

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries

Consolidated financial statements
for the period ended June 30, 2019
(Unaudited)



Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as at June 30, 2019 and December 31, 2018

(Korean won in units)

	<u>2019-06-30</u>	<u>2018-12-31</u>
Assets		
Current assets:		
Cash and cash equivalents	₩ 134,119,098,898	₩ 259,217,545,462
Trade and other accounts receivable, net	961,420,206,273	955,880,335,491
Prepaid expenses	11,381,791,210	14,391,785,190
Other current assets	2,143,671,464	3,468,879,811
Inventories, net	1,192,398,174,119	1,410,443,126,039
Total current assets	<u>2,301,462,941,964</u>	<u>2,643,401,671,993</u>
Non-current assets:		
Long-term investment securities	12,200,184,478	12,209,886,880
Long-term loans, net	356,891,377	454,040,479
Long-term accounts receivable, net	3,123,477,524	3,181,509,850
Long-term prepaid expenses	59,355,498,093	42,636,055,187
Property, plant and equipment, net	4,346,807,539,076	4,079,911,969,362
Intangible assets, net	57,393,994,423	59,744,665,824
Other non-current assets	15,500,000	15,500,000
Deferred income tax assets	7,720,828,571	2,936,621,085
Total non-current assets	<u>4,486,973,913,542</u>	<u>4,201,090,248,667</u>
Total assets	<u>₩ 6,788,436,855,506</u>	<u>₩ 6,844,491,920,660</u>

(Continued)

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as at June 30, 2019 and December 31, 2018

(Korean won in units)

	<u>2019-06-30</u>	<u>2018-12-31</u>
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other		
accounts payable	₩ 589,696,811,461	₩ 676,350,423,324
Short-term borrowings	300,685,759,751	122,334,401,888
Current portion of bonds payable		
and long-term borrowings	323,151,711,989	544,849,221,136
Income tax payable	63,756,537,880	125,449,149,692
Other current liabilities	17,940,563,615	14,627,199,761
Total current liabilities	<u>1,295,231,384,696</u>	<u>1,483,610,395,801</u>
Non-current liabilities:		
Bonds payable, net	1,337,057,559,445	937,293,714,712
Long-term borrowings	585,234,931,021	640,000,000,000
Long-term accounts payable	-	382,412,562
Employee benefit liability, net	16,063,830,137	8,099,546,289
Other non-current liabilities	7,715,228,885	7,307,604,783
Total non-current liabilities	<u>1,946,071,549,488</u>	<u>1,593,083,278,346</u>
Total liabilities	<u>3,241,302,934,184</u>	<u>3,076,693,674,147</u>
Equity		
Equity attributable to		
equity holders of the Company:		
Issued capital	95,826,580,000	95,826,580,000
Share premium	864,898,306,667	864,898,306,667
Accumulated other comprehensive income	(922,059,082)	(393,443,582)
Retained earnings	2,587,331,093,737	2,807,466,803,428
	<u>3,547,133,921,322</u>	<u>3,767,798,246,513</u>
Non-controlling interests	-	-
Total equity	<u>3,547,133,921,322</u>	<u>3,767,798,246,513</u>
Total liabilities and equity	<u>₩ 6,788,436,855,506</u>	<u>₩ 6,844,491,920,660</u>

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income
for the six months period ended June 30, 2019 and June 30, 2018

(Korean won in units)

	<u>1st half 2019</u>	<u>1st half 2018</u>
Sales	₩ 5,060,753,006,593	₩ 5,467,887,095,813
Cost of goods sold	4,722,373,082,807	4,681,701,558,002
Gross profit	338,379,923,786	786,185,537,811
Selling and administrative expenses	119,147,876,088	112,524,957,044
Operating profit	219,232,047,698	673,660,580,767
Finance income	144,190,264,116	109,322,692,370
Finance costs	130,576,576,976	173,911,306,201
Other income	21,508,074,655	23,581,915,201
Other expenses	17,189,637,359	8,781,747,471
Profit before tax	237,164,172,134	623,872,134,666
Income tax expense	60,393,881,825	166,172,019,668
Profit for the period	₩ 176,770,290,309	₩ 457,700,114,998
Other comprehensive income		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Net gain (loss) on interest rate swaps	(1,239,224,839)	(955,624,727)
Exchange differences on translation of foreign operations	710,609,339	734,972,152
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	₩ (528,615,500)	₩ (220,652,575)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Net gain on valuation of financial instruments measured at FVOCI	-	1,562,894,528
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	₩ -	₩ 1,562,894,528
Other comprehensive income (loss) for the period, net of tax	(528,615,500)	1,342,241,953
Total comprehensive income for the period, net of tax	₩ 176,241,674,809	₩ 459,042,356,951
Profit attributable to:		
Equity holders of the Company	176,770,290,309	457,700,114,998
Non-controlling interests	-	-
	<u>₩ 176,770,290,309</u>	<u>₩ 457,700,114,998</u>
Total comprehensive income attributable to:		
Owners of the parent	176,241,674,809	459,042,356,951
Non-controlling interests	-	-
	<u>₩ 176,241,674,809</u>	<u>₩ 459,042,356,951</u>
Earnings per share:		
Basic and diluted, profit for the period	₩ 9,223	₩ 23,882

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of changes in equity
for the six months period ended June 30, 2019 and June 30, 2018
(Korean won in units)

	Issued capital	Share premium	Other components of equity	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
As at January 1, 2018	₩ 95,826,580,000	₩ 864,898,306,667	₩ 158,169,780	₩ 2,760,691,908,942	₩ 3,721,574,965,389	₩ -	₩ 3,721,574,965,389
Profit for the period	-	-	-	457,700,114,998	457,700,114,998	-	457,700,114,998
Net loss on valuation of interest rate swaps	-	-	(955,624,727)	-	(955,624,727)	-	(955,624,727)
Exchange differences on translation of foreign operations	-	-	734,972,152	-	734,972,152	-	734,972,152
Net gain on valuation of financial instruments measured at FVOCI	-	-	1,562,894,528	-	1,562,894,528	-	1,562,894,528
Total comprehensive income for the period	-	-	1,342,241,953	457,700,114,998	459,042,356,951	-	459,042,356,951
Dividend	-	-	-	(548,615,000,000)	(548,615,000,000)	-	(548,615,000,000)
As at June 30, 2018	₩ 95,826,580,000	₩ 864,898,306,667	₩ 1,500,411,733	₩ 2,669,777,023,940	₩ 3,632,002,322,340	₩ -	₩ 3,632,002,322,340
As at January 1, 2019	₩ 95,826,580,000	₩ 864,898,306,667	₩ (393,443,582)	₩ 2,807,466,803,428	₩ 3,767,798,246,513	₩ -	₩ 3,767,798,246,513
Profit for the period	-	-	-	176,770,290,309	176,770,290,309	-	176,770,290,309
Net gain on valuation of interest rate swaps	-	-	(1,239,224,839)	-	(1,239,224,839)	-	(1,239,224,839)
Exchange differences on translation of foreign operations	-	-	710,609,339	-	710,609,339	-	710,609,339
Total comprehensive income for the period	-	-	(528,615,500)	176,770,290,309	176,241,674,809	-	176,241,674,809
Dividend	-	-	-	(396,906,000,000)	(396,906,000,000)	-	(396,906,000,000)
As at June 30, 2019	₩ 95,826,580,000	₩ 864,898,306,667	₩ (922,059,082)	₩ 2,587,331,093,737	₩ 3,547,133,921,322	₩ -	₩ 3,547,133,921,322

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for the six months period ended June 30, 2019 and June 30, 2018
(Korean won in units)

	1st half 2019	1st half 2018
Cash flows from operating activities		
Profit for the period	₩ 176,770,290,309	₩ 457,700,114,998
Non-cash adjustments to reconcile profit for the period to net cash flows	257,903,008,495	414,326,257,835
Working capital adjustments	112,788,035,510	(242,549,749,691)
Interest received	3,098,208,163	2,315,297,046
Income tax paid	(126,432,634,043)	(188,692,586,790)
Net cash flows provided by operating activities	424,126,908,434	443,099,333,398
Cash flows from investing activities		
Decrease in long-term loans	97,149,102	92,576,770
Increase in long-term loans	-	(100,000,000)
Proceed from disposal of long-term investment securities	9,715,000	154,370,000
Increase in long-term investment securities	(12,598)	(3,200)
Decrease in long-term investment securities	-	500,000
Decrease in long-term accounts receivable	70,000,000	5,931,938
Increase in long-term accounts receivable	(60,000,000)	(3,562,225)
Proceeds from disposal of property, plant and equipment	1,545,752,324	109,070,634
Acquisition of property, plant and equipment	(422,635,620,582)	(232,919,153,225)
Acquisition of intangible assets	(3,783,506,599)	(81,214,440)
Settlement of derivatives	18,414,767,697	(28,128,254,764)
Dividends received	241,998,725	264,924,920
Net cash flows used in investing activities	(406,099,756,931)	(260,604,813,592)
Cash flows from financing activities		
Increase in bonds	452,080,000,000	300,000,000,000
Net increase (decrease) in short-term borrowings	181,024,836,655	162,302,996,960
Repayment of current portion of long-term bonds and long-term borrowings	(345,000,000,000)	(200,000,000,000)
Repayment of lease liabilities	(2,685,790,026)	-
Increase in long-term borrowings	-	150,000,000,000
Interest paid	(31,860,064,383)	(27,995,482,001)
Dividends paid to shareholders	(396,906,000,000)	(548,615,000,000)
Net cash flows used in financing activities	(143,347,017,754)	(164,307,485,041)
Net increase (decrease) in cash and cash equivalents	(125,319,866,251)	18,187,034,765
Cash and cash equivalents as at January 1	259,217,545,462	294,905,675,197
Net foreign exchange difference	221,419,687	131,062,902
Cash and cash equivalents as at the period end	₩ 134,119,098,898	₩ 313,223,772,864