

## Hanon Systems 2016 Q2 Disclosure

### Financial Consolidated Statement Information

#### Income Statement

|   | Six Months Ended  |                   |
|---|-------------------|-------------------|
|   | Jun 30            |                   |
|   | 2016              | 2015              |
|   | (KRW in Billions) | (KRW in Billions) |
| Sales   | 2,918.9           | 2,768.2           |
| Cost of sales   | 2,475.7           | 2,348.2           |
| <b>Gross margin</b>   | 443.2             | 420.1             |
| Selling, general and administrative expenses                | 243.4             | 254.8             |
| <b>Operating income</b>                                     | 199.8             | 165.3             |
| Other income/expense  | 4.4               | 9.2               |
| Financial income/expense                                    | (16.6)            | (6.9)             |
| Equity in net income of non-consolidated subsidiaries       | 4.6               | 6.8               |
| <b>Income before income taxes</b>                           | 192.2             | 174.3             |
| Provision for income taxes                                  | 56.0              | 48.8              |
| <b>Net income</b>   | 136.2             | 125.6             |
| <b>Net income attributable to non-controlling interests</b> | 7.7               | 7.0               |
| <b>Net income Hanon Systems</b>                             | 128.6             | 118.6             |

#### Balance Sheet

|   | Jun 30            | Dec 31            |
|---|-------------------|-------------------|
|   | 2016              | 2015              |
|   | (KRW in Billions) | (KRW in Billions) |
| Cash and equivalents                                  | 422.7             | 447.1             |
| Accounts receivable, net                              | 957.8             | 999.1             |
| Inventories, net                                      | 413.8             | 382.2             |
| Property and equipment, net                           | 1,097.5           | 1,092.7           |
| Equity in net assets of non-consolidated subsidiaries | 94.0              | 89.2              |
| Intangible assets, net                                | 221.7             | 207.4             |
| Other assets  | 494.2             | 241.7             |
| <b>Total assets</b>                                   | 3,701.7           | 3,459.4           |
| Accounts payable                                      | 688.0             | 724.8             |
| Accrued employee liabilities                          | 72.9              | 60.2              |
| Debt  | 363.4             | 64.6              |
| Other liabilities                                     | 764.2             | 810.4             |
| Hanon Systems shareholders' equity                    | 1,750.4           | 1,744.7           |
| Non-controlling interests                             | 62.8              | 54.7              |
| <b>Total liabilities and shareholders' equity</b>     | 3,701.7           | 3,459.4           |

#### Cash Flow Statement

|   | Six Months Ended  |                   |
|---|-------------------|-------------------|
|   | Jun 30            |                   |
|   | 2016              | 2015              |
|   | (KRW in Billions) | (KRW in Billions) |
| <b>Net cash provided from operating activities</b>    | 138.6             | 233.6             |
| <b>Investing activities</b>                           |                   |                   |
| Capital expenditures                                  | (162.7)           | (128.5)           |
| Cash flow by Business consolidation                   | (31.2)            | 0.0               |
| Investment in joint ventures                          | 0.0               | 0.0               |
| Other   | 10.5              | 8.0               |
| <b>Net cash used in investing activities</b>          | (183.4)           | (120.5)           |
| <b>Financing activities</b>                           |                   |                   |
| Short-term debt, net                                  | (131.2)           | (10.4)            |
| Long-term debt, net                                   | (1.8)             | 0.0               |
| Dividend  | (139.8)           | (106.3)           |
| Other   | 302.7             | 0.0               |
| <b>Net cash used in financing activities</b>          | 29.9              | (116.7)           |
| <b>Net increase in cash and equivalents</b>           | (14.8)            | (3.5)             |
| <b>Cash and cash equivalents at the beginning</b>     | 447.1             | 381.3             |
| <b>Net foreign exchange differences</b>               | (9.2)             | 2.5               |
| <b>Non-current assets held for sale</b>               | (0.4)             | 0.0               |
| <b>Cash and cash equivalents at the end of period</b> | 422.7             | 380.3             |

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).