

## Hanon Systems 2016 Q1 Disclosure

### Financial Consolidated Statement Information

#### Income Statement

	Three Months Ended	
	Mar 31	
	2016	2015
	(KRW in Billions)	(KRW in Billions)
Sales	1,428.1	1,375.4
Cost of sales	1,194.7	1,158.8
<b>Gross margin</b>	<b>233.4</b>	<b>216.6</b>
Selling, general and administrative expenses	128.6	136.4
<b>Operating income</b>	<b>104.8</b>	<b>80.2</b>
Other income/expense	2.4	(0.6)
Financial income/expense	(5.8)	(2.2)
Equity in net income of non-consolidated subsidiaries	2.8	3.7
<b>Income before income taxes</b>	<b>104.2</b>	<b>81.1</b>
Provision for income taxes	(31.8)	(20.6)
<b>Net income</b>	<b>72.3</b>	<b>60.5</b>
<b>Net income attributable to non-controlling interests</b>	<b>3.8</b>	<b>3.4</b>
<b>Net income Hanon Systems</b>	<b>68.5</b>	<b>57.1</b>

#### Balance Sheet

	Mar 31		Dec 31	
	2016		2015	
	(KRW in Billions)		(KRW in Billions)	
Cash and equivalents	540.0	447.1		
Accounts receivable, net	986.4	999.1		
Inventories, net	418.2	382.2		
Property and equipment, net	1,085.1	1,092.7		
Equity in net assets of non-consolidated subsidiaries	93.6	89.2		
Intangible assets, net	227.3	207.4		
Other assets	285.2	241.7		
<b>Total assets</b>	<b>3,635.8</b>	<b>3,459.4</b>		
Accounts payable	707.8	724.8		
Accrued employee liabilities	66.7	60.2		
Debt	364.3	64.6		
Other liabilities	720.5	810.4		
Hanon Systems shareholders' equity	1,719.4	1,744.7		
Non-controlling interests	57.1	54.7		
<b>Total liabilities and shareholders' equity</b>	<b>3,635.8</b>	<b>3,459.4</b>		

#### Cash Flow Statement

	Three Months Ended	
	Mar 31	
	2016	2015
	(KRW in Billions)	(KRW in Billions)
<b>Net cash provided from operating activities</b>	<b>62.7</b>	<b>181.1</b>
<b>Investing activities</b>		
Capital expenditures	(66.4)	(46.9)
Cash flow by Business consolidation	0.0	0.0
Investment in joint ventures	0.0	0.0
Other	4.4	4.9
<b>Net cash used in investing activities</b>	<b>(62.0)</b>	<b>(42.0)</b>
<b>Financing activities</b>		
Short-term debt, net	(189.7)	(8.6)
Long-term debt, net	(0.2)	0.0
Dividend	(9.7)	(2.8)
Other	297.7	0.1
<b>Net cash used in financing activities</b>	<b>98.1</b>	<b>(11.3)</b>
<b>Net increase in cash and equivalents</b>	<b>98.9</b>	<b>127.7</b>
<b>Cash and cash equivalents at the beginning</b>	<b>447.1</b>	<b>381.3</b>
<b>Net foreign exchange differences</b>	<b>(6.0)</b>	<b>1.7</b>
<b>Cash and cash equivalents at the end of</b>	<b>540.0</b>	<b>510.7</b>

The Company maintains its accounting records in Korean won and prepares statutory financial statements in Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea (K-IFRS).