

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries

Consolidated financial statements
for the period ended June 30, 2020
(Unaudited)



Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of June 30, 2020 and December 31, 2019

(Korean won in units)

	<u>2020-06-30</u>		<u>2019-12-31</u>
Assets			
Current assets:			
Cash and cash equivalents	₩ 502,822,960,629	₩	368,644,459,888
Short-term investment securities	134,241,500,000		-
Trade and other accounts receivable, net	527,410,792,411		828,016,299,699
Prepaid expenses	14,027,946,276		13,165,106,658
Other current assets	1,854,803,984		3,522,632,866
Inventories, net	904,844,510,079		1,232,322,655,434
Total current assets	<u>2,085,202,513,379</u>		<u>2,445,671,154,545</u>
Non-current assets:			
Long-term investment securities	12,127,472,678		12,167,615,478
Long-term loans, net	613,205,937		262,975,703
Long-term accounts receivable, net	3,602,896,432		3,788,023,385
Long-term prepaid expenses	64,526,526,674		54,588,551,372
Property, plant and equipment, net	4,581,229,063,127		4,517,823,813,389
Intangible assets, net	31,554,133,164		32,963,059,867
Other non-current assets	15,500,000		15,500,000
Deferred income tax assets	47,835,673,361		9,929,433,794
Total non-current assets	<u>4,741,504,471,373</u>		<u>4,631,538,972,988</u>
Total assets	<u>₩ 6,826,706,984,752</u>	₩	<u>7,077,210,127,533</u>

(Continued)

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of financial position
as of June 30, 2020 and December 31, 2019

(Korean won in units)

	2020-06-30	2019-12-31
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other		
accounts payable	₩ 599,963,807,258	₩ 830,246,977,710
Short-term borrowings	447,909,619,209	134,025,576,583
Current portion of bonds payable		
and long-term borrowings	414,384,571,077	424,291,143,279
Income tax payable	305,134,387	41,998,213,264
Other current liabilities	8,203,181,736	11,113,333,623
Total current liabilities	1,470,766,313,667	1,441,675,244,459
Non-current liabilities:		
Bonds payable, net	1,644,981,433,961	1,736,815,858,250
Long-term borrowings	439,022,050,440	290,137,225,646
Employee benefit liability, net	7,199,997,358	2,069,809,182
Other non-current liabilities	8,790,483,949	8,298,176,411
Total non-current liabilities	2,099,993,965,708	2,037,321,069,489
Total liabilities	3,570,760,279,375	3,478,996,313,948
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	96,005,031	(1,074,259,885)
Retained earnings	2,295,125,813,679	2,638,563,186,803
	3,255,946,705,377	3,598,213,813,585
Non-controlling interests	-	-
Total equity	3,255,946,705,377	3,598,213,813,585
Total liabilities and equity	₩ 6,826,706,984,752	₩ 7,077,210,127,533

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of comprehensive income
for the period ended June 30, 2020 and 2019

(Korean won in units)

	2020 Q2 YTD	2019 Q2 YTD
Sales	₩ 3,413,667,819,396	₩ 5,060,753,006,593
Cost of goods sold	3,517,012,145,523	4,722,373,082,807
Gross profit (loss)	(103,344,326,127)	338,379,923,786
Selling and administrative expenses	118,833,268,780	119,147,876,088
Operating profit (loss)	(222,177,594,907)	219,232,047,698
Finance income	217,984,445,998	144,190,264,116
Finance costs	154,594,909,342	130,576,576,976
Other income	6,941,657,315	21,508,074,655
Other expenses	6,209,224,794	17,189,637,359
Profit (loss) before tax	(158,055,625,730)	237,164,172,134
Income tax expense (recovery)	(38,799,491,377)	60,393,881,825
Profit (loss) for the period	₩ (119,256,134,353)	₩ 176,770,290,309
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	565,606,876	(1,239,224,839)
Exchange differences on translation of foreign operations	557,941,084	710,609,339
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	₩ 1,123,547,960	₩ (528,615,500)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Re-measurement loss on defined benefit plan	(1,189,238,771)	-
Net gain on valuation of financial instruments measured at FVOCI	46,716,956	-
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods	₩ (1,142,521,815)	₩ -
Other comprehensive income (loss) for the period, net of tax	(18,973,855)	(528,615,500)
Total comprehensive income (loss) for the period, net of tax	₩ (119,275,108,208)	₩ 176,241,674,809
Profit (loss) attributable to:		
Equity holders of the Company	(119,256,134,353)	176,770,290,309
Non-controlling interests	-	-
	₩ (119,256,134,353)	₩ 176,770,290,309
Total comprehensive income (loss) attributable to:		
Owners of the parent	(119,275,108,208)	176,241,674,809
Non-controlling interests	-	-
	₩ (119,275,108,208)	₩ 176,241,674,809
Earnings per share:		
Basic and diluted, profit (loss) for the period	₩ (6,222)	₩ 9,223

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of changes in equity
for the period ended June 30, 2020 and 2019

(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 of 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 loss 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 of 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
As of January 1, 2020	₩ 95,826,580,000	₩ 864,898,306,667	₩ (1,074,259,885)	₩ 2,638,563,186,803	₩ 3,598,213,813,585	₩ -	₩ 3,598,213,813,585
Loss for the period	-	-	-	(119,256,134,353)	(119,256,134,353)	-	(119,256,134,353)
Net gain on valuation of interest rate swaps	-	-	565,606,876	-	565,606,876	-	565,606,876
Exchange differences on translation of foreign operations	-	-	557,941,084	-	557,941,084	-	557,941,084
Net gain on valuation of financial instruments measured at FVOCI	-	-	46,716,956	-	46,716,956	-	46,716,956
Re-measurement loss on defined benefit plan	-	-	-	(1,189,238,771)	(1,189,238,771)	-	(1,189,238,771)
Total comprehensive loss for the period	-	-	1,170,264,916	(120,445,373,124)	(119,275,108,208)	-	(119,275,108,208)
Dividend	-	-	-	(222,992,000,000)	(222,992,000,000)	-	(222,992,000,000)
As of June 30, 2020	₩ 95,826,580,000	₩ 864,898,306,667	₩ 96,005,031	₩ 2,295,125,813,679	₩ 3,255,946,705,377	₩ -	₩ 3,255,946,705,377

Hanwha Total Petrochemical Co., Ltd. and its subsidiaries
Consolidated statements of cash flows
for the period ended June 30, 2020 and 2019
(Korean won in units)

	2020 Q2 YTD	2019 Q2 YTD
Cash flows from operating activities		
Profit (loss) for the period	₩ (119,256,134,353)	₩ 176,770,290,309
Non-cash adjustments to reconcile profit for the period to net cash flows	108,322,812,047	257,903,008,495
Working capital adjustments	400,789,346,112	112,788,035,510
Interest received	1,190,231,502	3,098,208,163
Income tax paid	(42,201,859,845)	(126,432,634,043)
Net cash flows from operating activities	348,844,395,463	424,126,908,434
Cash flows from investing activities		
Increase in short-term investment securities	(134,285,250,000)	-
Decrease in long-term loans	39,769,766	97,149,102
Increase in long-term loans	(390,000,000)	-
Decrease in long-term accounts receivable	363,325,788	70,000,000
Increase in long-term accounts receivable	(163,705,000)	(60,000,000)
Decrease in long-term investment securities	40,142,800	9,715,000
Increase in long-term investment securities	-	(12,598)
Proceeds from disposal of property, plant and equipment	2,480,645,580	1,545,752,324
Acquisition of property, plant and equipment	(248,099,358,923)	(422,635,620,582)
Proceeds from disposal of intangible assets	1,082,727,268	-
Acquisition of intangible assets	(350,714,960)	(3,783,506,599)
Settlement of derivatives	73,646,070,684	18,414,767,697
Dividends received	175,767,495	241,998,725
Net cash flows used in investing activities	(305,460,579,502)	(406,099,756,931)
Cash flows from financing activities		
Net increase in short-term borrowings	319,729,016,678	181,024,836,655
Repayment of current portion of long-term bonds and long-term borrowings	(220,000,000,000)	(345,000,000,000)
Increase in long-term borrowings	300,000,000,000	-
Repayment of long-term borrowings	(50,265,000,000)	-
Repayment of lease liabilities	(3,247,677,915)	(2,685,790,026)
Increase in bonds payable	-	452,080,000,000
Interest paid	(31,639,839,857)	(31,860,064,383)
Dividends paid to shareholders	(222,992,000,000)	(396,906,000,000)
Net cash flows from (used in) financing activities	91,584,498,906	(143,347,017,754)
Net increase (decrease) in cash and cash equivalents	134,968,314,867	(125,319,866,251)
Cash and cash equivalents as at January 1	368,644,459,888	259,217,545,462
Net foreign exchange difference	(789,814,126)	221,419,687
Cash and cash equivalents as at the period end	₩ 502,822,960,629	₩ 134,119,098,898