



FINANCIAL RESULTS FIRST QUARTER ENDING MARCH 31,

2016

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About this report

The condensed interim consolidated financial statements (see section 2 from page 7 to 44) according to K-IFRS are reviewed by our group auditor Ernst & Young Han Young (Ernst & Young Korea) – the review opinion on the quarterly financial statements can be found at the end of this report.

The condensed interim financial statements for the three months ended March 31, 2016 included in this report have been prepared in accordance with K-IFRS 1034 and should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance K-IFRS, too. The annual financial statements for the year 2015 can be found on our website www.songwon.com.

All financials disclosed hereunder reflect consolidated numbers in Mil. KRW where not indicated differently.

Important notice about forward-looking information

This quarterly reporting includes forward-looking information and statements as well as other statements concerning the outlook for our business. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions, the economic conditions of the regions and industries that are major markets for Songwon Industrial Group. However, there are many risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this quarterly reporting and which could affect our ability to achieve any or all of our stated targets. Although Songwon Industrial Group believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.

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SECTION 1:

Business Development

Key Financial Data

	Q1 2016	Q1 2015 (restated*)	
	Million KRW	Million KRW	Δ%
Sales	183,074	157,045	16.6%
Gross profit	51,185	24,506	108.9%
<i>Gross profit margin</i>	28.0%	15.6%	
Operating profit	26,591	5,103	421.1%
EBITDA	33,640	10,856	209.9%
<i>EBITDA margin</i>	18.4%	6.9%	
EBIT	24,857	2,315	973.7%
<i>EBIT margin</i>	13.6%	1.5%	
Profit/loss for the period	12,201	3,068	297.7%
Total assets	874,895	853,790	2.5%
Total equity	325,004	290,363	11.9%
<i>Equity ratio</i>	37.2%	34.0%	
Headcounts	830	774	7.2%

* See note 2.2 on page 17 for further details

Sales development

Products

	Q1 2016	Q1 2015	
	Million KRW	Million KRW	Δ%
Alkyl - phenol & Intermediates	588	813	-27.6%
Plasticizers	1,970	2,002	-1.6%
Polyester Diols	2,596	2,909	-10.8%
Polymer Stabilizers (AOX & UVs)	126,690	106,026	19.5%
Polyurethanes	10,384	11,795	-12.0%
PVC Stabilizers	11,547	11,187	3.2%
SAP & Flocculants	2,394	4,178	-42.7%
Tin Intermediates	23,143	16,225	42.6%
Others	3,762	1,910	97.0%
Total Sales	183,074	157,045	16.6%

Regions

	Q1 2016	Q1 2015	
	Million KRW	Million KRW	Δ%
Korea	46,989	48,143	-2.4%
Rest of Asia	42,897	32,109	33.6%
Europe	42,073	37,209	13.1%
North and South America	38,931	32,793	18.7%
Australia	702	745	-5.8%
Middle East and Africa	11,482	6,046	89.9%
Total Sales	183,074	157,045	16.6%

Business development

Songwon Industrial Group recorded consolidated sales of 183,074 Mil. KRW in Q1/2016 ending March 31, 2016. This marked a 16.6% increase in revenue compared to sales for Q1/2015 (157,045 Mil. KRW). The Group generated a net profit of 12,201 Mil. KRW compared to a profit of 3,068 in Q1/2015. Songwon's gross profit margin also increased during Q1 from 15.6% to 28.0%, over the same period in the previous year.

Songwon's business remained in line with the company's ambitious expectations throughout Q1/2016, across all regions. During the first 3 months of the year, Songwon was successful in closing several contractual negotiations in different countries which will have a positive effect in 2016. Following the usual year-end stock reduction activities in Q4/2015 which contributed to an overall volume decline, in Q1/2016, Songwon saw volumes pick up and volumes sold exceeded those sold in Q1/2015. In general, the market is currently perceived as balanced with fairly stable prices, which only partially reflects the downward raw material trends. Songwon continues to keep accurate price/volume management a priority in this market environment.

Throughout Q1/2016, raw materials remained at a historically low level which allowed some margin increases. Songwon proceeded to work on cost position improvements across its entire product range by leveraging both economy of scale and optimizing production processes. In line with strategic plans, overall, the manufacturing facilities operated at high utilization rates enabling Songwon to reliably supply its customers according to their orders. Further strengthening Songwon's global manufacturing footprint, the new state-of-the-art facility in Abu Dhabi successfully came on stream in January and construction of Songwon's JV plant for OPS (One Pack Systems) in Qingdao, China is going to plan and expected to be operational later this year.

During the first three months of the year, strong customer demand, stable raw material and selling prices, as well as the smoothly operating production sites, enabled Songwon to achieve acceptable margin results. In addition, the weakening of the KRW against USD favored strong revenues in the reporting currency and contributed to improved profitability. EBITDA and EBIT margins increased to 18.4% and to 13.6% respectively during Q1/2016.

Outlook

Looking forward, Songwon's positive start to the current year provides reason for cautious optimism. Historically, the incoming quarters, especially Q2 and Q3 are strong quarters, and Songwon does not see reason to expect a decline in demand, but rather a slow growth. However Songwon is not disregarding the potential for negative surprises, especially given the generally weak and volatile global economic situation and high political uncertainties in various regions throughout the world. In the coming months, raw materials are expected to remain stable, with a few exceptions relating to seasonal increases, which in the short term, supports a positive outlook.

Long term, Songwon expects the average demand for its products to continue to increase at a rate slightly exceeding the global GDP. In addition, some of Songwon's businesses could further benefit from future, more stringent regulatory changes relating to emission reductions, as well as the normalization of the political relations with some important countries. The organization will continue to press forward on a variety of initiatives to maintain profitability and support further growth for Songwon in 2016, while exercising prudent capital management.

SECTION 2:

Condensed Interim

Consolidated Financial

Statements

Interim consolidated statement of financial position

		As at	
		March 31, 2016	December 31, 2015
	Notes	Million KRW	Million KRW
ASSETS			
Non-current assets		479,448	483,786
Property, plant and equipment	5.3, 6, 19	429,056	432,496
Investment properties	5.3	3,560	3,562
Intangible assets	5.3, 7	32,197	34,688
Investments accounted for using the equity method	4	5,673	4,662
Available-for-sale financial investments	16	1,473	1,473
Other non-current financial assets	16	2,689	2,121
Deferred tax assets		4,800	4,784
Current assets		395,447	362,595
Inventories	8	156,955	169,123
Trade and other receivables	9, 16	127,481	109,822
Income tax receivables		425	223
Other current assets		5,048	3,926
Other current financial assets	16	17,127	11,099
Cash and cash equivalent	10, 16	88,411	68,402
Total assets		874,895	846,381
EQUITY AND LIABILITIES			
Equity		325,004	316,413
<i>Non-controlling interests</i>		<i>1,473</i>	<i>1,944</i>
<i>Equity attributable to owners of the parent</i>		<i>323,531</i>	<i>314,469</i>
Share capital		12,000	12,000
Capital surplus		24,361	24,361
Reserves		26,919	26,751
Retained earnings		260,865	250,000
Accumulated other comprehensive income	11.2	-614	1,357
Non-current liabilities		190,959	94,128
Interest-bearing loans and borrowings	12, 16, 18, 20.3	124,797	29,551
Pension liability		19,273	19,252
Other long-term employee benefits		3,960	3,006
Other non-current financial liabilities	16, 20.3	1,136	484
Other non-current liabilities		42	42
Deferred tax liabilities		41,751	41,793
Current liabilities		358,932	435,840
Interest-bearing loans and borrowings	12, 16, 18, 20.3	252,112	332,773
Trade and other payables	16, 20.3	83,789	76,142
Other current financial liabilities	16, 20.3	3,346	4,877
Other current liabilities		2,825	1,576
Income tax payable		16,860	20,472
Total liabilities		549,891	529,968
Total equity and liabilities		874,895	846,381

Interim consolidated statement of financial position

	As at (see note 2.1)	
	March 31, 2016	Dec. 31, 2015
	Thousands USD	Thousands USD
ASSETS		
Non-current assets	419,136	422,927
Property, plant and equipment	375,082	378,089
Investment properties	3,112	3,114
Intangible assets	28,147	30,324
Invest. accounted for using the equity method	4,959	4,076
Available-for-sale financial investments	1,288	1,288
Other non-current financial assets	2,352	1,854
Deferred tax assets	4,196	4,182
Current assets	345,702	316,983
Inventories	137,212	147,849
Trade and other receivables	111,444	96,007
Income tax receivables	372	195
Other current assets	4,413	3,432
Other current financial assets	14,972	9,703
Cash and cash equivalent	77,289	59,797
Total assets	764,838	739,910
EQUITY AND LIABILITIES		
Equity	284,120	276,610
<i>Non-controlling interests</i>	<i>1,288</i>	<i>1,700</i>
<i>Equity attributable to owners of the parent</i>	<i>282,832</i>	<i>274,910</i>
Share capital	10,490	10,490
Capital surplus	21,296	21,296
Reserves	23,533	23,386
Retained earnings	228,049	218,551
Accumulated other comprehensive income	-536	1,187
Non-current liabilities	166,937	82,287
Interest-bearing loans and borrowings	109,098	25,834
Pension liability	16,849	16,830
Other long-term employee benefits	3,462	2,628
Other non-current financial liabilities	992	422
Other non-current liabilities	37	37
Deferred tax liabilities	36,499	36,536
Current liabilities	313,781	381,013
Interest-bearing loans and borrowings	220,397	290,911
Trade and other payables	73,249	66,564
Other current financial liabilities	2,926	4,263
Other current liabilities	2,470	1,378
Income tax payable	14,739	17,897
Total liabilities	480,718	463,300
Total equity and liabilities	764,838	739,910

Interim consolidated statement of comprehensive income

		For the three months ended March 31,	
		2016	2015 (restated*)
	Notes	Million KRW	Million KRW
Sales of goods	5	183,074	157,045
Cost of sales		-131,889	-132,539
Gross profit		51,185	24,506
Selling and administration costs		-24,594	-19,403
Operating profit		26,591	5,103
Other income		11,985	4,773
Other expenses		-13,719	-7,561
Share of result from investments accounted for using the equity method	4	99	127
Finance income		12,841	16,628
Finance costs		-19,277	-14,406
Profit before tax		18,520	4,664
Income tax expense	13	-6,319	-1,596
Profit for the period		12,201	3,068
Other comprehensive income, net of taxes			
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		-1,930	108
Loss on valuation of interest rate swap	11.2	-563	-17
Exchange differences on translation of foreign operation	11.2	-1,367	125
<i>Net other comprehensive income not being reclassified to profit or loss</i>		-	-
Change of remeasurements of defined benefit plans	11.2	-	-
Total other comprehensive income, net of taxes		-1,930	108
Total comprehensive income		10,271	3,176
Profit for the period attributable to:			
Owners of the parent		12,713	3,083
Non-controlling interests		-512	-15
Profit for the period		12,201	3,068
Total comprehensive income attributable to:			
Owners of the parent		10,742	3,425
Non-controlling interests		-471	-249
Total comprehensive income		10,271	3,176
Earnings per share		KRW	KRW
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	14	530	128

* See note 2.2 for further details

Interim consolidated statement of comprehensive income

	For the three months ended March 31, (see note 2.1)	
	2016	2015 (restated*)
	Thousands USD	Thousands USD
Sales of goods	160,044	137,289
Cost of sales	-115,298	-115,866
Gross profit	44,746	21,423
Selling and administration costs	-21,500	-16,962
Operating profit	23,246	4,461
Other income	10,477	4,173
Other expenses	-11,993	-6,610
Share of result from investments accounted for using the equity method	87	111
Finance income	11,225	14,535
Finance costs	-16,852	-12,594
Profit before tax	16,190	4,076
Income tax expense	-5,524	-1,395
Profit for the period	10,666	2,681
Other comprehensive income, net of taxes		
<i>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</i>	-1,687	95
Loss on valuation of interest rate swap	-492	-15
Exchange differences on translation of foreign operation	-1,195	110
<i>Net other comprehensive income not being reclassified to profit or loss</i>	-	-
Change of remeasurements of defined benefit plans	-	-
Total other comprehensive income, net of taxes	-1,687	95
Total comprehensive income	8,979	2,776
Profit for the period attributable to:		
Owners of the parent	11,114	2,695
Non-controlling interests	-448	-14
Profit for the period	10,666	2,681
Total comprehensive income attributable to:		
Owners of the parent	9,391	2,994
Non-controlling interests	-412	-218
Total comprehensive income	8,979	2,776
Earnings per share	USD	USD
Basic / diluted, profit for the period attributable to ordinary equity holders of the parent	463	112

* See note 2.2 for further details

Interim consolidated statement of changes in equity

For the three months ended March 31, 2015 and March 31, 2016								
	Attributable to owners of the parent						Non-controlling interests	Total equity
	Issued capital	Capital surplus	Reserves	Retained earnings	Accumulated OCI	Total		
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
As at January 1, 2015	12,000	24,361	26,607	225,280	-2,731	285,517	3,110	288,627
Profit for the period	-	-	-	3,083	-	3,083	-15	3,068
Loss on valuation of interest rate swap, net of tax	-	-	-	-	-17	-17	-	-17
Foreign currency translation, net of tax	-	-	-	-	359	359	-234	125
Change of remeasurements of defined benefit plans, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	3,083	342	3,425	-249	3,176
Dividends	-	-	-	-1,440	-	-1,440	-	-1,440
Appropriation to reserves	-	-	144	-144	-	-	-	-
As at March 31, 2015	12,000	24,361	26,751	226,779	-2,389	287,502	2,861	290,363

As at January 1, 2016	12,000	24,361	26,751	250,000	1,357	314,469	1,944	316,413
Profit for the period	-	-	-	12,713	-	12,713	-512	12,201
Loss on valuation of interest rate swap, net of tax	-	-	-	-	-563	-563	-	-563
Foreign currency translation, net of tax	-	-	-	-	-1,408	-1,408	41	-1,367
Change of remeasurements of defined benefit plans, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	12,713	-1,971	10,742	-471	10,271
Dividends	-	-	-	-1,680	-	-1,680	-	-1,680
Appropriation to reserves	-	-	168	-168	-	-	-	-
As at March 31, 2016	12,000	24,361	26,919	260,865	-614	323,531	1,473	325,004

Interim consolidated statement of changes in equity

For the three months ended March 31, 2015 and March 31, 2016 (see note 2.1)

	Attributable to owners of the parent						Non-controlling interests	Total equity
	Issued capital	Capital Surplus	Reserves	Retained earnings	Accumulated OCI	Total		
	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD
As at January 1, 2015	10,490	21,296	23,260	196,940	-2,387	249,599	2,719	252,318
Profit for the period	-	-	-	2,695	-	2,695	-14	2,681
Loss on valuation of interest rate swap, net of tax	-	-	-	-	-15	-15	-	-15
Foreign currency translation, net of tax	-	-	-	-	314	314	-204	110
Change of remeasurements of defined benefit plans, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	2,695	299	2,994	-218	2,776
Dividends	-	-	-	-1,259	-	-1,259	-	-1,259
Appropriation to reserves	-	-	126	-126	-	-	-	-
As at March 31, 2015	10,490	21,296	23,386	198,250	-2,088	251,334	2,501	253,835

As at January 1, 2016	10,490	21,296	23,386	218,551	1,187	274,910	1,700	276,610
Profit for the period	-	-	-	11,114	-	11,114	-448	10,666
Loss on valuation of interest rate swap, net of tax	-	-	-	-	-492	-492	-	-492
Foreign currency translation, net of tax	-	-	-	-	-1,231	-1,231	36	-1,195
Change of remeasurements of defined benefit plans, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	11,114	-1,723	9,391	-412	8,979
Dividends	-	-	-	-1,469	-	-1,469	-	-1,469
Appropriation to reserves	-	-	147	-147	-	-	-	-
As at March 31, 2016	10,490	21,296	23,533	228,049	-536	282,832	1,288	284,120

Interim consolidated statement of cash flows

		For the three months ended March 31,	
		2016	2015
	Notes	Million KRW	Million KRW
Profit for the period		12,201	3,068
Adjustments total	21	21,125	11,226
Changes in operating assets and liabilities	21	-3,159	-830
Interest received		345	47
Payment of income tax		-10,108	-561
Net cash flow from operating activities		20,404	12,950
Proceeds from sale of property, plant and equipment	6	5	156
Proceeds from sale of intangible assets	7	-	222
Purchase of property, plant and equipment	6	-3,462	-7,117
Purchase of intangible assets	7	-52	-129
Investment in a joint venture		-1,031	-
Increase of other financial assets, net		-6,751	-2,385
Net cash flow from investing activities		-11,291	-9,253
Proceeds from borrowings (current)		163,821	163,775
Repayment of borrowings (current)		-266,747	-170,397
Proceeds from interest bearing borrowings (non-current)		120,000	5,600
(Decrease) / increase in other financial liabilities, net		-1,799	68
Interest paid		-3,112	-3,684
Net cash flow from financing activities		12,163	-4,638
Increase / (decrease) in cash and cash equivalents		21,276	-941
Net foreign exchange difference		-1,267	891
Cash and cash equivalent at January 1,	10	68,402	45,392
Cash and cash equivalent at March 31,	10	88,411	45,342

Interim consolidated statement of cash flows

	For the three months ended March 31, (see note 2.1)	
	2016	2015
	Thousands USD	Thousands USD
Profit for the period	10,666	2,681
Adjustments total	18,468	9,814
Changes in operating assets and liabilities	-2,762	-726
Interest received	302	41
Payment of income tax	-8,836	-490
Net cash flow from operating activities	17,838	11,320
Proceeds from sale of property, plant and equipment	4	136
Proceeds from sale of intangible assets	-	194
Purchase of property, plant and equipment	-3,026	-6,222
Purchase of intangible assets	-45	-113
Investment in a joint venture	-901	-
Increase of other financial assets, net	-5,902	-2,085
Net cash flow from investing activities	-9,870	-8,090
Proceeds from borrowings (current)	143,213	143,172
Repayment of borrowings (current)	-233,191	-148,961
Proceeds from interest bearing borrowings (non-current)	104,904	4,896
(Decrease) / increase in other financial liabilities, net	-1,573	59
Interest paid	-2,721	-3,221
Net cash flow from financing activities	10,632	-4,055
Increase / (decrease) in cash and cash equivalents	18,600	-825
Net foreign exchange difference	-1,108	781
Cash and cash equivalent at January 1,	59,797	39,682
Cash and cash equivalent at March 31,	77,289	39,638

Notes to the condensed interim consolidated financial statements

1. Corporate information

1.1. The Company

Songwon Industrial Group (the "Group") consists of the parent company Songwon Industrial Co. Ltd. (the "Company") and its consolidated subsidiaries as listed below. The Company was incorporated on December 15, 1965 under the law of the Republic of Korea to engage in the manufacture and commercial sale of antioxidants, stabilizers and polyester diols. The Company's main manufacturing plants are located in Ulsan, Maeam and Suwon, all in Korea. The Company listed its common shares on the Korea Exchange in June 1977 pursuant to the provisions of the Korean Securities and Exchange Act.

1.2. Scope of consolidation

As per March 31, 2016, the scope of consolidation for the consolidated financial statements encompasses 14 entities (2015: 15 entities). Additionally, two entities are classified as joint ventures. Since December 31, 2015, Songwon International-India Pvt. Ltd. has merged with Songwon Specialty Chemicals-India Pvt. Ltd. Also, the three Chinese fully consolidated entities are in liquidation and an asset transfer to the joint venture firm Qingdao Long Fortune Songwon Chemical Co., Ltd. took place.

The consolidated financial statements include the financial statements of the Company and of the subsidiaries listed in the following table. The table also includes joint ventures which are accounted for using the equity method.

		March 31, 2016		December 31, 2015	
Name	Location	Status	Interest	Status	Interest
Consolidated entities					
Songwon Industrial Co., Ltd.	Korea	Parent		Parent	
Songwon International-Japan KK	Japan	Subsidiary	100%	Subsidiary	100%
Songwon China Ltd. <i>(in liquidation)</i>	Hong Kong	Subsidiary	100%	Subsidiary	100%
Songwon Trading Co., Ltd. <i>(in liquidation)</i>	China	Subsidiary	100%	Subsidiary	100%
Songwon Chemicals Co., Ltd. <i>(in liquidation)</i>	China	Subsidiary	100%	Subsidiary	100%
Songwon International-India Pvt. Ltd.	India	-	-	Subsidiary	100%
Songwon Specialty Chemicals-India Pvt. Ltd.	India	Subsidiary	100%	Subsidiary	100%
Songwon International-Americas Inc.	USA	Subsidiary	100%	Subsidiary	100%
Songwon Holdings AG	Switzerland	Subsidiary	100%	Subsidiary	100%
Songwon International AG	Switzerland	Subsidiary	100%	Subsidiary	100%
Songwon Additive Technologies AG	Switzerland	Subsidiary	75%	Subsidiary	75%
Songwon ATG GmbH	Germany	Subsidiary	75%	Subsidiary	75%
Songwon Additive Technologies-Americas Inc.	USA	Subsidiary	75%	Subsidiary	75%
Songwon Additive Technologies – Middle East FZE	Dubai (UAE)	Subsidiary	75%	Subsidiary	75%
Polysys Additive Technologies – Middle East LLC	Abu Dhabi (UAE)	Subsidiary	55.5%	Subsidiary	55.5%

Entities accounted for using the equity method (joint ventures)					
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	China	Joint Venture	30%	Joint Venture	30%
Qingdao Long Fortune Songwon Chemical Co., Ltd.	China	Joint Venture	50%	Joint Venture	50%

2. Basis of preparation

The interim condensed financial statements for the three months ended March 31, 2016 have been prepared in accordance with K-IFRS 1034 – Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS").

The interim condensed financial statements have been prepared on a historical cost basis, except for certain items, such as financial instruments. The financial statements are presented in Korean won (KRW) and all values are rounded to the nearest million (000,000), except when otherwise indicated.

The Group maintains its official accounting records in Korean won and prepares statutory financial statements in the Korean language in conformity with Korea International Financial Reporting Standards ("K-IFRS"). In the event of any differences in interpreting the financial statements or the independent auditors report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

2.1. Convenience translation into United States Dollar

The Company operates primarily in Korean won and its official accounting records are maintained in Korean won. The U.S. dollar amounts provided in the financial statements represent supplementary information solely for the convenience of the reader. All won amounts are expressed in U.S. dollars at the rate of KRW 1,143.90 to US \$1, the exchange rate in effect on March 31, 2016. Such presentation is not in accordance with generally accepted accounting principles, and should not be construed as a representation that the won amounts shown could be readily converted, realized or settled in U.S. dollars at this or at any other rate.

2.2. Restatement of the prior year figures in the Statement of comprehensive income

In order to harmonize the accounting treatment of taxes and duties on sales across the Group, the decision was taken in Q1/2016 to reclassify the accumulated taxes and duties of 365 Million KRW from SG&A into COGS. The amount of taxes and duties for the same period in 2015 is 465 Million KRW. This leads to higher COGS and lower gross profit as well as lower SG&A in the prior year. Operating profit and other positions in the Statement of comprehensive income are not impacted, net profit and earnings per share remain unchanged.

3. Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statement are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2015, except for the adoption of the new standards as of January 1, 2016, listed below:

New and amended standards adopted by the Group

K-IFRS 1114 Regulatory Deferral Accounts

K-IFRS 1114 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of K-IFRS. Entities that adopt K-IFRS 1114 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. K-IFRS 1114 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing K-IFRS 1114 preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to K-IFRS 1111 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to K-IFRS 1111 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant K-IFRS 1103 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to K-IFRS 1111 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to K-IFRS 1016 and K-IFRS 1038: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in K-IFRS 1016 and K-IFRS 1038 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part), rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment, and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Group as it has not used a revenue-based method to depreciate its non-current assets.

Amendments to K-IFRS 1016 and K-IFRS 1041 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of K-IFRS 1041 Agriculture. Instead, K-IFRS 1016 will apply. After initial recognition, bearer plants will be measured under K-IFRS 1016 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of K-IFRS 1041 measured at fair value less costs to sell. For government grants related to bearer plants, K-IFRS 1020 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

Amendments to K-IFRS 1027: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying K-IFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after January 1, 2016. They include:

K-IFRS 1105 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in K-IFRS 1105. This amendment must be applied prospectively.

K-IFRS 1107 Financial Instruments: Disclosures**Servicing contracts**

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in K-IFRS 1107 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

Applicability of the amendments to K-IFRS 1107 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

K-IFRS 1019 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

K-IFRS 1034 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments do not have any impact on the Group.

Amendments to K-IFRS 1001 Disclosure Initiative

The amendments to K-IFRS 1001 clarify, rather than significantly change, existing K-IFRS 1001 requirements. The amendments clarify:

- The materiality requirements in K-IFRS 1001
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Group.

Amendments to K-IFRS 1110, K-IFRS 1112 and K-IFRS 1028 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under K-IFRS 1110 Consolidated Financial Statements. The amendments to K-IFRS 1110 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to K-IFRS 1110 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to K-IFRS 1028 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

4. Interest in joint ventures

Summarized statement of financial position and summarized statement of comprehensive income of entities accounted for using the equity method are as follows:

Statement of financial position	Cash and Cash equivalents	Total current assets	Total non-current assets	Current financial liabilities	Total current liabilities	Non-current financial liabilities	Total non-current liabilities	Equity	Carrying amount
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Chemservice Asia Ltd.	-	-	-	-	-	-	-	-	-
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	2,518	8,026	6,558	3,336	3,665	-	-	10,919	3,276
Qingdao Long Fortune Songwon Chemical Co., Ltd.	1,740	5,313	773	3,305	3,314	-	-	2,772	1,386
December 31, 2015	4,258	13,339	7,331	6,641	6,979	-	-	13,691	4,662
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	2,363	8,776	6,339	3,235	3,488	-	-	11,627	3,488
Qingdao Long Fortune Songwon Chemical Co., Ltd.	2,186	7,740	1,690	5,052	5,060	-	-	4,370	2,185
March 31, 2016	4,549	16,516	8,029	8,287	8,548	-	-	15,997	5,673

Statement of comprehensive income	Revenue	Depreciation & Amortization	Interest income	Interest expense	Profit before tax	Income tax expenses	Profit for the year	Other comp. income	Total comp. income
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Chemservice Asia Ltd.	-	-	-	-	2	-	2	-	2
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	4,457	-17	-	-22	560	-140	420	186	606
March 31, 2015	4,457	-17	-	-22	562	-140	422	186	608
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	4,847	-	1	-31	1,044	-261	783	-77	706
Qingdao Long Fortune Songwon Chemical Co., Ltd.	3,438	-6	1	-	-272	-	-272	-192	-464
March 31, 2016	8,285	-6	2	-31	772	-261	511	-269	242

The changes in the interest in joint ventures are summarized as follows:

	As at Jan. 1, 2015	Addition	Share of result from equity method	Divi- dends	Exchange rate effect	As at March 31, 2015
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Chemservice Asia Ltd.*	15	-	1	-	-	16
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	3,085	-	126	-	56	3,267
Total	3,100	-	127	-	56	3,283

* Disposal of interest in the joint venture Chemservice Asia Co., Ltd., Korea in 2015.

	As at Jan. 1, 2016	Addition	Share of result from equity method	Divi- dends	Exchange rate effect	As at March 31, 2016
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	3,276	-	235	-	-23	3,488
Qingdao Long Fortune Songwon Chemical Co., Ltd.*	1,386	1,031	-136	-	-96	2,185
Total	4,662	1,031	99	-	-119	5,673

* Establishment of the joint venture Qingdao Long Fortune Songwon Chemical Co., Ltd., located in Qingdao, China in 2015. The newly established entity belongs 50% to the Group and is accounted for using the equity method.

5. Segment information

For management purposes, Songwon Industrial Group is organized into one main operating segment. All of the Group's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The results from this operating segment are equivalent to the financial statements of the Group as a whole. The Group is active in particular as a manufacturer of polyurethane resins and additives including stabilizers, plasticizers and lubricants.

The Group is acting worldwide and therefore discloses geographic segment.

5.1. Product information

	For the three months ended	
	March 31, 2016	March 31, 2015
	Million KRW	Million KRW
Alkyl - Phenol and Intermediates	588	813
Plasticizers	1,970	2,002
Polyester Diol	2,596	2,909
Polymer Stabilizers (AOX and UVs)	126,690	106,026
Polyurethanes	10,384	11,795
PVC Stabilizers	11,547	11,187
SAP and Flocculants	2,394	4,178
Tin Intermediates	23,143	16,225
Others	3,762	1,910
Total	183,074	157,045

5.2. Geographic information

	For the three months ended	
	March 31, 2016	March 31, 2015
	Million KRW	Million KRW
Korea	46,989	48,143
Rest of Asia	42,897	32,109
Europe	42,073	37,209
North and South America	38,931	32,793
Australia	702	745
Middle East and Africa	11,482	6,046
Total	183,074	157,045

The revenue information above is based on the location of the customer. Korea is disclosed separately due to the size of the material Korean home market whereas all other countries have been summarized to regions. Therefore no country revenues are disclosed separately.

The Group is not recognizing more revenue than 10% of its total revenue with one client during the reporting periods.

5.3. Non-current assets

	March 31, 2016	Dec. 31, 2015
	Million KRW	Million KRW
Korea	395,747	397,411
Rest of Asia	21,973	23,581
Europe	23,928	25,675
North and South America	4,678	5,072
Middle East and Africa	18,487	19,007
Total	464,813	470,746

Non-current assets for this purpose consist of property, plant and equipment, investment properties and intangible assets.

6. Property, plant and equipment

	Land	Buildings	Structures	Machinery	Other	Construction- in-progress	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Cost							
At January 1, 2015	147,934	65,493	63,955	431,695	17,426	20,847	747,350
Additions	-	-	-	1,357	133	3,840	5,330
Disposals	-30	-42	-	-	-369	-	-441
Reclassifications	-	662	7	2,694	-	-3,363	-
Net exchange differences	-	55	-	-581	-15	245	-296
At March 31, 2015	147,904	66,168	63,962	435,165	17,175	21,569	751,943
At January 1, 2016	147,904	68,374	63,995	445,667	17,300	23,719	766,959
Additions	-	206	-	23	269	3,895	4,393
Disposals	-	-	-	-14	-17	-	-31
Reclassifications	-	16,133	-	6,553	315	-23,001	-
Net exchange differences	-	-916	-	-531	-134	516	-1,065
At March 31, 2016	147,904	83,797	63,995	451,698	17,733	5,129	770,256
Depreciation and impairment							
At January 1, 2015	-	-16,086	-28,106	-256,834	-11,720	-	-312,746
Depreciation charge	-	-426	-783	-5,032	-331	-	-6,572
Disposals	-	17	-	-	369	-	386
Net exchange differences	-	2	-	192	11	-	205
At March 31, 2015	-	-16,493	-28,889	-261,674	-11,671	-	-318,727
At January 1, 2016	-	-17,815	-31,201	-273,879	-11,568	-	-334,463
Depreciation charge	-	-575	-775	-5,092	-368	-	-6,810
Disposals	-	-	-	14	17	-	31
Net exchange differences	-	9	-	12	21	-	42
At March 31, 2016	-	-18,381	-31,976	-278,945	-11,898	-	-341,200
Net book value							
At March 31, 2016	147,904	65,416	32,019	172,753	5,835	5,129	429,056
At January 1, 2016	147,904	50,559	32,794	171,788	5,732	23,719	432,496
At March 31, 2015	147,904	49,675	35,073	173,491	5,504	21,569	433,216

There was no impairment during the reported financial period. Non-cash transactions amounting to 3,319 Million KRW are included in the Additions for the three months ended March 31, 2016.

7. Intangible assets

	Industrial rights	Software	Memberships	Customer relationships	Non-compete contracts	Capitalization process technology	Goodwill	Construction- in-progress	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Cost									
At January 1, 2015	2,640	2,639	1,077	29,437	13,813	4,793	39,456	1,369	95,224
Additions	64	36	-	-	-	-	-	29	129
Disposals	-	-205	-225	-	-	-	-	-	-430
Reclassifications	32	-	-	-	-	-	-	-	32
Net exchange differences	-	8	-	417	154	141	-45	-	675
At March 31, 2015	2,736	2,478	852	29,854	13,967	4,934	39,411	1,398	95,630
At January 1, 2016	2,672	2,525	852	31,391	14,812	4,937	41,624	1,486	100,299
Additions	-	22	-	-	-	-	-	30	52
Disposals	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Net exchange differences	-	-18	-	-871	-422	-110	-992	-	-2,413
At March 31, 2016	2,672	2,529	852	30,520	14,390	4,827	40,632	1,516	97,938
Amortization and impairment									
At January 1, 2015	-875	-2,111	-	-12,450	-8,890	-694	-28,752	-	-53,772
Amortization	-65	-85	-	-961	-578	-237	-	-	-1,926
Disposals	-	208	-	-	-	-	-	-	208
Net exchange differences	-	-2	-	-149	-107	-18	-321	-	-597
At March 31, 2015	-940	-1,990	-	-13,560	-9,575	-949	-29,073	-	-56,087
At January 1, 2016	-1,104	-2,161	-	-17,373	-12,025	-1,889	-31,059	-	-65,611
Amortization	-84	-46	-	-1,014	-633	-192	-	-	-1,969
Disposals	-	-	-	-	-	-	-	-	-
Net exchange differences	-	9	-	527	385	35	883	-	1,839
At March 31, 2016	-1,188	-2,198	-	-17,860	-12,273	-2,046	-30,176	-	-65,741
Net book value									
At March 31, 2016	1,484	331	852	12,660	2,117	2,781	10,456	1,516	32,197
At January 1, 2016	1,568	364	852	14,018	2,787	3,048	10,565	1,486	34,688
At March 31, 2015	1,796	488	852	16,294	4,392	3,985	10,338	1,398	39,543

The intangible assets (except goodwill and memberships) are amortized over a finite useful life. The intangible assets with indefinite useful lives are tested for impairment on an annual basis as per December 31. No triggering events occurred in the three months ended March 31, 2016 and March 31, 2015.

8. Inventories

Description	March 31, 2016	Dec. 31, 2015
	Million KRW	Million KRW
Raw materials and supplies	24,322	21,383
Work-in-progress	275	193
Finished goods	107,705	122,187
Goods in transit	24,347	25,030
Consignment stocks	306	330
Total inventories at the lower of cost and net realizable value	156,955	169,123

As of March 31, 2016, inventory write-off amounted to 2,068 Million KRW for raw material and finished goods (December 31, 2015: 2,455 Million KRW).

9. Trade and other receivables

Description	March 31, 2016	Dec. 31, 2015
	Million KRW	Million KRW
Trade and notes receivable (net) – third parties	118,992	102,845
Trade and notes receivable (net) – related parties	2,956	2,657
Other receivables (net) – third parties	4,369	3,401
Other receivables (net) – related parties	414	373
Accrued income – third parties	416	310
Accrued income – related parties	334	236
Total	127,481	109,822

“Other receivables (net) - third parties” includes customs, rental income receivables and others.

The movements of the allowance for doubtful receivables are as follows:

	Individually impaired	Collectively impaired	Total
	Million KRW	Million KRW	Million KRW
January 1, 2015	-408	-52	-460
Charge for the year	-23	-	-23
Utilized	-	-	-
Unused amounts reversed	15	12	27
March 31, 2015	-416	-40	-456
January 1, 2016	-343	-42	-385
Charge for the year	-92	-	-92
Utilized	-	-	-
Unused amounts reversed	17	42	59

March 31, 2016	-418	-	-418
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The ageing analysis of trade and other receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-90 days	90-120 days	120-180 days	> 180 days
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
March 31, 2016	127,481	97,815	18,538	9,955	996	121	56
Dec. 31, 2015	109,822	101,105	7,376	965	223	101	52

10. Cash and cash equivalent

Description	March 31, 2016	Dec. 31, 2015
	Million KRW	Million KRW
Cash on hand	107	66
Bank accounts	82,419	63,152
Time deposit (< 3 months)	5,885	5,184
Total	88,411	68,402

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

11. Equity

11.1. Reserves and dividends paid

At the regular general meeting of shareholders, held on March 18, 2016, dividends with a total amount of 1,680 Million KRW were approved by the shareholders. As per March 31, 2016 dividends were recorded in the books of the Group but have not been paid out yet. Legal reserves increased by 168 Million KRW due to the appropriation to the reserve decided by the shareholders on March 18, 2016.

11.2. Accumulated other comprehensive income

Accumulated other comprehensive income, net of tax as of March 31, 2016 and December 31, 2015 is composed of the following:

Description	March 31, 2016	Dec. 31, 2015
	Million KRW	Million KRW
Exchange differences on translation of foreign operations	-4	1,405
Interest rate swap	-610	-48
Total	-614	1,357

Details of other comprehensive income for the three months ended March 31, 2016 and March 31, 2015 are as follows:

Description	March 31, 2016	March 31, 2015
	Million KRW	Million KRW
Pretax amounts		
Loss on valuation of interest rate swap	-563	-17
Exchange difference on translation of foreign operations	-1,367	125
Remeasurement of defined benefit plan	-	-
Pretax amounts total	-1,930	108
Tax effects:		
Loss on valuation of interest rate swap	-	-
Exchange difference on translation of foreign operations	-	-
Remeasurement of defined benefit plan	-	-
Tax effects total	-	-
Net amounts:		
Loss on valuation of interest rate swap	-563	-17
Exchange difference on translation of foreign operations	-1,367	125
Remeasurement of defined benefit plan	-	-
Net amounts total	-1,930	108

12. Interest bearing loans and borrowings

Interest-bearing loans and borrowings as of March 31, 2016 and December 31, 2015 are as follows:

Description	March 31, 2016	Dec. 31, 2015
	Million KRW	Million KRW
Long-term borrowings	124,797	29,551
Non-current bank loans and bonds	124,797	29,551
Current portion of long-term borrowings	66,304	115,211
Current portion of privately placed corporate bonds	-	10,000
Short-term borrowings	185,808	207,562
Current loans and borrowings	252,112	332,773
Total	376,909	362,324

13. Income tax

The major components of income tax expense in the condensed interim consolidated income statement are as follows:

Income taxes	For the three months ended	
	March 31, 2016	March 31, 2015
	Million KRW	Million KRW
Current income tax expense	-6,119	-1,684
Deferred income taxes expense related to origination and reversal of deferred taxes	-200	88
Income tax expense	-6,319	-1,596
Income tax recognized in other comprehensive income	-	-
Total income taxes recorded in the statement of comprehensive income	-6,319	-1,596

14. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the average number of ordinary shares outstanding during the year.

There is no difference between basic and diluted earnings per share as of March 31, 2016 and as of March 31, 2015.

The following reflects the income and share data used in the basic per share computations:

Description	For the three months ended	
	March 31, 2016	March 31, 2015
	KRW	KRW
Net profit attributable to ordinary equity holders of the parent	12,713,153,685	3,082,607,764
Weighted average number of ordinary shares	24,000,000	24,000,000
Earnings per share (basic / diluted)	530	128

15. Derivatives financial instruments

Description	March 31, 2016		Dec. 31, 2015	
	Assets	Liabilities	Assets	Liabilities
	Million KRW		Million KRW	
Forward foreign exchange contracts (current portion)	116	1,093	214	228
Interest rate swaps (current portion)	-	12	-	48
Interest rate swaps (non-current portion)	-	598	-	-
Total	116	1,703	214	276

15.1. Currency forwards

Currency forward contracts which the Group has entered into in order to hedge the risk of foreign exchange rate fluctuation of assets denominated in foreign currencies as of March 31, 2016 and December 31, 2015 are as follows:

As per March 31, 2016

Contractual party	Position	Contract amount	Maturity dates	Contracted ex change rate (Korean won)	Contracted ex change rate (USD)
Kyong Nam Bank	Sell	EUR 7,875,000	15.04.2016 – 15.12.2016	1,307.70 – 1,319.50	-
Kyong Nam Bank	Sell	JPY 495,000,000	25.04.2016 – 22.12.2016	1,028.30 – 1,038.00	-
Kyong Nam Bank	Buy	CHF 2,000,000	01.04.2016	1,202.60	-
Kyong Nam Bank	Buy	CHF 4,000,000	01.04.2016	-	0.9651
Kyong Nam Bank	Sell	EUR 7,875,000	25.04.2016 – 22.12.2016	1,326.00	-
Kyong Nam Bank	Sell	EUR 7,875,000	25.04.2016 – 22.12.2016	1,350.00	-
Kyong Nam Bank	Sell	JPY 630,000,000	25.04.2016 – 23.12.2016	1,024.00	-
Woori Bank	Sell	EUR 7,875,000	25.04.2016 – 22.12.2016	1,325.50 – 1,337.65	-
Woori Bank	Sell	JPY 1,143,000,000	15.04.2016 – 16.12.2016	962.10 – 971.38	-
Credit Suisse	Sell	CHF 10,000,000	25.04.2016	-	1.0030

As per December 31, 2015

Contractual party	Position	Contract amount	Maturity dates	Contracted exchange rate (Korean won)
Kyong Nam Bank	Sell	EUR 10,500,000	15.01.2016 – 15.12.2016	1,302.30 – 1,319.50
Woori Bank	Sell	JPY 1,524,000,000	15.01.2016 – 16.12.2016	9.5835 – 9.7138

15.2. Interest rate swaps

As of March 31, 2016 the Group has entered into the following interest rate swap contracts:

As per March 31, 2016

Description	Bonds contract	Interest rate swap contract
Contract date	04.04.2013	23.06.2013
Maturity date	04.04.2016	04.04.2016
Contract amount	10,000 Million KRW	10,000 Million KRW
Fixed interest rate	n/a	5.35%
Floating interest rate	3MCD+2.27%	3MCD+2.27%
Contract date	08.03.2016	08.03.2016
Maturity date	08.05.2019	08.05.2019
Contract amount	40,000 Million KRW	40,000 Million KRW
Fixed interest rate	n/a	3.48%
Floating interest rate	3MCD+1.90%	3MCD+1.90%
Contract date	08.03.2016	08.03.2016
Maturity date	08.05.2019	08.05.2019
Contract amount	60,000 Million KRW	60,000 Million KRW
Fixed interest rate	n/a	3.30%
Floating interest rate	3MCD+1.57%	3MCD+1.57%

As of December 31, 2015 the Group has entered into the following interest rate swap contract:

As per December 31, 2015

Description	Bonds contract	Interest rate swap contract
Contract date	04.04.2013	23.06.2013
Maturity date	04.04.2016	04.04.2016
Contract amount	10,000 Million KRW	10,000 Million KRW
Fixed interest rate	n/a	5.35%
Floating interest rate	3MCD+2.27%	3MCD+2.27%

The Group applies cash flow hedge accounting on interest rate swap, in the current reporting period and in 2015 there are interest rate swaps designated as cash flow hedge. The balances included in accumulated other comprehensive income are -610 Million KRW as of March 31, 2016 and -48 Million KRW as of December 31, 2015, respectively (see Note 11.2), net of income tax.

16. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value	
	March 31, 2016	Dec. 31, 2015	March 31, 2016	Dec. 31, 2015
	Million KRW	Million KRW	Million KRW	Million KRW
Financial assets at fair value through profit and loss	116	214	116	214
Other financial assets (Derivatives)	116	214	116	214
<i>Thereof Current</i>	116	214	116	214
<i>Thereof Non-Current</i>	-	-	-	-
Loans and receivables	235,592	191,230	235,592	191,230
Other financial assets	19,700	13,006	19,700	13,006
<i>Thereof Current</i>	17,011	10,885	17,011	10,885
<i>Thereof Non-Current</i>	2,689	2,121	2,689	2,121
Trade and other receivables	127,481	109,822	127,481	109,822
<i>Thereof Current</i>	127,481	109,822	127,481	109,822
<i>Thereof Non-Current</i>	-	-	-	-
Cash and cash equivalent	88,411	68,402	88,411	68,402
<i>Thereof Current</i>	88,411	68,402	88,411	68,402
<i>Thereof Non-Current</i>	-	-	-	-
Available-for-sale financial assets	1,473	1,473	1,473	1,473
<i>Thereof Current</i>	-	-	-	-
<i>Thereof Non-Current</i>	1,473	1,473	1,473	1,473
Total	237,181	192,917	237,181	192,917

	Carrying amount		Fair value	
	March 31, 2016	Dec. 31, 2015	March 31, 2016	Dec. 31, 2015
	Million KRW	Million KRW	Million KRW	Million KRW
Financial liabilities at fair value through profit and loss	1,093	228	1,093	228
Other financial liabilities (Derivatives)	1,093	228	1,093	228
<i>Thereof Current</i>	1,093	228	1,093	228
<i>Thereof Non-Current</i>	-	-	-	-
Financial liabilities at fair value through OCI	610	48	610	48
Other financial liabilities (Derivatives)	610	48	610	48
<i>Thereof Current</i>	12	48	12	48
<i>Thereof Non-Current</i>	598	-	598	-
Financial liabilities measured at amortized costs	463,477	443,551	463,477	443,551
Interest bearing loans and borrowings	376,909	362,324	376,909	362,324
<i>Thereof Current</i>	252,112	332,773	252,112	332,773
<i>Thereof Non-Current</i>	124,797	29,551	124,797	29,551
Other financial liabilities	2,779	5,085	2,779	5,085
<i>Thereof Current</i>	2,241	4,601	2,241	4,601
<i>Thereof Non-Current</i>	538	484	538	484
Trade and other payables	83,789	76,142	83,789	76,142
<i>Thereof Current</i>	83,789	76,142	83,789	76,142
<i>Thereof Non-Current</i>	-	-	-	-
Total	465,180	443,827	465,180	443,827

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade accounts receivables, other accounts receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available. Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques.

16.1. Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Description	Valuation technique
Level 1	Quoted (Unadjusted) prices in active markets for identical assets or liabilities
Level 2	Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3	Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As of March 31, 2016 and as of December 31, 2015, the Group held the following financial instruments carried at fair value on the statement of financial position:

	March 31, 2016	Level 1	Level 2	Level 3
	Million KRW	Million KRW	Million KRW	Million KRW
Assets measured at fair value				
Financial assets at fair value through profit or loss	116	-	116	-
<i>Derivatives</i>	116	-	116	-
Available-for-sale financial assets	123	123	-	-
<i>Chemtura Corporation</i>	123	123	-	-
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss	1,093	-	1,093	-
<i>Derivatives</i>	1,093	-	1,093	-
Financial liabilities at fair value through OCI	610	-	610	-
<i>Derivatives</i>	610	-	610	-

	December 31, 2015	Level 1	Level 2	Level 3
	Million KRW	Million KRW	Million KRW	Million KRW
Assets measured at fair value				
Financial assets at fair value through profit or loss	214	-	214	-
<i>Derivatives</i>	214	-	214	-
Available-for-sale financial assets	123	123	-	-
<i>Chemtura Corporation</i>	123	123	-	-
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss	228	-	228	-
<i>Derivatives</i>	228	-	228	-
Financial liabilities at fair value through OCI	48	-	48	-
<i>Derivatives</i>	48	-	48	-

During the three and twelve months ended March 31, 2016 and December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

For the financial assets and financial liabilities for which the fair value is disclosed (see Note 16) the carrying amount is a reasonable approximation of fair values and is measured using Level 3 measurement methods, except for cash and cash equivalent.

17. Related Party disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period and balances as per period-ends.

Related party	Description	For the three months ended	
		March 31, 2016	March 31, 2015
Jongho Park, Chairman of the Board of Directors	Finance income	98	50
Songwon Moolsan Co., Ltd.	Selling and administration costs	13	-
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	Purchase	2,744	3,040
Chemservice Asia Ltd.	Selling and administration costs	-	18
Qingdao Long Fortune Songwon Chemical Co., Ltd.	Sales	2,196	-
	Selling and administration costs	166	-
	Other income	50	-
Total	Sales	2,196	-
	Purchase	2,744	3,040
	Selling and administration costs	179	18
	Other income	50	-
	Finance income	98	50

Related party	Description	March 31, 2016	Dec. 31, 2015
Jongho Park, Chairman of the Board of Directors	Accrued income	334	236
	Other current financial assets	14,000	7,000
Songwon Moolsan Co., Ltd.	Deposit for lease	24	16
	Other payables	5	3
Songwon Baifu Chemicals (Tangshan) Co., Ltd.	Trade payables	968	1,519
Qingdao Long Fortune Songwon Chemical Co., Ltd.	Trade receivables	2,956	2,657
	Other receivables	414	373
	Other payables	161	-
Total	Trade receivables	2,956	2,657
	Other receivables	414	373
	Accrued income	334	236
	Other current financial assets	14,000	7,000
	Deposit for lease	24	16
	Trade payables	968	1,519
	Other payables	166	3

17.1. The ultimate parent

Songwon Industrial Co. Ltd. is the ultimate parent based and listed in Korea.

17.2. Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the three months ended March 31, 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (December 31, 2015: None). This assessment is undertaken periodically through examining the financial position of the related party and the market in which the related party operates.

17.3. Compensation of key management personnel of the Group

Description	For the three months ended	
	March 31, 2016	March 31, 2015
	Million KRW	Million KRW
Short term employee benefits	3,147	2,082
Post-employment benefits	258	190
Other long-term benefits	656	187
Share based payments	315	68
Total compensation paid to key management personnel	4,376	2,527

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

17.4. Other related parties

Other related parties are Songwon Moolsan Co., Ltd. (Korea) which has significant influence on the Group due to the interest held in the share capital of the parent company of 23.88%. Further, the subsidiary of Songwon Moolsan Co., Ltd., Kyungshin Industrial Co., Ltd., holding interest in the share capital of the parent company of 9.15%, is identified as a related party of the Group.

18. Commitments and contingencies

18.1. Contingent liability

There are no current proceedings of such as lawsuits, claims, investigations and negotiations due to product liability, mercantile law, environmental protection, health and safety etc. which could have significant influence on business operations, on the Group's financial position or income.

18.2. Operating lease commitments

The Group has entered into commercial leases on certain motor vehicles, items of machinery and offices. These leases have duration between 1 and 30 years with a renewal option included in some contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Description	March 31, 2016	Dec. 31, 2015
	Million KRW	Million KRW
Within one year	-2,053	-1,573
After one year but not more than five years	-4,002	-3,430
More than five years	-854	-894
Total	-6,909	-5,897

18.3. Other commitments

As part of the ordinary business, the subsidiaries could enter into various contractual commitments for the purchase of tangible fixed assets and intangible assets as well as investment properties and promotion properties. As of March 31, 2016, commitments to purchase property, plant and equipment, as well as raw materials amounting to 1,236 Million KRW (December 31, 2015: 1,543 Million KRW) were entered.

The Group has provided one blank promissory note to Hanwha Chemical Co., Ltd. as security on the supply contracts.

One check and one promissory note which the Group received from KEB Hana Bank (ex. Korea Exchange Bank) are outstanding as of March 31, 2016 due to bankruptcy declared by the issuers of check.

Details of the Group's available short-term credit line facilities (excluding general loans) as of March 31, 2016, are as follows:

Description	Currency	Credit limit	Used	Unused
USANCE and L/C for import	Thousand USD	23,000	14,002	8,998
D/A and D/P	Thousand USD	120,100	86,572	33,528
	Million KRW	32,000	26,117	5,883
Trade loans	Million KRW	30,000	11,484	18,516
L/G for import	Thousand USD	1,000	-	1,000
Other foreign currency guarantees	Thousand USD	14,727	14,727	-
	Thousand INR	250,000	250,000	-
Total Million KRW		62,000	37,601	24,399
Total Thousand USD		158,827	115,301	43,526
Total Thousand INR		250,000	250,000	-

For the replacement of the syndicated loan which matured in March 2016 and was repaid, new long-term loans of totally 120,000 Million KRW were received from the banks. No covenants were agreed on the loans received.

19. Assets pledged as collateral and guarantees received

Details of property, plant and equipment and investment properties pledged by the Group as collateral for interest-bearing loans and borrowings as of as of March 31, 2016 and December 31, 2015, expressed in the maximum value registered to Korean court, are as follows:

Pledged to	Pledged assets	March 31, 2016	Dec. 31, 2015
		Million KRW	Million KRW
Property, plant and equipment (Joint collateral in connection with syndicated loan)			
Woori Bank	Land, buildings, investment properties and machinery	-	242,000
KEB Hana Bank (ex. Korea Exchange Bank & Hana Bank)	Land, buildings, investment properties and machinery		
Busan Bank	Land, buildings, investment properties and machinery		
Korean Standard Chartered Bank	Land, buildings, investment properties and machinery		
Property, plant and equipment (Joint collateral in connection with long-term loan)			
Busan Bank	Land, buildings and machinery	30,000	-
Kyong Nam Bank	Land, buildings and machinery	18,000	-
Property, plant and equipment (Collateral for other than syndicated or long-term loan)			
Korea Development Bank	Land, buildings and machinery	57,000	57,000
Woori Bank	Land, buildings and machinery	120,000	-
KEB Hana Bank (ex. Hana Bank)	Land, buildings and machinery	60,000	-
Total		285,000	299,000

Additionally, items of property, plant and equipment belonging to Songwon ATG GmbH (Germany) with a total value of 75 Million KRW are pledged as a collateral for interest-bearing loans and borrowings as of March 31, 2016 (December 31, 2015: 74 Million KRW).

The Group has received payment guarantees amounting to 317,444 Million KRW and 80,960 Thousand USD provided by Jongho Park, Chairman of the Board of Directors of the Group, in connection with the Group's borrowings from banks as of March 31, 2016.

The bank deposits pledged as collateral as of March 31, 2016 and December 31, 2015 are as follows:

Description	March 31, 2016	Dec. 31, 2015
Bank deposits – current (in Thousand USD)	4,220	2,485

20. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables, and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, cash and cash equivalents and other financial assets that arrive directly from its operations. The Group also holds available-for-sale investments and enters into derivative transactions and applies hedge accounting for cash flow hedges if applicable.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks through appropriate risk assessment and monitoring activities to minimize those risks.

20.1. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk:

Interest rate risk; and,

Foreign currency risk.

Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at March 31, 2016 and December 31, 2015.

20.1.1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing loans and borrowings and bank deposits with floating interest rates.

The Group's exposure to the risk of changes in market interest rates relates substantially to the Group's interest-bearing loans and borrowings with floating interest rates, which makes the Group expose to cash flows risk. Responsively, the Group is minimizing the risk partially through interest rate swap contract or choosing the best favorable financing instruments by switching to the loans with more favorable conditions or improving the Group's credit rating.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing loans and borrowings and bank deposits with floating interest rates. With all other variables held constant, the Group's profit before tax for the period ended on March 31, 2016 and March 31, 2015 is affected through the impact on floating rate borrowings as follows:

	Increase/decrease	Effect on profit before tax
	in %	Million KRW
March 31, 2016	1.00	-406
	-1.00	406
March 31, 2015	1.00	-552
	-1.00	552

20.1.2. Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The risk of foreign exchange primarily relates to US Dollars (USD), Euro (EUR), Swiss Francs (CHF), Japanese Yen (JPY), United Arab Emirates Dirham (AED) and to Indian Rupee (INR).

Foreign exchange risks arise when commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

The objective of the management of foreign currency risk is to maximize the value of the firm through minimizing the fluctuation of net profit and uncertainty arising from the fluctuation in foreign currency. To accomplish this, the Group uses a strategy to accord the collection terms of receivables and payment terms of payables denominated in USD considering the similar volume of exports and imports. In regard to EUR and JPY, the Group's manages the risk through currency forward contracts.

Foreign currency sensitivity

The Group carries out a sensitivity analysis for the dominant foreign currencies: US Dollars (USD), Euro (EUR), Swiss Francs (CHF), Japanese Yen (JPY), United Arab Emirates Dirham (AED) and to Indian Rupee (INR). The assumed possible currency fluctuations are based on historical observations and future prognoses. Incorporated into calculations are the financial instruments. The following table demonstrates the sensitivity of consolidated net profit before tax to a reasonably possible shift in exchange rates related to financial instruments held in the balance sheet. Assuming that the other variables are constant but only the foreign exchange rate changes by 10%, the impacts on profit before tax for the period ended on March 31, 2016 and December 31, 2015 are as follows:

Currency	March 31, 2016		December 31, 2015	
	10% increase	10% decrease	10% increase	10% decrease
	Million KRW	Million KRW	Million KRW	Million KRW
USD	1,857	-1,857	276	-276
EUR	-1,237	1,237	-2,236	2,236
JPY	575	-575	121	-121
CHF	690	-690	277	-277
AED	-273	273	-269	269
INR	1,142	-1,142	1,148	-1,148
Total	2,754	-2,754	-683	683

The Group's exposure to foreign currency changes for all other currencies is not material.

20.2. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and investing activities.

The Group maintains a policy to keep trade relationship only with the customers with high credit rating assessed by credit assessment considering their financial position, past experience of defaults and other indicators of default. If a customer became worsen in its credit rating, the Group set an individual credit limit on that customer and intensively manage its credit risk. In addition, the Group minimized the credit risk by maintaining the exposure to the credit risk at insignificant level through ongoing management including periodical reviews on all the customers.

The Group is also exposed to the credit risk in regard to bank deposits and cash and cash equivalents, in which the maximum exposure to credit risk at the reporting date is the carrying value. The exposure to the related credit risk, however, is relatively restricted because the Group maintains relationships with the financial institutions with high credit ratings.

20.3. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities due to the unfavorable economy of the industry or financial market.

The Group manages its liquidity risk through its own strategy and plans which consider the maturity of financial instruments and expected operating cash flows and include the policy to map out the maturity of financial assets and liabilities.

In addition, the Group maintains credit facilities with the banks including overdraft to respond to unexpected shortage in liquidity. The Group manages funding schedules and ongoing review procedures considering the appropriate mix of long-term and short-term loans and borrowings, to maintain the consistency and flexibility to obtain liquidity and stable financing responding to the expansion of the business.

The details of maturity profile of the Group's financial liabilities, excluding financial derivative instruments, based on contractual undiscounted payments as of March 31, 2016 and December 31, 2015 are as follows (based on contractual undiscounted payments):

As at March 31, 2016	Less than a month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Interest-bearing loans and borrowings	24,329	69,079	158,704	124,797	-	376,909
Other financial liabilities	2,162	79	-	538	-	2,779
Trade and other payables	63,374	14,314	6,101	-	-	83,789
Total	89,865	83,472	164,805	125,335	-	463,477

As at December 31, 2015	Less than a month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW	Million KRW
Interest-bearing loans and borrowings	10,696	180,308	141,769	29,551	-	362,324
Other financial liabilities	683	802	3,116	484	-	5,085
Trade and other payables	54,387	18,256	3,499	-	-	76,142
Total	65,766	199,366	148,384	30,035	-	443,551

20.4. Capital management

The primary objective of the Group's capital management is to ensure that its continued ability to provide consistency for its equity shareholders through a combination of capital growth and distribution. In order to achieve this objective, the Group monitors its gearing to balance risk and returns at an acceptable and also maintain a sufficient funding base to enable the company to meet its working capital and strategic investment needs. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares considering not only the short-term position but also its long-term operational and strategic objectives. On the Group level the debt ratio is reviewed regularly. The debt-equity ratio as of March 31, 2016 and December 31, 2015 is 169% and 167% respectively.

On a monthly basis all subsidiaries have to report key performance indicators which also include capital management information. On Group level the equity / liability ratio is reviewed regularly.

21. Cash flow statement

Cash and cash equivalent in the statement of cash flow are equal to those in the statement of financial position.

The Group's statement of cash flow is prepared using the indirect method. The adjustments to the net profit for the period of the non-cash and non-operating items and changes in operating assets and liabilities for the three months ended March 31, 2016 and March 31, 2015 are as follows:

Adjustments	Notes	For the three months ended	
		March 31, 2016	March 31, 2015
		Million KRW	Million KRW
Depreciation and impairment of property, plant and equipment	6	6,810	6,572
Depreciation of investment properties		4	48
Amortization of intangible assets except for goodwill	7	1,969	1,926
Gain / loss on disposal of property, plant and equipment, net		-5	-101
Share of result from investments accounted using the equity method	4	-99	-127
Financial income		-2,104	-4,136
Financial expenses		8,231	5,448
Provision for income taxes	13	6,319	1,596
Total		21,125	11,226
Changes in operating assets and liabilities			
Trade receivables		-21,426	-133
Other receivables		-1,274	-1,205
Other current assets		-1,195	-802
Other current financial assets		98	36
Inventories		10,553	3,317
Trade payables		-1,014	1,036
Other payables		9,186	-3,034
Other current financial liabilities		-696	261
Other current liabilities		1,358	401
Pension liabilities		203	-948
Other long term employment benefits		1,048	241
Total		-3,159	-830

22. Events after the reporting period

No significant events occurred during the period from the statement of financial position date up to the date upon which the interim consolidated financial statements were issued.



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Report on review of interim condensed consolidated financial statements

The Board of Directors and Stockholders Songwon Industrial Co., Ltd.

We have reviewed the accompanying interim condensed consolidated financial statements of Songwon Industrial Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprises the interim condensed consolidated statement of financial position as at March 31, 2016, and the interim condensed consolidated statements of comprehensive income for the three-month periods ended March 31, 2016 and 2015, interim condensed consolidated statements of changes in equity and interim condensed consolidated statements of cash flows for the three-month periods then ended, all expressed in Korean won, and a summary of significant accounting policies and explanatory notes

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with *Korean International Financial Reporting Standards 1034 Interim Financial Reporting (KIFRS 1034)*, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the review standards for interim financial statements in the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements expressed in Korean won were not prepared, in all material respects, in accordance with *KIFRS 1034*.

**Other matters**

We have audited the consolidated statement of financial position of the Group as at December 31, 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended in accordance with auditing standards generally accepted in the Republic of Korea, and our report dated February 22, 2016 expressed an unqualified opinion thereon. The accompanying consolidated statement of financial position as at December 31, 2015, presented for comparative purposes are not different, in all material respects, from the above audited consolidated statement of financial position.

We have also reviewed the translation of the financial statements mentioned above into United States dollar amounts on the basis described in Note 2.3 to the accompanying financial statements. In our opinion, such statements have been properly translated on such basis.



May 11, 2016

This review report is effective as at May 11, 2016, the auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim condensed consolidated financial statements and may result in modification to this review report.

For more information, please contact:

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