

Annual Report

(Jan.1 – Dec.31, 2013)

Coway Co., Ltd.

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1. Overview

1) Company Business

1. Manufacture and sales of water purifiers
2. Manufacture and sales of household appliances
3. Facility business for environmental pollution prevention e.g. water quality and air
4. Manufacture and sales of water purification and waste treatment facilities
5. Business management of environment-related technology and research, air and water quality analysis and environmental impact assessment
6. Ex/Import and trading business
7. Lease, development, management, investment and sales of real estate
8. Rental of various products imported or produced
9. Sales of miscellaneous goods
10. Manufacture and sales of piping materials
11. Ex/Import, manufacture and sales of medical devices
12. Door-to-door sales, mail order sales, e-commerce and other related services
13. Manufacture and sales of system kitchen and furniture
14. Manufacture and sales of ceramics used in hygiene and plastic products
15. Manufacture and sales of indoor air fresheners
16. Manufacture and sales of various security facilities and devices, e.g. door locks and warning systems
17. Manufacture, sales and rental of liquid filters
18. Ex/Import, manufacture and sales of gym devices
19. Operation of social education centers
20. Manufacture of diodes, transistors and similar semiconductors
21. Manufacture of air conditioning equipment
22. Guard and other protective services
23. Residential environment improvement business, e.g. disinfection and exterminating activities, and general clean-up
24. Import, processing and sales of coffee, food additives and general foods
25. Import and sales of coffee/tea makers
26. Design and construction of sewage, waste water, manure and waste treatment facilities
27. Business management of self-measurement
28. R&D and consulting on cosmetics manufacturing technologies
29. Design, construction and surveillance of facilities and equipment in the environmental industry
30. Construction of facilities for the industrial environment
31. Sales and consulting on various financial products, e.g. credit card membership, insurance product arrangement, issuance of members' cards and services thereof
32. Service business including installation, maintenance, repair and safety qualification tests of products and facilities sold, constructed and designed or other products
33. Affiliated branch operation or sales consignment business of communications devices
34. Market research and advertisement
35. Indoor construction business

36. Ex/Import, manufacture and sales of skin cosmetic devices
37. Skincare business
38. Electrical construction business
39. Export/Import, manufacture and sales of health functional food
40. Manufacture of industrial refrigerators and freezers
41. Manufacture, distribution and sales of cosmetics
42. Manufacture and sales of home electrical appliances
43. Manufacture and sales of electric devices for kitchen
44. Manufacture and sales of healthcare products to be installed in bathrooms and other services thereof
45. Manufacture, sales and rental of devices to improve water quality and make functional water
46. Service business to measure and analyze the air quality
47. Manufacture and service business of collaboration systems for multi-use facilities
48. Manufacture, import, sales, rental and maintenance of bed and bed-related products
49. House clean-up service
50. Miscellaneous businesses related to any of the above

2) Major Business Areas

1. Rental and wholesale/retail of water purifiers
2. Door-to-door sales
3. Manufacture and sales of water purifiers
4. Rental and wholesale/retail of household devices
5. Commissioned services for environmental technology research and water analysis
6. Ex/Import
7. Business of environmental pollution prevention facilities, e.g. water and air quality

3) Branches and manufacturing facilities

Location	Major business and items	Address
Yugu Factory	Water/air purifier manufacturing	136-23 Yugumagoksa Rd., Yugu-eup, Gongju-si, Chungcheongnam-do
Incheon Factory	Bidet and water softener manufacturing	Gojan-dong, 155Rd, Namdong-gu, Incheon
Pocheon Factory	Refurbished item manufacturing	2072 Hoguk Rd. Sinbuk-myeon, Pocheon-si, Kyeonggi-do
Environmental Quality Lab.	Quality management for water and air purifiers	136-23 Yugumagoksa Rd., Yugu-eup, Gongju-si, Chungcheongnam-do
Environmental Technology Lab.	R&D for water and air purifiers	R&D Centre, Seoul National Univ. Seoul
Cosmetics Lab.	Cosmetics R&D	1103~4, Jayplatz, 186 Gasandong, Geumcheon-gu, Seoul
595 branches and subsidiaries including Jansim Branch	Sales and services, e.g. water purifier, and air purifier	Ujeon B/D 5F 358 (Seokcheon-dong) Songpa-gu, Seoul, and etc.

4) Employees

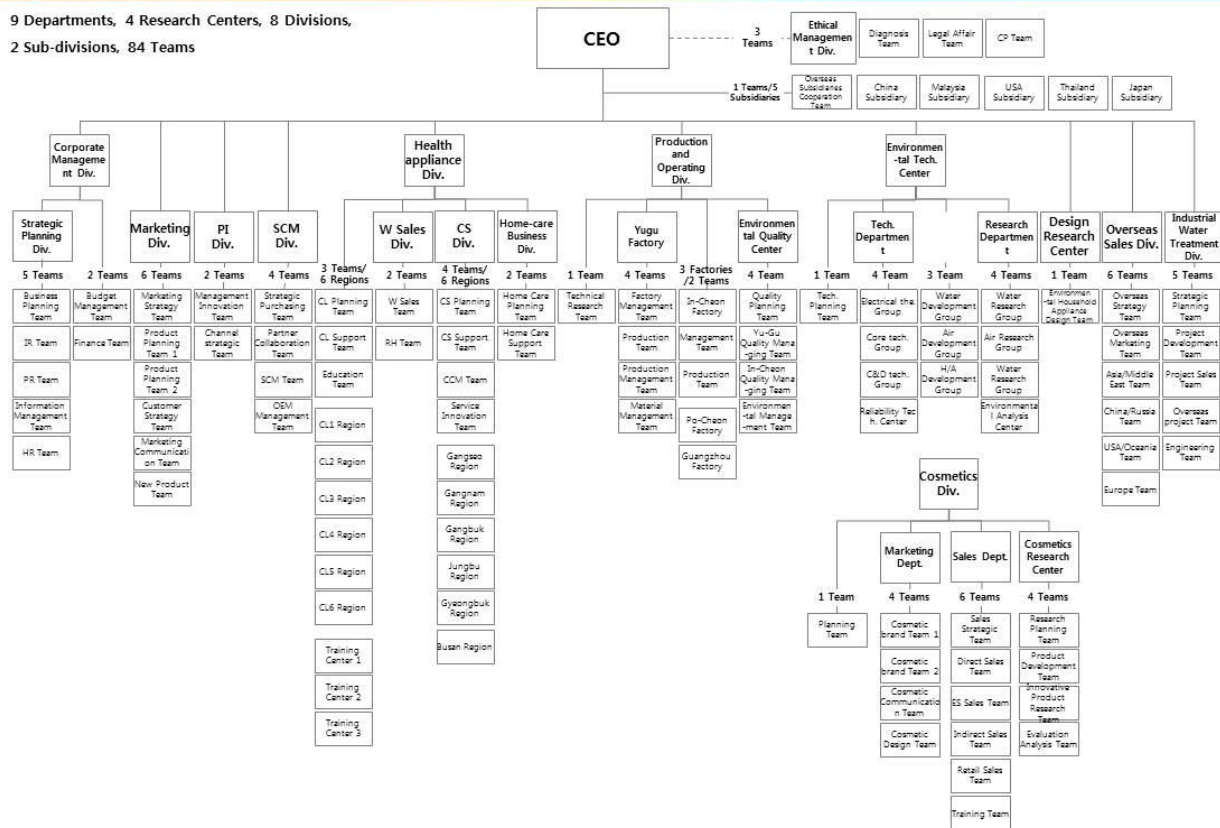
(Unit: personnel)

	Administrative	Sales	Manufacturing	Contract-based	Total
Male	1,046	49	176	230	1,501
Female	1,682	700	81	808	3,271
Total	2,728	749	257	1,038	4,772

5) Organizational Structure

Organizational Structure

9 Departments, 4 Research Centers, 8 Divisions,
2 Sub-divisions, 84 Teams



6) Stocks

① Outstanding shares

(Unit: Share, KRW million)

	No. of shares	Amounts	Portion	Remarks
Common stock	77,124,796	40,662	100%	Registered stock
Total	77,124,796	40,662	100%	

② History of paid-in capital

(Unit: Share, KRW million)

Year/Month/Date	Type of shares	No. of current outstanding shares	No. of added shares	Paid-in capital	Remarks
09.07.06	Common stock	77,124,796	2,692,803	40,662	Issuance of new stocks following a small-scale merger with Woongjin Cucheon

③ Others

Year-end	Dec .31	
Date of record	Dec. 31	
Notification method	www.coway.co.kr	
Kinds of stock certificate	1/5/10/50/100/1,000/10,000(8 kinds)	
Agency for stock related administrative affairs	Name of agency	Hana Bank
	Address	43-2 Yeoeuido-dong, Yeongdeungpo-gu, Seoul

7) Debenture

(Unit: KRW million)

Type of debentures	Date	Amounts	Annual interests	Expiry date
Foreign currency	Jan. 14, 2011	52,765	LIBOR + 1.90%	Jan. 14, 2014
Foreign currency	Apr. 18, 2011	63,318	LIBOR + 1.40%	Apr. 18, 2014

* Amounts of Foreign currency debentures are based on the current currency rate

2. Business Results

1) Business Overview

- Business Overview

We launched 'rental marketing', a new business model, for the first time in Korea, and introduced 'rental service/system,' believing that costly water purifiers would be unaffordable for consumers in times of economic difficulties. The rental system was a success in two ways: 'price burdens' which consumers pinpointed in consumer surveys many times are eased; and continuous customer services that are essential for products like water purifiers require regular post services. Consumers' price resistance was eased while a new solution of 'service management' to concerns about drinking water was proposed.

The 'HEART' service is available, that is, a customized regular product management service whereby 'CODY' (i.e., Coway+Lady) amounting to 12,153 women who are mostly married ones are trained on required professional services. The service focuses on various points: enhancing expertise in hygiene service; launching subsidiaries and multiple facility utilization services; developing product-specific customized services; and sharply being on time. CODY's visit customers every two months, offering different services: regular checks on products rented; membership management of general products; filter changes; and component changes.

Moreover, we have expanded and developed our mattress business into a total homecare service division that includes not only the rental, sale, and management of mattresses but also the cleaning up and management of sofas and carpets. In order to provide high-quality homecare services, we have set up a separate homecare doctor organization from the CODY system. As of the end of 2013, the homecare business team consists of 561 members, which has been cultivated as a key organization for total homecare services. We check out customer satisfaction within 24 hours from the customer service within three days from product installation, and run the 'Happy Call' service where customer complaints are addressed in a one-stop service. As such, we strive to achieve seamless customer satisfaction.

- Market Shares

- ① Water purifier market : 45% for Coway Co. Ltd., 11% for Chungho Nais, 8% for Dongyang Magic
- ② Air purifier market: 38% for Coway Co. Ltd., 14% for LG Electronics, 9% for Samsung Electronics
- ③ Bidet market: 38% for Coway Co. Ltd., 27% for Novita, 8% for Dongyang Magic
- ④ Water softener market: 72% for Coway Co. Ltd., 8% for Chungho Nais, 4% for Kyo-won

※ Data source for market shares: Gallup Korea upon Coway's request (as of Dec. 2013)

- Survey areas: 16 cities

- Survey respondents: Women aged 25 to 49(limited to household heads or their wives)

- Sample size: 5000

- Survey method: Telephone interview

- Market characteristics

Due to a greater interest on the environment and health among the general public, they are more aware of the importance of environmental household appliances like water purifiers, air purifiers, bidets and water softeners. While lump-sum payment is closely related to people's income levels and the domestic economic situation, rental sales is not significantly impacted by the changes in the economy. The market is also sensitively influenced by environmental issues and government policies that might make a difference in people's interest in the environment.

2) Major operation and production

(Unit: EA, KRW million)

Location	Item	Production			
		Quantity		Amount	
		FY 2013	FY 2012	FY 2013	FY 2012
Yugu	Water purifier	650,975	805,482	147,249	190,080
	Air purifier	448,150	347,131	58,800	50,686
	Filter	17,765,925	16,289,876	56,838	56,861
Incheon	Bidet	334,125	336,001	36,064	35,689
	Water softener	81,491	105,841	10,136	12,014
	Food waste disposal, etc.	186,539	28,435	23,921	6,920
Guangzhou, China	Water purifier	11,337	14,407	1,275	1,484
	Air purifier	244,416	215,144	19,351	17,052
Total			18,142,317	353,634	370,786

3) Sales

(Unit: EA, KRW million)

Production Business Area	Major items	Sales			
		Quantity		Amount	
		FY 2013	FY 2012	FY 2013	FY 2012
Rental and membership	Water purifier	3,018,027	2,986,398	895,518	867,694
	Bidet	1,351,762	1,303,788	258,612	246,740
	Air purifier	956,140	917,123	229,485	220,281
	Water softener	362,260	380,258	86,428	89,670
	Mattress	141,889	113,617	28,724	12,657
	Others (food waste disposal, etc.)	36,317	39,344	6,966	9,978
	Sub-total	5,866,395	5,740,528	1,505,733	1,447,020
Lump sum	Water purifier	17,574	21,948	22,781	27,380
	Bidet	25,088	37,200	9,375	13,572

Production Business Area	Major items	Sales			
		Quantity		Amount	
		FY 2013	FY 2012	FY 2013	FY 2012
Lump sum	Air purifier	24,492	42,535	12,023	18,568
	Water softener	8,427	6,184	3,915	4,069
	Mattress	8,775	8,504	8,757	8,052
	Others (food waste disposal, etc.)	160,581	139,144	313,437	249,890
	Sub-total	244,937	255,515	370,288	321,531
Others	Export, cosmetics, water treatment, etc.	-	-	57,711	38,282
Total		-	-	1,933,731	1,806,833

4) Capital expenditure and funding source

(Unit: KRW million)

Index	Remarks	Amounts	Funding
Land	Newly acquired	-	Self-funded
Building	//	-	
Construction	//	467	
Machine	//	1,466	
Vehicles and Transportation Equipment	//	-	
Equipment	//	12,760	
Government subsidy	//	2,916	
R&D equipment	//	219,303	
Rental assets	//	2,076	
Miscellaneous	//	6,719	
Total		245,707	

3. Parent and Affiliate Companies

1) Parent

"N/A"

2) Affiliates

(Unit: KRW million)

Affiliate				Relations		
Company	Location	Equity	Business	Paid	Ownership	Transaction (purchase+sales)
Woongjin Coway (China) Living Goods Co.,Ltd.	China	10,018	Manufacturing and sales of cosmetics / Rental and lump-sum sales of home appliance items	5,970	100.00%	2,190
Coway China Co., Ltd.	China	1,795	Sales of air-purifier	1,803	100.00%	-
Coway (Thailand) Company Limited	Thailand	9,488	Rental and lump-sum sales of home appliance items	5,605	100.00%	2,906
Coway(M) S dn.Bhd.	Malaysia	24,911	Rental and lump-sum sales of home appliance items	25,262	100.00%	16,252
Woong Jin Coway USA Inc.	U.S.A	18,938	Rental and lump-sum sales of home appliance items	18,938	100.00%	12,499
Green Entech	Korea	1,157	Industrial water treatment business	34,954	100.00%	495
Pocheon Malku -nmul Co.Ltd	Korea	2,166	Wastewater reuse system	2,166	100.00%	-
Coway (Japan) Co.,Ltd.	Japan	-	Rental and lump-sum sales of home appliance items	4,345	100.00%	3,328
Coway ITALIA S.R.L.	Italy	-	Rental and lump-sum sales of home appliance items	935	100.00%	-

* The Italian subsidiary was liquidated on February 1, 2013

* The Japanese subsidiary was liquidated on December 13, 2013

3) Concurrent positions of directors

Concurrent position		Concurrent company			Remarks
Name	Title	Company name	Title	Job function	
Kim, Dong-Hyun	CEO	Green Entech	Non-standing director	-	

4. Recent Three Year Financial Report

1) Income statement

[Unit: KRW]

Index	FY 2013	FY 2012	FY 2011
Revenue	1,933,731,417,973	1,806,832,625,803	1,709,867,512,884
COGS	651,664,989,109	605,383,221,006	552,005,591,884
Gross profits	1,282,066,428,864	1,201,449,404,797	1,157,861,921,000
SG&A	948,850,609,322	973,637,124,791	914,518,436,668
Operating income	333,215,819,542	227,812,280,006	243,343,484,332
Other income	13,993,394,825	23,432,631,552	19,932,576,678
Other expenses	23,054,941,317	28,466,241,146	14,403,411,764
Financial income	3,870,496,922	3,551,546,717	2,243,894,076
Financial expense	17,604,192,096	61,677,411,697	25,764,876,270
Investment income from investments in associated/affiliated companies	40,128,329,416	(3,187,533,127)	-
Income before income tax	350,548,907,292	161,465,272,305	225,351,667,052
Corporate tax expense	97,356,286,478	41,716,698,658	48,246,024,186
Net income	253,192,620,814	119,748,573,647	177,105,642,866

2) Balance sheet

[Unit: KRW]

Index	FY 2013	FY 2012	FY 2011
Current assets	642,474,602,289	691,276,655,813	511,499,151,364
Non-current assets	998,582,853,387	1,010,230,889,971	1,064,959,877,824
<Assets>	1,641,057,455,676	1,701,507,545,784	1,576,459,029,188
Current liabilities	636,844,361,268	719,579,302,501	534,279,560,755
Non-current liabilities	36,868,426,474	179,198,809,923	293,777,106,176
<Liabilities>	673,712,787,742	898,778,112,424	828,056,666,931
Paid-in capital	40,662,398,000	40,662,398,000	40,662,398,000
Capital in excess of par value	97,773,449,148	97,773,449,148	97,773,449,148
Retained earnings	890,447,324,553	716,802,060,649	677,684,182,975
Others	(61,538,503,767)	(52,508,474,437)	(67,717,667,866)
<Equity>	967,344,667,934	802,729,433,360	748,402,362,257
<Liabilities and equity>	1,641,057,455,676	1,701,507,545,784	1,576,459,029,188

5. 2014 Business Plan

The year 2013 witnessed an unstable business environment mainly due to the economic slump in the U.S., slower economic growth in China, and weaker domestic consumption. Nevertheless, Coway posted a turnover of KRW 1.9337 trillion, an operating profit of KRW 333.2 billion and a net income of KRW 253.2 billion in 2013. The company has set up its 2014 business goal of KRW 2.08 trillion in sales and KRW 362 billion in operating profit, planning to do its utmost to ensure continued growth and better profitability in green home appliances and new business areas.

For details of the 2013 management records, etc., please refer to 2. Business Results and 1. Business overview.

6. Board Members and Auditors

Internal /External	Name	Position	Major functions/tasks	Transactions with company	Remarks
Internal	Kim, Dong-Hyun	CEO	CEO of Coway Co. Ltd.	None	
External	Michael ByungJu Kim	Non-standing director	Partner, MBK Partners	None	
External	Jong-Ha James Yoon	Non-standing director	Partner, MBK Partners	None	
External	Jay H. Bu	Non-standing director	Partner, MBK Partners	None	
External	Park, Tae Hyun	Non-standing director	Vice President of MBK Partners	None	
External	Choi, In-Bum	External director	Adjunct Professor, Sogang University/ Senior Advisor, GM Korea	None	
External	Lee, Joon-ho	External director	Head of Korea, L.E.K. Consulting	None	
Internal	Kim, Kyung-Hwan	Auditor	Internal auditor of Coway Co. Ltd.	None	
Internal	Hong, Joon-Kee	CEO	CEO of Coway Co. Ltd.	None	Resigned on Aug. 16, 2013

7. Major Shareholders

(Unit: Share)

Name/Institution	No. of shares owned	Ownership	Transaction with company	Remarks
Coway Holdings	23,829,150	30.90%	Major shareholder	
Lazard Asset Management LLC	4,601,237	5.97%	None	
Morgan Stanley Investment Management Company	3,617,094	4.67%	None	
NPS	2,823,451	3.66%	None	
GIC (THE GOVERNMENT OF SINGAPORE)	2,044,069	2.65%	None	

* The above information is based on the top 5 major shareholders on the shareholders list dated December 31, 2013.

* The stock ownership status of Lazard Asset Management LLC is based on the official disclosure on Korea Financial Supervisory Service

- Lazard Asset Management LLC: As of notification on Dec. 5, 2013

- Morgan Stanley Investment Management Company: As of notification on Mar. 9, 2012

8. Ownership Status

(단위: 주)

Company	Shareholders	Invest on		Invested from	
		No. of shares owned	Ownership	Shares	Ownership
Woongjin Coway (China) Living Goods Co.,Ltd.	Coway Co. Ltd.	-	100.00%	N/A	
Coway China Co., Ltd.	Coway Co. Ltd	-	100.00%	N/A	
Coway (Thailand) Company Limited	Coway Co. Ltd.	2,686,550	100.00%	N/A	
Coway(M) S dn.Bhd.	Coway Co. Ltd.	70,816,969	100.00%	N/A	
Woong Jin Coway USA Inc.	Coway Co. Ltd	1,749,533	100.00%	N/A	
Green Entech	Coway Co. Ltd.	2,314,204	100.00%	N/A	
Pocheon Malkunmul Co.Ltd	Coway Co. Ltd.	433,200	100.00%	N/A	
Kirin Music	Coway Co. Ltd	51,868	12.10%	N/A	
Coway Holdings	Coway Co. Ltd.	N/A		23,829,150	30.09%

9. Major Creditors

(Unit: share, KRW million)

Institutions	Amounts	No. of shares owned	Ownership ratio	Remarks
Shinhan Bank	27,521	2,391	0.00%	ST borrowings etc.
Woori Bank	61,016	-	-	ST borrowings etc.
Hana Bank	63,472	-	-	Debenture etc.
KDB	50,000	-	-	Borrowings etc.
ANZ	52,765	-	-	Foreign currency debenture
MIZUHO	42,212	-	-	Foreign currency debenture
ICBC	21,106	-	-	Foreign currency debenture
Total	318,092	2,391	0.00%	

* Quoted from the shareholder list as of 31/12/2013

10. Major Events after 2013

"N/A"

11. Others

Consolidated Statements of Financial Position

As of December 31, 2013 and 2012 and 2011

(in Korean won)

Accounts	2013	2012	2011
Assets			
Current assets	691,414,546,521	779,164,517,926	572,595,639,383
Cash and cash equivalents	238,665,064,539	152,411,776,291	98,223,335,061
Trade receivables	212,606,268,280	233,010,795,961	205,305,806,973
Other short-term financial assets	43,396,429,084	32,444,580,609	16,382,464,576
Other current assets	130,980,632,688	126,217,162,985	148,979,680,810
Inventories	65,766,151,930	71,687,168,456	103,704,351,963
Assets held for sale	-	163,393,033,624	-
Non-current assets	976,444,176,927	975,943,842,458	1,052,123,037,319
Other long-term financial assets	52,525,362,251	51,369,795,981	49,055,139,581
Other non-current assets	79,274,117,837	80,402,480,943	65,285,636,012
Available-for-sale financial assets	2,467,078,452	2,461,264,045	2,562,051,632
Investments in associates	-	-	156,827,558,735
Property, plant and equipment	638,306,128,525	630,421,982,938	568,897,144,864
Intangible assets	176,847,558,202	183,665,072,523	183,177,210,870
Investment property	26,759,679,354	27,109,108,890	23,824,044,139
Derivative assets	-	-	1,825,713,462
Deferred income tax assets	264,252,306	514,137,138	668,538,024
Total assets	1,667,858,723,448	1,755,108,360,384	1,624,718,676,702
Liabilities			
Current liabilities	676,732,637,662	759,158,934,502	578,334,839,226
Trade payables	36,662,813,832	46,264,932,534	51,918,146,354
Other short-term financial liabilities	174,993,747,880	175,482,239,034	158,587,617,721
Derivative liabilities(current)	6,865,216,289	-	713,199,426
Other current liabilities	64,795,450,451	72,298,027,149	64,689,163,534
Short-term borrowings	181,773,836,079	330,095,354,639	168,176,965,638

Accounts	2013	2012	2011
Current portion of long-term borrowings	30,083,333,000	60,499,866,000	110,499,866,000
Current portion of debentures	116,083,000,000	49,939,127,155	-
Income tax payable	61,240,942,890	18,302,722,292	16,812,006,426
Provisions(current)	4,234,297,241	6,276,665,699	6,937,874,127
Non-current liabilities	50,237,576,867	210,864,604,564	308,481,324,569
Other long-term financial liabilities	9,348,534,248	9,023,429,296	8,234,227,675
Other long-term payables	10,416,401,962	8,710,983,066	8,648,594,935
Long-term borrowings	-	30,083,333,000	90,620,862,996
Debentures	-	117,821,000,000	176,716,798,915
Retirement benefit obligations	8,421,167,314	12,819,014,249	14,554,811,070
Derivative liabilities (non-current)	-	5,867,615,831	307,202,279
Provisions(non-current)	648,726,206	623,085,957	749,707,527
Deferred income tax liabilities	21,402,747,137	25,916,143,165	8,649,119,172
Total liabilities	726,970,214,529	970,023,539,066	886,816,163,795
Equity			
Equity attributable to owners of the parent	940,888,508,919	785,084,821,318	737,902,512,907
Capital stock	40,662,398,000	40,662,398,000	40,662,398,000
Capital surplus	97,773,449,148	97,773,449,148	97,773,449,148
Retained earnings	867,992,459,258	700,852,885,725	675,650,082,706
Other components of equity	(65,539,797,487)	(54,203,911,555)	(76,183,416,947)
Non-Controlling Interests	-	-	-
Total equity	940,888,508,919	785,084,821,318	737,902,512,907
Total equity and liabilities	1,667,858,723,448	1,755,108,360,384	1,624,718,676,702

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2013 and 2012 and 2011

(in Korean won)

Accounts	2013	2012	2011
Sales	2,118,341,565,040	1,992,838,137,049	1,824,366,637,732
Cost of sales	(720,983,776,288)	(678,300,742,485)	(580,844,989,543)

Accounts	2013	2012	2011
Gross profit	1,397,357,788,752	1,314,537,394,564	1,243,521,648,189
Selling and administrative expenses	(1,058,325,440,832)	(1,088,390,891,267)	(1,008,792,650,532)
Operating income	339,032,347,920	226,146,503,297	234,728,997,657
Other income	15,972,610,967	27,779,327,772	21,995,525,985
Other expense	(30,981,904,629)	(85,554,649,504)	(18,240,927,790)
Financial income	4,137,322,883	2,346,589,883	2,585,065,377
Financial expense	(18,620,948,527)	(30,366,174,208)	(26,909,005,721)
Share of profit of associates	17,598,006,475	5,431,167,243	3,352,266,317
Profit before income tax	327,137,435,089	145,782,764,483	217,511,921,825
Income tax expense	(82,062,783,136)	(51,740,066,469)	(50,458,164,689)
Profit for the year	245,074,651,953	94,042,698,014	167,053,757,136
Profit attributable to			
Owners of the parent	245,074,651,953	94,042,698,014	167,053,757,136
Non-controlling interest	-	-	-
Other comprehensive income(loss), net of tax	(1,268,999,715)	4,907,160,414	(5,850,520,771)
Actuarial losses	(1,165,573,838)	(2,824,848,921)	(2,824,848,921)
Change in value of available-for-sale financial assets	4,415,592	13,350,068	13,350,068
Capital variation of equity method	4,489,120,771	883,777,481	883,777,481
Share of profits of jointly controlled entities and associates	1,644,281,218	(300,780,232)	(300,780,232)
Losses on valuation of derivatives	561,222,853	1,255,151,724	1,255,151,724
Gain (loss) on overseas business translation	(6,802,466,311)	5,880,510,294	5,880,510,294
Comprehensive income for the year	243,805,652,238	98,949,858,428	98,949,858,428
Total comprehensive income for the period attributable to			
Owners of the parent	17,598,006,475	5,431,167,243	3,352,266,317
Non-controlling interest	327,137,435,089	145,782,764,483	217,511,921,825
	-	-	-
Earnings per share attributable to owners of the parent			
Basic earnings per share	3,283	1,267	1,267
Diluted earnings per share	3,273	1,259	1,259

Consolidated Statements of Changes in Equity

For the years ended December 31, 2013 and 2012 and 2011

(in Korean won)

Accounts	Equity ownership of controlled entity					Non-controlling interests	Total Equity
	Capital stock	Capital surplus	Retained earnings	Other components of equity	Total Equity		
2011.1.1(Beginning)	40,662,398,000	97,773,449,148	591,622,691,556	-1,775,252,417	728,283,286,287	-	728,283,286,287
Total comprehensive income :							
Profit for the year	-	-	167,053,757,136	-	167,053,757,136	-	167,053,757,136
Change in value of available-for-sale financial assets	-	-	-	-3,959,523	-3,959,523	-	-3,959,523
Share of other comprehensive income of associates	-	-	-501,157,396	-3,468,549,292	-3,969,706,688	-	-3,969,706,688
Actuarial losses	-	-	-2,583,672,790	-	-2,583,672,790	-	-2,583,672,790
Foreign currency translation differences	-	-	-	2,718,920,754	2,718,920,754	-	2,718,920,754
Losses on valuation of derivatives	-	-	-	-2,012,102,524	-2,012,102,524	-	-2,012,102,524
Total comprehensive income	-	-	163,968,926,950	-2,765,690,585	161,203,236,365	-	161,203,236,365
Transactions with owners :							
Dividends	-	-	-79,941,535,800	-	-79,941,535,800	-	-79,941,535,800
Acquisition of treasury stock	-	-	-	-73,494,452,450	-73,494,452,450	-	-73,494,452,450
Share-based compensation	-	-	-	1,990,148,706	1,990,148,706	-	1,990,148,706
Change in the equity owned for subsidiaries :							
Paid-in capital increase, etc.	-	-	-	-138,170,201	-138,170,201	-	-138,170,201
Total transaction volume with owners	-	-	-79,941,535,800	-71,642,473,945	-151,584,009,745	-	-151,584,009,745
2011.12.31(End)	40,662,398,000	97,773,449,148	675,650,082,706	-76,183,416,947	737,902,512,907	-	737,902,512,907
2012.01.01(Beginning)	40,662,398,000	97,773,449,148	675,650,082,706	-76,183,416,947	737,902,512,907	-	737,902,512,907
Total comprehensive income :							
Profit for the year	-	-	94,042,698,014	-	94,042,698,014	-	94,042,698,014
Change in value of available-for-sale financial assets	-	-	-	13,350,068	13,350,068	-	13,350,068
Share of other comprehensive income of associates	-	-	-300,780,232	883,777,481	582,997,249	-	582,997,249
Actuarial losses	-	-	-2,824,848,921	-	-2,824,848,921	-	-2,824,848,921
Foreign currency translation differences	-	-	-	5,880,510,294	5,880,510,294	-	5,880,510,294
Losses on valuation of derivatives	-	-	-	1,255,151,724	1,255,151,724	-	1,255,151,724
Total comprehensive income	-	-	90,917,068,861	8,032,789,567	98,949,858,428	-	98,949,858,428
Transactions with owners :							
Dividends	-	-	-77,841,535,800	-	-77,841,535,800	-	-77,841,535,800
Acquisition of treasury stock	-	-	-	1,643,239,820	1,643,239,820	-	1,643,239,820
Share-based compensation	-	-	-	12,310,991,605	12,310,991,605	-	12,310,991,605
Change in the equity owned for subsidiaries :							
Paid-in capital increase, etc.	-	-	-	-7,515,600	-7,515,600	-	-7,515,600
Change in the consolidation scope	-	-	12,127,269,958	-	12,127,269,958	-	12,127,269,958
Total transaction volume with owners	-	-	-65,714,265,842	13,946,715,825	-51,767,550,017	-	-51,767,550,017
2012.12.31(End)	40,662,398,000	97,773,449,148	700,852,885,725	-54,203,911,555	785,084,821,318	-	785,084,821,318
2013.01.31(Beginning)	40,662,398,000	97,773,449,148	700,852,885,725	-54,203,911,555	785,084,821,318	-	785,084,821,318
Total comprehensive income :							
Profit for the year	-	-	245,074,651,953	-	245,074,651,953	-	245,074,651,953
Change in value of available-for-sale financial assets	-	-	-	4,415,592	4,415,592	-	4,415,592
Share of other comprehensive income of associates	-	-	1,644,281,218	4,489,120,771	6,133,401,989	-	6,133,401,989
Actuarial losses	-	-	-1,165,573,838	-	-1,165,573,838	-	-1,165,573,838
Foreign currency translation differences	-	-	-	-6,802,466,311	-6,802,466,311	-	-6,802,466,311
Losses on valuation of derivatives	-	-	-	561,222,853	561,222,853	-	561,222,853
Total comprehensive income	-	-	245,553,359,333	-1,747,707,095	243,805,652,238	-	243,805,652,238
Transactions with owners :							
Dividends	-	-	-78,413,785,800	-	-78,413,785,800	-	-78,413,785,800
Acquisition of treasury stock	-	-	-	2,556,855,814	2,556,855,814	-	2,556,855,814
Share-based compensation	-	-	-	-12,145,034,651	-12,145,034,651	-	-12,145,034,651
Change in the equity owned for subsidiaries :							
	-	-	-78,413,785,800	-9,588,178,837	-88,001,964,637	-	-88,001,964,637
2013.01.31(End)	40,662,398,000	97,773,449,148	867,992,459,258	-65,539,797,487	940,888,508,919	-	940,888,508,919

Consolidated Statements of Cash Flows

For the years ended December 31, 2013 and 2012 and 2011

(in Korean won)

Accounts	2013	2012	2011
Cash flows from operating activities	536,755,118,935	454,295,658,186	314,468,714,902
Cash generated from operations	578,235,661,266	490,290,779,602	357,613,410,050
Profit for the year	245,074,651,953	94,042,698,014	167,053,757,136
Adjustments	374,232,456,171	420,182,579,450	311,327,138,841
Changes in operating assets and liabilities	(41,071,446,858)	(23,934,497,862)	(120,767,485,927)
Income tax paid	(41,480,542,331)	(35,995,121,416)	(43,144,695,148)
Cash flow from investing activities	(76,293,602,469)	(319,391,792,447)	(324,223,694,433)
Increase in other short-term financial assets	(3,728,199,881)	(2,727,296,100)	(2,313,085,554)
Decrease in other short-term financial assets	584,408,469	292,641,513	1,858,502,919
Increase in other long-term financial assets	(15,108,437,875)	(7,195,113,998)	(13,218,308,879)
Decrease in other long-term financial assets	19,915,842,473	5,459,071,211	12,328,716,811
Acquisition of available-for-sale financial assets	-	(100,000,000)	(50,000,000)
Proceeds from disposal of available-for-sale financial assets	1,152,726	255,928,131	476,690,444
Acquisition of subsidiaries, net of cash acquired	-	991,471,376	(6,373,727,602)
Disposal of subsidiaries, net of cash acquired	-	30,000,000	-
Acquisition of associates	-	-	(999,995,600)
Proceeds from Acquisition of associates	178,154,596,360	402,693,993	-
Acquisition of property, plant and equipment	(267,953,466,826)	(313,843,129,046)	(316,518,459,038)
Proceeds from disposal of property, plant and equipment	9,626,121,399	3,538,711,089	13,765,924,896
Acquisition of intangible assets	(4,715,547,315)	(8,310,674,638)	(7,184,048,560)
Proceeds from disposal of intangible assets	2,303,242,171	638,230,965	385,000,000
Acquisition of Investment property	-	(523,683,227)	(8,511,562,500)

Accounts	2013	2012	2011
Proceeds from Investment property	-	84,545,454	-
Interest received	4,626,685,830	1,614,810,830	2,130,658,230
Cash flow from financing activities	(372,941,069,445)	(75,636,507,183)	30,547,165,836
Net proceeds from short-term borrowings	(151,094,997,112)	20,398,872,549	89,903,282,870
Decrease in current portion of long-term borrowings	(60,499,866,000)	(499,866,000)	(30,693,035,000)
Proceeds from long-term borrowings	-	-	60,000,000,000
Repayment of long-term borrowings	-	-	(33,162,541,836)
Increase in debentures	-	-	122,690,000,000
Decrease in current portion of debentures	(50,000,000,000)	-	-
Payment of dividends	(78,413,785,800)	(77,841,535,800)	(79,941,535,800)
Purchase of treasury stock	(18,778,293,000)	-	(73,494,452,450)
Exercise of share options	4,863,450,000	12,212,200,000	-
Interest paid	(19,017,577,533)	(29,906,177,932)	(24,754,551,948)
Net increase in cash and cash equivalents	87,520,447,021	59,267,358,556	20,792,186,305
Beginning of the year	152,411,776,291	98,223,335,061	74,592,579,381
Effect of exchange rate changes on cash and cash equivalents	(1,267,158,773)	(5,078,917,326)	2,838,569,375
End of the year	238,665,064,539	152,411,776,291	98,223,335,061

Separate Statements of Financial Position

As of December 31, 2013 and 2012 and 2011

(in Korean won)

Accounts	2013	2012	2011
Assets			
current assets	642,474,602,289	691,276,655,813	511,499,151,364
Cash and cash equivalents	201,278,525,993	118,881,951,713	64,910,267,918
Trade receivables	265,871,142,701	278,406,994,510	240,071,270,875
Other short-term financial assets	24,525,764,200	14,003,293,484	18,926,508,666
Other current assets	109,925,488,396	105,329,227,848	114,609,971,848
Inventories	40,873,680,999	41,346,541,529	72,981,132,057
Inventories	-	133,308,646,729	-

Accounts	2013	2012	2011
Non-current assets	998,582,853,387	1,010,230,889,971	1,064,959,877,824
Other long-term financial assets	51,515,383,116	55,054,637,121	47,973,451,555
Other non-current assets	73,104,407,778	76,198,744,852	60,959,418,799
Available-for-sale financial assets	1,533,623,750	1,537,410,545	1,703,209,835
Investments in subsidiaries	100,954,208,817	101,703,254,632	101,577,041,617
Investments in associates	-	-	135,308,636,849
Property, plant and equipment	596,797,789,837	594,204,832,774	534,734,380,403
Intangible assets	150,900,236,594	157,516,061,655	155,965,385,892
Investment property	23,777,203,495	24,015,948,392	23,824,044,139
Derivative assets	-	-	1,825,713,462
Deferred income tax assets	-	-	1,088,595,273
Total assets	1,641,057,455,676	1,701,507,545,784	1,576,459,029,188
Liabilities			
current liabilities	636,844,361,268	719,579,302,501	534,279,560,755
Trade payables	29,539,554,570	28,901,007,216	28,657,314,032
Other short-term financial liabilities	162,458,784,914	197,618,402,571	149,085,706,169
Provisions(current)	6,865,216,289	-	-
Other current liabilities	55,544,667,242	63,283,698,221	59,255,667,217
Short-term borrowings	172,009,138,942	295,686,104,639	164,818,431,596
Current portion of debentures	30,000,000,000	60,000,000,000	110,000,000,000
Current portion of long-term borrowings	116,083,000,000	49,939,127,155	-
Income tax payable	61,055,569,316	18,177,815,830	15,827,455,096
Provisions(current)	3,288,429,995	5,973,146,869	6,634,986,645
non-current liabilities	36,868,426,474	179,198,809,923	293,777,106,176
Other long-term financial liabilities	9,035,836,616	8,514,033,314	7,759,736,243
Other long-term payables	4,564,929,868	3,294,583,625	6,168,049,417
Long-term borrowings	-	30,000,000,000	90,000,000,000
Debentures	-	117,821,000,000	176,716,798,915
Retirement benefit obligations	7,023,741,785	10,533,636,817	12,371,433,742
Derivative liabilities	--	5,867,615,831	307,202,279

Accounts	2013	2012	2011
Provisions(non-current)	215,691,659	164,682,697	453,885,580
Deferred income tax liabilities	16,028,226,546	3,003,257,639	-
Total liabilities	673,712,787,742	898,778,112,424	828,056,666,931
Equity			
Capital stock	40,662,398,000	40,662,398,000	40,662,398,000
Capital surplus	97,773,449,148	97,773,449,148	97,773,449,148
Retained earnings	890,447,324,553	716,802,060,649	677,684,182,975
Other components of equity	(61,538,503,767)	(52,508,474,437)	(67,717,667,866)
Total equity	967,344,667,934	802,729,433,360	748,402,362,257
Total equity and liabilities	1,641,057,455,676	1,701,507,545,784	1,576,459,029,188

Separate Statements of Comprehensive Income

For the years ended December 31, 2012 and 2011 and 2010

(in Korean won)

Accounts	2013	2012	2011
Sales	1,933,731,417,973	1,806,832,625,803	1,709,867,512,884
Cost of sales	651,664,989,109	605,383,221,006	552,005,591,884
Gross profit	1,282,066,428,864	1,201,449,404,797	1,157,861,921,000
Selling and administrative expenses	(948,850,609,322)	(973,637,124,791)	(914,518,436,668)
Operating income	333,215,819,542	227,812,280,006	243,343,484,332
Other income	13,993,394,825	23,432,631,552	19,932,576,678
Other expenses	(23,054,941,317)	(28,466,241,146)	(14,403,411,764)
Financial income	3,870,496,922	3,551,546,717	2,243,894,076
Financial expense	(17,604,192,096)	(61,677,411,697)	(25,764,876,270)
Investments in associates	40,128,329,416	(3,187,533,127)	-
Profit before income tax	350,548,907,292	161,465,272,305	225,351,667,052
Income tax expense	(97,356,286,478)	(41,716,698,658)	(48,246,024,186)
Profit for the year	253,192,620,814	119,748,573,647	177,105,642,866
Other comprehensive income(loss), net of tax	(575,421,603)	(1,534,198,169)	(4,414,745,340)
Actuarial losses	(1,133,571,110)	(2,789,160,173)	(2,398,683,293)
Changes in value of available-for-sale financial assets	(3,073,346)	(189,720)	(3,959,523)
Losses on valuation of derivatives	561,222,853	1,255,151,724	(2,012,102,524)

Accounts	2013	2012	2011
Total comprehensive income for the year	252,617,199,211	118,214,375,478	172,690,897,526
Earnings per share			
Basic earnings per share	3,392	1,614	2,370
Diluted earnings per share	3,382	1,603	2,362

Statements of Changes in Equity

For the years ended December 31, 2013 and 2012 and 2011

(in Korean won)

Accounts	Capital stock	Capital surplus	Retained earnings	Other components of equity	Total equity
2011.1.1(Beginning)	40,662,398,000	97,773,449,148	582,918,759,202	5,802,697,925	727,157,304,275
Comprehensive income :					
Profit for the year			177,105,642,866		177,105,642,866
Change in value of available-for-sale financial assets				- 3,959,523	- 3,959,523
Actuarial losses			- 2,398,683,293		- 2,398,683,293
Losses on valuation of derivatives				- 2,012,102,524	- 2,012,102,524
Transactions with owners :					
Dividends			- 79,941,535,800		- 79,941,535,800
Share-based compensation				1,990,148,706	1,990,148,706
Treasury stock				- 73,494,452,450	- 73,494,452,450
2011.12.31(End)	40,662,398,000	97,773,449,148	677,684,182,975	(67,717,667,866)	748,402,362,257
2012.1.1(Beginning)	40,662,398,000	97,773,449,148	677,684,182,975	-67,717,667,866	748,402,362,257
Comprehensive income :					
Profit for the year	-	-	119,748,573,647	-	119,748,573,647
Change in value of available-for-sale financial assets	-	-	-	-189,720	-189,720
Actuarial losses	-	-	-2,789,160,173	-	-2,789,160,173
Losses on valuation of derivatives	-	-	-	1,255,151,724	1,255,151,724
Transactions with owners :					
Dividends	-	-	-77,841,535,800	-	-77,841,535,800
Share-based compensation	-	-	-	1,643,239,820	1,643,239,820
Treasury stock	-	-	-	12,310,991,605	12,310,991,605
2012.12.31(End)	40,662,398,000	97,773,449,148	716,802,060,649	-52,508,474,437	802,729,433,360
2013.1.1(Beginning)	40,662,398,000	97,773,449,148	716,802,060,649	-52,508,474,437	802,729,433,360
Comprehensive income :					
Profit for the year	-	-	253,192,620,814	-	253,192,620,814
Change in value of available-for-sale financial assets	-	-	-	-3,073,346	-3,073,346
Actuarial losses	-	-	-1,133,571,110	-	-1,133,571,110
Losses on valuation of derivatives	-	-	-	561,222,853	561,222,853
Transactions with owners :					
Dividends	-	-	-78,413,785,800	-	-78,413,785,800
Share-based compensation	-	-	-	2,556,855,814	2,556,855,814
Treasury stock	-	-	-	-12,145,034,651	-12,145,034,651
2013.12.31(End)	40,662,398,000	97,773,449,148	890,447,324,553	-61,538,503,767	967,344,667,934

Separate Statements of Cash Flows

For the years ended December 31, 2012 and 2011 and 2010

(in Korean won)

Accounts	2013	2012	2011
Cash flows from operating activities	517,612,816,528	429,118,931,290	317,604,403,764
Cash generated from operations	558,964,618,255	463,804,814,727	359,602,141,340
Profit for the year	253,192,620,814	119,748,573,647	177,105,642,866
Adjustments	347,542,928,884	381,783,163,463	294,006,004,362
Changes in operating assets and liabilities	(41,770,931,443)	(37,726,922,383)	(111,509,505,888)
Income tax paid	(41,351,801,727)	(34,685,883,437)	(41,997,737,576)
Cash flows from investing activities	(58,391,581,027)	(300,933,529,728)	(344,232,971,749)
Increase in other short-term financial assets	(112,948,600)	(90,000,000)	(16,744,524,364)
Decrease in other short-term financial assets	295,228,600	212,869,600	12,175,149,014
Increase in other long-term financial assets	(15,074,724,625)	(7,099,279,088)	(16,056,789,478)
Decrease in other long-term financial assets	19,682,446,701	5,387,291,823	21,732,423,437
Proceeds from disposal of available-for-sale financial assets	1,152,726	194,115,241	393,879,560
Acquisition of subsidiaries, net of cash acquired	(3,968,574,400)	(1,746,450,015)	(42,555,106,250)
Proceeds from subsidiaries, net of cash acquired	-	402,693,993	-
Acquisition of associates	-	-	(999,995,600)
Proceeds from associates	178,154,596,360	30,000,000	-
Acquisition of property, plant and equipment	(245,707,462,255)	(294,981,028,616)	(299,373,594,814)
Proceeds from disposal of property, plant and equipment	6,094,929,483	3,441,343,203	8,931,717,622
Acquisition of intangible assets	(4,284,399,542)	(8,257,831,838)	(7,048,259,593)
Proceeds from disposal of intangible assets	2,230,000,098	605,433,333	385,000,000
Acquisition of Investment property	-	(523,683,227)	(8,511,562,500)
Proceeds from Investment property	-	84,545,454	-
Interest received	4,298,174,427	1,406,450,409	3,438,691,217
Cash flows from financing activities	(376,784,046,314)	(73,571,682,720)	35,606,486,628

Accounts	2013	2012	2011
Net proceeds from short-term borrowings	(156,486,215,697)	20,867,673,043	90,345,399,368
Decrease in current portion of long-term borrowings	(60,000,000,000)	-	(30,000,000,000)
Proceeds from long-term borrowings	-	-	60,000,000,000
Repayment of long-term borrowings	-	-	(30,000,000,000)
Increase in debentures	-	-	122,690,000,000
Decrease in current portion of debentures	(50,000,000,000)	-	-
Payment of dividends	(78,413,785,800)	(77,841,535,800)	(79,941,535,800)
Purchase of treasury stock	(18,778,293,000)	-	(73,494,452,450)
Exercise of share options	4,863,450,000	12,212,200,000	-
Interest paid	(17,969,201,817)	(28,810,019,963)	(23,992,924,490)
Net Decrease in cash and cash equivalents	82,437,189,187	54,613,718,842	8,977,918,643
Beginning of the year	118,881,951,713	64,910,267,918	56,428,125,113
Exchange losses on cash and cash equivalents	(40,614,907)	(642,035,047)	(495,775,838)
End of the year	201,278,525,993	118,881,951,713	64,910,267,918

Separate Statements of Appropriations of Retained Earnings

For the years ended December 31, 2012 and 2010 and 2009

(In Korean won)

Accounts	2013	2012	2011
Retained Earnings Before Appropriations or Accumulated Deficit Before Disposition	174,341,049,525	116,960,599,029	127,820,721,355
Retained earnings brought forward from the previous year	1,599,029	1,185,555	(46,886,238,218)
Actuarial losses	(1,133,571,110)	(2,789,160,173)	(2,398,683,293)
Profit for the year	253,192,620,814	119,748,573,647	177,105,642,866
Dividend Dividend in cash Dividend per share (%) :	(78,413,785,800)	-	127,819,535,800
Common Stock: FY 2013 KRW 1,050 (210%)			
Earned surplus reserve	-	-	8,000,000,000
Appropriations of retained earnings	173,646,380,720	116,959,000,000	41,978,000,000
Voluntary reserve	50,033,000,000	116,959,000,000	77,841,535,800
Dividend Dividend in cash Dividend per share (%) :	123,613,380,720	-	77,841,535,800
Common Stock: FY 2013 KRW 1,660 (332%) FY 2012 KRW – (0%) FY 2011 KRW 1,050 (201%)			
Inappropriate Retained Earnings or Undisposed Accumulated Deficit Carried over to Subsequent Year	482,213	1,599,029	1,185,555