

Hanwha Chemical Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2014 and 2013

Hanwha Chemical Corporation and Subsidiaries

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Hanwha Chemical Corporation

We have audited the accompanying consolidated financial statements of Hanwha Chemical Corporation and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 Hanwha Chemical Corporation and its subsidiaries as of December 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea.

Other Matter

The consolidated financial statements of Hanwha Chemical Corporation and its subsidiaries as of and for the year ended December 31, 2013 were audited in accordance with the previous Korean Standards on Auditing.

We did not audit the financial statements of certain other consolidated subsidiaries, including Hanwha SolarOne Co., Ltd., whose financial statements represent 60.8% of the Company's consolidated total assets as of December 31, 2013, and 55.9% of the Company's consolidated total revenue for the year then ended. These statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for certain other consolidated subsidiaries, is based solely on the report of the other auditors.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

/s/ Samil PricewaterhouseCoopers

Seoul, Korea
March 12, 2015

This report is effective as of March 12, 2015, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Hanwha Chemical Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2014 and 2013

(in Korean won)

	Notes	2014	2013
Assets			
Current assets			
Cash and cash equivalents	5, 6, 8 W	549,393,182,341	W 920,481,845,882
Available-for-sale financial assets	5, 6, 13	703,368	-
Other financial assets	5, 6, 10	250,101,726,165	125,157,450,239
Trade receivables and other receivables	5, 6, 7, 9, 36	1,394,450,094,958	1,492,618,023,825
Other current assets	11	194,836,820,093	187,755,821,301
Inventories	12	1,872,745,936,421	1,737,861,873,742
Current income tax assets		11,271,678,715	5,784,168,693
		<u>4,272,800,142,061</u>	<u>4,469,659,183,682</u>
Non-current assets			
Available-for-sale financial assets	5, 6, 13	165,540,689,457	160,363,333,778
Other financial assets	5, 6, 10, 36	96,749,227,684	65,858,870,140
Long-term trade receivables and other receivables	5, 6, 9	2,897,128,009	1,664,063,882
Investments in associates and joint ventures	14, 36	1,288,600,215,049	1,277,694,220,564
Investment property	15	205,267,833,069	285,723,875,063
Property, plant and equipment	16	6,038,120,533,546	5,994,033,083,982
Intangible assets	17	468,545,321,835	471,015,273,640
Other non-current assets	11	21,783,546,791	34,591,265,201
Deferred income tax assets	33	36,719,095,914	46,458,919,686
		<u>8,324,223,591,354</u>	<u>8,337,402,905,936</u>
Total assets	W	<u>12,597,023,733,415</u>	<u>W 12,807,062,089,618</u>
Liabilities			
Current liabilities			
Trade payables and other payables	4, 5, 6, 18, 36	1,626,190,350,528	1,685,257,278,654
Short-term borrowings	4, 5, 6, 7, 19	2,206,382,987,521	2,213,450,087,911
Other financial liabilities	4, 5, 6, 20	101,516,820,336	103,084,573,027
Provisions	23	64,044,362,447	70,036,128,515
Other current liabilities	21	397,308,447,395	286,896,970,336
Current income tax liabilities		45,770,535,207	38,271,487,735
		<u>4,441,213,503,434</u>	<u>4,396,996,526,178</u>
Non-current liabilities			
Long-term trade payables and other payables	4, 5, 6, 18	13,941,048,834	10,409,298,824
Long-term borrowings	4, 5, 6, 19	2,747,069,101,290	3,300,102,995,792
Other financial liabilities	4, 5, 6, 20	22,971,701,326	22,281,770,812
Net defined benefit liabilities	22	288,944,230,218	280,150,235,264
Long-term employee benefits		-	410,000,000
Provisions	23	18,040,690,285	16,485,222,066
Other non-current liabilities	21	2,769,627	207,581,639
Deferred income tax liabilities		285,362,404,033	323,293,641,293
		<u>3,376,331,945,613</u>	<u>3,953,340,745,690</u>
Total liabilities		<u>7,817,545,449,047</u>	<u>8,350,337,271,868</u>
Equity attributable to owners of the Parent Company			
Capital stock	24 W	815,316,540,000	W 707,036,240,000
Capital surplus	24	712,889,896,819	485,586,579,210
Capital adjustments	25	(3,402,661,137)	(3,585,880,999)
Accumulated other comprehensive income	26	109,800,817,118	139,360,960,403
Retained earnings	27	2,739,445,969,704	2,728,876,494,902
		<u>4,374,050,562,504</u>	<u>4,057,274,393,516</u>
Non-controlling interest	41	405,427,721,864	399,450,424,234
Total equity		<u>4,779,478,284,368</u>	<u>4,456,724,817,750</u>
Total liabilities and equity	W	<u>12,597,023,733,415</u>	<u>W 12,807,062,089,618</u>

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

Hanwha Chemical Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years ended December 31, 2014 and 2013

<i>(in Korean won)</i>	Notes	2014	2013
Revenue	36	₩ 8,055,333,189,002	₩ 7,863,554,072,028
Cost of sales	30, 36	6,777,147,441,813	6,598,912,497,563
Gross profit		1,278,185,747,189	1,264,641,574,465
Selling and administrative expenses	29, 32	1,136,925,464,233	1,166,747,489,838
Operating profit		141,260,282,956	97,894,084,627
Non-operating income (expenses)			
Other income	31	401,551,175,229	307,915,733,708
Other expenses	31	(303,144,346,033)	(296,015,511,967)
Financial income	32	19,966,214,941	17,189,291,261
Financial costs	32	(213,369,655,885)	(222,841,915,639)
Share of profit (loss) of associates and joint ventures	14	4,643,559,775	52,520,442,387
		(90,353,051,973)	(141,231,960,250)
Gain (loss) before income tax expense		50,907,230,983	(43,337,875,623)
Income tax expense	33	(39,517,064,861)	(36,202,063,979)
Gain (loss) for the year		11,390,166,122	(79,539,939,602)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Change in value of available-for-sale financial assets		(14,171,852,587)	(36,339,591,771)
Share of other comprehensive income (loss) of associates and joint ventures		6,390,665,892	(2,832,385,836)
Cash flow hedges		(191,410,461)	193,130,665
Currency translation differences		(11,586,496,588)	11,615,787,194
Items that will not be reclassified to profit or loss:			
Remeasurements of net defined benefit liabilities		(20,875,485,416)	22,758,394,248
Share of remeasurements of net defined benefit liabilities of associates and joint ventures		(3,660,454,364)	3,129,266,932
Total comprehensive loss for the year		₩ (32,704,867,402)	₩ (81,015,338,170)
Profit (loss) attributable to:			
Owners of the parent		56,742,202,639	8,251,945,655
Non-controlling interest		(45,352,036,517)	(87,791,885,257)
Total comprehensive income (loss) attributable to:			
Owners of the parent		3,994,630,660	1,037,105,634
Non-controlling interest		(36,699,498,062)	(82,052,443,804)
Earnings per share attributable to the equity holders of the parent during the year (in won):	34		
Basic earnings per common share		363	58
Basic earnings per preferred share		398	108

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

Hanwha Chemical Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years ended December 31, 2014 and 2013

		Attributable to equity holders of the parent							
	Notes	Capital stock	Capital surplus	Capital adjustment	Accumulated other comprehensive Income (loss)	Retained earnings	Non-controlling interest	Total equity	
(in Korean won)									
Balance at January 1, 2013		₩ 707,036,240,000	₩ 488,753,818,994	₩ (2,646,690,209)	₩ 171,084,045,441	₩ 2,731,494,773,835	₩ 469,697,981,020	₩ 4,565,420,169,081	
Total comprehensive income (loss)									
Profit (loss) for the year		-	-	-	-	8,251,945,655	(87,791,885,257)	(79,539,939,602)	
Other comprehensive income (loss)									
Items that may be reclassified subsequently to profit or loss:									
Change in value of available-for-sale financial assets	13	-	-	-	(37,944,127,646)	-	1,604,535,875	(36,339,591,771)	
Share of other comprehensive income (loss) of associates and joint ventures	14				(2,789,031,415)		(43,354,421)	(2,832,385,836)	
Cash flow hedges		-	-	-	193,130,665	-	-	193,130,665	
Currency translation differences		-	-	-	8,816,943,358	-	2,798,843,836	11,615,787,194	
Items that will not be reclassified to profit or loss:									
Remeasurements of net defined benefit liabilities	22	-	-	-	-	21,406,081,892	1,352,312,356	22,758,394,248	
Share of remeasurements of net defined benefit liabilities of associates and joint ventures		-	-	-	-	3,102,163,125	27,103,807	3,129,266,932	
Transactions with equity holders									
Dividends paid		-	-	-	-	(35,407,998,850)	(3,498,109,161)	(38,906,108,011)	
Changes in scope for consolidation									
Disposal of subsidiaries		-	-	-	-	-	(114,371,635)	(114,371,635)	
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Changes in ownership interests in subsidiaries		-	(1,940,256,013)	-	-	-	5,085,246,966	3,144,990,953	
Issuance of share capital of subsidiaries		-	-	-	-	-	10,350,000,000	10,350,000,000	
Others		-	(1,226,983,771)	(939,190,790)	-	29,529,245	(17,879,152)	(2,154,524,468)	
Balance at December 31, 2013		₩ 707,036,240,000	₩ 485,586,579,210	₩ (3,585,880,999)	₩ 139,360,960,403	₩ 2,728,876,494,902	₩ 399,450,424,234	₩ 4,456,724,817,750	

Hanwha Chemical Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years ended December 31, 2014 and 2013

		Attributable to equity holders of the parent							
	Notes	Capital stock	Capital surplus	Capital adjustment	Accumulated other comprehensive Income (loss)	Retained earnings	Non-controlling interest	Total equity	
(in Korean won)									
Balance at January 1, 2014		₩ 707,036,240,000	₩ 485,586,579,210	₩ (3,585,880,999)	₩ 139,360,960,403	₩ 2,728,876,494,902	₩ 399,450,424,234	₩ 4,456,724,817,750	
Total comprehensive income (loss)									
Profit (loss) for the year		-	-	-	-	56,742,202,639	(45,352,036,517)	11,390,166,122	
Other comprehensive income (loss)									
Items that may be reclassified subsequently to profit or loss:									
Change in value of available-for-sale financial assets	13	-	-	-	(16,628,946,284)	-	2,457,093,697	(14,171,852,587)	
Share of other comprehensive income (loss) of associates and joint ventures	14				6,397,950,114		(7,284,222)	6,390,665,892	
Cash flow hedges		-	-	-	(191,410,461)	-	-	(191,410,461)	
Currency translation differences		-	-	-	(19,137,736,654)	-	7,551,240,066	(11,586,496,588)	
Items that will not be reclassified to profit or loss:									
Remeasurements of net defined benefit liabilities	22	-	-	-	-	(19,513,795,188)	(1,361,690,228)	(20,875,485,416)	
Share of remeasurements of net defined benefit liabilities of associates and joint ventures		-	-	-	-	(3,673,633,506)	13,179,142	(3,660,454,364)	
Transactions with equity holders									
Paid-in capital increase		108,280,300,000	232,840,765,322	-	-	-	-	341,121,065,322	
Dividends paid		-	-	-	-	(21,267,274,050)	(1,662,050,000)	(22,929,324,050)	
Changes in scope for consolidation									
Acquisition of subsidiaries		-	-	-	-	-	22,831,342,129	22,831,342,129	
Disposal of subsidiaries		-	-	-	-	-	(1,755,560,695)	(1,755,560,695)	
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Changes in ownership interests in subsidiaries		-	(3,512,141,975)	-	-	-	22,033,053,837	18,520,911,862	
Issuance of share capital of subsidiaries		-	-	-	-	-	-	-	
Others		-	(2,025,305,738)	183,219,862	-	(1,718,025,093)	1,230,010,421	(2,330,100,548)	
Balance at December 31, 2014		₩ 815,316,540,000	₩ 712,889,896,819	₩ (3,402,661,137)	₩ 109,800,817,118	₩ 2,739,445,969,704	₩ 405,427,721,864	₩ 4,779,478,284,368	

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

Hanwha Chemical Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years ended December 31, 2014 and 2013

(in Korean won)

	Note	2014	2013
Cash flows from operating activities			
Cash generated from operations	37	₩ 440,410,594,734	₩ 463,096,438,373
Income tax paid		(77,942,199,878)	(58,756,727,288)
Net cash flows from operating activities		362,468,394,856	404,339,711,085
Cash flows from investing activities			
Interest received		13,983,916,412	13,516,530,324
Dividend received		69,169,035,428	90,123,603,505
Disposal of available-for-sale financial assets		4,657,243,922	127,474,326,549
Decrease in other financial assets		489,894,738,623	421,026,788,202
Disposal of investments in associates and joint ventures		180,000,000	-
Disposals of subsidiaries		303,035,998,486	8,869,207,900
Government grants received		47,144,400	199,618,186
Disposals of investment property		439,805,565	125,744,282,294
Disposition of property, plant and equipment		8,571,971,412	65,175,021,606
Disposition of intangible assets		1,037,821,258	14,093,806,282
Acquisition of available-for-sale financial assets		(2,283,174,534)	(8,429,127,666)
Increase in other financial assets		(631,173,422,115)	(428,396,118,983)
Acquisition of investments in associates and joint ventures		(68,674,357,654)	(12,661,182,843)
Acquisition of subsidiaries		319,670,322	-
Acquisition of investment property		(3,781,683)	(262,074,072)
Acquisition of property, plant, and equipment		(465,697,861,075)	(671,911,978,818)
Acquisition of intangible assets		(8,544,782,007)	(4,500,195,534)
Net cash used in investing activities		(285,040,033,240)	(259,937,493,068)
Cash flows from financing activities			
Interest payments		(231,550,126,855)	(222,073,647,249)
Dividends paid		(22,929,324,050)	(38,140,962,697)
Proceeds from borrowings		1,397,124,251,161	2,660,547,074,108
Increase in other financial liabilities		335,900,000	14,149,159,297
Paid-in capital increase		341,121,065,322	-
Issuance of share capital of subsidiaries		18,520,936,907	10,073,127,305
Repayments of borrowings		(1,951,963,850,991)	(2,211,292,090,451)
Decrease in other financial liabilities		(2,367,942,816)	(23,125,527,973)
Net cash provided by (used in) financing activities		(451,709,091,322)	190,137,132,340
Net increase (decrease) in cash and cash equivalents		(374,280,729,706)	334,539,350,357
Cash and cash equivalents at the beginning of year		920,481,845,882	594,314,912,340
Exchange gains (losses)		3,192,066,165	(8,372,416,815)
Cash and cash equivalents at the end of year		₩ 549,393,182,341	₩ 920,481,845,882

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

Hanwha Chemical Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

1. General Information

Hanwha Chemical Corporation ("the Company")'s headquarters are located in Janggyo-dong, Jung-gu, Seoul, and its manufacturing equipment is located in the petrochemical industry complex of Yeosu city, South Jeolla Province, and in Ulsan. The consolidated financial statements as of and for the year ended December 31, 2014, comprise the Company and its subsidiaries (collectively referred to as 'the Group') and the Group's interests in associates and joint ventures.

On June 19, 1974, the Group's shares are listed on the Korea Exchange, and as of December 31, 2014, the Group's major shareholders consist of Hanwha Corporation (percentage of ownership: 36.77%) and others.

1.1 Consolidated Subsidiaries

Details of the consolidated subsidiaries as of December 31, 2014 and 2013, are as follows:

Subsidiary	Location	Closing month	Main business	Percentage of ownership	
				2014	2013
Gyeonggi Hwasung Bio Valley Co.,Ltd.	Korea	December	Real estate	51.00%	51.00%
Gimhae Techno Valley Co.,Ltd	Korea	December	Real estate	80.00%	80.00%
Daedeok Techno Valley co., Ltd	Korea	December	Real estate	-	65.00%
SEOSAN TECHNO VALLEY	Korea	December	Real estate	65.00%	65.00%
C-space Co., Ltd.	Korea	December	Convenient store chain business	100.00%	-
ASAN TECHNO VALLEY	Korea	December	Real estate	65.00%	65.00%
Hanwha Galleria Co., Ltd.	Korea	December	Department store and wholesale, retail	100.00%	100.00%
Hanwha Galleria Timeworld Co., Ltd. ¹	Korea	December	Department store	70.65%	71.49%
Hanwha City Development Co.,Ltd	Korea	December	Real estate	100.00%	100.00%
Hanwha Basis Co., Ltd. (formerly, DREAMPHARMA CORP.)	Korea	December	Pharmaceutical business	-	100.00%
Hanwha B&B Co., Ltd.	Korea	December	Restaurants business	100.00%	100.00%
H Compound corporation	Korea	December	Manufacture of compound	100.00%	100.00%
NHL Development co. ltd	Korea	December	Shipping service	100.00%	100.00%
Hanwha Solar Global	Korea	December	Photovoltaic business	100.00%	-
Hanwha Advanced Materials Corporation (formerly, Hanwha L&C Corporation)	Korea	December	Synthetic resin	100.00%	100.00%
Hanwha Chemical Overseas Holdings, Co., Ltd.	Korea	December	Holding company	100.00%	100.00%
HANWHA POLYDREAMER CO.,LTD	Korea	December	Packaging	99.98%	99.98%
Hanwha Trading (Shanghai) Co., Ltd.	China	December	General trading	100.00%	100.00%
HANWHA FINE CHEMICAL CO., LTD. (formerly, KPX Fine Chemical Co., Ltd.)	Korea	December	Manufacture and sale of chemical product	50.71%	-
Chandler LLC.	USA	December	Real estate development	90.00%	90.00%
Hale Ali'i Park Association, LLC	USA	December	Real estate development	100.00%	100.00%
Hale Ka Lae, LLC	USA	December	Real estate development	100.00%	100.00%
Hanwha Advanced Materials America LLC ²	USA	December	Manufacture of car parts	100.00%	100.00%
Hanwha Advanced Materials Beijing Co.,	China	December	Manufacture of car parts	100.00%	100.00%

Hanwha Chemical Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

Subsidiary	Location	Closing month	Main business	Percentage of ownership	
				2014	2013
Ltd. ²					
Hanwha Advanced Materials Europe, s.r.o. ²	Czech	December	Manufacture of car parts	100.00%	100.00%
Hanwha Advanced Materials Holdings USA Inc. ²	USA	December	Holding company	100.00%	100.00%
Hanwha Advanced Materials Holdings USA LLC ²	USA	December	Holding company	100.00%	100.00%
Hanwha Advanced Materials Shanghai Co., Ltd. ²	China	December	Manufacturing	100.00%	100.00%
Hanwha Aerospace, LLC	USA	December	Holding company	-	100.00%
Hanwha America Development LLC.	USA	December	Real estate development	100.00%	100.00%
Hanwha AZDEL, Inc.	USA	December	Manufacture of car parts	100.00%	100.00%
Hanwha Chandler LLC.	USA	December	Real estate development	100.00%	100.00%
Hanwha Chemical (Ningbo) Co., Ltd.	China	December	Manufacture of compound	100.00%	100.00%
Hanwha Chemical (Thailand) Co., Ltd. ³	Thailand	December	Manufacture of compound	99.99%	99.99%
HANWHA CHEMICAL INDIA PRIVATE LIMITED	India	March	Trading business	99.99%	-
Hanwha Chemical Malaysia Sdn. Bhd.	Malaysia	December	Sales of compound	100.00%	100.00%
Hanwha Chemical USA LLC	USA	December	Retail and wholesale service	100.00%	-
Hanwha Development Services LLC.	USA	December	Business Operation	100.00%	100.00%
Hanwha Hawaii LLC	USA	December	Real estate development	100.00%	100.00%
Hanwha Holdings(USA), Inc.	USA	December	Holding company	50.98%	50.98%
Hanwha International Corp.	USA	December	Holding company	100.00%	100.00%
Hanwha International LLC.	USA	December	General trading	100.00%	100.00%
Hanwha L&C Canada, Inc.	Canada	December	Manufacturing	-	100.00%
Hanwha L&C Trading (Shanghai) Co., Ltd.	China	December	General trading	-	100.00%
Hanwha L&C USA LLC	USA	December	Retail business	-	100.00%
Hanwha Machinery Americas, Inc.	USA	December	Sales Machinery	100.00%	100.00%
Hanwha Parcel O LLC	USA	December	Real estate development	100.00%	100.00%
Hanwha Property USA LLC	USA	December	Real estate	100.00%	-
Hanwha PVPLUS LLC	USA	December	Asset Securitization	100.00%	100.00%
Hanwha Q CELLS Australia Pty Ltd.	Australia	December	Photovoltaic business	100.00%	100.00%
Hanwha Q Cells Chile SpA	Chile	December	Photovoltaic business	100.00%	-
Hanwha Q CELLS Gmbh	Germany	December	Photovoltaic business	100.00%	100.00%
Hanwha Q CELLS Investment Co., Ltd.	England	December	Holding company	100.00%	100.00%
Hanwha Q CELLS Malaysia Sdn. Bhd.	Malaysia	December	Photovoltaic business	100.00%	100.00%
HANWHA Q CELLS SOLAR POWER SDN. BHD.	Malaysia	December	Photovoltaic business	100.00%	100.00%
Hanwha Q CELLS Til Til Uno SPA ⁴	Chile	December	Photovoltaic business	100.00%	-
Hanwha Q CELLS Turkey	Turkey	December	Photovoltaic business	100.00%	-
Hanwha Riverside LLC.	USA	December	Real estate development	100.00%	100.00%
Hanwha Solar America LLC	USA	December	Solar energy Laboratory	100.00%	100.00%
Hanwha Solar Australia Pty Ltd.	Australia	December	Photovoltaic business	100.00%	100.00%
Hanwha Solar Canada Inc.	Canada	December	Photovoltaic business	100.00%	100.00%

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Subsidiary	Location	Closing month	Main business	Percentage of ownership	
				2014	2013
Hanwha Solar Electric Power Engineering Co., Ltd.	China	December	Photovoltaic business	100.00%	100.00%
Hanwha Solar Engineering R&D center Co., Ltd.	China	December	R&D	100.00%	100.00%
Hanwha Solar Holdings Co., Ltd	England	December	Holding company	100.00%	100.00%
Hanwha SolarOne Co., Ltd. ^{5, 6}	England	December	Photovoltaic business	44.64%	47.43%
Hanwha SolarOne Deutschland GmbH	Germany	December	Photovoltaic business	100.00%	100.00%
Hanwha SolarOne Hong Kong Limited	Hong Kong	December	Investment and Procurement	100.00%	100.00%
Hanwha SolarOne Investment Holding Ltd.	England	December	Holding company	100.00%	100.00%
Hanwha SolarOne Power Generation (Wuxi) Co., Ltd.	China	December	Photovoltaic business	100.00%	-
Hanwha SolarOne Technology Co., Ltd.	China	December	Manufacture of silicon ingot	100.00%	100.00%
Hanwha SolarOne USA Inc.	USA	December	Photovoltaic business	100.00%	100.00%
Hanwha SolarOne(Nantong) Co., Ltd.	China	December	Photovoltaic business	100.00%	100.00%
Hanwha SolarOne(Qidong) Co., Ltd.	China	December	Manufacture of silicon ingot	100.00%	100.00%
Hanwha SolarOne(Shanghai) Co., Ltd.	China	December	Photovoltaic business	100.00%	100.00%
Hanwha Sonoran LLC.	USA	December	Real estate development	100.00%	100.00%
HANWHA TECHM USA LLC	USA	December	EPC business	100.00%	100.00%
Hanwha Village Market, LLC	USA	December	Real estate development	100.00%	100.00%
Hanwha West Properties LLC	USA	December	Real estate development	100.00%	100.00%
Nantong Hanwha Import & Export Co., Ltd.	China	December	Photovoltaic business	100.00%	100.00%
Nantong Hanwha PV-Tech Co., Ltd.	China	December	Photovoltaic business	100.00%	-
Silent Power Inc	USA	December	Photovoltaic business	58.75%	58.75%
Sonoran Vista LLC.	USA	December	Real estate development	90.00%	90.00%
Tower Hill Farm Ltd., England	England	December	Photovoltaic business	100.00%	-
Universal Bearings LLC.	USA	December	Manufacture of Bearings	100.00%	100.00%

¹ In 2014, the percentage of ownership of Hanwha Galleria Timeworld Co., Ltd. decreased due to disposal of treasury shares.

² The six foreign subsidiaries of Hanwha Advanced Materials Co., Ltd. changed its name as follows:

From	To
Hanwha L&C Alabama LLC	Hanwha Advanced Materials America LLC
Hanwha L&C Beijing Co., Ltd.	Hanwha Advanced Materials Beijing Co., Ltd.
Hanwha L&C Czech, s.r.o.	Hanwha Advanced Materials Europe, s.r.o.
Hanwha L&C Holdings USA Inc.	Hanwha Advanced Materials Holdings USA Inc.
Hanwha L&C Holdings USA LLC	Hanwha Advanced Materials Holdings USA LLC
Hanwha L&C Shanghai Co., Ltd.	Hanwha Advanced Materials Shanghai Co., Ltd.

³ In 2014, the Group acquired additional shares of Hanwha Chemical (Thailand) Co., Ltd.

⁴ E-MANAGEMENT UNO SpA changed its name to Hanwha Q CELLS Til Til Uno SPA.

⁵ Although the Group owns less than 50% of voting rights of Hanwha SolarOne Co., Ltd., the Group is considered to have control over Hanwha SolarOne Co., Ltd., as the remaining shareholders are widely dispersed, and the Group was able to exercise the majority voting rights in

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its decision-making process using the Controlling Company's ownership interests in the general meeting of shareholders in the past years.

⁶ In 2014, the percentage of ownership of Hanwha SolarOne Co., Ltd. decreased due to exercise of stock options and disproportionate paid-in capital increase.

1.2 Changes in Scope of Consolidation

Subsidiaries newly included in the consolidation and excluded from the consolidation for the year ended December 31, 2014, are as follows:

(a) Subsidiaries newly included in the consolidation for the year ended December 31, 2014:

Subsidiary	Reason
DREAMPHARMA CORP. ¹	
Hanwha L&C Corporation ²	
Hanwha Solar Global Co., Ltd.	
HANWHA CHEMICAL INDIA PRIVATE LIMITED	
Hanwha Chemical USA LLC	
Hanwha L&C USA Inc.	Newly established
Hanwha Property USA LLC	
Hanwha Q Cells Chile SpA	
Hanwha Q CELLS Turkey	
Hanwha SolarOne Power Generation (Wuxi) Co., Ltd.	
Nantong Hanwha PV-Tech Co., Ltd.	
C-space Co., Ltd.	Newly included
HANWHA FINE CHEMICAL CO., LTD. (formerly, KPX Fine Chemical Co., Ltd.)	
Hanwha Q CELLS Til Til Uno SPA	Newly acquired
Tower Hill Farm Ltd., England	

(b) Subsidiaries excluded from the consolidation for the year ended December 31, 2014:

Subsidiary	Reason
DREAMPHARMA CORP. ¹	Loss of control due to disposal
Hanwha L&C Corporation ^{2,3}	
Hanwha L&C Canada Inc. ³	
Hanwha L&C Trading (Shanghai) Co., Ltd. ³	
Hanwha L&C USA Inc. ³	
Hanwha L&C USA LLC ³	
Hanwha Basis Co., Ltd. (formerly DREAMPHARMA CORP.) ¹	Merger
Daedeok Techno Valley co., Ltd	Liquidation
Hanwha Aerospace, LLC	

¹ On October 1, 2014, the Group newly established DREAMPHARMA CORP. through split-off of the pharmaceutical segment of Hanwha Basis Co., Ltd. (formerly, DREAMPHARMA CORP.). Subsequently, the Group sold DREAMPHARMA CORP. and merged with Hanwha Basis Co., Ltd., the surviving company.

² In 2014, Hanwha Advanced Materials Corporation (formerly, Hanwha L&C Corporation) newly established Hanwha L&C Corporation through split-off of its construction materials segment.

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³ In 2014, Hanwha L&C Corporation, the intermediate parent company, and its subsidiaries including Hanwha L&C Canada, Inc., Hanwha L&C USA Inc., Hanwha L&C USA LLC, Hanwha L&C Trading (Shanghai) Co., Ltd. were sold and excluded from consolidation (Notes 39).

1.3 Financial Information of Subsidiaries

Financial information of major subsidiaries as of and for the year ended December 31, 2014, is as follows:

<i>(in thousands of Korean won)</i>	Assets	Liabilities	Equity	Sales	Profit (loss)
Gyeonggi Hwasung Bio Valley Co.,Ltd.	₩ 257,640,483	₩ 238,633,176	₩ 19,007,307	₩ 55,452,655	₩ 3,519,016
Gimhae Techno Valley Co.,Ltd	280,875,330	260,830,432	20,044,898	44,518,332	120,012
SEOSAN TECHNO VALLEY	178,100,385	180,523,278	(2,422,893)	87,091,925	(670,934)
C-space Co., Ltd.	11,006,150	11,007,997	(1,847)	29,806,778	(1,290,748)
ASAN TECHNO VALLEY	166,310,965	173,483,767	(7,172,802)	84,284,407	4,373,567
Hanwha Galleria Co., Ltd.	1,731,246,009	943,658,878	787,587,131	357,560,684	4,513,514
Hanwha Galleria Timeworld Co., Ltd.	387,381,312	121,262,319	266,118,993	160,265,488	24,162,715
Hanwha City Development Co.,Ltd	247,085,277	50,028,494	197,056,783	-	9,349,949
H Compound corporation	15,712,509	846,976	14,865,533	3,426,790	(346,046)
NHL Development co. ltd	233,034,358	49,192,699	183,841,659	131,734,907	342,753
Hanwha B&B Co., Ltd.	11,081,109	2,137,113	8,943,996	15,580,003	197,998
Hanwha Advanced Materials Co., Ltd.	865,352,370	492,161,140	373,191,230	964,402,540	7,612,075
Hanwha Chemical Overseas Holdings, Co., Ltd.	80,260,274	61,076	80,199,198	-	718,014
HANWHA POLYDREAMER CO.,LTD	72,224,857	35,029,525	37,195,332	133,527,527	856,781
Hanwha Trading (Shanghai) Co., Ltd.	22,665,818	13,803,752	8,862,066	127,580,202	759,088
HANWHA FINE CHEMICAL CO., LTD. (formerly, KPX Fine Chemical Co., Ltd.)	145,201,753	105,478,139	39,723,614	71,100,572	(6,296,330)
Hanwha Advanced Materials Beijing Co., Ltd.	47,699,107	11,087,035	36,612,072	47,452,203	3,787,722
Hanwha Advanced Materials Europe, s.r.o.	40,826,842	24,089,115	16,737,727	48,181,124	2,869,165
Hanwha Advanced Materials Holdings USA Inc.	43,523,656	3,500,179	40,023,477	-	-
Hanwha Advanced Materials Shanghai Co., Ltd.	52,812,762	26,193,125	26,619,637	54,211,452	3,490,021
Hanwha Chemical (Ningbo) Co., Ltd.	376,933,752	247,776,114	129,157,638	324,915,316	(54,240,129)
Hanwha Chemical (Thailand) Co.,Ltd.	53,518,377	32,008,583	21,509,794	47,275,452	(337,206)
Hanwha Chemical Malaysia Sdn. Bhd.	7,843,207	5,633,793	2,209,414	6,317,480	(325,337)
Hanwha Holdings(USA), Inc. ¹	645,446,372	377,924,887	267,521,485	746,648,119	5,441,110
Hanwha International Corp.	55,289,407	2,663,272	52,626,135	-	59,175
Hanwha Q CELLS Australia Pty Ltd.	5,729,746	5,208,201	521,545	13,082,039	(1,169,740)
Hanwha Q Cells Chile SpA	5,760,393	4,633,157	1,127,236	-	(290,712)
Hanwha Q CELLS GmbH	628,706,468	362,674,869	266,031,599	826,744,729	4,808,055
Hanwha Q CELLS Investment Co., Ltd.	363,415,095	753,837	362,661,258	-	(727,168)
Hanwha Q CELLS Malaysia Sdn. Bhd.	304,534,284	282,567,528	21,966,756	363,456,438	23,140,197

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HANWHA Q CELLS SOLAR POWER SDN. BHD.	1,872,896	1,563,504	309,392	-	(1,687)
Hanwha Q CELLS Til Til Uno SPA	1,032,745	1,027,522	5,223	1,524	4,833
Hanwha Q CELLS Turkey	271,078	72,991	198,087	-	(476,282)
Hanwha Solar Holdings Co., Ltd	821,025,996	-	821,025,996	-	(3,498)
Hanwha SolarOne Co., Ltd. ²	1,663,957,340	1,417,741,267	246,216,073	826,533,593	(105,316,846)
Tower Hill Farm Ltd., England	1,902,815	1,941,250	(38,435)	-	-

¹ Consolidated financial information of Hanwha Holdings(USA), Inc., which has 25 subsidiaries

² Consolidated financial information of Hanwha SolarOne Co., Ltd., which has 16 subsidiaries

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS").

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group for the annual period beginning on January 1, 2011, have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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2.2 Changes in Accounting Policy and Disclosures

(a) New and amended standards adopted by the Group

The Group newly applied the following amended and enacted standards for the annual period beginning on January 1, 2014:

- Enactment of Korean IFRS 2121, Levies

Korean IFRS 2121, Levies is applied to a liability to pay a levy imposed by the government in accordance with the legislation. The interpretation requires that the liability to pay a levy is recognized when the activity that triggers the payment of the levy occurs, as identified by the legislation. The application of this interpretation does not have a material impact on the consolidated financial statements.

- Amendment to Korean IFRS 1102, Share-based payment

Korean IFRS 1102, Share-based payment, clarifies the definition of 'vesting conditions' such as 'performance condition', 'service condition' and others. This amendment is applied to share-based payment transactions for which the grant date is on or after July 1, 2014. The application of this amendment does not have a material impact on the consolidated financial statements.

- Amendment to Korean IFRS 1032, Financial Instruments: Presentation

Amendment to Korean IFRS 1032, Financial Instruments: Presentation, provides that the right to offset must not be contingent on a future event and must be legally enforceable in all of circumstances; and if an entity can settle amounts in a manner such that outcome is, in effect, equivalent to net settlement, the entity will meet the net settlement criterion.

- Amendment to Korean IFRS 1036, Impairment of Assets

Amendment to Korean IFRS 1036, Impairment of Assets, removed certain disclosures of the recoverable amount of cash-generating units which had been included in this amendment by the issuance of Korean IFRS 1113.

- Amendment to Korean IFRS 1039, Financial Instruments: Recognition and Measurement

Amendment to Korean IFRS 1039, Financial Instruments: Recognition and Measurement, allows the continuation of hedge accounting for a derivative that has been designated as a hedging instrument in a circumstance in which that derivative is novated to a central counterparty (CCP) as a consequence of laws or regulations.

Other standards, amendments and interpretations which are effective for the annual period beginning on January 1, 2014, do not have a material impact on the financial statements of the Group.

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(b) New standards and interpretations not yet adopted

The Group expects that new standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2014 and not early adopted would not have a material impact on its consolidated financial statements.

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110, Consolidated Financial Statements.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the parent company has control. The parent company controls the corresponding investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins from the date the parent company obtains control of a subsidiary and ceases when the parent company loses control of the subsidiary.

The Group applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. All other non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRSs. Acquisition-related costs are expensed as incurred.

Goodwill is recognized as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Balances of receivables and payables, income and expenses and unrealized gains on transactions between the Group subsidiaries are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In transactions with non-controlling interests, which do not result in loss of control, the Group recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

If the Group loses control of a subsidiary, any investment continuously retained in the subsidiary is re-measured at its fair value at the date when control is lost and any resulting differences are recognized in profit or loss.

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(b) Associates

Associates are all entities over which the Group has significant influence, and investments in associates are initially recognized at acquisition cost using the equity method. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is any objective evidence that the investment in the associate is impaired, the Group recognizes the difference between the recoverable amount of the associate and its book value as impairment loss.

(c) Joint Arrangements

A joint arrangement of which two or more parties have joint control is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venturer has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the parent company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Exchange differences arising on non-monetary financial assets and liabilities such as equity instruments at fair value through profit or loss and available-for-sale equity instruments are recognized in profit or loss and included in other comprehensive income, respectively, as part of the fair value gain or loss.

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(c) Translation into the presentation currency

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of income are translated at average exchange rates; and
- equity is translated at the historical exchange rate; and
- all resulting exchange differences are recognized in other comprehensive income.

2.5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.6 Financial Assets

(a) Classification and measurement

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity financial assets. Regular purchases and sales of financial assets are recognized on the trade date.

Regular purchases and sales of financial assets are recognized on the trade date. At initial recognition, financial assets are measured at fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of income. After the initial recognition, available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables, and held-to-maturity investments are subsequently carried at amortized cost using the effective interest rate method.

Changes in fair value of financial assets at fair value through profit or loss are recognized in profit or loss and changes in fair value of available-for-sale financial assets are recognized in other comprehensive income. When the available-for-sale financial assets are sold or impaired, the fair value adjustments recorded in equity are reclassified into profit or loss.

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(b) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Impairment of loans and receivables is presented as a deduction in an allowance account. Impairment of other financial assets is directly deducted from their carrying amount. The Group writes off financial assets when the assets are determined to be no longer recoverable.

(c) Derecognition

If the Group transfers a financial asset and the transfer does not result in derecognition because the Group has retained substantially of all risks and rewards of ownership of the transferred asset due to a recourse in the event the debtor defaults, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The related financial liability is classified as 'borrowings' in the statement of financial position.

(d) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.7 Derivative Instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the derivatives that are not qualified for hedge accounting are recognized in the statement of income within 'other income (expenses)' according to the nature of transactions.

The Group applies cash flow hedge accounting for hedging price changes risks on forecast purchases of inventories. The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and the ineffective portion is recognized in 'other income (expenses)'. Amounts of changes in fair value of effective hedging instruments accumulated in other comprehensive income are included in the initial measurement of the cost of non-financial assets as hedging transactions and recognized as 'cost of sales' for the periods when the corresponding transactions affect profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that is reported in other comprehensive income is recognized as 'other income (expenses)'.

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The Group applies fair value hedge accounting for hedging fixed interest risks on borrowings. The effective portion of changes in fair value of derivatives that are designated and qualify as fair value hedges is recognized as 'finance cost', and the ineffective portion is recognized as 'other income (expenses)'. However, changes in the fair value of the hedged items attributable to hedged risk are recognized as 'finance cost'. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity.

2.8 Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the gross average method or moving-weighted average method, except for materials-in-transit measured using the individual cost method.

2.10 Investment Property

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. Investment property, except for land, is depreciated using the straight-line method over their useful lives from five to 60 years.

2.11 Property, Plant and Equipment

Property, plant and equipment is stated at its cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that is directly attributable to the acquisition of the items.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

	<u>Useful life</u>
Buildings	5 – 60 years
Structures	8 – 55
Machinery	2 – 15
Vehicles	1 – 12
Tools and equipment	1 – 20
Others	1 – 12

The depreciation method, residual values and useful lives of property, plant and equipment are reviewed at the end of each reporting period and, if appropriate, accounted for as changes in accounting estimates.

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2.12 Borrowing Costs

Borrowing costs incurred in the acquisition or construction of a qualifying asset are capitalized in the period when it is prepared for its intended use, and investment income earned on the temporary investment of borrowings made specifically for the purpose obtaining a qualifying asset is deducted from the borrowing costs eligible for capitalization during the period. Other borrowing costs are recognized as expenses for the period in which they are incurred.

2.13 Government Grants

Grants from a government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the statement of income over the period necessary to match them with the costs that they are intended to compensate.

2.14 Intangible Assets

Goodwill is measured as explained in Note 2.3.(a) and carried at its cost less accumulated impairment losses.

Intangible assets, except for goodwill, are initially recognized at its historical cost and carried at its cost less accumulated amortization and accumulated impairment losses.

Internally generated development costs are the aggregate costs recognized after meeting the asset recognition criteria, including technical feasibility, and determined to have future economic benefits.

Certain intangible assets are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the assets are expected to be utilized. Intangible assets with definite useful life that are amortized using the straight-line method over their estimated useful lives, are as follows:

	Useful life
Industrial property rights	5 – 10 years
Land use rights	50
Development costs	5
Memberships	10 – 20
Others	3 – 20

2.15 Impairment of Non-financial Assets

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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2.16 Financial Liabilities

(a) Classification and measurement

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are classified in this category if incurred principally for the purpose of repurchasing them in the near term. Derivatives that are not designated as hedges or bifurcated from financial instruments containing embedded derivatives are also categorized as held-for-trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as financial liabilities in the statement of financial position.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished, for example, when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

2.17 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

2.18 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized through profit or loss in the consolidated statement of income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the borrowings for at least 12 months after the end of the reporting period.

2.19 Compound Financial Instruments

Compound financial instruments are convertible bonds that can be converted into equity instruments at the option of the holder. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option.

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2.20 Financial Guarantee Contracts

Financial guarantees contracts provided by the Group are initially measured at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amounts below and recognized as 'other financial liabilities':

- the amount determined in accordance with Korean IFRS 1037, *Provisions, Contingent Liabilities and Contingent Assets*; or
- the initial amount, less accumulated amortization recognized in accordance with Korean IFRS1018, *Revenue*.

2.21 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the increase in the provision due to passage of time is recognized as expense.

2.22 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Tax is recognized on the profit for the period in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, deferred tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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2.23 Employee Benefits

(a) Defined benefits liability

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognized as employee benefit expenses when an employee has rendered service.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined benefit liability are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or losses on settlement are recognized as profit or loss for the year.

(b) Share-based payments

Equity-settled share-based payments granted to employees are estimated at the grant date at fair value of equity instruments and recognized as employee benefit expenses over the vesting period. The number of equity instruments expected to vest is remeasured with consideration to non-market vesting conditions at the end of the reporting period, with any changes from the original measurement recognized in the profit for the year and equity.

2.24 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods or rendering of services arising from the normal activities of the Company. It is stated as net of value added taxes, returns, rebates and discounts, after elimination of intra-company transactions.

The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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(a) Sale of goods

Sales of goods are recognized when products are delivered to the purchaser. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the purchaser has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Rendering of services

Revenue from rendering of services is recognized by reference to the stage of completion if the performance of rendering is reliably estimated. When the outcome of rendering cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

(c) Interest income

Interest income is recognized using the effective interest method according to the time passed. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

(d) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.25 Lease

A lease is an agreement, whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases where all the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Lease payments under operating leases are recognized as expenses on a straight-line basis over the lease term.

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases and recognized as lease assets and liabilities at the lower of the fair value of the leased property and the present value of the minimum lease payments on the opening date of the lease period.

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2.26 Segment Reporting

The Group has four reportable segments, as described in Note 38, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

The measurement used by the chief operating decision maker to evaluate segment results is operating profit or loss, which is determined the same way as consolidated operating profit or loss in the accompanying consolidated statements of comprehensive income (loss).

Except for the Photovoltaic segment, segment assets and liabilities are the same as total assets and liabilities in the separate financial statements prepared in accordance with Group accounting policies ("GAP"), without any adjustments for corporate allocations and consist of directly attributable assets and liabilities to each segment. For the Photovoltaic segment, segment assets and liabilities are the combination of the assets and liabilities of a holding company and its subsidiaries based on the holding company's consolidated financial statements prepared in accordance with GAP and the assets and liabilities of all other subsidiaries within the segment based on separate financial statements prepared in accordance with GAP. For subsidiaries which are in a different segment from that of its immediate parent company, their carrying amount in separate financial statements prepared in accordance with GAP is eliminated upon consolidation of the segments. Investments in associates included in segment assets are adjusted to the equity method balance per the accompanying consolidated statements of financial position upon consolidation of the segments.

2.27 Approval of Issuance of the Financial Statements

The issuance of the December 31, 2014 financial statements of the Company was approved by the Board of Directors on February 24, 2015, which is subject to change with approval at the annual shareholder's meeting.

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3. Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The estimates and assumptions are continuously evaluated with consideration to factors such as events reasonably predictable in the foreseeable future within the present circumstance according to historical experience. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations (Note 17.2).

(b) Income taxes

The Group is operating in numerous countries and the income generated from these operations is subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain (Note 33).

(c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 5).

(d) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 22).

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4. Financial Risk Management

4.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, etc), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

4.1.1 Market risk

(a) Foreign exchange risk

Foreign exchange risk of the Group arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Euro, the Japanese Yen.

The Group applies foreign exchange risk management policy to each entity individually with considering the entity's business characteristics and existence of alternatives against foreign exchange risk. The Group manages maximum loss for foreign exchange risk exposures within acceptable range by using foreign exchange risk management model. Additionally, the Group periodically evaluates and handles such risks exposed through managing system, and reports the results to the management.

As of December 31, 2014 and 2013, if the Korea won had weakened/strengthened by 1% against the currencies with all other variables held constant, pre-tax profit for the year would have been higher/lower for the following amounts:

(in thousands of Korean won)	2014		2013	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
USD	₩ (10,038,568)	₩ 10,038,568	₩ (8,617,883)	₩ 8,617,883
EUR	1,575,226	(1,575,226)	160,757	(160,757)
JPY	276,947	(276,947)	124,788	(124,788)
	₩ (8,186,395)	₩ 8,186,395	₩ (8,332,338)	₩ 8,332,338

The above sensitivity analysis was performed just for the assets and liabilities denominated in foreign currencies which are not the Group's functional currency. The effect of changes in foreign exchange rates due to derivative transactions that incur hedge effect was also considered.

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(b) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expense arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises through floating rate deposits and borrowings.

The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense

At December 31, 2014, if interest rates on borrowings at that date had been 1% higher/lower with all other variables held constant, pre-tax profit for the year would have been ₩25,867 million (2013: ₩26,740 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

4.1.2 Credit Risk

The Group is exposed to credit risk which is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

In order to manage credit risk, the Group opens and maintains its business only with customers whose credit qualities exceed a required minimum rating. When entering into contracts with new customers, the Group evaluates their credit risk based on available information and limits transaction level based on the assessment.

The maximum exposure to credit risk at the reporting date is the carrying value of the cash and cash equivalents, which deposit at the financial institution, the financial assets excluding equity investments and the maximum guaranteed amount.

4.1.3 Liquidity Risk

The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

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(a) Maturity analysis of non- derivative financial liabilities

The analyses of the Group's liquidity risk for the financial liabilities as of December 31, 2014, and 2013, are as follows:

(in thousands of Korean won)	2014			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	₩ 1,626,190,351	₩ 13,941,049	₩ -	₩ 1,640,131,400
Borrowings ¹	2,300,834,478	2,761,831,402	294,436,309	5,357,102,189
Other financial liabilities ²	89,079,842	9,786,917	979,929	99,846,688
	<u>₩ 4,016,104,671</u>	<u>₩ 2,785,559,368</u>	<u>₩ 295,416,238</u>	<u>₩ 7,097,080,277</u>

(in thousands of Korean won)	2013			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	₩ 1,685,257,278	₩ 10,409,299	₩ -	₩ 1,695,666,577
Borrowings ¹	2,352,978,596	3,346,571,174	203,551,157	5,903,100,927
Other financial liabilities ²	86,138,857	10,910,295	289,400	97,338,552
	<u>₩ 4,124,374,731</u>	<u>₩ 3,367,890,768</u>	<u>₩ 203,840,557</u>	<u>₩ 7,696,106,056</u>

¹ Cash flows of borrowings include cash flows of related interest expense.

² Cash flows of other financial liabilities do not include cash flows of financial guarantee contract and accrued interest.

(b) Maturity analysis of derivative financial liabilities

The analyses of the Group's liquidity risk for the derivative financial liabilities as of December 31, 2014, and 2013, are as follows:

(in thousands of Korean won)	2014			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Derivative financial liabilities	₩ 872,612	2,091,693	-	2,964,305

(in thousands of Korean won)	2013			
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Derivative financial liabilities	₩ 3,316,429	₩ 5,963,724	₩ -	₩ 9,280,153

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(c) The Group has entered into financial guarantee contracts and cash deficiency support agreement and others for related parties that are not considered in the above table. If related parties fail to meet an obligation, additional cash outflows from the Group may be incurred within a year (Note 36).

4.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total debt divided by total capital. Total debt is 'total liabilities' and total capital is 'total equity' as shown in the consolidated financial statement of financial position.

The debt-to-equity ratios as of December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>		2014		2013
Total debt (A)	₩	7,817,545,449	₩	8,350,337,272
Total equity (B)		4,779,478,284		4,456,724,818
Debt-to-equity ratio (A/B)		163.56%		187.36%

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5. Fair Value

5.1 Fair Value of Financial Instruments by Category

Financial Assets

(in thousands of Korean won)	2014		2013	
	Book value	Fair value	Book value	Fair value
Cash and cash equivalents	₩ 549,393,182	₩ 549,393,182	₩ 920,481,846	₩ 920,481,846
Available-for-sale financial assets ¹	146,309,688	146,309,688	138,125,703	138,125,703
Trade and other receivables	1,397,347,223	1,397,347,223	1,494,282,088	1,494,282,088
Other financial assets				
Derivative financial assets	3,658,755	3,658,755	5,550,697	5,550,697
Others	343,192,200	343,192,200	185,465,623	185,465,623
	₩ 2,439,901,048	₩ 2,439,901,048	₩ 2,743,905,957	₩ 2,743,905,957

¹ Equity instruments that do not have a quoted price in an active market are measured at cost because their fair value cannot be measured reliably and excluded from the fair value disclosures (Note 5.3).

Financial Liabilities

(in thousands of Korean won)	2014		2013	
	Book value	Fair value	Book value	Fair value
Trade and other payables	₩ 1,640,131,400	₩ 1,640,131,400	₩ 1,695,666,577	₩ 1,695,666,577
Borrowings	4,953,452,089	4,972,098,518	5,513,553,084	5,543,203,852
Other financial liabilities				
Derivative financial liabilities	2,831,015	2,831,015	8,866,406	8,866,406
Others	121,657,506	121,657,506	116,499,938	116,499,938
	₩ 6,718,072,010	₩ 6,736,718,439	₩ 7,334,586,005	₩ 7,364,236,773

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5.2 Fair Value Hierarchy

Assets measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value or its fair value is disclosed as of December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>	2014			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Available-for-sale financial assets	₩ 110,061,803	₩ 83,617	₩ 36,164,268	₩ 146,309,688
Derivative financial assets	-	3,658,755	-	3,658,755
Derivative financial liabilities	-	2,831,015	-	2,831,015

<i>(in thousands of Korean won)</i>	2013			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Available-for-sale financial assets	₩ 117,701,564	-	₩ 20,424,139	₩ 138,125,703
Derivative financial assets	-	5,550,697	-	5,550,697
Derivative financial liabilities	-	8,866,406	-	8,866,406

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5.3 Financial Instruments Measured at Cost

Details of financial instruments measured at cost as of December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>		2014	2013
Available-for-sale financial assets			
Unlisted stocks	₩	19,231,705	₩ 22,237,631
Debt securities		-	100,000

Above financial instruments do not have quoted market prices in active market and fair value cannot be reliably measured. Therefore, these instruments are measured at cost. The Group does not have any plans to dispose of the above-mentioned in the near future. These instruments will be measured at fair value when the Group can develop a reliable estimate of the fair value.

6. Financial Instruments by Category

6.1 Carrying Amounts of Financial Instruments by Category

Categorizations of financial assets and liabilities as of December 31, 2014 and 2013, are as follows:

Financial Assets

<i>(in thousands of Korean won)</i>		2014				
		Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Others ¹	Total
Current						
Cash and cash equivalents	₩	-	₩ -	₩ 549,393,182	-	₩ 549,393,182
Available-for-sale financial assets		-	703	-	-	703
Trade and other receivables		-	-	1,394,450,095	-	1,394,450,095
Other financial assets		1,785,361	-	248,316,366	-	250,101,727
Non-current						
Available-for-sale financial assets		-	165,540,690	-	-	165,540,690
Trade and other receivables		-	-	2,897,128	-	2,897,128
Other financial assets		1,416,676	-	94,875,834	456,718	96,749,228
	₩	₩ 3,202,037	₩ 165,541,393	₩ 2,289,932,605	₩ 456,718	₩ 2,459,132,753

¹ Others include financial assets designated as hedged items.

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Financial Liabilities

(in thousands of Korean won)

		2014			
		Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Others ¹	Total
Current					
Trade and other payables	₩	-	₩ 1,626,190,351	₩ -	₩ 1,626,190,351
Borrowings		-	2,187,144,348	19,238,640	2,206,382,988
Other financial liabilities		871,962	93,926,867	6,717,991	101,516,820
Non-current					
Trade and other payables		-	13,941,049	-	13,941,049
Borrowings		-	2,747,069,101	-	2,747,069,101
Other financial liabilities		1,959,053	17,012,512	4,000,136	22,971,701
	₩	2,831,015	₩ 6,685,284,228	₩ 29,956,767	₩ 6,718,072,010

¹ Others include finance lease liabilities, financial liabilities designated as hedged items, financial liabilities related to transfer transactions not qualified for derecognition, financial guarantees and others.

Financial Assets

(in thousands of Korean won)

		2013			
		Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Total
Current					
Cash and cash equivalents	₩	-	₩ -	₩ 920,481,846	₩ 920,481,846
Trade and other receivables		-	-	1,492,618,024	1,492,618,024
Other financial assets		5,505,336	-	119,652,114	125,157,450
Non-current					
Available-for-sale financial assets		-	160,363,334	-	160,363,334
Trade and other receivables		-	-	1,664,064	1,664,064
Other financial assets		45,361	-	65,813,509	65,858,870
	₩	5,550,697	₩ 160,363,334	₩ 2,600,229,557	₩ 2,766,143,588

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Financial Liabilities

(in thousands of Korean won)

	2013			
	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Others ¹	Total
Current				
Trade and other payables	₩ -	₩ 1,685,257,279	₩ -	₩ 1,685,257,279
Borrowings	-	2,180,858,153	32,591,935	2,213,450,088
Other financial liabilities	3,055,000	96,597,117	3,432,456	103,084,573
Non-current				
Trade and other payables	-	10,409,299	-	10,409,299
Borrowings	-	3,300,102,996	-	3,300,102,996
Other financial liabilities	5,199,569	12,670,384	4,411,818	22,281,771
	₩ 8,254,569	₩ 7,285,895,228	₩ 40,436,209	₩ 7,334,586,006

¹ Others include finance lease liabilities, financial liabilities designated as hedged items, financial liabilities related to transfer transactions not qualified for derecognition, financial guarantees and others.

6.2 Net gain or Loss by Category of Financial Instruments

Net gain or net loss on each category of financial instruments for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

(in thousands of Korean won)

	2014							
	Financial instruments at fair value through profit or loss		Available-for-sale financial assets		Loans and receivables	Financial liabilities at amortized cost	Total	
Interest income	₩	-	₩	2,639	₩	17,225,672	₩ -	₩ 17,228,311
Reversal of other bad debts Expense		-		-		205,950	-	205,950
Gain on foreign currency transactions		-		-		91,374,791	11,712,133	103,086,924
Gain on foreign currency translation		-		-		27,801,118	983,289	28,784,407
Interest expense		-		-		-	(213,369,656)	(213,369,656)
Loss on foreign currency transactions		-		-		(89,036,218)	(25,481,862)	(114,518,080)
Loss on foreign currency translation		-		-		(19,312,100)	(24,805,926)	(44,118,026)
Bad debts expense		-		-		(3,738,250)	-	(3,738,250)
Other bad debts expense		-		-		(17,127)	-	(17,127)
Gain on disposal of available-for-sale financial assets		-		16,332,718		-	-	16,332,718
Loss on disposal of available-for-sale financial assets		-		(2,036,151)		-	-	(2,036,151)
Impairment loss on available-for-sale financial assets		-		(4,725,878)		-	-	(4,725,878)
Gain on valuation of Derivatives		8,966,002		-		-	-	8,966,002
Gain on transactions of derivatives		6,973,432		-		-	-	6,973,432

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(in thousands of Korean won)

	2014				
	Financial instruments at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities at amortized cost	Total
Loss on valuation of Derivatives	(5,211,232)	-	-	-	(5,211,232)
Loss on transactions of derivatives	(2,138,356)	-	-	-	(2,138,356)
Dividend income	-	2,737,904	-	-	2,737,904
	8,589,846	12,311,232	24,503,836	(250,962,022)	(205,557,108)
Other comprehensive income					
Gain (loss) on valuation of available-for-sale financial assets	-	(19,075,105)	-	-	(19,075,105)
	-	(19,075,105)	-	-	(19,075,105)
	₩ 8,589,846	₩ (6,763,873)	₩ 24,503,836	₩(250,962,022)	₩(224,632,213)

(in thousands of Korean won)

	2013				
	Financial instruments at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities at amortized cost	Total
Interest income	₩ -	₩ 7,720	₩ 14,250,029	₩ -	₩ 14,257,749
Reversal of other bad debts expense	-	-	101,415	-	101,415
Gain on foreign currency transactions	-	-	108,779,385	653,478	109,432,863
Gain on foreign currency translation	-	-	19,858,667	38,631,877	58,490,544
Interest expense	-	-	-	(222,841,916)	(222,841,916)
Loss on foreign currency transactions	-	-	(79,635,286)	(36,773,732)	(116,409,018)
Loss on foreign currency translation	-	-	(15,206,993)	(25,991,526)	(41,198,519)
Bad debts expense	-	-	(5,115,928)	-	(5,115,928)
Other bad debts expense	-	-	(179,952)	-	(179,952)
Gain on disposal of available-for-sale financial assets	-	34,250,012	-	-	34,250,012
Loss on disposal of available-for-sale financial assets	-	(246,543)	-	-	(246,543)
Loss on disposal of other financial instruments	-	-	(43,817)	-	(43,817)
Gain on valuation of derivatives	8,911,549	-	-	-	8,911,549
Gain on transactions of derivatives	12,393,155	-	-	-	12,393,155
Loss on valuation of derivatives	(9,358,562)	-	-	-	(9,358,562)
Loss on transactions of derivatives	(8,967,156)	-	-	-	(8,967,156)
Dividend income	-	2,931,542	-	-	2,931,542
	₩ 2,978,986	₩ 36,942,731	₩ 42,807,520	₩(246,321,819)	₩(163,592,582)

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(in thousands of Korean won)

	2013				
	Financial instruments at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables	Financial liabilities at amortized cost	Total
Other comprehensive income					
Gain (loss) on valuation of available-for-sale financial assets	-	(47,524,611)	-	-	(47,524,611)
	-	(47,524,611)	-	-	(47,524,611)
	₩ 2,978,986	₩ (10,581,880)	₩ 42,807,520	₩(246,321,819)	₩(211,117,193)

7. Transfer of Financial Assets

The Group transfers financial assets by transferring financial assets that are not derecognized in their entirety, and other party has recourse for transferred assets.

Transferred financial assets are recognized as trade receivable as of December 31, 2014, and related liabilities are accounted for short-term borrowings. The book value and fair value of transferred trade receivable and related liabilities are both ₩19,239 million (2013: ₩32,592 million) and the net position is nil.

8. Cash and Cash Equivalents

Restricted cash and cash equivalents provided as collateral for borrowings and others as of December 31, 2014, are ₩ 5,044 million (2013: ₩35,571 million) (Note 35).

9. Trade Receivables and Other Receivables

Trade receivables and other receivables as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014		2013	
	Current	Non-current	Current	Non-current
Trade receivables	₩ 1,298,902,113	₩ 100,556	₩ 1,385,267,858	₩ 156,643
Less: provisions for impairment	(31,263,451)	(100,556)	(42,682,552)	(56,086)
Less: present value discounts	-	-	-	(25,988)
	1,267,638,662	-	1,342,585,306	74,569
Other receivables	127,190,840	194,052,790	150,333,652	193,087,280
Less: provisions for impairment	(379,407)	(191,291,834)	(300,934)	(191,497,785)
Add: present value premium	-	136,172	-	-
	126,811,433	2,897,128	150,032,718	1,589,495
	₩ 1,394,450,095	₩ 2,897,128	₩ 1,492,618,024	₩ 1,664,064

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The aging analysis of the trade receivables and other receivables as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014		2013	
	₩		₩	
Receivables not past due	₩	1,053,658,479	₩	1,077,815,625
Past due but not impaired ¹				
Less than 3 months		268,132,651		319,607,146
Less than 6 months		45,697,346		48,286,288
Less than 1 year		13,828,117		28,667,860
Over 1 year		43,850,295		41,633,261
		371,508,409		438,194,555
Impaired ¹				
Less than 3 months		113,763		8,152,755
Less than 6 months		133,417		1,997,390
Less than 1 year		857,913		1,492,992
Over 1 year		193,974,318		201,192,116
		195,079,411		212,835,253
	₩	1,620,246,299	₩	1,728,845,433

¹ Classified into impaired and not impaired depending on the results of individual impairment assessment

Movements on provisions for impairment of trade receivables and other receivables for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014		2013	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning balance	₩ (42,738,638)	₩ (191,798,719)	₩ (38,456,838)	₩ (191,747,936)
Provisions for impaired receivables	(3,738,250)	(17,127)	(13,413,028)	(179,952)
Unused amounts reversed	-	205,950	8,297,100	101,415
Write-off and others	5,783,451	45,064	3,593,430	7,524
Changes in scope of consolidation	9,659,105	-	-	-
Changes in exchange rates and others	(329,675)	(106,409)	(2,759,302)	20,230
Ending balance	₩ (31,364,007)	₩ (191,671,241)	₩ (42,738,638)	₩ (191,798,719)

Trade receivables and other receivables are provided as collateral for borrowings as of December 31, 2014 (Note 35).

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10. Other Financial Assets

Details of other financial assets as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014		2013	
	Current	Non-current	Current	Non-current
Derivative instruments	₩ 1,785,361	₩ 1,873,394	₩ 5,505,336	₩ 45,361
Financial instruments	203,437,833	3,656,201	72,606,663	1,749,100
Loans	35,174,514	37,241,882	38,697,517	30,243,897
Deposits	6,931,137	53,977,751	6,829,183	33,820,512
Accrued revenues	2,772,882	-	1,518,751	-
	<u>₩ 250,101,727</u>	<u>₩ 96,749,228</u>	<u>₩ 125,157,450</u>	<u>₩65,858,870</u>

The Group entered into currency forward, currency option and currency swap contracts to hedge exchange rate risk of trade receivables in foreign currency and others.

Details of valuation of derivative financial instruments as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014		2013	
	Assets	Liabilities	Assets	Liabilities
For trading				
Currency forward contracts	₩ 1,785,361	₩ 939,814	₩ 5,491,729	₩ 3,086,517
Currency options	1,416,676	-	-	1,834,719
Currency swaps	-	1,019,239	-	2,073,395
Interest rate swaps	-	871,962	58,968	1,259,938
	<u>3,202,037</u>	<u>2,831,015</u>	<u>5,550,697</u>	<u>8,254,569</u>
For cash flow hedge				
Currency swaps	456,718	-	-	611,837
	<u>456,718</u>	<u>-</u>	<u>-</u>	<u>611,837</u>
	<u>₩ 3,658,755</u>	<u>₩ 2,831,015</u>	<u>₩ 5,550,697</u>	<u>₩ 8,866,406</u>

Other financial assets are provided as collateral for borrowings as of December 31, 2014 (Note 35).

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11. Other Assets

Details of other assets as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014		2013	
	Current	Non-current	Current	Non-current
Advance payments	₩ 192,576,341	₩ -	₩ 188,900,108	₩ -
Provisions for impairment of advance payments	(118,092,927)	-	(116,665,639)	-
Prepaid construction costs	4,977,864	-	4,487,166	-
Prepaid expenses	21,589,517	15,291,930	26,619,607	27,402,763
Prepaid value added tax	93,786,025	-	84,414,579	-
Others	-	6,491,617	-	7,188,502
	₩ 194,836,820	₩ 21,783,547	₩ 187,755,821	₩ 34,591,265

Movements on provisions for impairment of advance payments for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014	2013
Beginning balance	₩ (116,665,639)	₩ (108,518,474)
Provisions for impaired	-	(9,699,007)
Unused amounts reversed	-	1,420,947
Write-off	-	1,472,586
Changes in exchange rates	(1,427,288)	(1,341,691)
Ending balance	₩ (118,092,927)	₩ (116,665,639)

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12. Inventories

Inventories as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014		
	Acquisition cost	Valuation allowance of inventories	Carrying amount
Merchandise	₩ 83,471,004	₩ (1,727,273)	₩ 81,743,731
Finished goods	472,250,123	(23,886,619)	448,363,504
Half-finished products	63,539,767	(16,089)	63,523,678
Work-in-process	913,191,137	-	913,191,137
Raw materials	233,214,575	(4,413,814)	228,800,761
Supplies	66,228,760	-	66,228,760
Goods-in-transit	70,894,365	-	70,894,365
	<u>₩ 1,902,789,731</u>	<u>₩ (30,043,795)</u>	<u>₩ 1,872,745,936</u>

(in thousands of Korean won)

	2013		
	Acquisition cost	Valuation allowance of inventories	Carrying amount
Merchandise	₩ 86,512,202	₩ (2,275,709)	₩ 84,236,493
Finished goods	438,360,205	(26,499,225)	411,860,980
Half-finished products	26,206,176	(980,178)	25,225,998
Work-in-process	927,212,809	-	927,212,809
Raw materials	218,912,001	(10,760,269)	208,151,732
Supplies	47,692,028	-	47,692,028
Goods-in-transit	33,481,834	-	33,481,834
	<u>₩ 1,778,377,255</u>	<u>₩ (40,515,381)</u>	<u>₩ 1,737,861,874</u>

The write-down of inventories included in 'cost of sales' is ₩30,044 million for the year ended December 31, 2014 (2013: ₩40,515 million).

Inventories are provided as collateral for borrowings as of December 31, 2014 (Note 35).

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13. Available-for-sale Financial Assets

Details of available-for-sale financial assets as of December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>		2014		2013
Equity securities				
Listed stocks	₩	110,061,804	₩	117,701,564
Unlisted stocks		55,395,972		42,561,770
Debt securities		83,617		100,000
	₩	<u>165,541,393</u>	₩	<u>160,363,334</u>

Changes in available-for-sale financial assets for the year ended December 31, 2014, are as follows:

<i>(in thousands of Korean won)</i>		2014		2013
Beginning balance	₩	160,363,334	₩	293,067,569
Acquisition		2,283,174		8,429,126
Disposal		(6,202,487)		(138,110,905)
Valuation		(2,063,669)		(3,022,456)
Impairment		(4,725,878)		-
Changes in scope of consolidation		15,874,496		-
Others		12,423		-
Ending balance	₩	<u>165,541,393</u>	₩	<u>160,363,334</u>

Gain on valuation of available-for-sale financial assets of ₩44,502 million was reclassified from equity to profit or loss for the year ended December 31, 2013. Tax effect of the gain reclassified from equity amounts to ₩10,769 million for the year ended December 31, 2013.

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14. Investments in Associates and Joint Ventures

Details of associates and joint ventures of the Group as of December 31, 2014 and 2013, are as follows:

	Percentage of ownership (%)		Location	Closing month	Main business
	2014	2013			
Associates					
HANWHA SAVINGS BANK CO, LTD.	36.05%	36.05%	Korea	June	Bank business
Hanwha Non-Life Insurance Co., Ltd. ¹	6.02%	6.02%	Korea	December	Services for insurance
Hanwha Newly-development Force Fund	22.50%	22.50%	Korea	December	Fund Investment
HANWHA Eagles Professional Baseball club	50.00%	50.00%	Korea	December	Sports club operating
Hanwha Q CELLS Korea Corp.	39.00%	39.00%	Korea	December	Solar engineering
HANWHA INVESTMENT AND SECURITIES CO.,LTD ²	22.27%	22.29%	Korea	December	Stock broking
Hanwha Hotels and Resort Co.,Ltd	48.78%	48.78%	Korea	December	Tourism and lodge industry
CRP/Extell Parcel J, L.P.	49.00%	49.00%	USA	December	Real estate development
Crystal Solar Inc. ³	30.54%	29.38%	USA	December	Solar engineering
GRANSOLAR ATOTONILCO, S.A. DE C.V. ⁴	20.00%	-	Mexico	December	Construction business
GRANSOLAR OCOTLAN, S.A. DE C.V. ⁴	20.00%	-	Mexico	December	Construction business
HongKong Yong Wang Silicon Investment Co.,Ltd.	49.99%	49.99%	Hong kong	December	Holding company
International Polymers Company	25.00%	25.00%	Saudi Arabia	December	Manufacture of basic compound
OneRoof Energy Group, Inc. ⁵	41.56%	-	Canada	December	Photovoltaic business
OneRoof Energy, Inc. ⁵	-	53.43%	USA	December	Photovoltaic business
Saudi Specialized Products Company ⁶	25.00%	-	Saudi Arabia	December	Manufacture of chemicals
Joint ventures					
YEOCHUN NCC Co., Ltd.	50.00%	50.00%	Korea	December	Manufacture of basic compound
Garnet Solar Power Generation Station 1, LLC ⁴	50.00%	-	USA	December	Photovoltaic business
Gulf Advanced Cables Insulation Company	50.00%	50.00%	Saudi Arabia	December	Manufacture of cable
Lakeshore East Retail LLC	50.00%	50.00%	USA	December	Real estate development
Parcel O LLC	50.00%	50.00%	USA	December	Real estate development

¹ The Group has joint control by contractual arrangements; therefore, equity method is applied.

² In 2014, the percentage of ownership of HANWHA INVESTMENT AND SECURITIES CO., LTD decreased due to the disposal of treasury shares.

³ In 2014, the percentage of ownership increased due to the paid-in capital increase and the acquisition of treasury shares.

⁴ Newly acquired in 2014.

⁵ In 2014, the percentage of ownership of OneRoof Energy Inc. decreased as a result of shares exchange transactions and others.

⁶ Newly established in 2014.

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Details of valuation of investments in associates and joint ventures under the equity method for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014					
	Beginning balance	Acquisition (disposal)	Gain or loss on equity method investments	Other comprehensive income or loss	Others ¹	Ending balance
Associates						
HANWHA SAVINGS BANK CO., LTD.	₩ 41,667,585	₩ 9,011,630	₩ (306,086)	₩ (211,985)	₩ (117,422)	₩ 50,043,722
Hanwha Non-Life Insurance Co., Ltd.	32,997,714	-	659,272	2,639,780	(492,125)	35,804,641
Hanwha Newly development Force Fund	7,326,167	(180,000)	(772,668)	682,425	-	7,055,924
HANWHA Eagles Professional Baseball club	2,455,368	-	(420,997)	-	(93,999)	1,940,372
Hanwha Q CELLS Korea Corp.	50,920,905	-	(8,491,917)	292,501	(1,788,038)	40,933,451
HANWHA INVESTMENT AND SECURITIES CO.,LTD	191,285,121	-	1,732,362	(163,143)	296,790	193,151,130
Hanwha Hotels and Resort CO.,Ltd	394,498,537	-	(15,704,948)	1,330,844	(1,475,195)	378,649,238
CRP/Extell Parcel J, L.P.	-	-	1,431,131	-	(1,431,131)	-
Crystal Solar Inc.	-	8,252,098	(3,715,926)	91,604	-	4,627,776
GRANSOLAR ATOTONILCO, S.A. DE C.V.	-	447,681	-	-	15,672	463,353
GRANSOLAR OCOTLAN, S.A. DE C.V.	-	447,681	-	-	15,672	463,353
HongKong YongWang Silicon Investment Co., Ltd. ²	-	-	-	-	-	-
International Polymers Company ³	51,075,574	12,107,058	(77,460)	2,083,583	-	65,188,755
OneRoof Energy, Inc.	-	-	-	-	-	-
OneRoof Energy Group, Inc.	-	24,515,700	(12,801,768)	-	200,390	11,914,322
Saudi Specialized Products Company	-	4,063,300	(18,130)	60,221	-	4,105,391
Joint ventures						
YEOCHUN NCC Co., Ltd.	466,539,070	-	43,045,720	-	(65,751,135)	443,833,655
Garnet Solar Power Generation Station 1, LLC	-	9,829,209	-	-	(35,639)	9,793,570
Gulf Advanced Cables Insulation Company	8,104,324	-	(43,072)	330,493	-	8,391,745
Lakeshore East Retail LLC	11,419,539	-	128,047	-	480,703	12,028,289
Parcel O LLC	19,404,317	-	-	-	807,211	20,211,528
	₩1,277,694,221	₩ 68,494,357	₩ 4,643,560	₩ 7,136,323	₩ (69,368,246)	₩ 1,288,600,215

¹ Others include dividends received.

² HongKong YongWang Silicon Investment Co., Ltd. is going through the process of liquidation as of December 31, 2014.

³ In 2014, investments in associates increased due to debt for equity swaps.

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(in thousands of Korean won)

	2013					
	Beginning balance	Acquisition (disposal)	Gain or loss on equity method investments	Other comprehensive income or loss	Others ¹	Ending balance
Associates						
HANWHA SAVINGS BANK CO., LTD.	₩ 38,364,988	₩ -	₩ 3,282,673	₩ (11,315)	₩ 31,239	₩ 41,667,585
Hanwha Non-Life Insurance Co., Ltd.	29,956,808	8,702,120	(3,802,191)	(1,263,940)	(595,083)	32,997,714
Hanwha Newly development Force Fund	4,311,227	3,600,000	(585,060)	-	-	7,326,167
HANWHA Eagles Professional Baseball club	3,365,317	-	(909,949)	-	-	2,455,368
Hanwha Q CELLS Korea Corp.	53,613,294	-	(2,147,044)	(570,446)	25,101	50,920,905
HANWHA INVESTMENT AND SECURITIES CO.,LTD	208,829,026	-	(16,607,408)	(810,813)	(125,684)	191,285,121
Hanwha Hotels and Resort CO.,Ltd	361,838,560	-	27,765,733	(708,368)	5,602,612	394,498,537
CRP/Extell Parcel J, L.P.	10,511,962	-	989,175	-	(11,501,137)	-
Crystal Solar Inc. ²	11,215,017	-	(2,481,104)	(75,929)	(8,657,984)	-
HongKong YongWang Silicon Investment Co., Ltd.	-	-	-	-	-	-
International Polymers Company	51,699,357	-	143,521	(767,304)	-	51,075,574
OneRoof Energy, Inc. ³	-	-	(4,004,184)	-	4,004,184	-
Joint ventures						
YEOCHUN NCC Co., Ltd.	490,330,279	-	50,852,744	-	(74,643,953)	466,539,070
Gulf Advanced Cables Insulation Company	8,189,305	-	37,080	(122,061)	-	8,104,324
Lakeshore East Retail LLC	13,019,991	-	(13,544)	-	(1,586,908)	11,419,539
Parcel O LLC	19,343,547	359,063	-	-	(298,293)	19,404,317
	₩1,304,588,678	₩ 12,661,183	₩ 52,520,442	₩ (4,330,176)	₩ (87,745,906)	₩1,277,694,221

¹ Others include dividends received, impairment losses and changes in scope of equity method investees.

² Due to the accumulated losses, the Group recognized the full carrying amount of investments in associates as impairment loss of Crystal Solar Inc. in 2013.

³ In 2012, due to the accumulated losses of OneRoof Energy, Inc. the Group ceased to apply the equity method on the investment securities which have carrying amounts of zero. The Group recognized additional impairment of ₩4,004 million for long-term loans receivable as equity loss on investments for the year ended December 31, 2013.

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Summary of condensed financial information of major associates and joint ventures for the years ended December 31, 2014 and 2013, is as follows:

(in thousands of Korean won)

(in thousands of Korean won)	2014									
	Current assets		Non-current assets		Financial Assets		Current liabilities		Non-current liabilities	
Associates										
HANWHA SAVINGS BANK CO, LTD. ¹	₩	-	₩	-	₩	569,555,389	₩	-	₩	
Hanwha Non-Life Insurance Co., Ltd.		-		-		10,331,558,056		-		-
Hanwha Newly-development Force Fund		-		-		32,126,930		-		-
HANWHA Eagles Professional Baseball club		6,431,443		3,906,947		-		6,222,956		871,038
Hanwha Q CELLS Korea Corp.		138,017,826		152,255,003		-		128,338,492		54,562,069
HANWHA INVESTMENT AND SECURITIES CO.,LTD		-		-		6,831,448,688		-		-
Hanwha Hotels and Resort CO., Ltd		146,019,981		2,260,697,662		-		542,233,209		1,080,748,573
Crystal Solar Inc.		10,681,727		2,630,946		-		3,422,774		770,568
International Polymers Company		109,082,271		823,393,487		-		135,413,008		543,120,393
OneRoof Energy Group, Inc.		11,869,922		24,242,977		-		27,151,560		16,270,959
Saudi Specialized Products Company		60,119,818		30,694,269		-		49,896,267		24,496,254
Joint ventures										
YEOCHUN NCC Co., Ltd.		1,160,883,896		965,079,818		-		740,294,901		466,098,924
Garnet Solar Power Generation Station 1, LLC		219,756		19,905,712		-		8,325,987		-
Gulf Advanced Cables Insulation Company		26,004,793		64,970,944		-		27,512,044		46,680,204
Lakeshore East Retail LLC		9,697,026		56,297,896		-		1,390,985		39,571,200
Parcel O LLC		-		40,525,836		-		-		-

(in thousands of Korean won)

(In thousands of Korean won)

	2014									
	Financial liabilities		Revenue		Continuing operating profit (loss)		Other comprehensive income		Total comprehensive income	
Associates										
HANWHA SAVINGS BANK CO, LTD. ¹	₩	515,756,133	₩	48,207,727	₩	(849,141)	₩	(788,660)	₩	(1,637,801)
Hanwha Non-Life Insurance Co., Ltd.		9,736,516,987		5,327,563,617		12,296,889		34,351,723		46,648,612
Hanwha Newly-development Force Fund		767,270		162,498		(3,434,080)		3,033,000		(401,080)
HANWHA Eagles Professional Baseball club		-		47,556,774		(841,994)		(442,281)		(1,284,275)
Hanwha Q CELLS Korea Corp.		-		252,548,413		(19,496,201)		703,155		(18,793,046)
HANWHA INVESTMENT AND SECURITIES CO.,LTD		6,061,845,339		985,213,658		7,097,635		721,628		7,819,263
Hanwha Hotels and Resort CO., Ltd		-		1,046,826,878		(33,817,689)		(3,566,364)		(37,384,053)
Crystal Solar Inc.		-		-		(8,990,588)		359,961		(8,630,627)
International Polymers Company		-		-		(309,840)		8,096,939		7,787,099
OneRoof Energy Group, Inc.		-		11,363,443		(34,145,578)		-		(34,145,578)
Saudi Specialized Products Company		-		-		(72,519)		242,385		169,866
Joint ventures										
YEOCHUN NCC Co., Ltd.		-		7,138,819,819		85,571,307		(1,502,270)		84,069,037
Garnet Solar Power Generation Station 1, LLC		-		-		-		-		-
Gulf Advanced Cables Insulation Company		-		-		(86,145)		660,986		574,841
Lakeshore East Retail LLC		-		5,936,514		256,095		-		256,095
Parcel O LLC		-		-		-		-		-

Hanwha Chemical Corporation and Subsidiaries

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(in thousands of Korean won)

(in thousands of Korean won)	2013									
	Current assets		Non-current assets		Financial Assets		Current liabilities		Non-current liabilities	
Associates										
HANWHA SAVINGS BANK CO, LTD. ¹	₩	-	₩	-	₩	759,327,132	₩	-	₩	-
Hanwha Non-Life Insurance Co., Ltd. ¹		-		-		9,003,671,785		-		-
Hanwha Q CELLS Korea Corp.		162,352,599		78,904,679		-		102,134,931		8,431,910
HANWHA INVESTMENT AND SECURITIES CO.,LTD ¹		-		-		7,921,443,471		-		-
Hanwha Hotels and Resort CO., Ltd		153,450,512		2,216,358,319		-		387,690,703		1,161,969,797
International Polymers Company		196,313,161		663,625,400		-		96,060,507		566,120,026
Joint ventures										
YEOCHUN NCC Co., Ltd.		1,389,754,539		974,891,764		-		856,252,933		542,892,518
Gulf Advanced Cables Insulation Company		5,640,256		52,423,048		-		20,882,782		20,971,874
Lakeshore East Retail LLC		62,951,442		-		-		39,175,194		-
Parcel O LLC		38,907,309		-		-		-		-

(in thousands of Korean won)

(in thousands of Korean won)

	2013									
	Financial liabilities		Revenue		Continuing operating profit (loss)		Other comprehensive income		Total comprehensive income	
Associates										
HANWHA SAVINGS BANK CO, LTD. ¹	₩	728,764,897	₩	58,073,087	₩	9,106,771	₩	55,272	₩	9,162,043
Hanwha Non-Life Insurance Co., Ltd. ¹		8,455,279,328		5,050,729,531		(50,825,345)		(34,022,559)		(84,847,904)
Hanwha Q CELLS Korea Corp.		-		119,621,529		1,238,731		(1,482,855)		(244,124)
HANWHA INVESTMENT AND SECURITIES CO.,LTD ¹		7,159,978,980		1,016,600,283		(75,258,550)		(2,401,846)		(77,660,396)
Hanwha Hotels and Resort CO., Ltd		-		1,073,974,573		59,175,972		2,943,256		62,119,228
International Polymers Company		-		-		574,086		(2,971,300)		(2,397,214)
Joint ventures										
YEOCHUN NCC Co., Ltd.		-		7,692,248,177		99,778,499		1,187,690		100,966,189
Gulf Advanced Cables Insulation Company		-		-		74,160		(244,121)		(169,961)
Lakeshore East Retail LLC		-		6,146,116		(38,701)		-		(38,701)
Parcel O LLC		-		-		-		-		-

¹ A summary of financial information reflects the difference in fiscal year end.

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Summary of condensed financial information of the major joint venture for the years ended December 31, 2014 and 2013, is as follows:

(in thousands of Korean won)

	YEOCHUN NCC Co., Ltd.			
	2014		2013	
Cash and cash equivalents	₩	113,848,704	₩	23,883,436
Current financial liabilities ¹		717,344,660		820,375,402
Financial liabilities, non-current		445,628,841		502,357,206
Depreciation ²		129,043,589		128,108,528
Amortization ²		3,961,115		3,961,115
Interest income		265,025		256,739
Interest expense		22,926,885		26,507,783
Income tax expense		20,238,836		48,343,408

¹ The amounts include trade payables and other payables amounting to ₩ 362,779 million (2013: ₩ 500,576 million).

² The amounts include expenses classified as cost of sales, and selling and administrative expenses.

Details of dividends received from associates and joint ventures for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>	2014		2013	
Associates				
CRP/Extell Parcel J, L.P.	₩	1,431,131	₩	11,733,679
Lakeshore East Retail LLC		128,047		1,447,557
Joint venture				
YEOCHUN NCC Co., Ltd.		65,000,000		75,000,000

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Details of adjustments from financial information of major associates and joint ventures to the book value of investments in associates and joint ventures for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

		2014					
		Net assets at the end of the year (a) ¹	Net assets of equity shares (b)	Interests in net assets (a*b)	Goodwill	Intergroup transactions	Book value
Associates							
HANWHA SAVINGS BANK CO, LTD.	₩	53,799,256	36.05%	₩ 19,392,756	₩ 30,650,966	₩ -	₩ 50,043,722
Hanwha Non-Life Insurance Co., Ltd.		595,041,069	6.02%	35,804,641	-	-	35,804,641
Hanwha Newly-development Force Fund		31,359,660	22.50%	7,055,924	-	-	7,055,924
HANWHA Eagles Professional Baseball club		3,244,396	50.00%	1,622,198	318,184	(10)	1,940,372
Hanwha Q CELLS Korea Corp. ¹		107,372,268	39.00%	41,875,185	78,624	(1,020,358)	40,933,451
HANWHA INVESTMENT AND SECURITIES CO.,LTD ¹		767,634,543	22.27%	170,948,332	22,229,276	(26,478)	193,151,130
Hanwha Hotels and Resort CO.,Ltd ¹		783,306,007	48.78%	382,092,312	-	(3,443,074)	378,649,238
Cyrstal Solar Inc.		9,119,331	30.54%	2,785,187	1,842,589	-	4,627,776
International Polymers Company		253,942,357	25.00%	63,485,589	1,795,924	(92,758)	65,188,755
OneRoof Energy Group, Inc.		(7,309,620)	41.56%	(3,037,878)	14,952,200	-	11,914,322
Saudi Specialized Products Company		16,421,566	25.00%	4,105,391	-	-	4,105,391
Joint ventures							
YEOCHUN NCC Co., Ltd.		919,569,889	50.00%	459,784,944	-	(15,951,289)	443,833,655
Garnet Solar Power Generation Station 1, LLC		11,799,481	50.00%	5,899,741	3,893,829	-	9,793,570
Gulf Advanced Cables Insulation Company		16,783,489	50.00%	8,391,745	-	-	8,391,745
Lakeshore East Retail LLC		25,032,737	50.00%	12,516,368	-	(488,079)	12,028,289
Parcel O LLC		40,525,836	50.00%	20,262,918	-	(51,390)	20,211,528

¹ The companies prepare consolidated financial statements. The stated net assets of the companies refer to equities attributable to owners of the companies.

(in thousands of Korean won)

		2013					
		Net assets at the end of the year (a) ¹	Net assets of equity shares (b)	Interests in net assets (a*b)	Goodwill	Intergroup transactions	Book value
Associates							
HANWHA SAVINGS BANK CO, LTD.	₩	30,562,235	36.05%	₩ 11,016,619	₩ 30,650,966	₩ -	₩ 41,667,585
Hanwha Non-Life Insurance Co., Ltd.		548,392,457	6.02%	32,997,714	-	-	32,997,714
Hanwha Q CELLS Korea Corp. ¹		130,701,726	39.00%	50,973,673	78,624	(131,392)	50,920,905
HANWHA INVESTMENT AND SECURITIES CO.,LTD ¹		758,772,505	22.29%	169,153,030	22,252,723	(120,632)	191,285,121
Hanwha Hotels and Resort CO., Ltd		819,772,072	48.78%	399,880,256	-	(5,381,719)	394,498,537
International Polymers Company		197,758,028	25.00%	49,439,507	1,636,067	-	51,075,574
Joint ventures							
YEOCHUN NCC Co., Ltd.		965,500,852	50.00%	482,750,426	-	(16,211,356)	466,539,070
Gulf Advanced Cables Insulation Company		16,208,648	50.00%	8,104,324	-	-	8,104,324
Lakeshore East Retail LLC		23,776,248	50.00%	11,888,124	-	(468,585)	11,419,539
Parcel O LLC		38,907,309	50.00%	19,453,655	-	(49,338)	19,404,317

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¹ The companies prepare consolidated financial statements. The stated net assets of the companies refer to equities attributable to owners of the companies.

Fair value of marketable investments in associates and joint ventures as of December 31, 2014 and 2013, is as follows:

(in thousands of Korean won)	2014		2013	
	Fair value	Book value	Fair value	Book value
Hanwha Non-Life Insurance Co., Ltd.	₩ 25,088,314	₩ 35,804,641	₩ 25,006,415	₩ 32,997,714
HANWHA INVESTMENT AND SECURITIES CO.,LTD	68,447,331	193,151,130	62,399,287	191,285,121
OneRoof Energy Group, Inc.	9,068,426	11,914,322	-	-

Investments in associates are provided as collateral for borrowings as of December 31, 2014 (Note 35).

15. Investment Property

Details of investment property as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014		
	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 146,581,186	₩ -	₩ 146,581,186
Buildings	71,093,315	(15,505,766)	55,587,549
Structures	6,914,092	(3,814,994)	3,099,098
	₩ 224,588,593	₩ (19,320,760)	₩ 205,267,833

(in thousands of Korean won)	2013		
	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 226,528,268	₩ -	₩ 226,528,268
Buildings	69,461,116	(14,281,801)	55,179,315
Structures	7,521,270	(3,504,978)	4,016,292
	₩ 303,510,654	₩ (17,786,779)	₩ 285,723,875

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Changes in investment property for the years ended December 31, 2014 and 2013, are as follows:

*(in thousands of
Korean won)*

	2014			
	Land	Building	Structures	Total
Beginning balance	₩ 226,528,268	₩ 55,179,315	₩ 4,016,292	₩ 285,723,875
Acquisition	3,782	-	-	3,782
Transfer	(82,733,487)	3,214,311	-	(79,519,176)
Disposal	-	(1,104,766)	(549,629)	(1,654,395)
Depreciation	-	(1,925,571)	(366,748)	(2,292,319)
Changes in exchange rates and others	2,782,623	224,260	(817)	3,006,066
Ending balance	₩ 146,581,186	₩ 55,587,549	₩ 3,099,098	₩ 205,267,833

*(in thousands of
Korean won)*

	2013			
	Land	Building	Structures	Total
Beginning balance	₩ 522,340,714	₩ 84,981,517	₩ 4,560,625	₩ 611,882,856
Acquisition	-	235,155	-	235,155
Transfer ¹	(156,646,345)	7,727,808	380,201	(148,538,336)
Disposal	(113,952,104)	(35,196,135)	(526,028)	(149,674,267)
Depreciation	-	(2,518,976)	(398,485)	(2,917,461)
Impairment loss	(21,372,513)	-	-	(21,372,513)
Changes in exchange rates and others	(3,841,484)	(50,054)	(21)	(3,891,559)
Ending balance	₩ 226,528,268	₩ 55,179,315	₩ 4,016,292	₩ 285,723,875

¹ For the year ended December 31, 2013, land in investment properties amounting to ₩159,320 million was reclassified as work-in-process in inventories.

In 2014, rental income from investment property is ₩5,419 million (2013: ₩9,879 million).

As of December 31 2014, the Group has evaluated that the difference between fair values and book values of investment property are insignificant.

Investment properties are provided as collateral for borrowings as of December 31, 2014 (Note 35).

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16. Property, Plant and Equipment

Details of property, plant and equipment as of December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>	2014		
	Acquisition cost	Accumulated depreciation¹	Book value
Land	₩ 1,849,974,534	₩ -	₩ 1,849,974,534
Buildings	1,464,497,492	(486,160,501)	978,336,991
Structures	314,040,023	(128,732,755)	185,307,268
Machinery	4,713,232,540	(2,324,932,938)	2,388,299,602
Vehicles	62,784,559	(31,753,183)	31,031,376
Tools and equipment	281,089,736	(203,708,573)	77,381,163
Other tangible assets	41,366,875	(21,667,237)	19,699,638
Construction-in-progress	503,112,064	-	503,112,064
Machinery in transit	4,977,898	-	4,977,898
	<u>₩ 9,235,075,721</u>	<u>₩ (3,196,955,187)</u>	<u>₩ 6,038,120,534</u>

<i>(in thousands of Korean won)</i>	2013		
	Acquisition cost	Accumulated depreciation¹	Book value
Land	₩ 1,699,069,878	₩ -	₩ 1,699,069,878
Buildings	1,443,861,889	(460,390,478)	983,471,411
Structures	243,312,966	(109,044,432)	134,268,534
Machinery	3,901,433,215	(2,038,956,295)	1,862,476,920
Vehicles	63,068,783	(28,584,403)	34,484,380
Tools and equipment	318,062,891	(234,276,531)	83,786,360
Other tangible assets	36,277,244	(19,800,178)	16,477,066
Construction-in-progress	1,169,088,073	-	1,169,088,073
Machinery in transit	10,910,462	-	10,910,462
	<u>₩ 8,885,085,401</u>	<u>₩ (2,891,052,317)</u>	<u>₩ 5,994,033,084</u>

¹ Accumulated depreciation includes accumulated impairment losses.

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Changes in property, plant and equipment for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014				
	Land	Buildings	Structures	Machinery	Vehicles
Beginning balance	₩ 1,699,069,878	₩ 983,471,411	₩ 134,268,534	₩ 1,862,476,920	₩ 34,484,380
Acquisition	264,365	10,524,460	368,727	37,476,727	1,148,002
Acquisition of subsidiaries	37,622,872	7,079,360	26,646,796	36,859,014	13,072
Disposal of subsidiaries	(35,046,507)	(40,420,526)	(3,771,826)	(54,993,220)	(172,241)
Transfer	148,182,251	71,886,293	44,229,554	839,658,438	1,200,088
Disposal	(195,763)	(1,913,371)	(2,894,986)	(6,712,986)	(309,539)
Depreciation	-	(52,490,168)	(12,229,514)	(294,520,849)	(5,352,175)
Impairment loss ¹	-	(1,494,976)	(1,573,987)	(41,182,155)	-
Changes in exchange rates and others	77,438	1,694,508	263,970	9,237,713	19,789
Ending balance	₩ 1,849,974,534	₩ 978,336,991	₩ 185,307,268	₩ 2,388,299,602	₩ 31,031,376

(in thousands of Korean won)	2014				
	Tools and equipment	Other tangible assets	Construction-in-progress	Machinery in transit	Total
Beginning balance	₩ 83,786,360	₩ 16,477,066	₩ 1,169,088,073	₩ 10,910,462	₩ 5,994,033,084
Acquisition	12,305,580	6,042,044	399,885,503	3,605,239	471,620,647
Acquisition of subsidiaries	746,248	-	924,290	-	109,891,652
Disposal of subsidiaries	(10,929,606)	(282,261)	(6,818,432)	(214,301)	(152,648,920)
Transfer	25,006,824	2,168,525	(1,062,692,344)	(9,323,502)	60,316,127
Disposal	(1,436,446)	(212,393)	(2,175,368)	-	(15,850,852)
Depreciation	(32,640,184)	(3,841,110)	-	-	(401,074,000)
Impairment loss ¹	(621,748)	-	(279,674)	-	(45,152,540)
Changes in exchange rates and others	1,164,135	(652,233)	5,180,016	-	16,985,336
Ending balance	₩ 77,381,163	₩ 19,699,638	₩ 503,112,064	₩ 4,977,898	₩ 6,038,120,534

¹ Due to the withdrawal of Battery Materials and ITO Glass business, the Group recognized the carrying amount of property, plant and equipment exceeding the recoverable amounts as impairment loss.

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	2013				
	Land	Buildings	Structures	Machinery	Vehicles
Beginning balance	₩ 1,643,465,412	₩ 1,017,233,644	₩ 131,943,833	₩ 1,928,170,678	₩ 39,194,212
Acquisition	4,207,832	20,273,009	429,740	45,297,454	502,195
Transfer	102,245,558	20,992,204	14,012,331	138,493,765	778,720
Disposal	(51,117,023)	(22,411,880)	-	(2,775,876)	(325,360)
Depreciation	-	(50,163,411)	(11,295,786)	(259,429,332)	(6,484,669)
Reversal of impairment loss	-	-	-	1,019,109	-
Changes in exchange rates and others	268,099	(2,452,155)	(821,584)	11,701,122	819,282
Ending balance	₩ 1,699,069,878	₩ 983,471,411	₩ 134,268,534	₩ 1,862,476,920	₩ 34,484,380

(in thousands of
Korean won)

	2013				
	Tools and equipment	Other tangible assets	Construction-in-progress	Machinery in transit	Total
Beginning balance	₩ 91,181,001	₩ 22,347,348	₩ 1,031,393,629	₩ 818,493	₩ 5,905,748,250
Acquisition	15,173,895	3,132,732	500,075,297	41,874,262	630,966,416
Transfer	14,448,439	259,167	(324,911,813)	(31,782,293)	(65,463,922)
Disposal	(3,079,890)	(4,210,034)	-	-	(83,920,063)
Depreciation	(29,386,588)	(5,552,491)	(4,086,714)	-	(366,398,991)
Reversal of impairment loss	-	-	-	-	1,019,109
Changes in exchange rates and others	(4,550,497)	500,344	(33,382,326)	-	(27,917,715)
Ending balance	₩ 83,786,360	₩ 16,477,066	₩ 1,169,088,073	₩ 10,910,462	₩ 5,994,033,084

In 2014, the Group has capitalized borrowing costs amounting to ₩11,818 million (2013: ₩30,769 million) on qualifying assets. The capitalization rate of borrowings used to determine the amount of borrowing costs eligible for capitalization is 3.02%~6.23% (2013: 3.29%~6.72%).

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Line items including depreciation in the statements of income for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>	2014		2013	
Cost of sales	₩	329,219,347	₩	288,280,835
Selling and administrative expenses		71,854,653		78,118,156
	₩	401,074,000	₩	366,398,991

Property, plant and equipment are provided as collateral for borrowings as of December 31, 2014 (Note 35).

The Group has entered into non-cancellable finance lease contracts with lease term of 3~15 years, in regard to vehicles and machineries. Assets and liabilities under finance lease were included in property, plant and equipment and other financial liabilities respectively.

17. Intangible Assets

Intangible assets as of December 31, 2014 and 2013, consist of as follows:

<i>(in thousands of Korean won)</i>	2014			2013		
	Acquisition cost	Accumulated amortization¹	Book value	Acquisition cost	Accumulated amortization¹	Book value
Goodwill	₩ 271,691,982	₩ (19,128,272)	₩ 252,563,710	₩ 262,208,231	₩ (21,078,233)	₩ 241,129,998
Industrial property rights	31,759,070	(18,176,775)	13,582,295	32,095,825	(11,991,765)	20,104,060
Land use rights	74,330,166	(7,448,551)	66,881,615	73,561,308	(6,143,226)	67,418,082
Development costs	35,055,268	(6,719,495)	28,335,773	29,323,217	(3,810,238)	25,512,979
Membership	60,534,752	(1,284,923)	59,249,829	63,175,645	(426,403)	62,749,242
Other intangible assets ²	95,267,556	(47,335,456)	47,932,100	85,389,520	(31,288,607)	54,100,913
	₩ 568,638,794	₩ (100,093,472)	₩ 468,545,322	₩ 545,753,746	₩ (74,738,472)	₩ 471,015,274

¹ Accumulated amortization includes accumulated impairment losses.

² Includes brand, customer relationship and technologies related to Hanwha Q CELLS, software, patent, etc.

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Changes in intangible assets for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014			
	Goodwill	Industrial property rights	Land use rights	Development costs
Beginning balance	₩ 241,129,998	₩ 20,104,060	₩ 67,418,082	₩ 25,512,979
Acquisition of subsidiaries	21,043,514	1,248	-	-
Disposal of subsidiaries	-	(240,840)	-	-
Acquisition	-	468,718	-	4,812,708
Transfer	-	29,009	-	5,689,422
Disposal	(10,634)	(978)	-	-
Amortization ¹	-	(5,526,218)	(1,536,553)	(3,668,074)
Impairment	(892,162)	(13,347)	-	(3,618,871)
Changes in exchange rates and others	(8,707,006)	(1,239,357)	1,000,086	(392,391)
Ending balance	₩ 252,563,710	₩ 13,582,295	₩ 66,881,615	₩ 28,335,773

(in thousands of Korean won)	2014		
	Membership	Other intangible assets	Total
Beginning balance	₩ 62,749,242	₩ 54,100,913	₩ 471,015,274
Acquisition of subsidiaries	276,820	16,280	21,337,862
Disposal of subsidiaries	(3,219,811)	(913,057)	(4,373,708)
Acquisition	487,068	3,272,683	9,041,177
Transfer	354,097	(29,009)	6,043,519
Disposal	(1,116,289)	(214,201)	(1,342,102)
Amortization ¹	(302,972)	(7,788,243)	(18,822,060)
Impairment	-	(996,234)	(5,520,614)
Changes in exchange rates and others	21,674	482,968	(8,834,026)
Ending balance	₩ 59,249,829	₩ 47,932,100	₩ 468,545,322

¹ Amortization cost is included in selling and administrative expenses and cost of sales in the accompanying consolidated statements of comprehensive income.

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(in thousands of Korean won)	2013			
	Goodwill ¹	Industrial property rights	Land use rights	Development costs
Beginning balance	₩ 266,555,974	₩ 4,607,107	₩ 77,416,161	₩ 18,729,008
Changes in scope of consolidation	(17,679,630)	-	-	-
Acquisition	-	208,435	-	685,412
Transfer	-	16,887,118	-	9,656,462
Disposal	(658,215)	-	(10,031,215)	-
Amortization ²	-	(1,647,638)	(1,606,300)	(3,557,903)
Impairment	(7,017,365)	-	-	-
Changes in exchange rates and others	(70,766)	49,038	1,639,436	-
Ending balance	₩ 241,129,998	₩ 20,104,060	₩ 67,418,082	₩ 25,512,979

(in thousands of Korean won)	2013		
	Membership	Other intangible assets	Total
Beginning balance	₩ 70,312,851	₩ 93,572,280	₩ 531,193,381
Changes in scope of consolidation	-	-	(17,679,630)
Acquisition	2,457,893	2,028,395	5,380,135
Transfer	(2,099,002)	(25,474,297)	(1,029,719)
Disposal	(6,607,968)	(259,322)	(17,556,720)
Amortization ²	(244,660)	(13,329,526)	(20,386,027)
Impairment	(1,064,003)	(3,354,200)	(11,435,568)
Changes in exchange rates and others	(5,869)	917,583	2,529,422
Ending balance	₩ 62,749,242	₩ 54,100,913	₩ 471,015,274

¹ In the measurement period, the Group adjusted certain amounts recognized for business combinations and accounted for the effect as an adjustment of goodwill amounting to ₩17,470 million.

² Amortization cost is included in selling and administrative expenses and cost of sales in the accompanying consolidated statements of comprehensive income.

Borrowing costs were capitalized at the weight average rate of 3.02% (2013: 3.29%~6.72%) and the capitalized borrowing cost of intangible assets amounts to ₩496 million (2013: ₩546 million) as of December 31, 2014.

Intangible assets are provided as collateral for borrowings as of December 31, 2014 (Note 35).

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17.2 Goodwill

Goodwill is monitored by the management at the operating segment level (cash-generating units or group of cash-generating units). The following is a summary of goodwill allocation for each operating segment:

(in thousands of Korean won)

	2014	2013
Photovoltaic business	₩ 201,024,235	₩ 210,681,286
DREAMPHARMA CORP.	-	892,162
HANWHA FINE CHEMICAL CO., LTD. (formerly, KPX Fine Chemical Co., Ltd.)	18,510,215	-
Others	33,029,260	29,556,550
	₩ 252,563,710	₩ 241,129,998

The recoverable amounts of all CGUs have been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations in 2014 are as follows:

	Photovoltaic business	
	2014	2013
Return on revenue	18.83% ~ 21.30%	17.46% ~ 20.16%
Revenue growth rate ¹	6.03% ~ 16.00%	11.18% ~ 19.32%
Discount rate	14.23% ~ 14.85%	13.55% ~ 14.45%

¹ Compound annual revenue growth rate used to extrapolate cash flows for a five-year period.

The impairment test suggests that, except for DREAMPHARMA CORP. operating segments, the carrying value of cash generating units does not exceed the recoverable amounts. The carrying values of DREAMPHARMA CORP. segment exceeding the recoverable amounts are all attributed to goodwill and recognized as impairment losses on goodwill amounting to ₩892 million for DREAMPHARMA CORP.

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18. Trade Payables and Other Payables

Trade payables and other payables as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014		2013	
	Current	Non-current	Current	Non-current
Trade payables	₩ 1,176,824,599	₩ -	₩ 1,282,852,038	₩ -
Other payables	449,365,752	13,941,049	402,405,241	10,409,299
	<u>₩ 1,626,190,351</u>	<u>₩ 13,941,049</u>	<u>₩ 1,685,257,279</u>	<u>₩ 10,409,299</u>

19. Borrowings

Details of carrying amount of borrowings as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014		2013	
	Current	Non-current	Current	Non-current
Borrowings from financial institutions	₩ 1,629,868,441	₩ 1,644,629,929	₩ 1,774,391,500	₩ 1,927,871,468
Debentures	484,724,764	1,102,439,172	439,058,588	1,292,017,419
Convertible bonds	91,789,783	-	-	80,214,109
	<u>₩ 2,206,382,988</u>	<u>₩ 2,747,069,101</u>	<u>₩ 2,213,450,088</u>	<u>₩ 3,300,102,996</u>

Borrowings from financial institutions as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)		2014		2013	
	Creditor				
Borrowings in Korean won	KDB Bank and others	₩	1,389,923,158	₩	1,739,336,300
Borrowings in Foreign currency	Korea Export-Import Bank and others		1,856,205,198		1,927,899,573
Overdrafts	Woori Bank and others		9,131,374		2,435,160
Borrowings on negotiated trade bills ¹	Woori Bank and others		19,238,640		32,591,935
Less: Reclassification of current portion			(1,629,868,441)		(1,774,391,500)
		₩	<u>1,644,629,929</u>	₩	<u>1,927,871,468</u>

¹ The Group discounted trade receivables by a trade receivables factoring contract with banks and accounted for as a collateralized borrowing. In case the entities default under the loan agreements, the Group is obligated to pay the corresponding amount to the financial institutions (Note 7).

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Debentures as of December 31, 2014 and 2013, consist of:

(in thousands of Korean won)

		Maturity date	Annual interest rate (%)	2014	2013
ASAN TECHNO VALLEY	Private placement bond, 9 th	2014.12.07	-	₩ -	₩ 65,000,000
ASAN TECHNO VALLEY	Private placement bond, 10 th	2015.12.07	One year industrial financial debenture +2.77	45,000,000	70,000,000
ASAN TECHNO VALLEY	Private placement bond, 11 th	2016.12.05	One year industrial financial debenture +2.59	39,000,000	-
Hanwha Galleria Co., Ltd.	Public bond, 60 th	2014.12.20	-	-	20,000,000
Hanwha Galleria Co., Ltd.	Public bond, 61-1 st	2015.09.19	3.66%	50,000,000	50,000,000
Hanwha Galleria Co., Ltd.	Public bond, 61-2 nd	2017.09.19	4.34%	30,000,000	30,000,000
Hanwha Galleria Co., Ltd.	Public bond, 62 nd	2016.10.15	3.98%	50,000,000	50,000,000
Hanwha Galleria Co., Ltd.	FRN	2016.11.21	3L+0.80%	32,976,000	31,659,000
Hanwha Advanced Materials Co., Ltd.	Public bond, 44 th	2014.02.18	-	-	30,000,000
Hanwha Advanced Materials Co., Ltd.	Public bond, 46 th	2014.10.27	-	-	50,000,000
Hanwha Advanced Materials Co., Ltd.	Public bond, 47 th	2015.01.26	5.32%	40,000,000	40,000,000
Hanwha Advanced Materials Co., Ltd.	Private placement bond, 48 th	2016.06.27	3L+2.20%	32,976,000	31,659,000
Hanwha Advanced Materials Co., Ltd.	Private placement bond, 49 th	2016.10.23	3.37%	20,000,000	-
Hanwha Advanced Materials Co., Ltd.	Private placement bond, 50 th	2016.04.24	3.04%	10,000,000	-
Hanwha Advanced Materials Co., Ltd.	Private placement bond, 51 th	2017.10.27	2.67%	30,000,000	-
Hanwha Chemical Corporation	Public bond, 230-2 nd	2015.11.11	4.77%	100,000,000	100,000,000
Hanwha Chemical Corporation	Public bond, 231 th	2014.05.27	-	-	100,000,000
Hanwha Chemical Corporation	Private placement bond, 232 nd	2014.07.21	-	-	84,424,000
Hanwha Chemical Corporation	Public bond, 233-1 st	2014.10.14	-	-	90,000,000
Hanwha Chemical Corporation	Public bond, 233-2 nd	2016.10.14	4.43%	60,000,000	60,000,000
Hanwha Chemical Corporation	Public bond, 234-1 st	2015.02.07	4.05%	50,000,000	50,000,000
Hanwha Chemical Corporation	Public bond, 234-2 nd	2017.02.07	4.42%	100,000,000	100,000,000
Hanwha Chemical Corporation	Public bond, 235-1 st	2015.04.23	3.86%	50,000,000	50,000,000
Hanwha Chemical Corporation	Public bond, 235-2 nd	2017.04.23	4.14%	100,000,000	100,000,000
Hanwha Chemical Corporation	Public bond, 236 th	2015.06.20	3.64%	150,000,000	150,000,000

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Hanwha Chemical Corporation	Public bond, 237 th	2016.02.25	3.10%	150,000,000	150,000,000
Hanwha Chemical Corporation	Private placement bond, 238 th	2016.04.11	3L+1.70%	76,944,000	73,871,000
Hanwha Chemical Corporation	Private placement bond, 239 th	2016.09.12	3L+1.80%	54,960,000	52,765,000
Hanwha Chemical Corporation	Public bond, 240 th	2017.10.21	2.98%	110,000,000	-
Hanwha Chemical Corporation	Public bond, 241 st	2018.11.17	3.03%	100,000,000	-
Hanwha SolarOne Co., Ltd.	FRN	2016.01.15	3L+1.99%	108,190,039	105,530,000
Total				1,590,046,039	1,734,908,000
Less: Discount on debentures				(2,882,103)	(3,831,993)
Less :Reclassification of current portion				(484,724,764)	(439,058,588)
				<u>₩ 1,102,439,172</u>	<u>₩ 1,292,017,419</u>

As of December 31, 2014, details of convertible bonds issued by the Group are as follows:

(in thousands of Korean won)

Bond issuer	Maturity	Coupon rate		2014		2013
Hanwha SolarOne Co., Ltd. ¹	2018.01.15	3.5%	₩	91,789,783	₩	80,214,109
Less: Reclassification of current portion ²				(91,789,783)		-
				<u>₩ -</u>	<u>₩</u>	<u>80,214,109</u>

¹ As of December 31, 2014, the convertible bonds with principal amount of USD 86,075,000 are convertible at a conversion price of USD 19.125 per ADS (American Depositary Shares) at any time prior to maturity.

² The bonds were reclassified to current portion because the bondholders may require the Group to redeem all or a portion of the bonds on January 15, 2015.

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20. Other Financial Liabilities

Details of other financial liabilities as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014		2013	
	Current	Non-current	Current	Non-current
Derivatives financial liabilities	₩ 871,962	₩ 1,959,053	₩ 3,055,000	₩ 5,811,406
Deposits	9,313,633	9,222,555	9,901,022	7,864,276
Accrued expenses	84,613,234	7,789,957	86,696,095	4,806,108
Lease liabilities	6,290,622	1,342,251	3,432,456	3,319,590
Financial guarantee liability	427,369	2,657,885	-	480,391
	₩ 101,516,820	₩ 22,971,701	₩ 103,084,573	₩ 22,281,771

21. Other Liabilities

Details of other liabilities as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014		2013	
	Current	Non-current	Current	Non-current
Advances from customers	₩ 369,056,527	₩ -	₩ 263,546,218	₩ -
Withholdings	20,286,897	-	12,749,416	-
VAT payables	1,709,484	-	4,989,581	-
Unearned revenues	6,255,539	2,770	5,611,755	207,582
	₩ 397,308,447	₩ 2,770	₩ 286,896,970	₩ 207,582

22. Net Defined Benefit Liabilities

The amounts of net defined benefit liabilities recognized in the consolidated statements of financial position as of December 31, 2014 and 2013, are determined as follows:

(in thousands of Korean won)

	2014	2013
Present value of defined benefit obligations	₩ 363,252,721	₩ 357,788,407
Fair value of plan assets	(74,308,491)	(77,638,172)
	₩ 288,944,230	₩ 280,150,235

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Changes in the present value of defined benefit obligations for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>	2014		2013	
Beginning balance	₩	357,788,407	₩	356,493,647
Current service cost		38,899,409		42,517,943
Interest expense		15,855,847		15,434,768
Remeasurements ¹		24,502,725		(30,332,570)
Benefits paid		(31,788,705)		(26,910,303)
Changes in scope of consolidation		(43,420,501)		-
Change in exchange rate and others		1,415,539		584,922
Ending balance	₩	363,252,721	₩	357,788,407

¹ Details of remeasurements for the year ended December 31, 2014 and 2013, are as follows:
(in thousands of Korean won)

	2014		2013	
Actuarial losses (gains) arising from experience adjustments	₩	(1,091,910)	₩	(11,221,094)
Actuarial losses (gains) arising from changes in demographic assumptions		(802)		(6,282,938)
Actuarial losses (gains) arising from changes in financial assumptions		25,595,437		(12,828,538)
	₩	24,502,725	₩	(30,332,570)

Changes in the fair value of plan assets for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>	2014		2013	
Beginning balance	₩	77,638,172	₩	77,695,964
Interest income		3,009,053		2,963,810
Remeasurements ¹		(1,146,884)		(1,140,462)
Contributions by the employer		787,667		740,404
Benefits paid		(3,574,962)		(5,306,909)
Changes in scope of consolidation		(3,382,239)		-
Change in exchange rate and others		977,684		2,685,365
Ending balance	₩	74,308,491	₩	77,638,172

¹ Return on plan assets (excluding amounts included in interest income)

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Plan assets as of December 31, 2014 and 2013, consist of:

<i>(in thousands of Korean won)</i>	2014		2013	
Equity instrument	₩	8,303,611	₩	7,543,537
Debt instrument		2,845,293		2,826,157
Principal guaranteed financial instrument		61,291,891		64,452,576
Others		1,867,696		2,815,902
	₩	74,308,491	₩	77,638,172

The amounts recognized in the consolidated statements of income for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>	2014		2013	
Current service cost	₩	38,899,409	₩	42,517,943
Net interest cost		12,846,794		12,470,958
	₩	51,746,203	₩	54,988,901

In 2014, severance benefits of ₩819 million (2013: ₩1,086 million) were reclassified as construction in progress.

The principal actuarial assumptions as of December 31, 2014 and 2013, are as follows:

<i>(in percentage)</i>	2014	2013
Discount rate	2.62 ~ 4.02%	3.67% ~ 5.02%
Future salary increase	3.24 ~ 6.00%	3.16% ~ 6.00%

The sensitivity of defined benefit obligations as of December 31, 2014, to changes in the weighted principal assumptions is:

<i>(in percentage)</i>	Effect on defined benefit obligation		
	Changes in principal assumption	Increase in principal assumption	Decrease in principal assumption
Discount rate	1%	7.41% decrease	8.51% increase
Salary growth rate	1%	8.51% increase	7.54% decrease

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23. Provisions

Details in provisions for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014		2013	
	Current	Non-current	Current	Non-current
Provisions for sales returns	₩ 753,943	₩ -	₩ 4,264,942	₩ -
Provisions for product warranty ¹	42,764,753	18,040,690	40,793,897	16,485,222
Others ²	20,525,666	-	24,977,289	-
	₩ 64,044,362	₩ 18,040,690	₩ 70,036,128	₩ 16,485,222

¹ Provisions for product warranty is related to the photovoltaic product.

² Primarily consist of a provision for income tax exposures

Changes in provisions for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014			
	Sales returns	Warranty	Others	Total
Beginning balance	₩ 4,264,942	₩ 57,279,119	₩ 24,977,289	₩ 86,521,350
Changes in scope of consolidation	(2,710,961)	-	-	(2,710,961)
Additional provisions	7,245,178	14,879,730	-	22,124,908
Used	(8,044,377)	(1,997,206)	-	(10,041,583)
Unused amounts reversed	-	(7,342,798)	(4,679,427)	(12,022,225)
Change in exchange rate and others	(839)	(2,013,402)	227,804	(1,786,437)
Ending balance	₩ 753,943	₩ 60,805,443	₩ 20,525,666	₩ 82,085,052
Current	₩ 753,943	₩ 42,764,753	₩ 20,525,666	₩ 64,044,362
Non-current	-	18,040,690	-	18,040,690

(in thousands of Korean won)

	2013			
	Sales returns	Warranty	Others	Total
Beginning balance	₩ 5,200,176	₩ 74,309,668	₩ 24,660,213	₩ 104,170,057
Additional provisions	770,820	23,851,375	-	24,622,195
Used	(712,477)	(8,935,860)	-	(9,648,337)
Unused amounts reversed	(991,734)	(33,582,252)	-	(34,573,986)
Change in exchange rate and others	(1,843)	1,636,188	317,076	1,951,421
Ending balance	₩ 4,264,942	₩ 57,279,119	₩ 24,977,289	₩ 86,521,350
Current	₩ 4,264,942	₩ 40,793,897	₩ 24,977,289	₩ 70,036,128
Non-current	-	16,485,222	-	16,485,222

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24. Capital Stock and Capital Surplus

Details of capital stock as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014		2013	
	Common stocks	Preferred stocks ¹	Common stocks	Preferred stocks ¹
Number of authorized shares (unit: shares)	200,000,000	100,000,000	200,000,000	100,000,000
Par value (in won)	5,000	5,000	5,000	5,000
Number of issued common stocks (unit: shares)	161,939,571	1,123,737	140,283,511	1,123,737
Capital Stock	₩ 809,697,855	₩ 5,618,685	₩ 701,417,555	₩ 5,618,685

¹ The non-cumulative preferred stock are eligible to receive cash dividends equal to cash dividends for common shares plus additional 1% based on the par value.

Details of capital surplus as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014		2013	
Share premium	₩	462,688,912	₩	229,848,146
Revaluation reserve		94,122,434		94,122,434
Gain from merger		75,670,859		75,670,859
Other capital surplus		80,407,692		85,945,140
	₩	712,889,897	₩	485,586,579

Changes in Share premium for the years ended December 31, 2014, are as follows:

(in thousands of Korean won)	Number of shares issued (unit: shares)	Capital stock	Share premium	Total
Beginning balance	140,283,511	₩ 701,417,555	₩ 229,848,146	₩ 931,265,701
Paid-in capital increase ¹	21,656,060	108,280,300	232,840,766	341,121,066
Ending balance	161,939,571	809,697,855	462,688,912	1,272,386,767

¹ In 2014, the Company listed its Global Depositary Receipts (GDR) amounting to USD 340,000,142 on Singapore Exchange Securities Trading Ltd. and the transaction costs amounting to ₩11,493 million were accounted for as a deduction from share premium.

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25. Capital Adjustments

Capital adjustments as of December 31, 2014 and 2013, are primarily composed of other capital adjustments recognized due to acquisition of subsidiaries while maintaining controls.

26. Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as of December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>		2014		2013
Available-for-sale financial assets	₩	33,463,183	₩	50,092,129
Share of other comprehensive income of associates and joint ventures		103,799,554		97,401,604
Cash flow hedges		(139,203)		52,208
Currency translation difference		(27,322,717)		(8,184,981)
	₩	<u>109,800,817</u>	₩	<u>139,360,960</u>

27. Retained Earnings

Details of retained earnings as of December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>		2014		2013
Legal reserves	₩	45,440,314	₩	43,313,587
Discretionary reserves		1,952,942,024		1,834,516,402
Revaluation surplus		724,756,688		724,756,688
Unappropriated retained earnings		16,306,944		126,289,818
	₩	<u>2,739,445,970</u>	₩	<u>2,728,876,495</u>

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28. Dividends

Dividends distribution to the Parent Company's shareholders amounting to ₩21,043 million (₩150 per share) and preferred stock dividend amounting to ₩225 million (₩200 per share) for the year ended December 31, 2013, were paid in 2014.

Dividends distribution to the Parent Company's shareholders amounting to ₩35,071 million (₩250 per share) and preferred stock dividend amounting to ₩337 million (₩300 per share) for the year ended December 31, 2012, were paid in 2013.

Dividends distribution to the Parent Company's shareholders in respect of the year ended December 31, 2014, of ₩150 per share, amounting to a total dividend of ₩24,291 million and preferred stock dividend in respect of the year ended December 31, 2014, of ₩200 per share, amounting to a total dividend of ₩225 million, are to be proposed at the annual general shareholders' meeting on March 20, 2015. These financial statements do not reflect this dividend payable.

29. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014	2013
Salaries	₩ 281,448,113	₩ 283,291,778
Severance benefits	23,834,798	25,205,887
Voluntary resignation payments	394,189	259,713
Employee benefits	57,192,053	59,074,868
Rental	54,050,753	35,047,747
Entertainment	11,921,895	12,348,148
Depreciation of investment property	674,417	933,441
Depreciation of property, plant and equipment	71,854,653	78,118,156
Amortization	11,953,634	13,065,290
Taxes and dues	27,458,262	28,396,437
Advertising	42,054,480	44,853,309
Bad debts expense	3,738,250	13,393,988
Travel	24,271,477	22,201,603
Conference	3,599,795	2,904,834
Communications	5,895,872	6,949,408
Supplies	5,442,112	6,551,004
Publications	1,821,746	1,780,391
Outsourcing expenses	42,025,592	62,591,764
Freight expenses	113,033,428	107,580,974
Sample and packaging expenses	10,221,118	10,428,706
Utility expenses	14,741,491	15,978,303
Sales commissions	25,489,998	34,670,463
Export expenses	88,412,853	94,783,763
Maintenance	13,539,860	16,226,029
Insurance	10,223,216	10,292,202

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Commissions	97,198,797	84,981,174
Research	31,020,450	33,283,775
Development	29,275,211	32,142,033
Market development expense	8,689,857	11,172,807
Operating expenses for overseas branches	426,508	219,956
Product warranty expense	4,510,547	(11,958,502)
Training	6,978,604	9,314,344
Product handling fee	214,558	252,912
Others	13,316,877	20,410,785
	<u>₩ 1,136,925,464</u>	<u>₩ 1,166,747,490</u>

30. Expenses by Nature

Expenses by nature for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>	2014	2013
	<u>₩</u>	<u>₩</u>
Changes in inventories	(60,778,531)	(267,834,806)
Merchandise purchased	779,386,321	1,009,010,810
Raw materials and consumables used	4,435,152,053	4,348,777,846
Salaries ¹	572,014,256	562,654,284
Employee benefits	105,861,700	91,655,410
Rental expenses	113,222,121	130,333,460
Depreciation expenses on investment property	2,292,319	2,917,461
Depreciation on property, plant, and equipment	401,074,000	366,398,991
Amortization	18,822,060	20,386,027
Freight and storage expenses	127,230,117	120,345,226
Utility expenses	138,727,123	102,628,874
Outsourcing expenses	141,703,649	128,549,083
Export expenses	95,026,952	97,602,842
Taxes and dues	29,684,457	30,070,826
Other expenses ²	1,014,654,309	1,022,163,654
Total cost of sales, selling and administrative expenses	<u>₩ 7,914,072,906</u>	<u>₩ 7,765,659,988</u>

¹ Severance benefits are included.

² Consists of expenses for travel, research, development, etc.

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31. Other Income and Other Expenses

Details of other income for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>		2014		2013
Gain on foreign currency transactions	₩	103,086,924	₩	109,432,863
Gain on foreign currency translation		28,784,407		58,490,544
Gain on valuation of derivatives		10,283,001		8,911,549
Gain on disposal of Available-for-sale financial assets		16,332,718		34,250,012
Gain on disposal of investments in associates		175,122,200		1,515
Gain on transactions of derivatives		6,973,432		12,393,155
Gain on disposal of investment property		-		347,896
Gain on disposal of property, plant, and equipment		23,619,596		6,657,289
Gain on disposal of intangible assets		18,172		351,494
Reversal of impairment on property, plant, and equipment		-		1,019,206
Reversal of other bad debts expense		205,950		101,415
Rental income		138,016		819,058
Gain on bargain purchase		-		2,568,377
Others		36,986,759		72,571,361
	₩	<u>401,551,175</u>	₩	<u>307,915,734</u>

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Details of other expenses for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>		2014		2013
Loss on foreign currency transactions	₩	114,518,080	₩	116,409,018
Loss on foreign currency translation		44,118,026		41,198,519
Loss on valuation of derivatives		5,211,232		9,604,562
Loss on disposal of other financial assets		-		43,817
Loss on disposal of Available-for-sale financial assets		2,036,151		246,543
Loss on disposal of investments in associates		5,134,393		1,612,487
Impairment loss on investments in associates		-		8,657,984
Loss on transactions of derivatives		2,138,356		8,967,156
Impairment loss on available-for-sale financial assets		4,725,878		-
Loss on disposal of investment property		1,214,589		24,277,881
Loss on disposal of property, plant, and equipment		9,614,475		23,308,333
Loss on disposal of intangible assets		322,452		3,308,639
Impairment loss on investment property		-		21,372,513
Impairment loss on property, plant, and equipment		45,152,541		97
Impairment loss on intangible assets		5,520,614		11,435,568
Other bad debts expense		17,127		179,952
Amortization for other assets		-		901,791
Obsolescence loss on inventory		8,326,435		333,402
Commissions (non-operating)		6,847,852		3,753,153
Donations		9,782,985		9,516,711
Others		38,463,160		10,887,386
	₩	<u>303,144,346</u>	₩	<u>296,015,512</u>

32. Finance Income and Costs

Details of finance income and costs for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>		2014		2013
Finance income				
Interest income	₩	17,228,311	₩	14,257,749
Dividend income		2,737,904		2,931,542
	₩	<u>19,966,215</u>	₩	<u>17,189,291</u>
 <i>(in thousands of Korean won)</i>				
		2014		2013
Finance costs				
Interest expense	₩	(213,369,656)	₩	(222,841,916)

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33. Income Tax Expense and Deferred Income Tax

Income tax expense for the years ended December 31, 2014 and 2013, consists of:

<i>(in thousands of Korean won)</i>	2014	2013
Current tax:		
Current tax on profits for the year	₩ 79,706,427	₩ 60,216,892
Adjustments in respect of prior years	2,032,176	6,729,719
Total current tax	81,738,603	66,946,611
Deferred tax:		
Origination and reversal of temporary differences	(51,494,431)	(38,188,778)
Income tax effect charged directly to equity	9,272,893	7,444,231
Income tax expense	₩ 39,517,065	₩ 36,202,064

The tax on the Group's profit (loss) before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

<i>(in thousands of Korean won)</i>	2014	2013
Profit (loss) before income tax expense	₩ 50,907,231	₩ (43,337,876)
Tax calculated at domestic tax rates applicable to profits	₩ 12,319,550	₩ (10,487,766)
Tax effects of:		
Income not subject to tax (expenses not deductible for tax purposes)	9,563,667	13,712,753
Adjustment in respect of prior years	2,032,176	6,729,719
Tax credit	(9,834,970)	(6,964,036)
Tax losses for which no deferred income tax asset was recognized	23,336,576	63,557,040
Other	2,100,066	(30,345,646)
Income tax expense	₩ 39,517,065	₩ 36,202,064

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The income tax charged or credited directly to equity for the years ended December 31, 2014 and 2013, is as follows:

<i>(in thousands of Korean won)</i>		2014	2013
Current tax			
Remeasurements of net defined benefit liabilities	₩	371,643	₩ 281,641
Deferred tax			
Gain (loss) on valuation of available-for-sale financial assets		4,903,253	11,185,020
Share of other comprehensive income (loss) of associates and joint ventures		(745,657)	606,925
Gain (loss) on valuation of derivatives		57,035	(63,841)
Currency translation differences		171,581	2,456,198
Remeasurements of net defined benefit liabilities		5,676,557	(6,715,356)
Share of remeasurements of net defined benefit liabilities of associates and joint ventures		726,819	(555,580)
Other capital surplus		(1,705,044)	787,659
Other capital adjustments		(183,294)	(538,435)
Total	₩	9,272,893	₩ 7,444,231

Changes in deferred income tax assets and liabilities for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>		2014					
		Beginning balance	Statement of income	Other comprehensive income	Equity	Changes in scope of consolidation	Ending balance
Allowance for bad debts	₩	45,030,229	₩ 2,539,988	₩ -	₩ -	₩ -	₩ 47,570,217
Loss on valuation of inventories		2,285,795	3,715,473	-	-	-	6,001,268
Gain (loss) on valuation of derivatives		434,400	(1,161,266)	57,035	-	-	(669,831)
Available-for-sale financial assets		(1,355,316)	13,572,686	4,903,253	-	-	17,120,623
Equity method investments		(68,124,903)	(25,730,457)	(18,838)	-	-	(93,874,198)
Bonuses		(2,140,322)	2,965,411	-	-	-	825,089
Depreciation		-	(13,940,736)	-	-	-	(13,940,736)
Defined benefit obligation		45,187,689	27,101,913	5,676,557	-	-	77,966,159
Plan assets		(11,499,920)	(837,038)	-	-	-	(12,336,958)
Revaluation surplus reserve		(26,453,797)	(1,519,276)	-	-	-	(27,973,073)
Surplus from revaluation		(78,181,850)	(131,515,292)	-	-	-	(209,697,142)
Temporary differences from subsidiaries and consolidation adjustments		(161,232,944)	116,369,781	171,581	(1,888,338)	(23,303,017)	(69,882,937)
Other		(20,783,782)	51,031,994	-	-	-	30,248,212
	₩	(276,834,721)	₩ 42,593,181	₩ 10,789,588	₩ (1,888,338)	₩ (23,303,017)	₩ (248,643,307)

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(in thousands of Korean won)	2013					
	Beginning balance	Statement of income	Other comprehensive income	Equity	Ending balance	
Allowance for bad debts	₩ 45,272,694	₩ (242,465)	₩ -	₩ -	₩	45,030,229
Loss on valuation of inventories	1,919,431	366,364	-	-		2,285,795
Gain (loss) on valuation of derivatives	1,114,511	(680,111)	-	-		434,400
Available-for-sale financial assets	(21,729,594)	-	20,374,278	-		(1,355,316)
Equity method investments	(68,124,903)	-	-	-		(68,124,903)
Bonuses	(718,234)	(1,422,088)	-	-		(2,140,322)
Defined benefit obligation	45,933,824	4,621,762	(5,367,897)	-		45,187,689
Plan assets	(11,919,330)	232,492	186,918	-		(11,499,920)
Revaluation surplus reserve	(26,509,984)	56,187	-	-		(26,453,797)
Surplus from revaluation	(81,125,142)	2,943,292	-	-		(78,181,850)
Temporary differences from subsidiaries and consolidation adjustments	(175,825,811)	22,623,577	(8,279,934)	249,224		(161,232,944)
Other	(23,310,961)	2,527,179	-	-		(20,783,782)
	₩ (315,023,499)	₩ 31,026,189	₩ 6,913,365	₩ 249,224	₩	(276,834,721)

Details of unrecognized deductible temporary differences as deferred tax assets as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)	2014	2013
Investments in subsidiaries	₩ (617,547,796)	₩ (662,655,274)
Investments in associates	(56,006,062)	(45,901,938)

¹ The unrecognized deductible temporary differences are deductible temporary differences associated with investments in subsidiaries and associates and joint ventures which will not reverse in the foreseeable future.

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34. Earnings per Share

Basic earnings per common share for the years ended December 31, 2014 and 2013, is as follows:

<i>(in thousands of Korean won, except per share amounts)</i>		2014		2013
Profit (loss) for the year	₩	11,390,166	₩	(79,539,940)
Profit attributable to owners of the parent		56,742,203		8,251,946
Profit attributable to ordinary share owners of the parent		56,295,369		8,130,629
Weighted average number of ordinary shares outstanding		154,879,102 shares		140,283,511 shares
Basic earnings per share (in won)	₩	363	₩	58

Basic earnings per preferred share for the years ended December 31, 2014 and 2013, is as follows:

<i>(in thousands of Korean won, except per share amounts)</i>		2014		2013
Profit (loss) for the year	₩	11,390,166	₩	(79,539,940)
Profit attributable to owners of the parent		56,742,203		8,251,946
Profit attributable to preferred share owners of the parent		446,834		121,317
Weighted average number of preferred shares outstanding		1,123,737 share		1,123,737 shares
Basic earnings per share (in won) ¹	₩	398	₩	108

¹ Preferred shares were issued under the former commercial law before the amendments in 1997. These preferred shares hold the same priority as common shares in terms of dividends pay out and distribution of residual properties, thus earnings per share was calculated accordingly.

Potential ordinary shares consist of convertible bonds issued by Hanwha SolarOne Co., Ltd. Basic earnings per share for the years ended December 31, 2014 and 2013, is identical to diluted earnings per share since there are no diluting effect of the potential ordinary shares.

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35. Contingencies and Commitments

(a) Details of credit limits provided by financial institutions as of December 31, 2014, are as follows:

(in USD, EUR, CNY, MYR, CZK
and thousands of Korean won)

	Currency	Maximum limit
Overdrafts	KRW	54,500,000
	EUR	7,000,000
Usances for importing goods	USD	130,340,000
D/A, D/P, Local trade bills for exporting goods and others	KRW	1,600,000
	USD	93,400,000
Other credit limits	KRW	2,533,662,210
	USD	1,735,856,320
	CNY	2,736,903,741
	MYR	479,876,887
	CZK	422,535,977

(b) Details of assets provided as collateral for the Group's liabilities as of December 31, 2014, are as follows:

(in thousands of Korean won)

Collateral	Collateral amount	Lender
Cash and cash equivalents	₩ 5,044,388	Shinhan Bank and others
Trade receivables and other receivables	124,609,388	KDB Bank and others
Other financial assets	210,524,557	Shinhan Bank and others
Inventories ¹	1,103,364,979	KDB Bank and others
Investments in associates	15,000,000	KSFC and others
Investment property	48,900,000	Hana Bank and others
Property, plant and equipment	2,627,183,705	KDB Bank and others
Intangible assets	33,512,523	Hana Bank and others
Shares of the subsidiaries	28,064,516	KDB Bank and others

¹ Inventories are pledged as collateral with certain shares of the subsidiaries.

² Other than the collaterals listed above, the Group provided collaterals to related parties (Note 36).

(c) As of December 31, 2014, the Group provided eight notes of ₩ 285 million to financial institutions as collaterals.

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(d) Details of guarantees provided by the Group as of December 31, 2014, are as follows:

<i>(in USD and thousands of Korean won)</i>	Details	Period	Amount	
BOWON CHEMICAL CO.LTD	Guarantees of borrowings	2014.09.02 ~ 2015.09.02	₩	1,200,000
LTi ReEnergy	Payment guarantees	Until completion of payment	USD	220,000
Hanwha L&C Co., Ltd.	Joint guarantees	2014.10.31 ~ 2017.06.30	₩	28,781,925

In addition to the above guarantees, the Group has provided payment guarantees and collaterals for related parties (Note 36).

(e) Details of guarantees received from third parties as of December 31, 2014, are as follows:

<i>(in thousands of Korean won)</i>	Details	Period	Amount	
Seoul Guarantee Insurance	Forest restoration guarantees	2010.11.23~2015.11.22	₩	317,774
Seoul Guarantee Insurance	Forest restoration guarantees	2013.09.05~2018.09.04		13,120
Seoul Guarantee Insurance	Payment for roadside tree transplant	2013.04.22~2015.06.30		7,400
Seoul Guarantee Insurance	Account payable -NongShim	2013.11.10~2015.12.31		200,000
Seoul Guarantee Insurance	Performance guarantees	2010.11.22~2019.02.28		2,977,760
Seoul Guarantee Insurance	Restoration of transferred forest guarantees	2014.03.24~2015.12.31		80,000

Shinhan Bank has provided payment guarantees amounting to ₩ 617 million (maximum limit: ₩ 711 million) in relation to the performance of the agreement for the Group.

(f) In addition to the case discussed in Note 35-(i), (j) and (k), the Group is a plaintiff in 10 cases aggregating to ₩116,658 million, and a defendant in 16 cases aggregating to ₩35,552 million. Management does not believe that a present obligation exists for these claims and consequently no provisions have been made.

(g) The Group has entered into an indemnity agreement with the buyer of Hanwha Energy Co.'s stocks to indemnify against loss that may arise for certain period of time after stock transfer date. The maximum amount of loss for which the Company and other sellers are jointly liable is ₩50,000 million as of December 31, 2012. Regarding this agreement, litigation amounting to ₩32,281 million is pending. The Group won the case in Seoul Appellant Court on June 21, 2012. The plaintiff appealed to the Supreme Court on July 25, 2012, and the financial effects of this case could not be reasonably determined.

(h) The Group sold its all shares in Korea Independent Energy Co., Ltd. to POSCO on July 11, 2005. According to the stock sale agreement, the Group is also liable for the 25% of third party claims for damages related to the water facilities and drainages until the termination of the electric power supply agreement between Korea Independent Energy Co., Ltd. and Korea Electric Power Corporation, or until the cause of such damage is remedied.

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(i) The Hanwha consortium, which includes the Group, entered into a memorandum of understanding on November 14, 2008, with The Korea Development Bank (KDB) to acquire the shares of Daewoo Shipbuilding & Marine Engineering Co., Ltd. and paid a guarantee deposit of ₩315,000 million to KDB on November 19, 2008. On January 22, 2009, the consortium received a notice of the cancellation of the memorandum of understanding and the forfeiture of the related deposit.

In accordance with the settlement agreement between the members of the Hanwha consortium, Hanwha Corporation, Hanwha Engineering & Construction Corporation and the Group, the Group's portion of the guarantee deposit was ₩190,300 million. The guarantee deposit is included in other receivables and the Group provided a full allowance against the receivable during 2010 and is still fully provided for as of December 31, 2014. The Hanwha consortium was liquidated on May 13, 2009, under the consortium liquidation agreement. On June 19, 2009, the Group filed for mediation in Seoul Central District Court for the return of its guarantee deposit, but failed to reach an agreement on November 20, 2009, after which the case became a civil suit.

On February 10, 2011, the Group, which is the plaintiff, lost the case at the Seoul Central District Court and appealed against the decision on March 2, 2011. On June 14, 2012, the Group, which is the plaintiff, lost the case at the Seoul Appellate Court and appealed against the decision on July 30, 2012. The management of the Group does not expect the outcome of these lawsuits will have a material effect on the Group's consolidated financial statements.

(j) On July 15, 2013, the Group filed an arbitration claim against the insolvency administrator of Germany-based Q-Cells SE with the German Institution of arbitration seeking reimbursement of EUR 11.5 million relating to the calculation of the negative EBITDA. In response, the insolvency administrator filed a counter-claim seeking a payment of EUR 46.5 million relating to the calculation of the inventory price adjustment. The outcome of the arbitration cannot be reasonably determined

(k) On September 30, 2014, Schuco International KG filed an arbitration claim against the Group with the London Court of International Arbitration (LCIA), seeking compensation for damages of approximately EUR 192 million relating to the defective module. In response, the Group filed a counter-claim against Schuco International KG. The outcome of the arbitration cannot be reasonably determined.

(l) The Group sold its all shares in DREAMPHARMA CORP. to KEUNWHA PHARMACEUTICAL CO., LTD. on December 19, 2014. According to the stock sale agreement, if a specific loss occurs during a certain period of time after stock transfer date, the Group should pay 5% to 12.5% of the sales price. In addition, the Group is liable for 50% of the loss incurred related to Myobloc.

(m) As of December 31, 2014, the Group has provided performance guarantees amounting to EUR 27.6 million in relation to a solar power EPC contract for Santander Equity SPV.

(n) As of December 31, 2014, the Group has provided joint payment guarantee amounting to ₩361 million to Korea Securities Finance Corporation (KSFC) in relation to employee stock ownership plans.

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36. Related Party Transactions

Significant transactions with related parties for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014			
	Sales	Disposal of fixed assets	Purchases	Acquisition of fixed assets
Parent Company				
Hanwha Corporation ¹	₩ 306,142,767	₩ 944,759	₩ 464,796,879	₩ -
Associates				
HANWHA SAVINGS BANK CO., LTD.	34,132	-	-	-
Hanwha Non-Life Insurance Co., Ltd.	1,740,543	-	10,068,114	-
HANWHA Eagles Professional Baseball club	119,561	-	2,737,056	-
Hanwha Q CELLS Korea Corp.	94,532,126	-	361,283	-
HANWHA INVESTMENT AND SECURITIES CO.,LTD.	461,339	-	197,670	-
Hanwha Hotels and Resort CO., Ltd.	4,275,201	-	15,054,713	-
Joint ventures				
YEOCHUN NCC Co., Ltd.	24,703,115	-	1,692,218,622	-
Gulf Advanced Cables Insulation Company	61,171	-	-	-
Other related parties				
C-space Co., Ltd. ²	14,233	-	-	-
SNSACE Co., Ltd.	391,566	-	13,249,170	-
Yeosu Sea World Corporation	69,875	-	113,217	-
Ilsan Seaworld Co., Ltd.	-	-	73,601	-
Taekyung Chemical Co., Ltd.	43,656,276	-	55,259	-
HAN COMM. INC.	668,493	-	8,789,905	-
Hanwha Engineering & Construction Corporation ¹	25,584,364	944,759	81,942,692	-
HANWHA 63 CITY CORPORATION	239,802	-	6,156,215	-
HUMANPOWER Co.Ltd.	-	-	524,726	-
Agricultural Corporation Company Green Tomorrow Co.,Ltd.	3,250	-	-	-
Jeju Ocean Science Museum Corporation	-	-	216,415	-
Foodist Food Culture(Shanghai) Co., Ltd.	-	-	5,799,188	-
Hanwha Life Asset (formerly Hanwha Tele Marketing & Services Co., Ltd.)	17,132	-	-	-
Hanwha LIFE INSURANCE CO.,LTD. ³	3,136,959	-	14,966,679	-
Hanwha Insurance Investigation Co., Ltd.	86,079	-	-	-
Hanwha Energy Corporation	17,017,076	-	149,914,079	-
HANWHA S&C CO., LTD.	483,967	-	54,736,570	-
Hanwha Station Development Co., Ltd. ⁴	10,429	-	1,008,017	-
Hanwha Investment Corp.	5,997	-	-	-
Hanwha Asset Management Co., Ltd.	67,165	-	-	-
HANWHA TechM CO.,LTD. ⁵	2,314,684	-	11,826,497	-
Hanwha America Development Inc.	-	-	1,320,010	-
Hanwha Canada Development Inc.	455	-	-	-
Hanwha Europe GmbH	110,259,791	-	16,690,477	-
Hanwha Q CELLS Americas Holdings. Corp.	59,257,114	-	5,864,195	-
Hanwha Q CELLS Japan Co.,Ltd.	319,057,882	-	94,187,233	-
OneRoof Energy, Inc. ⁶	6,323,777	-	4,866,155	-
S&P World Network JLT	4,492,852	-	-	-
	₩ 1,025,229,173	₩ 1,889,518	₩ 2,657,734,637	₩ -

¹ The Group received ₩ 945 million from Hanwha Corporation and Hanwha Engineering & Construction Corporation, respectively, for the disposal of second practice ground of Hanwha Eagles Professional Baseball Club.

² Newly included in the consolidation (Note 39).

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³ The Group received dividends from Hanwha LIFE INSURANCE CO., LTD. amounting to ₩ 1,977 million.

⁴ The Group received dividends from Hanwha Station Development Co., Ltd. amounting to ₩ 740 million.

⁵ Hanwha Corporation merged with HANWHA TechM CO.,LTD.

⁶ A subsidiary of OneRoof Energy Group, Inc.

(in thousands of Korean won)

	2013			
	Sales	Disposal of fixed assets	Purchases	Acquisition of fixed assets
Parent Company				
Hanwha Corporation	₩ 261,101,296	₩ -	₩ 282,349,630	₩ -
Associates				
HANWHA SAVINGS BANK CO., LTD.	60,963	-	-	-
Hanwha Non-Life Insurance Co., Ltd.	2,169,948	-	11,061,443	-
HANWHA Eagles Professional Baseball club	8,514	-	2,824,231	-
Hanwha Q CELLS Korea Corp.	41,917,386	-	74,000	-
HANWHA INVESTMENT AND SECURITIES CO.,LTD.	1,019,183	-	2,212,035	-
Hanwha Hotels and Resort CO.,Ltd. ¹	5,174,108	-	15,967,467	9,584,925
Joint ventures				
YEOCHUN NCC Co., Ltd.	22,101,065	-	1,753,365,068	-
Gulf Advanced Cables Insulation Company	2,843,253	-	-	-
Other related parties				
C-space Co., Ltd.	111,257	-	-	-
SNSACE Co., Ltd.	473,516	-	15,264,736	-
Yeosu Sea World Corporation	491,336	-	800	-
Taekyung Chemical Co., Ltd.	44,175,849	-	77,213	-
HAN COMM. INC.	808,153	-	8,695,661	-
HANWHA 63 CITY CORPORATION	334,535	-	6,463,169	-
Hanwha Engineering & Construction Corporation	43,982,838	-	76,098,495	-
HUMANPOWER Co., Ltd.	59,021	-	497,876	-
Agricultural Corporation Company Green Tomorrow Co.,Ltd.	3,390	-	-	-
Jeju Ocean Science Museum Corporation	-	-	188,904	-
Foodist Food Culture(Shanghai) Co., Ltd.	7,638	-	5,269,990	-
Hanwha LIFE INSURANCE CO.,LTD. ²	2,929,382	125,500,000	14,468,586	-
Hanwha Insurance Investigation Co., Ltd.	78,075	-	-	-
Hanwha Energy Corporation	19,777,166	-	149,352,727	-
HANWHA S&C CO., LTD.	498,495	-	45,222,886	-
Hanwha Station Development Co., Ltd.	8,102	-	946,125	-
Hanwha Investment Corp.	8,410	-	-	-
Hanwha Asset Management Co., Ltd.	78,703	-	-	-
HANWHA TechM CO.,LTD.	3,429,125	-	32,838,794	-
Hanwha Life Asset (formerly Hanwha Tele Marketing & Services Co., Ltd.)	10,758	-	-	-
Hanwha America Development Inc.	-	-	1,876,693	-
Hanwha Europe GmbH	131,006,958	-	6,198,193	-
Hanwha Q CELLS Americas Holdings. Corp.	5,103,139	-	-	-
Hanwha Q CELLS Japan Co., Ltd.	491,571,123	-	130,082,420	-
Q-Cells Japan K.K.	775,276	-	-	-
S&P World Network JLT	2,081,128	-	-	-
World Corporation	84,999	-	-	-
	₩1,084,284,088	₩ 125,500,000	₩ 2,561,397,142	₩ 9,584,925

¹ The Group disposed of Agricultural Corporation Company Green Tomorrow, a subsidiary of Hanwha City Development Co.,Ltd., to Hanwha Hotels and Resort CO.,Ltd. for ₩ 1,046 million.

² The Group received dividends from Hanwha LIFE INSURANCE CO.,LTD. amounting to ₩2,281

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million.

(b) Year-end balances of receivables and payables as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014					
	Receivables			Payables		
	Trade receivables	Loans	Other receivables	Trade payables	Borrowings	Other payables
Parent Company						
Hanwha Corporation	₩ 128,145,360	₩ -	₩ 22,848,046	₩ 139,755,110	₩ -	₩ 10,041,244
Associates						
Hanwha Non-Life Insurance Co., Ltd.	227,455	-	287,404	-	-	556,833
HANWHA Eagles Professional Baseball club	-	-	-	-	-	77
Hanwha Q CELLS Korea Corp.	34,645,901	-	-	327,800	-	-
HANWHA INVESTMENT AND SECURITIES CO.,LTD.	17,188	-	13,450	-	-	1,162,007
Hanwha Hotels and Resort CO., Ltd.	373,826	-	41,821,771	5,238,895	-	6,166,498
International Polymers Company	-	8,889,555	150,349	-	-	-
Saudi Specialized Products Company	-	11,234,658	-	-	-	-
Joint ventures						
YEOCHUN NCC Co., Ltd.	2,035,430	-	178,603	233,581,379	-	8,214,399
Gulf Advanced Cables Insulation Company	994,367	20,775,695	18,468	-	-	-
Other related parties						
SNSACE Co., Ltd.	154,256	-	-	-	-	1,181,870
Yeosu Sea World Corporation	-	-	-	-	-	11,095
Ilsan Seaworld, Co., Ltd.	-	-	-	-	-	6,599
Taekyung Chemical Co., Ltd.	1,036,738	-	-	-	-	142,310
HAN COMM. INC.	7,929	-	29,480	1,328,895	-	1,040,131
Hanwha Engineering & Construction Corporation	892,456	-	121,355	52,519,500	8,581,507	26,930,346
HANWHA 63 CITY CORPORATION	-	-	140,000	258	-	529,617
HUMANPOWER Co.Ltd.	-	-	-	-	-	37,303
Jeju Ocean Science Museum Corporation	-	-	-	-	-	12,250
Foodist Food Culture(Shanghai) Co., Ltd.	-	-	-	980,511	-	-
Hanwha LIFE INSURANCE CO.,LTD.	-	-	41,210,557	-	-	63,453
Hanwha Insurance Investigation Co., Ltd.	48	-	-	-	-	-
Hanwha Energy Corporation	663,019	-	4,400	14,356,513	-	475,008
HANWHA S&C CO., LTD.	3,009	-	21,247	2,264,985	-	3,940,751
Hanwha Station Development Co., Ltd.	182	-	1,410,614	-	-	283,709
Hanwha Asset Management Co., Ltd.	589	-	-	-	-	-
Hanwha America Development Inc.	-	-	-	-	31,121,578	-
Hanwha Europe GmbH	13,178,974	-	-	-	-	69,201
Hanwha Q CELLS Americas Holdings. Corp.	32,697,228	-	-	5,934,161	-	-
Hanwha Q CELLS Japan Co.,Ltd.	33,177,747	-	-	9,657,739	-	454,361
Hanwha Q CELLS USA Corp.	-	16,980,231	-	-	-	-
Hanwha Techn Hungary Zrt.	-	-	-	-	5,346,080	-
OneRoof Energy, Inc. ¹	-	3,041,405	28,140	-	-	-
	₩ 248,251,702	₩ 60,921,544	₩ 108,283,884	₩ 465,945,746	₩ 45,049,165	₩ 61,319,062

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(in thousands of Korean won)

	2013					
	Receivables			Payables		
	Trade receivables	Loans	Other receivables	Trade payables	Borrowings	Other payables
Parent Company						
Hanwha Corporation	₩ 57,272,282	₩ -	₩3,614,131	₩125,924,871	₩ -	₩8,512,972
Associates						
Hanwha Non-Life Insurance Co., Ltd.	318,905	-	202,482	-	10,000,000	583,624
Hanwha Q CELLS Korea Corp.	7,060,991	-	-	-	-	-
HANWHA INVESTMENT AND SECURITIES CO., LTD.	13,361	-	-	-	-	1,162,017
Hanwha Hotels and Resort CO., Ltd.	382,333	-	44,666,555	5,221,212	-	5,992,873
Crystal Solar Inc.	-	527,650	-	-	-	-
International Polymers Company	-	22,425,125	866,363	-	-	-
OneRoof Energy, Inc. ¹	-	5,561,186	-	-	-	-
Joint ventures						
YEOCHUN NCC Co., Ltd.	155,756	-	76,308	297,154,791	-	17,795,906
Gulf Advanced Cables Insulation Company	945,089	18,995,400	540,269	-	-	-
Other related parties						
C-space Co., Ltd.	144	-	-	-	-	350,000
SNSACE Co., Ltd.	174,204	-	-	35,750	-	1,238,866
Yeosu Sea World Corporation	64,870	-	-	-	-	-
Taekyung Chemical Co., Ltd.	4,543,499	-	-	5,360	-	-
HAN COMM. INC.	15,354	-	33,870	1,564,826	-	1,280,277
HANWHA 63 CITY CORPORATION	70,907	-	140,000	121,992	-	509,690
Hanwha Engineering & Construction Corporation	13,520,185	-	288,547	44,708,700	7,070,510	26,529,141
HUMANPOWER Co., Ltd.	-	-	-	-	-	51,197
Agricultural Corporation Company Green Tomorrow Co., Ltd.	77	-	-	-	-	-
Jeju Ocean Science Museum Corporation	-	-	-	-	-	15,624
Foodist Food Culture(Shanghai) Co., Ltd.	-	-	-	500,690	-	-
Hanwha LIFE INSURANCE CO., LTD.	134,750	-	44,390,519	-	-	110,014
Hanwha Energy Corporation	69,796	-	4,400	13,110,016	-	2,920,023
HANWHA S&C CO., LTD.	8,692	-	22,365	1,471,665	-	6,663,095
Hanwha Station Development Co., Ltd.	344	-	1,376,474	-	-	236,041
Hanwha Asset Management Co., Ltd.	30,477	-	-	-	-	-
HANWHA TechM CO., LTD.	639,220	-	-	12,422,209	-	-
Hanwha America Development Inc.	-	-	-	-	27,447,203	-
Hanwha Canada Development Inc.	2,158	-	-	-	-	-
Hanwha Europe GmbH	21,740,434	-	3,400,116	2,285,332	-	45,510
Hanwha Q CELLS Americas Holdings. Corp.	4,563,481	3,331,732	-	-	-	-
Hanwha Q CELLS Japan Co., Ltd.	102,355,523	-	-	14,901,230	-	130,321
S&P World Network JLT	1,675	-	1,972,947	-	-	-
World Corporation	84,424	-	-	-	-	-
	₩ 214,168,931	₩ 50,841,093	₩101,595,346	₩519,428,644	₩44,517,713	₩74,127,191

¹ The Group established allowance for losses on the entire amount of long-term loans receivables as of December 31, 2013 (Note 14).

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(c) Fund transactions with related parties for the years ended December 31, 2014 and 2013, are as follows:

Loan transactions

(in thousands of Korean won)

	2014				
	Beginning balance	Loans	Repayments	Others ¹	Ending balance
Associates					
Crystal Solar Inc. ²	₩ 527,650	₩ -	₩ (527,650)	₩ -	₩ -
International Polymers Company	22,425,125	-	(14,197,200)	661,630	8,889,555
Saudi Specialized Products Company	-	10,855,932	-	378,726	11,234,658
Joint venture					
Gulf Advanced Cables Insulation Company	18,995,400	-	-	1,780,295	20,775,695
Other related party					
Hanwha Q CELLS USA Corp.	3,331,732	17,381,065	(5,431,750)	1,699,184	16,980,231
OneRoof Energy, Inc.	5,561,186	2,927,840	(5,435,340)	(12,281)	3,041,405
	₩ 50,841,093	₩ 31,164,837	₩ (25,591,940)	₩ 4,507,554	₩ 60,921,544

¹ Others include increase of accrued revenues due to interest on loans.

² Loans for Crystal Solar Inc. were transferred to equity securities through debt for equity swaps.

(in thousands of Korean won)

	2013				
	Beginning balance	Loans	Repayments	Others	Ending balance
Associates					
Crystal Solar Inc.	₩ -	₩ 556,250	₩ -	₩ (28,600)	₩ 527,650
International Polymers Company	25,974,175	-	(3,213,300)	(335,750)	22,425,125
OneRoof Energy, Inc.	5,355,500	295,339	-	(89,653)	5,561,186
Joint venture					
Gulf Advanced Cables Insulation Company	16,066,500	3,174,300	-	(245,400)	18,995,400
Other related party					
Hanwha Q CELLS USA Corp.	-	3,331,732	-	-	3,331,732
	₩ 47,396,175	₩ 7,357,621	₩ (3,213,300)	₩ (699,403)	₩ 50,841,093

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Borrowing transactions

(in thousands of Korean won)

	2014				
	Beginning balance	Borrowings	Repayments	Others ¹	Ending balance
Associate					
Hanwha Non-Life Insurance Co., Ltd.	₩ 10,000,000	₩ -	₩ (10,000,000)	₩ -	₩ -
Other related parties					
Hanwha Engineering & Construction Corporation	7,070,510	-	-	1,510,997	8,581,507
Hanwha America Development Inc.	27,447,202	2,502,977	-	1,171,399	31,121,578
Hanwha Techm Hungary Zrt.	-	5,339,880	-	6,200	5,346,080
	₩ 44,517,712	₩ 7,842,857	₩ (10,000,000)	₩ 2,688,596	₩ 45,049,165

¹ Others include increase of accrued interest due to interest on borrowings.

(in thousands of Korean won)

	2013				
	Beginning balance	Borrowings	Repayments	Others	Ending balance
Associate					
Hanwha Non-Life Insurance Co., Ltd.	₩ 10,000,000	₩ -	₩ -	₩ -	₩ 10,000,000
Other related parties					
Hanwha Engineering & Construction Corporation	5,783,940	1,371,890	-	(85,320)	7,070,510
Hanwha America development Inc.	33,792,515	858,824	(6,924,449)	(279,688)	27,447,202
	₩ 49,576,455	₩ 2,230,714	₩ (6,924,449)	₩ (365,008)	₩ 44,517,712

(d) As of December 31, 2014, the Group has provided payment guarantees amounting to USD 51.5 million and USD 11.75 million for borrowings of International Polymers Company and Gulf Advanced Cables Insulation Company, associates of the Group, respectively.

(e) As of December 31, 2014, the Group has provided collaterals to Hanwha Investment & Securities Co., Ltd., a related party, amounting to ₩ 1,511 million for the refund of the security deposit of the office building in Seo-gu, Daejeon.

(f) As of December 31, 2014, the Group entered into cash deficiency support agreement amounting to EUR 24.7 million for Hanwha Q CELLS Korea Corp. when fund supplementary obligation is not performed for Luxbon Solar S.A.

(g) As of December 31, 2014, the Group provides performance guarantees amounting to USD 131.2 million in relation to a module sales contract between Hanwha Q-Cells Japan Co., Ltd. and MARUBENI CORPORATION. In addition, the Group provides performance guarantees amounting to JPY 4,610 million in relation to goods purchase agreements entered between Hanwha Q-Cells Japan Co., Ltd. and NTT-F.

(h) As of December 31, 2014, the Group provides payment guarantees (loan deposits amounting to ₩22,661 million) for loans of directors and employees from financial institutions.

(i) The compensation paid or payable to key management for employee services for the years

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ended December 31, 2014 and 2013, consists of:

<i>(in thousands of Korean won)</i>	2014		2013	
Salaries ¹	₩	11,385,645	₩	31,125,907
Severance benefits		5,045,233		7,519,090
Other long-term benefits		-		171,000
	₩	16,430,878	₩	38,815,997

¹ Represent the amount after deducting return on compensation of the executive director amounting to ₩ 16,021 million.

37. Cash Generated from Operations

Details of cash generated from operations for the years ended December 31, 2014 and 2013, are as follows:

<i>(in thousands of Korean won)</i>	2014		2013	
Profit (Loss) before income tax	₩	50,907,231	₩	(43,337,876)
Adjustments for:				
Severance benefits		50,927,502		53,902,730
Depreciation		401,074,000		366,398,991
Depreciation of investment property		2,292,319		2,917,461
Amortization		18,822,060		20,386,027
Bad debts expense		3,738,250		13,393,988
Rent		611,254		48,111
Contribution (reversal of) to provisions		14,782,111		(9,951,791)
Gain on valuation of derivatives		(10,283,001)		(8,911,549)
Gain on foreign currency translation		(28,784,407)		(58,490,544)
Gain on disposal of available-for-sale financial assets		(16,332,718)		(34,250,012)
Gain on disposal of investment in associates		(175,122,200)		(1,515)
Gain on disposal of investment property		-		(347,896)
Gain on disposal of property, plant and equipment		(23,619,596)		(6,657,289)
Gain on disposal of intangible assets		(18,172)		(351,494)
Reversal of other bad debts expense		(205,950)		(101,415)
Bargain		-		(2,568,377)
Loss on foreign currency translation		44,118,026		41,198,519
Loss on disposal of other financial assets		-		43,817
Loss on disposal of available-for-sale financial assets		2,036,151		246,543
Loss on disposal of investments in associates		5,134,393		1,612,487
Loss on valuation of derivatives		5,211,232		9,604,562
Impairment loss on available-for-sale financial assets		4,725,878		-
Impairment loss on investments in associates		-		8,657,984
Loss on disposal of property, plant and equipment		9,614,475		23,308,333

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Impairment loss of property, plant and equipment	45,152,541	(1,019,109)
Loss on disposal of investment property	1,214,589	24,277,881
Loss on disposal of intangible assets	322,452	3,308,639
Impairment loss of investment property	-	21,372,513
Impairment loss of intangible assets	5,520,614	11,435,568
Other bad debts expense	17,127	179,952
Loss on disposal of inventories	8,326,435	333,402
Loss on valuation of inventories	30,043,795	40,515,381
Interest income	(17,228,311)	(14,257,749)
Dividend income	(2,737,904)	(2,931,543)
Interest expense	213,369,656	222,841,916
Share of profit of associates and joint ventures	(4,643,560)	(52,520,442)
Others, net	3,176,576	5,656,926
Changes in operating assets and liabilities		
Trade receivables	(119,656,741)	(181,100,740)
Other receivables	23,808,002	(17,210,101)
Inventories	(200,326,216)	(132,049,124)
Other financial assets	(2,526,564)	26,493
Other current assets	(16,524,840)	(55,815,107)
Other non-current assets	22,960,208	11,240,613
Trade payables	(25,871,652)	166,478,935
Other payables	47,929,963	(1,217,836)
Other financial liabilities	5,556,316	(19,081,112)
Other current liabilities	106,660,738	96,787,473
Other non-current liabilities	(210,368)	(50,285)
Defined benefit obligation	(31,788,705)	(26,910,303)
Plan assets	2,787,295	4,566,505
Other long-term employee benefits	326,970	(4,161,054)
Provisions	(10,041,583)	(9,648,337)
Settlement of derivatives	(4,835,076)	(4,702,712)
Cash generated from operations	₩ 440,410,595	₩ 463,096,438

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38. Operating Segment Information

The CEO of the Company is the chief operating decision maker. The Group's reportable segments are as follows:

- Raw materials: Sales and manufacture of PE, PVC, CA and others
- Manufacturing: Sales and manufacture of interior material using PVC, car parts and others
- Retail: Department stores and wholesales stores
- Photovoltaic: Sales and manufacture of ingot, modules and other associated photovoltaic products

Other operating segment includes sales and manufacture of real estates, pharmaceutical, machinery, and other various products.

(a) Operating profit or loss by each reportable segment for the years ended December 31, 2014 and 2013 are as follows:

	2014							
	Raw materials	Manufacturing ¹	Retail	Photovoltaic	Sub-total	Others	Consolidation adjustments	Total
Revenue								
External revenues	₩3,606,737,521	₩1,109,944,643	₩ 541,825,298	₩1,487,782,710	₩6,746,290,172	₩1,309,043,017	₩ -	₩8,055,333,189
Inter-segment revenue ²	372,240,379	284,593,709	21,387,655	542,035,613	1,220,257,356	79,284,281	(1,299,541,637)	-
Total	₩3,978,977,900	₩1,394,538,352	₩563,212,953	₩2,029,818,323	₩7,966,547,528	₩1,388,327,298	₩ (1,299,541,637)	₩8,055,333,189
Operating profit (loss) ³	(15,999,297)	51,772,637	54,781,401	8,568,783	99,123,524	54,173,164	(12,036,405)	141,260,283
Share of profit of associates and joint ventures								4,643,560
Other income, net								98,406,829
Finance costs, net								(193,403,441)
Profit before income tax								₩ 50,907,231
Depreciation and amortization ⁴	199,281,866	45,400,664	38,051,006	111,170,043	393,903,579	18,992,530	9,292,270	422,188,379
Inventory write-down	(12,607,661)	(988,543)	(1,635,961)	(13,747,267)	(28,979,432)	(1,603,660)	539,298	(30,043,794)
Bad debts expense	(807,841)	419,713	979,442	2,468,953	3,060,267	677,983	-	3,738,250
Capital expenditures ⁵	345,964,374	56,503,983	51,224,805	146,638,508	600,331,670	59,089,800	-	659,421,470

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(in thousands of
Korean won)

2013

	Raw materials	Manufacturing	Retail	Photovoltaic	Sub-total	Others	Consolidation adjustments	Total
Revenue								
External revenues	₩3,522,021,230	₩1,384,210,877	₩475,197,689	₩1,331,188,307	₩6,712,618,103	₩1,150,935,969	₩ -	₩7,863,554,072
Inter-segment revenue	442,107,735	265,099,354	19,738,355	404,908,499	1,131,853,943	116,924,757	(1,248,778,700)	-
Total	₩3,964,128,965	₩1,649,310,231	₩494,936,044	₩1,736,096,806	₩7,844,472,046	₩1,267,860,726	₩ (1,248,778,700)	₩7,863,554,072
Operating profit (loss)	66,622,959	72,221,276	58,662,537	(103,990,996)	93,515,776	24,220,796	(19,842,487)	97,894,085
Share of profit of associates and joint ventures								52,520,442
Other income, net								11,900,222
Finance costs, net								(205,652,625)
Loss before income tax								₩ (43,337,876)
Depreciation and amortization	158,970,571	48,627,434	33,159,458	116,026,736	356,784,199	22,771,856	10,146,424	389,702,479
Inventory write-down	9,922,545	1,417,183	1,439,538	26,404,463	39,183,729	1,344,205	(12,553)	40,515,381
Bad debts expense	(8,021,158)	2,959,896	3,150,425	13,859,547	11,948,710	1,445,278	-	13,393,988
Capital expenditures	370,740,464	65,012,408	120,407,809	85,442,986	641,603,667	35,070,582	-	676,674,249

¹ Gains or losses from the sale of construction materials products of Hanwha L&C Corporation, which was excluded from consolidation for the year ended December 31, 2014, are included in the amount (Note 39).

² Inter-segment revenue is accounted for as it is carried out at arm's length. Such revenue is measured in a manner consistent with that in the statement of comprehensive income.

³ The total segment operating profit (loss) is different from the consolidated operating profit (loss) due to the unrealized profits on transactions between the segments as of the reporting date. Such unrealized profits were eliminated upon consolidation.

⁴ Total amount of amortization of intangible assets and depreciation of property, plant and equipment and investment property.

⁵ Consists of additions to investment property, property, plant and equipment and intangible assets.

(b) Assets and liabilities of each reportable segment as of December 31, 2014 and 2013 are as follows:

(in thousands of
Korean won)

2014

	Raw materials	Manufacturing	Retail	Photovoltaic	Sub-total	Others	Consolidation adjustments	Total
Assets								
Current assets	₩1,044,679,518	₩ 599,000,172	₩ 293,458,542	₩1,543,099,014	₩3,480,237,246	₩1,374,705,745	₩ (582,142,849)	₩4,272,800,142
Investments in subsidiaries, associates and joint ventures	3,030,684,658	319,771,157	155,913,713	1,189,019,313	4,695,388,841	313,690,815	(3,720,479,441)	1,288,600,215
Other non-current assets	3,261,916,082	684,178,492	1,694,060,201	1,269,281,062	6,909,435,837	492,930,006	(366,742,467)	7,035,623,376
Total	₩7,337,280,258	₩1,602,949,821	₩2,143,432,456	₩4,001,399,389	₩15,085,061,924	₩2,181,326,566	₩ (4,669,364,757)	₩12,597,023,733
Liabilities								
Current liabilities	₩1,389,401,817	₩ 617,630,101	₩ 624,542,350	₩1,367,094,574	₩3,998,668,842	₩984,508,303	₩ (541,963,642)	₩ 4,441,213,503
Non-current liabilities	1,778,558,147	303,716,436	453,523,956	711,089,553	3,246,888,092	398,644,811	(269,200,957)	3,376,331,946
Total	₩3,167,959,964	₩ 921,346,537	₩1,078,066,306	₩2,078,184,127	₩7,245,556,934	₩1,383,153,114	₩ (811,164,599)	₩ 7,817,545,449

(in thousands of

2013

Hanwha Chemical Corporation and Subsidiaries

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(Korean won)

	Raw materials	Manufacturing	Retail	Photovoltaic	Sub-total	Others	Consolidation adjustments	Total
Assets								
Current assets	₩1,126,324,225	₩ 533,019,734	₩ 272,214,956	₩1,327,604,500	₩3,259,163,415	₩1,425,085,676	₩ (214,589,907)	₩4,469,659,184
Investments in subsidiaries, associates and joint ventures	3,044,929,507	310,979,543	154,536,065	1,136,678,405	4,647,123,520	340,920,801	(3,710,350,100)	1,277,694,221
Other non-current assets	3,142,284,503	663,353,070	1,646,331,443	1,246,034,693	6,698,003,709	545,947,986	(184,243,010)	7,059,708,685
Total	₩7,313,538,235	₩1,507,352,347	₩2,073,082,464	₩3,710,317,598	₩14,604,290,644	₩2,311,954,463	₩(4,109,183,017)	₩12,807,062,090
Liabilities								
Current liabilities	₩ 1,363,890,147	₩ 670,117,432	₩ 529,278,573	₩1,079,738,733	₩3,643,024,885	₩999,956,991	₩ (245,985,350)	₩4,396,996,526
Non-current liabilities	2,207,782,612	299,455,907	503,752,363	665,491,188	3,676,482,070	449,823,872	(172,965,196)	3,953,340,746
Total	₩ 3,571,672,759	₩ 969,573,339	₩1,033,030,936	₩1,745,229,921	₩7,319,506,955	₩1,449,780,863	₩ (418,950,546)	₩8,350,337,272

(c) Reconciliations of information on reportable segments totals to consolidated Korean IFRS measures as of December 31, 2014 and 2013 are as follows:

(in thousands of Korean won)

	2014	2013
Assets		
Total assets for reportable segments	₩ 15,085,061,924	₩ 14,604,290,644
Total assets of other segments not classified to reportable segments	2,181,326,566	2,311,954,463
Consolidation adjustments:		
Elimination of investments in subsidiaries including equity method adjustment	(3,720,479,441)	(3,710,350,101)
Elimination of intercompany receivables	(414,214,259)	(368,417,810)
Others, net ¹	(534,671,057)	(30,415,106)
Consolidated total assets	₩ 12,597,023,733	₩ 12,807,062,090
Liabilities		
Total liabilities for reportable segments	₩ 7,245,556,934	₩ 7,319,506,955
Total liabilities of other segments not classified to reportable segments	1,383,153,114	1,449,780,863
Consolidation adjustments:		
Elimination of intercompany payables	(544,050,832)	(498,254,383)
Deferred tax liabilities from consolidation adjustments	39,430,134	64,187,163
Others, net ¹	(306,543,901)	15,116,674
Consolidated total liabilities	₩ 7,817,545,449	₩ 8,350,337,272

¹ Others include the assets and liabilities of Hanwha L&C Corporation and subsidiaries and DREAMPHAR CORP. excluded from consolidation in 2014 (Notes 39).

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(d) The following tables provide information by geographical areas for the years ended December 31, 2014 and 2013. The revenue and assets were presented based on the company's location which generates the revenue.

Revenue by region

(in thousands of Korean won)

	2014		2013	
Domestic	₩	5,221,784,841	₩	5,108,484,690
Overseas				
China		1,300,021,872		1,430,738,463
Germany		735,426,494		546,080,195
Others		798,099,982		778,250,724
		<u>2,833,548,348</u>		<u>2,755,069,382</u>
	₩	<u>8,055,333,189</u>	₩	<u>7,863,554,072</u>

Assets by region

(in thousands of Korean won)

	2014		2013	
Domestic	₩	6,064,918,615	₩	6,108,696,972
Overseas				
China		1,245,386,713		1,250,689,966
Germany		242,237,123		256,817,314
Others		469,774,999		446,853,466
		<u>1,957,398,835</u>		<u>1,954,360,746</u>
	₩	<u>8,022,317,450</u>	₩	<u>8,063,057,718</u>

¹ Financial instruments and deferred tax assets are excluded from non-current assets.

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39. Significant Changes in scope of consolidation

(a) Inclusion of C-space Co., Ltd. in the consolidation

In 2014, C-space Co., Ltd. is newly included in the consolidation as the name trust agreement related to the shares of C-space Co., Ltd. is terminated.

Details of assets and liabilities of C-space Co., Ltd. acquired by the Group on the deemed date of acquisition of March 31, 2014, are as follows:

<i>(in thousands of Korean won)</i>	Amounts	
Assets acquired		
Current assets		
Cash and cash equivalents	₩	937,356
Trade and other receivables		256,499
Other financial assets		4,354,258
Other current assets		33,617
Inventories		1,135,079
Current income tax assets		39,336
Non-current assets		
Available-for-sale financial assets		201,750
Other financial assets		4,477,680
Property, plant and equipment		907,193
Intangible assets		384,530
Sub-total		12,727,298
Liabilities assumed		
Current liabilities		
Trade and other payables		(4,439,798)
Borrowings		(1,727,074)
Other financial liabilities		(230,500)
Other current liabilities		(507,794)
Non-current liabilities		
Other financial liabilities		(1,387,400)
Net defined benefit liabilities		(2,990,411)
Sub-total		(11,282,977)
	₩	1,444,321

Net assets of C-space Co., Ltd. amounting to ₩ 1,444 million were recognized as other income.

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(b) Exclusion of Hanwha L&C Co., Ltd. and its subsidiaries from the consolidation

In 2014, Hanwha L&C Co., Ltd., a newly established company through spilt-off from the construction materials segment of Hanwha Advanced Materials Co., Ltd., and its subsidiaries including Hanwha L&C Canada, Inc., Hanwha L&C USA Inc., Hanwha L&C USA LLC, Hanwha L&C Trading (Shanghai) Co., Ltd. were sold and excluded from the consolidation accordingly.

Details of the amount received as a consideration for the disposal as of December 31, 2014 are as follows:

(in thousands of Korean won)

	Amounts
Cash and cash equivalents	₩ 141,437,154
Available-for-sale financial assets	15,715,240
	₩ 157,152,394

Details of assets and liabilities disposed as of December 31, 2014, are as follow:

(in thousands of Korean won)

	Amounts
Assets	
Current assets	
Cash and cash equivalents	₩ 17,379,809
Trade and other receivables	188,917,523
Other assets	9,167,850
Inventories	51,669,829
Current income tax assets	648
Non-current assets	
Available-for-sale financial assets	79,314
Other financial assets	2,567,943
Property, plant and equipment	133,125,529
Intangible assets	3,404,587
Other assets	479,743
Deferred income tax assets	13,602,662
Sub-total: assets disposed	420,395,437
Liabilities	
Current liabilities	
Trade and other payables	(138,408,075)
Borrowings	(84,957,724)
Other financial liabilities	(1,310,611)
Other liabilities	(5,599,486)
Current income tax liabilities	(89,834)
Non-current liabilities	

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Borrowings	(34,087,838)
Other financial liabilities	(3,000)
Net defined benefit liabilities	(32,821,266)
Sub-total: liabilities disposed	(297,277,834)
Net assets disposed	₩ 123,117,603

(c) Acquisition of equity shares of HANWHA FINE CHEMICAL CO., LTD. (formerly, KPX Fine Chemical Co., Ltd.)

On October 1, 2014, the Group acquired 50.71% of the equity shares of HANWHA FINE CHEMICAL CO., LTD. (formerly KPX Fine Chemical Co., Ltd.) for ₩ 42,000 million in order to strengthen its competitiveness through vertical integration of CA business.

Details of consideration paid according to the contract as of December 31, 2014, are as follows:

<i>(in thousands of Korean won)</i>	Amounts
Cash and cash equivalents	₩ 42,000,000

The following table summarizes the fair value of the identifiable assets acquired, liabilities assumed, and non-controlling interest and goodwill at the acquisition date of October 1, 2014:

<i>(in thousands of Korean won)</i>	Amounts
Recognized amounts of identifiable assets acquired and liabilities assumed	
Assets	
Current assets	
Cash and cash equivalents	₩ 43,510,719
Trade and other receivables	8,973,285
Inventories	11,109,918
Other financial assets	1,683,505
Other current assets	4,455,882
Non-current assets	
Available-for-sale financial assets	100,000
Property, plant and equipment	108,984,459
Intangible assets	281,938
Other non-current assets	178,830
Sub-total assets acquired	179,278,536
Liabilities	
Current liabilities	
Trade and other payables	(73,798,934)
Borrowings	(51,450,000)
Other financial liabilities	(5,806,594)
Non-current liabilities	

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Other financial liabilities	(177,009)
Net defined benefit liabilities	(1,724,872)
Sub-total liabilities assumed	(132,957,409)
Fair value of identifiable net assets	46,321,127
Non-controlling interest	(22,831,342)
Goodwill	18,510,215
	₩ 42,000,000

The Group recognizes the non-controlling interest in HANWHA FINE CHEMICAL CO., LTD. (formerly, KPX Fine Chemical Co., Ltd.) at the proportionate share of the recognized amounts of acquiree's identifiable net assets.

Revenues and net loss of HANWHA FINE CHEMICAL CO., LTD. (formerly, KPX Fine Chemical Co., Ltd.) since the acquisition date amounting to ₩ 71,101 million and ₩ 6,296 million, respectively, were included in the consolidated statements of comprehensive income.

If HANWHA FINE CHEMICAL CO., LTD. (formerly, KPX Fine Chemical Co., Ltd.) was included in the scope of consolidation since the beginning of the current fiscal year, revenues and net loss reflected in the consolidated statements of comprehensive income would amount to ₩ 136,583 million and ₩ 49,639 million, respectively.

(d) Exclusion of DREAMPHARMA CORP. from the consolidation

In 2014, DREAMPHARMA CORP., a newly established company through split-off from the pharmaceutical segment of Hanwha Basis Co., Ltd. was sold on December 19, 2014 and was excluded from the consolidation accordingly.

Details of the amount received as a consideration for the disposal as of December 31, 2014 are as follows:

(in thousands of Korean won)		Amounts
Cash and cash equivalents	₩	182,675,252

The following table summarizes the disposed assets and liabilities of DREAMPHARMA CORP as of December 31, 2014.

(in thousands of Korean won)		Amounts
Assets		
Current assets		
Cash and cash equivalents	₩	1,941,038
Trade and other receivables		28,253,507
Other assets		946,450
Inventories		15,726,950
Non-current assets		

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Available-for-sale financial assets	63,180
Other financial assets	1,238,580
Property, plant and equipment	19,523,391
Intangible assets	969,121
Deferred income tax assets	9,700,355
Sub-total: assets disposed	78,362,572
Liabilities	
Current liabilities	
Trade and other payables	(6,937,347)
Other financial liabilities	(5,436,112)
Provisions	(2,710,961)
Other liabilities	(2,420,510)
Current income tax liabilities	(244,978)
Non-current liabilities	
Net defined benefit liabilities	(12,672,645)
Sub-total: Liabilities disposed	(30,422,553)
Net assets disposed	₩ 47,940,019

(e) Other Significant Events

On November 26, 2014, the Group decided to acquire 27.6 % of equity shares of Samsung General Chemicals Co., Ltd. for ₩ 508,078 million in order to strengthen its competitiveness and secure stable profit growth through product diversification.

40. Events After the Reporting Period

(a) Sale of the segment of HANWHA POLYDREAMER CO., LTD

On January 15, 2015, the Board of Directors of the Group decided to sell the segment of sheet film and coating membrane of HANWHA POLYDREAMER CO., LTD, a subsidiary, to improve its management efficiency.

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41. Information on Non-controlling Interests

(a) Changes in Accumulated Non-controlling Interests

The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for the years ended December 31, 2014 and 2013, is as follows:

(in thousands of Korean won)

(in thousands of Korean won)

	2014									
	Percentage of non-controlling interests(%)		Accumulated non-controlling interests at the beginning of the year		Profit or loss allocated to non-controlling interests		Dividends paid to non-controlling interests	Others		Accumulated non-controlling interests at the end of the year
Hanwha Gelleria Timeworld Co., Ltd.	29.35%	₩	72,066,792	₩	7,006,015	₩	(1,662,050)	₩	4,304,375	₩ 81,715,132
Hanwha Holdings(USA), Inc.	49.02%		122,370,043		2,633,667		-		5,770,508	130,774,218
Hanwha SolarOne Co., Ltd.	55.36%		195,662,031		(54,801,123)		-		22,098,504	162,959,412

(in thousands of Korean won)

(in thousands of Korean won)	2013										
	Percentage of non- controlling interests(%)		Accumulated non-controlling interests at the beginning of the year		Profit or loss allocated to non-controlling interests		Dividends paid to non- controlling interests	Others		Accumulated non-controlling interests at the end of the year	
Hanwha Gelleria Timeworld Co., Ltd.	28.51%	₩	68,060,574	₩	3,330,894	₩	(1,163,435)	₩	1,838,759	₩	72,066,792
Hanwha Holdings(USA), Inc.	49.02%		120,969,934		2,300,300		-		(900,191)		122,370,043
Hanwha SolarOne Co., Ltd.	52.57%		270,666,336		(84,926,132)		-		9,921,827		195,662,031

(b) Summarized Financial Information on Subsidiaries

The summarized financial information for each subsidiary with non-controlling interests that are material to the Group before inter-company eliminations is as follows:

Hanwha Chemical Corporation and Subsidiaries

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Summarized consolidated statements of financial position as of December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014					
	Hanwha Galleria Timeworld Co., Ltd.		Hanwha Holdings(USA), Inc. ¹		Hanwha SolarOne Co., Ltd. ²	
Current assets	₩	28,237,304	₩	355,686,290	₩	795,582,759
Non-current assets		359,144,008		289,760,082		868,374,581
Current liabilities		96,833,427		310,133,512		1,022,593,070
Non-current liabilities		24,428,892		67,791,375		395,148,197
Equity		266,118,993		267,521,485		246,216,073

¹ Consolidated financial information of Hanwha Holdings(USA), Inc., which has 25 subsidiaries

² Consolidated financial information of Hanwha SolarOne Co., Ltd., which has 16 subsidiaries

(in thousands of Korean won)

	2013					
	Hanwha Galleria Timeworld Co., Ltd.		Hanwha Holdings(USA), Inc. ¹		Hanwha SolarOne Co., Ltd. ²	
Current assets	₩	24,315,660	₩	339,805,772	₩	692,281,708
Non-current assets		331,488,244		227,061,831		851,310,058
Current liabilities		97,071,707		287,602,413		779,873,892
Non-current liabilities		18,016,090		28,961,961		434,623,256
Equity		240,716,107		250,303,229		329,094,618

¹ Consolidated financial information of Hanwha Holdings(USA), Inc., which has 25 subsidiaries

² Consolidated financial information of Hanwha SolarOne Co., Ltd., which has 13 subsidiaries

Summarized consolidated statements of comprehensive income for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014					
	Hanwha Galleria Timeworld Co., Ltd.		Hanwha Holdings(USA), Inc. ¹		Hanwha SolarOne Co., Ltd. ²	
Revenue	₩	160,265,488	₩	746,648,119	₩	826,533,593
Profit (loss) for the year		24,162,715		5,441,110		(105,316,846)
Other comprehensive income (loss)		7,069,222		9,262,965		3,917,364
Total comprehensive income (loss)		31,231,937		14,704,075		(101,399,482)

¹ Consolidated financial information of Hanwha Holdings(USA), Inc., which has 25 subsidiaries

² Consolidated financial information of Hanwha SolarOne Co., Ltd., which has 16 subsidiaries

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(in thousands of Korean won)

	2014					
	Hanwha Galleria Timeworld Co., Ltd.		Hanwha Holdings(USA), Inc. ¹		Hanwha SolarOne Co., Ltd. ²	
Revenue	₩	126,211,489	₩	745,931,909	₩	841,474,010
Profit (loss) for the year		14,488,789		6,064,509		(155,697,145)
Other comprehensive income (loss)		6,479,089		(1,904,775)		9,385,824
Total comprehensive income (loss)		20,967,878		4,159,734		(146,311,321)

¹ Consolidated financial information of Hanwha Holdings(USA), Inc., which has 25 subsidiaries

² Consolidated financial information of Hanwha SolarOne Co., Ltd., which has 13 subsidiaries

Summarized consolidated statements of cash flows for the years ended December 31, 2014 and 2013, are as follows:

(in thousands of Korean won)

	2014					
	Hanwha Galleria Timeworld Co., Ltd.		Hanwha Holdings(USA), Inc. ¹		Hanwha SolarOne Co., Ltd. ²	
Cash flows from operating activities	₩	24,723,569	₩	25,580,621	₩	22,770,161
Cash flows from investing activities		(22,026,397)		(68,208,813)		(189,176,035)
Cash flows from financing activities		(6,413,973)		30,407,871		84,078,809
Net increase (decrease) in cash and cash equivalents		(3,716,801)		(12,220,321)		(82,327,065)
Cash and cash equivalents at beginning of year		9,805,604		31,050,772		246,063,806
Exchange gains (losses) on cash and cash equivalents		(23,824)		751,873		10,832,621
Cash and cash equivalents at end of year	₩	6,064,979	₩	19,582,324	₩	174,569,362

¹ Consolidated financial information of Hanwha Holdings(USA), Inc., which has 25 subsidiaries

² Consolidated financial information of Hanwha SolarOne Co., Ltd., which has 16 subsidiaries

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(in thousands of Korean won)

	2013					
	Hanwha Galleria Timeworld Co., Ltd.		Hanwha Holdings(USA), Inc. ¹		Hanwha SolarOne Co., Ltd. ²	
Cash flows from operating activities	₩	38,130,497	₩	23,055,223	₩	99,435,244
Cash flows from investing activities		(77,210,402)		(19,484,299)		(60,821,480)
Cash flows from financing activities		(4,447,846)		(6,707,822)		64,643,698
Net increase (decrease) in cash and cash equivalents		(43,527,751)		(3,136,898)		103,257,462
Cash and cash equivalents at beginning of year		53,333,355		34,584,672		142,134,109
Exchange gains (losses) on cash and cash equivalents		-		(397,002)		672,235
Cash and cash equivalents at end of year	₩	9,805,604	₩	31,050,772	₩	246,063,806

¹ Consolidated financial information of Hanwha Holdings(USA), Inc., which has 25 subsidiaries

² Consolidated financial information of Hanwha SolarOne Co., Ltd., which has 13 subsidiaries

(c) Transactions with Non-controlling Interests

Effects of transactions with non-controlling interests on the equity attributable to owners of the parent for the year ended December 31, 2014, amount to ₩(-)3,512 million (2013: ₩(-)1,940 million). The effects of transactions resulted primarily from changes in ownership interests due to exercise of stock options in Hanwha SolarOne Co., Ltd. and disproportionate paid-in capital increase.