

## MIRA INFORM REPORT

|                      |            |
|----------------------|------------|
| <b>Report No. :</b>  | 538465     |
| <b>Report Date :</b> | 13.11.2018 |

### IDENTIFICATION DETAILS

|                                |   |
|--------------------------------|---|
| <b>Name :</b>                  | HANLA IMS CO., LTD.   |
| <b>Registered Office :</b>     | 115, Hwajeonsandan 1-Ro, Gangseo-Gu, Busan, Korea 46741   |
| <b>Country :</b>               | South Korea   |
| <b>Financials (as on) :</b>    | 30.06.2018  |
| <b>Date of Incorporation :</b> | 13.07.1995  |
| <b>Com. Reg. No.:</b>          | 606-81-57969  |
| <b>Legal Form :</b>            | Listed Company  |
| <b>Line of Business :</b>      | <ul style="list-style-type: none"> <li>• Manufacture of Sections for Ships.</li> <li>• Manufacture of Instruments for Automatic Measurement or Control</li> </ul> |
| <b>No. of Employees :</b>      | 154   |

**RATING & COMMENTS**

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

**MIRA's Rating :** A+

| Credit Rating | Explanation | Rating Comments  |
|---------------|-------------|--|
| A+            | Low Risk    | Business dealings permissible with low risk of default |

|                            |         |
|----------------------------|---------|
| <b>Status :</b>            | Good    |
| <b>Payment Behaviour :</b> | Regular |
| <b>Litigation :</b>        | Clear   |

**NOTES:**

Any query related to this report can be made on e-mail: while quoting report number, name and date.

**ECGC Country Risk Classification List**

| Country Name | Previous Rating<br>(30.06.2018) | Current Rating<br>(30.09.2018) |
|--------------|---------------------------------|--------------------------------|
| South Korea  | A1                              | A1                             |

| Risk Category        | ECGC<br>Classification |
|----------------------|------------------------|
| Insignificant        | A1                     |
| Low Risk             | A2                     |
| Moderately Low Risk  | B1                     |
| Moderate Risk        | B2                     |
| Moderately High Risk | C1                     |
| High Risk            | C2                     |
| Very High Risk       | D                      |

**SOUTH KOREA - ECONOMIC OVERVIEW**

After emerging from the 1950-53 war with North Korea, South Korea emerged as one of the 20th century's most remarkable economic success stories, becoming a developed, globally connected, high-technology society within decades. In the 1960s, GDP per capita was comparable with levels in the poorest countries in the world. In 2004, South Korea's GDP surpassed one trillion dollars.

Beginning in the 1960s under President PARK Chung-hee, the government promoted the import of raw materials and technology, encouraged saving and investment over consumption, kept wages low, and directed resources to export-oriented industries that remain important to the economy to this day. Growth surged under these policies, and frequently reached double-digits in the 1960s and 1970s. Growth gradually moderated in the 1990s as the economy matured, but remained strong enough to propel South Korea into the ranks of the advanced economies of the OECD by 1997. These policies also led to the emergence of family-owned chaebol conglomerates such as Daewoo, Hyundai, and Samsung, which retained their dominant positions even as the government loosened its grip on the economy amid the political changes of the 1980s and 1990s.

The Asian financial crisis of 1997-98 hit South Korea's companies hard because of their excessive reliance on short-term borrowing, and GDP ultimately plunged by 7% in 1998. South Korea tackled difficult economic reforms following the crisis, including restructuring some chaebols, increasing labor market flexibility, and opening up to more foreign investment and imports. These steps lead to a relatively rapid economic recovery. South Korea also began expanding its network of free trade agreements to help bolster exports, and has since implemented 16 free trade agreements covering 58 countries—including the United State and China—that collectively cover more than three-quarters of global GDP.

In 2017, the election of President MOON Jae-in brought a surge in consumer confidence, in part, because of his successful efforts to increase wages and government spending. These factors combined with an uptick in export growth to drive real GDP growth to more than 3%, despite disruptions in South Korea's trade with China over the deployment of a US missile defense system in South Korea.

In 2018 and beyond, South Korea will contend with gradually slowing economic growth - in the 2-3% range - not uncommon for advanced economies. This could be partially offset by efforts to address challenges arising from its rapidly aging population, inflexible labor market, continued dominance of the chaebols, and heavy reliance on exports rather than domestic consumption. Socioeconomic problems also persist, and include rising inequality, poverty among the elderly, high youth unemployment, long working hours, low worker productivity, and corruption.

Source : CIA

## **BASIC INFORMATION**

|                          |  |
|--------------------------|--|
| Company Name             | HANLA IMS CO., LTD.  |
| Registered Address       | 115, Hwajeonsandan 1-Ro, Gangseo-Gu, Busan, Korea  |
| Building                 | --   |
| Zip Code                 | 46741  |
| Tel                      | +82-51-601-7000  |
| Fax                      | +82-51-831-1850  |
| E-mail                   | hanla@hanlaims.com   |
| Website                  | www.hanlalevel.co.kr;www.hanlaims.com  |
| Trading Address          | 115, Hwajeonsandan 1-ro, Gangseo-gu, Busan, Korea<br>(Old Address System : 595-4, Hwajeon-dong, Gangseo-gu, Busan, Korea)  |
| Tel                      | +82-51-601-7000  |
| Fax                      | +82-51-831-1850  |
| Type                     | Export/Import  |
| Industry                 | Manufacture of Sections for Ships  |
| Main Business            | Monitoring System, Level Instrument, Level Switch, Level Gauge, Flat Type Level Gauge, Tubular Type Glass Level Gauge, Marine Float Level Gauge, Magnetic Float Type Level Indicator, Self-powered Content Gauge Unit, Dial Type Float Level Gauge |
| Sub Business             | Manufacture of Instruments for Automatic Measurement or Control  |
| Established (mm/dd/yyyy) | 07/13/1995   |

## **DETAILED PRODUCTS**

|          |   |
|----------|---|
| Activity | Detailed Products (UNSPSC)              |
| Sell     | Level sensors or transmitters(41111938) |
| Sell     | Level or float switches(39121531)       |

## **CEO'S**

|               |                    |
|---------------|--------------------|
| Name          | Ji Suk-Joon        |
| Date of Birth | 09/06/1956         |
| Title         | Co-President & CEO |
| Nationality   | Korean             |

## **PROFILES**

|               |   |
|---------------|---|
| Capital (KRW) | 5,729,751,000                                     |
| Employees     | 154   |
| Formation     | Listed Company (KOSDAQ : 092460) as of 05/22/2007 |

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Bank Details Industrial Bank of Korea-Noksan Industrial Complex Branch  
KEB Hana Bank  
Corporate Registered No. 180111-0186907  
Business Registered No. 606-81-57969  
Permit & Licenses 05/2011 ISO 14001

Int'l Trade No.: 157513

Shareholder Position

| Name                                      | Share             | %             |
|---|-------------------|---------------|
| JI SUK-JOON                               | 2,151,707         | 18.78         |
| KIM YOUNG-KOO                             | 2,151,707         | 18.78         |
| JI CHANG-WOO                              | 305,869           | 2.67          |
| JI MOON-JIN                               | 305,869           | 2.67          |
| KIM BYUNG-IL                              | 305,869           | 2.67          |
| KIM BYUNG-KOOK                            | 305,869           | 2.67          |
| MIRAE HIGH TECH CO., LTD.(180111-0684290) | 1,160,000         | 10.12         |
| TREASURY STOCK                            | 310,953           | 2.71          |
| OTHERS                                    | 4,461,659         | 38.93         |
| <b>TOTAL</b>                              | <b>11,459,502</b> | <b>100.00</b> |

Company History

01/1989 Established as HANLA LEVEL INSTRUMENT CO.(Sole Proprietorship)  
07/13/1995 Incorporated as HANLA LEVEL CO., LTD.  
09/08/2006 Increased the authorized shares to 100,000,000 shares from 1,000,000 shares  
10/10/2006 Split off the par value to 500 KRW from 10,000 KRW  
06/2007 Designated as an INNO-BIZ Company  
10/30/2009 Changed company name to the present name  
05/18/2012 Moved to the present HQ address from 1610-5, Songjeong-dong, Gangseo-gu, Busan, Korea  
02/19/2018 Increased capital to 5,729,751,000 KRW from 5,323,493,000 KRW

## **MANAGEMENT**

| Job Description    | Name            | Nationality | Date of Birth | Inauguration Date |
|--------------------|-----------------|-------------|---------------|-------------------|
| Co-President & CEO | Ji Suk-Joon     | Korean      | 09/06/1956    | 03/19/2010        |
| Co-President & CEO | Kim Young-Koo   | Korean      | 04/10/1959    | 03/19/2010        |
| Outside Director   | Choi Byung-Kook | Korean      | 06/27/1953    | 03/19/2010        |
| Outside Director   | Kim Min-Joon    | Korean      | 05/31/1956    | 03/19/2010        |
| Auditor            | Kim Jong-Kil    | Korean      | 04/13/1967    | 10/05/2005        |

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## **FINANCIALS**

| Year / Unit : KRW | Sales          | Assets         | Net Income     |
|-------------------|----------------|----------------|----------------|
| 06/2018           | 14,575,598,291 | 97,544,837,337 | 499,053,025    |
| 2017              | 34,577,553,218 | 96,800,123,522 | 1,392,734,933  |
| 2016              | 41,635,144,674 | 89,313,332,872 | 3,152,686,701  |
| 2015              | 45,926,792,147 | 90,203,151,917 | 5,125,456,736  |
| 2014              | 41,393,041,925 | 84,571,556,293 | 4,513,732,363  |
| 2013              | 34,167,388,617 | 79,845,962,274 | -1,191,169,014 |
| 2012              | 38,095,563,668 | 71,635,730,758 | 3,429,899,601  |
| 2011              | 39,194,481,019 | 60,816,159,468 | 4,863,016,433  |

## **FINANCIAL DESCRIPTION**

|                         |                |
|-------------------------|----------------|
| Authorized Capital(KRW) | 50,000,000,000 |
| Paid-Up Capital(KRW)    | 5,729,751,000  |
| Total Issued Shares     | 11,459,502     |

### **Balance Sheet**

| Unit : Korean Won   | 01/01/2018~06/30/2018 | As of 12/31/2017 | As of 12/31/2016 |
|---|-----------------------|------------------|------------------|
| Total Assets  | 97,544,837,337        | 96,800,123,522   | 89,313,332,872   |
| Current Assets  | 52,313,304,949        | 53,432,772,199   | 48,332,837,589   |
| Cash & Cash Equivalents                                   | 6,761,304,678         | 8,424,587,427    | 8,725,599,907    |
| Current Financial Instruments                             | 11,489,647,810        | 15,190,859,659   | 11,677,887,868   |
| Trade Receivables & Other Receivables                     | 6,200,837,527         | 6,183,548,022    | 7,390,262,203    |
| Deferred Income Tax Assets                                | 50,201,391            | 165,496,488      | 59,249,162       |
| Inventories   | 9,371,288,079         | 6,210,140,641    | 6,890,130,224    |
| Other Current Financial Assets                            | 16,655,291,345        | 15,744,352,360   | 12,547,797,102   |
| Other Current Assets                                      | 1,784,734,119         | 1,513,787,602    | 1,041,911,123    |
| Non-Current Assets  | 45,231,532,388        | 43,367,351,323   | 40,980,495,283   |
| Non-Current Financial Instruments                         | 2,231,423,491         | 2,076,041,647    | 712,288,703      |
| Long-Term Trade Receivables & Other Long-Term Receivables | 70,625,000            | 70,625,000       | 79,125,000       |
| Tangibles   | 27,255,795,792        | 27,382,131,254   | 26,415,833,593   |
| Investment_Real Estates                                   | 3,218,307,769         | 3,240,486,126    | 3,284,842,842    |
| Intangibles   | 651,474,199           | 769,546,375      | 950,945,448      |

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**HANLA IMS CO., LTD. - 538465**

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|   |                |                |                |
|---|----------------|----------------|----------------|
| Other Non-Current Financial Assets                  | 3,966,214,176  | 2,304,772,162  | 2,209,859,249  |
| Investment_Related Companies                        | 6,205,020,365  | 6,205,020,365  | 6,205,020,365  |
| Other Non-Current Assets                            | 454,445,000    | 454,445,000    | 454,445,000    |
| Deferred Income Tax Assets                          | 1,178,226,596  | 864,283,394    | 668,135,083    |
| Total Liabilities                                   | 23,507,072,526 | 25,281,263,654 | 21,541,113,245 |
| Current Liabilities                                 | 19,945,902,526 | 21,720,093,654 | 9,529,943,245  |
| Trade Payables & Other Payables                     | 3,369,835,114  | 3,105,673,785  | 2,941,056,330  |
| Short-Term Borrowings                               | 11,442,641,443 | 15,700,000,000 | 5,714,210,000  |
| Other Current Financial Debts                       | 2,196,658      | 0              |                |
| Other Current Liabilities                           | 5,131,229,311  | 2,914,419,869  | 874,676,915    |
| Non-Current Liabilities                             | 3,561,170,000  | 3,561,170,000  | 12,011,170,000 |
| Long-Term Trade Payables & Other Long-Term Payables | 61,170,000     | 61,170,000     | 211,170,000    |
| Long-Term Borrowings                                | 3,500,000,000  | 3,500,000,000  | 11,800,000,000 |
| Capital Stock                                       | 5,729,751,000  | 5,323,493,000  | 5,048,994,000  |
| Capital Surplus                                     | 19,850,838,158 | 17,614,357,180 | 16,423,209,726 |
| Others  | 0              | 622,812,273    | -859,661,201   |
| Profit Surplus                                      | 48,457,175,653 | 47,958,197,415 | 47,159,677,102 |
| Total Equity  | 74,037,764,811 | 71,518,859,868 | 67,772,219,627 |
| Liab. & Shareholder's Equity                        | 97,544,837,337 | 96,800,123,522 | 89,313,332,872 |

**Income Statement**

| Unit : Korean Won         | 01/01/2018~06/30/2018 | As of 12/31/2017 | As of 12/31/2016 |
|---------------------------|-----------------------|------------------|------------------|
| Sales                     | 14,575,598,291        | 34,577,553,218   | 41,635,144,674   |
| Cost of Sold Goods        | 10,494,765,783        | 25,120,452,585   | 29,390,341,192   |
| Gross Profit              | 4,080,832,508         | 9,457,100,633    | 12,244,803,482   |
| Selling & Admin. Expenses | 4,560,718,350         | 10,039,738,479   | 9,972,929,554    |
| Operating Income          | -479,885,842          | -582,637,846     | 2,271,873,928    |
| Other Income              | 1,261,019,198         | 1,298,592,613    | 1,222,990,501    |
| Other Expenses            | 1,240,094,993         | 763,456,454      | 782,601,643      |
| Finance Income            | 847,293,126           | 1,293,753,384    | 939,305,155      |
| Finance Expenses          | 188,924,107           | 426,046,797      | 488,129,259      |
| Income Before Taxes       | 199,407,382           | 820,204,900      | 3,163,438,682    |
| Income Taxes Expenses     | 299,645,643           | 572,530,033      | 10,751,981       |
| Net Income                | 499,053,025           | 1,392,734,933    | 3,152,686,701    |

**Cash Flows**

| Unit : Korean Won | 01/01/2018~06/30/2018 | As of 12/31/2017 | As of 12/31/2016 |
|-------------------|-----------------------|------------------|------------------|
|-------------------|-----------------------|------------------|------------------|

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## **RELATED PARTIES (SUBSIDIARIES, JOINT-VENTURE & AFFILIATES)**

|                 |   |
|-----------------|---|
| Affiliates      | BLUE SCIENCE CO., LTD.(180111-0576497)<br>(31.43% held by the subject company)  |
| Overseas Branch | MIRAE HIGH TECH CO., LTD.(180111-0684290)<br>HANLA HEAVY EQUIPMENT<br>SHANGHAI OFFICE<br>ROOM 711, OUYIN BUSINESS B/D, NO.1369 WUZHONG<br>ROAD,SHANGHAI, P.R. CHINA P.C 201103<br>TEL:+86 21 5484 3251 FAX:+86 21 5484 3702                       |
| Joint Venture   | HANLA M&T CO., LTD.(180111-0618942)<br>(53.92% held by the subject company)   |
| Subsidiary      | HANLA MARINE MACHINERY & ELECTRIC CO., LTD.(CHINA)<br>(100.0% held by the subject company)<br>NANYUAN ROAD, SOUTH AREA OF ECONOMIC DEVELOPMENT<br>ZONE, ZHANGJIAGANG, JIANGSU PROVINCE, P.R. CHINA<br>TEL:+86-512-5879-7601 FAX:+86-512-5879-7602 |

## **SALES BY REGION (ACTIVITY & MARKETS)**

| Sales/ Unit : Thousand<br>KRW | 06/2018    | 2017       | 2016       |
|-------------------------------|------------|------------|------------|
| Export                        | 5,986,991  | 13,776,750 | 12,473,422 |
| Domestic                      | 8,588,607  | 20,800,803 | 29,161,723 |
| Total                         | 14,575,598 | 34,577,553 | 41,635,145 |

## **COURT ACTION**

No.

## **NEWS CLIPPING**

-----

**FOREIGN EXCHANGE RATES**

| Currency  | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1    | INR 72.91     |
| UK Pound  | 1    | INR 93.99     |
| Euro      | 1    | INR 82.43     |
| KRW       | 1    | INR 0.064     |

**Note:** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

|                             |      |
|-----------------------------|------|
| <b>Analysis Done by :</b>   | VIVR |
| <b>Report Prepared by :</b> | NIT  |

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**RATING EXPLANATIONS**

| Credit Rating | Explanation      | Rating Comments  |
|---------------|------------------|--|
| A++           | Minimum Risk     | Business dealings permissible with minimum risk of default     |
| A+            | Low Risk         | Business dealings permissible with low risk of default         |
| A             | Acceptable Risk  | Business dealings permissible with moderate risk of default    |
| B             | Medium Risk      | Business dealings permissible on a regular monitoring basis    |
| C             | Medium High Risk | Business dealings permissible preferably on secured basis      |
| D             | High Risk        | Business dealing not recommended or on secured terms only      |
| NB            | New Business     | No recommendation can be done due to business in infancy stage |
| NT            | No Trace         | No recommendation can be done as the business is not traceable |

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)