

SSANGYONG MOTOR COMPANY AND SUBSIDIARIES

Consolidated Interim Financial Statements

(Unaudited)

June 30, 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	7
Consolidated Interim Statements of Cash Flows	9
Notes to the Consolidated Interim Financial Statements	10

Independent Auditors' Review Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
Ssangyong Motor Company

We have reviewed the accompanying consolidated interim financial statements of Ssangyong Motor Company and its subsidiaries (the "Group"), which comprise the consolidated interim statement of financial position as of June 30, 2020, the consolidated interim statements of comprehensive loss for the three-month and six-month periods ended June 30, 2020 and 2019, the consolidated interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2020 and 2019 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these 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 reviews.

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

Basis for Disclaimer of Opinion

The accompanying 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 34 to the consolidated interim financial statements, the Group has incurred operating loss of ₩215,777 million and a net loss of ₩202,387 million during the period ended June 30, 2020 and, as of that date, the Group's current liabilities exceed its current assets by ₩462,401 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 34 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 six-month periods ended June 30, 2020 and 2019 have been translated into Indian Rupee solely for the convenience of the reader and such translation does not comply with K-IFRS. We have reviewed the translation and nothing came to our attention that cause us to believe that the 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
August 14, 2020

This report is effective as of August 14, 2020, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the 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 June 30, 2020 and December 31, 2019

(In thousands of won and in thousands of rupee)

	Note	Korean won		Indian rupee		
		2020	2019	2020	2019	
Assets						
Cash and cash equivalents	4,5,33 ₩	176,914,502	125,800,194	Rs 11,151,806	7,929,815	
Trade and other receivables, net	7,13,31, 32,33	110,567,400	136,594,866	6,969,616	8,610,257	
Inventories, net	8,25	186,158,979	226,131,073	11,734,531	14,254,172	
Other current assets	10	63,939,090	9,013,632	4,030,400	568,175	
Total current assets		<u>537,579,971</u>	<u>497,539,765</u>	<u>33,886,353</u>	<u>31,362,419</u>	
Non-current financial instruments	5,33	4,000	4,000	252	252	
Non-current other receivables, net	7,31,32, 33	42,184,475	38,937,441	2,659,098	2,454,422	
Non-current financial assets	6,33	560,000	560,000	35,300	35,300	
Property, plant and equipment, net	11,14	955,835,731	1,142,262,329	60,251,105	72,002,506	
Intangible assets, net	12	269,342,516	313,104,754	16,978,005	19,736,558	
Investments in joint venture	9	21,009,776	19,053,781	1,324,351	1,201,055	
Other non-current assets	10	275,982	285,505	17,397	17,996	
Right of use assets	13	16,797,356	7,459,568	1,058,821	470,214	
Total non-current assets		<u>1,306,009,836</u>	<u>1,521,667,378</u>	<u>82,324,329</u>	<u>95,918,303</u>	
Total assets		<u>₩ 1,843,589,807</u>	<u>2,019,207,143</u>	<u>Rs 116,210,682</u>	<u>127,280,722</u>	

See accompanying notes to the consolidated interim financial statements.

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

As of June 30, 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
Liabilities					
Trade payables	32,33 ₩	377,317,624	477,370,219	Rs 23,784,216	30,091,032
Other payables	19,32,33	159,694,198	131,066,324	10,066,324	8,261,766
Short-term borrowings	14,19,30,				
	33	306,906,555	254,106,448	19,345,855	16,017,600
Other Financial Liabilities	15,33	46,951,384	39,493,725	2,959,579	2,489,487
Provision of warranty for sale					
- current	16	57,145,722	50,305,013	3,602,181	3,170,976
Other long-term employee					
benefits liabilities- current		2,014,859	2,078,739	127,007	131,033
Other current liabilities	17,31,32	43,092,746	25,724,193	2,716,351	1,621,525
Current lease liabilities	13,30,33	6,857,669	6,939,730	432,273	437,446
Total current liabilities		999,980,757	987,084,391	63,033,786	62,220,865
Long-term borrowings	14,19,30,				
	32,33	152,500,000	158,750,000	9,612,837	10,006,806
Non-current other payables	33	759,499	848,340	47,875	53,475
Other non-current liabilities	17,31	17,463,499	16,399,791	1,100,812	1,033,761
Defined benefit liabilities	18	373,191,206	356,155,261	23,524,108	22,450,247
Other long-term employee					
benefits liabilities		14,752,824	14,174,556	929,944	893,493
Non-current provision of					
warranty for sale	16	70,905,955	77,980,593	4,469,557	4,915,507
Non-current lease liabilities	13,30,33	13,564,260	4,690,654	855,023	295,675
Total non-current liabilities		643,137,243	628,999,195	40,540,156	39,648,964
Total liabilities		1,643,118,000	1,616,083,586	103,573,942	101,869,829
Equity					
Capital stock	20,32	749,200,010	749,200,010	47,225,823	47,225,823
Other capital surplus	21	78,162,820	78,162,820	4,926,993	4,926,993
Other equity	22	846,856	1,109,395	53,381	69,930
Accumulated deficit	23	(627,737,879)	(425,348,668)	(39,569,457)	(26,811,853)
Equity attributable to					
owners of the Company		200,471,807	403,123,557	12,636,740	25,410,893
Non-controlling interests		-	-	-	-
Total equity		200,471,807	403,123,557	12,636,740	25,410,893
Total liabilities and equity	₩	1,843,589,807	2,019,207,143	Rs 116,210,682	127,280,722

See accompanying notes to the consolidated interim financial statements.

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

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

(In thousands of won except earnings per share information)

	Note	2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	31,32 ₩	707,112,594	1,356,299,964	935,048,437	1,868,257,478
Cost of sales	25,32	701,668,178	1,341,412,517	844,815,702	1,663,729,738
Gross profit		<u>5,444,416</u>	<u>14,887,447</u>	<u>90,232,735</u>	<u>204,527,740</u>
Selling, general and administrative expenses	25,26	122,586,855	230,664,149	139,356,499	281,453,810
Operating loss		<u>(117,142,439)</u>	<u>(215,776,702)</u>	<u>(49,123,764)</u>	<u>(76,926,070)</u>
Other income	27,32	115,831,686	119,662,187	5,704,294	8,820,611
Other expenses	27,32	(6,780,670)	(98,588,646)	(3,333,193)	(5,236,109)
Finance income	28	995,303	2,629,501	2,494,965	6,175,826
Finance costs	28	(3,486,337)	(12,269,948)	(7,983,618)	(11,341,016)
Share of profits of joint venture		1,731,941	1,956,415	791,597	937,757
Loss before income taxes		<u>(8,850,516)</u>	<u>(202,387,193)</u>	<u>(51,449,719)</u>	<u>(77,569,001)</u>
Income tax expenses	24	-	-	-	-
Loss for the period		<u>(8,850,516)</u>	<u>(202,387,193)</u>	<u>(51,449,719)</u>	<u>(77,569,001)</u>
Loss attributable to:					
Owners of the Company		(8,850,516)	(202,387,193)	(51,449,719)	(77,569,001)
Non-controlling interests		-	-	-	-
Other comprehensive income (loss) for the period		(571,803)	(264,557)	187,240	(198,518)
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(807)	(1,598)	(1,766)	(3,441)
Defined benefit plan re-measurements of joint ventures	9,23	(226)	(420)	(63)	(124)
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of cash flow hedge	28	(130,390)	-	268,830	(135,620)
Foreign currency translation difference for foreign operation	22	(440,380)	(262,539)	(79,761)	(59,333)
Total comprehensive loss for the period		<u>(9,422,319)</u>	<u>(202,651,750)</u>	<u>(51,262,479)</u>	<u>(77,767,519)</u>
Total comprehensive loss attributable to:					
Owners of the Company		(9,422,319)	(202,651,750)	(51,262,479)	(77,767,519)
Non-controlling interests	₩	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Losses per share					
Basic and diluted losses per share (in won)	29 ₩	(59)	(1,351)	(343)	(523)

See accompanying notes to the consolidated interim financial statements.

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

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

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

	Note	2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Sales	31,32 Rs	44,572,842	85,494,368	58,940,778	117,765,610
Cost of sales	25,32	44,229,654	84,555,938	53,252,958	104,873,204
Gross profit		<u>343,188</u>	<u>938,430</u>	<u>5,687,820</u>	<u>12,892,406</u>
Selling, general and administrative expenses	25,26	7,727,262	14,539,915	8,784,337	17,741,441
Operating loss		<u>(7,384,074)</u>	<u>(13,601,485)</u>	<u>(3,096,517)</u>	<u>(4,849,035)</u>
Other income	27,32	7,301,451	7,542,905	359,571	556,007
Other expenses	27,32	(427,420)	(6,214,535)	(210,108)	(330,058)
Finance income	28	62,739	165,752	157,270	389,293
Finance costs	28	(219,761)	(773,436)	(503,247)	(714,881)
Share of profits of joint venture		109,173	123,322	49,898	59,112
Loss before income taxes		<u>(557,892)</u>	<u>(12,757,477)</u>	<u>(3,243,133)</u>	<u>(4,889,562)</u>
Income tax expenses	24	-	-	-	-
Loss for the period		<u>(557,892)</u>	<u>(12,757,477)</u>	<u>(3,243,133)</u>	<u>(4,889,562)</u>
Loss attributable to:					
Owners of the Company		(557,892)	(12,757,477)	(3,243,133)	(4,889,562)
Non-controlling interests		-	-	-	-
Other comprehensive income (loss) for the period		(36,044)	(16,676)	11,803	(12,514)
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18,23	(52)	(101)	(111)	(217)
Defined benefit plan re-measurements of joint ventures	9,23	(14)	(26)	(4)	(8)
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of cash flow hedge	28	(8,219)	-	16,946	(8,549)
Foreign currency translation difference for foreign operation	22	(27,759)	(16,549)	(5,028)	(3,740)
Total comprehensive loss for the period		<u>(593,936)</u>	<u>(12,774,153)</u>	<u>(3,231,330)</u>	<u>(4,902,076)</u>
Total comprehensive loss attributable to:					
Owners of the Company		(593,936)	(12,774,153)	(3,231,330)	(4,902,076)
Non-controlling interests	Rs	-	-	-	-
Losses per share					
Basic and diluted losses per share (in rupee)	29 Rs	(4)	(85)	(22)	(33)

See accompanying notes to the consolidated interim financial statements.

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

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

(In thousands of won)

	Other capital surplus					Debt to be swapped for equity	Total
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Other equity	Accumulated deficit		
Balance at January 1, 2019	₩ 689,746,980	12,916,273	74,061,697	1,242,617	(85,610,656)	931,508	693,288,419
Total comprehensive income (loss) for the period:							
Loss for the period	-	-	-	-	-	-	(77,569,001)
Defined benefit plan re-measurements	-	-	-	-	(3,441)	-	(3,441)
Defined benefit plan re-measurements of joint ventures	-	-	-	-	(124)	-	(124)
Changes in fair value of cash flow hedge	-	-	-	(135,620)	-	-	(135,620)
Foreign currency translation difference for foreign operation	-	-	-	(59,333)	-	-	(59,333)
Transactions with owners of the Parent Company, recognized directly in equity:							
Issue of ordinary shares	59,453,030	(9,746,658)	-	-	-	-	49,706,372
Balance at June 30, 2019	₩ 749,200,010	3,169,615	74,061,697	1,047,664	(163,183,222)	931,508	665,227,272
Balance at January 1, 2020	₩ 749,200,010	3,169,615	74,061,697	1,109,395	(425,348,668)	931,508	403,123,557
Total comprehensive income (loss) for the period:							
Loss for the period	-	-	-	-	(202,387,193)	-	(202,387,193)
Defined benefit plan re-measurements	-	-	-	-	(1,598)	-	(1,598)
Defined benefit plan re-measurements of joint ventures	-	-	-	-	(420)	-	(420)
Foreign currency translation difference for foreign operation	-	-	-	(262,539)	-	-	(262,539)
Balance at June 30, 2020	₩ 749,200,010	3,169,615	74,061,697	846,856	(627,737,879)	931,508	200,471,807

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 six-month periods ended June 30, 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 43,478,201	814,177	4,668,479		58,718	78,329	(5,396,468)	-	43,701,436	
Total comprehensive income(loss) for the period:										
Loss for the period	-	-	-	-	-	-	(4,889,562)	-	(4,889,562)	
Defined benefit plan re-measurements	-	-	-	-	-	-	(217)	-	(217)	
Defined benefit plan re-measurements of joint ventures	-	-	-	-	-	-	(8)	-	(8)	
Changes in fair value of cash flow hedge	-	-	-	-	-	(8,549)	-	-	(8,549)	
Foreign currency translation difference for foreign operation	-	-	-	-	-	(3,740)	-	-	(3,740)	
Transactions with owners of the Parent Company, recognized directly in equity:										
Issue of ordinary shares	3,747,622	(614,381)	-	-	-	-	-	-	3,133,241	
Balance at June 30, 2019	Rs 47,225,823	199,796	4,668,479		58,718	66,040	(10,286,255)	-	41,932,601	
Balance at January 1, 2020	Rs 47,225,823	199,796	4,668,479		58,718	69,930	(26,811,853)	-	25,410,893	
Total comprehensive income(loss) for the period:										
Loss for the period	-	-	-	-	-	-	(12,757,477)	-	(12,757,477)	
Defined benefit plan re-measurements	-	-	-	-	-	-	(101)	-	(101)	
Defined benefit plan re-measurements of joint ventures	-	-	-	-	-	-	(26)	-	(26)	
Foreign currency translation difference for foreign operation	-	-	-	-	-	(16,549)	-	-	(16,549)	
Balance at June 30, 2020	Rs 47,225,823	199,796	4,668,479		58,718	53,381	(39,569,457)	-	12,636,740	

See accompanying notes to the consolidated interim financial statements.

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

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Cash flows from operating activities				
Loss for the period	₩ (202,387,193)	(77,569,001) Rs	(12,757,477)	(4,889,562)
Adjustment	141,468,962	170,424,063	8,917,496	10,742,682
Changes in assets and liabilities	(74,066,724)	111,824,789	(4,668,796)	7,048,874
Cash generated from operations (note 30)	<u>(134,984,955)</u>	<u>204,679,851</u>	<u>(8,508,777)</u>	<u>12,901,994</u>
Interest received	1,123,678	2,224,297	70,831	140,209
Interest paid	(6,605,138)	(3,318,340)	(416,355)	(209,172)
Dividends received	6,000	11,000	378	693
Net cash provided by (used in) operating activities	<u>(140,460,415)</u>	<u>203,596,808</u>	<u>(8,853,923)</u>	<u>12,833,724</u>
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	185,796,884	1,413,866	11,711,707	89,123
Acquisition of property, plant and equipment	(14,624,850)	(91,578,851)	(921,877)	(5,772,673)
Acquisition of intangible assets	(20,860,305)	(48,709,239)	(1,314,929)	(3,070,387)
Cash flow provided by (used in) other investing activities	71,253	(1,952,810)	4,491	(123,095)
Net cash provided by (used in) investing activities	<u>150,382,982</u>	<u>(140,827,034)</u>	<u>9,479,392</u>	<u>(8,877,032)</u>
Cash flows from financing activities				
Proceeds from borrowings	157,000,000	57,255,474	9,896,495	3,609,099
Receipts of government grants	108,687	47,680	6,851	3,006
Proceeds from issuing capital stock	-	49,706,372	-	3,133,241
Repayment of borrowings	(111,328,300)	(3,750,000)	(7,017,579)	(236,381)
Payment of lease liabilities	(4,904,393)	(4,875,246)	(309,148)	(307,311)
Net cash provided by financing activities	<u>40,875,994</u>	<u>98,384,280</u>	<u>2,576,619</u>	<u>6,201,654</u>
Effect of exchange rate fluctuations on cash and cash equivalents	<u>315,747</u>	<u>(379,823)</u>	<u>19,903</u>	<u>(23,942)</u>
Net increase in cash and cash equivalents	<u>51,114,308</u>	<u>160,774,231</u>	<u>3,221,991</u>	<u>10,134,404</u>
Cash and cash equivalents at January 1	125,800,194	156,062,657	7,929,815	9,837,409
Cash and cash equivalents at June 30	₩ <u>176,914,502</u>	<u>316,836,888</u> Rs	<u>11,151,806</u>	<u>19,971,813</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 six-month periods ended June 30, 2020 and 2019

1. General Description of the Company

(1) Organization and description of business of the Company

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

(2) Major shareholders

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

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

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 0.063035 to ₩1 on June 30, 2020, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into Indian rupees at this or any other rate.

(2) Statement of compliance

The 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 six-month periods ended June 30, 2020 and 2019

2. Basis of Preparation and Accounting Policies, Continued

(3) Use of estimates and judgments

The preparation of the 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 six-month periods ended June 30, 2020 and 2019

4. Cash and Cash Equivalents

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

5. Restricted Financial Instruments

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

(In thousands of won and in thousands of rupee)

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

6. Non-current Financial Assets

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

(In thousands of won)

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

(In thousands of rupee)

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

(*) 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 six-month periods ended June 30, 2020 and 2019

7. Trade and Other Receivables

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

(In thousands of won)

	2020		2019	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 89,032,114	-	121,416,355	100,000
Less: Allowance for doubtful accounts	(37,796)	-	(150,829)	(497)
Other receivables	7,269,156	159,664	7,141,943	160,679
Less: Allowance for doubtful accounts	(4,175,912)	(44,250)	(4,036,702)	(44,345)
Loans and others(*)	18,479,838	42,069,418	12,224,099	38,721,961
Less: Allowance for doubtful accounts	-	(357)	-	(357)
	<u>₩ 110,567,400</u>	<u>42,184,475</u>	<u>136,594,866</u>	<u>38,937,441</u>

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

(In thousands of rupee)

	2020		2019	
	Current	Non-current	Current	Non-current
Trade receivables	Rs 5,612,139	-	7,653,480	6,304
Less: Allowance for doubtful accounts	(2,382)	-	(9,508)	(31)
Other receivables	458,211	10,064	450,192	10,128
Less: Allowance for doubtful accounts	(263,229)	(2,789)	(254,454)	(2,795)
Loans and others(*)	1,164,877	2,651,846	770,547	2,440,839
Less: Allowance for doubtful accounts	-	(23)	-	(23)
	<u>Rs 6,969,616</u>	<u>2,659,098</u>	<u>8,610,257</u>	<u>2,454,422</u>

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

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

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

7. Trade and Other Receivables, Continued

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

(In thousands of won)

	2020		2019	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	₩ 85,986,714	62,474,421	86,595,988	53,967,620
Less than 180 days	-	1,028,113	15,540,796	57,067
Less than 270 days	1,627,766	71,632	17,528,017	30,610
Less than 365 days	1,040,958	101,242	674,780	54,075
More than 366 days	376,676	4,302,668	1,176,773	4,139,310
Total	₩ 89,032,114	67,978,076	121,516,354	58,248,682
Impaired receivables	₩ 37,796	4,220,519	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 5,420,173	3,938,075	5,458,578	3,401,849
Less than 180 days	-	64,807	979,614	3,597
Less than 270 days	102,606	4,515	1,104,879	1,930
Less than 365 days	65,617	6,382	42,535	3,409
More than 366 days	23,743	271,219	74,178	260,921
Total	Rs 5,612,139	4,284,998	7,659,784	3,671,706
Impaired receivables	Rs 2,382	266,041	9,539	257,272

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

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

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

7. Trade and Other Receivables, Continued

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

(In thousands of won)

		2020		2019	
		Trade receivables	Others	Trade receivables	Others
Beginning balance	₩	151,326	4,081,404	124,299	3,963,406
Bad debt expense		-	143,644	270,481	140,523
Reversal of allowance for bad debts		(113,530)	(96)	-	-
Write off		-	(4,433)	-	(491)
Ending balance	₩	<u>37,796</u>	<u>4,220,519</u>	<u>394,780</u>	<u>4,103,438</u>

(In thousands of rupee)

		2020		2019	
		Trade receivables	Others	Trade receivables	Others
Beginning balance	Rs	9,539	257,272	7,835	249,833
Bad debt expense		-	9,053	17,050	8,858
Reversal of allowance for bad debts		(7,157)	(6)	-	-
Write off		-	(278)	-	(31)
Ending balance	Rs	<u>2,382</u>	<u>266,041</u>	<u>24,885</u>	<u>258,660</u>

8. Inventories

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

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		2020	2019
Merchandises	₩	41,790,118	42,992,862	Rs	2,634,240	2,710,055
Finished goods		60,518,051	89,960,595		3,814,755	5,670,666
Work-in-process		26,732,439	22,869,812		1,685,079	1,441,599
Raw materials		33,431,923	34,184,282		2,107,381	2,154,806
Sub-materials		372,817	375,663		23,501	23,680
Supplies		3,276,090	3,270,070		206,508	206,129
Goods in transit		20,037,541	32,477,789		1,263,067	2,047,237
	₩	<u>186,158,979</u>	<u>226,131,073</u>	Rs	<u>11,734,531</u>	<u>14,254,172</u>

The Group has measured inventories at the lower of cost or net realizable value. The reversal of loss on valuation of inventories amounted to ₩2,127,238 thousand (Rs 134,090 thousand) for the six-month period ended June 30, 2020 and the loss on valuation of inventories amounted to ₩2,631,161 thousand (Rs 165,855 thousand) for the six-month period ended June 30, 2019.

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

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

9. Investments in Subsidiaries and a Joint venture

(1) Details of investment in subsidiaries and a joint venture as of June 30, 2020 are as follows:

	Company	Location	Owner ship	Closing month	Industry
	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 70,395 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 six-month ended June 30, 2020 is as follows:

(In thousands of won)

		Beginning balance	Share of profit of a joint venture	Changes in defined benefit plan re-measurements	Ending balance
SY Auto Capital Co.,Ltd.	₩	19,053,781	1,956,415	(420)	21,009,776

(In thousands of rupee)

		Beginning balance	Share of profit of a joint venture	Changes in defined benefit plan re-measurements	Ending balance
SY Auto Capital Co.,Ltd.	Rs	1,201,055	123,322	(26)	1,324,351

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

For the six-month periods ended June 30, 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 six-month period ended June 30, 2020 is as follows:

(In thousands of won)

	2020				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩ 604,185	544,979	59,206	198,543	(25,430)
Ssangyong European Parts Center B.V.	13,424,746	16,928,348	(3,503,602)	7,628,868	(235,049)
Ssangyong Australia Pty Ltd.	19,455,940	24,857,007	(5,401,067)	20,962,689	(1,698,829)
SY Auto Capital Co., Ltd. (*)	92,263,703	54,746,273	37,517,430	7,529,655	1,335,138

(In thousands of rupee)

	2020				
	Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs 38,085	34,353	3,732	12,515	(1,603)
Ssangyong European Parts Center B.V.	846,229	1,067,079	(220,850)	480,886	(14,816)
Ssangyong Australia Pty Ltd.	1,226,405	1,566,861	(340,456)	1,321,383	(107,086)
SY Auto Capital Co., Ltd. (*)	5,815,843	3,450,932	2,364,911	474,632	84,160

(*) Additional financial information for the joint venture for the six-month period ended June 30, 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. ₩	366,620	53,587,932	595,409	1,171,985	657,363	450,157

(In thousands of rupee)

	Cash and cash equivalents	Financial liabilities	Depreciation	Interest income	Interest expense	Income tax expense
SY Auto Capital Co., Ltd. Rs	23,110	3,377,915	37,532	73,876	41,437	28,376

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

For the six-month periods ended June 30, 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				
		Assets	Liabilities	Equity	Sales	Net income (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				
		Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs	39,080	33,884	5,196	26,732	(14,132)
Ssangyong European Parts Center B.V.		811,925	1,009,694	(197,769)	1,246,822	10,141
Ssangyong Australia Pty Ltd.		1,555,184	1,780,131	(224,947)	1,893,939	(325,605)
SY Auto Capital Co., Ltd.(*)		5,585,584	3,304,781	2,280,803	1,146,583	329,784

(*) 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	256,908	3,204,109	72,515	151,978	87,648	100,218

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

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

9. Investments in Subsidiaries and a Joint venture, Continued

(4) Reconciliation from the net assets of the Group's joint venture to the carrying amount of investments in joint venture as of June 30, 2020 is as follows:

(In thousands of won)

	<u>Net assets</u>	<u>Percentage of ownership</u>	<u>Share of the net assets of the Group</u>	<u>Reconciliation</u>	<u>Carrying amount</u>
SY Auto Capital Co., Ltd. ₩	37,517,430	51%	19,133,889	1,875,887	21,009,776

(In thousands of rupee)

	<u>Net assets</u>	<u>Percentage of ownership</u>	<u>Share of the net assets of the Group</u>	<u>Reconciliation</u>	<u>Carrying amount</u>
SY Auto Capital Co., Ltd. Rs	2,364,911	51%	1,206,105	118,247	1,324,352

10. Other Assets

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

(In thousands of won and in thousands of rupee)

	<u>Korean won</u>		<u>Indian rupee</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Other current assets				
Advance payments ₩	57,993,055	1,343,777	Rs 3,655,592	84,705
Prepaid expenses	5,454,037	7,239,532	343,795	456,344
Current tax assets	491,998	430,323	31,013	27,126
₩	<u>63,939,090</u>	<u>9,013,632</u>	Rs <u>4,030,400</u>	<u>568,175</u>
Other non-current assets				
Other non-current assets ₩	275,982	285,505	Rs 17,397	17,996

11. Property, Plant and Equipment

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

(In thousands of won)

	<u>2020</u>				
	<u>Acquisition cost</u>	<u>Government grants</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment losses</u>	<u>Book value</u>
Land ₩	402,580,149	(7,354)	-	-	402,572,795
Buildings	535,548,393	(3,630,045)	(233,328,323)	(156,914,544)	141,675,481
Structures	112,028,871	(59,473)	(67,657,648)	(31,209,247)	13,102,503
Machinery	1,304,753,980	(148,869)	(1,069,204,380)	(113,763,166)	121,637,565
Vehicles	7,622,719	(3,578)	(5,169,781)	(406,552)	2,042,808
Tools and molds	1,394,506,062	(81,662)	(954,213,269)	(196,445,414)	243,765,717
Equipment	66,127,827	(104,720)	(53,681,921)	(3,693,155)	8,648,031
Construction in progress	24,272,594	-	-	(2,276,564)	21,996,030
Machinery in transit	394,801	-	-	-	394,801
₩	<u>3,847,835,396</u>	<u>(4,035,701)</u>	<u>(2,383,255,322)</u>	<u>(504,708,642)</u>	<u>955,835,731</u>

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

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

11. Property, Plant and Equipment, Continued

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

(In thousands of 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
	<u>₩ 3,943,434,255</u>	<u>(4,107,082)</u>	<u>(2,333,372,881)</u>	<u>(463,691,963)</u>	<u>1,142,262,329</u>

(In thousands of rupee)

	2020				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs 25,376,640	(464)	-	-	25,376,176
Buildings	33,758,293	(228,820)	(14,707,851)	(9,891,108)	8,930,514
Structures	7,061,740	(3,749)	(4,264,800)	(1,967,275)	825,916
Machinery	82,245,167	(9,384)	(67,397,298)	(7,171,061)	7,667,424
Vehicles	480,498	(226)	(325,877)	(25,627)	128,768
Tools and molds	87,902,690	(5,148)	(60,148,833)	(12,382,937)	15,365,772
Equipment	4,168,368	(6,601)	(3,383,840)	(232,798)	545,129
Construction in progress	1,530,023	-	-	(143,503)	1,386,520
Machinery in transit	24,886	-	-	-	24,886
	<u>Rs 242,548,305</u>	<u>(254,392)</u>	<u>(150,228,499)</u>	<u>(31,814,309)</u>	<u>60,251,105</u>

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

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

11. Property, Plant and Equipment, Continued

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

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	29,926,197	(464)	-	-	29,925,733
Buildings		34,798,842	(232,040)	(15,119,857)	(9,907,786)	9,539,159
Structures		7,104,968	(4,384)	(4,254,119)	(1,875,895)	970,570
Machinery		82,374,805	(9,059)	(66,381,355)	(6,318,748)	9,665,643
Vehicles		568,762	(274)	(367,866)	(29,736)	170,886
Tools and molds		88,573,063	(5,721)	(57,493,875)	(10,833,027)	20,240,440
Equipment		4,411,234	(6,949)	(3,467,087)	(219,517)	717,681
Construction in progress		801,817	-	-	(44,113)	757,704
Machinery in transit		14,690	-	-	-	14,690
	Rs	<u>248,574,378</u>	<u>(258,891)</u>	<u>(147,084,159)</u>	<u>(29,228,822)</u>	<u>72,002,506</u>

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

(In thousands of won)

		2020						
		Beginning balance	Acquisition	Disposal (*1)	Depreciation	Impairment (*2)	Others (*3)	Ending balance
Land	₩	474,747,900	-	(72,175,105)	-	-	-	402,572,795
Buildings		151,331,150	7,900	(4,421,222)	(5,246,347)	-	4,000	141,675,481
Structures		15,397,302	-	(102,561)	(724,950)	(1,467,288)	-	13,102,503
Machinery		153,337,727	26,568	(62,117)	(18,774,902)	(14,145,255)	1,255,544	121,637,565
Vehicles		2,710,974	3,806	(1,020,456)	(246,371)	-	594,855	2,042,808
Tools and molds		321,098,431	220,092	(177,740)	(51,262,411)	(28,911,604)	2,798,949	243,765,717
Equipment		11,385,439	230,384	(20,015)	(1,961,904)	(996,376)	10,503	8,648,031
Construction in progress		12,020,367	15,095,313	-	-	(1,648,990)	(3,470,660)	21,996,030
Machinery in transit		233,039	555,779	-	-	-	(394,017)	394,801
	₩	<u>1,142,262,329</u>	<u>16,139,842</u>	<u>(77,979,216)</u>	<u>(78,216,885)</u>	<u>(47,169,513)</u>	<u>799,174</u>	<u>955,835,731</u>

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

(*2) The 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.

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

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

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

11. Property, Plant and Equipment, Continued

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

(In thousands of won)

		2019					
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	Ending balance
Land	₩	475,109,638	-	(361,738)	-	-	474,747,900
Buildings		169,644,693	25,120	-	(5,578,587)	1,016,924	165,108,150
Structures		17,372,729	-	(2,409)	(831,724)	70,179	16,608,775
Machinery		160,696,016	82,229	(261,902)	(18,889,606)	31,730,432	173,357,169
Vehicles		1,851,414	267,967	(448,588)	(327,311)	1,886,670	3,230,152
Tools and molds		276,953,283	835,270	(4,274)	(50,550,151)	145,865,424	373,099,552
Equipment		14,323,871	791,664	(22,854)	(2,783,514)	115,654	12,424,821
Construction in progress		110,855,937	84,064,751	-	-	(177,420,137)	17,500,551
Machinery in transit		1,318,137	223,201	-	-	(1,084,714)	456,624
	₩	<u>1,228,125,718</u>	<u>86,290,202</u>	<u>(1,101,765)</u>	<u>(78,960,893)</u>	<u>2,180,432</u>	<u>1,236,533,694</u>

(*) Capitalized borrowing costs in respect of construction in progress is ₩603,573 thousand, ₩1,299,593 thousand was transferred from inventory to vehicles and ₩232,538 thousand was transferred from construction in progress to intangible assets (software) during the period ended June 30, 2019.

(In thousands of rupee)

		2020						
		Beginning balance	Acquisition	Disposal (*1)	Depreciation	Impairment (*2)	Others (*3)	Ending balance
Land	Rs	29,925,733	-	(4,549,557)	-	-	-	25,376,176
Buildings		9,539,159	498	(278,692)	(330,703)	-	252	8,930,514
Structures		970,570	-	(6,467)	(45,697)	(92,490)	-	825,916
Machinery		9,665,643	1,675	(3,915)	(1,183,476)	(891,646)	79,143	7,667,424
Vehicles		170,886	240	(64,325)	(15,530)	-	37,497	128,768
Tools and molds		20,240,440	13,873	(11,204)	(3,231,326)	(1,822,443)	176,432	15,365,772
Equipment		717,681	14,522	(1,260)	(123,669)	(62,807)	662	545,129
Construction in progress		757,704	951,533	-	-	(103,944)	(218,773)	1,386,520
Machinery in transit		14,690	35,034	-	-	-	(24,838)	24,886
	Rs	<u>72,002,506</u>	<u>1,017,375</u>	<u>(4,915,420)</u>	<u>(4,930,401)</u>	<u>(2,973,330)</u>	<u>50,375</u>	<u>60,251,105</u>

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

(*2) The 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.

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

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

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

11. Property, Plant and Equipment, Continued

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

(In thousands of rupee)

		2019						
		Beginning balance	Acquisition	Disposal	Depreciation	Impairment	Others(*)	Ending balance
Land	Rs	29,948,536	-	(22,802)	-	-	-	29,925,734
Buildings		10,693,553	1,583	-	(351,646)	-	64,102	10,407,592
Structures		1,095,090	-	(152)	(52,428)	-	4,424	1,046,934
Machinery		10,129,473	5,183	(16,509)	(1,190,706)	-	2,000,128	10,927,569
Vehicles		116,704	16,891	(28,277)	(20,632)	-	118,926	203,612
Tools and molds		17,457,750	52,651	(269)	(3,186,429)	-	9,194,627	23,518,330
Equipment		902,905	49,903	(1,441)	(175,459)	-	7,290	783,198
Construction in progress		6,987,804	5,299,022	-	-	-	(11,183,678)	1,103,148
Machinery in transit		83,089	14,069	-	-	-	(68,375)	28,783
	Rs	<u>77,414,904</u>	<u>5,439,302</u>	<u>(69,450)</u>	<u>(4,977,300)</u>	<u>-</u>	<u>137,444</u>	<u>77,944,900</u>

(*) Capitalized borrowing costs in respect of construction in progress is Rs 38,046 thousand, Rs 81,920 thousand was transferred from inventory to vehicles and Rs 14,658 thousand was transferred from construction in progress to intangible assets (software) during the period ended June 30, 2019.

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	Book value	Collateralized amount	Book value	Collateralized amount
Land	₩ 390,642,884		Rs 24,624,174	
Buildings and structures	109,407,541	362,081,080	6,896,504	22,823,781
Machinery and others	13,741		866	
	<u>₩ 500,064,166</u>	<u>362,081,080</u>	<u>Rs 31,521,544</u>	<u>22,823,781</u>

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

(In thousands of won and in thousands of rupee)

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

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

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

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

12. Intangible Assets

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

(In thousands of won)

		2020				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value	
Development cost	₩ 510,279,976	-	(309,687,858)	(32,860,505)	167,731,613	
Patents	4,969,805	(9,343)	(3,788,925)	(171,576)	999,961	
Other intangible assets	152,533,356	(80,000)	(35,549,665)	(16,292,749)	100,610,942	
	₩ 667,783,137	(89,343)	(349,026,448)	(49,324,830)	269,342,516	

(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	
	₩ 645,597,708	(9,343)	(312,854,316)	(19,629,295)	313,104,754	

(In thousands of rupee)

		2020				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value	
Development cost	Rs 32,165,498	-	(19,521,174)	(2,071,362)	10,572,962	
Patents	313,272	(589)	(238,835)	(10,815)	63,033	
Other intangible assets	9,614,940	(5,043)	(2,240,873)	(1,027,014)	6,342,010	
	Rs 42,093,710	(5,632)	(22,000,882)	(3,109,191)	16,978,005	

(In thousands of rupee)

		2019				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value	
Development cost	Rs 32,165,498	-	(17,355,550)	(814,958)	13,994,990	
Patents	305,640	(589)	(222,231)	(9,852)	72,968	
Other intangible assets	8,224,113	-	(2,142,991)	(412,522)	5,668,600	
	Rs 40,695,251	(589)	(19,720,772)	(1,237,332)	19,736,558	

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

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

12. Intangible Assets, Continued

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

(In thousands of won)

		2020						
		Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others(*2)	Ending balance
Internally created intangible assets:								
Development cost	₩	222,019,365	-	(34,355,906)	(19,931,846)	-	-	167,731,613
Other intangible assets		82,875,485	20,372,028	-	(9,312,502)	-	1,319,668	95,254,679
		<u>304,894,850</u>	<u>20,372,028</u>	<u>(34,355,906)</u>	<u>(29,244,348)</u>	<u>-</u>	<u>1,319,668</u>	<u>262,986,292</u>
Individually acquired intangible assets:								
Patents		1,157,589	121,062	(263,410)	(15,280)	-	-	999,961
Other intangible assets		7,052,315	367,215	(1,550,743)	(435,909)	-	(76,615)	5,356,263
		8,209,904	488,277	(1,814,153)	(451,189)	-	(76,615)	6,356,224
	₩	<u>313,104,754</u>	<u>20,860,305</u>	<u>(36,170,059)</u>	<u>(29,695,537)</u>	<u>-</u>	<u>1,243,053</u>	<u>269,342,516</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	-	(43,814,291)	-	159,098,427	-	278,309,138
Other intangible assets		181,843,818	46,579,786	-	-	(159,098,427)	1,461,081	70,786,258
		<u>344,868,820</u>	<u>46,579,786</u>	<u>(43,814,291)</u>	<u>-</u>	<u>-</u>	<u>1,461,081</u>	<u>349,095,396</u>
Individually acquired intangible assets:								
Patents		1,334,224	225,018	(316,366)	(24,110)	-	-	1,218,766
Other intangible assets		7,556,918	1,904,434	(1,656,358)	-	232,538	534	8,038,066
		8,891,142	2,129,452	(1,972,724)	(24,110)	232,538	534	9,256,832
	₩	<u>353,759,962</u>	<u>48,709,238</u>	<u>(45,787,015)</u>	<u>(24,110)</u>	<u>232,538</u>	<u>1,461,615</u>	<u>358,352,228</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 ₩1,319,668 thousand and ₩1,461,081 thousand for the six-month periods ended June 30, 2020 and 2019, respectively and ₩232,538 thousand was transferred from construction in progress to intangible assets (software) during the period ended June 30, 2019.

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

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

12. Intangible Assets, Continued

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

(In thousands of rupee)

		2020						
		Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others(*2)	Ending balance
Internally created intangible assets:								
Development cost	Rs	13,994,990	-	(2,165,625)	(1,256,403)	-	-	10,572,962
Other intangible assets		5,224,056	1,284,151	-	(587,014)	-	83,185	6,004,378
		19,219,046	1,284,151	(2,165,625)	(1,843,417)	-	83,185	16,577,340
Individually acquired intangible assets:								
Patents		72,968	7,631	(16,604)	(962)	-	-	63,033
Other intangible assets		444,544	23,147	(97,751)	(27,479)	-	(4,829)	337,632
		517,512	30,778	(114,355)	(28,441)	-	(4,829)	400,665
	Rs	19,736,558	1,314,929	(2,279,980)	(1,871,858)	-	78,356	16,978,005

(In thousands of rupee)

		2019						
		Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others(*2)	Ending balance
Internally created intangible assets:								
Development cost	Rs	10,276,281	-	(2,761,833)	-	10,028,769	-	17,543,217
Other intangible assets		11,462,525	2,936,157	-	-	(10,028,769)	92,099	4,462,012
		21,738,806	2,936,157	(2,761,833)	-	-	92,099	22,005,229
Individually acquired intangible assets:								
Patents		84,103	14,184	(19,942)	(1,520)	-	-	76,825
Other intangible assets		476,350	120,046	(104,408)	-	14,658	34	506,680
		560,453	134,230	(124,350)	(1,520)	14,658	34	583,505
	Rs	22,299,259	3,070,387	(2,886,183)	(1,520)	14,658	92,133	22,588,734

(*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 1,871 million for intangible assets during this period. The recoverable amount of the cash generating unit during the impairment assessment was determined on the basis of its fair value less costs to sell.

(*2) Capitalized borrowing costs in respect of other intangible assets is Rs 83,185 thousand and Rs 92,099 thousand for the six-month periods ended June 30, 2020 and 2019, respectively and Rs 14,658 thousand was transferred from construction in progress to intangible assets (software) during the period ended June 30, 2019.

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

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

12. Intangible Assets, Continued

(3) Details of capitalized development costs as of June 30, 2020 are as follows:

(In thousands of won and in thousands of rupee)

	<u>Project name</u>		<u>Korean won</u>		<u>Indian rupee</u>	<u>Remaining amortization period(*1)</u>
Development cost	RV(*2)	₩	146,574,586	Rs	9,239,329	1~4 years
	Power train and others		21,157,027		1,333,633	1~4 years
Other intangible assets	RV(*3)		95,254,679		6,004,379	-
		₩	<u>262,986,292</u>	Rs	<u>16,577,341</u>	

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

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

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

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

(In thousands of won and in thousands of rupee)

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

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

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

13. Lease

(1) Changes in right-of-use assets for the six-month period ended June 30, 2020 are as follows:

<i>(In thousands of won)</i>		Beginning balance	Increase(*)	Depreciation	Exchange rate effect	Ending balance
Land and building	₩	2,316,703	11,001,948	(880,330)	47,663	12,485,984
Vehicle		3,786,859	76,613	(967,936)	7,911	2,903,447
Equipment		1,356,006	415,758	(363,839)	-	1,407,925
	₩	<u>7,459,568</u>	<u>11,494,319</u>	<u>(2,212,105)</u>	<u>55,574</u>	<u>16,797,356</u>

<i>(In thousands of rupee)</i>		Beginning balance	Increase(*)	Depreciation	Exchange rate effect	Ending balance
Land and building	Rs	146,033	693,508	(55,492)	3,004	787,053
Vehicle		238,705	4,829	(61,014)	499	183,019
Equipment		85,476	26,207	(22,934)	-	88,749
	Rs	<u>470,214</u>	<u>724,544</u>	<u>(139,440)</u>	<u>3,503</u>	<u>1,058,821</u>

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

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

<i>(In thousands of won)</i>		Within a year	Over 1 year
Lease liabilities(*)	₩	6,857,669	13,564,260

<i>(In thousands of rupee)</i>		Within a year	Over 1 year
Lease liabilities(*)	Rs	432,273	855,023

(*) The total amount of lease liabilities paid in the current term is ₩4,904,393 thousand (Rs 309,148 thousand) and interests expenses is ₩207,055 thousand (Rs 13,052 thousand) during the six-month period ended June 30, 2020.

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

<i>(In thousands of won)</i>	Exemption of lease recognition		Expenses
Office equipment	Low cost	₩	465,402
	Short term		11,110
Building	Short term		15,000

<i>(In thousands of rupee)</i>	Exemption of lease recognition		Expenses
Office equipment	Low cost	Rs	29,337
	Short term		700
Building	Short term		946

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

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

13. Lease, Continued

(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.

(In thousands of won and in thousands of rupee)

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

(5) Sales and lease back

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

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

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

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

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

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

14. Borrowings

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

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate (%)	Korean won		Indian rupee	
			2020	2019	2020	2019
Korea Development Bank	Operating fund	CD+2.10	₩ 20,000,000	20,000,000	Rs 1,260,700	1,260,700
Korea Development Bank	Facility fund(*)	CD+1.57	70,000,000	70,000,000	4,412,450	4,412,450
Woori Bank	Operating fund(*)	CD+2.00	12,500,000	17,500,000	787,938	1,103,113
Kookmin Bank	Operating fund(*)	CD+2.00	-	10,000,000	-	630,350
JP Morgan	Operating fund(*)	CD+2.00	40,000,000	-	2,521,400	-
BNP PARIBAS	Overdraft	CD+2.00	29,000,000	30,000,000	1,828,015	1,891,050
JP Morgan	Overdraft	CD+2.00	49,999,813	-	3,151,744	-
BOA	Overdraft	CD+2.00	30,000,002	-	1,891,045	-
Citi Bank Korea and others	Banker's usance	0.30 ~0.80	55,406,740	106,606,448	3,492,563	6,719,937
			₩ <u>306,906,555</u>	<u>254,106,448</u>	Rs <u>19,345,855</u>	<u>16,017,600</u>

(*) Current portion of long-term borrowing

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

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate(%)	Korean won		Indian rupee	
			2020	2019	2020	2019
Korea Development Bank	Facility fund	CD+1.57 ~ 1.60	₩ 170,000,000	170,000,000	Rs 10,715,950	10,715,950
Woori Bank	Operating fund	CD+2.00	25,000,000	35,000,000	1,575,875	2,206,225
Kookmin Bank	Facility fund	CD+2.00	-	11,250,000	-	709,144
JP Morgan	Facilities fund	CD+2.00	40,000,000	40,000,000	2,521,400	2,521,400
Mahindra & Mahindra Ltd.(*)		3.00	40,000,000	-	2,521,400	-
Less: Current portion			(122,500,000)	(97,500,000)	(7,721,788)	(6,145,913)
			₩ <u>152,500,000</u>	<u>158,750,000</u>	Rs <u>9,612,837</u>	<u>10,006,806</u>

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

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

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

14. Borrowings, Continued

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

(In thousands of won)

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

(In thousands of rupee)

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

15. Other Financial Liabilities

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

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2020	2019	2020	2019
Accrued expenses	₩	46,951,384	39,493,725	Rs 2,959,579	2,489,487

16. Provision of Warranty for sale

The Group generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2020	2019	2020	2019
Beginning balance	₩	128,285,606	135,038,087	Rs 8,086,484	8,512,126
Increase		17,795,576	14,018,424	1,121,744	883,651
Decrease		(18,029,505)	(17,855,280)	(1,136,490)	(1,125,508)
Ending balance	₩	128,051,677	131,201,231	Rs 8,071,738	8,270,269
Current	₩	57,145,722	50,044,554	Rs 3,602,181	3,154,558
Non-current		70,905,955	81,156,677	4,469,557	5,115,711

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

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

17. Other Liabilities

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

(In thousands of won)

	2020		2019	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 23,017,965	-	3,736,226	-
Deposits received	636,851	-	696,247	-
Withholdings	11,250,887	-	17,507,000	-
Unearned revenue	1,957,800	17,463,499	3,784,720	16,399,791
Refund liability(*)	6,229,243	-	-	-
	₩ 43,092,746	17,463,499	25,724,193	16,399,791

(In thousands of rupee)

	2020		2019	
	Current	Non-current	Current	Non-current
Advances from customers	Rs 1,450,937	-	235,513	-
Deposits received	40,144	-	43,888	-
Withholdings	709,200	-	1,103,554	-
Unearned revenue	123,410	1,100,812	238,570	1,033,761
Refund liability(*)	392,660	-	-	-
	Rs 2,716,351	1,100,812	1,621,525	1,033,761

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

18. Employee Benefits

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

(In thousands of won and in thousands of rupee)

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

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

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

18. Employee Benefits, Continued

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

(In thousands of won)

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

(In thousands of won)

Details	2019		
	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 330,195,117	(1,013,651)	329,181,466
Current service cost	19,861,099	-	19,861,099
Interest expense (income)	4,295,396	(13,159)	4,282,237
Sub-total	354,351,612	(1,026,810)	353,324,802
Re-measurement factors:			
Re-measurements of plan assets	-	3,441	3,441
Sub-total	-	3,441	3,441
Benefit paid by plan	(56,718)	56,718	-
Benefit paid directly	(14,850,395)	-	(14,850,395)
Ending balance	₩ 339,444,499	(966,651)	338,477,848

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

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

18. Employee Benefits, Continued

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

(In thousands of rupee)

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

(In thousands of rupee)

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

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

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

18. Employee Benefits, Continued

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Insurance contracts	₩ 935,273	954,268	Rs 58,955	60,152

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

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

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

19. Commitments and Contingencies

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

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

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

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

20. Capital Stock

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

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

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

21. Other Capital Surplus and Retained Earnings

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

(In thousands of won and in thousands of rupee)

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

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

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

22. Other Equity

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Accumulated foreign currency translation difference for foreign operations	₩ 846,856	1,109,395	Rs 53,381	69,930

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

(In thousands of won and in thousands of rupee)

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

(3) Changes in the foreign currency translation difference for foreign operation for the six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ 1,109,395	1,139,617	Rs 69,930	71,836
Foreign currency translation difference for foreign operation	(262,539)	(59,333)	(16,549)	(3,740)
Ending balance	₩ 846,856	1,080,284	Rs 53,381	68,096

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

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

23. Deficit

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Deficit	₩ (627,737,879)	(425,348,668)	Rs (39,569,457)	(26,811,853)

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Beginning balance	₩ (425,348,668)	(85,610,656)	Rs (26,811,853)	(5,396,468)
Loss for the period	(202,387,193)	(77,569,001)	(12,757,477)	(4,889,562)
Defined benefit plan re-measurement	(1,598)	(3,441)	(101)	(217)
Defined benefit plan re-measurement from joint venture	(420)	(124)	(26)	(8)
Ending balance	₩ (627,737,879)	(163,183,222)	Rs (39,569,457)	(10,286,255)

24. Income Tax Expense

Income tax expense and deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward are not recognized as of June 30, 2020.

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

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

25. Nature of Expenses

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

(In thousands of won)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	₩	33,911,099	26,782,661	(67,956,300)	(77,420,085)
Raw materials consumed and purchase of merchandise		497,930,606	984,801,993	721,029,154	1,374,421,662
Employee benefits		110,162,851	221,240,633	139,084,055	278,156,142
Depreciation		37,165,864	78,216,885	41,356,349	78,960,893
Amortization		16,972,013	36,170,059	25,229,566	45,787,015
Others		128,112,600	224,864,435	125,429,377	245,277,921
	₩	<u>824,255,033</u>	<u>1,572,076,666</u>	<u>984,172,201</u>	<u>1,945,183,548</u>

(In thousands of Rupee)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Changes in inventories	Rs	2,137,586	1,688,245	(4,283,625)	(4,880,175)
Raw materials consumed and purchase of merchandise		31,387,056	62,076,994	45,450,073	86,636,669
Employee benefits		6,944,115	13,945,903	8,767,163	17,533,572
Depreciation		2,342,750	4,930,401	2,606,897	4,977,300
Amortization		1,069,831	2,279,980	1,590,346	2,886,184
Others		8,075,578	14,174,330	7,906,441	15,461,095
	Rs	<u>51,956,916</u>	<u>99,095,853</u>	<u>62,037,295</u>	<u>122,614,645</u>

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

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

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

26. Selling, General and Administrative Expenses

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

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Warranty expenses	₩ 9,660,855	25,666,015	13,771,754	25,897,911
Commissions	60,457,271	100,103,258	58,828,857	118,115,875
Advertising	5,660,377	7,987,614	4,488,904	11,348,734
Export expenses	1,240,592	2,898,996	2,861,230	6,634,327
Others	5,246,228	9,762,366	9,235,992	16,966,458
	₩ <u>82,265,323</u>	<u>146,418,249</u>	<u>89,186,737</u>	<u>178,963,305</u>

(In thousands of Rupee)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Warranty expenses	Rs 608,972	1,617,857	868,103	1,632,475
Commissions	3,810,924	6,310,009	3,708,277	7,445,434
Advertising	356,802	503,499	282,958	715,367
Export expenses	78,201	182,738	180,358	418,195
Others	330,696	615,371	582,190	1,069,481
	Rs <u>5,185,595</u>	<u>9,229,474</u>	<u>5,621,886</u>	<u>11,280,952</u>

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

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Salaries	₩ 10,761,490	22,042,517	13,999,525	28,201,046
Retirement benefit costs	1,567,483	3,127,991	1,518,216	3,042,168
Employee welfare	2,460,569	5,000,869	3,455,399	6,678,349
Rent expense	2,458,855	4,911,358	2,584,622	5,118,079
Service fees	4,064,468	8,820,116	7,535,187	16,871,669
Depreciation	6,064,563	12,959,253	7,872,765	15,114,208
R&D expenses	2,980,652	8,275,132	2,045,107	6,556,455
Amortization	855,388	1,814,153	1,015,427	1,972,726
Bad debt expense	(17,879)	(113,530)	168,759	270,481
Others	9,125,943	17,408,041	9,974,755	18,665,324
	₩ <u>40,321,532</u>	<u>84,245,900</u>	<u>50,169,762</u>	<u>102,490,505</u>

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

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

26. Selling, General and Administrative Expenses, Continued

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

(In thousands of rupee)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Salaries	Rs	678,351	1,389,450	882,460	1,777,653
Retirement benefit costs		98,806	197,173	95,701	191,763
Employee welfare		155,102	315,230	217,811	420,970
Rent expense		154,994	309,587	162,922	322,618
Service fees		256,204	555,976	474,981	1,063,506
Depreciation		382,280	816,886	496,260	952,724
R&D expenses		187,885	521,623	128,913	413,286
Amortization		53,919	114,355	64,007	124,351
Bad debt expense		(1,127)	(7,157)	10,638	17,050
Others		575,253	1,097,318	628,758	1,176,568
	Rs	<u>2,541,667</u>	<u>5,310,441</u>	<u>3,162,451</u>	<u>6,460,489</u>

27. Other Income and Expenses

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

(In thousands of won)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction gain	₩	898,085	1,990,394	1,427,944	2,220,349
Foreign exchange translation gain		282,154	1,365,688	801,918	1,131,336
Gain on disposal of property, plant and equipment		110,629,141	110,849,322	404,029	660,006
Others		4,022,306	5,456,783	3,070,403	4,808,920
	₩	<u>115,831,686</u>	<u>119,662,187</u>	<u>5,704,294</u>	<u>8,820,611</u>

(In thousands of rupee)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction gain	Rs	56,611	125,464	90,010	139,960
Foreign exchange translation gain		17,786	86,086	50,549	71,314
Gain on disposal of property, plant and equipment		6,973,508	6,987,387	25,468	41,603
Others		253,546	343,968	193,544	303,130
	Rs	<u>7,301,451</u>	<u>7,542,905</u>	<u>359,571</u>	<u>556,007</u>

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

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

27. Other Income and Expenses, Continued

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

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction loss	₩ 1,090,480	3,616,606	2,084,423	2,943,777
Foreign exchange translation loss	(1,457,687)	385,193	108,854	349,630
Loss on disposal of property, plant and equipment	2,570,511	2,836,463	67,543	347,905
Impairment losses on property, plant and equipment	-	47,169,513	-	-
Impairment loss on intangible assets	6,053	29,695,537	10,983	24,110
Loss on disposal of trade receivables	14,321	45,103	28,451	56,144
Others	4,556,992	14,840,231	1,032,940	1,514,543
	<u>₩ 6,780,670</u>	<u>98,588,646</u>	<u>3,333,193</u>	<u>5,236,109</u>

(In thousands of rupee)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Foreign exchange transaction loss	Rs 68,738	227,973	131,392	185,561
Foreign exchange translation loss	(91,885)	24,281	6,862	22,039
Loss on disposal of property, plant and equipment	162,032	178,796	4,258	21,930
Impairment losses on property, plant and equipment	-	2,973,330	-	-
Impairment loss on intangible assets	382	1,871,858	692	1,520
Loss on disposal of trade receivables	903	2,843	1,793	3,539
Others	287,250	935,454	65,111	95,469
	<u>Rs 427,420</u>	<u>6,214,535</u>	<u>210,108</u>	<u>330,058</u>

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

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

28. Finance Income and Costs

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

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest income	₩ 453,162	1,152,786	1,244,384	2,378,141
Dividend income	-	6,000	5,000	11,000
Foreign exchange transaction gain	397,969	1,151,911	1,057,632	2,913,145
Foreign exchange translation gain	174,332	318,804	246,111	448,838
Realized gain of financial derivatives	-	-	126,685	387,229
Unrealized gain of financial derivatives	(30,160)	-	(184,847)	37,473
	₩ <u>995,303</u>	<u>2,629,501</u>	<u>2,494,965</u>	<u>6,175,826</u>

(In thousands of rupee)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest income	Rs 28,565	72,666	78,440	149,906
Dividend income	-	378	315	693
Foreign exchange transaction gain	25,086	72,612	66,668	183,631
Foreign exchange translation gain	10,989	20,096	15,514	28,292
Realized gain of financial derivatives	-	-	7,986	24,409
Unrealized gain of financial derivatives	(1,901)	-	(11,653)	2,362
	Rs <u>62,739</u>	<u>165,752</u>	<u>157,270</u>	<u>389,293</u>

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

(In thousands of won)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Interest expense	₩ 2,513,061	5,001,113	937,850	1,337,797
Foreign exchange transaction loss	4,439,314	6,072,575	3,482,264	5,074,615
Foreign exchange translation loss	(3,448,557)	1,196,260	3,354,993	4,636,318
Realized loss of financial derivatives	-	-	106,032	141,589
Unrealized loss of financial derivatives	(17,480)	-	102,479	150,697
	₩ <u>3,486,338</u>	<u>12,269,948</u>	<u>7,983,618</u>	<u>11,341,016</u>

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

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

28. Finance Income and Costs, Continued

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

(In thousands of rupee)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Interest expense	Rs	158,411	315,245	59,117	84,328
Foreign exchange transaction loss		279,832	382,785	219,505	319,878
Foreign exchange translation loss		(217,380)	75,406	211,482	292,250
Realized loss of financial derivatives		-	-	6,684	8,925
Unrealized loss of financial derivatives		(1,102)	-	6,459	9,500
	Rs	<u>219,761</u>	<u>773,436</u>	<u>503,247</u>	<u>714,881</u>

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

(In thousands of won)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Amortised cost of financial assets and financial liabilities	₩	(2,478,355)	(9,646,447)	(5,226,980)	(5,308,606)
Financial assets measured at FVTPL		-	6,000	5,000	11,000
Derivatives financial assets/liabilities		(12,680)	-	(266,673)	132,416
	₩	<u>(2,491,035)</u>	<u>(9,640,447)</u>	<u>(5,488,653)</u>	<u>(5,165,190)</u>

(In thousands of rupee)

		2020		2019	
		Three-month period	Six-month period	Three-month period	Six-month period
Amortised cost of financial assets and financial liabilities	Rs	(156,223)	(608,062)	(329,482)	(334,628)
Financial assets measured at FVTPL		-	378	315	693
Derivatives financial assets/liabilities		(799)	-	(16,810)	8,346
	Rs	<u>(157,022)</u>	<u>(607,684)</u>	<u>(345,977)</u>	<u>(325,589)</u>

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

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

29. Losses per Share

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

(In thousands of won, except per share information)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Loss for the period	₩ (8,850,516)	(202,387,193)	(51,449,719)	(77,569,001)
Loss contributed to common stocks	(8,850,516)	(202,387,193)	(51,449,719)	(77,569,001)
Weighted average number of common shares(In shares)	149,840,002	149,840,002	149,840,002	148,340,467
Basic losses per share(*) (In won)	₩ (59)	(1,351)	(343)	(523)

(In thousands of rupee, except per share information)

	2020		2019	
	Three-month period	Six-month period	Three-month period	Six-month period
Loss for the period	Rs (557,892)	(12,757,477)	(3,243,133)	(4,889,562)
Loss contributed to common stocks	(557,892)	(12,757,477)	(3,243,133)	(4,889,562)
Weighted average number of common shares(In shares)	149,840,002	149,840,002	149,840,002	148,340,467
Basic losses per share(*) (In rupee)	Rs (4)	(85)	(22)	(33)

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

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

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

29. Losses per Share, Continued

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

(In shares)

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

(In shares)

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

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

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

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

30. Cash Flows

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Loss for the period	₩ (202,387,193)	(77,569,001)	Rs (12,757,477)	(4,889,562)
Adjustments for:				
Retirement benefit costs	24,217,387	24,244,334	1,526,543	1,528,242
Depreciation	78,216,885	78,960,893	4,930,401	4,977,300
Amortization	36,170,059	45,787,015	2,279,980	2,886,184
Impairment losses on property, plant and equipment	47,169,513	-	2,973,330	-
Impairment loss on intangible assets	29,695,537	24,110	1,871,858	1,520
Losses on disposal of trade receivables	45,103	56,144	2,843	3,539
Foreign exchange translation gain and loss, net	(103,039)	3,405,774	(6,495)	214,683
Losses on disposal of property, plant and equipment	(108,012,859)	(312,101)	(6,808,591)	(19,673)
Interest expense and income, net	3,848,326	(1,042,547)	242,579	(65,717)
Dividends income	(6,000)	(11,000)	(378)	(693)
Unrealized gain and loss of financial derivatives, net	-	113,224	-	7,137
(Reversal of) losses on valuation of inventories	(2,127,238)	2,631,161	(134,090)	165,855
Increase in provision of warranty for sale	17,795,576	14,932,602	1,121,744	941,277
Equity profit on investments	(1,956,415)	(937,756)	(123,323)	(59,111)
Others	16,516,127	2,572,210	1,041,095	162,139
	<u>141,468,962</u>	<u>170,424,063</u>	<u>8,917,496</u>	<u>10,742,682</u>
Changes in assets and liabilities				
Trade receivables	34,036,706	29,956,038	2,145,504	1,888,279
Other receivables	98,961	130,375	6,238	8,218
Inventories	41,807,630	(98,833,433)	2,635,344	(6,229,965)
Other assets	(62,217,571)	2,364,264	(3,921,885)	149,031
Trade payables	(101,535,780)	186,888,561	(6,400,308)	11,780,520
Other payables	12,623,824	36,013,044	795,743	2,270,082
Accrued expenses	7,512,365	(7,292,330)	473,542	(459,672)
Usage of provision of warranty for sale	(18,029,505)	(17,855,280)	(1,136,490)	(1,125,508)
Payment of retirement benefits	(7,183,040)	(14,850,395)	(452,783)	(936,095)
Other liabilities	18,819,686	(4,696,055)	1,186,299	(296,016)
	<u>(74,066,724)</u>	<u>111,824,789</u>	<u>(4,668,796)</u>	<u>7,048,874</u>
Net cash provided by (used in) operating activities	₩ (134,984,955)	204,679,851	Rs (8,508,777)	12,901,994

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

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

30. Cash Flows, Continued

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

(In thousands of won and in thousands of rupee)

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

(3) Adjustment of liabilities from financing activities

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

(In thousands of won)

	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	₩ 106,606,448	-	(52,078,115)	-	878,407	55,406,740
Short-term borrowings	147,500,000	117,000,000	(59,250,185)	46,250,000	-	251,499,815
Long-term borrowings	158,750,000	40,000,000	-	(46,250,000)	-	152,500,000
Lease liabilities	11,630,384	-	(4,904,393)	-	13,695,938	20,421,929
	₩ 424,486,832	157,000,000	(116,232,693)	-	14,574,345	479,828,484

(In thousands of rupee)

	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	Rs 6,719,937	-	(3,282,744)	-	55,370	3,492,563
Short-term borrowings	9,297,663	7,375,095	(3,734,835)	2,915,369	-	15,853,292
Long-term borrowings	10,006,806	2,521,400	-	(2,915,369)	-	9,612,837
Lease liabilities	733,121	-	(309,148)	-	863,324	1,287,297
	Rs 26,757,527	9,896,495	(7,326,727)	-	918,694	30,245,989

(*) 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 six-month periods ended June 30, 2020 and 2019

30. Cash Flows, Continued

(3) Adjustment of liabilities from financing activities, continued

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

(In thousands of won)

	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	₩ 143,227,545	7,255,474	-	-	4,187,586	154,670,605
Short-term borrowings	35,000,000	-	(3,750,000)	8,750,000	-	40,000,000
Long-term borrowings	75,000,000	50,000,000	-	(8,750,000)	-	116,250,000
Lease liabilities	15,467,191	-	(4,875,246)	-	2,747,273	13,339,218
	<u>₩ 268,694,736</u>	<u>57,255,474</u>	<u>(8,625,246)</u>	<u>-</u>	<u>6,934,859</u>	<u>324,259,823</u>

(In thousands of rupee)

	Beginning balance	Increase	Decrease	Liquidity	Others	Ending balance
Banker's usance(*)	Rs 9,028,348	457,349	-	-	263,964	9,749,661
Short-term borrowings	2,206,225	-	(236,381)	551,556	-	2,521,400
Long-term borrowings	4,727,625	3,151,750	-	(551,556)	-	7,327,819
Lease liabilities	974,974	-	(307,311)	-	173,174	840,837
	<u>Rs 16,937,172</u>	<u>3,609,099</u>	<u>(543,692)</u>	<u>-</u>	<u>437,138</u>	<u>20,439,717</u>

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

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

(In thousands of won and in thousands of rupee)

Sales region	Korean won		Indian rupee	
	2020	2019	2020	2019
Republic of Korea	₩ 1,135,786,819	1,531,847,668	Rs 71,594,322	96,560,018
Europe	102,445,671	159,788,332	6,457,663	10,072,258
Asia Pacific	70,478,612	131,535,677	4,442,619	8,291,351
Others	60,676,591	78,376,509	3,824,749	4,940,463
Consolidated adjustment	(13,087,729)	(33,290,708)	(824,985)	(2,098,480)
	<u>₩ 1,356,299,964</u>	<u>1,868,257,478</u>	<u>Rs 85,494,368</u>	<u>117,765,610</u>

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

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

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

31. Segment Information, Continued

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Automobile	₩ 1,171,745,679	1,605,255,928	Rs 73,860,989	101,187,307
Merchandise and parts	148,825,767	210,422,053	9,381,232	13,263,954
Others	35,728,518	52,579,497	2,252,147	3,314,349
	₩ 1,356,299,964	1,868,257,478	Rs 85,494,368	117,765,610

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

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Receivables from contracts with customers	₩ 88,994,318	121,365,029	Rs 5,609,757	7,650,245
Contract liabilities	42,437,930	23,940,058	2,675,075	1,509,062

Contract liabilities include advances from customers and unearned revenue was occurred 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 six-month periods ended June 30, 2020 and 2019

32. Transactions and Balances with Related Parties

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

Relationship	Company
Parent	Mahindra & Mahindra Ltd.
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 six-month periods ended June 30, 2020 and 2019 are as follows:

(In thousands of won)

Relationship	Company	Description	2020	2019
		Sales	₩ 14,545,892	22,303,071
Parent	Mahindra & Mahindra Ltd.	Purchases	3,103,829	-
		Other expenses	389,808	459,944
		Other income	439,883	1,081,944
Joint venture	SY Auto Capital Co., Ltd.	Other expenses	31,013,684	14,839,120
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales	820,374	39,584,409
		Other expenses	1,431,797	515,886

(In thousands of rupee)

Relationship	Company	Description	2020	2019
		Sales	Rs 916,900	1,405,874
Parent	Mahindra & Mahindra Ltd.	Purchases	195,650	-
		Other expenses	24,572	28,993
		Other income	27,728	68,200
Joint venture	SY Auto Capital Co., Ltd.	Other expenses	1,954,948	935,384
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales	51,712	2,495,203
		Other expenses	90,253	32,519

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

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

32. Transactions and Balances with Related Parties, Continued

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

(In thousands of won)

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Trade receivables ₩	4,932,997	454,892
		Other receivables	227,967	50,954
		Trade payables	549,433	486,641
		Other payables	1,324,088	811,771
		Borrowings	40,000,000	-
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables	189,058	208,034
		Other receivables	159,674	-
		Other payables	2,051,385	2,646,646

(In thousands of rupee)

Relationship	Company	Description	2020	2019
Parent	Mahindra & Mahindra Ltd.	Trade receivables Rs	310,951	28,674
		Other receivables	14,370	3,212
		Trade payables	34,634	30,675
		Other payables	83,464	51,170
		Borrowings	2,521,400	-
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables	11,917	13,113
		Other receivables	10,065	-
		Other payables	129,309	166,831

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

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

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

32. Transactions and Balances with Related Parties, Continued

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

(In thousands of won and in thousands of rupee)

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

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

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
		2020	2019	2020	2019
Short-term employee benefits	₩	2,421,835	4,324,366	152,660	272,586
Retirement benefits		104,874	151,080	6,611	9,523

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

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

33. 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 June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Debt (A)	₩ 1,643,118,000	1,616,083,585	Rs 103,573,943	101,869,829
Equity (B)	200,471,807	403,123,557	12,636,740	25,410,893
Debt-to-equity ratio (A/B)	819.63%	400.89%	819.63%	400.89%

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

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

33. Financial Instruments, Continued

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

1) Financial assets

(In thousands of won)

	2020			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	₩ 176,914,502	-	176,914,502	176,914,502
Long-term financial instruments	4,000	-	4,000	4,000
Trade and other receivables	152,277,135	-	152,277,135	152,277,135
Non-current financial assets	-	560,000	560,000	560,000
	<u>₩ 329,195,637</u>	<u>560,000</u>	<u>329,755,637</u>	<u>329,755,637</u>

(In thousands of won)

	2019			
	Amortized cost	Measured at FVTPL	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>301,599,005</u>	<u>301,599,005</u>

(In thousands of rupee)

	2020			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	Rs 11,151,806	-	11,151,806	11,151,806
Long-term financial instruments	252	-	252	252
Trade and other receivables	9,598,789	-	9,598,789	9,598,789
Non-current financial assets	-	35,300	35,300	35,300
	<u>Rs 20,750,847</u>	<u>35,300</u>	<u>20,786,147</u>	<u>20,786,147</u>

(In thousands of rupee)

	2019			
	Amortized cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	Rs 7,929,815	-	7,929,815	7,929,815
Long-term financial instruments	252	-	252	252
Trade and other receivables	11,045,926	-	11,045,926	11,045,926
Non-current financial assets	-	35,300	35,300	35,300
	<u>Rs 18,975,993</u>	<u>35,300</u>	<u>19,011,293</u>	<u>19,011,293</u>

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

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

33. Financial Instruments, Continued

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

2) Financial liabilities

(In thousands of won)

	2020			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	₩ 521,666,911	-	521,666,911	521,666,911
Borrowings	459,406,555	-	459,406,555	459,406,555
Lease liabilities	20,421,929	-	20,421,929	20,421,929
	<u>₩ 1,001,495,395</u>	<u>-</u>	<u>1,001,495,395</u>	<u>1,001,495,395</u>

(In thousands of won)

	2019			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	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
	<u>₩ 1,024,876,105</u>	<u>-</u>	<u>1,024,876,105</u>	<u>1,024,876,105</u>

(In thousands of rupee)

	2020			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	Rs 32,883,274	-	32,883,274	32,883,274
Borrowings	28,958,692	-	28,958,692	28,958,692
Lease liabilities	1,287,296	-	1,287,296	1,287,296
	<u>Rs 63,129,262</u>	<u>-</u>	<u>63,129,262</u>	<u>63,129,262</u>

(In thousands of rupee)

	2019			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	Rs 37,845,538	-	37,845,538	37,845,538
Borrowings	26,024,406	-	26,024,406	26,024,406
Lease liabilities	733,121	-	733,121	733,121
	<u>Rs 64,603,065</u>	<u>-</u>	<u>64,603,065</u>	<u>64,603,065</u>

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

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

33. 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 June 30, 2020.

(In thousands of won and in thousands of rupee)

Currency	Korean won		Indian rupee	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 693,321	(693,321)	Rs 43,703	(43,703)
EUR	(2,128,064)	2,128,064	(134,143)	134,143
JPY	(5,060,284)	5,060,284	(318,975)	318,975
Others	(369,943)	369,943	(23,319)	23,319
	₩ (6,864,970)	6,864,970	Rs (432,734)	432,734

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

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

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

33. Financial Instruments, Continued

(3) Financial risk management, continued

2) Credit risk

Credit risk arises from transactions in the ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the 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 June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	2020	2019
Trade and other receivables	₩ 152,277,135	175,234,811	Rs 9,598,789	11,045,926

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

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

33. 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 June 30, 2020 and December 31, 2019 are as follows:

(In thousands of won)

	2020		
	Within a year	Over 1 year	Total
Trade payables	₩ 377,317,624	-	377,317,624
Other payables	142,270,639	-	142,270,639
Short-term borrowings(*)	310,680,542	-	310,680,542
Lease liabilities(*)	7,079,934	14,209,686	21,289,620
Other payables	1,319,149	-	1,319,149
Long-term borrowings(*)	-	161,837,683	161,837,683
Long-term other payables	-	759,499	759,499
	<u>₩ 838,667,888</u>	<u>176,806,868</u>	<u>1,015,474,756</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
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 six-month periods ended June 30, 2020 and 2019

33. Financial Instruments, Continued

(3) Financial risk management, continued

3) Liquidity risk, continued

(In thousands of rupee)

		2020		
		Within a year	Over 1 year	Total
Trade payables	Rs	23,784,216	-	23,784,216
Other payables		8,968,030	-	8,968,030
Short-term borrowings(*)		19,583,748	-	19,583,748
Lease liabilities(*)		446,284	895,708	1,341,992
Other payables		83,153	-	83,153
Long-term borrowings(*)		-	10,201,438	10,201,438
Long-term other payables		-	47,875	47,875
	Rs	<u>52,865,431</u>	<u>11,145,021</u>	<u>64,010,452</u>

(In thousands of rupee)

		2019		
		Within a year	Over 1 year	Total
Trade payables	Rs	30,091,032	-	30,091,032
Other payables		7,612,648	-	7,612,648
Short-term borrowings(*)		16,162,151	-	16,162,151
Lease liabilities(*)		455,857	303,511	759,368
Other payables		88,383	-	88,383
Long-term borrowings(*)		-	10,817,057	10,817,057
Long-term other payables		-	53,475	53,475
	Rs	<u>54,410,071</u>	<u>11,174,043</u>	<u>65,584,114</u>

(*) Including expected interest expenses.

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

(In thousands of won and in thousands of rupee)

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

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

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

33. 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)

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

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

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

34. Going concern assumption

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

However, due to deteriorating financial structure, the Group has incurred operating losses of ₩215,777 million (Rs 13,602 million) and net losses of ₩202,387 million (Rs 12,757 million) as of the end of the reporting period. In addition, the Group's current liabilities exceed its current assets by ₩462,401 million (Rs 29,147 million) as of the end of the reporting period. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

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

As it will be difficult for the 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 normal course of business. The consolidated interim financial statements do not include any adjustments that might result from the outcome of this uncertainty.