



Sebang Co., Ltd.

Non-Consolidated Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report)

Contents

	Page
Independent Auditors' Report	1
Statements of Financial Position	4
Statements of Comprehensive Income	6
Statements of Changes in Equity	7
Statements of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditors' Review Report on Internal Accounting Control System	95
Report on the Operations of the Internal Accounting Control System	97

Independent Auditors' Report

Based on a report originally issued in Korean on March 19, 2020

The Board of Directors and Stockholders
Sebang Co., Ltd.:

Opinion

We have audited the accompanying non-consolidated financial statements of Sebang Co., Ltd. (the "Company"), which comprise the non-consolidated statements of financial position as of December 31, 2019 and 2018, and the non-consolidated statements of comprehensive income, non-consolidated statements of changes in equity and non-consolidated statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of Sebang Co., Ltd. as of December 31, 2019 and 2018, and its financial performance and cash flows for the years then ended in accordance with the with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

We conducted our audits in accordance with the Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Our Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the non-consolidated financial statements in the Republic of Korea as required by prevailing audit regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters were those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements as of and for the year ended December 31, 2019. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- (1) To verify completeness and accuracy of accounting for guarantee loss provision, included in other financial liabilities

We verified that sufficient funds were provided to the joint venture, Gunjang New Port Co., Ltd. to meet its cash flow requirements to carry on its normal business. The fund replenished was credited to guarantee loss provision in other financial liabilities. Assumptions such as the obligation to replenish funds and the amount of replenishment involve the Company management's judgment and the management's judgment impacts the Company's financial statements directly.

Our procedures for the recognition of provisions include, among other things, the following:

- Confirmed that the obligation to replenish the funds under the fund replenishment agreement was performed, and the requirements for the implementation of the obligation to replenish the funds were confirmed.

- We reviewed the adequacy of future cash flows, such as sales and costs, in order to estimate the amount of funds to be repaid.
- We reviewed the adequacy of the weighted average capital cost to estimate the present value of the estimated future funding amount.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation of the accompanying non-consolidated financial statements in accordance with K-IFRS, and for such internal control as they determine is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Our Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in the Republic of Korea will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in the Republic of Korea, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We are solely responsible for our audit opinion.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Seo, Dong-gun is the engagement director responsible for conducting the audit on which the audit report is based.

BDO Sungto-Ehyan LLC

Seoul Korea
March 19, 2020

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

Sebang Co., Ltd.
Non-consolidated Statements of Financial Position
December 31, 2019 and 2018

<i>(in Korean won)</i>	Notes	2019	2018
Assets			
Current assets			
Cash and cash equivalents	3,4,5,45	22,199,107,436	21,461,680,257
Short-term financial instruments	3,4,18,34,45	2,355,000,000	2,410,000,000
Short-term financial assets at fair value through profit or loss	3,4,9,18,45	27,441,902,587	6,275,220,503
Trade receivables	3,4,6,43,45	91,882,887,054	85,357,837,796
Short-term financial assets at amortized cost	3,4,11,18,45	23,500,000	2,059,225,000
Other current receivables	3,4,7,43,45	983,770,607	16,030,417,100
Other current assets	8	7,697,919,945	11,086,830,956
Inventories	12	879,789,973	1,156,478,967
		153,463,877,602	145,837,690,579
Non-current assets			
Long-term financial instruments	3,4,34,45	10,000,000	10,000,000
Long-term financial assets at fair value through profit or loss	3,4,9,18,45	22,021,641,545	44,601,049,547
Financial assets at fair value through other comprehensive income	3,4,10,45	12,394,508,899	10,102,615,340
Long-term financial assets at amortized cost	3,4,11,18,45	205,568,734	177,743,734
Other receivables and joint ventures	3,4,7,43 13,18	6,821,438,090 187,866,479,118	6,901,066,339 169,104,771,545
Right-of-use assets, net	16	40,889,850,236	-
Property, plant and equipment, net	14,18	281,596,935,625	267,841,341,256
Intangible assets, net	17	16,522,030,917	12,074,973,008
Investment property	15,18	31,867,817,743	32,283,386,011
Other non-current assets	8	12,898,148,990	12,272,667,296
		613,094,419,897	555,369,614,076
Total assets		766,558,297,499	701,207,304,655
Liabilities			
Current liabilities			
Trade payables	3,4,34,43,45	56,825,694,116	60,563,699,679
Other payables	3,4,20,34,43,45	18,501,748,181	14,585,501,365
Borrowings	3,4,19,34,45	39,000,000,000	24,000,000,000
Current portion of lease liabilities	3,4,16	12,550,456,447	-
Current income tax liabilities	36	2,675,828,003	143,867,998
Other current financial liabilities	3,4,24	2,051,140,340	-
Provisions	23	251,602,727	100,000,000
Other current liabilities	21	14,324,766,804	3,674,525,537
		146,181,236,618	103,067,594,579
Non-current liabilities			
Lease liabilities		25,686,046,050	-
Net employee defined benefit liabilities	22	1,559,052,431	80,218,655
Provisions for other liabilities and charges	23	30,454,545	282,057,272
Deferred income tax liabilities	36	14,372,706,410	20,040,092,424
Other financial liabilities	3,4,24	23,637,370,316	9,968,818
		65,285,629,752	20,412,337,169

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

Total liabilities		<u>211,466,866,370</u>	<u>123,479,931,748</u>
Stockholders' equity			
Capital stock	37	11,498,970,000	11,498,970,000
Additional paid-in capital		27,653,324,472	27,653,324,472
Retained earnings	38,41	356,093,245,562	380,336,050,852
Accumulated other comprehensive income	10,39	31,887,593,566	30,458,803,246
Other components of equity	40,46	127,958,297,529	127,780,224,337
Total stockholders' equity		<u>555,091,431,129</u>	<u>577,727,372,907</u>
Total liabilities and stockholders' equity		<u>766,558,297,499</u>	<u>701,207,304,655</u>

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

Sebang Co., Ltd.
Non-consolidated Statements of Comprehensive Income
Years Ended December 31, 2019 and 2018

<i>(in Korean won)</i>	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Revenues	25,35,43	570,753,163,523	563,000,756,416
Cost of sales	26,32,33,43	(519,787,452,379)	(518,183,556,121)
Gross profit		50,965,711,144	44,817,200,295
Selling and administrative expenses	3,27,32,33	(37,382,256,333)	(35,798,557,342)
Operating income		13,583,454,811	9,018,642,953
Other income	3,28	1,075,371,971	5,608,572,615
Other expenses	3,29	(41,830,507,780)	(4,075,404,761)
Finance income	3,30,45	9,827,135,166	8,946,105,935
Finance cost	3,31,45	(4,176,015,914)	(2,908,703,361)
Profit(loss) before income tax		(21,520,561,746)	16,589,213,381
Income tax expense(revenue) benefits	36	(1,936,963,567)	4,084,065,713
Net income(loss)		(19,583,598,179)	12,505,147,668
Items not to be reclassified to profit or loss subsequently:			
Remeasurement of net defined benefit liabilities	22	(649,584,336)	(1,211,372,028)
Gain(loss) on revaluation of land	36	(73,960,175)	285,246,280
Changes in value of financial assets at fair value through other comprehensive income, net of tax effect	10,36	1,502,750,495	107,031,342
Other comprehensive income(loss)		779,205,984	(819,094,406)
Total comprehensive income(loss) for the year		(18,804,392,195)	11,686,053,262
Earnings per share	42		
Basic earnings(loss) per share			
Common Stock		(859)	548
Preferred Stock		(854)	553
Diluted earnings per share			
Common Stock		(859)	548
Preferred Stock		(854)	553

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

Sebang Co., Ltd.
Non-consolidated Statements of Changes in Equity
Years Ended December 31, 2019 and 2018

<i>(in Korean won)</i>	Capital stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Other components of equity	Total
Balance at January 1, 2018	11,498,970,000	27,653,324,472	370,968,936,618	32,149,486,993	127,780,224,337	570,050,942,420
Cumulative effect of changes in accounting policies	-	-	2,082,961,369	(2,082,961,369)	-	-
Comprehensive income						
Profit for the year	-	-	12,505,147,668	-	-	12,505,147,668
Remeasurement of net defined benefit liabilities	-	-	(1,211,372,028)	-	-	(1,211,372,028)
Changes in value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	107,031,342	-	107,031,342
Gain on revaluation of land	-	-	-	285,246,280	-	285,246,280
Transactions with equity holders of the Company :						
Dividends to equity holders of the Company	-	-	(4,009,622,775)	-	-	(4,009,622,775)
Acquisition of Treasury shares	-	-	-	-	-	-
Balance at December 31, 2018	11,498,970,000	27,653,324,472	380,336,050,852	30,458,803,246	127,780,224,337	577,727,372,907
Balance at January 1, 2019	11,498,970,000	27,653,324,472	380,336,050,852	30,458,803,246	127,780,224,337	577,727,372,907
Comprehensive income						
Profit for the year	-	-	(19,583,598,179)	-	-	(19,583,598,179)
Remeasurement of net defined benefit liabilities	-	-	(649,584,336)	-	-	(649,584,336)
at fair value through other comprehensive income, net of tax	-	-	-	1,502,750,495	-	1,502,750,495
Gain on revaluation of land	-	-	-	(73,960,175)	-	(73,960,175)
Transactions with equity holders of the Company :						
Dividends to equity holders of the Company	-	-	(4,009,622,775)	-	-	(4,009,622,775)
Business combination involving entitie	-	-	-	-	178,073,192	178,073,192
Balance at December 31, 2019	11,498,970,000	27,653,324,472	356,093,245,562	31,887,593,566	127,958,297,529	555,091,431,129

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

Sebang Co., Ltd.
Non-consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

<i>(in Korean won)</i>	2019	2018
Cash flows from operating activities		
Cash generated from Operations(Notes 44)	37,980,193,251	29,671,201,890
Interest received	1,869,973,043	2,445,785,877
Interest paid	(810,487,182)	(749,766,093)
Dividend received	6,096,199,405	4,350,810,634
Income tax paid	(1,518,922,451)	(12,023,363,465)
Net cash provided by operating activities	43,616,956,066	23,694,668,843
Cash flows from investing activities		
Decrease in short-term financial instruments	2,210,000,000	1,472,000,000
Disposal of short-term financial assets at fair value through profit or loss	31,455,263,305	68,056,658,062
Disposal of financial assets at amortized cost	2,059,225,000	92,725,510
Disposal of property, plant and equipment	2,898,016,688	2,687,658,882
Disposal of investment property	-	31,000,000
Disposal of intangible assets	100,000,000	-
Decrease in loan	15,091,508,206	578,888,914
Decrease in other receivables	704,350,764	948,974,540
Increase in merger	512,777,237	-
Acquisition of short-term financial instruments	(2,155,000,000)	(2,410,000,000)
Acquisition of short-term financial assets at fair value through profit or loss	(30,806,426,171)	(47,463,910,000)
Acquisition of financial assets at fair value through other comprehensive income	(374,285,200)	(1,532,395,000)
Acquisition of financial assets at amortized cost	(51,325,000)	(2,011,198,734)
Acquisition of investments in subsidiaries, associates, and joint ventures	(21,798,171,205)	(571,083,000)
Acquisition of property, plant and equipment	(26,390,511,367)	(32,859,613,742)
Acquisition of intangible assets	(5,689,335,428)	(174,491,500)
Increase in other non-current assets		
Increase in short-term loans	(104,240,000)	(15,583,162,788)
Increase in long-term loans	(1,550,000,000)	(1,000,000,000)
Increase in other receivables	(730,330,000)	(963,897,500)
Net cash used in investing activities	(34,618,483,171)	(30,701,846,356)
Cash flows from financing activities		
Proceeds from borrowings	39,000,000,000	24,000,000,000
Increase of other payables	498,520,000	626,200,000
Repayments of borrowings	(24,000,000,000)	(24,800,000,000)
Decrease of other payables	(642,478,000)	(529,600,000)
Payment guarantee	(600,000,000)	-
Dividends paid	(4,009,622,775)	(4,009,364,345)
Lease payments	(18,457,090,451)	-
Net cash used in financing activities	(8,210,671,226)	(4,712,764,345)
Net increase(decrease) in cash and cash equivalents	787,801,669	(11,719,941,858)
Cash, cash equivalents and bank overdrafts at beginning of year	21,461,680,257	33,027,566,630
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	(50,374,490)	154,055,485
Cash and cash equivalents at the end of year	22,199,107,436	21,461,680,257

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

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

1. General information Notes to Non-consolidated Financial Statements

Sebang Co., Ltd. (the "Company") was incorporated on September 13, 1965 and the Company's stocks were publicly listed on the Korea Stock Exchange on May 19, 1977 to engage in transporting, loading and unloading of cargos. The address of its head office is 141 Bukhang-ro, Nam-gu, Busan in the Republic of Korea.

As of December 31, 2019, the Company's major stockholders are as follows:

	Common Stock		Preferred Stock	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
E&S Global Co., Ltd	3,577,634	18.53%	184,400	5.00%
Other related party	5,030,396	26.05%	40	0.00%
Treasury shares	191,217	0.99%	-	-
Others	10,509,443	54.43%	3,504,810	95.00%
Total	19,308,690	100.00%	3,689,250	100.00%

2. Significant Accounting Policies

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

Summary of significant Accounting Policies

2.1 Changes in Accounting Policies and Disclosures

(A) New and amended standards adopted by the Company

The Company applied the following amended and enacted standards for the first time for their annual period beginning on January 1, 2019:

- Enactment of Korean IFRS 1116 Leases

Under the new standard, with implementation of a single lease model, lessee is required to recognize assets and liabilities for all leases whose lease term is over 12 months and underlying assets are not low value assets.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

With implementation of Korean IFRS 1116 Lease, the Company changed its accounting policy on lease. The Company adopted Korean IFRS 1116 retrospectively, as permitted under the specific transitional provisions in the standard, and recognized the cumulative impact of initially applying the standard by adjusting the retained earnings at January 1, 2019, the date of initial application. The Company has not restated comparatives for the 2018 reporting period..

a. Details of adjustments recognized at January 1. 2019

<i>(in thousands of Korean won)</i>	Amount
Right-of-use assets	
Land	35,485,989
Buildings and structures	2,930,709
Machinery	1,410,652
Vehicles	616,928
Others	495,775
Total	40,940,053
Lease liabilities	
Current, non-current	40,940,053

Right-of-use assets for property lease contracts were measured retrospectively as if IFRS 1116 had been applied from the beginning. Other right-of use assets were measured at the amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

b. Lease liability recognized in January 1. 2019

<i>(in thousands of Korean won)</i>	Amount
Lease liabilities recognized as at January 1, 2019	40,940,053
Less prepaid rent	(2,454,301)
Lease liabilities after adjustment	38,485,752

On adoption of Korean IFRS 1116, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under Korean IFRS 1017. The lease liability was measured at the lessee's present value of the remaining lease payments, discounted at the incremental

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

borrowing rate as at January 1, 2019. The Company's weighted average incremental borrowing rate applied to lease liabilities on January 1, 2019 was 2.25%.

c. Practical expedients applied

In applying Korean IFRS 1116 for the first time, the Company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments on whether leases are onerous
- The exclusion of initial direct cost for the measurement of the right-of-use asset at the date of initial application
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Also, the Company does not determine at contract inception whether an arrangement was or contained a lease. The Company has applied K-IFRS16 to contracts identified as leases under K-IFRS Interpretation No. 2104, 'Determining Whether an Arrangement Contains a Lease' and under K-IFRS 11017.

The accounting treatment as a lessor did not change significantly from the Korean IFRS 1116 applied on December 31, 2018 on annual financial statement. The lessor classifies a lease as a finance lease or operating lease and accounts for the two types of leases differently.

- Amendments to Korean IFRS 1109 Financial Instruments

The amended standards clarify that the requirements for contractual cash flows that allow prepayment or redemption of debt instruments that allow prepayment or middle-of-the-road repurchases are reasonable compensation for the early liquidation of the contract for the counterparty when assessing whether the debt instrument meets the requirements for contractual cash flows that are solely payments of principal and interest. There is no significant effect on the financial statements from the above amendments.

- Amendments to Korean IFRS 1019 Employee Benefits

The amendments require that an entity shall calculate current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement based on updated actuarial assumptions from the date of the change. The amendments also require that a reduction in a surplus must be recognized in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment does not have a significant impact on the financial statements.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

- Amendments to Korean IFRS 1028 Investments in Associates and Joint Ventures

The amendments clarify that an entity shall apply Korean IFRS 1109 Financial Instruments to financial instruments in an associate or joint venture to which the equity method is not applied. These include impairment of long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture for which Korean IFRS 1109 should take precedence. The amendment does not have a significant impact on the non-consolidated financial statements.

- Enactment to Interpretation of Korean IFRS 2123 Uncertainty over Income Tax Treatments

The Interpretation requires a company to determine how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. And also requires to consider the uncertainty of tax treatment. If such a possibility is high, the company shall determine taxable income (tax losses), tax base, unused tax losses, unused tax credits, and tax rates. The enactment does not have a significant impact on the non-consolidated financial statements.

- Annual Improvements to Korean IFRS 2015 – 2017 Cycle:

a. Amendments to Korean IFRS 1012 Income Tax

The amendment is applied to all the income tax consequences of dividends and requires an entity to recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The amendment does not have a significant impact on the financial statements

b. Amendments to Korean IFRS 1023 Borrowing Cost

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use (or sale), it becomes part of general borrowings. The amendment does not have a significant impact on the financial statements

c. Amendments to Korean IFRS 1103 Business Combination

The amendments clarify that when a party to a joint arrangement obtains control of a business that is a joint operation, and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. In such cases, the acquirer shall remeasure its entire previously held interest in the joint operation. The amendment does not have a significant impact on the financial statements.

d. Amendments to Korean IFRS 1111 Joint Agreement

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operations might obtain joint control of the joint operation in which the activity of the joint operations constitutes a business. In such cases, previously held interests in the joint operation are not remeasured. The amendment does not have a significant impact on the financial statements.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

(B) New standards and interpretations not yet adopted by the Company

The following new accounting standards and interpretations have been published but are not mandatory for January 1, 2019 reporting periods and the Company elected not to adopt it early.

- Amendments to Korean IFRS 1103 Business Combination

To consider the integration of the required activities and assets as a business, the amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and excludes economic benefits from the lower costs. An entity can apply a concentration test, an optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset or a group of similar assets, the assets acquired would not represent a business. These amendments should be applied for annual periods beginning on or after January 1, 2020, and earlier application of permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

- Amendments to Korean IFRS 1001 Presentation of Financial Statements and Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the explanation of the definition of material and amended Korean IFRS 1001 and Korean IFRS 1008 in accordance with the clarified definitions. Materiality is assessed by reference to omission or misstatement of material information as well as effects of immaterial information, and to the nature of the users when determining the information to be disclosed by the Company. These amendments should be applied for annual periods beginning on or after January 1, 2020, and earlier application of permitted. The Company does not expect that these amendments have a significant impact on the financial statements

2.2 Basis of preparation

(A) Accounting standards

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying non-consolidated financial statements have been condensed, restructured, and translated into English from the Korean language financial statements.

(B) Measurement

Financial statements are prepared on the basis of historical cost, except as otherwise stated in the following accounting policies, such as financial instruments.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

(C) Functional currency and display currency

The financial statements are presented in Korean Won, the functional currency of the Company, except as otherwise stated.

2.3 Investment in subsidiaries, affiliates and joint ventures

The accompanying non-consolidated financial statements are “separate” financial statements in accordance with Korean IFRS 1027 and investments in non-consolidated subsidiaries, affiliate companies and joint ventures are stated at historical cost.

Dividend income is recognized as income in the year when the dividend payer confirms dividend payment at its annual shareholders’ meeting.

2.4 Foreign Currency Translation

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

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

2.5 Cash and cash equivalents

The Company classifies cash and cash equivalents that are short-term investments with very high liquidity, and those that are easy to convert to cash of a fixed amount and have little risk of changing value as cash as cash and cash equivalents. Equity instruments are excluded from cash equivalents, but are included in cash equivalents such as preferred shares with fixed repayment dates and short term dates from the acquisition date to the redemption date, and the overdrafts that must be repaid immediately upon request of the bank are included in the components of cash and cash equivalents.

2.6 Financial instruments

•Financial Assets

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are classified

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

as fair value through profit or loss, fair value through other comprehensive income, and amortized cost measurement financial assets, depending on the business model and the contractual cash flow.

At initial recognition, the Company measures a financial asset, in the case of a financial asset not at fair value through profit or loss, at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

- Financial assets measured at fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss.

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'finance income / costs or other non-operating income / expenses' in the year in which it arises

Fair value through profit or loss are measured at fair value and the valuation gains or losses resulting from changes in fair value are recognized in profit or loss. Dividends and interest income from financial assets are also recognized in profit or loss.

- Financial assets measured at fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income / costs or other non-operating income / expenses' and impairment losses are presented in 'other non-operating expenses'

- Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

- Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

• Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVOCI on every year end. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Depending on whether there has been a significant increase in credit risk since initial recognition of a financial asset, the loss allowance shall be recognized in three stages, at an amount equal to 12-month expected credit losses or lifetime expected credit losses, as shown in the table below.

Classification		loss allowance
stage1	no significant increase in credit risk since initial recognition (note1)	12-month Expected Credit Losses: Expected Credit Losses due to default events on financial instruments that may occur within 12 months of the end of the reporting period
stage2	A significant increase in credit risk since initial recognition	lifetime expected credit losses: expected credit losses due to all possible default events during the expected lifetime
stage3	credit damaged	

(Note 1) If credit risk is low at the end of the reporting period, credit risk may not be considered to have increased significantly

On initial recognition, only the cumulative change in lifetime expected credit losses since initial recognition is counted as the loss allowance for financial assets that have been credit-damaged.

On the other hand, the simplified method for measuring loss allowance at an amount equal to lifetime expected credit losses is applied to account receivables, contract assets, and lease receivables.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

Expected credit losses are measured by measuring a range of possible outcomes as probability-weighted values, reflecting the time value of money, and reflecting information available at the reporting date without undue cost or effort to predict past events, current situations and future economic conditions.

•Financial liabilities

Financial liabilities are recognized in the statement of financial position only when they become contract parties to financial instruments and are classified as fair value through profit or loss or other financial liabilities at initial recognition and measured at fair value. Except for financial liabilities measured at fair value through profit or loss, transaction costs directly related to the occurrence of such financial liabilities are deducted from the fair value at the initial measurement.

- *Fair value through profit or loss liability*

Financial liabilities measured at fair value through profit or loss include financial liabilities designated at fair value through profit or loss at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value after initial recognition and changes in fair value are recognized in profit or loss. On the other hand, transaction costs incurred in relation to the issue at the time of initial recognition are recognized in profit or loss immediately upon occurrence.

- *Financial liabilities not classified as fair value through profit or loss*

Financial liabilities that are not classified as fair value through profit or loss are measured at amortized cost using the effective interest method after initial recognition, except followings

For financial liabilities arising when the transfer of a financial asset does not meet the terms of derecognition or the continuing involvement approach is applied, the net carrying amount of the transferred asset and the related liability shall be measured at amortized cost so that the net carrying amount of the transferred asset and the related liability shall be measured at amortized cost, and the net carrying amount of the transferred asset and the related liability measured independently at fair value.

Financial guarantee liabilities (excluding financial liabilities arising when transfers of financial assets do not meet the derecognition conditions or apply a continuing involvement approach) and arrangements to borrow at rates below market interest rates are measured at the higher of the loss allowance under the expected credit loss model and the accumulated profit from the initial recognition amount.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

- Derecognition of Financial Liabilities

A financial liability (or part of a financial liability) is removed from the statement of financial position only if it is extinguished (i.e. if the contractual obligation has been fulfilled, cancelled, or expired). If an existing borrower and a lender exchange a debt instrument on substantially different terms, or if the terms of an existing financial liability (or part of a financial liability) are substantially changed, the original financial liability is derecognized and the new financial liability is recognized, and the difference between the carrying amount of the financial liability (or part of the financial liability) that is extinguished or transferred to a third party is recognized in profit or loss.

- Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the non-consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

- Classification of liabilities and equity

Debt and equity instruments are classified as financial liabilities or equity in accordance with the substance of the contract and the definition of financial liabilities and equity instruments.

- Derivative Instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

(a) Embedded derivative

- A hybrid contract in which financial assets are the principal contracts

Financial assets including embedded derivatives are classified by taking into account the entire hybrid contract and do not recognize the embedded derivative separately. When determining whether the contractual cash flows are solely principal and interest, the entire hybrid contract is considered.

- Other hybrid contracts (combined contracts include non-financial contracts)

If the economic characteristics and risks of an embedded derivative are not closely related to the economic characteristics and risks of the main contract, and separate financial instruments with the same conditions as the embedded derivative meet the definition of the derivative and the changes in the fair value of the compound contract are not recognized in profit or loss, the entity accounts for them separately from the host contract as a separate derivative.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

(b) Hedge accounting

The Company applies fair value hedge accounting for hedges of changes in the fair value of assets or liabilities recognized due to a particular risk or of all or in part of an unrecognized firm commitment and cash flow hedge accounting for assets or liabilities recognized due to a particular risk or for hedges of changes in the cash flows of highly probable future transactions.

To apply hedge accounting, the Company documents the hedging relationship, the purpose of risk management, the hedging strategy, the hedging risk and the method of assessing the effectiveness of the hedge. Hedge effectiveness means the effect that changes in the fair value or cash flows of a derivative due to the hedged risk offset the risk of changes in the fair value or cash flows of the hedged item.

(c) Fair value hedge

Changes in the fair value of a derivative financial instrument designated as a hedging instrument and met the requirements for fair value hedge accounting are recognized in profit or loss, and changes in the fair value of the hedged item due to the hedged risk are also recognized in profit or loss. However, if the hedged item is an equity instrument and the change in fair value is selected in other comprehensive income, the gain or loss on the hedging instrument and the gain or loss on the hedged item due to the hedged risk are recognized in other comprehensive income. Fair value hedge accounting is discontinued if the hedging instrument is extinguished, sold, exercised, or terminated, or no longer meets the qualifying criteria for fair value hedge accounting. The carrying amount of the hedged item due to the hedged risk is amortized from the date of discontinuation of hedge accounting and recognized in profit or loss.

(d) Cash Flow Hedge

The effective portion of changes in the fair value of derivatives designated as hedging instruments and meeting the requirements for cash flow hedge accounting is treated in other comprehensive income, and the hedge ineffectiveness is recognized in profit or loss. Cash flow hedge accounting is discontinued if the hedging instrument is extinguished, sold, exercised or terminated, or no longer meets the requirements for cash flow hedge accounting. If a cash flow hedge accounting discontinues, the cumulative cash flow hedge reserve is left in the cash flow hedge reserve until the future cash flows or until the cash flow hedge reserve becomes a loss and all or part of that loss is expected to not recover in the future period. However, if the future cash flows of the hedging target are no longer expected to occur, the accumulated cash flow hedge reserve is immediately recognized in profit or loss.

(e) Hedges on a Net Investment in a Foreign Operation

The effective portion of the hedge is recognized in other comprehensive income and the ineffective portion is recognized in profit or loss. In accordance with Korean IFRS 1021, the reclassification

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

adjustment reclassifies from other comprehensive income to profit or loss at the time of disposal of that foreign operation or part of that foreign operation.

2.7 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.8 Trade receivables

Trade receivables are the amounts receivable from customers relating to goods sold and services rendered during the normal course of business. If the recoverable amount of trade receivables is less than one year, they are classified as current assets. Otherwise, they are classified as non-current assets. Long-lived receivables classified as non-current assets are measured at their present value using an effective interest rate. Trade receivables are recognized at fair value, net of allowance for doubtful accounts. Meanwhile, the Company accounts for accounts receivable as soon as it becomes impossible to control or continue to engage in trade receivables.

2.9 Inventories

The cost of an inventory includes all cost incurred such as purchase price, conversion cost and cost to bring inventory to its present condition at its present location. The stocks are evaluated by first-in-first-out method, merchandise-in-transit by individual method, and the merchandises by moving average method.

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the net realizable value of each subsequent period, less any costs of completion and selling expenses expected to be realized in the expected sale price of the normal course of business.

The Company recognizes the carrying amount of inventories as an expense in the period when it recognizes the related income when selling the inventory, and recognizes the impairment losses and all the loss on valuation of inventories as expenses. The reversal of loss on valuation of inventories due to an increase in net realizable value is recognized as a deduction of inventory assets and recognized as an expense in the period in which the reversal occurs.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

2.10 Property, Plant and Equipment

All property, plant and equipment are stated at historical cost less depreciation and accumulated impairment loss. Historical cost includes expenditures directly attributed to the acquisition of the items. The cost of property, plant and equipment is an expense that is directly related to the purchase or construction of the asset, including the cost directly related to operate the asset in the way intended by management, and the cost initially estimated to be incurred to dismantle, remove the asset or restore the site.

Subsequent costs are likely to result in an inflow of future economic benefits from an asset, and the carrying amount of the asset is included in the carrying amount of the asset or recognized as a separate asset if appropriate, and the carrying amount of the replaced part is removed. On the other hand, the costs incurred in relation to routine repairs and maintenance are recognized in profit or loss when incurred.

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

Useful lives	Useful lives
Buildings	20~57
Structures	20~40
Machinery	5
Ships	12
Vehicles	5
Tools and equipment	5

If the cost of a part of property, plant and equipment is important compared to the total cost of property, plant and equipment, that part is depreciated separately when depreciating fixed assets. The depreciation method, residual values and useful lives of property, plant and equipment are reviewed at the end of each reporting period and, if an adjustment is appropriate, it is accounted for as changes in accounting estimates.

If the book value of the P.P.E exceeds the estimated recoverable amount, the book value of the P.P.E is immediately reduced to recoverable amount. The book value of the P.P.E shall be removed when the future economic benefits are not expected through use or disposal of the asset, and the resulting profit or loss shall be determined as the difference between the net selling amount and the book value and recognized in profit or loss.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

2.11 Investment Property

Investment property is a property held by the Company to obtain rental income, capital appreciation or both, measured at cost at initial recognition and included transaction cost in the initial measurement. Since initial recognition, investment property book value is shown as the acquisition cost less accumulated depreciation and accumulated impairment.

Subsequent costs are likely to result in an inflow of future economic benefits from the asset, and if the cost of the asset is reliably measurable, they are included in the carrying amount of the asset or recognized as separate assets where appropriate, and costs incurred in relation to routine repairs and maintenance are recognized in profit or loss when incurred.

Land included in investment property is not depreciated and other investment property is amortized on a straight-line basis by applying 40 years of economic life. The depreciation method, residual value, and economic life of an investment property are reviewed at the end of each reporting period and if it is deemed appropriate to change them, they are accounted for as changes in accounting estimates.

The replacement of investment property occurs only when the purpose of the property is changed, and when the replacement occurs between investment property, owner-occupied property, and inventory, the book value of the assets before the replacement is carried over.

If an investment property is disposed of or an investment property is permanently discontinued and no further economic benefits can be expected from disposal, the gain or loss arising from the disposal or disposal of the investment property is removed from the statement of financial position, and the gain or loss arising from the disposal or disposal is the difference between the net disposal amount and the carrying amount and is recognized in profit or loss (the post-sale lease contract is recognized in accordance with Korean IFRS 1116).

2.12 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred. If funds are borrowed for general purposes and used for the acquisition of eligible assets, borrowing costs that should be capitalized are determined by applying the capitalized interest rate to the amount of expenditure related to the asset, and capitalized borrowing costs during the period cannot exceed the borrowing costs incurred during the period.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

2.13 Intangible Assets

a) Facility pass

Facility pass is stated at historical cost initially. Facility pass has a limited economic life and the cost is amortized according to the straight-line method to allocate cost over the estimated economic life.

b) Membership right

Membership is not amortized based on the assessment that its economic life is indefinite because there is no clear limit to the period in which it is expected to be available.

2. 14 Government Grants

Government grants are not recognized unless there is a reasonable assurance that the Company will comply with the grant's conditions and that the grant will be received. The benefits of government loans with lower interest rates than market interest rates are treated as government grants.

Government grants which are intended to compensate the Company for expenses incurred are recognized in profit or loss by as a deduction of the related expenses. Government grants whose primary condition is that the Company purchases, constructs or otherwise acquires non-current assets are deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the useful lives of depreciable assets.

Government grants received as financial support to the Company without compensation for expenses or losses incurred or any future related costs are recognized as revenue in the period in which the right to receive government grant is generated, and when a non-monetary asset is received as a government grant, both grants and assets are accounted for at their fair value.

Government grants that result in repayment obligations are accounted for as changes in accounting estimates.

2.15 Leases

A lease is a contract, whereby the lessor conveys to the lessee, the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Company assesses whether the contract is, or contains, a lease. For a contract that is, or contains, a lease, both lessee and lessor account for each lease component within the contract as a lease separately from non-lease components of the contract. In lessee accounting, however, the Company does not account them separately but instead applies the practical expedient to account for each lease component and any associated non-lease components as a single lease component.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

a) Lessee accounting

The Company recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments at the commencement date of the lease. However, the Company did not reassess all contracts applied the practical expedient.

The right-of-use asset is measured at its cost less subsequent accumulated depreciation and accumulated impairment loss with adjustments reflected arising from remeasurements of the lease liability. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis from the commencement date of the lease and is classified as 'property, plant and equipment' in the non-consolidated financial statements.

At the commencement date, the lease liability is measured at present value of the lease payments that are not paid at that date. When measuring the present value, the lease payments are discounted using the interest rate implicit in the lease. If such implicit rate cannot be readily determined, the Company uses the Company's incremental borrowing rate. The lease liability is subsequently increased by the amount of interest expenses recognized on the lease liability and reduced by the lease payments made.

Lease liabilities are remeasured when the future lease payments are changed due to the following: Changes in an index or a rate, changes in amounts expected to be payable by the lessee under residual value guarantees, changes in the assessment of whether a purchase option or an option to renew is reasonably certain to be exercised or changes in the assessment of whether it is reasonably certain that an option to terminate the lease will not be exercised. Lease liabilities are classified as 'current lease liabilities' or 'non-current lease liabilities' in the non-consolidated financial statements.

The Company elected not to apply the requirements for short-term leases (i.e., a lease term of 12 months or less at the commencement date) and low value assets. In these cases, lease payments are charged to profit or loss on a straight-line basis over the period of lease as a practical expedient.

b) Lessor accounting

The Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership at the inception of the lease. A lease other than a finance lease is classified as an operating lease.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

- Finance lease

At the commencement of the lease term, the Company recognizes as finance lease assets initially at the lower of their fair value and the present value of the minimum lease payments. Any initial direct costs are added to the amount recognized as an asset. Minimum lease payments consist of finance expense and the repayment of lease liabilities. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The lessor, manufacturer or seller of a finance lease, recognizes profit or loss in accordance with the accounting policy adopted for general sales, and, if artificially low interest rates are applied, recognizes profit or loss by the limit of the amount applied to market rates. Direct cost to contract is recognized as expense.

- Operating lease

Lease revenue is recognized on a straight-line basis over the lease term unless there are better way of represent the pattern of using the leased asset. Lease incentives received are recognized as an integral part of the lease expense, over the term of the lease. Lease opening direct costs incurred are added to book value, and the depreciation of the operating lease asset is accounted for in accordance with the normal depreciation policy of similar assets owned by the company

- Sale and leaseback transaction

If the transfer of an asset meets the sales requirements, the measurement of the license asset arising from the sale and leasehold is proportional to the previous carrying amount of the asset that is related to the right to use it. Accordingly, the Company shall recognize only the amount of profit or loss relating to the rights transferred to the purchaser-lessor.

If the asset sale price differs from the fair value of the asset, the difference is accounted for as a prepayment of the lease or as additional financing provided by the buyer.

2.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. When it is probable that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and the amount is reasonably estimable, a corresponding provision is recognized in the non-consolidated financial statements. However, when such an outflow

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

is dependent upon a future event that is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the non-consolidated financial statements.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received if the Company settles the obligation. The reimbursement is treated as a separate asset and cannot exceed original provisions.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. A provision is used only for expenditures for which the provision was originally recognized.

2.17 Treasury Shares

If the Company buys its own equity shares, the cost of treasury shares is deducted from “other components of equity” account. The gain or loss on the purchase, sale, issue of the Company shares is not recognized in profit or loss

2.18 Revenue Recognition

The Company shall recognize revenue in accordance with Korean IFRS 1115 Revenue from Contracts with Customers by applying the following 5 steps: ① Identify the contracts with the customers, ② Identify the separate performance obligations, ③ Determine the transaction price of the contract, ④ Allocate the transaction price to each of the separate performance obligations, and ⑤ Recognize the revenue as each performance obligation is satisfied.

The Company has a major business in logistics such as transportation and storage. The Company recognizes revenue at an amount that reflects the consideration it expects to be entitled to in exchange for the goods or services when control of the goods or services is transferred to the customer.

a) Logistics-related services

For each obligation, the logistics-related services measure progress towards completion of the obligation and recognize revenue over the duration to complete the obligation. The purpose of measuring progress is to show the extent of the Company's performance in the process of transferring control of the promised services to the customer. In addition, contract performance costs were recognized according to the progress of the service.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

b) Sales of goods

The revenue from the sale of goods are recognized when control of the good is transferred to the customer, generally at the time of delivery. The Company considers whether other promises in the contract require separate performance obligations under which a part of the transaction price should be distributed. In determining the transaction price of a good sale, the Company considers variable consideration, significant financial factors, non-cash consideration, and consideration to be paid to the customer.

c) Residuals of Contract

- Receivables

The receivable represents the unconditional rights of the company. Because if time passes, the company can get paid.

- Contract assets

Contract assets are the right to consideration for goods or services transferred to the customer. If the company transfers goods or services to the customer before the customer pays the consideration or before the payment date, the asset with a non-time term in its right to that right is the contractual asset.

- Contract liabilities

The contract liability is the obligation of the Company to transfer goods or services to the customer corresponding to the consideration. If customer pays to the Company before the Company transfer the goods or services to the customer, the contract liability is recognized at the time of payment. Contract liabilities are recognized as revenue when the Company satisfies its obligations under the contract.

2.19 Financial Guarantee Contract

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss he incurs because a specified debtor fails to make payments when due. The liability is initially measured at fair value, and then subsequently at the higher of the following two amounts and recognized in the non-consolidated statements of financial position as 'other financial liabilities':

- The amount determined in accordance with the expected credit loss model
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 Revenue from Contracts with Customers.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

2.20 Employee Benefits

a) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the reporting period in which the employees render the related service. When an employee has rendered service to the Company during an accounting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service. When an employee provides a service during an accounting period, the employee shall recognize the undiscounted amount of the short-term employee benefits expected to be paid in exchange for the service and shall recognize the amount of unpaid expenses, if the amount already paid is greater than the undiscounted amount of the benefit, and the amount of future payments shall be reduced or cash is refunded as a prepaid expense.

b) Retirement benefits

- Defined contribution plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate fund. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Company pays contributions to annuity plans that are managed either publicly or privately on a mandatory, contractual or voluntary basis. The Company has no further future payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

- Defined benefit plans

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

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

Actuarial gains and losses resulting from the changes in actuarial assumptions, and the differences between the previous actuarial assumptions and what has actually occurred, are recognized in other comprehensive income in the period in which they were incurred. When plan amendments, curtailments and settlements occur, past service costs or gain or loss from settlements are immediately recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains or losses on a settlement of defined benefit plan when the settlement occurs.

- *Company welfare fund*

The Company operates an employees' welfare fund, and the net assets of the welfare fund are counted as assets to the extent that the future employee benefits can be reduced.

2.21 Impairment of Assets

All assets, except inventory, assets arising from costs incurred for entering into or implementing a contract with a contract under Korean IFRS 1115 "Revenue from Contracts with Customers", assets arising from employee benefits, financial assets, investment property measured at fair value, and non-current assets held for sale, are recognized for impairment in the following ways:

For intangible assets with indefinite useful lives, intangible assets that are not yet available, and goodwill acquired in a business combination, annually recoverable amount is estimated and tested for impairment against the carrying amount, regardless of whether there is any indication of an asset impairment. Other assets are tested for impairment if evidence of impairment is found at the end of each reporting period.

The recoverable amount of an asset is measured at the higher of the fair value less costs to sell and the value based on utilization of the asset or as cash-generating unit (CGU). If the recoverable amount of an asset falls short of its carrying amount, the carrying amount of the asset is reduced to recoverable amount and the impairment loss is immediately recognized in profit or loss.

Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from business combination. Any impairment identified at the CGU level will first reduce the carrying value of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. If the carrying amount of the CGU exceeds the recoverable amount, an impairment loss is recognized. The impairment loss of the CGU first reduces

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

the carrying amount of goodwill allocated to the CGU, and then allocates it relative to the carrying amount to each of the other assets in the CGU.

Other assets except goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.22 Income Taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

- Current tax

Current tax is the expected tax payable or refundable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of tax amount expected to be paid or received that reflects uncertainty related to income taxes. The taxable income is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The excess amount is recognized as an asset if it is paid in excess of the amount due in the past period, and the benefits related to tax losses that can be deductible retrospectively for the current tax in the past period are recognized as assets.

- Deferred tax

Deferred tax is recognized, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Company recognizes deferred tax assets for all deductible temporary differences including unused tax loss and tax credit to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

be utilized. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis.

2. 23 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares, and state in comprehensive income statement.

2. 24 Discontinuing Operations

When the Company wants to close or sell an operation or a business line it classifies such a business operation as discontinuing operation. In such a case, the discontinued operating profit or loss is recorded as a single amount in the statement of comprehensive income, and disclosure of the revenue, expenses, and profit or loss before tax of discontinued operations is made in the notes to financial statements.

2. 25 Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Company to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the company's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Impairment of Non-financial Assets

The Company reviews evidence of impairment of non-financial assets annually at the period-end. Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To calculate the value in use, management should consider expected cash flow from CGU and choose appropriate discount rate.

b) Income taxes

The corporate tax on the company's taxable income is calculated by applying the tax laws of various countries and the decision of the taxation authorities, so there is uncertainty in determining the final tax amount.

The Company may be required to pay additional corporate taxes calculated according to the method provided by the tax law when a certain amount of taxable income is not used for investment, wage increase, etc, during a certain period. Therefore, there is uncertainty in calculating the final tax effect because the current and deferred taxes in the period should be reflected in measuring the current and deferred taxes, and the current corporate taxes to be paid by the Company will depend on the level of investment and wage increase and other factors in each year.

c) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using various methods including DCF valuation techniques. To use DCF valuation techniques, many variable market information are needed and if such information are not available they have to be estimated. The estimation includes information on liquidity risk, credit risk, variability risks. Use of estimation results in uncertainty to fair value of financial instruments.

d) Retirement benefits

The present value of net defined benefit liability depends on a number of factors that are determined by actuarial valuation. To use actuarial method, many assumptions are needed such as discount rate, wage growth rate, mortality rate and future pension increase rate. Due to the complexity and basic assumptions and long-term nature of the assessment methods, the defined benefit obligation varies sensitively depending on these assumptions. All assumptions are reviewed at the end of each reporting period.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

3. Financial Instruments by Category

3.1 Financial Instruments by Category

Dec. 31. 2019

<i>(in thousands of Korean won)</i>	Financial assets measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Total
Cash and cash equivalents	-	22,199,107	-	22,199,107
Short-term financial instruments	-	2,355,000	-	2,355,000
State bonds, current, non- current	-	229,069	-	229,069
Trade receivables	-	91,882,887	-	91,882,887
Other receivables, current	-	983,771	-	983,771
Investments, current	27,441,903	-	-	27,441,903
Long-term financial instruments	-	10,000	-	10,000
Investments, non-current	22,021,642	-	12,394,509	34,416,151
Other receivables, non- current	-	6,821,438	-	6,821,438
Total	<u>49,463,545</u>	<u>124,481,272</u>	<u>12,394,509</u>	<u>186,339,326</u>

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

Dec. 31. 2018

<i>(in thousands of Korean won)</i>	Financial assets measured at fair value through profit or loss	Financial assets measured at amortized cost	Financial assets measured at fair value through other comprehensive income	Total
Cash and cash equivalents	-	21,461,680	-	21,461,680
Short-term financial instruments	-	2,410,000	-	2,410,000
State bonds, current, non-current	-	2,236,969	-	2,236,969
Trade receivables	-	85,357,838	-	85,357,838
Other receivables, current	-	16,030,417	-	16,030,417
Investments, current	6,275,221	-	-	6,275,221
Long-term financial instruments	-	10,000	-	10,000
Investments, non-current	44,601,050	-	10,102,615	54,703,665
Other receivables, non-current	-	6,901,066	-	6,901,066
Total	50,876,271	134,407,970	10,102,615	195,386,856

3.2 Financial Liabilities by Category

Dec. 31. 2019

(in thousands of Korean won)

	Financial assets measured at amortized cost
Accounts payable	56,825,694
Short-term borrowings	39,000,000
Other payable obligations	18,501,748
Lease liabilities, current, non-current	38,236,502
Other financial liabilities, current, non-current	25,688,511
Total	178,252,455

Dec. 31. 2018

(in thousands of Korean won)

	Financial assets measured at amortized cost
Accounts payable	60,563,700
Short-term borrowings	24,000,000
Other payable obligations	14,585,501
Other financial liabilities, current, non-current	9,969
Total	99,159,170

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

3.3 Income and loss of financial instruments by category

(in thousands of Korean won)

	2019
Financial assets measured at amortized cost	
Bad debts expense	580,551
Other bad debt expenses	1,605,326
Bad debt expenses reversal	16
Interest income	1,230,958
Gain on foreign currency transaction	307,070
Gain on foreign currency translation	2,818
Loss on foreign currency transaction	113,193
Loss on foreign currency translation	68,735
Financial assets measured at fair value through profit or loss	
Dividend income	2,071,974
Interest income	636,777
Gain on disposal of financial assets measured at fair value through profit or loss	919,544
Gain on valuation of financial assets measured at fair value through profit or loss	633,769
Loss on disposal of financial assets measured at fair value through profit or loss	1,015,462
Loss on valuation of financial assets measured at fair value through profit or loss	1,301,741
Financial assets measured at fair value through other comprehensive income	
Dividend income	118,060
Financial liabilities measured at amortized cost	
Interest expense	814,265
Interest expense(lease liability)	862,620

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

(in thousands of Korean won)

	2018
Financial assets measured at amortized cost	
Bad debt expenses	392,898
Other bad debt expenses	1,119,678
Bad debt expenses reversal	728
Interest income	920,592
Gain on foreign currency transaction	795,804
Gain on foreign currency translation	157,502
Measurement of amortization cost financial asset disposal loss	554
Loss on foreign currency transaction	559,496
Loss on foreign currency translation	1,405
Financial assets measured at fair value through profit or loss	
Dividend income	592,215
Interest income	1,549,281
Gain on disposal of financial assets measured at fair value through profit or loss	230,211
Gain on valuation of financial assets measured at fair value through profit or loss	941,905
Loss on disposal of financial assets measured at fair value through profit or loss	862,615
Loss on valuation of financial assets measured at fair value through profit or loss	781,363
Financial assets measured at fair value through other comprehensive income	
Dividend income	17,765
Financial liabilities measured at amortized cost	
Interest expense	703,269

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

4. Fair Value Estimation

There has been no change in the business and economic environment which affects fair value of financial assets and liabilities.

4.1 Fair Value of Financial Instruments by Category

<i>(in thousands of Korean won)</i>	2019		2018	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	22,199,107	22,199,107	21,461,680	21,461,680
Short-term financial instruments	2,355,000	2,355,000	2,410,000	2,410,000
Trade receivables	91,882,887	91,882,887	85,357,838	85,357,838
Long-term financial instruments	10,000	10,000	10,000	10,000
Financial assets measured at fair value through profit or loss, current, non-current	44,059,568	44,059,568	45,815,294	45,815,294
Financial assets measured at fair value through other comprehensive income(*1)	12,274,248	12,274,248	6,840,584	6,840,584
Financial assets measured at amortized cost, current, non-current	229,069	229,069	2,236,969	2,236,969
Other receivables	7,805,209	7,805,209	22,931,483	22,931,483
Total	180,815,088	180,815,088	187,063,848	187,063,848
Financial liabilities				
Trade liabilities	56,825,694	56,825,694	60,563,700	60,563,700
Other payables	18,501,748	18,501,748	14,585,501	14,585,501
Borrowings	39,000,000	39,000,000	24,000,000	24,000,000
Lease liabilities, current, non-current	38,236,502	38,236,502	-	-
Other financial liabilities, current	25,688,511	25,688,511	9,969	9,969
Total	178,252,455	178,252,455	99,159,170	99,159,170

(*1) For financial assets measured at fair value through other comprehensive income whose fair value cannot be measured reliably because there is no active trading market or where the difference between fair value and acquisition cost is not significant, the acquisition cost is valued as fair value.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

4.2 Financial Instruments Measured at Cost

The following financial assets are valued at historical cost

<i>(in thousands of Korean won)</i>	2019	2018
Financial assets measured at fair value through profit or loss		
4 companies (*1) including the Albatross Future Korea Investment Union	5,403,976	5,060,976
Financial assets measured at fair value through other comprehensive income		
Yongnam Complex Distribution Construction Co., Ltd. (*2)	31,431	31,431
8 companies including Korea Economist Co., Ltd. (*3)	88,830	3,230,600
Subtotal	120,261	3,262,031
Total	<u>5,524,237</u>	<u>8,323,007</u>

(*1) 4 companies, including the Albatross Future Korea Investment Union, cannot reliably evaluate the probability of occurrence of various estimates by investing in a combination with a fixed life period, and the cost was considered the best estimate of fair value as the book value.

(*2) As Social Overhead Capital (SOC), the financial assets for Yongnam Complex Distribution Construction Co., Ltd. cannot be measured by the market valuation method because there is no similar company listed. Instead, these assets are measured at historical cost because the income valuation method could not be reliably applied due to the lack of data for this method.

(*3) AS those are unlisted equity instruments and the probability of occurrence of various estimates cannot be reliably estimated and the impact of the book value on the financial statements is not significant. Thus the carrying amount of the assets is measured at acquisition cost.

4.3 Fair Value Hierarchy

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

- Fair value measured using (unadjusted) published prices in active markets (Level 1).
- Fair values measured using inputs that are observable, directly or indirectly (Level 2).
- Fair value measured using inputs that are not observable (Level 3).

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value or its fair value are disclosed as of December 31, 2019, are as follows:

<i>(In thousands of Korean won)</i>	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income	2,852,702	-	9,421,546	12,274,248
Financial assets measured at fair value through profit or loss	-	44,059,568	-	44,059,568
Total	<u>2,852,702</u>	<u>44,059,568</u>	<u>9,421,546</u>	<u>56,333,816</u>

1) Description of valuation technique and inputs of level 2 of the fair value hierarchy

The valuation techniques and inputs of the assets and liabilities measured at fair value in the statement of financial position at the end of the reporting period are as follows.

	Method	Input variables
Financial assets measured at fair value through profit or loss	DCF model	Discount rate

2) The valuation techniques, inputs, and the scope of significant but unobservable inputs of the assets and liabilities measured at fair value in the statement of financial position as of the end of the reporting period are as follows.

	Method	Unobservable input variables	Range of unobservable input variables	Relations
Financial assets measured at fair value through other comprehensive income	DCF model	Discount rate	12.85%~16.67%	Lower fair value due to higher discount rate
		Growth rate	0%	Higher fair value due to higher growth rate

5. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Cash in hand	20,400	20,700
Short-term bank deposits	22,178,707	21,440,980
Total	<u>22,199,107</u>	<u>21,461,680</u>

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

6. Trade Receivables

6.1 Trade receivables as of December 31, 2019 and 2018 are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Trade receivables	92,578,603	85,739,581
Less allowance for doubtful account	(695,716)	(381,743)
Trade receivables, net	<u><u>91,882,887</u></u>	<u><u>85,357,838</u></u>

6.2 Movements on the allowance for doubtful account for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Beginning balance	381,743	634,248
Bad debt expense	537,099	392,898
Others	(223,126)	(645,403)
Ending balance	<u><u>695,716</u></u>	<u><u>381,743</u></u>

6.3 As of December 31, 2019, a simple method of recognizing the lifetime expected credit losses as a loss allowance is applied to trade receivables. Details of credit risk information of trade receivables are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>		
	Gross carrying amount	Rate of expected credit losses	Loss allowance
Less than 3 months	88,132,218	0.1%	70,284
Over 3 months and less than 6 months	3,817,915	3.0%	115,047
Over 6 months and less than 9 months	69,963	23.0%	16,073
Over 9 months and less than 12 months	112,461	47.6%	53,562
Over 12 months and less than 15 months	48,585	89.1%	43,289
Over 15 months	397,461	100.0%	397,461
	<u><u>92,578,603</u></u>	<u><u>0.8%</u></u>	<u><u>695,716</u></u>

6.4 As of December 31, 2019 and 2018, there are no trade receivables or loss allowances reviewed for individual damage.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

7. Other Receivables

Other receivables as of December 31, 2019 and 2018 are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Current		
Accounts receivable-other	914,906	972,046
Accrued income	37,848	40,086
Short-term loans	31,017	15,018,285
	<u>983,771</u>	<u>16,030,417</u>
Non-current		
Long-term trade receivables	356,802	444,689
Less allowance for doubtful accounts	(218,326)	(223,494)
Deposits provided		
Long-term loan	6,682,962	6,679,871
Less allowance for doubtful accounts	19,024,089	17,474,089
	<u>(19,024,089)</u>	<u>(17,474,089)</u>
	<u>6,821,438</u>	<u>6,901,066</u>
Total	<u><u>7,805,209</u></u>	<u><u>22,931,483</u></u>

8. Other Assets

Details of other assets as of December 31, 2019 and 2018 are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Current		
Advance payments	1,683,662	1,713,719
Prepaid expenses of port constructions(*1)	4,685,788	5,570,277
Advance expense	1,096,454	3,600,273
Other current asset	232,015	202,563
	<u>7,697,919</u>	<u>11,086,832</u>
Non-current		
Prepaid expenses of port constructions(*1)	12,695,049	12,262,698
Long-term advance expenses	203,099	9,969
	<u>12,898,149</u>	<u>12,272,667</u>
Total	<u><u>20,596,067</u></u>	<u><u>23,359,499</u></u>

(*1) The Company built port facilities and transferred them to the Government. A portion of the total construction cost was deferred as prepaid expenses in other current and non-current assets as compensation associated with port constructions. Prepaid expenses will be offset by such expenses as port facility usage expenses that will be incurred in the future years.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

9. Financial Assets Measured at Fair Value Through Profit or Loss

9.1 The changes in financial assets measured at fair value through profit or loss for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Beginning balance	50,876,270	-
Reclassify accounts according to application of K-IFRS 1109	-	72,137,155
Acquisition	30,806,426	47,463,909
Disposal	(31,551,181)	(68,885,336)
Valuation gain classified as profit or loss	633,769	941,905
Valuation loss classified as profit or loss	(1,301,741)	(781,363)
Ending balance	49,463,544	50,876,270

The Company recognizes the fair value of quoted market prices offered by the management company for beneficiary certificates.

9.2 Financial assets measured at fair value through profit or loss as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Beneficiary certificates		
Real estate trust	13,214,143	12,054,860
Corporate promissory note investment securities	2,417,130	2,207,060
Fund trust securities	23,627,042	26,571,275
Subtotal	39,258,315	40,833,195
Debt instruments (including hybrid contracts)		
ELS	-	3,218,961
DLS	1,000,749	-
MMF	2,007,309	-
Put possible instruments	6,257,107	5,907,004
Others	940,064	917,111
Subtotal	10,205,229	10,043,075
Total	49,463,544	50,876,270

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

10. Financial assets measured at fair value through other comprehensive income

10.1 The changes in financial assets measured at fair value through other comprehensive income for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	2019	2018
Beginning balance	10,102,615	29,160,359
Reclassify accounts according to application of K-IFRS 1109	-	(20,742,879)
Acquisition	374,285	1,532,395
Gain on valuation classified as equity(*)	1,919,834	198,181
Valuation loss classified as equity(*)	(2,225)	(45,441)
Ending balance	12,394,509	10,102,615

(*) The amount is before income tax effect.

10.2 Financial assets measured at fair value through other comprehensive income as of December 31, 2019 and 2018 are as follows:

Dec. 31. 2019

(in thousands of Korean won)	Acquisition cost	Fair value	Book value	Unrealized holding gain/loss
Marketable equity instruments	2,349,695	2,852,702	2,852,702	503,007
Unmarketable equity instruments	9,778,402	9,541,807	9,541,807	(236,595)
Total	12,128,097	12,394,509	12,394,509	266,412

Dec. 31. 2018

(in thousands of Korean won)	Acquisition cost	Fair value	Book value	Unrealized holding gain/loss
Marketable equity instruments	1,977,640	1,743,181	1,743,181	(234,459)
Unmarketable equity instruments	9,776,172	8,359,434	8,359,434	(1,416,738)
Total	11,753,812	10,102,615	10,102,615	(1,651,197)

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

11. Financial Assets Measured at Amortized Cost

11.1 The changes in financial assets measured at amortized cost for years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Beginning balance	2,236,969	-
Reclassify accounts according to application of K-IFRS 1109	-	319,050
Acquisition	51,325	2,011,199
Disposal	(2,059,225)	(93,280)
Ending balance	229,069	2,236,969

12. Inventories

Inventories as of December 31, 2019 and 2018 are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Supplies	872,030	933,977
Merchandises	7,760	222,501
Total	879,790	1,156,478

13. Subsidiaries, Associates and Joint ventures

13.1 Investments in subsidiaries, associates and joint ventures as of December 31, 2019 and 2018 are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Subsidiaries	48,176,492	29,414,785
Associates	135,713,773	135,713,773
Joint ventures	3,976,214	3,976,214
Total	187,866,479	169,104,772

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

Changes in investments in subsidiaries, associates and joint ventures for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019		
	Subsidiaries	Associates	Joint ventures
Beginning balance	29,414,785	135,713,773	3,976,214
Acquisition	21,911,707	-	-
Disposal(merger)(*)	(3,150,000)	-	-
Ending balance	48,176,492	135,713,773	3,976,214

(*)The Company merged with its subsidiary SBCD Co., Ltd on December 5, 2019.

<i>(in thousands of Korean won)</i>	2018		
	Subsidiaries	Associates	Joint ventures
Beginning balance	29,414,785	135,713,773	2,144,812
Acquisition	-	-	571,083
Decrease	-	-	(637,681)
Subsequent gain	-	-	1,898,000
Ending balance	29,414,785	135,713,773	3,976,214

13.2 Investments in subsidiaries, associates, and joint ventures as of December 31, 2019 and 2018 are as follows:

<i>(in thousands of Korean won)</i>	2019				2018	
	Location	Closing month	Number of shares	Percentage of ownership (%)	Book value at 12.31.2019	Book value at 12.31.2018
Subsidiaries						
Sebang Express Co., Ltd.	Korea	December	200,000	100.00	12,878,351	12,878,351
Sungjin Co., Ltd(*1)	"	"	40,000	100.00	21,911,708	-
Korea Maritime Co., Ltd.	"	"	95,650	100.00	3,872,800	3,872,800
SGIL Co., Ltd.	"	"	90,000	90.00	450,000	450,000
Mokpo Daebul Terminal Co., Ltd.	"	"	300,000	100.00	1,500,000	1,500,000
SBNL Co., Ltd.	"	"	301,000	60.20	1,540,490	1,540,490
SBCD Co., Ltd.	"	"	-	-	-	3,150,000
Daeil Special Transportation Ltd.	"	"	29,038	100.00	2,154,498	2,154,498
Sebang Vina(*1)	Vietnam	"	-	51.00	3,868,645	3,868,646
					48,176,492	29,414,785

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

Associates

Sebang Global Battery Co., Ltd.	Korea	December	5,312,352	37.95	132,024,549	132,024,549
Sebang Estate Co., Ltd.	"	"	32,152	40.19	3,489,224	3,489,224
Yang - Ming(Korea)Co., Ltd.	"	"	40,000	40.00	200,000	200,000
					<u>135,713,773</u>	<u>135,713,773</u>

Joint ventures

Yang San ICD Co., Ltd.	Korea	December	217,777	10.89	205,400	205,400
Gunsan Container Terminal Co., Ltd.	"	"	505,642	27.19	-	-
Gunjang New Port Terminal Co.,Ltd.	"	"	1,679,600	38.00	-	-
Dong seok logistics	"	"	22,500	45.00	195,154	195,154
Uiwang ICD Co., Ltd	"	"	86,600	8.66	433,000	433,000
Pyungtaekdangin Central Terminal Co., Ltd.	"	"	400,000	50.00	1,898,000	1,898,000
Pyongtaek Terminal Operation Co., Ltd.	"	"	37,599	16.60	250,660	250,660
INTC Co., Ltd.	"	"	912,560	45.63	-	-
Busan Multipurpose Terminal Company	"	"	329,000	50.00	-	-
Gunsan Port 7 terminal Co., Ltd.	"	"	35,350	35.35	176,750	176,750
Mokpo International Automobile Dock Co., Ltd.	"	"	50,600	25.30	253,000	253,000
Pactra - Sebang Vina Co., Ltd.	Vietnam	"	-	50.00	564,250	564,250
					<u>3,976,214</u>	<u>3,976,214</u>
Total					<u>187,866,479</u>	<u>169,104,772</u>

(*1) The company was newly acquired during the fiscal year 2019.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

13.3 Summary of condensed financial information of subsidiaries, associates and joint ventures as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019.12.31			2019	
	Asset	Liability	Equity (capital deficiency)	Sales	Net income (loss)
Subsidiaries					
Sebang Express Co., Ltd.	48,109,425	11,009,765	37,099,660	104,131,391	1,027,233
Sungjin Co., Ltd	36,646,496	21,818,698	14,827,798	54,987,669	279,632
Korea Maritime Co., Ltd.	5,401,157	698,915	4,702,242	5,585,885	848,515
SGIL Co., Ltd.	567,636	9,246	558,390	499,324	4,400
Mokpo Daebul Terminal Co., Ltd.	1,637,337	495,842	1,141,495	374,671	(237,130)
SBNL Co., Ltd.	11,209,680	5,968,931	5,240,749	5,217,681	(56,568)
Daeil Special Transportation Ltd.	1,556,498	546,687	1,009,811	5,607,626	46,373
Sebang Vina	5,986,509	256,034	5,730,475	1,994,452	(273,041)
Associates					
Sebang Global Battery Co., Ltd.	1,302,078,781	249,697,235	1,052,381,546	1,129,805,365	75,929,035
Sebang Estate Co., Ltd.	22,166,739	2,421,307	19,745,432	2,779,056	1,336,907
Yang Ming(Korea) Co., Ltd.	3,428,880	1,112,035	2,316,846	7,035,083	364,922
Joint ventures					
Yang San ICD Co., Ltd.	75,235,867	72,733,408	2,502,459	10,705,663	86,978
Gunsan Container Terminal Co., Ltd.	3,909,170	5,396,444	(1,487,274)	5,086,484	286,941
Gunjang New Port Terminal Co., Ltd.	69,568,105	118,900,939	(49,332,834)	5,224,784	(7,603,557)
Dong seok logistics	6,572,563	3,228,898	3,343,665	8,938,489	590,667
Uiwang ICD Co., Ltd.	16,548,141	9,648,514	6,899,627	23,844,599	902
Pyungtaekdangin Central Terminal Co., Ltd.	14,980,236	6,061,446	8,918,791	17,532,875	1,152,618
Pyongtaek Terminal Operation Co., Ltd.	11,358,071	6,549,715	4,808,356	24,673,809	2,875,367
INTC Co., Ltd.	1,565,881	3,567,814	(2,001,933)	9,600,694	(910,432)
Busan Multipurpose Terminal Company	7,459,083	7,655,250	(196,167)	17,739,039	(372,590)
Gunsan Port 7 Terminal Co., Ltd.	7,286,975	6,711,776	575,199	14,748,059	22,173
Mokpo International Automobile Dock Co., Ltd.	1,482,150	422,770	1,059,380	3,203,233	6,360
Pactra - Sebang Vina Co., Ltd.	1,319,789	768,064	551,724	4,579,331	(330,873)

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

	2018.12.31			2018	
	Asset	Liability	Equity (capital deficiency)	Sales	Net income (loss)
Subsidiaries					
Sebang Express Co., Ltd.	45,690,503	9,244,757	36,445,745	95,147,394	2,207,468
Korea Maritime Co., Ltd.	4,201,845	228,555	3,973,290	2,197,885	170,773
SGIL Co., Ltd.	594,519	40,530	553,989	574,624	5,064
Mokpo Daebul Terminal Co., Ltd.	1,891,558	512,932	1,378,626	755,393	44,597
SBNL Co., Ltd.	9,045,436	3,748,119	5,297,317	4,364,591	294,749
SBCD Co., Ltd.	4,633,590	1,538,668	3,094,922	3,924,122	272,773
Daeil Special Transportation Ltd.	1,496,014	532,577	963,437	5,537,854	48,252
Sebang Vina	5,910,958	124,617	5,786,341	1,760,291	(286,802)
Associates					
Sebang Global Battery Co., Ltd.	1,252,080,071	269,693,691	982,386,380	1,165,728,777	95,066,300
Sebang Estate Co., Ltd.	22,705,190	6,274,592	16,430,598	2,775,259	806,593
Yang Ming(Korea) Co., Ltd.	3,518,113	1,142,190	2,375,923	7,233,030	530,345
Joint ventures					
Yang San ICD Co., Ltd.	82,890,787	80,475,306	2,415,481	10,630,198	(10,619)
Gunsan Container Terminal Co., Ltd.	2,690,014	4,464,228	(1,774,214)	4,220,726	237,242
Gunjang New Port Terminal Co., Ltd.	72,511,458	114,240,735	(41,729,277)	5,003,120	(6,456,529)
Dong seok logistics	6,300,713	3,547,715	2,752,998	6,545,720	346,257
Uiwang ICD Co., Ltd.	18,039,781	11,141,055	6,898,726	25,072,370	(522,602)
Pyungtaekdangin Central Terminal Co., Ltd.	10,167,121	2,200,948	7,966,173	16,302,340	848,259
Pyongtaek Terminal Operation Co., Ltd.	13,151,636	8,205,108	4,946,528	23,172,653	2,544,447
INTC Co., Ltd.	3,017,070	4,108,572	(1,091,502)	10,415,765	(745,774)
Busan Multipurpose Terminal Company	7,440,664	7,231,876	208,788	18,680,985	206,778
Gunsan Port 7 Terminal Co., Ltd.	7,643,675	7,090,650	553,025	16,738,862	14,501
Mokpo International Automobile Dock Co., Ltd.	1,447,533	394,513	1,053,020	2,584,932	54,251
Pactra - Sebang Vina Co., Ltd.	1,343,406	493,854	849,552	1,457,962	(251,656)

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

13.4 Fair value of marketable investments in associates as of December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)

	2019			
	Number of shares held	Market price per share	Fair value	Book value
Sebang Global Battery Co., Ltd.	5,312,352	₩37,300	198,150,730	132,024,549

(in thousands of Korean won)

	2018			
	Number of shares held	Market price per share	Fair value	Book value
Sebang Global Battery Co., Ltd.	5,312,352	₩35,950	190,979,054	132,024,549

14. Property, Plant and Equipment

14.1 Property, plant and equipment as of December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)

	2019			2018		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	140,043,208	-	140,043,208	139,966,900	-	139,966,900
Buildings	132,762,808	(33,295,021)	99,467,787	99,897,604	(30,137,599)	69,760,005
Structures	15,553,936	(4,905,117)	10,648,819	10,051,797	(4,424,777)	5,627,020
Machinery and equipment	517,374	(453,103)	64,271	517,374	(408,777)	108,597
Ships	3,282,560	(1,285,842)	1,996,719	3,282,560	(1,012,295)	2,270,265
Vehicles	15,560,634	(12,121,661)	3,438,972	14,488,233	(12,198,910)	2,289,323
Tools and furniture	19,941,909	(12,756,788)	7,185,121	15,120,631	(10,778,799)	4,341,832
Construction machinery	65,710,826	(50,924,063)	14,786,763	61,660,845	(49,955,904)	11,704,941
Loading equipment	17,184,240	(14,185,218)	2,999,022	16,980,682	(13,475,663)	3,505,019
Construction in progress	966,253	-	966,253	28,267,439	-	28,267,439
Total	411,523,747	(129,926,812)	281,596,935	390,234,065	(122,392,724)	267,841,341

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

14.2 Changes in property, plant and equipment for the year ended December 31, 2019, are as follows:

<i>(in thousands Korean won)</i>	Begin ning	Merger	Acquisition	Disposal	Transfer	Others	Depreciation	Ending
Land	139,966,900	-	76,308	-	-	-	-	140,043,208
Buildings	69,760,005	1,323,110	7,196,730	-	24,345,364	-	(3,157,421)	99,467,788
Structures	5,627,020	1,851,182	3,650,956	-	-	-	(480,340)	10,648,818
Machinery and equipment	108,596	-	-	-	-	-	(44,325)	64,271
Ships	2,270,265	-	-	-	-	-	(273,547)	1,996,718
Vehicles	2,289,323	-	2,024,018	(68,420)	138,790	-	(944,739)	3,438,972
Tools and furniture	4,341,832	107,054	3,658,604	(16)	1,090,544	-	(2,012,896)	7,185,122
Construction machinery	11,704,941	-	5,653,111	(4,403)	-	-	(2,566,886)	14,786,763
Loading equipment	3,505,020	-	203,558	-	-	-	(709,556)	2,999,022
Construction in progress	28,267,439	-	966,253	-	(25,574,698)	(2,692,741)	-	966,253
Total	267,841,341	3,281,346	23,429,538	(72,839)	-	(2,692,741)	(10,189,710)	281,596,935

14.3 Changes in property, plant and equipment for the year ended December 31, 2018, are as follows:

<i>(in thousands of Korean won)</i>	Beginning	Acquisition	Disposal	Transfer	Others	Depreciation	Ending
Land	139,475,289	491,611	-	-	-	-	139,966,900
Buildings	69,094,849	4,884,393	(2,152,918)	451,300	-	(2,517,619)	69,760,005
Structures	2,964,477	2,979,782	(93,907)	129,000	-	(352,332)	5,627,020
Machinery and equipment	152,921	-	-	-	-	(44,324)	108,597
Ships	2,667,531	-	(113,157)	-	-	(284,109)	2,270,265
Vehicles	1,405,026	1,479,500	(44,439)	307,453	-	(858,217)	2,289,323
Tools and furniture	2,899,720	2,009,712	(3,175)	905,247	-	(1,469,672)	4,341,832
Construction machinery	9,074,036	3,830,258	(20,514)	1,202,915	-	(2,381,754)	11,704,941
Loading equipment	4,483,959	333,062	(291,737)	-	-	(1,020,265)	3,505,019
Construction in progress	4,862,197	26,551,820	-	(2,995,915)	(150,663)	-	28,267,439
Total	237,080,005	42,560,138	(2,719,847)	-	(150,663)	(8,928,292)	267,841,341

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

14.4 Details of depreciation for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Cost of sales	9,819,959	8,428,685
Selling and administrative expenses	369,750	499,607
Total	<u>10,189,709</u>	<u>8,928,292</u>

Bank borrowings are collateralized with the Company's property, plant and equipment (see note 18).

15. Investment Property

15.1 Changes in investment property for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Beginning acquisition cost	42,854,287	42,889,543
Beginning accumulated impairment loss	(1,420,488)	(1,434,808)
Beginning accumulated depreciation	(9,150,413)	(8,734,845)
Beginning net book value	32,283,386	32,719,890
Depreciation	(415,568)	(415,568)
Disposal	-	(20,936)
Ending acquisition cost	42,854,287	42,854,287
Ending accumulated impairment loss	(1,420,488)	(1,420,488)
Ending accumulated depreciation	(9,565,981)	(9,150,413)
Ending net book value	<u>31,867,818</u>	<u>32,283,386</u>

15.2 Details of fair value of investment property as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Land	38,167,000	32,269,606
Building	12,554,902	13,745,786
Total	<u>50,721,902</u>	<u>46,015,392</u>

Rent income from investment property during the year ended December 31, 2019, was ₩ 4,210 million (2018: ₩ 4,122 million).

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

16. Leases

16.1 Right-of-use assets as of December 31, 2019 are as follows:

<i>(in thousands of Korean won)</i>	Acquisition cost	Accumulated depreciation	Book value
Land	49,329,846	(12,879,198)	36,450,648
Building	3,815,651	(1,523,771)	2,291,880
Heavy equipment	1,756,023	(579,727)	1,176,296
Vehicles	872,407	(248,423)	623,984
Others	495,775	(148,732)	347,042
Total	56,269,702	(15,379,851)	40,889,850

16.2 Changes in right-of-use assets for the year ended December 31, 2019, are as follows:

<i>(in thousands of Korean won)</i>	2019
Beginning	-
Changes in accounting policies	40,940,053
New right-of-use assets	15,465,986
Lease condition change	1,875,992
Depreciation	(17,392,181)
Ending	40,889,850

16.3 Changes in lease liabilities for the year ended December 31, 2019, are as follows:

<i>(in thousands of Korean won)</i>	2019
Beginning balance	-
Changes in accounting policies	40,940,053
Deduction of the amount of prepaid rent	(2,454,301)
New lease liabilities	15,465,986
Lease condition change	1,879,234
Interest expense	862,620
Provision	(18,457,090)
Ending balance	38,236,502

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

16.4 The amounts recognized in profit or loss in relation to leases for the year ended December 31, 2019 are as follows:

<i>(in thousands of Korean won)</i>	2019
Depreciation of right-to-use assets	
Properties	15,815,135
Facility equipment	1,165,964
Vehicles	262,349
Others	148,732
Total	17,392,180
Interest expense recognized on the lease liability	862,620
Short-term lease payments	1,871,690
Non-current lease payments of low-value assets	41,340

16.5 The details of current and non-current portion of lease liabilities as of December 31, 2019 are as follows:

<i>(in thousands of Korean won)</i>	2019
Current	12,550,456
Non-current	25,686,047
Total	38,236,503

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

17. Intangible Assets

17.1 Intangible assets as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	Facility usage right	Membership	Software	Other intangible	Total
As of December 31, 2019					
Acquisition cost	23,393,550	2,906,027	5,590,874	598,855	32,489,306
Accumulated amortization	(15,586,244)	-	(340,711)	-	(15,926,955)
Accumulated Impairment	-	(40,320)	-	-	(40,320)
Book value	7,807,306	2,865,707	5,250,163	598,855	16,522,031
As of December 31, 2018					
Acquisition cost	23,393,550	3,024,365	169,755	281,555	26,869,225
Accumulated amortization	(14,717,786)	-	(36,146)	-	(14,753,932)
Accumulated Impairment	-	(40,320)	-	-	(40,320)
Book value	8,675,764	2,984,045	133,609	281,555	12,074,973

17.2 Changes in intangible assets for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019				
	Facility usage right	Membership right	Software	Other intangible	Total
Beginning	8,675,763	2,984,045	133,609	281,555	12,074,972
Acquisition	-	2,061	5,369,975	317,300	5,689,336
Disposal	-	(120,400)	-	-	(120,400)
Amortization	(868,457)	-	(253,421)	-	(1,121,878)
Ending	7,807,306	2,865,706	5,250,163	598,855	16,522,030

<i>(in thousands of Korean won)</i>	2018					
	Goodwill	Facility Pass	Membership Right	Software	Other Intangible	Total
Beginning	1,198,208	9,544,221	2,886,754	78,812	281,555	13,989,550
Acquisition	-	-	97,291	77,200	-	174,491
Impairment	(1,198,208)	-	-	-	-	(1,198,208)
Amortization	-	(868,457)	-	(22,403)	-	(890,860)
Ending	-	8,675,764	2,984,045	133,609	281,555	12,047,973

Amortization of facility usage right was reflected in the entire cost of sales.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

18. Pledged Assets

Pledged assets as of December 31, 2019 are as follows:

(in thousands of Korean won)

Collateral asset	Types	Number of shares	Book value	Collateralized amount	Pledged to
Property, plant and equipment, Investment property	Land and buildings " "	- - -	28,841,890 9,111,353 1,260,848	10,299,840 4,179,000 200,000	Woori Bank National Federation of Fisheries Cooperatives Coffee Bean Korea
Property, plant and equipment	Vehicles	-	7,322	27,930	National Railroad Administration
Financial assets at amortized cost	Bonds of Korea Housing Guarantee Co., Ltd.	-	162,438	155,735	Busan Maritime Equipment Association and others
Financial assets at fair value through profit or loss	Shares of Construction Guarantee Cooperative	571	853,131	853,131	Construction Guarantee Cooperative
Investment of associates	Shares of Sebang Global Battery Co., Ltd.	1,400,000	34,793,321	40,000,000	Shinhan Bank
Joint venture investments	Shares of Gunjang New Port Terminal Co.,Ltd.	1,679,600	-	95,881,311	Meritz Investment Bank
	Deposits	-	101,000	111,100	Shinbu Co.,Ltd
	"	-	54,000	54,000	National Agricultural Cooperative Federation
Short-term financial instruments	"	-	200,000	200,000	Lotte Advanced Materials Co., Ltd.
	"	-	1,940,000	1,940,000	National Railroad Administration
	"	-	60,000	60,000	Korea Shipping Association
Total			77,385,303	153,962,047	

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

19. Borrowings

19.1 Details of borrowings as of December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)

	<u>2019</u>	<u>2018</u>
Current		
Bank borrowings	39,000,000	24,000,000

19.2 Details of bank borrowings as of December 31, 2019 and 2018 are as follows:

(in thousands of Korean won)

<u>Kind of loan</u>	<u>Creditor</u>	<u>maturity date</u>	<u>Annual interest rate (%)</u>	<u>2019</u>	<u>2018</u>
General loan	Shinhan Bank	2020-05-15	2.61	13,000,000	8,000,000
"	Shinhan Bank	2020-05-15	2.29	10,000,000	5,000,000
"	Woori Bank	2020-12-31	2.96	8,000,000	8,000,000
"	Woori Bank	2020-07-01	2.58	3,000,000	3,000,000
"	Woori Bank	2020-09-21	2.41	5,000,000	-
Total				<u>39,000,000</u>	<u>24,000,000</u>

20. Other Payables

Details of other payables as of December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)

	<u>2019</u>	<u>2018</u>
Current		
Other current payables	14,191,546	10,996,968
Leasehold deposits received	4,291,942	3,574,304
Accrued expenses	5,199	1,422
Dividends payable	13,061	12,808
Total	<u>18,501,748</u>	<u>14,585,502</u>

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

21. Other Current Liabilities

Details of other current liabilities as of December 31, 2019 and 2018 are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Current		
Advance receipts	329,202	511,164
Withholdings	1,155,112	969,963
VAT Withholdings	1,946,475	895,517
Annual leave provision	1,460,436	1,222,061
Others(*)	9,433,542	75,820
Total	<u>14,324,767</u>	<u>3,674,525</u>

(*)As the Fair Trade Commission announced in a press release that it would impose a penalty on the companies involved in rigging bids for transportation services, the Company reflected 9,421 million won as other current liabilities and included it as penalty expense in other expenses.

22. Employee Defined Benefit Liabilities

22.1 Employee Defined benefit liability recognized on the statements of finance position as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Present value of defined benefit obligation	34,025,230	30,747,418
Fair value of plan assets	(32,466,177)	(30,667,199)
Defined benefit liability	<u>1,559,053</u>	<u>80,219</u>

22.2 Changes in the carrying amount of defined benefit obligations for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Beginning balance	30,747,418	28,821,018
Current service cost	3,608,015	3,572,960
Interest cost	884,848	966,077
Past service cost and gains and losses arising from settlements	-	-
Remeasurements:		
-Actuarial gains and losses arising from changes in demographic assumptions	(928,774)	-

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

-Actuarial gains and losses arising from changes in financial assumptions	1,751,643	1,362,497
-Actuarial gains and losses arising from experience adjustments	(142,672)	(408,044)
Payments from plans:		
-Benefits payments	(1,984,745)	(3,676,480)
Increase in a business combination	83,715	-
Effects of transfers in between related companies	5,782	109,389
Ending balance	34,025,230	30,747,418

22.3 The movements in the fair value of plan assets for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Beginning	30,628,607	28,987,306
Interest income	881,284	971,897
Remeasurements:		
-Return on plan assets (excluding amounts included in interest income)	(144,814)	(626,460)
Contributions:		
Employers	3,003,477	3,501,357
Payments from plans:		
-Benefit payments	(1,921,937)	(2,100,098)
-Other administrative cost	(97,098)	(105,395)
Assets acquired in a business combination	67,683	-
Effects of transfers in between related companies	15,500	-
Ending balance(*)	32,432,702	30,628,607

(*) Excluding National Pension Service

22.4 The amounts recognized on the statements of comprehensive income for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Current service cost	3,608,015	3,572,960
Interest expenses	884,848	966,077
Expected return on plan assets	(881,284)	(971,897)
Total	3,611,579	3,567,140

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

22.5 The principal actuarial assumptions as of December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Discount rate	2.30%	3.00%
Salary growth rate	5.00%	5.00%

22.6 The sensitivity of the overall pension liability to changes in the weighted principal assumptions is

	<u>Changes in principal assumption</u>	<u>Impact on overall liability</u>
Discount rate	-1.00%	2,801,779
	1.00%	(2,455,188)
Salary growth rate	-1.00%	(2,443,684)
	1.00%	2,728,574

Decrease in discount rate which is rate of return of high-yield bond has offsetting effect through partly increasing current value of debt securities, however, it is exposed to the most significant risk through increasing defined benefit obligations. The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions using the same method, the projected unit credit method, is applied when calculating the defined benefit obligations recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

22.7 Configuration details of the plan assets as of December 31, 2019 are as follows

<i>(in thousands of Korean won)</i>	<u>2019</u>			
	<u>Quoted price</u>	<u>Unquoted price</u>	<u>Total</u>	<u>Composition(%)</u>
Debt instruments	31,884,619	-	31,884,619	98.30%
-Corporate bonds	3,675,410	-	3,675,410	11.30%
-MMF	23,917	-	23,917	0.10%
-ELB	5,046,818	-	5,046,818	15.60%
-DLB	1,523,570	-	1,523,570	4.70%
-Principal guarantee type	21,614,904	-	21,614,904	66.60%
Fixed deposit	547,944	-	547,944	1.70%
Cash and cash equivalents	139	-	139	0.00%
Total	<u>32,432,702</u>	<u>-</u>	<u>32,432,702</u>	<u>100.00%</u>

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

22.8 Effect of defined benefit obligations on future cash flows

The Company is investing 100% on the financial instrument which guarantees principal and interest in order to hedge risk for losing principal of plan asset. Thus, no specific asset-liability matching is implemented.

Maturity analysis for undiscounted pension as of December 31, 2019 is as follows

(in thousands of Korean won)

Classification	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Pension paid	3,781,932	3,370,497	10,442,179	19,695,439	37,290,047

Weighted average maturity of defined benefit obligations is 6.96 years.

23. Provisions

Changes of provisions for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)

	2019				
	Beginning	Increase	Additions	Decrease	Ending
Provision for Construction warranties (Current, Non-Current)	382,057	-	-	(100,000)	282,057

(in thousands of Korean won)

	2018			
	Beginning	Increase	Decrease	Ending
Provision for Construction warranties (Current, Non-Current)	282,057	100,000	-	382,057

The Company records provision for construction warranties by estimating expenses to be incurred related to construction warranties in the future based on the two to ten-year term and historical experiences.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

24. Other Financial Liability

24. 1 Changes in other financial liabilities for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019				
	Begin	Increase	Transfer	Decrease	End
Provision for guarantees (current, non-current)(*)	-	25,502,640	582,771	(600,000)	25,485,411
Provision for financial guarantee (non-current)	9,969	193,131	-	-	203,100
Total	9,969	25,695,771	582,771	(600,000)	25,688,511

(*)As a guarantee for the borrowings of the joint venture Gunjang New Port Terminal Co.,Ltd, the guarantee provision recognizes the amount of cash outflow in the future.

<i>(in thousands of Korean won)</i>	2018			
	Begin	Increase	Decrease	End
Provisions for financial guarantees (non-current)	7,407	2,562	-	9,969

25. Revenues

Revenues for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Transportation revenues	568,295,534	557,374,112
Merchandise sales	2,457,630	5,626,644
Total	570,753,164	563,000,756

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

26. Cost of Sales

Cost of sales for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Transportation cost	517,500,282	512,877,210
Cost of merchandise	2,287,170	5,306,346
Total	519,787,452	518,183,556

27. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Salaries and wages	16,399,349	16,230,672
Severance benefits	1,379,174	1,406,126
Employee fringe benefits	2,268,296	2,288,331
Transportation	626,348	631,455
Communication	466,245	429,609
Rent	123,640	2,261,839
Commissions	3,281,581	2,346,383
Taxes and dues	636,964	698,493
Automobile expense	236,074	261,145
Utilization	561,868	460,027
Repairs	4,589,818	4,090,616
Entertainment	2,245,258	2,488,593
Bad debts expense	580,551	392,898
Depreciation	2,944,614	915,175
Others	1,042,476	897,195
Total	37,382,256	35,798,557

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

28. Other Income

Other income for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Gain on disposal of property, plant and equipment	211,765	603,341
Gain on disposal of investment property	-	10,064
Reversal on impairment loss of investments in joint ventures	-	1,898,000
Insurance benefits	-	2,297,000
Lease change profit	1,262	-
Others	862,345	800,167
Total	1,075,372	5,608,572

29. Other Expenses

Other expenses for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Other bad debts expense	1,605,326	1,119,678
Donation	256,009	249,468
Impairment loss of investments in joint ventures	-	637,681
Loss on disposal of property, plant and equipment	57,245	635,530
Loss on disposal of intangible assets	20,400	-
Impairment loss of intangible assets	-	1,198,208
Loss on guarantee	25,502,640	-
Amount of guarantee provision	582,771	-
Lease change loss	4,539	-
Penalties, etc.	13,557,000	-
Others	244,578	234,840
Total	41,830,508	4,075,405

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

30. Financial Income

Financial income for the years ended December 31, 2019 and 2018 is as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Interest income	1,867,735	2,469,873
Dividends income	6,096,199	4,350,811
Gains on foreign currency transaction	307,070	795,804
Gains on foreign currency translation	2,818	157,502
Gain on disposal of financial assets measured at fair value through profit or loss	919,544	230,211
Gain on valuation of financial assets measured at fair value through profit or loss	633,769	941,905
Total	9,827,135	8,946,106

31. Financial Cost

Financial cost for the years ended December 31, 2019 and 2018 is as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Interest expense	814,265	703,269
Lease interest expense	862,620	-
Loss on disposal of financial assets measured at fair value through profit or loss	1,015,462	862,615
Loss on valuation of financial assets measured at fair value through profit or loss	1,301,741	781,363
Loss on disposal of financial assets measured at amortized cost	-	555
Loss on foreign currency transaction	113,193	559,496
Loss on foreign currency translation	68,735	1,405
Total	4,176,016	2,908,703

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

32. Employee Benefits

Employee benefits for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Salaries	80,970,675	79,697,802
Retirement benefit (Defined benefit plan)	3,611,579	3,567,140
Other	623,631	900,868
Total	<u>85,205,885</u>	<u>84,165,810</u>

33. Expenses by Nature

Expenses by nature for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Employee benefits	85,205,885	84,165,810
Depreciation, amortization	29,119,336	10,234,720
Shipping fee and storage fee (including heavy equipment shipping)	268,157,235	259,964,687
Outsourcing expenses	83,319,746	90,175,751
Other expenses	91,367,506	109,441,145
Total	<u>557,169,708</u>	<u>553,982,113</u>

34. Commitments and Contingencies

34.1 Guarantee provided to other companies for the years ended December 31, 2019, are as follows:

<i>(in thousands of Korean won)</i>	<u>Creditor</u>	<u>Amount</u>	<u>Description</u>
Shinbu Co.,Ltd.	KEB Hana Bank	111,100	Solidarity guarantee

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

34.2 The details of guarantees from others for the years ended December 31, 2019, are as follows:

<i>(in thousands of Korean won)</i>	Description	Amount	warrantee
Seoul Guarantee Insurance	License guarantee	1,405,897	Anseong, Gyeonggi Province
	Fulfillment (contract) of guarantee, etc	1,225,000	Korea Water Resources Corporation
	Fulfillment of guarantee	700,000	Costco Wholesale Korea LTD.
	Implementation (bidding) guarantee	500,000	Doosan Corporation.
	Fulfillment (contract) of guarantee	425,874	GLONET TRANS CO, LTD.
	Fulfillment (contract) of guarantee	400,000	LOTTE Chemical Corporation.
	Depository guarantee	382,000	Sungjin Wind Power Co., Ltd.
	Fulfillment of guarantee	300,000	SUNGWOO HITECH CO., Ltd.
	Fulfillment (contract) of guarantee	254,899	PMCTECH CO., Ltd.
	Fulfillment (contract) of guarantee	200,000	Hyundai Heavy Industries Co., Ltd.
	Fulfillment (contract) of guarantee	2,622,584	etc
		<u>8,416,254</u>	

34.3 Checks and notes provided by the Company as of December 31, 2019, are as follows:

<i>(in thousands of Korean won)</i>	Provide to	Amount	Description
Note	Young Poong Co., Ltd.	25,000	Guarantees for a contract(Zinc Ore)
Note	Samnam Petrochemical Co., Ltd.	Blank	Guarantees for a contract

34.4 One note received in August 1993, one note received in May 2004, and the number of points received by Shinhan Bank Seolleung Central Business Finance Center in November 1992. The management of the Company thinks that the above three uncollected bills have a significant impact on the financial statements.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

34.5 As of December 31, 2019, the guarantees provided by others are summarized as follows:

(in thousands of Korean won)

Financial institution	division	Commitment amount	Execution Amount
Woori Bank	Overdraft	500,000	-
	Financial borrowings	16,000,000	16,000,000
	B2B Loan	6,000,000	944,651
KEB Hana Bank	Financial borrowings	5,500,000	-
	B2B Loan	5,000,000	1,305,877
Shinhan Bank	Financial borrowings	23,000,000	23,000,000
	B2B Loan	16,736,700	2,888,359

34.6 Restricted financial instruments

Details of restricted financial instruments as of December 31, 2019 and 2018 are as follows:

<i>(in thousands of Korean won)</i>	2019	2018	Description
Short-term financial assets	2,355,000	2,410,000	Guarantee for contracts
Non-current financial assets	10,000	10,000	Guarantee deposits for checking accounts
Total	2,365,000	2,420,000	

(*1) Short-term financial instruments are provided as collateral for the performance of contracts (see Note 18).

34.7 Pending litigations in which the Company was involved as defendants as of December 31, 2019 are as follows:

(in thousands of Korean won)

Court	Plaintiff	Defendant	Case	Claim amount
Seoul Central District Court	Hanwha General Insurance Co., Ltd.	SEBANG Co.,Ltd. with two other companies	Indemnity	820,000
Seoul Central District Court	S&I Corporation	SEBANG Co.,Ltd.	A claim for damages	419,590
Seoul Western District Court	SEATRANS CO LTD	SEBANG Co.,Ltd.	Indemnity	142,680
Incheon District Court	KOREATLS CO LTD	SEBANG Co.,Ltd.	Construction bill	1,197,340

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

35. Sale segment information

The company distributes sales segments based on the goods or services provided and utilizes financial information of each segment for internal management purposes.

35. 1 sales from each sales segments on December 31, 2019 and 2018 are as follow:

<i>(in thousands of Korean won)</i>	2019				
	Transport	Port landing	CY/CFS	Other	Total
Sales	334,075,206	175,039,050	44,783,851	16,855,057	570,753,164

<i>(in thousands of Korean won)</i>	2018				
	Transport	Port landing	CY/CFS	Other	Total
Sales	322,173,590	182,116,690	38,494,437	20,216,039	563,000,756

35. 2 No external customer accounts for more than 10% of sales during the current and prior years.

36. Income Tax and Deferred Income Tax

36.1 The analysis of deferred tax assets and deferred tax liabilities as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Current income tax:		
Current tax on profits for the year	4,352,531	4,551,377
Tax charged non-recycled corporation income	570,900	594,041
Adjustments in respect of prior years	(879,618)	223,855
Total current tax	4,043,813	5,369,273
Deferred income tax:		
Increase (decrease) of temporary differences	(5,667,386)	(1,894,288)
Tax charged directly to equity items	(313,391)	609,080
Total deferred income taxes (benefits)	(5,980,777)	(1,285,208)
Income tax expenses (benefits)	(1,936,964)	4,084,065

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

36.2 The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Profit before income tax	(21,520,562)	16,589,213
Tax calculated at tax rates applicable to profits	(4,734,523)	3,626,059
Tax effects of:		
Non-taxable income	(611,971)	(752,684)
Non-deductible expense	3,757,624	900,689
Additional payment (refund) of income taxes	(879,618)	223,855
Adjusted amount of deferred income taxes recognized	-	-
Tax charged non-recycled corporation income	570,900	594,041
Others	(39,376)	(507,895)
Income tax expense	<u>(1,936,964)</u>	<u>4,084,065</u>
Effective tax rate	- (*)	24.63%

(*)Due to the generation of income tax revenue in the current term, effective tax rate is not calculated.

36.3 The income tax (charged)/credited directly to equity as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>			<u>2018</u>		
	<u>Before tax</u>	<u>Tax(charge) credit</u>	<u>After tax</u>	<u>Before tax</u>	<u>Tax(charge) credit</u>	<u>After tax</u>
Gain (loss) on valuation of available-for-sale securities	1,917,608	(414,858)	1,502,750	152,740	(45,709)	107,031
Gain (loss) on revaluation of property	-	(73,960)	(73,960)	-	285,246	285,246
Actuarial loss	(825,011)	175,427	(649,584)	(1,580,914)	369,543	(1,211,371)
Total	<u>1,092,597</u>	<u>(313,391)</u>	<u>779,206</u>	<u>(1,428,174)</u>	<u>609,080</u>	<u>(819,094)</u>

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

36.4 The analyses of deferred tax assets and deferred tax liabilities as of December 31, 2019 and 2018 are as follows:

(in thousands of Korean won)

	<u>2019</u>	<u>2018</u>
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	4,545,008	3,955,834
Deferred tax asset to be recovered after more than 12 months	27,634,928	13,051,186
Deferred tax assets before offsetting	<u>32,179,936</u>	<u>17,007,020</u>
Deferred tax liabilities		
Deferred tax liability to be recovered within 12 months	(8,179)	(35,455)
Deferred tax liability to be recovered after more than 12 months	(46,544,463)	(37,011,657)
Deferred tax liabilities before offsetting	<u>(46,552,642)</u>	<u>(37,047,112)</u>
Deferred tax assets(liabilities) after offsetting	<u>(14,372,706)</u>	<u>(20,040,092)</u>

36.5 The gross movements on the deferred income tax account for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)

	<u>2019</u>	<u>2018</u>
Beginning balance	(20,040,092)	(21,934,380)
Tax charge/(credit) relating to components of other comprehensive income	5,980,777	1,285,208
Tax charged/(credited) directly to equity	(313,391)	609,080
Ending balance	<u>(14,372,706)</u>	<u>(20,040,092)</u>

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

36.6 The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

<i>(in thousands of Korean won)</i>	January 1, 2019	Income statement	Equity	December 31, 2019
Allowance for doubtful accounts	3,694,156	422,595	-	4,116,751
Retirement benefit provision liability	5,901,894	758,334	-	6,660,228
Retirement pension deposits	(6,363,112)	(366,244)	-	(6,729,356)
Equity method earnings (loss)	(10,369,026)	276,038	-	(10,092,988)
Retained earnings of equity method	(2,838,507)	(23,985)	-	(2,862,492)
Land revaluation	(7,589,628)	(64,131)	-	(7,653,759)
Guarantee loss allowance	-	5,553,616	-	5,553,616
Right of use assets	-	(8,910,451)	-	(8,910,451)
Lease liabilities	-	8,332,251	-	8,332,251
Other	(2,475,869)	2,754	(313,391)	(2,786,506)
Total	<u>(20,040,092)</u>	<u>5,980,777</u>	<u>(313,391)</u>	<u>(14,372,706)</u>

<i>(in thousands of Korean won)</i>	January 1, 2018	Income statement	Equity	December 31, 2018
Allowance for doubtful accounts	3,633,979	60,177	-	3,694,156
Retirement benefit provision liability	5,312,656	589,238	-	5,901,894
Retirement pension deposits	(6,256,278)	(106,834)	-	(6,363,112)
Equity method earnings (loss)	(10,389,653)	20,627	-	(10,369,026)
Retained earnings of equity method	(2,931,011)	92,504	-	(2,838,507)
Depreciation(change in useful lives)	(57,754)	57,754	-	-
Land revaluation	(7,836,965)	247,337	-	(7,589,628)
Other	(3,409,354)	324,405	609,080	(2,475,869)
Total	<u>(21,934,380)</u>	<u>1,285,208</u>	<u>609,080</u>	<u>(20,040,092)</u>

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

37. Capital Stock

37.1 Details of capital stock as of December 31, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Number of authorized shares	54,000,000	54,000,000
Number of common stock shares issued (*1)	19,308,690	19,308,690
Number of preferred stock shares issued (*1)	3,689,250	3,689,250
Par value per share	KRW 500	KRW 500

(*1) Preferred stockholders do not have voting right. Preferred stocks are not redeemable or convertible. All shares rank equally with regard to the Company's residual assets and in receiving stock dividends. However, in case of cash dividends preferred shareholders receive W 5 won per share additional dividend as compared to dividends entitled to common stock stockholders.

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Common shares capital stock	9,654,345	9,654,345
Preferred shares capital stock	1,844,625	1,844,625
Capital stock	<u>11,498,970</u>	<u>11,498,970</u>

38. Retained Earnings

38.1 Retained earnings as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Legal reserves (*1)	5,749,485	5,749,485
Discretionary reserves	370,286,026	361,086,026
Unappropriated retained earnings (deficit)	(19,942,265)	13,500,540
Total	<u>356,093,246</u>	<u>380,336,051</u>

(*1) The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

38.2 The appropriation of unappropriated retained earnings for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Unappropriated retained earnings	4,557,734	13,500,539
Unappropriated retained earnings carried over from prior year	290,916	123,802
Cumulative effect of changes in accounting policy	-	2,082,961
Actuarial losses	(649,584)	(1,211,372)
Net income (loss)	(19,583,598)	12,505,148
Transfer from discretionary reserves	<u>24,500,000</u>	-
Appropriation:	(4,009,623)	(13,209,623)
Transfer to discretionary reserves	-	9,200,000
Dividends (see note 41.1)		
	4,009,623	4,009,623
Unappropriated retained earnings carried forward to next year	<u>548,111</u>	<u>290,916</u>

39. Accumulated Other Comprehensive Income

39.1 Accumulated other comprehensive income as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	<u>2019</u>	<u>2018</u>
Revaluation gains	31,679,236	31,753,197
Gain on valuation of financial assets measured at fair value through other comprehensive income	1,920,318	460,224
Loss on valuation of financial assets measured at fair value through other comprehensive income	(1,711,960)	(1,754,617)
Total	<u>31,887,594</u>	<u>30,458,804</u>

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

39.2 Changes in gain (loss) on valuation of financial assets through other comprehensive income for the year ended December 31, 2019 are as follows:

<i>(in thousands of Korean won)</i>	Beginning balance	Increase	Decrease	Tax effect	Ending balance
Gain on valuation of financial assets measured at fair value through other comprehensive income	460,224	1,915,834	-	(455,740)	1,920,318
Loss on valuation of financial assets measured at fair value through other comprehensive income	(1,754,617)	-	1,775	40,881	(1,711,961)
Total	<u>(1,294,393)</u>	<u>1,915,834</u>	<u>1,775</u>	<u>(414,859)</u>	<u>208,357</u>

40. Other Components of Equity

Other components of equity as of December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Revaluation reserve	129,258,663	129,258,663
Other capital surplus(*)	1,694,060	1,515,987
Treasury shares	(2,994,426)	(2,994,426)
Total	<u>127,958,297</u>	<u>127,780,224</u>

(*)The Company merged with its subsidiary, Sebang Busan New Port Container Depot Co Ltd. The difference between the book value of the Company's investment in the subsidiary and the book value of net assets acquired from the subsidiary was adjusted in other capital surplus (see note 46)

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

41. Dividends

41.1 Details of dividends for the years ended December 31, 2019 and 2018 are as follows:

(in Korean won except for shares)

	2019	
	Common stock	Preferred stock
Dividend per share	175	180
Stocks in issue	19,117,473(*1)	3,689,250
Dividend amount	3,345,557,775	664,065,000

(*1) The number of shares outstanding after deducting 191,217 shares of treasury stock purchased in 2017.

(in Korean won except for shares)

	2018	
	Common stock	Preferred stock
Dividend per share	175	180
Stocks in issue	19,117,473(*1)	3,689,250
Dividend amount	3,345,557,775	664,065,000

(*1) The number of shares outstanding after deducting 191,217 shares of treasury stock purchased in 2017.

41.2 Details of dividend payout ratio as of December 31, 2019 and 2018 are as follows:

(in Korean won except for ratio)

	2019	2018
Dividend amount	4,009,622,775	4,009,622,775
Net income	(19,583,598,179)	12,505,147,668
Dividend payout ratio	(20.47%)	32.06%

41.3 Details of dividend yield ratio as of December 31, 2019 and 2018, are as follows:

(in Korean won except for ratio)

	2019		2018	
	Common stock	Preferred stock	Common stock	Preferred stock
Dividend per share	175	180	175	180
Closing price on settlement day	11,500	6,610	12,000	6,280
Dividend yield ratio	1.52%	2.72%	1.46%	2.87%

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

42. Earnings per Share

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Company by the weighted average number of common stocks in issue during the year excluding common stocks purchased by the Company and held as treasury shares. As preferred stocks can participate in distribution of income as participating preferred stock, so earnings per share for preferred stocks is also calculated. As the Company did not issue diluted shares, diluted earnings per share is equal to basic earnings per share.

42.1 Basic earnings (loss) per common stock for the years ended December 31, 2019 and 2018, are as follows:

<i>(in Korean won except for shares)</i>	<u>2019</u>	<u>2018</u>
Net income for common stock (*1)	(16,431,188,081)	10,466,833,715
Weighted average number of common stock in issue (*2)	19,117,473	19,117,473
Basic earnings (loss) per share	(859)	548

42.2 Basic earnings (loss) per preferred stock for the years ended December 31, 2019 and 2018, are as follows

<i>(in Korean won except for shares)</i>	<u>2019</u>	<u>2018</u>
Net income for preferred stock (*1)	(3,152,410,098)	2,038,313,953
Weighted average number of preferred stock in issue (*2)	3,689,250	3,689,250
Basic earnings (loss) per share	(854)	553

(*1) Details of ordinary share and preference shares net income (loss) for the years ended December 31, 2019 and 2018, are as follows:

<i>(in Korean won)</i>	<u>2019</u>	<u>2018</u>
Net income (loss) (A)	(19,583,598,179)	12,505,147,668
Dividend for common stock (B)	3,345,557,775	3,345,557,775
Dividend for preferred stock (C)	664,065,000	664,065,000
Residual income (loss) (D=A-B-C)	(23,593,220,954)	8,495,524,893
Amount for common stock in residual income (loss) (E)	(19,776,745,856)	7,121,275,940
Amount for preferred stock in residual income (loss) (F)	(3,816,475,098)	1,374,248,953
Net income (loss) for common stock (G=B+E)	(16,431,188,081)	10,466,833,715
Net income (loss) for preferred stock (H=C+F)	(3,152,410,098)	2,038,313,953

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

(*2) Details of weighted average number of stock in issue as of December 31, 2019 and 2018, are as follows:

	2019	2018
Number of common stock issued	19,308,690	19,308,690
Number of common shares treasury stocks	(191,217)	(191,217)
Number of common stocks in issue	19,117,473	19,117,473
Weighted average number of common stock in issue	19,117,473	19,117,473
	2019	2018
Number of preferred stock issued	3,689,250	3,689,250
Number of preferred shares treasury stocks	-	-
Number of preferred stocks in issue	3,689,250	3,689,250
Weighted average number of preferred stock in issue	3,689,250	3,689,250

43. Related Party Transactions

43.1 Details of the related parties as of December 31, 2019 and 2018 are as follows:

a) Subsidiaries

(Percentage of ownership)	2019	2018
Sebang Express Co., Ltd.	100.00	100.00
Korea Maritime Co., Ltd.	100.00	100.00
SGIL Co., Ltd.	90.00	90.00
Mokpo Daebul Terminal Co., Ltd.	100.00	100.00
SBNL Co., Ltd.	60.20	60.20
SBCD Co., Ltd.	-	100.00
Sungjin Co., Ltd	100.00	-
Sebang Vina	51.00	51.00
Daeil Special Transportation Ltd.	100.00	100.00

b) Details of associates and other related parties that have sales and other transactions with the Company or have receivables and payables balances as of December 31, 2019 and 2018, are as follows

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

	2019	2018	
Associates	Sebang Global Battery Co., Ltd.	Sebang Global Battery Co., Ltd.	
	Sebang Estates Co., Ltd.	Sebang Estates Co., Ltd.	
	Yang Ming Korea. Co., Ltd.	Yang Ming Korea. Co., Ltd.	
Joint ventures	Yangsan ICD Co., Ltd.	Yangsan ICD Co., Ltd.	
	Gunsan Container Terminal Co., Ltd.	Gunsan Container Terminal Co., Ltd.	
	Gunjang New Port Terminal Co.,Ltd.	Gunjang New Port Terminal Co.,Ltd.	
	Dongsuk Logistics Co., Ltd.	Dongsuk Logistics Co., Ltd.	
	Uiwang ICD Co., Ltd.	Uiwang ICD Co., Ltd.	
	Pyeongtaekdangjin Central Terminal Co.,Ltd.	Pyeongtaekdangjin Central Terminal Co.,Ltd.	
	Pyeongtaek Terminal Operation Co., Ltd.	Pyeongtaek Terminal Operation Co., Ltd.	
	INTC Co., Ltd.	INTC Co., Ltd.	
	Busan Newport Multipurpose Terminal Co., Ltd.	Busan Newport Multipurpose Terminal Co., Ltd.	
	Gunsan Port 7 Terminal Co., Ltd.	Gunsan Port 7 Terminal Co., Ltd.	
	Mokpo International Automobile Terminal Co., Ltd.	Mokpo International Automobile Terminal Co., Ltd.	
	Pactra - Sebang Vina Co., Ltd.	Pactra - Sebang Vina Co., Ltd.	
	Other related party	CND Global Co., Ltd.	CND Global Co., Ltd.
		Worldwide Express Co., Ltd.	Worldwide Express Co., Ltd.
Sanghee Lee (Individual)		Sanghee Lee (Individual)	
Cherry Estate Co., Ltd.		CHERRY ESTATE CO., LTD.	
Gamman Common Management Co.		Gamman Common Management Co.	
Masan Port 4 Terminal Co., Ltd.		Masan Port 4 Terminal Co., Ltd.	
Pohang Port 7 Terminal Co., Ltd.		Pohang Port 7 Terminal Co., Ltd.	
Inchon Port 3 Terminal Co., Ltd.		Inchon Port 3 Terminal Co., Ltd.	
Ulsan Port 6&7 Terminal Co., Ltd.		Ulsan Port 6&7 Terminal Co., Ltd.	
E&S Global Co., Ltd.		E&S Global Co., Ltd.	
Sebang Transportation Co., Ltd.		Sebang Transportation Co., Ltd.	
Sebang Lithium Battery Co., Ltd		Sebang Lithium Battery Co., Ltd	
Oriental Metal Industry Co., Ltd.		Oriental Metal Industry Co., Ltd.	
Incheon Inner Port Terminal Co., Ltd.		Incheon Inner Port Terminal Co., Ltd.	

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

43.2 Receivable and payable balances between the Company and the related parties as of December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)

Classification	Company	2019						
		Assets				Liabilities		
		Trade receivables	Leasehold deposits	Loans	Other receivables	Trade payables	Other payables	Leasehold deposits received
	Sebang Express Co., Ltd.	2,306,356	-	-	-	530,878	8,482	300,000
	Korea Maritime Co., Ltd.	-	-	-	-	312,739	93,090	5,000
	SGIL Co., Ltd.	-	-	-	-	549,257	-	-
Subsidiary	Mokpo Daebul Terminal Co., Ltd.	-	480,755	-	-	-	10,180	-
	Sungjin Co., Ltd.	3,542	-	-	-	-	-	66,000
	SBNL Co., Ltd.	-	2,900,000	-	-	339,467	-	-
	Sebang Vina	-	-	-	-	-	-	-
	Daeil Special Transportation Ltd.	34,001	-	-	-	986,148	10,999	-
Associates	Sebang Global Battery Co., Ltd.	2,195,224	-	-	-	-	157,779	247,000
	Sebang Estates Co., Ltd.	-	-	-	-	-	-	-
	Yangmin Korea Co., Ltd.	708,191	-	-	-	-	-	292,160
	Yongsan ICD Co., Ltd.	-	-	-	-	-	5,843	-
	Gunsan Container Terminal Co., Ltd.	267,283	-	1,244,369	-	-	-	-
	Gunjang New Port Terminal Co., Ltd.	9,736	-	17,779,720	-	216,368	66,800	-
	Dongsuk Logistics Co., Ltd.	-	-	-	-	707,308	-	-
	Uiwang ICD Co., Ltd.	-	171,606	-	-	81,384	53,156	-
Joint venture	Pyeongtaekdangjin Central Terminal Co., Ltd.	154,000	-	-	-	548,579	-	-
	Pyeongtaek Terminal Operation Co., Ltd.	-	-	-	-	100,596	-	-
	INTC Co., Ltd.	54,729	-	-	-	666,605	-	-
	Busan Newport Multipurpose Terminal Co., Ltd.	111,210	-	-	-	226,310	-	-
	Gunsan Port 7 Terminal	239,899	-	-	3,869	395,726	9,900	-
	Mokpo International Automobile Dock Co., Ltd.	-	-	-	-	-	-	-
Other Related party	CND Global Co., Ltd.	-	-	-	-	-	-	-
	Worldwide Express Co., Ltd.	-	-	-	-	-	-	13,000
	Cherry Estate Co., Ltd.	284	-	-	-	-	-	2,500
	E&S Global Co., Ltd.	564	-	-	-	-	619,493	40,000
	Sebang Lithium Battery Co., Ltd.	1,698	-	-	-	-	832,656	-
	Oriental Metal Industry Co., Ltd.	196,856	-	-	-	-	-	-
	Incheon Inner Port Terminal Co., Ltd.	-	-	-	-	3,158	-	-
	Others	4,367	-	-	-	1,860,478	27,871	-
	Total	6,287,940	3,552,361	19,024,089	3,869	7,525,001	1,896,249	965,660

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

(in thousands of Korean won)

		2018						
Classifi- cation	Company	Assets				Liabilities		
		Trade receivables	Leasehold deposits	Loans	Other receivables	Trade payables	Other payables	Leasehold deposits received
	Sebang Express Co., Ltd.	1,857,014	-	-	-	536,792	19,147	310,000
	Korea Maritime Co., Ltd.	-	-	-	-	118,242	88,570	5,000
	SGIL Co., Ltd.	-	-	-	-	581,648	-	-
Subsidiary	Mokpo Daebul Terminal Co., Ltd.	-	480,755	-	-	-	28,725	-
	SBNL Co., Ltd.	-	2,900,000	-	-	248,115	-	-
	SBCD Co., Ltd.	-	200,000	-	-	27,600	-	-
	Sebang Vina	-	-	-	-	-	-	-
	Daeil Special Transportation Ltd.	17,254	-	-	-	962,608	5,665	-
Associates	Sebang Global Battery Co., Ltd.	2,502,885	-	-	-	-	171,993	247,000
	Sebang Estates Co., Ltd.	-	-	-	-	-	218,900	-
	Yangmin Korea Co., Ltd	689,230	-	-	-	-	-	292,160
	Yongsan ICD Co., Ltd.	-	-	-	-	-	6,127	-
	Gunsan Container Terminal Co., Ltd.	7,341	-	1,244,369	-	-	-	-
	Gunjang New Port Terminal Co.,Ltd.	12,788	-	16,229,720	-	240,916	27,021	-
	Dongsuk Logistics Co., Ltd.	-	-	-	-	663,044	-	-
	Uiwang ICD Co., Ltd.	-	171,606	-	-	85,594	102,827	-
Joint venture	Pyeongtaekdangjin Central Terminal Co.,Ltd.	154,000	-	-	-	706,467	36,546	-
	Pyeongtaek Terminal Operation Co., Ltd.	-	-	-	-	96,598	-	-
	INTC Co., Ltd.	199,750	-	-	-	1,164,953	-	-
	Busan Newport Multipurpose Terminal Co., Ltd.	218,257	-	-	-	341,690	-	-
	Gunsan Port 7 Terminal	223,746	-	-	3,210	363,779	9,900	-
	Mokpo International Automobile Dock Co., Ltd.	-	-	-	-	-	-	-
Other Related party	CND Global Co., Ltd.	-	-	-	-	-	-	-
	Worldwide Express Co., Ltd.	-	-	-	-	-	-	13,000
	Cherry Estate Co., Ltd.	284	-	-	-	-	-	2,500
	E&S Global Co., Ltd.	-	-	-	-	-	351,204	40,000
	Sebang Lithium Battery Co., Ltd.	5,392	-	-	-	-	-	-
	Oriental Metal Industry Co.,Ltd.	140,881	-	-	-	-	-	-
	Incheon Inner Port Terminal Co., Ltd.	96,846	-	-	-	8,277	-	-
	Others	14,436	-	-	-	2,864,489	78,901	-
	Total	6,140,104	3,752,361	17,474,089	3,210	9,010,813	1,145,526	909,660

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

43.3 Significant transactions with related parties for the years ended December 31, 2019 and 2018
are as follows:

Classification	Company	2019		2018		
		Revenues	Purchases	Revenues	Purchases	
Subsidiary	Sebang Express Co., Ltd.	11,125,610	2,406,149	9,707,102	1,906,270	
	Korea Maritime Co., Ltd.	5,676	3,772,788	11,258	2,197,885	
	SGIL Co., Ltd.	-	499,324	-	574,624	
	Mokpo Daebul Terminal Co., Ltd.	-	347,591	-	728,594	
	SBNL Co., Ltd.	85	5,217,681	-	4,364,591	
	Sungjin Co., Ltd.	464,846	-	-	-	
	Sebang Vina	-	-	-	-	
	Daeil Special Transportation Ltd.	185,920	5,421,706	188,220	5,346,946	
Associates	Sebang Global Battery Co., Ltd.	26,108,436	1,779,935	24,932,596	1,869,440	
	Sebang Estates Co., Ltd.	-	577,000	-	1,593,000	
	Yangmin Korea Co., Ltd.	2,746,149	-	3,165,351	-	
Joint venture	Yongsan ICD Co., Ltd.	-	163,988	-	169,467	
	Gunsan Container Terminal Co., Ltd.	344,285	4,365	115,505	-	
	Gunjang New Port Terminal Co., Ltd.	60,933	2,546,245	60,752	2,389,737	
	Dongsuk Logistics Co., Ltd.	-	3,879,689	1,533,254	2,852,561	
	Uiwang ICD Co., Ltd.	-	2,078,803	-	2,099,715	
	Pyeongtaekdangjin Central Terminal Co., Ltd.	960,000	7,108,121	1,014,000	6,781,649	
	Pyeongtaek Terminal Operation Co., Ltd.	-	763,359	-	326,606	
	INTC Co., Ltd.	146,960	3,917,851	661,570	6,695,371	
	Busan Newport Multipurpose Terminal Co., Ltd.	615,533	2,473,458	718,704	3,919,288	
	Gunsan Port 7 Terminal Co., Ltd.	1,462,974	3,525,089	1,757,271	3,749,719	
	Mokpo International Automobile Dock Co., Ltd.	-	148,204	-	-	
	Other related party	CND Global Co., Ltd.	2,838	-	3,081	-
		Worldwide Express Co., Ltd.	7,174	-	10,172	-
Cherry Estate Co., Ltd.		2,838	-	3,081	-	
E&S Global Co., Ltd.		6,156	9,635,675	6,044	3,973,074	
Sebang Lithium Battery Co., Ltd.		27,594	(760,841)	36,446	5,618,241	
Oriental Metal Industry Co., Ltd.		1,444,220	-	1,334,950	-	
Incheon Inner Port Terminal Co., Ltd.		-	120,391	259,579	219,593	
Others		88,427	15,513,954	414,583	24,952,041	
Total	45,806,654	71,140,525	45,933,519	82,328,412		

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

43.4 Financial transactions with related parties for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)

		2019			
		Loan transactions		Borrowing transactions	
		Loans	Repayments	Borrowings	Repayments
Joint ventures	Gunjang New Port Terminal Co., Ltd. (*1)	1,550,000	-	-	-
	Gunsan Port 7 terminal Co., Ltd. (*1)	-	-	-	-
	Total	1,550,000	-	-	-

(*1) Allowance for doubtful account on loan receivable from Gunjang New Port Terminal Co., Ltd. and Gunsan Port 7 Terminal Co., Ltd. amounted to 16,230 and 1,244 million KRW, respectively.

(in thousands of Korean won)

		2018			
		Loan transactions		Borrowing transactions	
		Loans	Repayments	Borrowings	Repayments
Joint ventures	Gunjang New Port Terminal Co., Ltd. (*1)	1,000,000	-	-	-
	Gunsan Port 7 terminal Co., Ltd. (*1)	-	-	-	-
	Total	1,000,000	-	-	-

(*1) Allowance for doubtful account on loan receivable from Gunjang New Port Terminal Co., Ltd. and Gunsan Port 7 Terminal Co., Ltd. amounted to 15,230 and 1,244 million KRW respectively.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

43.5 Guarantees provided to related parties as of December 31, 2019, are as follows:

(in thousands of Korean won, in US dollar)	Debtor	Guaranteed amount	Carrying amount	Description of debt
Subsidiaries				
SBNL Co., Ltd.	Seoul Guarantee Insurance	280,102	-	Fulfillment of a contract
Sebang Express Co., Ltd.	Zim Korea Ltd. Hyundai Merchant Marine Co.,Ltd.	300,000 1,300,000	- -	Fulfillment of a contract "
Sungjin Co., Ltd	Hana Bank	43,891,440	17,653,683	Fulfillment of a contract
Joint ventures				
INTC Co., Ltd. (*1)	Shinhan Bank	480,000	400,000	joint liability on guarantee
Pyeongtaek dangjin Central Terminal Co., Ltd.	Shinhan Bank Woori Bank	4,800,000 1,800,000	4,000,000 1,500,000	joint liability on guarantee joint liability on guarantee
Gunjang New Port Terminal Co., Ltd. (*2)	Lead Tree 1st Co.,Ltd.(*2)	95,881,311	73,755,000	joint liability on guarantee
Others				
Worldwide Express Co.,Ltd.	Air New Zealand	\$750,000	-	Fulfillment of a contract
Total		148,732,853 \$750,000	97,308,683 -	

(*1) Solidarity guarantee for INTC Co. Ltd. is guaranteed 50:50 by the Company and another company jointly.

(*2) On May 31, 2018, the Company gave a supplementary fund of KRW 20,025 million to LeadTree 1st Co., Ltd. for the repayment of principal and interest on subordinated debt of Gunjang New Port Terminal Co., Ltd.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

43.6 Collaterals provided by the Company to the related parties as of December 31, 2019, are as follows:

<i>(in thousands of Korean won)</i>		Secured assets	Carrying amount	Secured amount	Provided by
Joint ventures	Busan Multipurpose Terminal Company	Land and buildings	9,113,353	4,179,000	National Federation of Fisheries Cooperatives
	Gunjang New Port Terminal Co., Ltd.	Shares	-	95,881,000	Meritz Investment Bank, etc.

43.7 The compensation paid or payable to key management for employee services for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Short-term employee benefits	2,150,677	1,803,839
Retirement benefits	-	-
Total	2,150,677	1,803,839

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

44. Cash Generated from Operations

44.1 Cash and cash equivalents amount in the statements of financial position and the amount in the statements of cash flows agree with each other.

44.2 Cash generated from operations for the years ended December 31, 2019 and 2018, are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Net income (loss)	(19,583,598)	12,493,279
Adjustments for:	53,477,138	13,819,226
Interest income	(1,867,735)	(2,469,873)
Interest expense	814,265	703,269
Lease interest expense	862,620	-
Dividend income	(6,096,199)	(4,350,811)
Income tax expenses	(1,936,964)	4,082,728
Depreciation	10,605,278	9,343,861
Bad debt expenses	580,551	392,898
Provision for retirement benefits	3,611,578	3,567,140
Impairment loss on joint ventures investment	-	637,681
Gain on disposal of property, plant, and equipment	(211,765)	(603,341)
Other expenses (income)	47,115,509	2,515,674
Change in net working capital	4,086,652	3,358,697
Decrease(increase) in trade receivables	(6,588,446)	11,258,706
Decrease in other current receivables	57,140	94,176
Decrease in inventories	276,689	34,773
Decrease in trade payables	(3,738,006)	(3,959,300)
Increase in other payables	5,982,843	(1,996,623)
Payment of retirement benefits	(1,984,745)	(3,567,090)
Decrease (increase) in other current assets (liabilities)	(1,907,873)	1,494,055
Cash generated from operations	37,980,192	29,671,202

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

44.3 Transactions that do not involve the use of cash and cash equivalents are as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Recognition of right use assets and lease liabilities	58,285,308	-
Reduction of investment in subsidiary through merger with a subsidiary (see note 46)	(3,150,000)	-
Net increase in assets (liabilities) resulting from merger with a subsidiary (see note 46)	3,339,379	-
Replacement of the main account of the assets under construction	(25,604,263)	-

45. Risk Management

The Company's main financial liabilities consist of borrowing, trade payables and other financial liabilities. These financial liabilities arose in the process of financing the Company's operations and activities. In addition, the Company holds various financial assets such as trade receivables, other receivables, cash and cash equivalents, and other financial assets arising from operating activities.

The main risks that may arise from the Company's financial instruments are market risk, credit risk and liquidity risk, and the Company's management minimizes the risks that may arise financially by continuously performing supervisory functions such as checking and evaluating the management and operational status of the financial officers to minimize such risks.

45.1 Market risk

Market risk is the risk of changes in the fair value of financial instruments due to changes in market prices. Market risk consists of interest rate risk. The results of the sensitivity analysis for market risk as of December 31, 2019 are as follows

(a) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Management has set up a policy to require the Company to manage their foreign exchange risk against their functional currency.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

The Company's financial instruments denominated in major foreign currencies as of December 31, 2019 and 2018 are converted into Korean won as follows:

*(in thousands of Korean won
and in USD, JPY, EUR)*

	2019			2018		
	Foreign currency		KRW	Foreign currency		KRW
Cash and cash equivalents	USD	2,928,554	3,390,680	USD	1,266,599	1,416,185
	JPY	14,885,844	158,306	JPY	2,263,722	22,936
	EUR	280	363	EUR	26,780	34,256
Trade receivables	USD	905,762	1,048,692	USD	529,369	591,887
			4,598,041			2,065,264

Had the Korean won strengthened or weakened by 10% against the foreign currencies, after-tax profits for the years ended December 31, 2019 and 2018, would have increased (decreased) as follows:

<i>(in thousands of Korean won)</i>	2019		2018	
	10% increase	10% decrease	10% increase	10% decrease
USD	443,937	(443,937)	200,807	(200,807)
JPY	15,831	(15,831)	2,294	(2,294)
EUR	36	(36)	3,426	(3,426)

(b) Interest rate risk

The Company's cash flow interest rate risk arises from deposits and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash held at variable rates.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

Based on the simulations performed, with all other variables held constant, the impact on interest income and interest expense of a 1.0% interest rate shift on deposits and borrowings issued at variable rates is as follows:

<i>(in thousands of Korean won)</i>	2019		2018	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Interest income	495,140	(495,140)	500,045	(500,045)
Interest expense	297,671	(297,671)	244,060	(244,060)

45.2 Credit risk

Credit risk refers to the risk that the debtor will not be able to perform the payment due to non-payment or refusal of payment in the contract. The Company deals with transactions with a credit rating of more than a certain level under the credit risk management policy for early recognition of insolvent customers and systematic credit risk management, and evaluates and periodically revalues the creditworthiness of the clients by using the financial information disclosed at the time of the contract with the new client and the information provided by the credit rating agency.

The Company's credit policy is operated for the purpose of providing prompt decision-making support for the collection of trade notes and minimizing losses through the preparation of trade note safety devices, and is organized into 1 contract settlement management standards, 2 trade note management standards, 3 trade note risk monitoring, and 4 bad debt management standards.

In particular, due to the characteristics of the Company in which each branch operates independently, the risk of defective trade notes is monitored under the responsibility of the branch manager at all times. In addition, we check the occurrence of defective trade notes through dual monitoring of the details of notes and the date of collection by both the headquarter and branch office, and respond to prompt collection of notes through the task force immediately after the occurrence of the bond risk.

In addition, we are prepared to respond quickly through in-house training and account receivable management guidelines.

Credit risk may also arise from transactions with financial institutions, such as cash and cash equivalents, and short- and long-term financial instruments. To reduce this risk, the Company only deals with credit-worthy financial institutions.

There have been no significant signs of damage to loans or uncollected loans included in other financial assets, and the Company has not seen any signs of default as of the end of the current year.

In addition, we objectively evaluate and manage the Company's financial status and credit rating

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

through regular and occasional evaluations by public credit rating agencies, utilize it as a means of supervising financial soundness, and provide basic data to clients and investors to maintain the Company's credibility.

The maximum exposure to credit risk as of the end of the reporting period is as follows:

<i>(in thousands of Korean won)</i>	2019	2018
Cash and cash equivalents	22,199,107	21,461,680
Financial Instruments	2,365,000	2,420,000
Trade receivables	91,882,887	85,357,838
Other receivables	7,805,209	22,931,483
Other financial assets	62,087,122	63,215,854
Total	186,339,325	195,386,855

As mentioned in note 4, the maximum amount to be paid at the request of the guarantor may be significantly greater than the amount recognized as a liability.

45.3 Liquidity Risk

Liquidity risk is defined as the risk that the Company will fail to meet its short-term debt due to the deterioration of the Company's business environment or financial market in a timely manner. In order to proactively manage liquidity risks, the Company periodically predicts cash flows and liquidity plans and establishes countermeasures accordingly. In particular, for efficient liquidity risk management of the Company, we manage the fund management and liquidity management of all branches (branch offices). In addition, by holding appropriate deposits and checking accounts, we deal with liquidity risks that may be caused by possible future cash crunch.

The details of the Company's financial liabilities classified by maturity according to the remaining period from the end of the reporting period to the expiration date of the contract are as follows.

<i>(in thousands of Korean won)</i>	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Trade payables	56,825,694	-	-	-	-	56,825,694
Other payables	18,501,748	-	-	-	-	18,501,748
Lease liabilities	3,320,844	9,229,612	25,686,046	-	-	38,236,502
Borrowings	-	39,000,000	-	-	-	39,000,000
Total	78,648,286	48,229,612	25,686,046	-	-	152,563,944

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

	2018					Total
	Less than	Between	Between	Between	Over 3	
	3 months	3 months and 1 year	1 and 2 years	2 and 3 years	years	
<i>(in thousands of Korean won)</i>						
Trade payables	60,563,700	-	-	-	-	60,563,700
Other payables	14,585,501	-	-	-	-	14,585,501
Borrowings	-	24,000,000	-	-	-	24,000,000
Total	75,149,201	24,000,000	-	-	-	99,149,201

45.4 Capital Risk Management

The purpose of the Company's capital risk management is to maximize shareholders' profits through the maintenance of sound capital structure. In order to achieve the optimal capital structure, the Company monitors such financial ratios as debt-to-equity ratio and liquidity ratio every month and manages to stabilize and continuously improve its financial structure.

The debt ratio and the borrowings ratio as of the end of the reporting period are as follows.

<i>(in thousands of Korean won)</i>	2019	2018
Total liabilities	211,466,866	123,479,932
Total equity	555,091,431	577,727,373
Debt-to-equity ratio	38.10%	21.37%
Ratio of borrowings	13.91%	4.15%

46. Business combination

46.1 An outline of the merger

In order to enhance business competitiveness, increase management efficiency, and maximize business synergy effect, the Company merged SBCD Co., Ltd., a subsidiary, into the Company by purchasing its assets and liabilities at book value as of December 2, 2019 (the registration date of the merger is December 5, 2019) in accordance with the board of directors' resolution on October 28, 2019.

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

46.2 Merger participation companies

	Company name	Corporate classification	Major operations	Location
A post-merger company	SEBANG CO., LTD.	Listed at Korea Stock Exchange	Transport industry	Namgu, Busan
Post-merger decimation company	SBCD Co., Ltd	An unlisted company	Transport industry	Jinhae District, Changwon, South Gyeongsang Province

46.3 Accounting

The assets and liabilities acquired by the Company from the subsidiary were measured at their carrying amount and the difference between the value of net assets acquired and the book value of investment in the subsidiary was credited to other components of equity-capital surplus.

46.4 Assets and liabilities acquired

Assets and liabilities acquired from SBCD Co., Ltd. are as follows:

(in thousands of Korean won)

	BOOK VALUE
Current assets	1,010,942
Cash and cash equivalents	512,777
Trade receivables	498,165
Non-current assets	3,282,637
Property, plant and equipment	3,281,346
Deposit	1,291
TOTAL	4,293,579
Current liabilities	949,475
Deposits	861,596
Other current liabilities	87,879
Non-current liabilities	16,032
Present value of defined benefit obligation	83,715
Fair value of pension plan assets	(67,683)
TOTAL	965,507

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

(in thousands of Korean won)

Merger consideration	(3,150,000)
(book value of existing subsidiary investment shares	
Value of the net assets of the subsidiary	3,328,073
Amount credited to other components of equity-capital surplus	178,073

47. Events after the reporting period

47.1 Approval of issuance of financial statements

The financial statements were approved by the Board of Directors on March 9, 2020 and may be approved or modified at the general meeting of stockholders on March 27, 2020.

47.2 Merger

To create synergy between projects and enhance corporate value through increased management efficiency, Mokpo Daebul Terminal Co., a 100% subsidiary of the Company was merged into the Company on February 3, 2020,

48. Restatement of 2018 financial statements

The Company reclassified put possible instruments as "fair value through other comprehensive income financial assets" rather than "fair value through profit or loss financial assets" and restated the accompanying non-consolidated financial statements as at and for the year ended December 31, 2018. The restatement details are as follows:

48.1 2018 Statement of Financial Position

<i>(in thousands of Korean won)</i>	Before modification	After modification	Increase (decrease)
Non-current assets			
Designated financial assets at FVPL	38,694,045	44,601,049	5,907,003
Financial assets at FVTOCI	16,009,618	10,102,615	(5,907,003)
Equity			
Accumulated other comprehensive income	30,637,894	30,458,803	(179,090)
Retained earnings	380,156,959	380,336,050	179,090

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

48.2 2018 Statement of Comprehensive Income

<i>(in thousands of Korean won)</i>	Before modification	After modification	Increase (decrease)
Gain from valuation of financial assets measured at fair value through profit or loss	928,698	941,905	13,207
Net income before income taxes	16,576,006	16,589,213	13,207
Income tax expenses	4,082,727	4,084,065	1,338
Net income	12,493,278	12,505,147	11,869
Other comprehensive income	(807,225)	(819,094)	(11,869)
Basic earnings per common stock(KRW)	547	548	1
Basic earnings per preferred stock(KRW)	552	553	1

48.3 2018 Statement of Changes in Equity

<i>(in thousands of Korean won)</i>	before modification		after modification		Increase (decrease)	
	Other components of equity	Retained earnings	Other components of equity	Retained earnings	Other components of equity	Retained earnings
Balance at January 1, 2018	32,149,486	370,968,936	32,149,486	370,968,936	-	-
Cumulative effect of changes in accounting policies	(1,915,739)	1,915,739	(2,082,961)	2,082,961	(167,221)	167,221
Net income	-	12,493,278	-	12,505,147	-	11,869
Remeasurement of net defined benefit liabilities	-	(1,211,372)	-	(1,211,372)	-	-
Changes in value of financial assets at fair value through other comprehensive income, net of tax	118,900	-	107,031	-	(11,869)	-
Gain on revaluation of land	285,246	-	285,246	-	-	-
Dividends to equity holders of the Company	-	(4,009,622)	-	(4,009,622)	-	-
Balance at December 31, 2018	30,637,894	380,156,959	30,458,80,	380,336,050	(179,090)	179,090

Sebang Co., Ltd.
Notes to Non-Consolidated financial Statements
December 31, 2019 and 2018

48.4 2018 Statement of Cash Flows

<i>(in thousands of Korean won)</i>	before modification	after modification	Increase (decrease)
Cash flows from operating activities			
Cash generated from operations	29,671,201	29,683,071	11,869
Cash flows from investing activities			
Disposal of short-term financial assets at fair value through profit or loss	66,716,633	68,056,658	1,340,024
Disposal of short-term financial assets at fair value through profit or loss	1,340,024	-	(1,340,024)
Acquisition of short-term financial assets at fair value through profit or loss	(41,263,910)	(47,463,910)	(6,200,000)
Acquisition of financial assets at fair value through other comprehensive income	(7,732,395)	(1,532,395)	6,200,000

48.5 2018 Notes to Financial Statements

The accompanying non-consolidated financial statements including notes to financial statements as at and for the year ended December 31, 2018 were revised as explained above.

**Report of Independent Accountants’
Review of Internal Accounting Control System**

To the President of
Sebang Co., Ltd.

We have reviewed the accompanying management’s report on the operations of the Internal Accounting Control System (“IACS”) of Sebang Co., Ltd. (the “Company”) as of December 31, 2019. The Company’s management is responsible for designing and operating IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review the management’s report on the operations of the IACS and issue a report based on our review. The management’s report on the operations of the IACS of the Company states that “based on its assessment of the operations of the IACS as of December 31, 2019, no material weaknesses are identified as of December 31, 2019, in all material respects, in accordance with the IACS standards established by the Internal Accounting Control System Operations Committee (IACSOC) of the Korea Listed Companies Association.”

Our review was conducted in accordance with the IACS review standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform, in all material respects, the review of management’s report on the operations of the IACS to obtain a lower level of assurance than an audit. A review is to obtain an understanding of a company’s IACS and consists principally of inquiries of management and, when deemed necessary, a limited inspection of underlying documents, which is substantially less in scope than an audit.

A company’s IACS is a system to monitor and operate those policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the K-IFRS. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that management's report on the operations of the IACS, referred to above, is not presented fairly, in all material respects, in accordance with the IACS standards established by IACSOC.

Our review is based on the Company's IACS as of December 31, 2019, and we did not review management's assessment of its IACS subsequent to December 31, 2019. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in Korea and may not be appropriate for other purposes or for other users.

BDO Sungto-Ehyun LLC

Seoul, Korea
March 19, 2020

Report on the Operations of the Internal Accounting Control System

To the Board of Directors and Audit Committee of
Sebang Co., Ltd.

I, as the Internal Accounting Control Officer (“IACO”) of Sebang Co., Ltd. (“the Company”), assessed the status of the design and operations of the Company’s internal accounting control system (“IACS”) for the year ended December 31, 2019.

The Company’s management including IACO is responsible for designing and operating IACS. I, as the IACO, assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external purposes. I, as the IACO, applied the IACS standards for the assessment of design and operations of the IACS.

Based on the assessment on the operations of the IACS, the Company’s IACS has been effectively designed and is operating as of December 31, 2019, in all material respects, in accordance with the IACS standards.

January 10, 2020

Ji-Hoon, LEE
Internal Accounting Control Officer

Jong-il, Choi
Chief Executive Officer