

The 55th Annual Report

(Jan 1, 2016 – Dec 31, 2016)

Ssangyong Motor Company

History of Ssangyong Motors

1954 Jan	Ha Dong-Hwan Motor Workshop was established
1975 May	Initial Public Offering
1976 Sep	Started to produce a variety of special purpose vehicles
1977 Feb	The company name changed to Donga Motor Co., Ltd.
1979 Dec	Completed construction of the Pyungtaek Plant
1984 Dec	Acquired Geohwa Co., Ltd., and participate Jeep production
1985 Aug	Geohwa's Pusan Plant moved to the Pyungtaek site
1986 Nov	Ssangyong Group took over Donga Motor Co., Ltd.
1988 Mar	The company name changed to Ssangyong Motor. Co., Ltd.
1988 Jul	Acquired English automaker Panther Car Co.
1988 Dec	Launched a station wagon type Vehicle "Korando Family"
1991 Feb	Entered into the technical partnership with Mercedes Benz AG for developing light commercial vehicles and diesel engine.
1992 Jun	Established "Central R&D Center"
1992 Oct	Entered into technical partnership with Mercedes Benz AG for developing gasoline engine
1993 Jan	Signed joint capital investment (5%) with Mercedes Benz AG.
1993 Feb	Entered into technical partnership with Mercedes Benz AG for luxury passenger vehicle.
1993 Jul	Launched a wagon type 4WD vehicle "MUSSO"
1993 Nov	Entered into the technical partnership with Mercedes Benz AG for developing large size diesel engines.
1994 Apr	Opened "the After-Sales Service Technical Center" in Daejeon"
1994 Jun	Established "Changwon Engine Plant"
1994 Aug	Started to produce "Korando New Family" vehicle
1995 Jun	Established "Parts Logistics Center" in Choeran, Korea
1995 Jul	Launched a Light Commercial Vehicle "Istana"
1996 Jul	Launched Box style 4WD, "Korando"
1997 Oct	Launched luxury sedan "The Chairman"

1998 Jan	Merged into Daewoo Group
1998 Jun	Launched "New Musso"
1998 Nov	Launched 1999 model year of "Chairman"
1999 Jun	Launched 7-seater model "New Musso"
1999 Dec	Underwent corporate restructuring program
2000 Jan	Established independent sales network
2000 Mar	Released "Chairman [CM500] and [CM400] series"
2000 Apr	Separated from Daewoo Group Released 2000 model year of "Korando"
2000 Jun	Launched 2001 model year of "Musso"
2001 Feb	Launched "Musso", "Korando", "Istana" New lineup
2001 Dec	Signed a contract for Normalization of Management
2002 Sep	Launched first SUT in Korea "Musso Sports"
2003 Jan	Sign contract for CKD Business with Shanghai Huizhong Automobile Manufacturing Company (SHAC), China
2003 Sep	Launched "New Chairman"
2003 Dec	Launched "New Rexton"
2004 May	Launched "Rodius"
2004 Sep	Completed construction of Changwon 2nd Plant
2004 Oct	SAIC Motor Corporation Ltd. signed a contract for transfer of creditors' security holdings.
2005 Jan	Became a subsidiary company of SAIC Motor Corporation Ltd.
2005 Feb	Started to provide Telematics service "Everway"
2005 Jun	Launched "Kyron"
2005 Oct	Launched "Actyon"
2006 Mar	Launched "Rexton II"
2006 Apr	Launched "Actyon Sports"
2006 Dec	Major shareholder has been changed from SAIC Motor Corporation Ltd. to Shanghai Automotive Company Ltd.
2007 Apr	Launched "New Kyron"
2007 Jul	Launched "New Rodius"

2007 Oct	Launched "Rexton II Euro"
2007 Dec	Launched 2008 Year Model of "New Kyron", "Actyon" and "Actyon Sport"
2008 Jan	Launched "Chairman H"
2008 Feb	Launched "Chairman W"
2008 Jul	Established EU Representative office in Spain Launched 2009 model year of Rexton II, New Kyron, Actyon, Actyon Sports Completed the extension work of the "After-Sales Service Technical Center" in Daejeon Actyon won "Energy Winner Award"
2008 Sep	Launched 2009 model year of "Chairman W 3.2"
2008 Nov	Awarded "Safest Warehouse of the Netherlands 2008" in the Netherland
2009 Jan	Launched "Chairman H VIP" Applied for Company Rehabilitation Procedure
2009 Feb	Started Company Rehabilitation Procedure
2009 Dec	Company Rehabilitation plan was approved
2010 Jan	Launched 2010 model year of "Rexton", "Kyron" and "Actyon Sports"
2010 Aug	Launched "Rexton RX4"
2010 Nov	Ssangyong and Mahindra signed definitive agreement on investment – takeover price KRW522.5 billion (Subscription of new stocks – KRW427.1 billion, takeover of corporate bond – KRW95.4 billion)
2011 Feb	Mahindra & Mahindra took over Ssangyong Motor Company Launched "Korando C"
2011 Mar	Completed Company Rehabilitation Procedure
2011 May	Launched "Rexton Out-Door Edition Model"
2011 May	Launched "Chairman H New Classic"
2011 Jul	Launched "New Chairman W"
2012 Jan	Launched "Korando Sports"
2012 Mar	Launched "Rexton Euro V" Launched "Korando C CHIC M/T"
2012 Apr	Launched 2013 Model year of "Chairman H" and "Chairman W"
2012 May	Launched "Rexton W (3 rd generation)"
2012 Jul	Launched "Rodius Euro"
2012 Aug	Launched "Korando Sports Mania (4WD 6 speed M/T)"
2013 Feb	Launched "Korando Turismo"
2013 Apr	Launched "Chairman W Summit"
2013 May	Launched 2014 model year of "Korando Sports"
2013 Jun	Launched "Korando Turismo Chateau"
2013 Aug	Launched "New Korando C"

2013 Dec	Korando brand won "Grand prize in marketing innovation"
2014 Jan	New Korando C won "Korea Green-Car Award"
2014 Apr	Launched new BI of Korando Brand (LUV KORANDO)
2014 Jul	Launched Korando Sports 2015
2014 Dec	Grand Prize in Korea marketing brand
2015 Jan	Launched 2015 SUV (Korando C, Korando Sports, Korando Turismo, Rexton W)
2015 Jan	Launched Tivoli gasoline model
2015 Jan	Tivoli won "Korea Green-Car Award"
2015 Apr	Tivoli won " Human engineering design grand prix"
2015 Jul	Tivoli diesel won " Energy Winner"
2015 Jul	Launched" KorandoC2.2, Tivoli diesel"
2015 Sep	Launched" Korando Turismo, Rexton W2.2"
2015. Dec	Tivoli won " Safe Car of this year"
2015. Dec	Tivoli won " good design Car of this year"
2016 Jan	Tivoli won " SUV Car of this year"
2016 Feb	Launched "Chairman W Kaiser"
2016 Mar	Launched Tivol-iAir model
2016 Mar	Tivoli won " Safe Car of this year"
2016 Jul	Launched The New Korando Sports 2.2
2016 Sep	Launched Tivoli/Tivoli-Air 2017
2016 Sep	Launched "Korando Turismo 2017"

[55th Annual Shareholders' Meeting]

Opening Remarks

Distinguished shareholders!

I would like to extend my sincere gratitude to all of you for attending the 55th Annual Shareholders' Meeting of Ssangyong Motor Company out of your busy schedule.

Under the economic uncertainties last year, SYMC succeeded in returning to the surplus thanks to the sales of Tivoli brand.

Tivoli, as the No.1 SUV in B-segment, has led the sales growth of the Company, recording sales of 100,000 units within the shortest time in history.

Domestic sales which have recorded continued growth over the past 7 years exceeded 100,000 units in 13 years, driving record-high sales and surplus in 9 years.

Moreover, stable production of Tivoli based on the cooperative labor and management relationship contributed to break the vicious circle of deficit.

In particular, win-win relationship between labor and management and 7-year no-strike have helped us to improve business performance.

SYMC can rebuild the trust and come back to the normal track thanks to the endless passion of all the executives and employees and the constant interests and support of all the shareholders.

Once again, let me extend my deepest gratitude.

Distinguished shareholders!

This year, SYMC starts Promise 2019, a new mid-long-term strategies.

For the next 3 years, SYMC will launch major new products which will lead us to new future. If we have proven our capacities for re-takeoff through the business performance improvement, now we will show our potentiality for sustainable development by keeping a firm turnaround.

In 2017, with the launch of premium SUV 'G4 Rexton', our global sales target has been increased to more than 160,000units.

'G4 Rexton' upholds the legacy and authenticity of rear-wheel drive SUV based on frame-body that SYMC has boasted.

If Tivoli has laid the ground for business turnaround, 'G4 Rexton', as the flagship vehicle of SUV Line-up, will allow us to recover the name of SUV specialist and to secure profitability.

Together with Tivoli platform having capacity of 100,000 units or more, 'G4 Rexton', which is the representative platform of SYMC, will play a key role in realizing the mid-long-term development goal.

SYMC is going on a journey to achieve our long-term development goal to create new growth engine.

First and foremost, development of new technologies to respond to future market demands and entering into new export market through the expansion of global sales will be our top priorities in securing key mechanism for future growth.

My fellow shareholders!

SYMC has led the Korea's SUV markets with Korando and Tivoli brands.

Newly launched 'G4 Rexton' will make sensation in premium SUV markets, helping us to restore our pride as SUV leader.

SYMC will complete SUV full line-up by introducing new products including premium pick-up

truck every year.

Furthermore, we will devote all our energies to create new driving power through the development of future and eco-friendly cars such as EV and connected car, and will continuously proceed with our ambitious overseas expansion plan to jump to the next level. Please be our companion in marching towards global SUV leader and support us.

SYMC will definitely recover the customer confidence, and win positive sympathy and make change through the persistent innovation.

Your continued supports and encouragement will be very much appreciated and I wish you and your family very health and happiness.

Thank you.

March 31, 2017

C.E.O Johng-Sik, Choi

Ssangyong Motor Company

I . Annual Report

1. Corporate Overview

1) The objective of the company

- (1) Manufacture and sale of various automobiles and parts thereof
- (2) Manufacture and sale of various heavy equipment and parts thereof
- (3) Repair of various automobiles and heavy equipment
- (4) Agency of automobile inspection
- (5) Manufacture of fire-fighting equipment
- (6) Export and import and agency thereof
- (7) Wholesale of automobile parts
- (8) Issue of offer sheets for sale of goods
- (9) Manufacture and production of various engines and related parts
- (10) Agency of automobile registration
- (11) Sales and consignment sale of good imported or exported
- (12) Sale and lease of real estate, equipment and facilities
- (13) Management of automobiles (used car sale; car scrapping agency; automobile lease)
- (14) Manufacture and sale of various molds
- (15) E-commerce and internet-related business
- (16) Various types of valued-added telecommunication business and specially-designated telecommunication business including an automobile information business, and sale and lease business of related equipment
- (17) Other businesses incidental to any of the foregoing

2) Core business

Manufacturing and sales of various automobiles and parts

3) Plant and other premises

Name	Major Business	Location
Pyeongtaek plant (Main Office)	Manufacture of vehicles	455-12, Dongsak-ro, Pyeongtaek-si, Gyeonggi-do
Changwon plant	Manufacture of engines	10, Gongdan-ro 474beon-gil, Seongsan-gu, Changwon-si, Gyeongsangnam-do
Seoul Service Center and 11 other sites	Maintenance and part sales	243, Gurodong-ro, Guro-gu, Seoul

4) Employees data

Gender	Office workers	Factory workers	Others	Total	Remarks
Male	1,530	3,186	8	4,724	-
Female	80	3	29	112	-
Total	1,610	3,189	37	4,836	-

5) Matters related to shares

① Type and number of issued shares

(Unit: Share, thousand KRW)

Sort of stock	The number of stocks	Amount	% of common stock	Remarks
Common Stock	137,220,096	686,100,480	100%	-

② Changes in capital

(Unit: Share, thousand KRW)

Date	Sort of stock	Increase / Decrease		After Change		Remarks
		Shares	Amount	Shares	Amount of Capital	
2011.01.04	Common	5,193	25,965	36,542,794	182,713,970	Debt-equity swap
2011.02.09	Common	85,419,047	427,095,235	121,961,841	609,809,205	Paid-in capital increase (to the 3 rd party)

2012.05.19	Common	644,550	3,222,750	122,606,391	613,031,955	Paid-in capital increase (to the 3 rd party)
2012.08.15	Common	68,250	341,250	122,674,641	613,373,205	Paid-in capital increase (to the 3 rd party)
2013.05.23	Common	14,545,455	72,727,275	137,220,096	686,100,480	Paid-in capital increase (to the 3 rd party)

③ General affairs on shares

Closing date	December 31 st		
Period of closing shareholders' registry	January 1 st - January 10 th	Base date	December 31 st
Public notice	SYMC's Website (http://www.smotor.com) or Kukmin IlBo		
Type of share certificates	Eight types : One (1), Five (5), Ten (10), Fifty (50), One Hundred (100), Five Hundred (500), One Thousand (1,000), and Ten Thousand (10,000)		
Agent	Name	Korea Securities Depository	
	Location	23, Yeouinaru-ro 4-gil, Yeongdeungpo-gu, Seoul, Korea	

6) Corporate bond

(Unit: thousand KRW)

Type of bond	Date of issue	Issue amount	Interest rate	Outstanding amount	Repayment date	Payment guaranteed by
-	-	-	-	-	-	-

2. Sales Performance

1) Overall outlook

① Domestic market

The domestic automotive market in 2016 increased by 0.7% YoY thanks to new models launch and extended individual consumption tax policy. The domestic automotive market managed to record 1,600,154 units of sales in 2016.

PC : PC market showed 3.0% of sales increase in 2016 with various new-model launch and timely product refresh of automotive makers. Introduction of middle and large PC especially played a bigger role in expansion of PC market.

RV : RV market, in spite of continuous product development and marketing activities of auto makers, showed 1.2% of sales decrease in 2016.

♦ SUV: Increased by 0.5% YoY with the introduction of new models such as Tivoli Air and QM6.

♦ CDV: Decreased by 9.5% YoY due to absence of new models.

SYMC recorded 103,554 units of sales in 2016, the highest in 13 years and showed 3.9% of sales increase with successful launch of Tivoli Air and continuous popularity for Korando Sports.

(Unit: Vehicle - CBU only)

Classification	2016	2015	2014
Tivoli	37,540	45,021	-
Tivoli Air	19,395	-	-
Rexton	5,260	6,087	7,132
Korando C	8,951	15,677	21,840
Korando Sports	26,141	25,905	28,292
Chairman H	-	1	1,117
Chairman W	957	1,290	1,580
Korando Turismo	5,310	5,683	9,075
Total	103,554	99,664	69,036

② Overseas market

The European auto market sold 15.13 million units in 2016, up 6.4 percent compared to the last year. Overall Europe market continues to expand growth, but Brexit risk still exists.

The Chinese auto market sold 24.38 million units, up 15.5 percent compared the last year, boosted by purchase tax cut effect. On the other hand, emerging markets such as Russia and Brazil have been sluggish in sales due to the economic recession and political instability.

SYMC sold 52,200 units, excluding CKD, in 2016. Sales volume is expected to keep increasing, as a new model, XLV (Domestic name: Tivoli Air) was launched in H2 2016. In 2017, we will boost our sales sales in the global market by launching another new model (Rexton follow-up model).

(Unit: Vehicle - CBU only)

Classification	2016	2015	2014
Rexton W	5,992	4,360	6,225
Korando C	5,616	9,421	37,863
Tivoli	22,932	18,672	-
XLV	5,954	-	-
Korando Sports	8,229	8,399	9,427
Actyon	5	388	2,683
Kyron	-	-	8,880
Chairman W	12	15	38
Korando Turismo	3,460	3,622	5,731
Total	52,200	44,877	70,847

2) Production performance

(Unit: Vehicle)

Category	55 th	54 th	Remarks
Passenger car	919	1,359	Chairman W
RV	154,681	144,274	Korando C, Korando Sports, Rexton W, Korando Turismo ,Actyon,Tivoli, XLV
Total	155,600	145,633	

3) Sales performance

(Unit: Mil. KRW, Vehicle)

Category	55 th		54 th		Remarks
	Volume	Amount	Volume	Amount	
Passenger car	969	50,415	1,306	67,794	Chairman W
RV (Including CKD)	154,875	3,156,250	143,458	2,954,214	Korando C, Korando Sports, Korando Turismo, Rexton W, Actyon, Tivoli, XLV
Others (Parts)	-	419,675	-	363,548	
Total	155,844	3,626,340	144,764	3,385,556	

4) Major asset increase and their financing status

(Unit: Mil. KRW)

Investment areas	Amount	Financing details
Land	-	-
Building, Structures	3,888	
Vehicle Transport Equipment	-	
Machines	16,782	
Tools	45,489	
Equipment etc.	3,619	
Total	69,778	

3. Parent company, subsidiary company and company combinations

1) Parent company status

Parent company name	Mahindra & Mahindra Ltd.		
Parent company address	Gateway Building, Apollo Bunder, Mumbai 400 001, India		
Capital stock	INR 2,966.5mm	Major business areas	Vehicle manufacturing and related business
Number of shares in SYMC	99,964,502 shares	% shareholding	72.85%
Major business with parent company	Revenue etc. : 49,492 million won Purchasing etc. : 2,672 million won		

※ The above capital stock is as of Sep 30, 2016.

2) Subsidiary company etc status

(Unit: Share)

Subsidiary company				Relationship with SYMC		
Company name	Location	Capital	Core business areas	Number of shares owned	% of shares owned	Business relations with SYMC
Ssangyong(Shanghai) Automotive Co., Ltd.	China	30,000,000 (CNY)	Sale of vehicles and vehicle parts	No stock issued	100%	-
Ssangyong European Parts Center BV	Netherlands	700,000 (EUR)	Sale of vehicle parts	7,000	100%	Import & sale of vehicle parts
SY Auto Capital Co., Ltd.	Korea	20,000,000,000(WON)	Sales Finance company of vehicle	2,040,000	51%	Sales Finance company of vehicle

3) Concurrent posts in subsidiary companies etc.

Directors		Concurrent office			
Name	Position in SYMC	Company	Position in concurrent office	Responsible area	Remarks
Choi, Johng Sik	President	Ssangyong(Shanghai) Automotive Co., Ltd.	Representative Director	-	-
Chung, Yong Won	Managing Director	Ssangyong(Shanghai) Automotive Co., Ltd.	Director	-	-
Lee, Jong Dae	Assistant Managing Director	Ssangyong European Parts Center BV	Director	-	-
Vasudev Tumbe	Vice President	SY Auto Capital Co., Ltd.	Director	-	-
Song, Young Han	Executive Director	SY Auto Capital Co., Ltd.	Director	-	-

4. Business performance and financial condition for the past 3 years

1) Income Statement

(Unit: Mil. KRW)

Title of account	55 th	54 th	53 rd
	(Jan 1, 2016 – Dec 31, 2016)	(Jan 1, 2015 – Dec 31, 2015)	(Jan 1, 2014 – Dec 31, 2014)
I . Sales	3,626,340	3,385,556	3,314,896
II . Cost of sales	3,035,871	2,868,338	2,867,899
III. Gross profit	590,469	517,218	446,997
IV. Selling and administrative expenses	559,954	550,411	524,842
V . Operating profit (Loss)	30,515	(33,193)	(77,845)
VI. Non operating income	57,806	31,830	47,614
VII. Non operating expenses	38,569	29,825	54,096
VIII. Financial income	28,244	17,731	50,717
IX. Financial expenses	21,226	45,202	17,026

X . PBT	56,770	(58,659)	(50,636)
XI. Corporate tax	-	-	-
XII. Net income (loss)	56,770	(58,659)	(50,636)

※ Above financial statements are drawn up based on K-IFRS(Separate)

2) Financial Statement

(Unit: Mil. KRW)

Title of Account	55 th	54 th	53 rd
	(as of Dec 31, 2016)	(as of Dec 31, 2015)	(as of Dec 31, 2014)
I . Current assets	679,573	605,694	594,352
II . Non - Current assets	1,491,211	1,441,896	1,379,493
Total assets	2,170,784	2,047,590	1,973,845
I . Current liabilities	944,945	878,408	821,307
II . Non - current liabilities	405,669	443,373	369,442
Total liabilities	1,350,614	1,321,781	1,190,749
I . Capital stock	686,100	686,100	686,100
II . Other capital surplus	131,678	131,678	129,383
III . Other capital adjustment	-2,574	227	(14,167)
IV . Retained earnings(Deficit)	4,966	(92,196)	(18,220)
Total equity	820,170	725,809	783,096
Total liabilities and equity	2,170,784	2,047,590	1,973,845

※ Above financial statements are drawn up based on K-IFRS(Separate).

5. Issues to be addressed

N/A

6. Board & Audit Committee status

Name	Position	Responsible area/ Major role	Transaction with company	Remarks
Choi, Johng Sik	President and C.E.O. (Director)	-	None	-
Pawan Kumar Goenka	Director	Chairman of Board	None	-
Rajeev Dubey	Director	-	None	-
Chang, Dae Ryun	Member of audit committee (Outside director)	Chairman of audit committee	None	-
Dominic DiMarco	Member of audit committee (Outside director)	Chairman of ODCRC	None	-
Won, Bong Hee	Member of audit committee (Outside director)	-	None	-
Park, Yong Hwan	Member of audit committee (Outside director)	-	None	-

7. Major shareholder status

(Unit: Share)

Name of shareholders	Number of shares owned	Percentage of shares	Business relations with SYMC	Remarks
Mahindra & Mahindra Ltd.	99,964,502	72.85%	Part sales, etc	Largest shareholder
KB Asset Management	3,941,919	2.87%	-	-
National Pension Service	2,050,193	1.49%	-	-
VANGUARD TOTAL INTERNATIONAL STOCK INDEX	512,213	0.37%	-	-
Byeong-Chang Choi	509,500	0.37%	-	-
Halla Holdings	469,663	0.34%	-	-

8. Investment in other companies by SYMC and its subsidiaries (solely or collectively)

(Unit: Share)

Name of other company*	Investment company	Investment in other companies		Other companies' investment in SYMC	
		Number of shares owned	Percentage of shares owned (%)	Number of shares owned	Percentage of shares (%)
Ssangyong (Shanghai) Automotive Co., Ltd.	SYMC	-	100%	-	-
Ssangyong European Parts Center BV	SYMC	7,000	100%	-	-
SY Auto Capital Co., Ltd.	SYMC & KB Capital	2,040,000	51%	SY Auto Capital Co., Ltd.	SYMC & KB Capital

* The companies where SYMC has more than 10% of total shares.

9. Major creditors

(Unit: Mil. KRW, Share)

Creditor name	Credit amount	Number of shares owned	Percentage of shares owned	Remarks
Bank of America Merrill Lynch	41,582	0	0.00%	-
WOORI BANK	37,500	0	0.00%	-
KDB Bank	30,000	0	0.00%	-
JPMorgan Chase Bank	29,931	0	0.00%	-
BNP PARIBAS	21,873	0	0.00%	-
Australia and New Zealand Bank	14,807	0	0.00%	-
Deutsche Bank	12,783	0	0.00%	-
Citibank	4,168	0	0.00%	-
KEB Hana Bank	1,824	0	0.00%	-

10. Important issues after closing date

N/A

11. Other important matters related to Business

1) Consolidated Income Statement

(Unit: Mil.KRW)

Income statement	55 th	54 th	53 rd
	(Jan 1, 2016 – Dec 31, 2016)	(Jan 1, 2015 – Dec 31, 2015)	(Jan 1, 2014 – Dec 31, 2014)
I . Sales	3,628,537	3,390,065	3,326,589
II . Cost of sales	3,036,759	2,868,750	2,869,466
III . Gross profit	591,778	521,315	457,123
V . Selling and administrative expenses	563,784	557,127	534,061
IV . Operating profit (Loss)	27,994	(35,812)	(76,938)
V . Non-operating income	57,808	31,871	47,254
VII . Non-operating expense	38,569	29,825	54,098
VIII . Financial income	28,327	17,403	50,130
IX . Financial expense	21,241	45,215	17,042
X . Joint enterprise profit(loss)	3,814	(332)	-
XI . PBT	58,133	(61,910)	(50,693)
XII . Corporate tax	30	32	226
XIII . Net income (loss)	58,103	(61,942)	(50,919)

※ Above financial statements are drawn up based on the K-IFRS(Consolidated).

2) Consolidated Statements of Financial Condition

(Unit: Mil. KRW)

Statement of financial position	55 th	54 th	53 rd
	(As of Dec 31, 2016)	(As of Dec 31, 2015)	(As of Dec 31, 2014)
Assets			
I . Current assets	681,796	613,893	603,229
II . Non-current assets	1,481,627	1,425,305	1,365,203
Total assets	2,163,423	2,039,198	1,968,432
Liabilities	-	-	-
I . Current liabilities	945,060	878,770	821,606
II . Non-current liabilities	405,669	443,373	369,442
Total liabilities	1,350,729	1,322,143	1,191,048
Shareholders' equity	-	-	-
I . Capital stock	686,100	686,100	686,100
II . Other capital surplus	131,678	131,678	129,383
III . Other capital adjustments	(1,285)	1,571	(13,064)
IV . Retained earnings	(3,799)	(102,294)	(25,035)
Total Shareholders' equity	812,694	717,055	777,384
Total liabilities and shareholders' equity	2,163,423	2,039,198	1,968,432

※ Above financial statements are drawn up based on the K-IFRS(Consolidated).

The Audit Committee's Report

As members of the Audit Committee of Ssangyong Motor Company, we have audited accounting and business of the 55th business year starting from January 1, 2016 to December 31, 2016. Hereby we report the result of the audit as follows.

1. Outline of the Audit Methods

(1) Financial Audits

For financial audits, we looked through finance-related books and documents, reviewed financial statements, consolidated financial statements and attached specifications. Upon necessary, we conducted an investigation using comparison, inspection, observation and inquiry and other proper auditing procedures.

(2) Audits on Business

For audits on business, we attended the BOD meetings and other important meetings. We were briefed on sales by BOD when it is required. We looked into documents regarding important business matters and closely examined the contents of documents. We conducted audits using proper auditing method.

2. Issues Related to Filling in separate Statement of Financial Position, consolidated Statement of Financial Position, separate Statement of Comprehensive Income, consolidated Statement of Comprehensive Income

In the separate Statement of Financial Position, consolidated Statement of Financial Position, separate Statement of Comprehensive Income, consolidated Statement of Comprehensive Income, the company's asset and status of profits and losses are being filled in properly, according to the law and articles of incorporation.

3. Issues Related to Statement of appropriation of deficit

The Statement of appropriation of deficit is being filled in properly given the company's property status and other situations, according to the law and articles of incorporation.

4. Issues related to Annual Report

Annual report demonstrates company's situations accurately according to the law and the articles of incorporation.

Feb 15, 2017
Ssangyong Motor Company

Chairman of the Audit Committee	Chang, Dae-Ryun
Member of the Audit Committee	Dominic DiMarco
Member of the Audit Committee	Won, Bong-hee
Member of the Audit Committee	Park, Yong-Hwan

Independent Auditors' Report (Consolidated)

**To the Shareholders and Board of Directors of
Ssangyong Motor Company:**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ssangyong Motor Company (the "Company") and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2016 and December 31, 2015, respectively, and the consolidated statements of comprehensive income, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows, all expressed in Korean won, for the years ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2016, and December 31, 2015, respectively, and its financial performance and its cash flows for the years then ended in accordance with K-IFRS.

Others

We conducted our audit of consolidated financial statements of the Company and its subsidiaries as of December 31, 2016 in accordance with the former KSAs, known as auditing standards generally accepted in Korea.

Our audit also comprehended the translation of Korean Won amounts into Indian rupee amounts and, in our opinion, such translation has been made in conformity with the basis in Note 2. Such Indian rupee amounts are presented solely for the convenience of readers.

March 16, 2017
Jong-Ho Ham
Deloitte Anjin LLC
10, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul

Independent Auditors' Report (Separate)

To the Shareholders and Board of Directors of

Ssangyong Motor Company:

Report on the Financial Statements

We have audited the accompanying separate financial statements of Ssangyong Motor Company (the "Company"), which comprise the separate statements of financial position as of December 31, 2016 and December 31, 2015, respectively, and the separate statements of comprehensive income, separate statements of changes in stockholders' equity and separate statements of cash flows, for the years ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and December 31, 2015, respectively and its financial performance and its cash flows for the years then ended in accordance with K-IFRS.

Others

We conducted our audit of separate financial statements of the Company as of December 31, 2015 in accordance with the former KSAs, known as auditing standards generally accepted in Korea.

Our audit also comprehended the translation of Korean Won amounts into Indian rupee amounts and, in our opinion, such translation has been made in conformity with the basis in Note 2. Such Indian rupee amounts are presented solely for the convenience of readers

March 16, 2017
Jong-Ho Ham
Deloitte Anjin LLC
10, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul

Consolidated Financial Statements

1) Consolidated statements of financial position

55th term (as of 2016.12.31)

54th term (as of 2015.12.31)

(Unit : KRW)

Title of Account	55 th	54 th
Assets	-	-
I. Current assets	681,796,355,349	613,893,131,704
1. Cash and cash equivalents	238,401,707,090	197,881,903,860
2. Trade receivables	212,394,952,021	150,989,625,643
3. Non-trade receivables	7,454,962,455	6,452,810,073
4. Other current receivables	10,471,126,954	2,620,029,945
5. Derivatives assets	756,035,467	1,707,694,762
6. Inventories	204,979,631,991	247,673,244,137
7. Other current assets	7,337,939,371	6,567,823,284
II. Non-current assets	1,481,626,824,370	1,425,304,581,581
1. Non-current financial instruments	6,000,000	6,000,000
2. Other non-current receivables	33,754,663,015	39,728,011,612
3. Non-current available for sale financial assets	560,000,000	560,000,000
4. Property, plant and equipment	1,199,006,449,675	1,187,844,822,582
5. Intangible assets	234,344,497,954	186,944,584,522
6. Deferred income tax assets	-	-
7. Joint enterprise investment	13,681,894,414	9,868,177,766
8. Other non-current assets	273,319,312	352,985,099
Total assets	2,163,423,179,719	2,039,197,713,285
Liabilities	-	-
I. Current Liabilities	945,059,630,316	878,769,617,825
1. Trade payables	482,391,329,855	432,432,182,499
2. Non-trade payables	152,572,053,251	172,897,876,291
3. Short-term borrowings	181,967,721,200	153,224,546,132
4. Derivatives Liability	5,798,806,301	24,073,997
5. Current debentures	-	-
6. Other current payables	34,519,616,413	32,484,210,527
7. Provision for product warranties	53,153,294,239	56,861,221,537

Title of Account	55th	54th
8. Other long-term employees benefit obligation	1,330,939,340	1,960,778,250
9. Other current liabilities	33,325,869,717	28,884,728,592
II. Non-current liabilities	405,669,623,189	443,372,917,928
1. Long term borrowings	12,500,000,000	37,500,000,000
2. Other non-current payables	5,507,071,099	12,612,613,877
3. Retirement benefit obligation	279,609,199,761	292,005,725,485
4. Other long-term employees benefit obligation	15,357,662,601	14,321,821,345
5. Provision for long-term product warranties	92,695,689,728	86,932,757,221
6. Other long-term accounts payable	-	-
7. Other long-term liabilities	-	-
Total liabilities	1,350,729,253,505	1,322,142,535,753
Shareholders' equity	-	-
Owner of the company	812,693,926,214	717,055,177,532
I. Capital stock	686,100,480,000	686,100,480,000
II. Other capital surplus	131,678,359,632	131,678,359,632
III. Other capital adjustments	(1,285,812,572)	1,570,930,453
IV. Accumulated deficit (Retained earnings)	(3,799,100,846)	(102,294,592,553)
Non-controlling interests	-	-
Total shareholders' equity	812,693,926,214	717,055,177,532
Total liabilities and shareholders' equity	2,163,423,179,719	2,039,197,713,285

2) Consolidated statements of comprehensive loss

55th term (2016.01.01 - 2016.12.31)

54th term (2015.01.01 - 2015.12.31)

(Unit : KRW)

Title of Account	55 th	54 th
I. Sales	3,628,536,546,385	3,390,065,197,470
1. Goods	3,206,664,893,588	3,014,054,040,132
2. Merchandise	346,847,511,519	350,581,563,776
3. Other sales	75,554,378,939	25,953,387,219
4. Sales discounts	(530,237,661)	(523,793,657)
II. Cost of sales	3,036,758,966,582	2,868,750,169,376
1. Goods	2,830,001,672,868	2,652,038,473,285
2. Merchandise	179,859,288,645	193,322,215,415
3. Other costs of sales	26,898,005,069	23,389,480,676
III. Gross profit	591,777,579,803	521,315,028,094
IV. Selling and administrative expenses	563,783,510,244	557,126,822,189
1. Selling expenses	385,060,256,726	382,646,861,772
2. Administrative expenses	178,723,253,518	174,479,960,417
V. Operating income(loss)	27,994,069,559	(35,811,794,095)
VI. non-operating income	57,808,123,354	31,870,877,893
VII. non-operating expenses	38,569,434,947	29,824,782,882
VIII. Financial income	28,326,880,989	17,402,501,531
IX. Financial expense	21,240,116,777	45,215,209,014
X. Join venture investment income(loss)	3,813,716,648	(331,822,234)
XI. PBT(loss)	58,133,238,826	(61,910,228,801)
XII. Corporate tax	30,737,602	31,945,075
XIII. Net income (loss)	58,102,501,224	(61,942,173,876)
Owner of the company	58,102,501,224	(61,942,173,876)
Non-controlling interests	-	-
XIV. Other comprehensive income(loss)	37,536,247,458	(681,571,857)
1. Not to be reclassified as profit or loss in future	40,392,990,483	(15,317,733,274)
1) DBO gains/losses	40,392,990,483	(15,317,733,274)
2. To be reclassified as profit or loss in future	(2,856,743,025)	14,636,161,417
1) Gain on valuation of derivatives	(2,802,040,025)	14,394,640,000

Title of Account	55th	54th
2) Gain on overseas operations translation credit	(54,703,000)	241,521,417
XV. Total comprehensive income (loss)	95,638,748,682	(62,623,745,733)
Owner of the company	95,638,748,682	(62,623,745,733)
Non-controlling interests	-	-
XVI. Loss per share	-	-
1. Basic and diluted loss per share	423	(452)

3) Consolidated statements of changes in shareholders' equity

55th term (2016.01.01 - 2016.12.31)

54th term (2015.01.01 - 2015.12.31)

(Unit : KRW)

Title of Account	Capital stock	Other Capital Surplus						Other Capital adjustments	(Deficit) Retained earnings	Non-controlling interests	Total
		Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain from sales of treasury stock	others				
Balance at Jan 1, 2015	686,100,480,000	11,452,712,819	118,189,001,064	931,508,409	(1,189,820,000)	-	-	(13,065,230,964)	(25,034,685,403)	-	777,383,965,925
Net loss	-	-	-	-	-	-	-	-	(61,942,173,876)	-	(61,942,173,876)
Actuary of defined benefit	-	-	-	-	-	-	-	-	(15,317,733,274)	-	(15,317,733,274)
Acquisition of treasury stock	-	-	-	-	1,189,820,000	1,105,137,340	-	-	-	-	2,294,957,340
Gain on valuation of derivatives	-	-	-	-	-	-	-	14,394,640,000	-	-	14,394,640,000
Overseas operations translation credit	-	-	-	-	-	-	-	241,521,417	-	-	241,521,417
Balance at Dec 31, 2015	686,100,480,000	11,452,712,819	118,189,001,064	931,508,409	-	1,105,137,340	-	1,570,930,453	(102,294,592,553)	-	717,055,177,532
Balance at Jan 1, 2016	686,100,480,000	11,452,712,819	118,189,001,064	931,508,409	-	1,105,137,340	-	1,570,930,453	(102,294,592,553)	-	717,055,177,532
Net Income	-	-	-	-	-	-	-	-	58,102,501,224	-	58,102,501,224
Actuary of defined benefit	-	-	-	-	-	-	-	-	40,392,990,483	-	40,392,990,483
Gain on valuation of derivatives	-	-	-	-	-	-	-	(2,802,040,025)	-	-	(2,802,040,025)
Overseas operations translation credit	-	-	-	-	-	-	-	(54,703,000)	-	-	(54,703,000)
Balance at Dec 31, 2016	686,100,480,000	11,452,712,819	118,189,001,064	931,508,409	-	1,105,137,340	-	(1,285,812,572)	(3,799,100,846)	-	812,693,926,214

4) Consolidated statements of cash flows

55th term (2016.01.01 - 2016.12.31)

54th term (2015.01.01 - 2015.12.31)

(Unit : KRW)

Title of Account	55 th	54 th
I. Net cash provided by operating activities	244,369,118,172	201,547,228,533
1. Cash flows from operating activities	245,297,049,510	201,798,160,082
(1) Net income (loss)	58,102,501,224	(61,942,173,876)
(2) Adjustments	221,160,396,165	217,574,021,485
(3) Changes in net working capital	(33,965,847,879)	46,166,312,473
2. Interests received	2,709,910,853	3,281,173,895
3. Interests paid	(3,648,842,191)	(3,532,372,711)
4. Dividend income received	11,000,000	11,000,000
5. Corporate income tax	-	(10,732,733)
II. Net cash provided by investing activities	(210,693,643,815)	(227,994,580,003)
1. Cash inflows from investing activities	5,010,236,869	8,668,107,055
(1) Decrease in other receivables	2,999,563,996	7,836,121,065
(2) Disposal of property, plant and equipment	2,010,394,163	718,827,343
(3) Disposal of intangible assets	-	-
(4) Disposal of subsidiary company stocks	-	-
(5) Decrease in other assets	278,710	113,158,647
2. Cash outflows from investing activities	(215,703,880,684)	(236,662,687,058)
(1) Increase in other receivables	5,430,000,000	8,493,404,205
(2) Acquisition of property, plant and equipment	127,494,011,871	151,095,940,246
(3) Acquisition of intangible assets	82,779,868,813	66,873,342,607
(4) Acquisition of sub & joint venture stocks	-	10,200,000,000
III. Net cash provided by financing activities	6,959,882,274	67,528,400,147
1. Cash inflows from financing activities	24,459,882,274	72,528,400,147
(1) Increase in borrowings	24,030,389,144	70,163,042,023
(2) Capital increase with consideration	429,493,130	70,400,784
(3) Government grant	-	2,294,957,340
2. Cash outflows from financing activities	(17,500,000,000)	(5,000,000,000)
(1) Redemption of borrowings	17,500,000,000	5,000,000,000
(2) Stock issuance cost	-	-
IV. Effect of exchange rate changes on cash and cash equivalents	(115,553,401)	35,548,064
V. Net increase in cash and cash equivalents	40,519,803,230	41,116,596,741
VI. Cash and cash equivalents at the beginning of the period	197,881,903,860	156,765,307,119

Title of Account	55 th	54 th
VII. Cash and cash equivalents at the end of the period	238,401,707,090	197,881,903,860

Separate Financial Statements

1) Statements of financial position

55th term (as of 2016.12.31)

54th term (as of 2015.12.31)

(Unit : KRW)

Title of Account	55 th	54 th
Assets	-	-
I. Current assets	679,572,861,017	605,693,863,337
1. Cash and cash equivalents	234,657,416,084	192,773,290,414
2. Trade receivables	218,645,303,615	151,755,651,700
3. Non-trade receivables	7,658,754,110	6,716,048,126
4. Other current receivables	10,428,086,319	2,572,505,080
5. Derivatives assets	756,035,467	1,707,694,762
6. Inventories	200,132,722,692	243,631,535,824
7. Other current assets	7,294,542,730	6,537,137,431
II. Non-current assets	1,491,211,314,998	1,441,896,619,827
1. Non-current financial instruments	6,000,000	6,000,000
2. Other non-current receivables	41,036,984,873	50,222,268,256
3. Non-current available for sale financial assets	560,000,000	560,000,000
4. Property, plant and equipment	1,198,961,456,707	1,187,781,725,798
5. Intangible assets	234,344,497,954	186,944,584,522
6. Investments in subsidiaries	5,829,056,152	5,829,056,152
7. Investments in Joint ventures	10,200,000,000	10,200,000,000
8. Other non-current assets	273,319,312	352,985,099
Total assets	2,170,784,176,015	2,047,590,483,164
Liabilities	-	-
I. Current Liabilities	944,944,592,566	878,408,363,253
1. Trade payables	482,375,279,702	432,415,648,781
2. Non-trade payables	152,502,510,151	172,582,354,735
3. Short-term borrowings	181,967,721,200	153,224,546,132
4. Derivative liability	5,798,806,301	24,073,997
5. Current debentures	-	-
6. Other current payables	34,519,616,413	32,484,210,527
7. Provision for product warranties	53,153,294,239	56,861,221,537

Title of Account	55th	54th
8. Current other long-term employees benefit obligation	1,330,939,340	1,960,778,250
9. Other current liabilities	33,296,425,220	28,855,529,294
II. Non-current liabilities	405,669,623,189	443,372,917,928
1. Long term borrowings	12,500,000,000	37,500,000,000
2. Other non-current payables	5,507,071,099	12,612,613,877
3. Other long-term liabilities	-	-
4. Retirement benefit obligation	279,609,199,761	292,005,725,485
5. Other long-term employees benefit obligation	15,357,662,601	14,321,821,345
6. Provision for long-term product warranties	92,695,689,728	86,932,757,221
Total liabilities	1,350,614,215,755	1,321,781,281,181
Shareholders' equity	-	-
I. Capital stock	686,100,480,000	686,100,480,000
II. Other capital surplus	131,678,359,632	131,678,359,632
III. Other capital adjustments	(2,574,700,025)	227,340,000
IV. Retained earnings (accumulated deficit)	4,965,820,653	(92,196,977,649)
Total shareholders' equity	820,169,960,260	725,809,201,983
Total liabilities and shareholders' equity	2,170,784,176,015	2,047,590,483,164

2) Statements of comprehensive loss

55th term (2016.01.01 - 2016.12.31)

54th term (2015.01.01 - 2015.12.31)

(Unit : KRW)

Title of Account	55 th	54 th
I. Sales	3,626,340,467,068	3,385,555,598,276
1. Goods	3,206,664,893,588	3,014,054,040,132
2. Merchandise	345,822,592,216	348,189,336,648
3. Other sales	74,383,218,925	23,836,015,153
4. Sales discounts	(530,237,661)	(523,793,657)
II. Cost of sales	3,035,871,860,775	2,868,337,736,419
1. Goods	2,830,001,672,868	2,652,038,473,285
2. Merchandise	181,635,357,626	194,951,192,602
3. Other costs of sales	24,234,830,281	21,348,070,532
III. Gross profit	590,468,606,293	517,217,861,857
IV. Selling and administrative expenses	559,953,922,599	550,410,785,278
1. Selling expenses	384,838,957,096	379,860,810,431
2. Administrative expenses	175,114,965,503	170,549,974,847
V. Operating profit(loss)	30,514,683,694	(33,192,923,421)
VI. Non-operating income	57,806,492,679	31,829,987,950
VII. Non-operating expenses	38,569,094,169	29,824,657,210
VIII. Financial income	28,244,307,074	17,730,731,850
IX. Financial expenses	21,226,581,459	45,202,319,058
X. PBT	56,769,807,819	(58,659,179,889)
XI. Corporate tax	-	-
XII. Net income (loss)	56,769,807,819	(58,659,179,889)
XIII. Other comprehensive income(loss)	37,590,950,458	(923,093,274)
1. Not to be reclassified as profit or loss in future	40,392,990,483	(15,317,733,274)
1) DBO gains/losses	40,392,990,483	(15,317,733,274)
2. To be reclassified as profit or loss in future	(2,802,040,025)	14,394,640,000
1) Gain on valuation of derivatives	(2,802,040,025)	14,394,640,000
XIV. Total comprehensive income (loss)	94,360,758,277	(59,582,273,163)
XV. Loss per share	-	-
1. Basic and diluted loss per share	414	(428)

4) Statements of changes in shareholders' equity

55th term (2016.01.01 - 2016.12.31)

54th term (2015.01.01 - 2015.12.31)

(Unit : KRW)

Title of Account	Capital stock	Other Capital Surplus						Other Capital adjustments	(Deficit) Retained earnings	Total
		Paid-in capital in excess of par	Gain on capital reduction	Debt to be swapped for equity	Treasury stock	Gain from sales of treasury stock	other capital surplus			
Balance at Jan 1, 2015	686,100,480,000	11,452,712,819	118,189,001,064	931,508,409	(1,189,820,000)	-	-	(14,167,300,000)	(18,220,064,486)	783,096,517,806
Net loss	-	-	-	-	-	-	-	-	(58,659,179,889)	(58,659,179,889)
Actuary of defined benefit	-	-	-	-	-	-	-	-	(15,317,733,274)	(15,317,733,274)
Dispose of treasury stock	-	-	-	-	1,189,820,000	1,105,137,340	-	-	-	2,294,957,340
Gain on valuation of derivatives	-	-	-	-	-	-	-	14,394,640,000	-	14,394,640,000
Balance at Dec 31, 2015	686,100,480,000	11,452,712,819	118,189,001,064	931,508,409	0	1,105,137,340	-	227,340,000	(92,196,977,649)	725,809,201,983
Balance at Jan 1, 2016	686,100,480,000	11,452,712,819	118,189,001,064	931,508,409	0	1,105,137,340	-	227,340,000	(92,196,977,649)	725,809,201,983
Net income(loss)	-	-	-	-	-	-	-	-	56,769,807,819	56,769,807,819
Actuary of defined benefit	-	-	-	-	-	-	-	-	40,392,990,483	40,392,990,483
Gain on valuation of derivatives	-	-	-	-	-	-	-	(2,802,040,025)	-	(2,802,040,025)
Balance at Dec 31, 2016	686,100,480,000	11,452,712,819	118,189,001,064	931,508,409	-	1,105,137,340	-	(2,574,700,025)	4,965,820,653	820,169,960,260

5) Statements of cash flows

55th term (2016.01.01 - 2016.12.31)

54th term (2015.01.01 - 2015.12.31)

(Unit : KRW)

Title of Account	55 th	54 th
I. Net cash provided by operating activities	245,616,556,539	204,142,602,828
1. Cash flows from operating activities	246,601,797,348	204,031,272,016
(1) Net income (loss)	56,769,807,819	(58,659,179,889)
(2) Adjustments	225,017,703,842	216,863,010,056
(3) Changes in net working capital	(35,185,714,313)	45,827,441,849
2. Interests received	2,640,050,477	3,151,629,466
3. Interests paid	(3,636,291,286)	(3,520,527,415)
4. Dividend income received	11,000,000	480,228,761
II. Net cash provided by investing activities	(210,692,313,143)	(227,988,944,953)
1. Cash inflows from investing activities	5,010,236,869	8,668,107,055
(1) Decrease in other receivables	2,999,563,996	7,836,121,065
(2) Disposal of property, plant and equipment	2,010,394,163	718,827,343
(3) Disposal of intangible assets	-	-
(4) Disposal of investments on subsidiary	-	-
(5) Decrease in other assets	278,710	113,158,647
2. Cash outflows from investing activities	(215,702,550,012)	(236,657,052,008)
(1) Increase in other receivables	5,430,000,000	8,493,404,205
(2) Acquisition of property, plant and equipment	127,492,681,199	151,090,305,196
(3) Acquisition of intangible assets	82,779,868,813	66,873,342,607
(4) Acquisition of investments on subsidiary	-	10,200,000,000
III. Net cash provided by financing activities	6,959,882,274	67,528,400,147
1. Cash inflows from financing activities	24,459,882,274	72,528,400,147
(1) Increase in borrowings	24,030,389,144	70,163,042,023
(2) Government Grant	429,493,130	70,400,784
(3) Capital increase with consideration	-	2,294,957,340
2. Cash outflows from financing activities	(17,500,000,000)	(5,000,000,000)
(1) Redemption of borrowings	17,500,000,000	5,000,000,000
(2) Stock issuance cost	-	-
IV. Effect of exchange rate changes on cash and cash equivalents	-	-
V. Net increase in cash and cash equivalents	41,884,125,670	43,682,058,022
VI. Cash and cash equivalents at the beginning of the period	192,773,290,414	149,091,232,392
VII. Cash and cash equivalents at the end of the period	234,657,416,084	192,773,290,414

5) Statement of appropriation of deficit

55th term (2016.01.01 - 2016.12.31)

54th term (2015.01.01 - 2015.12.31)

Expected appropriation date: Mar. 31, 2017

Finalized disposition date: Mar.31, 2016

(Unit : KRW)

Title of Account	55 th	54 th
I. Unappropriated retained earnings (deficit)	4,965,820,653	(92,196,977,649)
1. Undisposed retained earnings(deficit) carried over from prior year	(92,196,977,649)	(18,220,064,486)
2. Net income (loss)	56,769,807,819	(58,659,179,889)
3. Actuarial income(loss)	40,392,990,483	(15,317,733,274)
II. Appropriation earnings(deficit)	-	-
III. Unappropriated earnings(deficit) to be carried forward to the subsequent year	4,965,820,653	(92,196,977,649)