



**Innovative & Competitive**

2018  
ANNUAL REPORT





## Hanwha Corporation, Innovative & Competitive

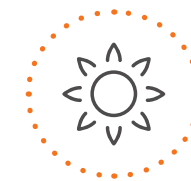
Hanwha Corporation has played a crucial role in supporting the nation's economic development for the past sixty years. With our innovative endeavors to improve management efficiency, we have realigned our business operations to focus on the Explosives and Defense Divisions as well as our global expertise-based Trade Division. We successfully completed our merger with Hanwha TechM (currently Hanwha Corporation/Machinery Division) in October 2014. We also strengthened our position as the nation's largest total defense contractor after launching Hanwha affiliates in the defense sector: Hanwha Techwin and Hanwha Thales in June 2015, and Hanwha Defense in May 2016. This has allowed us to move forward with our vision to be a global top 10 defense industry player. Based on our broad business experience, we have also created new core technologies, sustaining market growth and expansion abroad.



# Business Highlights in 2017

Hanwha Corporation has four business divisions: explosives, defense, trade, and machinery. All of them are committed to helping to build a happier and healthier future for everyone.

## E x p l o s i v e s



### EXPLOSIVES

The root of  
Hanwha  
Group

**The Explosives Division is continuing to strengthen its overseas business by expanding mining services business as well as export of wide range of products through our established subsidiaries in Australia, Chile and Indonesia. In Australia, the division successfully acquired a new customer on the basis of recently acquired local mining services business. The Division also continues to win additional mining services in Indonesia, advancing its position in the international market.**

#### Major Results

The Explosives Division built four global networks including those in Indonesia and Singapore. This was achieved by establishing subsidiaries in Australia and Chile, which advanced the Division into the mining service business in Australia as well as Central and South America. That said, the Division has been accelerating its overseas expansion after acquiring a local mining service company in Australia. It also took steps to maximize its revenues by strengthening its domestic business foundations. This involved launching a range of new products, such as electronic detonators, and continuously expanding the business of raw materials for explosives and applications.

### Deeper Innovation

**Hanwha Mining Services**  
Ammonium nitrate explosives, gunpowder, and comprehensive blasting services, particularly targeting large mines overseas.

### Wider Growth

- Operation of mining services in Australia
- Operation of mining services in Indonesia
- Export of explosives plant to Vietnam
- Mining services in Latin America (in the planning stage)

## D e f e n s e



### DEFENSE

Improving national security with advanced defense technology

**The Defense Division is continuously expanding its existing portfolio of precision guided munitions and ammunitions, based on its expertise and technology amassed for over forty years. As the nation's leading defense contractor, it is also enhancing its global competitiveness through active advancements into global markets and partnerships with leading global players.**

#### Major Results

Achieved over continuous growth in sales through commencement of 230mm-class MRL, Chunmoo business, increase in export sales and winning new development business of precision guided munition and ammunition.

### Deeper Innovation

- **Propulsion System**  
Developing cutting edge propulsion system, such as dual-pulse rocket motor and DACS which rapidly improve mobility and accuracy rate of precision guided munitions.
- **Navigation System**  
Developing various types of integrated navigation system including MEMS (Micro Electro Mechanical System), RLG (Ring Laser Gyroscope), FOG (Fiber Optic Gyroscope), etc.
- **Laser Equipment**  
Developing high energy laser technology for future projectile weapons including Laser Range Finder which can be equipped on ground-based launchers, helicopters, combat fighters, etc.

### Wider Growth

- Pursuing synergy through expansion of interchange among four defense units of Hanwha Group in the areas of R&D, PR & marketing, purchasing, etc.
- Increasing depth in the business area as an expert of precision strike weapon systems through business alignment among the affiliates.
- Strengthening competitive advantage in sales in the strategic points including the Middle East and expanding the range of export products.

## T r a d e



### TRADE

Global  
Leading  
Company

**Trade Division is concentrating its effort on businesses such as Petroleum and Defense that it owns expertise above its competitors. Additionally, Trade Division is putting its effort in establishing stable profit basis by reinforcing businesses that it holds market leading capability such as Steel/Bearing/Agricultural and exploring new business model by reinforcing project organizing business such as healthcare and automation facilities. Furthermore, concerning its global network, Trade Division is strengthening its network and network's profit basis by securing expertise in core businesses such as Petroleum/Defense and consistently exploring independent business opportunities within its strategic markets such as China, South East Asia and Middle East.**

#### Major Results

Trade Division has enhanced financial profitability by building process of investment business management and reinforcing capability of diagnosing business risk and has constructed stable profit basis despite of external market fluctuation. Furthermore, we constantly reinforce professional human resource and capabilities of project and tender business for expanding future profit basis.

### Deeper Innovation

- Establishing stable profit basis through concentrating its effort on businesses that it possesses competitive advantage/market leading capability.
- Minimizing potential loss though establishment of efficient enterprise risk management system and reinforcing its risk management capability.
- Preoccupying strategic markets and securing market leading capability though utilization and concentration of effort onto global network.

### Wider Growth

- Petroleum/Steel/Industrial Machinery/Merchandise Trade
- Defense weapons system supply/project business
- Hospital system export business regarding Middle East and CIS region
- Domestic energy plant supply business
- LPG station operation business
- Onshore oilfield operation business in California, United States
- LNG Project in Qatar

# M a c h i n e r y



## MACHINERY

Total engineering solutions provider

The Division has created a range of high-value equipment such as industrial machinery and machine tools through continuous technological development with a focus on thermal, automation, and precision processing technologies. Based on its advanced technologies in the aviation business, the Division is also gaining recognition as a leading global player in the areas of aviation auxiliaries and application components. It is introducing advanced technologies through continuous R&D, while helping to improve the quality and productivity of domestic and overseas companies.

### Major Results

The Division enhanced its competitiveness in aviation business by establishing partnerships with global companies. This included signing a contract with UTAS for the export of aviation components and an MOU with GE for aviation maintenance. It is also retaining the largest domestic market share in the CNC automatic lathe sector through customized machine tool development and sales. The Division has also won recognition for its technology by successfully developing solar cell production facilities while striving to become a global solar cell facility manufacturer in overseas markets.

### Deeper Innovation

#### • Thermal Technologies

We supply thermal equipment systems used in a broad range of areas, including steel and automobile manufacturing, displays, and the environment. We also provide high-efficiency industrial furnaces and energy plant facilities by combining energy reduction, vacuum, drive system, and process control technologies. In addition, we have secured technologies for the integrated operation of turn-key thermal equipment projects. This involves cell process equipment that is required for the photovoltaic business, a key operation of the Hanwha Group.

#### • Automation Technologies

Our integrated automation technologies, ranging from design and procurement to installation and post-management, were instrumental in building the world's first fully-automated tire handling system. We also design and manufacture automotive powertrain that are the core parts of automobile driving, based on flexible installations and precision assembly technologies.

#### • Precision Processing Technologies

Our efforts in this field include (1) a 24-hour unmanned production system that boasts 0.1um ultra-precision control and 5/1,000-level roundness and cylindricity; (2) machine tools with turning diameters ranging from Ø3 to 38 that require extreme levels of precision and combined processing; and (3) ultra-high-precision metal processing for the production of aircraft hydraulic and defense components. We boast a well-earned reputation for expertise in a wide range of production processes, from multi-axis machining to micro-electrical discharging machining.

### Wider Growth

- Strengthen global competitiveness through the Machinery Division's thermal, automation, and precision processing technologies.
- Increase competitiveness in plant logistics automation, and aerospace businesses.

- 2017
- 2016
- 2015



## Financial Highlights

Even in the global economic recession and gloomy business climate home and abroad, Hanwha Corporation has been continuously endeavoring to renovate itself as a sustainable and ever-growing company.

# Leading the growth of Hanwha Corporation to become a top global player with Strategic decision making

## Standing Directors

Kyeong Seak Ok

Representative Director  
Currently, Representative Director,  
Explosives Division,  
Hanwha Corporation

Tae Jong Lee

Representative Director  
Currently, Representative Director,  
Defense Division,  
Hanwha Corporation

Youn Chul Kim

Representative Director  
Currently, Representative Director,  
Machinery Division,  
Hanwha Corporation

Min Suhk Lee

Representative Director  
Currently, Representative Director,  
Trade Division, Hanwha Corporation

## Non-standing Directors

Eui Don Hwang

Outside Director  
Formerly, Chief of Staff, Korean Army

Suk Hun Kang

Outside Director  
Currently, Attorney at Yulchon LLC

Chang Lok Kim

Outside Director  
Formerly, Governor of Korea  
Development Bank

Yong Koo Kim

Outside Director  
Formerly, Representative Director,  
Daewoo Telecom

Kwang Hun Lee

Outside Director  
Formerly, Deputy Director,  
Hanwha General Insurance

## Committees

### The Audit Committee

The committee evaluates the internal control system, performs audits on accounting and relevant activities, and approves the appointment of external auditors.

### The Outside Director Recommendation Committee

Consisting only of outside directors, the committee aims to ensure fairness and transparency in the recommendation process for outside director candidates.

### The Related Party Transactions Committee

Two thirds of the members of this committee, at a minimum, shall be outside directors. It was established to respond to changes in the company's internal and external operating environment that require a high level of management transparency. It makes decisions on transactions over a certain volume with affiliated parties. Its chairman is always an outside director.

\* As of March 31, 2018

# Working with our affiliates to lead the world market, sharpening our competitive edge

Hanwha Corporation, the parent company of Hanwha Group, engages in a broad range of businesses spanning the manufacturing, construction, finance, services, and leisure industries, with \*70 domestic and 323 global affiliates. Through the Hanwha connection, our affiliates are efficiently responding to new market environments while enhancing our global competitiveness. We remain committed to advancing further into the world, and to providing creative leadership within the group, based on the solid corporate management foundations and expertise that we have accomplished over the past sixty years.

\* As of December, 31, 2017

## Hanwha Life Insurance

Hanwha Life Insurance is South Korea's oldest life insurer and the second-largest in the country. It was the nation's first large-sized insurer to be listed on the Korea stock exchange. It is evolving into a top-flight global insurance company by constantly developing its business capabilities, adding to its price competitiveness, and strengthening its position in the global marketplace.

<b>Date of Establishment</b>	September 1946
<b>President &amp; CEO</b>	Nam Gyu Cha
<b>Major Businesses</b>	Life insurance, asset management, mortgage loans, personal loans
<b>Website</b>	www.hanwhalife.com

## FINANCIAL INFORMATION

(KRW in billions)

	FY2017	FY2016
<b>Total assets</b>	110,313.1	105,331.3
<b>Total liabilities</b>	101,344.0	97,178.8
<b>Capital stock</b>	4,342.7	4,342.7
<b>Other paid-in capital</b>	-438.8	-438.8
<b>Hybrid bond</b>	497.9	-
<b>Other capital composites</b>	1,415.0	1,569.0
<b>Retained earnings</b>	3,152.3	2,679.7
<b>Total shareholders' equity</b>	8,969.1	8,152.5
<b>Sales</b>	17,090.6	15,996.5
<b>Operating income</b>	592.4	304.8
<b>Income before income taxes expenses</b>	691.4	409.0
<b>Net income</b>	525.5	315.1
<b>Shareholdings<sup>1</sup></b>	18.15%	18.15%
<b>Controlling interests<sup>2</sup></b>	43.69%	47.00%

1 Shareholdings are based on the number of common shares  
2 The term 'controlling interests' refers to the percentage of shares held according to standards established by Hanwha Corporation. It includes common shares that are based on all shares issued by Hanwha Corporation and its subsidiaries and affiliated companies as of the end of December 2017.

※ Based on separate financial statements (Hanwha Techwin is based on consolidated financial statements)

# 43.24%

**Hanwha Corporation Shareholdings**  
(including a stake of 25.09% in Hanwha Engineering & Construction, as of December 31, 2017)

## Hanwha Chemical

Hanwha Chemical was the South Korean chemical industry's very first player to produce polyvinyl chloride. It also increased its presence in the global marketplace by being the first domestic player to enter the petrochemical market in the Middle East. Its overall goal is to leverage its experience and expertise in the photovoltaic business to become a world leader in the chemical industry.

<b>Date of Establishment</b>	August 1965
<b>President &amp; CEO</b>	Chang Bum Kim
<b>Major Businesses</b>	Polyethylene (PE), Polyvinyl chloride (PVC), Chlor-alkali (CA), photovoltaics
<b>Website</b>	hcc.hanwha.co.kr

### FINANCIAL INFORMATION

(KRW in billions)

	2017	2016
Current assets	1,210.5	1,178.9
Non-current assets	6,273.1	6,153.7
<b>Total assets</b>	<b>7,483.6</b>	<b>7,332.6</b>
Current liabilities	1,473.4	1,349.7
Non-current liabilities	1,312.4	1,749.0
<b>Total liabilities</b>	<b>2,785.8</b>	<b>3,098.6</b>
Capital stock	829.7	829.7
Capital surplus	712.3	712.3
Accumulated other comprehensive income	51.5	35.8
Retained earnings	3,104.4	2,656.2
<b>Total shareholders' equity</b>	<b>4,697.8</b>	<b>4,233.9</b>
Sales	3,965.4	3,482.8
Operating income	588.4	400.3
Income before income taxes expenses	638.4	399.3
Net income	503.3	352.0
Shareholdings <sup>1</sup>	36.13%	36.13%
Controlling interests <sup>2</sup>	36.13%	36.13%

## Hanwha Techwin (Currently, Hanwha Aerospace)

Hanwha Techwin was established in 1977 to engage in the aircraft engine and film camera businesses. Since its founding, it has pursued business diversification based on its optical and imaging technologies and platform technologies in the area of aircraft engines. It currently engages in the aircraft and gas turbine engine, defense, energy equipment, security, and industrial machinery businesses. As a member of Hanwha Group, boasting more than sixty years of expertise in the field of manufacturing, Hanwha Techwin continues to lay the foundations for its sustained growth and customer value creation, based on its broad market insights, commitment to high-quality, and a stable financial structure.

<b>Date of Establishment</b>	August 1977
<b>President &amp; CEOs</b>	Hyun Woo Shin
<b>Major Businesses</b>	Video security and surveillance cameras, industrial and energy equipment, aircraft engines, self-propelled artillery.
<b>Website</b>	www.hanwhaaerospace.co.kr

### FINANCIAL INFORMATION

(KRW in billions)

	2017	2016
Current assets	2,835.1	2,780.2
Non-current assets	2,912.5	2,872.2
<b>Total assets</b>	<b>5,747.6</b>	<b>5,652.4</b>
Current liabilities	2,140.6	1,968.6
Non-current liabilities	1,426.1	1,343.1
<b>Total liabilities</b>	<b>3,566.7</b>	<b>3,311.7</b>
Capital stock	265.7	265.7
Capital surplus	186.8	188.5
Accumulated other comprehensive income	435.8	534.9
Retained earnings	1,291.1	1,350.0
<b>Total shareholders' equity</b>	<b>2,181.0</b>	<b>2,340.8</b>
Sales	4,215.5	3,518.9
Operating income	82.9	150.7
Income before income taxes expenses	17.8	418.5
Net income	-47.7	345.9
Shareholdings <sup>1</sup>	32.68%	32.35%
Controlling interests <sup>2</sup>	32.68%	32.35%

## Hanwha Engineering&Construction

As a general construction company that is primarily involved in the areas of civil engineering, architecture, and plants, Hanwha Engineering & Construction continues to grow based on proven track record and technologies. The company has enjoyed an average annual growth rate of 20% since 2002.

It aims to become a global construction company by 2020, under the vision of 'Design the World'.

<b>Date of Establishment</b>	July 2002
<b>President &amp; CEO</b>	Kwang Ho Choi
<b>Major Businesses</b>	Architecture and housing construction, urban development, industrial plants, civil engineering, and water treatment
<b>Website</b>	www.hwenc.co.kr

### FINANCIAL INFORMATION

(KRW in billions)

	2017	2016
Current assets	2,278.7	2,853.6
Non-current assets	3,418.2	3,925.4
<b>Total assets</b>	<b>5,718.5</b>	<b>6,779.0</b>
Current liabilities	2,597.0	3,161.3
Non-current liabilities	1,559.3	1,726.8
<b>Total liabilities</b>	<b>4,156.3</b>	<b>4,888.2</b>
Capital stock	153.1	153.1
Capital surplus	230.8	230.8
Accumulated other comprehensive income	109.8	152.1
Retained earnings	1,068.5	1,354.8
<b>Total shareholders' equity</b>	<b>1,562.2</b>	<b>1,890.8</b>
Sales	3,199.1	2,833.1
Operating income	141.4	127.1
Income before income taxes expenses	-230.5	326.3
Net income	-181.9	273.2
Shareholdings <sup>1</sup>	100%	100%
Controlling interests <sup>2</sup>	100%	100%

## Hanwha Hotels & Resorts

Hanwha Hotels & Resorts is a comprehensive, premium-level leisure and food services company. In addition to operating South Korea's largest condominium chain with twelve resorts, 126-hole golf courses both at home and in Japan, luxury boutique hotels, and water parks and aquariums, it manages a large number of dining, catering, and banquet facilities.

<b>Date of Establishment</b>	March 1979
<b>President &amp; CEOs</b>	Seok Moon, Tae Ho Kim, Young Cheol Kim
<b>Major Businesses</b>	Resorts, hotels, leisure, food services
<b>Website</b>	www.hwrc.co.kr

### FINANCIAL INFORMATION

(KRW in billions)

	2017	2016
Current assets	157.7	121.5
Non-current assets	2,207.3	2,169.7
<b>Total assets</b>	<b>2,365.0</b>	<b>2,291.2</b>
Current liabilities	774.0	795.3
Non-current liabilities	925.6	749.8
<b>Total liabilities</b>	<b>1,699.5</b>	<b>1,545.1</b>
Capital stock	115.9	115.9
Capital surplus	420.2	420.2
Capital adjustments	-13.6	-13.6
Accumulated other comprehensive income	9.9	14.5
Retained earnings	133.2	209.1
<b>Total shareholders' equity</b>	<b>665.5</b>	<b>746.1</b>
Sales	1,090.1	1,057.9
Operating income	8.3	13.0
Income before income taxes expenses	-33.5	11.5
Net income	-34.8	7.7
Shareholdings <sup>1</sup>	50.62%	50.62%
Controlling interests <sup>2</sup>	68.22%	68.22%

# 36.13%

Hanwha Corporation Shareholdings  
(as of December 31, 2017)

# 32.68%

Hanwha Corporation Shareholdings  
(as of December 31, 2017)

# 100%

Hanwha Corporation Shareholdings  
(as of December 31, 2017)

# 50.62%

Hanwha Corporation Shareholdings  
(as of December 31, 2017)





Mid-long term annual sales growth rate target (by 2022)

18.4%

## Explosives Business

### New challenges of the Explosives Business going global

Hanwha Corporation is acknowledged for its world-class technological acumen and safety in the explosives business. We mainly provide industrial explosives as well as explosives applications, chemicals, and fireworks that are leading both domestic and overseas markets. Based on independently developed technologies and solid trust, we are now entering the global market. Based on 60 years of experience and technology, Hanwha Corporation's explosives business is now going global.

### Industrial Explosives - Domestic

Founded in 1952, Hanwha Corporation became the first Korean company to succeed in the production of dynamite in 1958. Since then, we have steadily enhanced our competitiveness in the industrial explosives business through continuous R&D and automation. Much of our domestic revenue is currently based on products from our tunnel, mine drilling, and blasting businesses. The company is prepared to propel again as a total solutions provider for the industrial explosives market.



### Chemicals

Since the completion of a state-of-the-art nitric acid manufacturing facility in 1991, Hanwha Corporation has been supplying high-quality grades of nitric acid to many customers in Korea, and increasing its volume of exports to Japan, Taiwan, and other Southeast Asian countries. By supplying high-quality liquid ammonium nitrate as a raw material for industrial explosives, Hanwha Corporation's Onsan plant has been contributing to the building and expansion of Korea's national infrastructure. Our liquid ammonium nitrate is also used for medical and semiconductor processes and the production of medical gases. The main use of the ammonia that is imported and sold by Hanwha Corporation is for bio food technologies and high-purity industrial gases. It is also supplied to the De-NOx facilities in major thermal power plants in Korea.



### Cladding

Hanwha Corporation has been developing the explosives applications business based on its explosives manufacturing technologies that it has been collecting and compiling for the past half century. It particularly boasts the nation's leading technologies in the cladding business. We produce economical, highly-durable materials with a technology that bonds different kinds of metals together by using high impact energy generated from the explosion of gunpowder. We then supply them as core materials for chemical and power generation plants. We are also working to expand our global operations following the invigoration of overseas plant construction and overseas nuclear projects.



### Fireworks

We have been dedicated to elevating the standard of fireworks presentation technologies for customer satisfaction since 1964. Such efforts include developing an ever-increasing variety of newer fireworks programs and constant research in the arena of effective launching systems. We have also pioneered a new field called multimedia fireworks for the first time in Korea. Multimedia fireworks are accomplished by grafting fireworks to multimedia elements that include illumination, laser, and video. We are planning to introduce new-concept performances by combining fireworks with performances, which will facilitate the telling of stories. By participating in a wide spectrum of events at home and abroad, we have been able to demonstrate and publicize our outstanding firework technologies in the global community.



### Explosive Applied Businesses

Hanwha Corporation is adding to the role and value of explosives through a broad range of explosive applied businesses. We have succeeded in the localization of its components and marketing in the global market. Furthermore, we are leveraging our years of experience in the area of demolition methods to provide our customers in the international civil engineering sector with the finest in technologies and engineering capabilities. Finally, we have built the Mining Services Technology Institute (MSTI) to promote the use of explosives in a wide variety of applications and conditions.



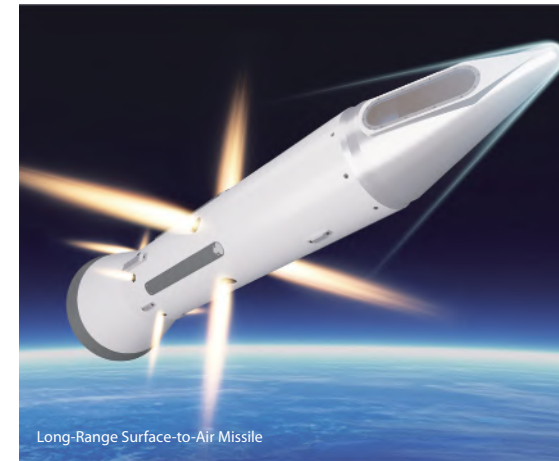
### International Explosives Division

The Explosives Division has been continuing to expand its overseas sales of products to mining and construction market leveraging its 60 years of experience and its technical and price competitiveness. Based on this growth, Hanwha Mining Services was established to provide Ammonium Nitrate, Explosives, and comprehensive blasting services to large-scale western mining companies. Hanwha Mining Services have achieved tangible performances such as winning service contracts in Indonesia, exporting plants to Vietnam and acquiring Mining services company in Australia. Explosives Division has established subsidiaries and local production bases in key mining markets such as Australia, Asia and Latin America, accelerating expansion of international business to provide optimized services for its global customers.

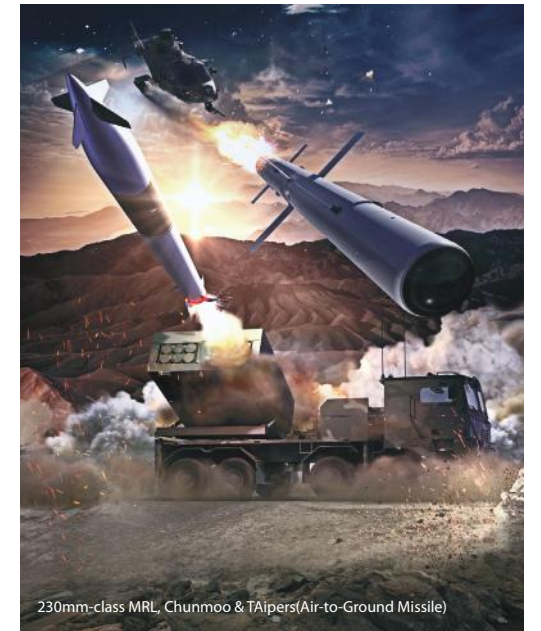


**Precision  
Guided  
Munition**

Hanwha Corporation/Defense is participating in the development of cutting edge precision guided weapon system to strengthen self-sufficiency in national defense and construct Korean three-axis system carried out by the Korean government.



Long-Range Surface-to-Air Missile



230mm-class MRL, Chunmoo & TAipers (Air-to-Ground Missile)

To become nation's No.1 producer of ammunition and guided munitions in 2020

**No. 1**

# Defense Business

**South Korea's flagship defense contractor, contributing to national defense and peace**

Hanwha Corporation aspires to rank first in the domestic sales of precision guided munitions and ammunition business by 2020. It is also driven to become one of the world's top 30 defense contractors by 2025 under the corporate vision to be 'Trusted global partner providing innovative defense solutions'. To this end, we are enhancing our competitiveness in key businesses through sustained investment in R&D, and advancing our competitiveness in weapon systems through institutional innovations and risk factor management. We are also dedicated to achieving our mid- to long-term goals. This is mainly done by making diversified attempts to expand our overseas businesses and becoming an organization that develop new growth engines such as navigation system and laser equipment.

**Key parts of  
guided munition**

We are carrying out the development of advanced products including the key parts of guided munitions such as INS, propulsion system, laser range finder, etc.



Navigation System Based On Micro Electro Mechanical System



Navigation system Based On Ring Laser Gyroscope



Laser Range Finder

### Ammunition

We are currently developing guided ammunition that can pinpoint strike targets as well as intelligent ammunitions that are capable of identifying targets, while conducting research to enhance the performance of existing ammunitions. In addition, we are dedicated to the operational deployment of new ammunitions that correspond with changes in the battlefield, including decreases in military power and the number of soldiers on duty.



Remote Control Muniton System



Wide Area Denial Muniton



Improved 2.75 inch rocket

81mm Mortar Ammunition With Improved Fragmentation Performance



70mm MRL



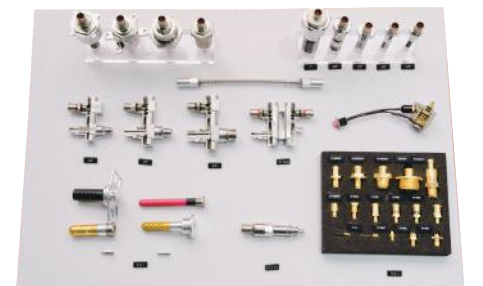
Propelling Charges

### Key Components of Ammunitions

We have unrivalled technologies in the fields of fuses and propelling charges, which are key components in ammunitions. We also boast innovative technology in the area of pyrotechnics that consists of a variety of explosives.



Fuzes



Pyrotechnics



emerged as the nation's largest player in the defense industry, based on its innovation and integrated capabilities in ammunitions and combined weapon systems.

This successful advancement was achieved by launching Hanwha Techwin(formerly Samsung Techwin, currently Hanwha Aerospace), a precision machinery supplier that produces the K-9 self-propelled artillery as well as aircraft engines and parts and Hanwha Thales(formerly Samsung Thales, currently Hanwha Systems), a defense electronics company, in June 2015. The following year, Hanwha Defense(formerly Doosan DST), a leader in integrated defense systems including mobility equipment, joined Hanwha Group.



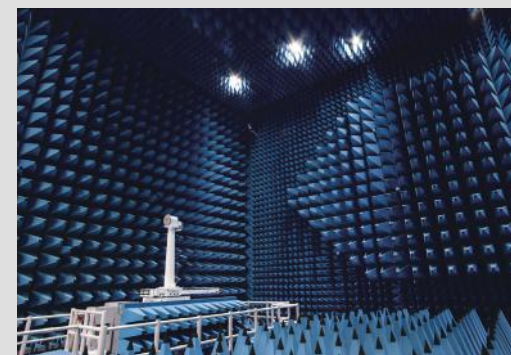
### Hanwha Aerospace

Hanwha Aerospace is a precision technology company that has maintained stable growth. Currently, it engages in the aircraft and gas turbine engine, and has signed long-term contracts with global aircraft engine manufacturers for the supply of engine components and modules. With the new name from 2018, Hanwha Aerospace enhances its position as a global partner in the aircraft engine components.



### Hanwha Land Systems

Hanwha Land Systems has been taking on large-scale projects for the national defense of South Korea for many years. As a result, we've accumulated both invaluable experience and defense. Our focus has been on developing cutting-edge products that include unmanned systems and remote controlled weapon stations. We have also exported the K9 self-propelled howitzer – a weapon that has gained reputation for excellence in military markets including Turkey, Poland, Finland, India and Norway.



### Hanwha Systems

Hanwha Systems is committed to developing cutting-edge weapon systems that will play a key role in network-oriented modern warfare. Building on its unrivalled precision electronics and software-based technologies and expertise in areas such as radars, electron optics, battle systems, and command, control and communications, it is leading the advancement of South Korea's defense industry.



### Hanwha Defense

Hanwha Defense is a global leader in integrated defense systems and offers total solutions for national defense. It is expanding its business spheres by shifting from initial mobility equipment to anti-aircraft, guided, and launching systems, precision navigation, and laser areas. This involves the development and mass production of major combat and combat support equipment, in addition to precision navigation equipment that is loaded onto approximately 40 launching systems and 30 weapon systems for the armed forces.



Overseas subsidiaries(11) & Representative Offices(17)

# 28 networks

## Trade Business

**Serving as the bridgehead toward global market**

Trade Division is concentrating its effort on businesses such as Petroleum and Defense that it owns competitive expertise and can bring out synergy with Hanwha Group subsidiaries. At the same time, it's concentrating on reinforcing its competencies in domestic businesses that it holds market leading capability such as Industrial Machineries/Steel/Agricultural. Furthermore, Trade Division is expanding its business model toward project businesses including healthcare (hospital system export), infrastructure construction. With carrying out diverse businesses ranging from conventional trading to resource development and project businesses, Trade Division serves as a bridgehead of Hanwha Group's expansion toward global market.



### Oil and Chemical Business

The Oil and Chemical Department is the only oil and petrochemical trader in South Korea to have achieved vertical integration from crude oil and condensates to refined oil products, basic petrochemicals, and synthetic resins. Its extensive business portfolio includes the import, domestic sales, export, and cross trade of oil products (naphtha, fuel oil); petrochemicals (ethylene, propylene, BTX, and methanol); synthetic resins (PO, PVC, PS); and inorganic chemicals (solar salt, refined salt, caustic sodas, sodium cyanide, fertilizers). The Department is advancing into new markets in South America, Africa, Europe, and the CIS region, while expanding its presence in the Chinese and Southeast Asian markets. To better respond to changes in the market and improve the stability of its businesses, the Department has endeavored to develop new strategic items, strengthen partnership with customers, and expand its value chains. The Oil and Chemical Department is consolidating its position as the top trader in the oil and petrochemical sector by providing total solution services to its customers around the globe.

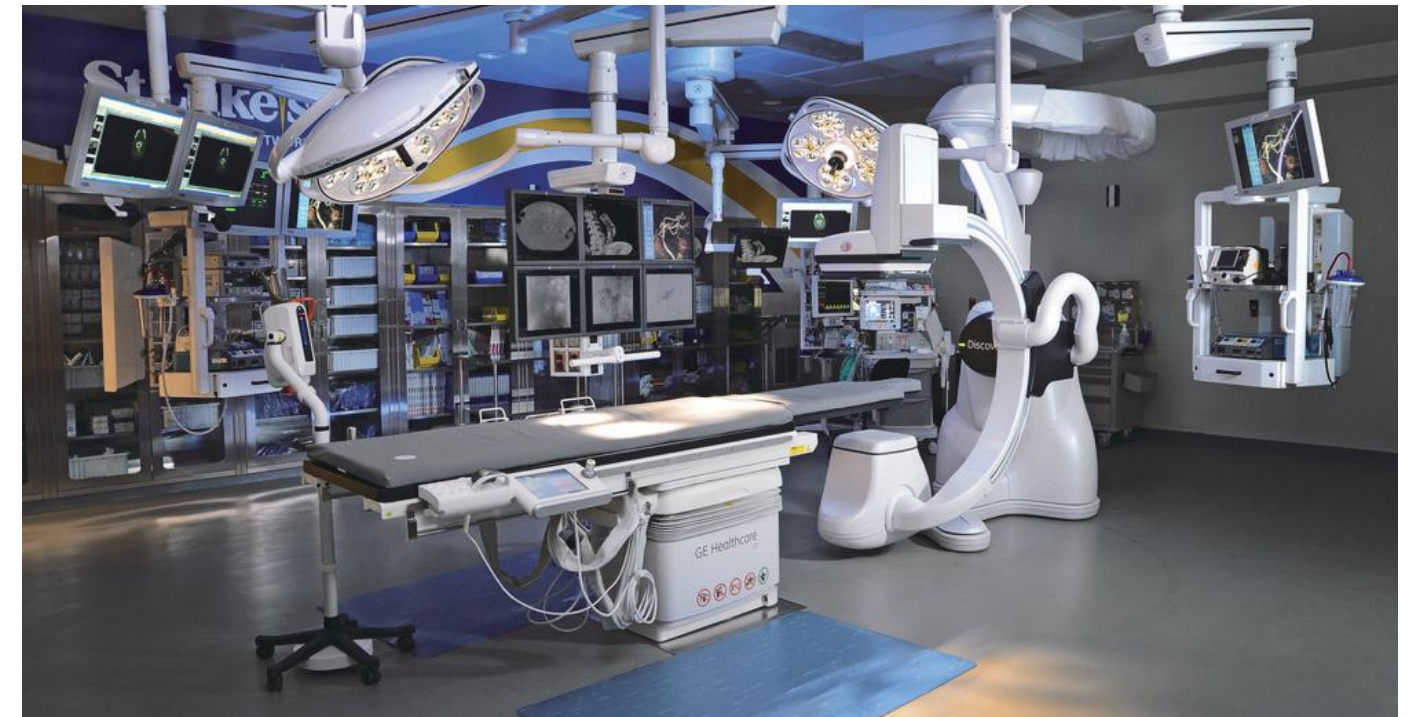
## Machinery/ Metal Business

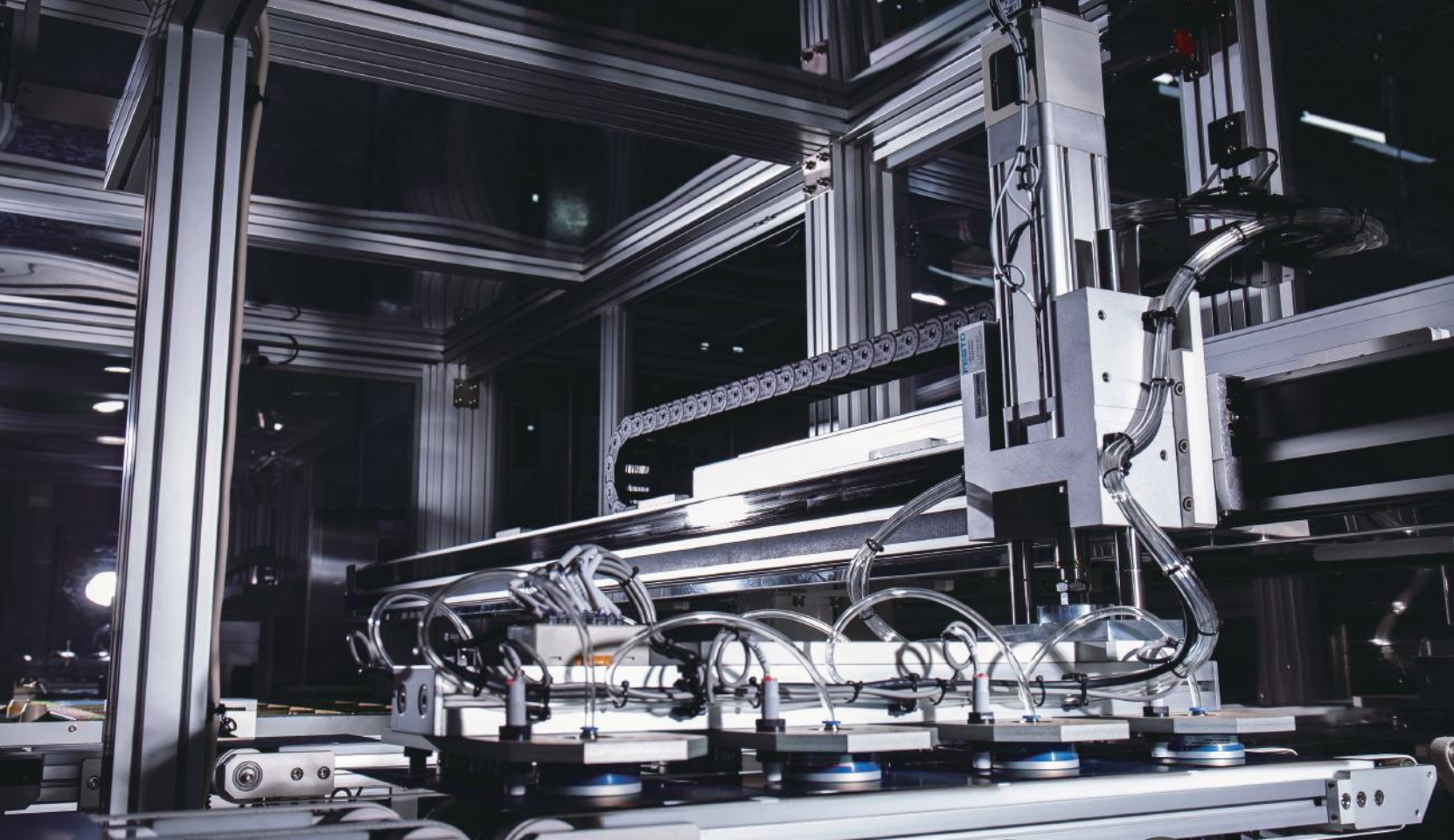
Machinery/Metal Department is carrying out trade business including tripartite trade concerning wide range of machinery/metal business including bearing, industrial machinery, defense and steel. Especially regarding defense systems, Machinery/Metal Department provides extensive range of defense systems ranging from individual protection gear to surveillance system and battlefield management system. Other than that, Machinery/Metal Department established market leading capability in industrial machinery and steel business through its sourcing capability coming from extensive global network and long-term know-how accumulated in domestic market. Also, Machinery/Metal Department is seeking out joint foreign market development with its core suppliers.



## Merchandise Business

Merchandise Department is developing wide range of businesses ranging from industrial merchandise to living essentials including hospital/healthcare facility supply, industrial/plant, agricultural and building materials. Machinery/Metal Department possesses diverse business models ranging from conventional trade to project businesses, among project businesses, Machinery/Metal Department is focusing on Turn-key transfer of hospital systems, energy/transportation infrastructure project and diverse automation facility projects. Additionally, concerning Trading, Merchandise Department carries out diverse types of businesses. It supplies Chilean pork under its own brand, 'True Andes Pork', jointly developed with the global food company Agrosuper and it deals with diverse building materials including interior, exterior, and subsidiary materials and it also deals with agricultural trading including soybean, rice and nuts, etc.





Mid- to long-term operating margin target

10%

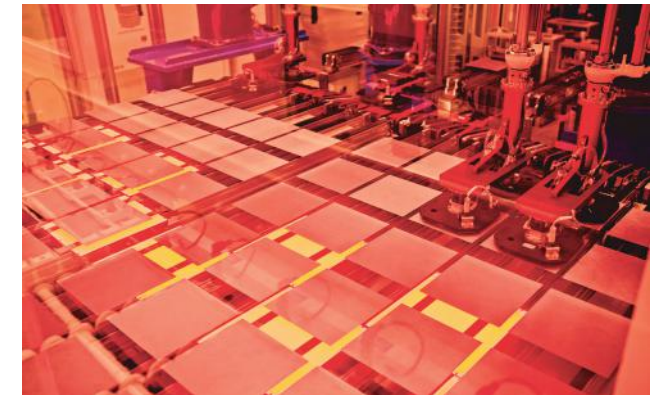
# Machinery Business

Providing total engineering solutions for the development of human societies

Hanwha Corporation's machinery business activities are based on its state-of-the-art thermal, automation, and precision processing technologies. It is growing into a global player in the machinery field by continuously adding to its business territories, diversifying its portfolio, and securing technologies.

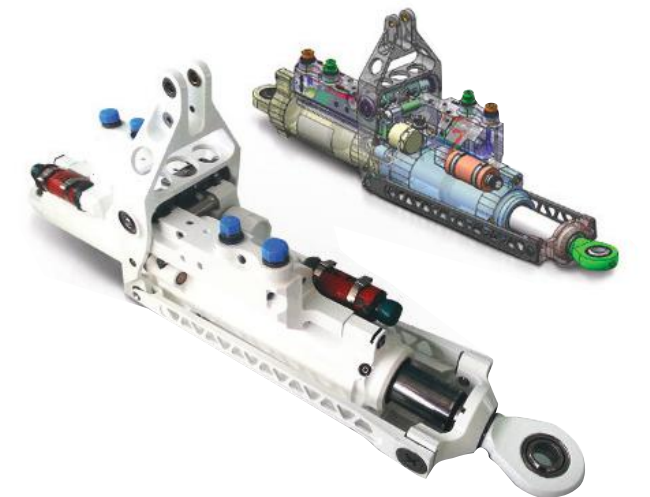
## Solar

Hanwha Corporation has advanced into the photovoltaic equipment market with its thermal, automation, and precision processing technologies that have been accumulated for more than a half century. Hanwha won recognition for its sophisticated technology by carrying out turnkey projects for cell and module manufacturing facilities. It is growing into the world's leading maker for supplying solar cell production facilities after successfully providing facilities for Jincheon cell process lines and Eumseong module lines of Hanwha Q CELLS.



## Aerospace

Hanwha Corporation has evolved into a major player in South Korea's aerospace and defense sectors, specializing in the manufacture of hydraulic components and flight control actuation and fuel systems. Boasting state-of-the-art technologies that have enabled us to obtain a domestic Defense Quality Management System certificate and a wide range of international-standard quality certifications, we are committed to ongoing technological advancement, development, and innovation.





## Machine tools

Hanwha Corporation launched its machine tools business in 1977, developing South Korea's first generation of automatic lathes in 1983. It has also attained an unrivalled level of technological superiority over its competitors through the manufacture of combined- and turret-type automatic lathes that meet the needs of users through constant R&D efforts. In addition, it is becoming a recognized player in the international machine tools industry through an assertive program of globalization based on its accumulated experience over the past 50-plus years. This includes establishing subsidiaries in the United States and China, as well as an office in Europe.



## Factory Automation

Hanwha Corporation has been a reputable supplier of logistics systems both at home and abroad for the past forty-five years, while leading logistics innovations in production fields, based on its rich experience, track records, and technologies. In particular, we have presented a new logistics paradigm by successfully completing the world's first fully-automated tire handling system. We also provide total engineering solutions through an integrated program of logistics consulting, designs, installations, and post-management services.



## Powertrain

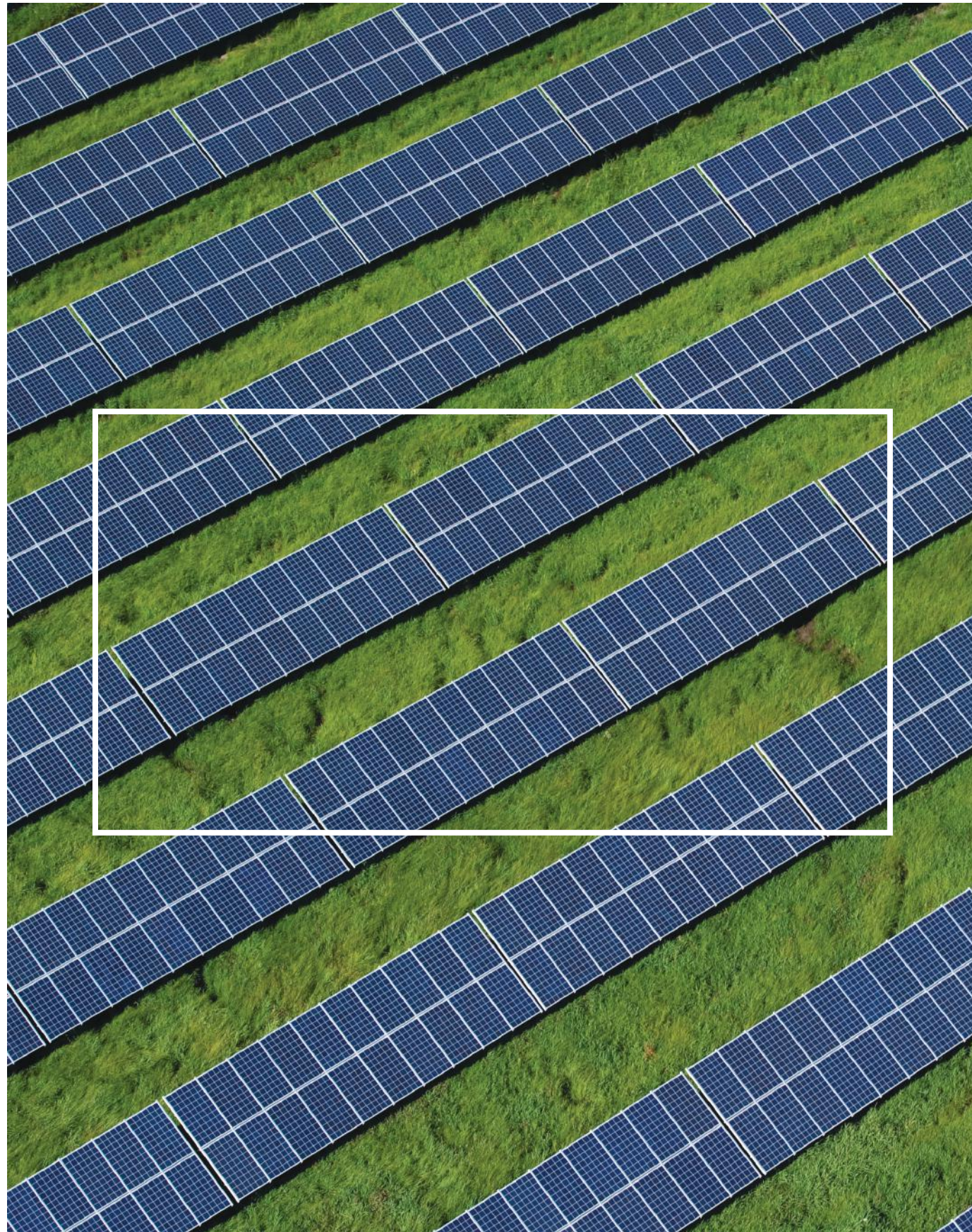
Through the partnership with leading automobile and heavy industry companies such as GM, Ford, Chrysler, and Hyundai, Hanwha Corporation has become a well-trusted supplier of automobile, heavy machinery engine and transmission assembly lines around the world, including the United States, China, the Czech Republic, Mexico and Brazil. We are leading in the world market for powertrain equipment through the continuous development of such new and innovative products as flexible production systems and engine and mission testing facilities.



## Plant Machinery

Hanwha Corporation launched an industrial furnace business in 1976, manufacturing such highly-regarded products as steel and thermal treatment furnaces and display ovens. Our state-of-the-art technologies include thermal and drive systems, as well as vacuum, atmosphere-controlled, and line control systems. Our lineup of future growth items includes carbon materials manufacturing furnaces, slit coaters, high-temperature furnaces for OLED, RDF manufacturing lines, and wood pellet manufacturing lines.





# Creating Environmental Values



## ECO-YHES

The term ECO-YHES refers to Health, Environment, and Safety, with "YES" taking the form of a forest to symbolize the environment. Our overall goal is to demonstrate our commitment to sustainable management and fulfilling our social responsibilities.

### A unique environment management system monitoring health, environment, and safety collectively

Green sustainable growth through low carbon emission

Hanwha Corporation was the very first company in South Korea to carry out an environmental preservation campaign that happened in 1991. We developed it even further by using it as the basis for our ECO-YHES health, environment, and safety programs and processes that we put in place in 2000. Our leadership in preserving and protecting the environment also includes putting environmental management systems in place at all our worksites. We also take part in 'green' corporate activities, including a one company-one river program and environmental conservation projects that are carried out by local governments. We monitored the management conditions of all our worksites in 2012. We also put the finishing touches to our environmental, safety, and health management system by building an environmental, safety, health, and greenhouse gas IT system. In keeping with the central government's 'low-carbon green growth' policy, we are working to help resolve such environmental problems as climate change and global warming. This includes striking a task force to study low-carbon, 'green' growth, building an in-house greenhouse gas inventory, and improving our level of energy efficiency. We generate a large amount of nitrous oxide (N<sub>2</sub>O), a greenhouse gas that is produced when we make nitric acid at our Onsan plant. We reduced this amount by more than 200,000 tons annually by installing N<sub>2</sub>O reduction facilities in 2006. It should be the top priority commitment for a global company to sustain a green environment for the next generation.





# Building A Bright Community

**Social contribution initiatives aiming at 'further together' rather than 'faster alone'**

Culturing a healthier community with good neighbors

Hanwha Corporation is committed to creating a world that is more beautiful for all future generations. From our inception we have committed ourselves to social contribution activities. We have reshifted from simply assisting the underprivileged to truly fulfilling our role as a responsible corporate citizen by finding new ways to put the true meaning of sharing into practice. Our social contribution activities are funded by a matching grant program through which we provide donations in proportion to the amount voluntarily raised by our employees every month with a matching ratio of 150%. We also operate a paid volunteer system that actively supports voluntary service activities by our employees. This allows them to engage in these activities even during their working hours. Our goal is to develop a culture in which our employees voluntarily participate in CSR activities and where the company actively encourages them to do so.





# Fostering Creative Human Resources

## Implementing HR programs for employee top-grading Nurturing creative youths to lead global markets

Hanwha Corporation believes that human resources are the very core of its corporate competitiveness. Accordingly, we are implementing active HR programs, aiming for the top grading of all our employees. This is to foster high-caliber global talents with competitiveness and creative thinking. These include providing opportunities to study abroad, and regional expert courses that dispatch outstanding employees to every region of the world. We are also operating a variety of educational programs such as science and engineering graduate school courses, employee skill improvement courses, and job training by internal and external lecturers in an effort to nurture excellent technological human resources. Likewise, we are devoted to seeking out excellent human resources by utilizing strategic employment. We continue to recruit outstanding R&D personnel who majored in science and engineering and cultivate customized talents by building an industryacademia network. We are also equipped with a framework that enables the hiring of quality human resources at all times by constructing databases for professional pools by field. We hire new recruits regardless of their academic backgrounds, gender, or birthplace, preferring to focus instead on their native abilities and their potential for growth. We are committed to helping them develop into experts in their various fields through the development of a competency- and performance-based management culture.



## Subsidiaries

### Hanwha (H.K.) Co., Ltd.

Unit 2201, 22/F Golden Centre, 188 Des Voeux Road Central, HongKong  
T 852-2169-0617 | F 852-2529-4678

### Hanwha International (Shanghai) Co., Ltd.

21F, New Caohejing international business center A, No.391 Guiping Road, Shanghai 200233, China  
T 86-21-5401-6089 | F 86-21-3209-2312

### Hanwha TechM (Suzhou) Co., Ltd.

North Side of Sigang Segment, Zhangyang Road Zhangjiagang Economic and Technology Development Zone, Zhangjiagang, Jiangsu 215600, China  
T 86-512-8959-8910 | F 86-512-8959-8365

### Hanwha Q CELLS Japan Co., Ltd

Hanwha Building, 8th Floor 10-1 Shiba 4-chome Minato-ku, Tokyo 108, Japan  
T 81-3-5441-5900 | F 81-3-5441-5921

### Hanwha Mining Services Singapore Pte. Ltd.

8 Cross Street, #10-00 65 PWC Buliding, Singapore  
T 65-8332-4313

### Hanwha International (Singapore) Pte. Ltd.

4 Shenton Way #15-05/06 SGX 2 Center Singapore 068807  
T 65-6227-2754 | F 65-6227-9337

### Hanwha International India Pvt. Ltd.

No.35, 3rd Floor, Maker Chamber III, Nariman Point, Mumbai 400 021, India  
T 91-22-2204-3718 | F 91-22-2204-0281

### NBL (PT. NANTOY BARA LESTARI)

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T 62 21 6288585

### PT. Hanwha Mining Services Indonesia

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T 62-21-2930-8840

### S&P World Networks DMCC

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T 1-609-655-2500(775)

### Eagle Petroleum, LLC

Triangle Building, Suite 220, 5201 California Avenue Bakersfield, CA 93309, USA  
T 1-661-873-4688 | F 1-661-873-4689

### Hanwha TechM USA LLC

1500 East Highwood, Pontiac, MI 48340, USA  
T 1-248-588-1242 | F 1-248-588-1246

### Hanwha Machinery America Inc.

9750 South Oakwood Park Drive, Franklin, WI 53132, USA  
T 1-414-421-2300

### Universal Bearings LLC

431 N Birkey St, Bremen, IN 46506, USA  
T 1-574-546-2261(265)

### Hanwha Europe GmbH

www.hanwha.de  
Kolner Strabe 10 65760 Eschborn, Germany  
T 49-6196-5016-38 | F 49-6196-5016-90

### Hanwha Mining Services Australia Pty Ltd.

Unit 3, 47 Forrest Street, Subiaco WA 6008  
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### Hanwha Mining Services Chile SPA

Cerro El Plomo 5630, Piso 9 Las Condes Santiago, Chile  
T 56-2-2666-4231

### Hanwha International Peru S.A.C.

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S. Widjojo Building, 9th Floor J.L.Jend Sudirman 71 Jakarta 12190, Indonesia  
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### Hanwha Corporation

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### Hanwha Corporation

Tehran Representative Office  
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### Hanwha Corporation

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### Hanwha Corporation

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Rizariou 2A and Mikras Asias 66 Chalandri Athens 15233, Greece  
T 30-210-685-8280 | F 30-210-685-8240

### Hanwha Europe GmbH

Budapest Representative Office  
Dayka Gabor U.3 Rubin Business Center Room 204, 1118, Budapest, Hungary  
T 36-1-319-3237 | F 36-1-319-3234

### Hanwha Corporation

Moscow Representative Office  
Leninsky Prospekt 113 / 1 Park Place Business Center, Office 212D Moscow 117198, Russia  
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T 90-212-481-4271 | F 90-212-482-7987

### Hanwha Europe GmbH

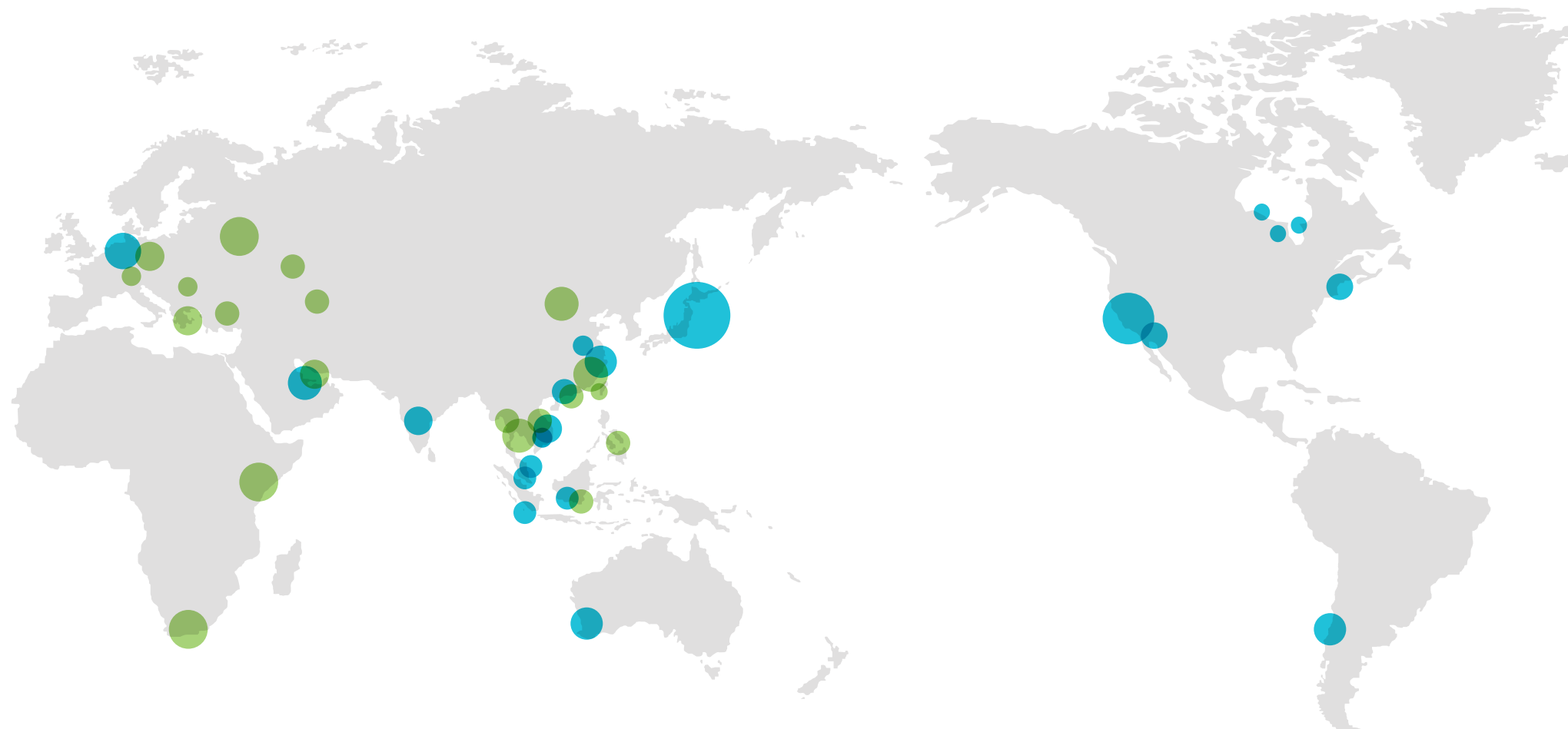
Warsaw Representative Office  
Curtis Plaza 18 Wolska Str., 02-675 Warsaw, Poland  
T 48-660-282-940 | F 48-660-700-810

### Hanwha Corporation

Nairobi Representative Office  
X2, Kamirembe place, Ring road Kilimani, Nairobi, Kenya, Hanwha Corporation  
T 254-774-592-169

### Hanwha International LLC (LA Office)

6000 Phyllis Drive, Cypress, CA 90630  
T 1-562-745-7199



# Hanwha Corporation's Challenge for the Future

1952	10	Founded as Korea Explosives Co., Ltd.
1974	05	Officially designated as a national defense contractor
1976	06	IPO (Capital stock KRW 3,274,000,000)
1993	03	Company name changed to Hanwha Corporation.
1995	01	Merged with Golden Bell Trading Co. (Trade Business)
2002	07	Spun off the Construction Division (Hanwha Engineering & Construction) and Machinery Division (Hanwha Corporation Machinery Division)
2005	05	Signed a business agreement for land development at the Incheon Factory site (1st and 2nd housing sales in 2006 and 2007)
2006	10	Completed the transfer of the Incheon Factory to Boeun
2007	01	Completed the construction of the Comprehensive Research Institute
2008	04	Merged the Gumi and Changwon Factories
2008	12	Received the Gold Tower Industrial Medal and the USD 2 Billion Export Tower Award
2009	09	Completed Asan Factory
2009	11	Opened Hanwha Historical Museum
2010	10	Merged with Microaerobot
2013	07	Launched Hanwha Mining Services
2014	10	Merged with Hanwha TechM (Currently Hanwha Corporation Machinery Division)
2014	11	Signed agreement to acquire Samsung Techwin and Samsung Thales
2015	06	Launched Hanwha Techwin and Hanwha Thales
2016	05	Launched Hanwha Defense (Former Doosan DST)
2017	07	Completed the construction of Hanwha R&D Center (Daedeok)

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## Earnings Summary

In 2017, total revenue amounted to KRW 50.404 trillion, which represents an increase of 7.0% from the previous year. This increase reflects our solid business performance in our explosives, chemical manufacturing and solar energy divisions. Despite the aggravated profitability in construction and solar energy sectors, operating profit surged by 28.0% to reach KRW 2.159 trillion, due to a significant rise in operating profit within the finance division as well as improved profitability of the chemical manufacturing division. As a result, our net income edged up by 1.7% to a record KRW 1.311 trillion at year-end. The comprehensive income totaled KRW 998.2 billion due to a favorable net income, despite having posted other comprehensive losses driven by a loss in the market-to-market valuation of available-for-sale financial assets.

	(KRW in billions)			
	2017	2016	YoY Change	% Change
a. Revenue	50,404.4	47,120.2	3,284.2	7.0%
b. Cost of sales	45,921.1	43,049.7	2,871.4	6.7%
c. Gross profit (a-b)	4,483.3	4,070.5	412.8	10.1%
d. Selling and administrative expenses	2,324.4	2,384.5	(601)	-2.5%
e. Operating profit (c-d)	2,158.9	1,686.0	472.9	28.0%
f. Other operating income/expenses	(370.1)	(496)	(320.5)	-646.2%
g. Finance income/costs	(376.1)	(415.9)	398	9.6%
h. Share of profit of associates	582.5	451.5	131.0	29.0%
i. Profit before income tax (e+f+g+h)	1,995.2	1,672.0	323.2	19.3%
j. Income tax expenses	684.2	383.3	300.9	78.5%
k. Profit (Loss) for the year (i-j)	1,311.0	1,288.7	223	1.7%
l. Other comprehensive income (Loss)	(312.8)	(939.4)	626.6	66.7%
m. Total comprehensive income (Loss) (k+l)	998.2	349.3	648.9	185.8%
n. Earning per share (in KRW)	561.9	684.8	(122.9)	-17.9%

## Revenue and Operating Profit by Business

	2017		2016		YoY Change	
	Revenue	Percentage	Revenue	Percentage	YoY Change	% Change
<b>Revenue</b>	<b>50,404.4</b>	<b>100.0%</b>	<b>47,120.2</b>	<b>100.0%</b>	<b>3,284.2</b>	<b>7.0%</b>
Explosives/Manufacturing	6,847.9	13.6%	5,832.0	12.4%	1,015.9	17.4%
Trading & Wholesale Retails	4,660.1	9.2%	5,917.8	12.6%	(1,257.7)	-21.3%
Petrochemical Production	5,481.1	10.9%	5,044.7	10.7%	436.4	8.7%
Construction	3,864.9	7.7%	3,630.2	7.7%	234.7	6.5%
Leisure/Service	1,473.9	2.9%	1,466.9	3.1%	70	0.5%
Photovoltaic Business	3,432.4	6.8%	4,472.5	9.5%	(1,040.1)	-23.3%
Finance	27,923.5	55.4%	25,254.1	53.6%	2,669.4	10.6%
Others	1,137.4	2.3%	1,216.2	2.6%	(788)	6.5%
Adjustment of consolidated	(4,416.8)	-8.8%	(5,714.2)	-12.1%	1,297.4	22.7%
<b>Operating profit</b>	<b>2,158.9</b>	<b>100.0%</b>	<b>1,685.9</b>	<b>100.0%</b>	<b>473.0</b>	<b>28.1%</b>
Explosives/Manufacturing	310.8	14.4%	352.9	20.9%	(421)	-11.9%
Trading & Wholesale Retails	901	4.2%	385	2.3%	516	134.0%
Petrochemical Production	638.7	29.6%	513.9	30.5%	124.8	24.3%
Construction	393	1.8%	121.4	7.2%	(821)	-67.6%
Leisure/Service	228	1.1%	307	1.8%	(79)	-25.7%
Photovoltaic Business	222	1.0%	278.0	16.5%	(255.8)	-92.0%
Finance	998.7	46.3%	377.9	22.4%	620.8	164.3%
Others	387	1.8%	471	2.8%	(84)	-17.8%
Adjustment of consolidated	(24)	-0.1%	(745)	4.4%	721	96.8%

## Balance Sheet Summary

Total equity grew by 12.2% since last year to KRW 15.965 trillion, which was led by growth in net income in the wake of an increase in operating profit. This growth occurred despite the decrease of other capital surplus and accumulated other comprehensive income following a loss in the valuation of available-for-sale financial assets. While our total liabilities did increase, our growth in net income led to an overall increase in capital. Consequently, our debt-to-equity ratio fell by 85.08% points to 903.43%. Liabilities within the financial business are regarded as both liabilities and assets. Therefore, our debt-to-equity ratio remained at 141.3%, excluding the liabilities of the financial business.

	(KRW in billions)			
	2017	2016	YoY Change	% Change
<b>Current assets</b>	<b>11,619.7</b>	<b>12,431.9</b>	<b>(812.2)</b>	<b>-6.5%</b>
Cash and cash equivalents	2,109.2	2,860.4	(751.2)	-26.3%
Trade and other receivables	5,035.3	4,957.3	780	1.6%
Other current assets	1,784.4	1,859.3	(749)	-4.0%
Inventories	2,690.8	2,754.9	(641)	-2.3%
<b>Non-current assets</b>	<b>16,152.1</b>	<b>16,309.8</b>	<b>(157.7)</b>	<b>-1.0%</b>
Available-for-sale financial assets	478.1	584.0	(105.9)	-18.1%
Investments in associates	2,290.1	1,884.6	405.5	21.5%
Tangible assets	10,176.3	10,327.7	(151.4)	-1.5%
Intangible assets	1,550.6	1,521.6	290	1.9%
Other non-current assets	1,657.0	1,991.9	(334.9)	-16.8%
<b>Assets for financial business</b>	<b>132,423.2</b>	<b>126,129.3</b>	<b>6,293.9</b>	<b>5.0%</b>
<b>Total assets</b>	<b>160,195.0</b>	<b>154,871.0</b>	<b>5,324.0</b>	<b>3.4%</b>
<b>Current liabilities</b>	<b>12,930.7</b>	<b>13,661.2</b>	<b>(730.5)</b>	<b>-5.3%</b>
<b>Non-current liabilities</b>	<b>9,637.8</b>	<b>10,392.1</b>	<b>(754.3)</b>	<b>-7.3%</b>
<b>Liabilities for financial business</b>	<b>121,661.7</b>	<b>116,589.8</b>	<b>5,071.9</b>	<b>4.4%</b>
<b>Total Liabilities</b>	<b>144,230.2</b>	<b>140,643.1</b>	<b>3,587.1</b>	<b>2.6%</b>
Capital stock	489.6	489.6	-	0.0%
Capital surplus	547.2	670.9	(123.7)	-18.4%
Capital adjustments	383	382	1	0.3%
Accumulated other comprehensive income	101.2	214.2	(113.0)	-52.8%
Retained earnings	3,365.1	2,995.3	369.8	12.3%
Non-controlling interest	11,423.4	9,819.7	1,603.7	16.3%
<b>Total equity</b>	<b>15,964.8</b>	<b>14,227.9</b>	<b>1,736.9</b>	<b>12.2%</b>
<b>Total liabilities and equity</b>	<b>160,195.0</b>	<b>154,871.0</b>	<b>5,324.0</b>	<b>3.4%</b>
<b>Liability-to-equity ratio</b>	<b>903.43%</b>	<b>988.50%</b>	<b>-85.08%</b>	

## Cash Flows

At the end of 2017, the company had KRW 2.895 trillion in cash and cash equivalents, a decline of 23.2% from the previous year. This decline was due to a decrease in cash flow from our operating activities, and cash outflow from our investment activities following the acquisition of held-to-maturity financial assets. Cash flow from our financing activities also dropped by KRW 304.9 billion, reflecting a decrease in new loan as part of our efforts to reduce borrowings, and the repayment of existing borrowings.

	(KRW in billions)			
	2017	2016	YoY Change	% Change
<b>I. Cash flow from operating activities</b>	<b>5,138.5</b>	<b>6,097.3</b>	<b>(958.8)</b>	<b>-15.7%</b>
Cash generated from operations	388.3	3,265.4	(2,877.1)	-88.1%
Interest & Dividends received from financial business	5,286.2	3,533.1	1,753.1	49.6%
Interest paid in financial business	(826)	(783)	(43)	5.5%
Income tax paid	(453.4)	(622.9)	169.5	-27.2%
<b>II. Cash flow from investing activities</b>	<b>(5,665.8)</b>	<b>(5,857.3)</b>	<b>191.5</b>	<b>-3.3%</b>
Acquisition of tangible & intangible assets	(1,125.7)	(1,282.1)	156.4	-12.2%
Disposal of tangible & intangible assets	128.2	178.9	(507)	-28.3%
Acquisition of associates' stocks	(269.6)	(215.6)	(540)	25.0%
Disposal of associates' stocks	198	571	(373)	-65.3%
Increase(Decrease) in held-to-maturity financial assets	(5,594.4)	-	(5,594.4)	
Increase(Decrease) in value of available-for-sale financial assets	1,234.5	(3,484.8)	4,719.3	-135.4%
Increase(Decrease) in other financial assets	109.4	(325.9)	435.3	-133.6%
Interest and dividends received	258.0	197.9	601	30.4%
Others	(426.0)	(982.8)	556.8	-56.7%
<b>III. Cash flow from financing activities</b>	<b>(304.9)</b>	<b>1,294.7</b>	<b>(1,599.6)</b>	<b>-123.5%</b>
Increase in Borrowings and others	6,134.7	7,555.5	(1,420.8)	-18.8%
Repayment of Borrowings and others	(6,706.6)	(6,141.2)	(565.4)	9.2%
Increase in paid-in capital	-	375.3	(375.3)	
Interest and dividends paid	(446.9)	(505.6)	587	-11.6%
Others	713.9	107	703.2	6572.0%
<b>IV. Increase in cash and cash equivalents</b>	<b>(832.2)</b>	<b>1,534.7</b>	<b>(2,366.9)</b>	<b>-154.2%</b>
<b>V. Beginning cash and cash equivalents</b>	<b>3,769.0</b>	<b>2,244.2</b>	<b>1,524.8</b>	<b>67.9%</b>
<b>VI. Change in cash due to foreign currency translation</b>	<b>(422)</b>	<b>(99)</b>	<b>(323)</b>	<b>326.3%</b>
<b>VII. End cash and cash equivalents of the year</b>	<b>2,894.6</b>	<b>3,769.0</b>	<b>(874.4)</b>	<b>-23.2%</b>



## Current Status of Equity-Method Securities

The company invested in a number of domestic and overseas businesses based on its management strategies for diversification and new businesses. The book value of our equity-method securities was KRW 2,458 trillion at the end of 2017. Our equity gains on our investments amounted to KRW 582.5 billion due to recording KRW 581.3 billion in equity method gains from Yeochun NCC and Hanwha General Chemical.

	Percentage of ownership(%)	Ending Balance	Equity gain(loss) on investments
YECHUN NCC Co., Ltd.	50.00	770.6	383.2
Hanwha Investment&Securities Co., Ltd.	39.88	186.3	(29)
Hanwha General Chemical Co., Ltd.	36.05	971.3	198.1
Others		529.7	41
		<b>2,457.9</b>	<b>582.5</b>

## Dividend Policy

In 2017, reflecting an increase in our net income over the year, the dividends amounted to KRW 600 per common share, KRW 650 per prior preferred share, and KRW 646 per third preferred share, similar to the previous figures.

We also procured the necessary investment funds to continue our business on an ongoing basis while also undertaking investment activities using our internal reserves for growth potential. This included KRW 5.7 billion in legal reserve. The reserves are part of our sustained efforts to provide a higher rate of return to our shareholders.

	2017	2016	YoY Change	% Change
Dividend amount from appropriation of surplus	56.3	57.0	(7)	-1.2%
Dividend per share (in KRW)				
Common	600	600	-	0.0%
1st Preferred	650	650	-	0.0%
3rd Preferred	646	680	(34)	
Dividend rate (par value)				
Common	12.0%	12.0%	0.00%	0.0%
1st Preferred	13.0%	13.0%	0.00%	0.0%
3rd Preferred	12.9%	13.6%	-0.68%	
Dividend propensity	35.12%	53.62%	-18.50%	-34.5%
Profit for the year	160.3	106.3		

## Independent Auditor's Report

To the Shareholders and the Board of Directors of  
Hanwha Corporation

We have audited the accompanying consolidated financial statements of Hanwha Corporation (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, respectively, and the related consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows, all expressed in Korean won, for the years ended December 31, 2017 and 2016, respectively, and the summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRSs") and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an audit opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2017 and 2016, respectively, and its financial performance and its cash flows for the years ended December 31, 2017 and 2016, respectively, in accordance with K-IFRSs.

March 19, 2018

*Deloitte Anjin UE*

This report is effective as of March 19, 2018, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditors' report.

## Consolidated Statements of Financial Position

December 31, 2017 and 2016

### Hanwha Corporation and Subsidiaries

(USD in millions)

	2017	2016
<b>Assets</b>		
<b>Current assets</b>	<b>\$ 10,846</b>	<b>\$ 11,603</b>
Cash and cash equivalents	1,969	2,670
AFS financial assets	-	-
Trade and other receivables	4,700	4,627
Other financial assets	632	660
Other current assets	966	925
Current income tax assets	11	19
Inventories	2,511	2,571
Assets held for sale (included assets of disposal group)	57	131
<b>Non-current assets</b>	<b>15,075</b>	<b>15,221</b>
AFS financial assets	446	545
Trade and other receivables	79	49
Other financial assets	181	408
Investments in associates	2,137	1,759
Investment property	898	1,045
Property, plant and equipment	9,498	9,639
Intangible assets	1,447	1,420
Other non-current assets	67	61
Deferred income tax assets	322	295
<b>Assets for financial business</b>	<b>123,599</b>	<b>117,726</b>
Cash and cash equivalents	733	848
Deposit	935	1,038
Securities	65,620	62,935
Investments in associates	157	134
Loans and non-trade receivables	25,036	23,976
Property, plant and equipment	1,586	1,643
Investment property	2,217	2,529
Intangible assets	362	366
Derivative financial assets	1,536	715
Current income tax assets	120	72
Deferred income tax assets	38	31
Other financial assets	2,265	1,910
Other assets	2,786	2,982
Separate account assets	20,208	18,547
<b>Total assets</b>	<b>\$ 149,520</b>	<b>\$ 144,550</b>

(USD in millions)

	2017	2016
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>\$ 12,069</b>	<b>\$ 12,750</b>
Trade and other payables	3,159	3,498
Borrowings and debentures	5,418	5,745
Other financial liabilities	691	748
Other current liabilities	2,297	2,436
Provisions for other liabilities and charges	224	85
Current income tax liabilities	280	238
<b>Non-current liabilities</b>	<b>8,996</b>	<b>9,700</b>
Trade and other payables	130	151
Borrowings and debentures	4,797	5,322
Other financial liabilities	325	246
Other non-current liabilities	1,181	1,323
Net defined benefit liabilities	1,280	1,253
Provisions for other liabilities and charges	187	307
Deferred income tax liabilities	1,096	1,098
<b>Liabilities for financial business</b>	<b>113,554</b>	<b>108,820</b>
Withheld liabilities	1,161	845
Insurance contract liabilities	84,209	79,278
Policyholder's equity adjustments	655	763
Current income tax liabilities	21	13
Deferred income tax liabilities	603	495
Derivative financial liabilities	155	1,635
Net defined benefit liabilities	143	173
Provisions for other liabilities and charges	47	52
Other financial liabilities	6,033	6,089
Other liabilities	168	238
Separate account liabilities	20,359	19,239
<b>Total liabilities</b>	<b>\$ 134,619</b>	<b>\$ 131,270</b>

	(USD in millions)	
	2017	2016
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>	\$ 4,239	\$ 4,115
Capital stock	457	457
Capital surplus	511	626
Capital adjustments	36	36
Accumulated other comprehensive income	94	200
Retained earnings	3,141	2,796
<b>Non-controlling interest</b>	<b>10,662</b>	<b>9,165</b>
<b>Total equity</b>	<b>14,901</b>	<b>13,280</b>
<b>Total liabilities and equity</b>	<b>\$ 149,520</b>	<b>\$ 144,550</b>

## Consolidated Statements of Comprehensive Income

Years Ended December 31, 2017 And 2016

### Hanwha Corporation and Subsidiaries

(USD in millions, except per share amount)

	2017	2016
<b>Revenue</b>	<b>\$ 47,046</b>	<b>\$ 43,980</b>
Revenue from non-financial business	21,242	20,624
Revenue from financial business	25,804	23,356
<b>Cost of sales</b>	<b>\$ 42,861</b>	<b>\$ 40,181</b>
Cost of sales from non-financial business	18,083	17,239
Cost of sales from financial business	24,778	22,942
<b>Gross profit</b>	<b>4,185</b>	<b>3,799</b>
<b>Selling and administrative expenses</b>	<b>2,169</b>	<b>2,226</b>
<b>Operating profit</b>	<b>2,016</b>	<b>1,573</b>
Other gains	855	1,051
Other losses	1,202	1,096
Finance income	35	43
Finance costs	386	431
Share in profit of associates	544	421
<b>Profit before income tax expense</b>	<b>1,862</b>	<b>1,561</b>
<b>Income tax expense</b>	<b>639</b>	<b>358</b>
<b>Profit for the year</b>	<b>\$ 1,223</b>	<b>\$ 1,203</b>
<b>Profit (loss) attributable to:</b>		
Equity holders of the parent company's profit for the year	\$ 378	\$ 459
Non-controlling interests' profit for the year	\$ 845	\$ 744
<b>Other comprehensive income</b>		
Items that maybe be reclassified subsequently to profit or loss:		
Change in value of AFS financial assets	(144)	(772)
Change in value of held-to-maturity investments financial assets	(71)	-
Share in other comprehensive income of associates	(26)	(4)
Gain (loss) on valuation of derivatives qualifying cash flow hedge	9	23
Translation of foreign currency financial statements	(61)	(63)
Other comprehensive income (loss) of separate accounts	(37)	(24)
Items that will not be reclassified to profit or loss:		
Remeasurements of the net defined benefit liabilities	38	(36)
<b>Other comprehensive income (loss) for the year, net of tax</b>	<b>\$ (292)</b>	<b>\$ (876)</b>
<b>Total comprehensive income for the year</b>	<b>\$ 931</b>	<b>\$ 327</b>

	2017		2016	
	(USD in millions)			
<b>Attributable to</b>				
Equity holders of the parent company	\$	289	\$	55
Non-controlling interest		642		272
<b>Total comprehensive income for the year</b>	<b>\$</b>	<b>931</b>	<b>\$</b>	<b>327</b>
<b>Earnings per share attributable to the equity holders of the parent company during the year</b>				
Basic earnings per common share	\$	5.24	\$	6.39
Basic earnings per preferred share	\$	5.29	\$	6.44

## Consolidated Statements of Changes in Equity

Years Ended December 31, 2017 and 2016

### Hanuha Corporation and Subsidiaries

(USD in millions)

	Capital Stock	Capital Surplus	Capital Adjustments	Accumulated Other Comprehensive Income & Expense	Retained Earnings	Non-Controlling Interest	Total
Balance at January 1, 2016	\$ 352	\$ 487	\$ 36	\$ 585	\$ 2,417	\$ 8,859	\$ 12,736
<b>Total comprehensive income for the year</b>							
<b>Profit for the year</b>	-	-	-	-	459	744	1,203
<b>Comprehensive income</b>							
Change in value of AFS financial assets	-	-	-	(347)	-	(425)	(772)
Share in other comprehensive income of associates	-	-	-	(1)	-	(3)	(4)
Gain (loss) on valuation of derivatives qualifying cash flow hedge	-	-	-	10	-	13	23
Translation of foreign currency financial statements	-	-	-	(35)	-	(28)	(63)
Remeasurements of the net defined benefit liabilities	-	-	-	-	(19)	(17)	(36)
Other comprehensive income of separate accounts	-	-	-	(12)	-	(12)	(24)
<b>Transactions with equity holders of the parent</b>							
Dividends	-	-	-	-	(32)	(88)	(120)
Increase in paid-in capital	105	245	-	-	-	-	350
<b>Capital transaction within the Group</b>	-	(99)	-	-	-	127	28
<b>Other changes in equity</b>		(7)	-	-	(29)	(5)	(41)
Balance at December 31, 2016	\$ 457	\$ 626	\$ 36	\$ 200	\$ 2,796	\$ 9,165	\$ 13,280
Balance at January 1, 2017	\$ 457	\$ 626	\$ 36	\$ 200	\$ 2,796	\$ 9,165	\$ 13,280
<b>Total comprehensive income for the year</b>							
<b>Profit for the year</b>	-	-	-	-	378	845	1,223
<b>Comprehensive income</b>							
Change in value of AFS financial assets	-	-	-	(43)	-	(101)	(144)
Change in value of held-to-maturity investments of financial assets	-	-	-	(31)	-	(40)	(71)
Share in other comprehensive income of associates	-	-	-	(13)	-	(13)	(26)
Gain (loss) on valuation of derivatives qualifying cash flow hedge	-	-	-	5	-	4	9
Translation of foreign currency financial statements	-	-	-	(7)	-	(54)	(61)
Remeasurements of the net defined benefit liabilities	-	-	-	-	17	21	38
Other comprehensive income of separate accounts	-	-	-	(17)	-	(20)	(37)
<b>Transactions with equity holders of the parent</b>							
Dividends	-	-	-	-	(53)	(88)	(141)
<b>Capital transaction within the Group</b>		(115)				940	825
<b>Other changes in equity</b>	-	-	-	-	3	3	6
Balance at December 31, 2017	\$ 457	\$ 511	\$ 36	\$ 94	\$ 3,141	\$ 10,662	\$ 14,901

## Consolidated Statements of Cash Flows

Years Ended December 31, 2017 and 2016

### Hanwha Corporation and Subsidiaries

(USD in millions)

	2017	2016
<b>Cash flows from operating activities</b>		
Cash generated from operations	\$ 362	\$ 3,048
Interest and dividends received from financial business	4,934	3,298
Interest paid for financial business	(77)	(73)
Income tax paid	(423)	(581)
<b>Net cash generated from operating activities</b>	<b>4,796</b>	<b>5,692</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(903)	(1,066)
Proceeds from disposal of property, plant and equipment	89	149
Acquisition of intangible assets	(147)	(130)
Proceeds from disposal of intangible assets	31	17
Acquisition of investments in associates	(252)	(201)
Proceeds from disposal of investments in associates	18	53
Change in AFS financial assets	1,152	(3,253)
Change in held-to-maturity investments of financial assets	(5,222)	-
Acquisition of investment property	(25)	(8)
Proceeds from disposal of investment property	455	37
Proceeds from disposal of assets classified as held for sale	75	80
Change in other financial assets	102	(304)
Interest received	38	47
Dividends received	203	138
Decrease in cash from changes in scope of consolidation	(884)	(1,052)
Others	(19)	26
<b>Net cash used in investing activities</b>	<b>(5,289)</b>	<b>(5,467)</b>
<b>Cash flows from financing activities</b>		
Increase in borrowings and debentures	5,726	7,052
Repayment of borrowings and debentures	(6,260)	(5,732)
Increase in paid-in capital	-	350
Change in other financial liabilities	(4)	(16)
Change in non-controlling interests	671	25
Interest paid	(364)	(439)
Dividends paid	(53)	(32)
<b>Net cash generated from financing activities</b>	<b>(284)</b>	<b>1,208</b>
<b>Net increase in cash and cash equivalents</b>	<b>(777)</b>	<b>1,433</b>
<b>Cash and cash equivalents</b>		
<b>Cash and cash equivalents at beginning of year</b>	<b>3,518</b>	<b>2,094</b>
Exchange gains on cash and cash equivalents	(39)	(9)
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,702</b>	<b>\$ 3,518</b>

## Separate Statements of Financial Position

December 31, 2017 and 2016

### Hanwha Corporation

(US Dollars)

	2017	2016
<b>Assets</b>		
<b>Current assets</b>	<b>\$ 1,609,303,525</b>	<b>\$ 1,889,161,746</b>
Cash and cash equivalents	237,369,290	287,816,575
Trade and other receivables	708,521,052	929,284,678
Other financial assets	27,841,565	26,757,704
Other current assets	141,341,112	93,092,403
Inventories	494,230,506	552,210,386
<b>Non-current assets</b>	<b>5,371,605,062</b>	<b>5,362,294,687</b>
AFS financial assets	9,394,306	8,092,303
Trade and other receivables	9,875,115	13,194,599
Other financial assets	33,934,696	39,311,534
Investments in subsidiaries and Associates	4,151,990,795	4,169,460,898
Investment property	3,462,766	3,548,590
Property, plant and equipment	1,059,598,462	1,036,354,149
Intangible assets	98,672,124	86,316,642
Other non-current assets	4,676,798	6,015,972
<b>Total assets</b>	<b>\$ 6,980,908,587</b>	<b>\$ 7,251,456,433</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>	<b>\$ 2,478,637,334</b>	<b>\$ 2,990,012,686</b>
Trade and other payables	567,168,109	1,033,588,431
Borrowings and debentures	1,299,563,610	1,469,327,237
Other financial liabilities	58,376,810	125,206,621
Other current liabilities	471,710,664	314,466,485
Provisions	1,662,585	167,450
Current tax income liabilities	80,155,556	47,256,462
<b>Non-current Liabilities</b>	<b>1,502,100,164</b>	<b>1,358,963,663</b>
Trade and other payables	9,329,336	14,053,399
Borrowings and debentures	1,011,160,122	896,159,692
Other financial liabilities	35,700,000	4,537,958
Net defined benefit liabilities	286,399,301	266,365,446
Provisions	21,715,369	27,888,979
Deferred tax income liabilities	137,796,036	149,958,189
<b>Total liabilities</b>	<b>\$ 3,980,737,498</b>	<b>\$ 4,348,976,349</b>

	2017		2016	
<b>Equity</b>				
Capital stock	\$	456,925,653	\$	456,925,653
Capital surplus		560,673,968		560,673,968
Capital adjustments		(19,368,200)		(19,368,200)
Accumulated other comprehensive income and expense		(542,187)		(623,475)
Retained earnings		2,002,481,855		1,904,872,138
<b>Total equity</b>		<b>3,000,171,089</b>		<b>2,902,480,084</b>
<b>Total liabilities and equity</b>	\$	<b>6,980,908,587</b>	\$	<b>7,251,456,433</b>

## Separate Statements of Comprehensive Income

Years Ended December 31, 2017 And 2016

### Hanwha Corporation

	2017		2016	
<b>Revenue</b>	\$	<b>4,330,749,072</b>	\$	<b>4,761,854,729</b>
<b>Cost of sales</b>		<b>3,782,246,667</b>		<b>4,242,201,798</b>
<b>Gross profit</b>		<b>548,502,405</b>		<b>519,652,931</b>
<b>Selling and administrative expenses</b>		<b>306,669,354</b>		<b>310,403,004</b>
<b>Operating profit</b>		<b>241,833,051</b>		<b>209,249,927</b>
Other gains		188,028,691		215,527,508
Other losses		167,337,573		279,232,939
Finance income		37,939,628		61,931,913
Finance costs		77,700,464		88,139,578
<b>Profit before income tax expense</b>		<b>222,763,333</b>		<b>119,336,831</b>
<b>Income tax expense (profit)</b>		<b>73,106,818</b>		<b>20,143,850</b>
<b>Profit for the year</b>	\$	<b>149,656,515</b>	\$	<b>99,192,981</b>
<b>Other comprehensive income</b>				
1. Items that will not be reclassified to profit or loss:				
Remeasurements of the net defined benefit liabilities		1,191,715		(6,896,472)
2. Items that will be reclassified to profit or loss:				
Change in value of AFS financial assets		81,289		122,768
<b>Other comprehensive income (loss) for the year, net of tax</b>		<b>1,273,004</b>		<b>(6,773,704)</b>
<b>Total comprehensive income for the year</b>	\$	<b>150,929,519</b>	\$	<b>92,419,277</b>
<b>Earnings per share attributable to the equity holders of the Company during the year</b>				
<b>Basic earnings per common share</b>	\$	<b>1.96</b>	\$	<b>1.22</b>
<b>Basic earnings per preferred share</b>		<b>2.00</b>		<b>1.27</b>

## Separate Statements of Changes in Equity

Years Ended December 31, 2017 And 2016

Hanwha Corporation

(US Dollars)

	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income & expense	Retained earnings	Total
<b>Balance at January 1, 2016</b>	\$ 352,053,523	\$ 315,230,250	\$ (19,368,200)	\$ (746,244)	\$ 1,845,084,700	\$ 2,492,254,029
Increase in paid-in capital	104,872,130	245,443,718	-	-	-	350,315,848
Dividends	-	-	-	-	(32,483,647)	(32,483,647)
Profit for the year	-	-	-	-	99,192,981	99,192,981
Remeasurements of the net defined benefit liabilities	-	-	-	-	(6,896,472)	(6,896,472)
Change in value of AFS financial assets	-	-	-	122,769	-	122,769
Others	-	-	-	-	(25,424)	(25,424)
<b>Balance at December 31, 2016</b>	\$ 456,925,653	\$ 560,673,968	\$ (19,368,200)	\$ (623,475)	\$ 1,904,872,138	\$ 2,902,480,084
<b>Balance at January 1, 2017</b>	\$ 456,925,653	\$ 560,673,968	\$ (19,368,200)	\$ (623,475)	\$ 1,904,872,138	\$ 2,902,480,084
Dividends	-	-	-	-	(53,238,513)	(53,238,513)
Profit for the year	-	-	-	-	149,656,515	149,656,515
Remeasurements of the net defined benefit liabilities	-	-	-	-	1,191,715	1,191,715
Change in value of AFS financial assets	-	-	-	81,288	-	81,288
<b>Balance at December 31, 2017</b>	\$ 456,925,653	\$ 560,673,968	\$ (19,368,200)	\$ (542,187)	\$ 2,002,481,855	\$ 3,000,171,089

## Separate Statements of Cash Flows

Years Ended December 31, 2017 And 2016

Hanwha Corporation

(US Dollars)

	2017	2016
<b>Cash flows from operating activities</b>		
Cash generated from operations	\$ 593,289,011	\$ 341,121,451
Income taxes paid	(52,777,044)	(35,911,160)
<b>Net cash generated from operating activities</b>	<b>540,511,967</b>	<b>305,210,291</b>
<b>Cash flows from investing activities</b>		
Decrease in short-term financial instruments	76,820,049	97,142,057
Increase in short-term financial instruments	(64,435,264)	(100,105,084)
Decrease in long-term financial instruments	186,672	23,307
Increase in long-term financial instruments	(2,426,731)	(4,106,776)
Decrease in long-term loans	6,115,561	1,581,212
Increase in long-term loans	(3,281,267)	(8,821,789)
Decrease in leasehold deposits	7,436,176	9,171,004
Increase in leasehold deposits	(6,292,780)	(6,040,789)
Decrease in other financial assets	1,722,341	2,802,455
Decrease in AFS financial assets	952,025	794,558
Increase in AFS financial assets	(2,807,793)	(45,797)
Proceeds from disposal of investments of subsidiaries and associates	5,879	191,414,130
Acquisition of investments in subsidiaries and associates	(340,302,708)	(201,250,846)
Increase in receipt of government grants	2,409,041	2,279,087
Proceeds from disposal of investment property	-	42,510
Acquisition of investment property	-	(23,841)
Proceeds from disposal of property, plant and equipment	1,237,550	1,283,543
Acquisition of property, plant and equipment	(99,939,934)	(133,970,823)
Proceeds from disposal of intangible assets	2,734,238	4,030,835
Acquisition of intangible assets	(32,724,384)	(14,973,510)
Proceeds from disposal of assets held for sale	-	11,480,306
Transfer of business	2,176,946	-
Interests received	3,375,766	2,127,857
Dividends received	34,110,868	55,289,359
<b>Net cash used in investing activities</b>	<b>(412,927,749)</b>	<b>(89,877,035)</b>
<b>Cash flows from financing activities</b>		
Increase in short-term borrowings	101,736,046	322,053,946
Redemption of short-term borrowings	(340,409,451)	(432,430,863)
Redemption of current portion of long-term borrowings	(67,661,219)	(42,552,283)
Increase in long-term borrowings	235,769,734	61,787,404
Issuance of debentures	486,747,252	185,815,456
Redemption of debentures	(466,679,111)	(326,675,378)
Increase in paid-in capital	-	350,315,848
Increase in leasehold deposits received	721,224	1,651,857
Decrease in leasehold deposits received	(18,667)	(111,536)
Interests paid	(74,998,798)	(76,248,573)
Dividends paid	(53,238,513)	(32,483,647)
<b>Net cash generated from financing activities</b>	<b>(178,031,503)</b>	<b>11,122,231</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(50,447,285)</b>	<b>226,455,487</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at beginning of year	287,816,575	61,361,088
<b>Cash and cash equivalents at the end of year</b>	<b>\$ 237,369,290</b>	<b>\$ 287,816,575</b>

