

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries

Consolidated financial statements
for the Quarter ended March 31, 2019
(Unaudited)



Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of March 31, 2019 and December 31, 2018 (unaudited)

(Korean won in units)

	<u>2019-03-31</u>	<u>2018-12-31</u>
Assets		
Current assets:		
Cash and cash equivalents	₩ 264,311,736,419	₩ 259,217,545,462
Trade and other accounts receivable, net	1,111,442,281,695	955,880,335,491
Prepaid expenses	15,171,482,298	14,391,785,190
Other current assets	1,541,743,729	3,468,879,811
Inventories, net	1,035,064,753,376	1,410,443,126,039
Total current assets	<u>2,427,531,997,517</u>	<u>2,643,401,671,993</u>
Non-current assets:		
Long-term investment securities	12,206,449,478	12,209,886,880
Long-term loans, net	414,470,571	454,040,479
Long-term accounts receivable, net	3,235,935,783	3,181,509,850
Long-term prepaid expenses	56,968,524,746	42,636,055,187
Property, plant and equipment, net	4,197,516,147,155	4,079,911,969,362
Intangible assets, net	58,126,646,986	59,744,665,824
Other non-current assets	15,500,000	15,500,000
Deferred income tax assets	3,119,627,734	2,936,621,085
Total non-current assets	<u>4,331,603,302,453</u>	<u>4,201,090,248,667</u>
Total assets	<u>₩ 6,759,135,299,970</u>	<u>₩ 6,844,491,920,660</u>

(Continued)

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of March 31, 2019 and December 31, 2018 (unaudited)

(Korean won in units)

	<u>2019-03-31</u>	<u>2018-12-31</u>
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other		
accounts payable	₩ 611,284,561,268	₩ 676,350,423,324
Short-term borrowings	122,224,136,394	122,334,401,888
Current portion of bonds payable		
and long-term borrowings	259,944,951,663	544,849,221,136
Income tax payable	193,442,380,383	125,449,149,692
Other current liabilities	19,430,773,502	14,627,199,761
Total current liabilities	<u>1,206,326,803,210</u>	<u>1,483,610,395,801</u>
Non-current liabilities:		
Bonds payable, net	1,389,009,813,599	937,293,714,712
Long-term borrowings	583,408,268,300	640,000,000,000
Long-term accounts payable	389,150,356	382,412,562
Employee benefit liability, net	11,861,623,796	8,099,546,289
Other non-current liabilities	7,502,934,814	7,307,604,783
Total non-current liabilities	<u>1,992,171,790,865</u>	<u>1,593,083,278,346</u>
Total liabilities	<u>3,198,498,594,075</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	(429,600,040)	(393,443,582)
Retained earnings	2,600,341,419,268	2,807,466,803,428
	<u>3,560,636,705,895</u>	<u>3,767,798,246,513</u>
Non-controlling interests	-	-
Total equity	<u>3,560,636,705,895</u>	<u>3,767,798,246,513</u>
Total liabilities and equity	<u>₩ 6,759,135,299,970</u>	<u>₩ 6,844,491,920,660</u>

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income
for the three months period ended March 31, 2019 and March 31, 2018 (unaudited)

(Korean won in units)

	2019 Q1	2018 Q1
Sales	₩ 2,585,324,356,153	₩ 2,666,122,681,439
Cost of goods sold	2,269,460,788,114	2,308,646,253,895
Gross profit	315,863,568,039	357,476,427,544
Selling and administrative expenses	57,978,920,626	55,284,231,353
Operating profit	257,884,647,413	302,192,196,191
Finance income	44,507,159,874	43,723,318,369
Finance costs	51,674,624,519	63,689,624,852
Other income	13,580,994,647	21,118,527,152
Other expenses	6,297,168,942	3,057,656,297
Profit before tax	258,001,008,473	300,286,760,563
Income tax expense	68,220,392,633	78,719,948,166
Profit for the period	₩ 189,780,615,840	₩ 221,566,812,397
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	(845,380,470)	(435,111,898)
Exchange differences on translation of foreign operations	809,224,012	769,723,261
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	₩ (36,156,458)	₩ 334,611,363
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	₩ -	₩ -
Other comprehensive (loss) income for the period, net of tax	(36,156,458)	334,611,363
Total comprehensive income for the period, net of tax	₩ 189,744,459,382	₩ 221,901,423,760
Profit attributable to:		
Equity holders of the Company	189,780,615,840	221,566,812,397
Non-controlling interests	-	-
	₩ 189,780,615,840	₩ 221,566,812,397
Total comprehensive income attributable to:		
Owners of the parent	189,744,459,382	221,901,423,760
Non-controlling interests	-	-
	₩ 189,744,459,382	₩ 221,901,423,760
Earnings per share:		
Basic and diluted, profit for the period	₩ 9,902	₩ 11,561

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
 Consolidated statements of changes in equity
 for the three months period ended March 31, 2019 and March 31, 2018 (unaudited)

(Korean won in units)

	Issued capital	Share premium	Accumulated other comprehensive income	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
Net profit for the period	-	-	-	221,566,812,397	221,566,812,397	-	221,566,812,397
Net loss on valuation of interest rate swaps	-	-	(435,111,898)	-	(435,111,898)	-	(435,111,898)
Exchange differences on translation of foreign operations	-	-	769,723,261	-	769,723,261	-	769,723,261
Total comprehensive income for the period	-	-	334,611,363	221,566,812,397	221,901,423,760	-	221,901,423,760
Dividend	-	-	-	(548,615,000,000)	(548,615,000,000)	-	(548,615,000,000)
As at March 31, 2018	₩ 95,826,580,000	₩ 864,898,306,667	₩ 492,781,143	₩ 2,433,643,721,339	₩ 3,394,861,389,149	₩ -	₩ 3,394,861,389,149
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
Net profit for the period	-	-	-	189,780,615,840	189,780,615,840	-	189,780,615,840
Net loss on valuation of interest rate swaps	-	-	(845,380,470)	-	(845,380,470)	-	(845,380,470)
Exchange differences on translation of foreign operations	-	-	809,224,012	-	809,224,012	-	809,224,012
Total comprehensive income for the period	-	-	(36,156,458)	189,780,615,840	189,744,459,382	-	189,744,459,382
Dividend	-	-	-	(396,906,000,000)	(396,906,000,000)	-	(396,906,000,000)
As at March 31, 2019	₩ 95,826,580,000	₩ 864,898,306,667	₩ (429,600,040)	₩ 2,600,341,419,268	₩ 3,560,636,705,895	₩ -	₩ 3,560,636,705,895

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for the three months period ended March 31, 2019 and March 31, 2018 (unaudited)

(Korean won in units)

	2019 Q1	2018 Q1
Operating activities		
Profit for the period	₩ 189,780,615,840	₩ 221,566,812,397
Non-cash adjustments to reconcile profit for the period to net cash flows	176,420,356,063	192,959,873,461
Working capital adjustments	136,117,107,568	(201,720,713,862)
Interest received	2,276,170,887	1,233,753,778
Income tax paid	(418,753,132)	(248,903,540)
Net cash flows from operating activities	504,175,497,226	213,790,822,234
Investing activities		
Decrease in long-term loans	39,569,908	46,526,908
Proceed from disposal of available-for-sale financial assets	3,450,000	138,580,000
Increase in available-for-sale financial assets	(12,598)	(3,200)
Increase in long-term accounts receivable	(60,000,000)	(80,000)
Proceeds from disposal of property, plant and equipment	84,499,884	10,467,500
Acquisition of property, plant and equipment	(187,967,426,460)	(134,026,732,480)
Acquisition of intangible assets	(307,939,118)	-
Settlement of derivatives	(5,589,932,996)	1,846,304,011
Net cash flows used in investing activities	(193,797,791,380)	(131,984,937,261)
Financing activities		
Proceeds from issuance of bonds payable	452,080,000,000	300,000,000,000
Net increase (decrease) in short-term borrowings	(499,026,895)	(1,880,059,699)
Repayment of current portion of long-term bonds and long-term borrowings	(345,044,756,730)	(100,000,000,000)
Increase in long-term borrowings	2,157,201,122	-
Interest paid	(17,326,203,215)	(13,843,303,387)
Dividends paid to shareholders	(396,906,000,000)	-
Net cash flows from (used in) financing activities	(305,538,785,718)	184,276,636,914
Net increase in cash and cash equivalents	4,838,920,128	266,082,521,887
Beginning cash and cash equivalents as of January 1	259,217,545,462	294,905,675,197
Net foreign exchange difference	255,270,829	135,857,960
Cash and cash equivalents as of period end	₩ 264,311,736,419	₩ 561,124,055,044