

# **Annual Report**

**(Jan.1 – Dec.31, 2012)**

**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, Gyeonggi-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

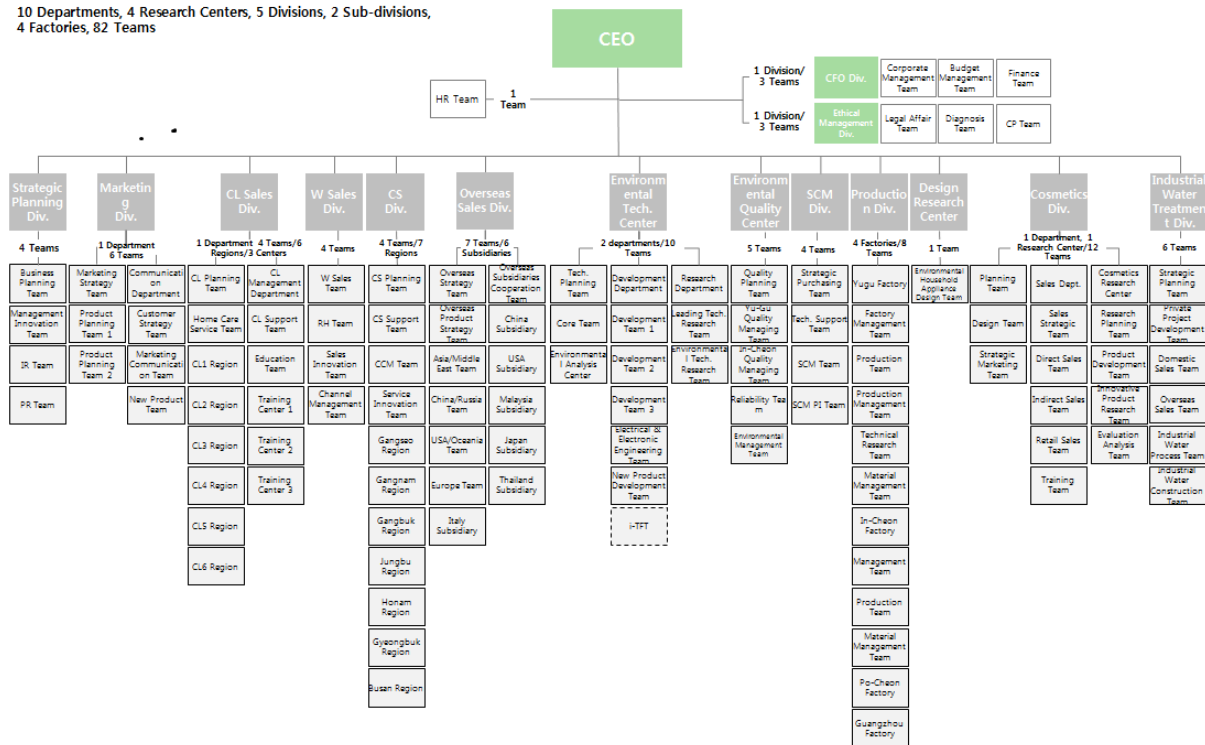
(Unit: personnel)

	Administrative	Sales	Manufacturing	Contract-based	Total
Male	1,012	49	181	211	1,453
Female	1,639	700	81	951	3,371
Total	2,651	749	262	1,162	4,824

#### 5) Organizational Structure

##### Organizational Structure

10 Departments, 4 Research Centers, 5 Divisions, 2 Sub-divisions,  
4 Factories, 82 Teams



## 6) Stocks

### ① Outstanding shares

(Unit: Share, KRW million)

	No. of shares	Amounts
Common stock	77,124,796	40,662
Total	77,124,796	40,662

### 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

<b>Year-end</b>	Dec .31	
<b>Date of record</b>	Dec. 31	
<b>Notification method</b>	www.coway.co.kr	
<b>Kinds of stock certificate</b>	1/5/10/50/100/1,000/10,000(8 kinds)	
<b>Agency for stock related administrative affairs</b>	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
Korean currency	Sep. 8, 2010	50,000	4.61%	Sep. 8, 2013
Foreign currency	Jan. 14, 2011	53,555	LIBOR + 1.90%	Jan. 14, 2014
Foreign currency	Apr. 18, 2011	64,266	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 13,663 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. 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.

Coway Co. Ltd. expands its environmental household appliance business operations abroad, focusing on water purifiers, bidets, air purifiers and water softeners. Various product launches and marketing also take place to dominate the 'food waste disposal' market. Our mattress rental service launched in October 2011 is available at a rational price where world-renowned mattress products are rented. We do the utmost to make it as successful as hit rental products like water purifiers, bidets and air purifiers.

#### - Market Shares

- ① Water purifier market: 50% for Coway Co. Ltd., 14% for Chungho Nais, 7% for Dongyang Magic
  - ② Air purifier market: 41% for Coway Co. Ltd., 13% for Samsung Electronics, 11% for LG Electronics
  - ③ Bidet market: 43% for Coway Co. Ltd., 23% for Novita, 8% for Dongyang Magic
  - ④ Water softener market: 66% for Coway Co. Ltd., 9% for Chungho Nais, 8% for Dongyang Magic
- (Above figures are approximate.)

※ Data source for market shares: Gallup Korea upon Coway's request (as of Dec. 2012)

- Survey areas: 5 cities (Seoul, Busan, Daegu, Daejeon, Gwangju)
- Survey respondents: Women aged 25 to 49 (limited to household heads or their wives)
- Sample size: 500 for water purifiers, 500 for air purifiers, 1,000 for bidets and 1,000 for water softeners
- Survey method: One-on-one 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 2012	FY 2011	FY 2012	FY 2011
Yugu	Water purifier	805,482	800,020	190,080	169,285
	Air purifier	347,131	420,920	50,686	61,734
	Filter	16,289,876	17,280,714	56,861	56,490
Incheon	Bidet	336,001	371,035	35,689	39,660
	Water softener	105,841	97,261	12,014	9,653
	Food waste disposal, etc.	28,435	43,836	6,920	9,079
Guangzhou, China	Water purifier	14,407	3,627	1,484	375
	Air purifier	215,144	131,316	17,052	9,328
Total		18,142,317	19,148,729	370,786	355,604

## 3) Sales

(Unit: EA, KRW million)

Production Business Area	Major items	Sales			
		Quantity		Amount	
		FY 2012	FY 2011	FY 2012	FY 2011
Rental and membership	Water purifier	2,986,398	2,910,787	867,694	834,250
	Bidet	1,303,788	1,227,694	246,740	230,303
	Air purifier	917,123	884,408	220,281	202,716
	Water softener	380,258	387,195	89,670	90,464
	Others (food waste disposal, etc.)	152,961	41,925	22,635	9,333
	<b>Sub-total</b>	<b>5,740,528</b>	<b>5,452,009</b>	<b>1,447,020</b>	<b>1,367,066</b>
Lump sum	Water purifier	21,948	40,090	27,380	45,000
	Bidet	37,200	39,215	13,572	16,116
	Air purifier	42,535	51,705	18,568	23,006
	Water softener	6,184	7,387	4,069	4,604



Production Business Area	Major items	Sales			
		Quantity		Amount	
		FY 2012	FY 2011	FY 2012	FY 2011
Lump sum	Others (food waste disposal, etc.)	139,144	85,583	257,942	215,952
	<b>Sub-total</b>	<b>247,011</b>	<b>223,980</b>	<b>321,531</b>	<b>304,677</b>
Others	Export, cosmetics, water treatment, etc.	-	-	38,282	38,124
<b>Total</b>				<b>1,806,833</b>	<b>1,709,868</b>

#### 4) Capital expenditure and funding source

(Unit: KRW million)

Index	Remarks	Amounts	Funding
Land	Newly acquired	128	Self-funded
Building	//	404	
Construction	//	248	
Machine	//	7,048	
Equipment	//	20,161	
Government subsidy	//	7,580	
R&D equipment	//	251,150	
Rental assets	//	2,538	
Miscellaneous	//	5,841	
<b>Total</b>		<b>295,099</b>	

### 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	14,887	Manufacturing and sales of cosmetics / Rental and lump- sum sales of home appliance items	5,970	100.00%	2,344
Woong Jin Coway Thailand Co.,Ltd.	Thailand	7,876	Rental and lump- sum sales of home appliance items	10,322	100.00%	2,156
Woong Jin Coway (M) Sdn Bhd.	Malaysia	25,704	Rental and lump- sum sales of home appliance items	25,262	100.00%	16,132
Woong Jin Coway USA, Inc.	U.S.A	20,177	Rental and lump- sum sales of home appliance items	18,938	100.00%	8,252
Coway ITALIA S.R.L.	Italy	896	Rental and lump- sum sales of home appliance items	935	100.00%	-
Coway (Japan) Co.,Ltd.	Japan	1,010	Rental and lump- sum sales of home appliance items	4,345	100.00%	5,398
Green Entech	Korea	900	Industrial water treatment business	34,954	100.00%	282

#### 3) Concurrent positions of directors

Concurrent position		Concurrent company			Remarks
Name	Title	Company name	Title	Job function	
Hong, Joon-Kee	CEO	Green Entech	Non-standing director	-	

## 4. Recent Three Year Financial Report

### 1) Income statement

(Unit: KRW)

Index	FY 2012	FY 2011	FY 2010
I. Revenue	<b>1,806,832,625,803</b>	<b>1,709,867,512,884</b>	<b>1,501,812,040,147</b>
II. COGS	605,383,221,006	552,005,591,884	490,590,059,135
III. Gross profits	1,201,449,404,797	1,157,861,921,000	1,011,221,981,012
IV. SG&A	973,637,124,791	914,518,436,668	756,869,440,736
<b>V. Operating income</b>	<b>227,812,280,006</b>	<b>243,343,484,332</b>	<b>254,352,540,276</b>
VI. Other income	23,432,631,552	19,932,576,678	9,134,637,488
VII. Other expenses	28,466,241,146	14,403,411,764	8,496,236,937
VIII. Financial income	3,551,546,717	2,243,894,076	6,377,208,027
IX. Financial expense	61,677,411,697	25,764,876,270	18,111,175,278
X. Investment income from investments in associated/affiliated companies	(3,187,533,127)	-	-
<b>XI. Income before income tax</b>	<b>161,465,272,305</b>	<b>225,351,667,052</b>	<b>243,256,973,576</b>
XII. Corporate tax expense	41,716,698,658	48,246,024,186	59,984,105,088
<b>XIII. Net income</b>	<b>119,748,573,647</b>	<b>177,105,642,866</b>	<b>183,272,868,488</b>

### 2) Balance sheet

(Unit: KRW)

Index	FY 2012	FY 2011	FY 2010
I. Current assets	691,276,655,813	511,499,151,364	441,169,455,659
II. Non-current assets	1,010,230,889,971	1,064,959,877,824	917,084,808,782
<b>&lt;Assets&gt;</b>	<b>1,701,507,545,784</b>	<b>1,576,459,029,188</b>	<b>1,358,254,264,441</b>
I. Current liabilities	719,579,302,501	534,279,560,755	384,530,070,012
II. Non-current liabilities	179,198,809,923	293,777,106,176	246,566,890,154
<b>&lt;Liabilities&gt;</b>	<b>898,778,112,424</b>	<b>828,056,666,931</b>	<b>631,096,960,166</b>
I. Paid-in capital	40,662,398,000	40,662,398,000	40,662,398,000
II. Capital in excess of par value	97,773,449,148	97,773,449,148	97,773,449,148
III. Retained earnings	716,802,060,649	677,684,182,975	582,918,759,202
IV. Others	(52,508,474,437)	(67,717,667,866)	5,802,697,925
<b>&lt;Equity&gt;</b>	<b>802,729,433,360</b>	<b>748,402,362,257</b>	<b>727,157,304,275</b>
<b>&lt;Liabilities and equity&gt;</b>	<b>1,701,507,545,784</b>	<b>1,576,459,029,188</b>	<b>1,358,254,264,441</b>

## 5. 2013 Business Plan

Despite the challenging economic environmental domestic and overseas business, and the stake disposal issue, we achieved an outstanding result of the record-high sales: sales of KRW 1.8 trillion, operating profit of KRW 227.8 billion and net income of KRW 119.7 billion based on separate financial statements of 2012.

The record-high sales are attributable to several factors: increase in rental and lump-sum sales; a low cancellation rate in rental and membership; a successful landing of the mattress rental service; and overseas sales expansion. However, operating income and net income dropped by 6.4% and 32.4%, respectively year-on-year, mainly due to the obsolete inventory write-off, leading to the non-recurring cost affecting the total income.

Under our 2013 business plan, sales will reach KRW 1.92 trillion along with operating income of KRW 291 billion, and operating income will be maximized by raising financial soundness. We also plan to pursue stable growth by strengthening the service and product quality in the environmental household appliance sector. The number of accounts targeted is 6.01 million, a 4.7% increase year-on-year, while profitability will be enhanced with productivity growth in the sales organization for cosmetics business.

For details of the 2012 management records, etc., please refer to 2. Business Results and 1. Articles.

## 6. Board Members and Auditors

Internal /External	Name	Position	Major functions/tasks	Transactions with company	Remarks
Internal	Hong,Joon-Kee	CEO	CEO of Coway	None	
External	Michael ByungJu Kim	Non-standing director	Chairman of MBK Partners	None	
External	Jong-Ha James Yoon	Non-standing director	CEO of MBK Partners	None	
External	Jay H. Bu	Non-standing director	Vice President of MBK Partners	None	
External	Park, Tae Hyun	Non-standing director	Senior managing director of MBK Partners	None	
External	Choi, In-Bum	External director	Standing advisor to GM Korea	None	
External	Lee, Jun-ho	External director	President of Seoul Office of Monitor Group	None	
Internal	Kim, Kyung-Hwan	Auditor	Internal auditor of Coway Co. Ltd.	None	
Internal	Shin,Seung-Chul	Internal director	Head of W Sales Division, Coway Co. Ltd.	None	Resigned on Nov. 27, 2012

Internal /External	Name	Position	Major functions/tasks	Transactions with company	Remarks
Internal	Kim, Sang-Joon	Internal director	Head of Strategic Planning Division, Coway Co. Ltd.	None	Resigned on Nov. 27, 2012
Internal	Kim, Jong-Bae	Internal director	Head of Sales Division, Coway Co. Ltd.	None	Resigned on Nov. 27, 2012
Internal	Heo,Sae-won	Auditor	Internal auditor, Coway Co. Ltd.	None	Resigned on Nov. 27, 2012
External	Joo, Sun-Hoi	External director	Lawyer, Joo Sun-Hoi Law Firm	None	Resigned on Nov. 27, 2012
External	Tak, Tae-Mun	External director	Professor of Biomaterials Engineering, Seoul National University	None	Resigned on Nov. 27, 2012
External	Yun, Seok-Geum	Executive director	Chairman of Woongjin Group	None	Resigned on Feb. 15, 2012
External	Lee,Ju-seok	Executive director	Vice Chairman of Woongjin Group	None	Resigned on Feb. 15, 2012
External	Shin, Gwang-Su	Executive director	CEO of Woongjin Holdings	None	Resigned on Feb. 15, 2012

## 7. Major Shareholders

(Unit: Share)

Name/Institution	No. of shares owned	Ownership	Transaction with company	Remarks
WoongjinHoldings and 29 others	24,145,899	31.31%	Transaction of products and services (purchase and sales combined)	KRW 101.4 billion
			Asset Purchase Agreement	KRW 178.2 billion
Lazard Asset Management LLC	11,170,035	14.50%	None	
Morgan Stanley Investment Management Company	3,617,094	4.70%	None	
JP Morgan Asset Management	3,020,191	3.90%	None	
KB Asset Management	1,937,670	2.50%	None	

\* The majority shareholder of Coway changed from Woongjin Holdings on January 2, 2013 to Coway Holdings. The above transaction records are those with Woongjin Holdings, the previous majority shareholder in 2012.

-Asset purchase agreement: The party subject to the above asset purchase agreement is Woongjin Chemical with 214,644,092 registered common shares (46.3%).

\* The stock ownership status of Lazard Asset Management LLC and Morgan Stanley Investment Management Company is based on the official disclosure on Korea Financial Supervisory Service

- Lazard Asset Management LLC: As of notification on Jul. 9, 2010

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

## 8. Ownership Status

(Unit: Share)

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	
Woong Jin Coway Thailand Co.,Ltd.	Coway Co. Ltd	2,686,550	100.00%	N/A	
Woong Jin Coway (M) Sdn 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	
Coway ITALIA S.R.L.	Coway Co. Ltd.	600,000	100.00%	N/A	
Coway (Japan) Co.,Ltd.	Coway Co. Ltd.	17,500	100.00%	N/A	
Kirin Music	Coway Co. Ltd.	51,868	12.06%	N/A	
Green Entech	Coway Co. Ltd.	2,314,204	100.00%	N/A	
WoongjinChemical	Coway Co. Ltd.	214,644,092	46.30%	N/A	
Navi Story	Green Entech	4,500	11.30%	N/A	
Woongjin TEXTILES	Woongjin Chemical	400,000	100.00%	N/A	
TIANJIN WOONGJINCSM ECOTECH CO.,LTD	Woongjin Chemical	-	100.00%	N/A	
WOONGJIN CHEMICAL SHANGHAI CO.,LTD	WoongjinChemical	-	100.00%	N/A	
WOONGJIN CHEMICAL AMERICA INC.	Woongjin Chemical	500,000	100.00%	N/A	
Saehan Platech	Woongjin Chemical	18,000	18.75%	N/A	
Samkwang Aqua-Clear	Woongjin Chemical	70,000	35.55%	N/A	
WoongjinHoldings	Coway Co. Ltd.	N/A		21,879,304	28.37%
Lazard Asset Management LLC	Coway Co. Ltd.	N/A		11,170,035	14.50%

\* In cases where Coway and subsidiaries own over 10% of other companies' shares, or records where other companies own over 10% of Coway's shares

## 9. Major Creditors

(Unit: share, KRW million)

Institutions	Amounts	No. of shares owned	Ownership ratio	Remarks
Shinhan Bank	82,889	2,940	0.00%	ST borrowings etc.
Woori Bank	68,680	-	-	ST borrowings etc.
Hana Bank	97,381	-	-	Debenture etc.
SC Bank	20,708	-	-	ST borrowings etc.
KB	40,000	-	-	Borrowings etc.
KEB	6,776	-	-	ST borrowings etc.
KDB	100,000	-	-	Borrowings etc.
NH	19,253	-	-	ST borrowings etc.
ANZ	53,555	-	-	Foreign currency debenture
MIZUHO	42,844	-	-	Foreign currency debenture
ICBC	21,422	-	-	Foreign currency debenture
<b>Total</b>	<b>553,508</b>	<b>2,940</b>	<b>0.00%</b>	

\* Quoted from the shareholder list as of 31/12/2012

## 10. Major Events after 2012

### 1) Changes in the Majority Shareholder

The majority shareholder of Coway Co. Ltd. changed from WoongjinHoldings (28.37% stake) to Coway Holdings (30.90% stake) on January 2, 2013.

### 2) Closing of the Share Transfer Agreement (Stake disposal)

Upon the approval of the Board of Directors on May 30, 2012, Coway Co. Ltd. decided to dispose shares of Woongjin Chemical. As a result, shares of Woongjin Chemical are indicated to be expected for disposal. However, as the stake disposal was completed on January 2, 2013, the cash injection was made during Q1 of 2013.

## 11. Others

### Consolidated Statements of Financial Position

As of December 31, 2012 and 2011 and 2010

(in Korean won)

Accounts	2012	2011	2010
<b>Assets</b>			
<b>Non-current assets</b>	975,943,842,458	1,052,123,037,319	924,222,815,494
Other long-term financial assets	51,369,795,981	49,055,139,581	47,203,861,355
Other non-current assets	80,402,480,943	65,285,636,012	50,844,469,000
Available-for-sale financial assets	2,461,264,045	2,562,051,632	3,751,724,883
Investments in associates	0	156,827,558,735	156,712,384,361
Property, plant and equipment	630,421,982,938	568,897,144,864	470,855,621,716
Intangible assets	183,665,072,523	183,177,210,870	178,322,408,814
Investment property	27,109,108,890	23,824,044,139	12,598,046,049
Derivative assets	0	1,825,713,462	0
Deferred income tax assets	514,137,138	668,538,024	3,934,299,316
<b>Current assets</b>	779,164,517,926	572,595,639,383	463,376,628,989
Cash and cash equivalents	152,411,776,291	98,223,335,061	74,592,579,381
Trade receivables	233,010,795,961	205,305,806,973	180,510,461,309
Other short-term financial assets	16,995,067,341	16,382,464,576	19,905,536,824
Other current assets	141,666,676,253	148,979,680,810	98,316,823,986
Inventories	71,687,168,456	103,704,351,963	90,051,227,489
Assets held for sale	163,393,033,624	0	0
<b>Total assets</b>	1,755,108,360,384	1,624,718,676,702	1,387,599,444,483
<b>Equity</b>			
<b>Equity ownership of controlled entity</b>	785,084,821,318	737,902,512,907	728,283,286,287
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	700,852,885,725	675,650,082,706	591,622,691,556
Other components of equity	(54,203,911,555)	(76,183,416,947)	(1,775,252,417)
<b>Non-Controlling Interests</b>	0	0	0
<b>Total equity</b>	785,084,821,318	737,902,512,907	728,283,286,287
<b>Liabilities</b>			
<b>Non-current liabilities</b>	210,864,604,564	308,481,324,569	253,306,330,611
Other long-term financial liabilities	9,023,429,296	8,234,227,675	1,603,893,585



<b>Accounts</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Other long-term payables	8,710,983,066	8,648,594,935	16,432,789,920
Long-term borrowings	30,083,333,000	90,620,862,996	174,241,872,499
Debentures	117,821,000,000	176,716,798,915	49,772,554,136
Retirement benefit obligations	12,819,014,249	14,554,811,070	10,804,925,112
Derivative liabilities(non-current)	5,867,615,831	307,202,279	0
Provisions(non-current)	623,085,957	749,707,527	164,223,277
Deferred income tax liabilities	25,916,143,165	8,649,119,172	286,072,082
<b>Current liabilities</b>	<b>759,158,934,502</b>	<b>578,334,839,226</b>	<b>406,009,827,585</b>
Trade payables	46,264,932,534	51,918,146,354	40,398,337,123
Other short-term financial liabilities	175,482,239,034	158,587,617,721	155,071,048,640
Other current liabilities	72,298,027,149	64,689,163,534	73,656,911,881
Short-term borrowings	330,095,354,639	168,176,965,638	78,236,018,767
Current portion of long-term borrowings	60,499,866,000	110,499,866,000	30,734,433,333
Current portion of debentures	49,939,127,155	0	0
Income tax payable	18,302,722,292	16,812,006,426	23,475,082,521
Derivative liabilities(current)	0	713,199,426	0
Provisions(current)	6,276,665,699	6,937,874,127	4,437,995,320
<b>Total liabilities</b>	<b>970,023,539,066</b>	<b>886,816,163,795</b>	<b>659,316,158,196</b>
<b>Total equity and liabilities</b>	<b>1,755,108,360,384</b>	<b>1,624,718,676,702</b>	<b>1,387,599,444,483</b>

**Consolidated Statements of Comprehensive Income**  
For the years ended December 31, 2012 and 2011 and 2010

(in Korean won)

Accounts	2012	2011	2010
<b>Sales</b>	1,992,838,137,049	1,824,366,637,732	1,583,891,743,978
<b>Cost of sales</b>	678,300,742,485	580,844,989,543	510,929,013,782
<b>Gross profit</b>	1,314,537,394,564	1,243,521,648,189	1,072,962,730,196
Selling and administrative expenses	1,088,390,891,267	1,008,792,650,532	824,295,913,658
<b>Operating income</b>	226,146,503,297	234,728,997,657	248,666,816,538
Other income	27,779,327,772	21,995,525,985	12,662,275,995
Other expense	85,554,649,504	18,240,927,790	6,107,044,184
Financial income	2,346,589,883	2,585,065,377	5,848,154,602
Financial expense	30,366,174,208	26,909,005,721	18,403,569,488
Investments in jointly controlled entities and associates	5,431,167,243	3,352,266,317	18,283,678,464
<b>Profit before income tax</b>	145,782,764,483	217,511,921,825	260,950,311,927
Income tax expense	51,740,066,469	50,458,164,689	67,784,112,931
<b>Profit for the year</b>	94,042,698,014	167,053,757,136	193,166,198,996
<b>Net income attributable to</b>			
Controlling interest	94,042,698,014	167,053,757,136	193,900,701,037
Non-controlling interest	0	0	(734,502,041)
<b>Other comprehensive income(loss), net of tax</b>	4,907,160,414	(5,850,520,771)	(8,435,466,559)
Change in value of available-for-sale financial assets	13,350,068	(3,959,523)	(1,453,351)
Capital variation of equity method	883,777,481	(3,468,549,292)	
Share of profits of jointly controlled entities and associates	(300,780,232)	(501,157,396)	(3,938,041,377)
Actuarial losses	(2,824,848,921)	(2,583,672,790)	(2,969,298,017)
Losses on valuation of derivatives	1,255,151,724	(2,012,102,524)	0
Gain (loss) on overseas business translation	5,880,510,294	2,718,920,754	(1,526,673,814)
<b>Total comprehensive income for the year</b>	98,949,858,428	161,203,236,365	184,730,732,437
<b>Total comprehensive income for the period attributable to</b>			
Controlling interest	98,949,858,428	161,203,236,365	185,764,521,324

Accounts	2012	2011	2010
Non-controlling interest	0	0	(1,033,788,887)
<b>Net income attributable to shareholders</b>			
Basic earnings per share	1,267	2,235	2,548
Diluted earnings per share	1,259	2,228	2,545

**Consolidated Statements of Changes in Equity**  
For the years ended December 31, 2012 and 2011 and 2010

(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		
2010.01.01(Beginning)	40,662,398,000	97,773,449,148	478,912,845,034	2,360,317,688	619,709,009,870		617,052,108,641
<b>Comprehensive income</b>							
Net income for the year	-	-	193,900,701,037	-	-	(734,502,041)	193,166,198,996
Change in value of available-for-sale financial assets	-	-	-	(1,453,351)	(1,453,351)	-	(1,453,351)
Equity on other comprehensive income of associates	-	-	(1,396,112,538)	(2,541,928,839)	(3,938,041,377)	-	(3,938,041,377)
Actuarial losses	-	-	(2,969,298,017)	-	(2,969,298,017)	-	(2,969,298,017)
Gain on overseas business translation	-	-	-	(1,227,386,968)	(1,227,386,968)	(299,286,846)	(1,526,673,814)
Losses on valuation of derivatives	-	-	-	-	-	-	-
<b>Total comprehensive income</b>			189,535,290,482	(3,770,769,158)	185,764,521,324	(1,033,788,887)	184,730,732,437
<b>Transactions with owners :</b>							
Dividends	-	-	(76,825,443,960)	-	(76,825,443,960)	-	(76,825,443,960)
Treasury stock	-	-	-	2,541,441,674	2,541,441,674	-	2,541,441,674
Exercise of share options	-	-	-	(686,171,377)	(686,171,377)	-	(686,171,377)
Share-based compensation	-	-	-	2,226,143,170	2,226,143,170	-	2,226,143,170
<b>Change in the equity owned for subsidiaries :</b>							
Paid-in capital increase, etc.	-	-	-	-	-	-	-
Change in the consolidation scope	-	-	-	-	-	-	-
Additional acquisition of affiliate equity, etc.	-	-	-	(4,446,214,414)	(4,446,214,414)	3,690,690,116	(755,524,298)
<b>Total transaction volume with owners</b>			(76,825,443,960)	(364,800,947)	(77,190,244,907)	3,690,690,116	(73,499,554,791)
2010.12.31(End)	40,662,398,000	97,773,449,148	591,622,691,556	(1,775,252,417)	728,283,286,287	-	728,283,286,287
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
<b>Total comprehensive income :</b>							
Net income 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)
Equity on 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)
Gain on overseas business translation	-	-	-	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)
<b>Total comprehensive income</b>			163,968,926,950	(2,765,690,585)	161,203,236,365	-	161,203,236,365
<b>Transactions with owners :</b>							
Dividends	-	-	(79,941,535,800)	-	(79,941,535,800)	-	(79,941,535,800)
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
<b>Change in the equity owned for subsidiaries :</b>							
Paid-in capital increase, etc.	-	-	-	(138,170,201)	(138,170,201)	-	(138,170,201)
<b>Total transaction volume with owners</b>			(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
<b>Total comprehensive income :</b>							
Net income 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
Equity on 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)
Gain on overseas business translation	-	-	-	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
<b>Total comprehensive income</b>			90,917,068,861	8,032,789,567	98,949,858,428	-	98,949,858,428
<b>Transactions with owners :</b>							
Dividends	-	-	(77,841,535,800)	-	(77,841,535,800)	-	(77,841,535,800)
Exercise of share options	-	-	-	1,643,239,820	1,643,239,820	-	1,643,239,820
Treasury stock	-	-	-	12,310,991,605	12,310,991,605	-	12,310,991,605
<b>Change in the equity owned for subsidiaries :</b>							
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
<b>Total transaction volume with owners</b>			(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

### Consolidated Statements of Cash Flows

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

(in Korean won)

Accounts	2012	2011	2010
Cash flows from operating activities	454,295,658,186	314,468,714,902	347,092,294,553
Cash generated from operations	490,290,779,602	357,613,410,050	392,498,866,959
Profit for the year	94,042,698,014	167,053,757,136	193,166,198,996
Adjustments	420,182,579,450	311,327,138,841	272,280,155,263
Changes in operating assets and liabilities	(23,934,497,862)	(120,767,485,927)	(72,947,487,300)
Income tax paid	(35,995,121,416)	(43,144,695,148)	(45,406,572,406)
Net cash generated from operating activities	(320,383,263,823)	(324,223,694,433)	(305,594,087,807)
Increase in other short-term financial assets	(339,965,100)	(2,313,085,554)	(1,018,198,000)
Decrease in other short-term financial assets	(2,094,689,487)	1,858,502,919	1,367,447,260
Increase in other long-term financial assets	(7,195,113,998)	(13,218,308,879)	(25,232,346,619)
Decrease in other long-term financial assets	5,459,071,211	12,328,716,811	22,385,402,920
Acquisition of available-for-sale financial assets	(100,000,000)	(50,000,000)	(1,000,042,520)
Proceeds from disposal of available-for-sale financial assets	255,928,131	476,690,444	0
Acquisition of subsidiaries, net of cash acquired	0	(6,373,727,602)	(32,285,122,990)
Disposal of subsidiaries, net of cash acquired	30,000,000	0	0
Acquisition of associates	0	(999,995,600)	(31,000,562,310)
Proceeds from Acquisition of associates	402,693,993	0	0
Acquisition of property, plant and equipment	(313,843,129,046)	(316,518,459,038)	(237,498,389,320)
Proceeds from disposal of property, plant and equipment	3,538,711,089	13,765,924,896	11,088,458,799
Acquisition of intangible assets	(8,310,674,638)	(7,184,048,560)	(15,018,581,387)
Proceeds from disposal of intangible assets	638,230,965	385,000,000	1,137,674,844
Acquisition of Investment property	(523,683,227)	(8,511,562,500)	0
Proceeds from Investment property	84,545,454	0	0
Interest received	1,614,810,830	2,130,658,230	1,480,171,516

<b>Accounts</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net cash generated from (used in) financing activities	(75,636,507,183)	30,547,165,836	(41,048,173,782)
Net proceeds from short-term borrowings	20,398,872,549	89,903,282,870	(47,443,016,390)
Decrease in current portion of long-term borrowings	(499,866,000)	(30,693,035,000)	(203,930,000)
Proceeds from long-term borrowings	0	60,000,000,000	100,000,000,000
Repayment of long-term borrowings	0	(33,162,541,836)	(128,905,237)
Increase in debentures	0	122,690,000,000	49,747,800,000
Payment of dividends	(77,841,535,800)	(79,941,535,800)	(76,825,443,960)
Purchase of treasury stock	0	(73,494,452,450)	0
Exercise of share options	12,212,200,000	0	1,893,500,000
Interest paid	(29,906,177,932)	(24,754,551,948)	(18,088,178,195)
Decrease in current portion of debentures	0	0	(50,000,000,000)
Net increase in cash and cash equivalents	58,275,887,180	20,792,186,305	450,032,964
Beginning of the year	98,223,335,061	74,592,579,381	77,459,105,816
Exchange losses on cash and cash equivalents	(4,404,708,325)	2,838,569,375	(3,316,559,399)
Change of consolidated scope.	317,262,375	0	0
End of the year	152,411,776,291	98,223,335,061	74,592,579,381

**Separate Statements of Financial Position**  
As of December 31, 2012 and 2011 and 2010

(in Korean won)

Accounts	2012	2011	2010
<b>Assets</b>			
<b>Non-current assets</b>	1,010,230,889,971	1,064,959,877,824	917,084,808,782
Other long-term financial assets	55,054,637,121	47,973,451,555	49,030,160,451
Other non-current assets	76,198,744,852	60,959,418,799	48,760,776,084
Available-for-sale financial assets	1,537,410,545	1,703,209,835	3,101,915,986
Investments in subsidiaries	101,703,254,632	101,577,041,617	59,021,935,367
Investments in associates	0	135,308,636,849	133,308,648,729
Property, plant and equipment	594,204,832,774	534,734,380,403	441,557,348,513
Intangible assets	157,516,061,655	155,965,385,892	156,456,468,711
Investment property	24,015,948,392	23,824,044,139	12,598,046,049
Derivative assets	0	1,825,713,462	0
Deferred income tax assets	0	1,088,595,273	13,249,508,892
<b>current assets</b>	691,276,655,813	511,499,151,364	441,169,455,659
Cash and cash equivalents	118,881,951,713	64,910,267,918	56,428,125,113
Trade receivables	278,406,994,510	240,071,270,875	203,790,052,845
Other short-term financial assets	12,397,503,240	18,926,508,666	22,117,430,970
Other current assets	106,935,018,092	114,609,971,848	85,634,652,860
Inventories	41,346,541,529	72,981,132,057	73,199,193,871
Assets held for sale	133,308,646,729	0	0
<b>Total assets</b>	1,701,507,545,784	1,576,459,029,188	1,358,254,264,441
<b>Equity</b>			
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	716,802,060,649	677,684,182,975	582,918,759,202
Other components of equity	(52,508,474,437)	(67,717,667,866)	5,802,697,925
Total equity	802,729,433,360	748,402,362,257	727,157,304,275
<b>Liabilities</b>			
<b>non-current liabilities</b>	179,198,809,923	293,777,106,176	246,566,890,154
Other long-term financial liabilities	8,514,033,314	7,759,736,243	1,226,162,642
Other long-term payables	3,294,583,625	6,168,049,417	15,808,648,146
Long-term borrowings	30,000,000,000	90,000,000,000	170,000,000,000
Debentures	117,821,000,000	176,716,798,915	49,772,554,136

Accounts	2012	2011	2010
Retirement benefit obligations	10,533,636,817	12,371,433,742	9,639,125,846
Derivative liabilities	5,867,615,831	307,202,279	0
Provisions(non-current)	164,682,697	453,885,580	120,399,384
Deferred income tax liabilities	3,003,257,639	0	0
<b>current liabilities</b>	719,579,302,501	534,279,560,755	384,530,070,012
Trade payables	28,901,007,216	28,657,314,032	38,311,601,828
Other short-term financial liabilities	197,618,402,571	149,085,706,169	143,950,241,858
Other current liabilities	63,283,698,221	59,255,667,217	70,294,115,320
Short-term borrowings	295,686,104,639	164,818,431,596	74,473,032,228
Current portion of debentures	49,939,127,155	0	0
Current portion of long-term borrowings	60,000,000,000	110,000,000,000	30,000,000,000
Income tax payable	18,177,815,830	15,827,455,096	23,263,551,636
Provisions(current)	5,973,146,869	6,634,986,645	4,237,527,142
<b>Total liabilities</b>	898,778,112,424	828,056,666,931	631,096,960,166
<b>Total equity and liabilities</b>	1,701,507,545,784	1,576,459,029,188	1,358,254,264,441

### Separate Statements of Comprehensive Income

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

(in Korean won)

Accounts	2012	2011	2010
<b>Sales</b>	1,806,832,625,803	1,709,867,512,884	1,501,812,040,147
<b>Cost of sales</b>	605,383,221,006	552,005,591,884	490,590,059,135
<b>Gross profit</b>	1,201,449,404,797	1,157,861,921,000	1,011,221,981,012
Selling and administrative expenses	973,637,124,791	914,518,436,668	756,869,440,736
<b>Operating income</b>	227,812,280,006	243,343,484,332	254,352,540,276
Other income	23,432,631,552	19,932,576,678	9,134,637,488
Other expenses	28,466,241,146	14,403,411,764	8,496,236,937
Financial income	3,551,546,717	2,243,894,076	6,377,208,027
Financial expense	61,677,411,697	25,764,876,270	18,111,175,278
Investments in associates	(3,187,533,127)	0	0
Profit before income tax	161,465,272,305	225,351,667,052	243,256,973,576
Income tax expense	(41,716,698,658)	(48,246,024,186)	(59,984,105,088)
Profit for the year	119,748,573,647	177,105,642,866	183,272,868,488

Accounts	2012	2011	2010
Other comprehensive income(loss), net of tax	(1,534,198,169)	(4,414,745,340)	(3,065,489,593)
Change in value of available-for-sale financial assets	(189,720)	(3,959,523)	(1,453,351)
Losses on valuation of derivatives	1,255,151,724	(2,012,102,524)	0
Actuarial losses	(2,789,160,173)	(2,398,683,293)	(3,064,036,242)
Total comprehensive income for the year	118,214,375,478	172,690,897,526	180,207,378,895
Earnings per share			
Basic earnings per share	1,614	2,370	2,408
Diluted earnings per share	1,603	2,362	2,405

### Separate Statements of Changes in Equity

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

(in Korean won)

Accounts	Capital stock	Capital surplus	Retained earnings	Other components of equity	Total equity
2010.1.1 Balances as of Jan. 1, 2010	40,662,398,000	97,773,449,148	479,535,370,916	1,722,737,809	619,693,955,873
Comprehensive income :					
Profit for the year	-	-	183,272,868,488	-	183,272,868,488
Change in value of available-for-sale financial assets	-	-	-	-1,453,351	-1,453,351
Actuarial losses	-	-	-3,064,036,242	-	-3,064,036,242
Transactions with owners :					
Dividends	-	-	-76,825,443,960	-	-76,825,443,960
Exercise of share options	-	-	-	-686,171,377	-686,171,377
Share-based compensation	-	-	-	2,226,143,170	2,226,143,170
Treasury stock	-	-	-	2,541,441,674	2,541,441,674
2010.12.31 Balance on Dec. 31, 2010	40,662,398,000	97,773,449,148	582,918,759,202	5,802,697,925	727,157,304,275
2011.1.1 Balances as of Jan. 1, 2011	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 options	-	-	-	1,990,148,706	1,990,148,706
Treasury stock	-	-	-	-73,494,452,450	-73,494,452,450
2011.12.31 Balance on Dec. 31, 2011	40,662,398,000	97,773,449,148	677,684,182,975	-67,717,667,866	748,402,362,257
2012.1.1 Balances as of Jan. 1, 2012	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 options	-	-	-	1,643,239,820	1,643,239,820
Treasury stock	-	-	-	12,310,991,605	12,310,991,605
2012.12.31 Balance on Dec. 31, 2012	40,662,398,000	97,773,449,148	716,802,060,649	-52,508,474,437	802,729,433,360



## Separate Statements of Cash Flows

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

(in Korean won)

Accounts	2012	2011	2010
Cash flows from operating activities	429,118,931,290	317,604,403,764	331,311,603,086
Cash generated from operations	463,804,814,727	359,602,141,340	375,505,377,842
Profit for the year	119,748,573,647	177,105,642,866	183,272,868,488
Adjustments	381,783,163,463	294,006,004,362	277,904,503,224
Changes in operating assets and liabilities	(37,726,922,383)	(111,509,505,888)	(85,671,993,870)
Income tax paid	(34,685,883,437)	(41,997,737,576)	(44,193,774,756)
Cash flows from investing activities	(300,933,529,728)	(344,232,971,749)	(299,896,002,450)
Increase in other short-term financial assets	(90,000,000)	(16,744,524,364)	(5,360,508,000)
Decrease in other short-term financial assets	212,869,600	12,175,149,014	1,911,915,736
Increase in other long-term financial assets	(7,099,279,088)	(16,056,789,478)	(25,029,871,552)
Decrease in other long-term financial assets	5,387,291,823	21,732,423,437	22,973,390,256
Acquisition of available-for-sale financial assets	0	0	(1,000,042,520)
Proceeds from disposal of available-for-sale financial assets	194,115,241	393,879,560	0
Acquisition of subsidiaries, net of cash acquired	(1,746,450,015)	(42,555,106,250)	(32,764,140,263)
Proceeds from subsidiaries, net of cash acquired	402,693,993	0	0
Acquisition of associates	0	(999,995,600)	(31,000,562,310)
Proceeds from associates	30,000,000	0	0
Acquisition of property, plant and equipment	(294,981,028,616)	(299,373,594,814)	(223,120,231,331)
Proceeds from disposal of property, plant and equipment	3,441,343,203	8,931,717,622	11,217,131,374
Acquisition of intangible assets	(8,257,831,838)	(7,048,259,593)	(14,768,056,623)
Proceeds from disposal of intangible assets	605,433,333	385,000,000	40,000,000
Acquisition of Investment property	(523,683,227)	(8,511,562,500)	0
Proceeds from Investment property	84,545,454	0	0
Interest received	1,406,450,409	3,438,691,217	1,326,714,775
Acquisition of business	0	0	(4,321,741,992)

<b>Accounts</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Cash flows from financing activities	(73,571,682,720)	35,606,486,628	(38,210,365,538)
Net proceeds from short-term borrowings	20,867,673,043	90,345,399,368	(45,242,037,161)
Decrease in current portion of long-term borrowings	0	(30,000,000,000)	0
Proceeds from long-term borrowings	0	60,000,000,000	100,000,000,000
Repayment of long-term borrowings	0	(30,000,000,000)	0
Increase in debentures	0	122,690,000,000	49,747,800,000
Payment of dividends	(77,841,535,800)	(79,941,535,800)	(76,825,443,960)
Purchase of treasury stock	0	(73,494,452,450)	0
Exercise of share options	12,212,200,000	0	1,893,500,000
Interest paid	(28,810,019,963)	(23,992,924,490)	(17,784,184,417)
Decrease in current portion of debentures	0	0	(50,000,000,000)
Net Decrease in cash and cash equivalents	54,613,718,842	8,977,918,643	(6,794,764,902)
Beginning of the year	64,910,267,918	56,428,125,113	63,842,589,028
Exchange losses on cash and cash equivalents	(642,035,047)	(495,775,838)	(619,699,013)
End of the year	118,881,951,713	64,910,267,918	56,428,125,113

### Separate Statements of Appropriations of Retained Earnings

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

(In Korean won)

Accounts	2012	2011	2010
Retained Earnings Before Appropriations or Accumulated Deficit Before Disposition	116,960,599,029	127,820,721,355	130,157,297,582
Retained earnings brought forward from the previous year	1,185,555	(46,886,238,218)	773870
Effects of adopting K-IFRS			(50,052,308,534)
Actuarial losses	(2,789,160,173)	(2,398,683,293)	(3,064,036,242)
Profit for the year	119,748,573,647	177,105,642,866	183272868488
Appropriations of retained earnings	116,959,000,000	127,819,535,800	177,043,535,800
Earned surplus reserve		8,000,000,000	8,000,000,000
Voluntary reserve	116,959,000,000	41,978,000,000	89,102,000,000
Dividend			
Dividend in cash Dividend per share (%) :			
Common Stock:		77,841,535,800	79,941,535,800
FY2012 KRW – (0%)	-		
FY2011 KRW 1,050(210%)			
FY 2010 1,050(210%)			
Inappropriate Retained Earnings or Undisposed Accumulated Deficit Carried over to Subsequent Year	1,599,029	1,185,555	(46,886,238,218)