,668	751,620	746,210
Depreciation	41,051,022	37,604,544	2,537,569	2,324,525
Amortization	19,198,046	20,557,450	1,186,727	1,270,759
Losses on disposal of trade receivables	30,782	27,693	1,903	1,712
Foreign exchange translation gain and loss, net	5,259,690	989,958	325,128	61,194
Losses on disposal of property, plant and equipment	45,771	24,387	2,829	1,507
Interest expense and income, net	1,788,429	(736,012)	110,552	(45,497)
Dividends income	(6,000)	(6,000)	(371)	(371)
Unrealized gain and loss of financial derivatives, net	(12,680)	(174,102)	(784)	(10,762)
(Reversal of) losses on valuation of inventories	56,976	(1,884,958)	3,521	(116,519)
Increase in provision of warranty for sale	11,549,858	6,721,628	713,954	415,497
Equity profit on investments	(224,474)	(146,160)	(13,876)	(9,035)
Impairment loss on Tangible assets	47,169,514	-	2,915,784	-
Impairment loss on Intangible assets	29,689,484	-	1,835,255	-
Others	1,215,886	1,319,632	75,162	81,575
	<u>168,971,496</u>	<u>76,369,728</u>	<u>10,444,973</u>	<u>4,720,795</u>
Changes in assets and liabilities				
Trade receivables	46,153,407	(11,142,269)	2,853,179	(688,759)
Other receivables	(935,543)	(1,378,142)	(57,831)	(85,190)
Inventories	(12,525,257)	(26,981,693)	(774,243)	(1,667,873)
Trade payables	(113,149,801)	163,144,266	(6,994,562)	10,084,763
Other payables	(15,649,012)	48,379,852	(967,344)	2,990,601
Accrued expenses	3,388,988	(14,097,181)	209,490	(871,417)
Usage of provision of warranty for sale	(9,069,096)	(8,575,749)	(560,606)	(530,110)
Payment of retirement benefits	(6,570,182)	(9,572,405)	(406,136)	(591,718)
Others	(4,098,427)	(6,153,156)	(253,348)	(380,360)
	<u>(112,454,923)</u>	<u>133,623,523</u>	<u>(6,951,401)</u>	<u>8,259,937</u>
Net cash provided by (used in) operating activities	₩ <u>(137,020,104)</u>	<u>183,873,969</u>	Rs <u>(8,469,898)</u>	<u>11,366,169</u>

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

For the three-month periods ended March 31, 2020 and 2019

32. Cash Flows, Continued

(2) Significant non-cash activities for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Changes in other payables related to the acquisition of property, plant and equipment	₩ 2,317,835	4,054,863	Rs 143,277	250,651

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the three-month periods ended March 31, 2020 is as follows:

(In thousands of won)

	Beginning balance	Increase	Decrease	Liquidity	Others	Exchange rate effect	Ending balance
Banker's usance(*)	₩ 106,606,448	-	(1,924,774)	-	-	4,501,344	109,183,018
Short-term borrowings	147,500,000	96,999,947	(7,500,000)	43,750,000	-	-	280,749,947
Long-term borrowings	158,750,000	-	-	(43,750,000)	-	-	115,000,000
Lease liabilities	11,630,384	-	(2,445,567)	-	1,575,005	43,955	10,803,777
	₩ 424,486,832	96,999,947	(11,870,341)	-	1,575,005	4,545,299	515,736,742

(In thousands of rupee)

	Beginning balance	Increase	Decrease	Liquidity	Others	Exchange rate effect	Ending balance
Banker's usance(*)	Rs 6,589,878	-	(118,980)	-	-	278,251	6,749,149
Short-term borrowings	9,117,713	5,996,052	(463,613)	2,704,406	-	-	17,354,558
Long-term borrowings	9,813,131	-	-	(2,704,406)	-	-	7,108,725
Lease liabilities	718,932	-	(151,173)	-	97,359	2,717	667,835
	Rs 26,239,654	5,996,052	(733,766)	-	97,359	280,968	31,880,267

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

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

For the three-month periods ended March 31, 2020 and 2019

33. Segment Information

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

(2) Geographic sales information of the Group for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

Sales region	Korean won		Indian rupee	
	2020	2019	2020	2019
Republic of Korea	₩ 495,057,153	761,928,535	Rs 30,601,958	47,098,612
Europe	78,961,242	72,838,212	4,880,989	4,502,494
Asia Pacific	33,614,975	78,479,123	2,077,910	4,851,187
Others	48,670,410	41,270,011	3,008,561	2,551,106
Consolidated adjustment	(7,116,409)	(21,306,840)	(439,901)	(1,317,082)
	₩ 649,187,371	933,209,041	Rs 40,129,517	57,686,317

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.

(3) Information of sales of goods and service for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Automobile	₩ 556,991,594	796,128,165	Rs 34,430,435	49,212,663
Merchandise and parts	73,364,448	109,556,811	4,535,023	6,772,254
Others	18,831,329	27,524,065	1,164,059	1,701,400
	₩ 649,187,371	933,209,041	Rs 40,129,517	57,686,317

(4) Balance of Contracts as of March 31, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Receivables from contracts				
with customers	₩ 75,107,841	121,365,029	Rs 4,642,791	7,502,179
Contract liabilities	22,391,608	20,184,511	1,384,137	1,247,706

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

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

For the three-month periods ended March 31, 2020 and 2019

34. Transactions and Balances with Related Parties

(1) Details of related parties as of March 31, 2020 are as follows:

Relationship	Company
Parent	Mahindra & Mahindra Ltd.
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.

(2) Transactions with related parties for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won)

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Sales	₩ 5,389,233	11,465,860
		Purchases	2,642,417	-
		Other expenses	229,808	382,508
Joint venture	SY Auto Capital Co., Ltd.	Other income	257,256	-
		Other expenses	6,635,970	7,276,737
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales	501,633	25,429,910
		Other expenses	1,305,126	370,491

(In thousands of rupee)

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Sales	Rs 333,135	708,762
		Purchases	163,341	-
		Other expenses	14,206	23,645
Joint venture	SY Auto Capital Co., Ltd.	Other income	15,902	-
		Other expenses	410,202	449,811
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales	31,008	1,571,950
		Other expenses	80,676	22,902

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

For the three-month periods ended March 31, 2020 and 2019

34. Transactions and Balances with Related Parties, Continued

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

(In thousands of won)

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Trade receivables ₩	2,768,755	454,892
		Other receivables	59,649	50,954
		Trade payables	2,029,592	486,641
Others	Mahindra Vehicle Manufacturing Ltd. and others	Other payables	914,365	811,771
		Trade receivables	189,836	208,034
		Other payables	3,272,482	2,646,646

(In thousands of rupee)

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Trade receivables Rs	171,151	28,119
		Other receivables	3,687	3,150
		Trade payables	125,459	30,082
Others	Mahindra Vehicle Manufacturing Ltd. and others	Other payables	56,521	50,180
		Trade receivables	11,735	12,860
		Other payables	202,288	163,602

Allowance for receivables from related parties are not recognized as of March 31, 2020 and December 31, 2019.

(4) Capital transactions with related parties for the three-month periods ended March 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2020	2019	2020	2019
Parent	Mahindra & Mahindra Ltd. ₩	-	49,706,372	Rs -	3,072,599

(5) Executive compensation of the Group for the three-month periods ended March 31, 2020 and 2019, are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2020	2019	2020	2019
Short-term employee benefits	₩	1,476,452	2,398,977	Rs 91,267	146,004
Retirement benefits		31,553	37,823	1,950	2,338

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

For the three-month periods ended March 31, 2020 and 2019

35. Financial Instruments

(1) Capital risk management

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

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

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Debt (A)	₩ 1,586,060,984	1,616,083,585	Rs 98,042,360	99,898,207
Equity (B)	209,894,126	403,123,557	12,974,605	24,919,083
Debt-to-equity ratio (A/B)	755.65%	400.89%	755.65%	400.89%

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

1) Financial assets

(In thousands of won)

	2020				
	Amortized cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	₩ 49,809,451	-	-	49,809,451	49,809,451
Long-term financial instruments	4,000	-	-	4,000	4,000
Trade and other receivables	130,586,268	-	-	130,586,268	130,586,268
Non-current financial assets	-	560,000	-	560,000	560,000
Derivative assets	-	-	230,190	230,190	230,190
	₩ 180,399,719	560,000	230,190	181,189,909	181,189,909

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

For the three-month periods ended March 31, 2020 and 2019

35. Financial Instruments, Continued

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

1) Financial assets, continued

(In thousands of won)

	2019				
	Amortized cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	₩ 125,800,194	-	-	125,800,194	125,800,194
Long-term financial instruments	4,000	-	-	4,000	4,000
Trade and other receivables	175,234,811	-	-	175,234,811	175,234,811
Non-current financial assets	-	560,000	-	560,000	560,000
	<u>₩ 301,039,005</u>	<u>560,000</u>	<u>-</u>	<u>301,599,005</u>	<u>301,599,005</u>

(In thousands of rupee)

	2020				
	Amortized cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	Rs 3,078,971	-	-	3,078,971	3,078,971
Long-term financial instruments	247	-	-	247	247
Trade and other receivables	8,072,190	-	-	8,072,190	8,072,190
Non-current financial assets	-	34,616	-	34,616	34,616
Derivative assets	-	-	14,229	14,229	14,229
	<u>Rs 11,151,408</u>	<u>34,616</u>	<u>14,229</u>	<u>11,200,253</u>	<u>11,200,253</u>

(In thousands of rupee)

	2019				
	Amortized cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	Rs 7,776,339	-	-	7,776,339	7,776,339
Long-term financial instruments	247	-	-	247	247
Trade and other receivables	10,832,140	-	-	10,832,140	10,832,140
Non-current financial assets	-	34,616	-	34,616	34,616
	<u>Rs 18,608,726</u>	<u>34,616</u>	<u>-</u>	<u>18,643,342</u>	<u>18,643,342</u>

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

For the three-month periods ended March 31, 2020 and 2019

35. Financial Instruments, Continued

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

2) Financial liabilities

(In thousands of won)

		2020				
		Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	₩	477,060,335	-	-	477,060,335	477,060,335
Borrowings		504,932,965	-	-	504,932,965	504,932,965
Lease liabilities		10,803,777	-	-	10,803,777	10,803,777
Derivatives liabilities		-	-	87,120	87,120	87,120
	₩	992,797,077	-	87,120	992,884,197	992,884,197

(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	₩	600,389,273	-	-	600,389,273	600,389,273
Borrowings		412,856,448	-	-	412,856,448	412,856,448
Lease liabilities		11,630,384	-	-	11,630,384	11,630,384
	₩	1,024,876,105	-	-	1,024,876,105	1,024,876,105

(In thousands of rupee)

		2020				
		Financial liability measured at amortized cost	Financial liabilities at FVTPL	Derivatives designated to hedge	Total	Fair value
Trade and other payables	Rs	29,489,485	-	-	29,489,485	29,489,485
Borrowings		31,212,431	-	-	31,212,431	31,212,431
Lease liabilities		667,835	-	-	667,835	667,835
Derivatives liabilities		-	-	5,385	5,385	5,385
	Rs	61,369,751	-	5,385	61,375,136	61,375,136

(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	37,113,063	-	-	37,113,063	37,113,063
Borrowings		25,520,721	-	-	25,520,721	25,520,721
Lease liabilities		718,932	-	-	718,932	718,932
	Rs	63,352,716	-	-	63,352,716	63,352,716

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

For the three-month periods ended March 31, 2020 and 2019

35. Financial Instruments, Continued

(3) Financial risk management

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

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

1) Market risk

a. Foreign exchange risk

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

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% as of March 31, 2020.

(In thousands of won and in thousands of rupee)

Currency	Korean won		Indian rupee	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 871,641	(871,641)	Rs 53,880	(53,880)
EUR	(1,645,606)	1,645,606	(101,723)	101,723
JPY	(9,173,433)	9,173,433	(567,056)	567,056
Others	(138,076)	138,076	(8,535)	8,535
	₩ (10,085,474)	10,085,474	Rs (623,434)	623,434

b. Interest rate risk

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

If other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Group's current income will decrease or increase in ₩444,086 thousand (Rs 27,451 thousand) for the three-month period ended March 31, 2020, due to floating rate debt's interest rate risk.

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

For the three-month periods ended March 31, 2020 and 2019

35. Financial Instruments, Continued

(3) Financial risk management, continued

2) Credit risk

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

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

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

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

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

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Trade and other receivables	₩ 130,586,268	175,234,811	Rs 8,072,190	10,832,140

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

For the three-month periods ended March 31, 2020 and 2019

35. Financial Instruments, Continued

(3) Financial risk management, continued

3) Liquidity risk

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

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

(In thousands of won)

	2020		
	Within a year	Over 1 year	Total
Trade payables	₩ 363,792,079	-	363,792,079
Other payables	110,740,840	-	110,740,840
Short-term borrowings(*)	394,203,242	-	394,203,242
Derivative liabilities	87,120	-	87,120
Lease liabilities(*)	7,280,250	3,854,513	11,134,763
Other payables	1,725,583	-	1,725,583
Long-term borrowings(*)	-	125,929,454	125,929,454
Long-term other payables	-	801,832	801,832
	<u>₩ 877,829,114</u>	<u>130,585,799</u>	<u>1,008,414,913</u>

(In thousands of won)

	2019		
	Within a year	Over 1 year	Total
Trade payables	₩ 477,370,219	-	477,370,219
Other payables	120,768,591	-	120,768,591
Short-term borrowings(*)	256,399,637	-	256,399,637
Derivative assets	-	-	-
Lease liabilities(*)	7,231,808	4,814,959	12,046,767
Other payables	1,402,123	-	1,402,123
Long-term borrowings(*)	-	171,603,986	171,603,986
Long-term other payables	-	848,340	848,340
	<u>₩ 863,172,378</u>	<u>177,267,285</u>	<u>1,040,439,663</u>

(*) Including expected interest expenses.

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

For the three-month periods ended March 31, 2020 and 2019

35. Financial Instruments, Continued

(3) Financial risk management, continued

3) Liquidity risk, continued

(In thousands of rupee)

		2020		
		Within a year	Over 1 year	Total
Trade payables	Rs	22,487,807	-	22,487,807
Other payables		6,845,445	-	6,845,445
Short-term borrowings(*)		24,367,673	-	24,367,673
Derivative assets		5,385	-	5,385
Lease liabilities(*)		450,029	238,267	688,296
Other payables		106,667	-	106,667
Long-term borrowings(*)		-	7,784,329	7,784,329
Long-term other payables		-	49,565	49,565
	Rs	<u>54,263,006</u>	<u>8,072,161</u>	<u>62,335,167</u>

(In thousands of rupee)

		2019		
		Within a year	Over 1 year	Total
Trade payables	Rs	29,508,640	-	29,508,640
Other payables		7,465,310	-	7,465,310
Short-term borrowings(*)		15,849,344	-	15,849,344
Derivative assets		-	-	-
Lease liabilities(*)		447,034	297,637	744,671
Other payables		86,672	-	86,672
Long-term borrowings(*)		-	10,607,700	10,607,700
Long-term other payables		-	52,440	52,440
	Rs	<u>53,357,000</u>	<u>10,957,777</u>	<u>64,314,777</u>

(*) Including expected interest expenses.

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

For the three-month periods ended March 31, 2020 and 2019

35. Financial Instruments, Continued

(4) Fair value of financial instruments

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

2) Valuation methods and assumptions applied in fair value measurement

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

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

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

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 March 31, 2020 are as follows:

(In thousands of won)

		Level 1	Level 2	Level 3	Fair value
As of March 31, 2020					
Derivatives assets	₩	-	230,190	-	230,190
Derivatives liabilities		-	87,120	-	87,120

(In thousands of rupee)

		Level 1	Level 2	Level 3	Fair value
As of March 31, 2020					
Derivatives assets	Rs	-	14,229	-	14,229
Derivatives liabilities		-	5,385	-	5,385

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

For the three-month periods ended March 31, 2020 and 2019

35. Financial Instruments, Continued

(4) Fair value of financial instruments, continued

- 4) The Group measures the foreign exchange forward contract derivative assets: ₩230,190 thousand (Rs 14,229 thousand), derivative liabilities: ₩87,120 thousand (Rs 5,385 thousand) based on the forward rate announced officially in the market as of March 31, 2020. In the event that no corresponding forward rate with residual year of the foreign exchange forward contract in the market exists, the Group measured the market value through interpolation method.

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

36. Going concern assumption

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

However, due to deteriorating financial structure, the Group has incurred operating losses of ₩98,634 million (Rs 6,097 million) and net losses of ₩193,537 million (Rs 11,963 million) as of the end of the reporting period. In addition, the Group's current liabilities exceed its current assets by ₩589,865 million (Rs 36,462 million) as of the end of the reporting period.

In circumstances where material uncertainty on the ability to continue as a going concern, which is the basis for preparation of the financial statements. As a result, the Group has commenced a capital reorganization plan and business improvement plan. As the stabilization of operating income will depend on the success of this plan, a significant uncertainty exists.

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

37. Subsequent events

As of April 3, 2020, after the end of the reporting period, the Group's major shareholder Mahindra & Mahindra Ltd., expressed its intention to withdraw its previously planned large-scale funding plan for the Group and decided to provide ₩40 billion in special funding for the continuity of the Group's business operations.

As a result, the Group received ₩20 billion in funding from the Group's major shareholders, Mahindra & Mahindra Ltd., on May 4, 2020, and will receive ₩20 billion in May. Fund support from Mahindra & Mahindra Ltd. is in the form of a loan, and the loan can be converted into the Company's stock (common stock) at the request of the Group within the agreement period (borrowing period: 3 years, interest payment: annual payment, interest rate: 3%).