

**Hyosung Corporation and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2012 and 2011**

(in millions of Korean won)

	Notes	December 31, 2012	December 31, 2011
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4, 7, 8, 9	₩ 434,293	₩ 526,593
Trade and other receivables	6, 7, 10, 19	2,167,867	2,408,053
Gross amount due from customers for contract work	7, 29	51,608	102,790
Other financial assets	4, 7, 11	136,297	24,731
Other current assets	13	186,038	204,128
Inventories	14	1,521,139	1,835,809
Current tax assets		13,232	14,501
		<u>4,510,474</u>	<u>5,116,605</u>
<b>Non-current assets</b>			
Long-term trade and other receivables	7, 10, 19	273,877	210,528
Property, plant and equipment	15, 40	5,151,600	4,929,852
Investment property	16	571,228	386,851
Intangible assets	17	407,515	450,801
Investments in associates	18, 40	266,431	258,986
Other financial business assets	7, 12	2,257,253	2,090,060
Long-term other financial assets	4, 7, 9, 11, 18	242,308	116,673
Other non-current assets	13	25,773	28,692
Deferred tax assets	23, 35	57,201	34,142
		<u>9,253,186</u>	<u>8,506,585</u>
<b>Total assets</b>		<u>₩ 13,763,660</u>	<u>₩ 13,623,190</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4, 7, 19, 21	₩ 1,452,474	₩ 1,864,572
Gross amount due to customers for contract work	29	48,999	28,670
Borrowings	4, 6, 7, 20	4,700,640	4,056,796
Other financial liabilities	4, 7, 11	4,554	21,486
Other current liabilities	24	336,488	382,570
Current tax liabilities		77,983	18,404
		<u>6,621,138</u>	<u>6,372,498</u>
<b>Non-current liabilities</b>			
Long-term trade and other payables	4, 7, 19, 21	382,131	345,360
Long-term borrowings	4, 7, 20	3,328,018	3,505,107
Retirement benefit obligations	22	56,778	52,863
Other long-term financial liabilities	4, 7, 11	739	886
Other non-current liabilities	24	25,187	12,242
Deferred tax liabilities	23, 35	335,607	373,873
		<u>4,128,460</u>	<u>4,290,331</u>
<b>Total liabilities</b>		<u>10,749,598</u>	<u>10,662,829</u>
<b>Equity attributable to owners of the Parent</b>			
Capital stock	25	175,587	175,587
Capital surplus		130,826	130,826
Retained earnings	26	2,295,253	2,213,249
Other components of equity	11, 23, 27	326,691	349,180
		<u>2,928,357</u>	<u>2,868,842</u>
<b>Non-controlling interest</b>		<u>85,705</u>	<u>91,519</u>
<b>Total equity</b>		<u>3,014,062</u>	<u>2,960,361</u>
<b>Total liabilities and equity</b>		<u>₩ 13,763,660</u>	<u>₩ 13,623,190</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Hyosung Corporation and Subsidiaries**  
**Consolidated Statements of Income**  
**Years Ended December 31, 2012 and 2011**

(in millions of Korean won, except per share amounts)	Notes	2012		2011	
Continuing operations					
Revenue	19, 28, 29	₩	12,611,750	₩	11,342,141
Cost of sales	19, 29, 30		(11,511,127)		(10,237,117)
Gross profit			1,100,623		1,105,024
Selling and administrative expenses	30, 31, 32		(780,406)		(696,023)
Research and development expense	30		(130,910)		(131,429)
Operating profit	2		189,307		277,572
Other income	33		253,059		119,720
Other expenses	33		(151,192)		(108,454)
Other income/expenses, net			101,867		11,266
Finance income	34		249,437		269,240
Finance costs	34		(405,880)		(616,209)
Finance income/costs, net			(156,443)		(346,969)
Share of profit of associates	18		16,691		48,189
Profit (Loss) before income tax			151,422		(9,942)
Income tax expense	35		(44,046)		(44,699)
Profit (Loss) for the year from continuing operations			107,376		(54,641)
Discontinued operations					
Loss for the year from discontinued operations	36		-		(39,154)
Profit (Loss) for the year		₩	107,376	₩	(93,795)
Profit (Loss) attributable to:					
Owners of the parent					
Profit (Loss) for the year from continuing operations			122,404		(46,807)
Profit for the year from discontinued operations			-		1,820
Profit (Loss) for the year attributable to owners of controlling company		₩	122,404	₩	(44,987)
Non-controlling interests					
Loss for the year from continuing operations			(15,028)		(7,835)
Loss for the year from discontinued operations			-		(40,973)
Loss for the year attributable to non-controlling interests		₩	(15,028)	₩	(48,808)
Earnings per share from continuing and discontinued operations attributable to the equity holders of the Company during the year					
Basic earnings per share					
From continuing operations	37	₩	3,679	₩	(1,407)
From discontinued operations		₩	-	₩	55

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**Hyosung Corporation and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2012 and 2011**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2012</b>	<b>2011</b>
<b>Profit (Loss) for the year</b>		<u>₩ 107,376</u>	<u>₩ (93,795)</u>
<b>Other comprehensive income</b>			
Actuarial loss on post employment benefit obligations	22	(5,025)	(14,721)
Share of actuarial gain (loss) on post employment benefit obligations of associates		(275)	358
Gain (loss) on valuation of available-for-sale financial assets	11, 27	20,078	(22,867)
Gain (loss) on valuation of investments in associates	18, 27	3,168	(2,915)
Gain (loss) on valuation of derivatives	27	143	175
Translation of foreign currency financial statements	27	<u>(53,869)</u>	<u>26,733</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u>(35,780)</u>	<u>(13,237)</u>
<b>Total comprehensive income (loss) for the year</b>		<u>₩ 71,596</u>	<u>₩ (107,032)</u>
<b>Attributable to:</b>			
Equity holders of the Parent Company		₩ 89,908	₩ (59,446)
Non-controlling interest		<u>(18,312)</u>	<u>(47,586)</u>
<b>Total comprehensive income (loss) for the year</b>		<u>₩ 71,596</u>	<u>₩ (107,032)</u>

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**Hyosung Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2012 and 2011**

	Attributable to equity holders of the Company					Non-controlling Interest	Total Equity
	Capital Stock	Capital Surplus	Retained Earnings	Other Components of Equity	Total		
<i>(in millions of Korean won)</i>							
<b>Balance at January 1, 2011</b>	₩ 175,587	₩ 130,826	₩ 2,307,375	₩ 353,117	₩ 2,966,905	₩ 151,467	₩ 3,118,372
<b>Comprehensive income :</b>							
Net loss	-	-	(44,987)	-	(44,987)	(48,808)	(93,795)
Actuarial loss on post employment benefit obligations	-	-	(14,675)	-	(14,675)	(46)	(14,721)
Share of actuarial gain (loss) on post employment benefit obligations of associates	-	-	358	-	358	-	358
Gain (loss) on valuation of available-for-sale financial assets	-	-	-	(22,391)	(22,391)	(477)	(22,868)
Gain (loss) on valuation of investments in associates	-	-	-	(2,914)	(2,914)	-	(2,914)
Gain (loss) on valuation of derivatives	-	-	-	175	175	-	175
Translation of foreign currency financial statements	-	-	-	24,988	24,988	1,745	26,733
<b>Transactions with equity holders of the Company :</b>							
Dividends	-	-	(41,586)	-	(41,586)	(815)	(42,401)
Changes in other additional capital	-	-	-	(230)	(230)	-	(230)
Changes in other capital adjustments	-	-	-	(679)	(679)	-	(679)
Others	-	-	6,764	-	6,764	58	6,822
Changes in share ratio of controlling company and others	-	-	-	(2,886)	(2,886)	23,492	20,606
Changes in scope of consolidation	-	-	-	-	-	(35,097)	(35,097)
<b>Balance at December 31, 2011</b>	₩ 175,587	₩ 130,826	₩ 2,213,249	₩ 349,180	₩ 2,868,842	₩ 91,519	₩ 2,960,361
<b>Balance at January 1, 2012</b>	₩ 175,587	₩ 130,826	₩ 2,213,249	₩ 349,180	₩ 2,868,842	₩ 91,519	₩ 2,960,361
<b>Comprehensive income</b>							
Net income (loss)	-	-	122,404	-	122,404	(15,028)	107,376
Actuarial loss on post employment benefit obligations	-	-	(4,901)	-	(4,901)	(124)	(5,025)
Share of actuarial gain (loss) on post employment benefit obligations of associates	-	-	(275)	-	(275)	-	(275)
Gain (loss) on valuation of available-for-sale financial assets	-	-	-	19,910	19,910	168	20,078
Gain (loss) on valuation of investments in associates	-	-	-	3,170	3,170	(2)	3,168
Gain (loss) on valuation of derivatives	-	-	-	143	143	-	143
Translation of foreign currency financial statements	-	-	-	(50,543)	(50,543)	(3,325)	(53,868)
<b>Transactions with equity holders of the Company :</b>							
Dividends	-	-	(33,270)	-	(33,270)	(997)	(34,267)
Changes in other additional capital	-	-	-	5,331	5,331	-	5,331
Changes in other capital adjustments	-	-	-	(500)	(500)	(23)	(523)
Others	-	-	(1,955)	-	(1,955)	(675)	(2,630)
Changes in share ratio of controlling company and others	-	-	-	-	-	(3,124)	(3,124)
Changes in scope of consolidation	-	-	-	-	-	17,317	17,317
<b>Balance at December 31, 2012</b>	₩ 175,587	₩ 130,826	₩ 2,295,252	₩ 326,691	₩ 2,928,356	₩ 85,706	₩ 3,014,062

The accompanying notes are an integral part of these consolidated financial statements.

**Hyosung Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2012 and 2011**

(in millions of Korean won)

	Notes	2012	2011
<b>Cash flows from operating activities</b>			
<b>Continuing operations</b>			
Cash generated from operations	39	₩ 718,567	₩ (223,705)
Income tax paid		(32,485)	(162,515)
Interest paid		(378,846)	(255,262)
Interest received		177,636	174,634
Dividends received		1,590	1,786
<b>Discontinued operations</b>		-	(64,224)
<b>Net cash generated from operating activities</b>		<u>486,462</u>	<u>(529,286)</u>
<b>Cash flows from investing activities</b>			
<b>Continuing operations</b>			
Proceeds from disposal of other receivables		33,088	377
Proceeds from disposal of other financial assets		79,733	155,616
Proceeds from disposal of long-term other receivables		55,693	28,978
Proceeds from disposal of long-term other financial assets		2,017	59
Proceeds from disposal of property, plant and equipment	15	43,798	23,474
Proceeds from disposal of investment properties	16	167	128
Proceeds from disposal of intangible assets	17	26,149	4,982
Proceeds from disposal of investments in associates		10,148	2,476
Proceeds from disposal of other non-current assets		17	-
Acquisition of other receivables		(42,995)	(92,236)
Acquisition of other financial assets		(105,140)	(91,861)
Acquisition of long-term other receivables		(129,930)	(79,912)
Acquisition of long-term other financial assets		(24,741)	(20,038)
Purchases of property, plant and equipment		(919,809)	(1,084,475)
Purchases of investment properties		(196,663)	(2,370)
Purchases of intangible assets		(26,994)	(54,398)
Acquisition of investments in associates		8,845	(133,487)
Acquisition of other non-current assets		(11,759)	(10,865)
Others		159,853	(4,750)
<b>Discontinued operations</b>		-	13,356
<b>Net cash used in investing activities</b>		<u>(1,038,523)</u>	<u>(1,344,946)</u>
<b>Cash flows from financing activities</b>			
<b>Continuing operations</b>			
Proceeds from short-term borrowings		5,974,829	5,311,246
Proceeds from long-term borrowings and issuance of debentures		1,092,929	2,030,882
Paid-in capital increases		2,715	9,083
Proceeds from disposal of investments in subsidiaries		-	10,796
Repayment of short-term borrowings		(5,948,212)	(5,198,335)
Repayment of long-term borrowings and debentures		(454,773)	(462,793)
Payment of cash dividends		(34,266)	(42,329)
Others		(173,772)	80,219
<b>Discontinued operations</b>		-	53,911
<b>Net cash provided by financing activities</b>		<u>459,450</u>	<u>1,792,680</u>
Effect of cash and cash equivalent from exchange rate fluctuation		311	(35)
Decrease cash from discontinued operations		-	(14,455)
<b>Net decrease in cash and cash equivalents</b>		<u>(92,300)</u>	<u>(96,042)</u>
<b>Cash and cash equivalents</b>			
Beginning of the year		526,593	622,635
End of the year		<u>₩ 434,293</u>	<u>₩ 526,593</u>

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