

## Hanon Systems 2017 Q2 Disclosure

### Financial Consolidated Statement Information

The accompanying financial statements are expressed in Korean won, and for solely for the convenience of the reader, have been translated into United States dollars at the rate of Korea Exchange Bank's US dollars quarter ending exchange rates for the Income Statements, Cash Flow Statements and Balance Sheets. Such translation should not be construed as a representation that the Korean won amounts can actually be converted into United States dollars at the exchange rate used for the purpose of such translation.

#### Income Statement

	For the six months ended	
	June 30	
	2017	2016
	(USD in Millions)	(USD in Millions)
Sales	\$ 2,476.6	\$ 2,561.3
Cost of sales	<u>2,076.8</u>	<u>2,172.4</u>
<b>Gross profit</b>	399.8	388.9
Selling, general and administrative expenses	<u>198.1</u>	<u>213.6</u>
<b>Operating profit</b>	201.7	175.3
Other non-operating income/expenses	(23.7)	3.9
Financial income/expenses	(5.0)	(14.6)
Share of profit in associates	<u>3.9</u>	<u>4.0</u>
<b>Profit before income taxes</b>	176.9	168.6
Income tax expense	<u>51.0</u>	<u>49.1</u>
<b>Net income</b>	125.9	119.5
<b>Profit for the year attributable to:</b>		
Equity holders of the parent company	\$ 121.50	\$ 112.80
Non-controlling interest	4.4	6.7

#### Balance Sheet

	June 30		Dec 31	
	2017		2016	
	(USD in Millions)		(USD in Millions)	
Cash and cash equivalents	\$ 492.4	\$ 373.1		
Trade receivables	787.7	816.9		
Inventories	400.1	377.1		
Investments in associates	84.3	83.4		
Property, plant and equipment	1,053.3	1,033.8		
Intangible assets	335.6	307.4		
Other assets	<u>314.7</u>	<u>395.2</u>		
<b>Total assets</b>	\$ 3,468.1	\$ 3,386.9		
Trade payables	\$ 562.5	\$ 614.5		
Net defined benefit liabilities	64.7	52.8		
Debt	668.6	567.0		
Other liabilities	<u>434.8</u>	<u>498.6</u>		
<b>Total liabilities</b>	\$ 1,730.6	\$ 1,732.9		
Equity attributable to owners of the Parent company	\$ 1,690.6	\$ 1,603.7		
Non-controlling interests	<u>46.9</u>	<u>50.3</u>		
Total stockholders' equity	\$ 1,737.5	\$ 1,654.0		
<b>Total liabilities and equity</b>	\$ 3,468.1	\$ 3,386.9		

#### Cash Flow Statement

	For the six months ended	
	June 30	
	2017	2016
	(USD in Millions)	(USD in Millions)
<b>Net cash inflow from operating activities</b>	\$ 209.1	\$ 121.6
<b>Investing activities</b>		
Acquisition of property, plant, and equipment	(126.8)	(104.7)
Acquisition of intangible assets	(33.3)	(38.1)
Decrease in net assets held-for-sale	45.5	-
Cash outflow from business combination	-	(27.4)
Other	<u>(2.2)</u>	<u>9.4</u>
<b>Net cash outflow from investing activities</b>	(116.8)	(160.8)
<b>Financing activities</b>		
Net decrease of borrowings	(161.1)	(116.7)
Proceeds from issuance of bond	262.5	262.4
Dividends paid	(70.3)	(114.3)
Dividends paid to non-controlling interests	-	(8.4)
Other	<u>-</u>	<u>3.2</u>
<b>Net cash inflow from financing activities</b>	31.1	26.2
<b>Net increase in cash and equivalents</b>	123.4	(13.0)
<b>Cash and cash equivalents at the beginning of year</b>	373.1	392.3
<b>Net foreign exchange differences</b>	(4.1)	(8.0)
<b>Cash and cash equivalents classified as assets held-for-sale</b>	-	(0.4)
<b>Cash and cash equivalents at the end of year</b>	492.4	370.9