

Four Seasons of Sustainability

Woongjin Coway 2007 Sustainability Report



Blending of the Woongjin logotype with symbols representing "Tto-Tto Sarang(love again & again)" for work, society, change, company, challenge and customers.

● Logotype ●

Woongjin's logotype means connection, infinity, and expansion. The circles connected horizontally and vertically are expressing the willingness of Woongjin to permanently stay with its customers and society. It demonstrates business system of Woongjin that expands in cooperation among people. It also can be interpreted as moving forward dynamically with four circles becoming wheels.

● 6 Symbols ●

The unique and asymmetric layout of six symbols mirrors Woongjin's creative weird idea, showing its corporate culture where diversified elements coexist in harmony. And liberal and vivid touch of logotype expresses human-oriented and emotional character of Woongjin.



Love for Customer

It expresses customer-oriented affirmation and positive service through humanity.



Love for Change

Meaning that the growth of sprout comes from changes, it expresses the management philosophy that seeks growth through changes.



Love for Society

Meaning wrapping and embracing with hand, it expresses magnanimous love of society.



Love for Work

It expresses a man who works enthusiastically with positive attitude, while perceiving the core of work with a lofty objective and volition.



Love for Challenge

It means the pursuit of an ultimate object (star) through challenges without resting on past achievements.



Love for Organization

It expresses corporate culture that emphasizes cooperation and fairness as a united organization.





Contents

Introduction	01
Woongjin Coway & Sustainability	
CEO Message	12
Company Profile	14
Ethics Management	18
Sustainability Management System	22
2007 Sustainability Highlights	24
Woongjin Coway & Stakeholders	
Stakeholder Communication	28
Customers	31
Employees	36
Shareholders	45
Business Partners	50
Social Contribution	54
Woongjin Coway & The Planet	
Environmental Leadership	62
Environmental Activities and Performance	66
Summary Financial Statements	70
Awards and Recognition	71
Assurance Report	72
Comment from External Expert	74
GRI Index	75



About this Report

The Objective of Reporting

By publishing 2007 Sustainability Report, Woongjin Coway aims to disclose its sustainability management activities to stakeholders in a transparent manner, therefore engaging in a higher level of sustainability management through incorporating feedback from various stakeholders.

Reporting Period and Scope

This Sustainability Report covers the period from January 1, 2007 to December 31, 2007. Data on activities and performance in 2005 and 2006 is included when necessary to examine past trends while our activities in 2008 are also included when deemed important.

The Report describes performance at Woongjin Coway Seoul Office, the Environment Technology Institute, Quality Management Institute and Yugu Factory. It is our plan to extend the scope of the Report to include overseas operations and our subsidiary in the mid- to long-term period.

The Latest Reporting Year and Reporting Guidelines

This is the third report published by Woongjin Coway. It is written with reference to G3 Reporting Guidelines of Global Reporting Initiative (GRI). We also refer to stakeholders' views collected for the last two years. The subsequent process such as report framework decision, data collection, and identification of information was carried out in partnership with each relevant team.

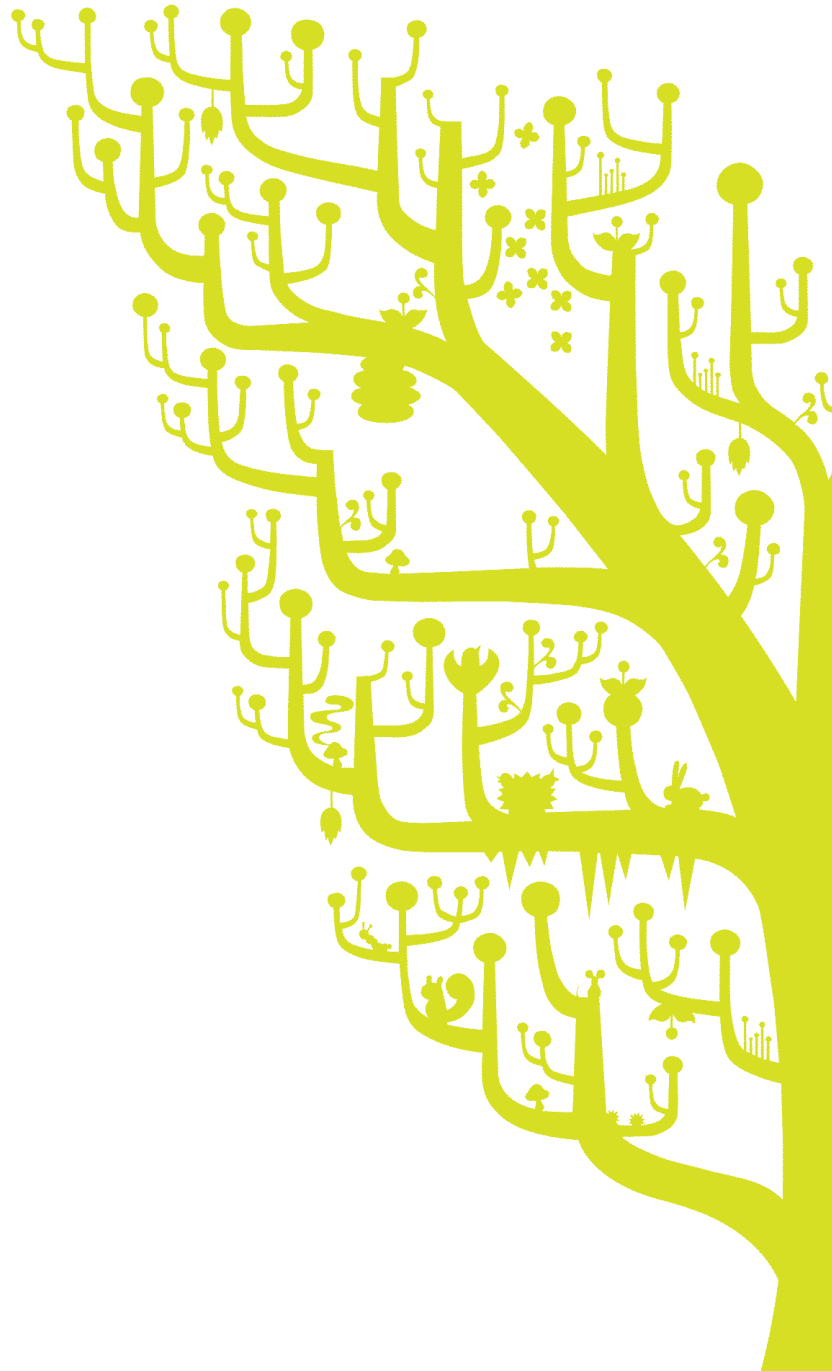
The Report takes stakeholder-oriented framework compared with the TBL(Triple Bottom Line) framework of previous edition. However, there are no significant changes in comparison to the previous year's report in terms of reporting, such as measurement and evaluation of information, etc. Going forward, we plan to publish sustainability reports every year.

Assurance

The contents of the Report have been verified by an independent, outside organization. Please refer to assurance report at pages 72-73.

Additional Information

Additional information is available in financial reports, newsletters published by Woongjin Coway, as well as our website at www.coway.com.

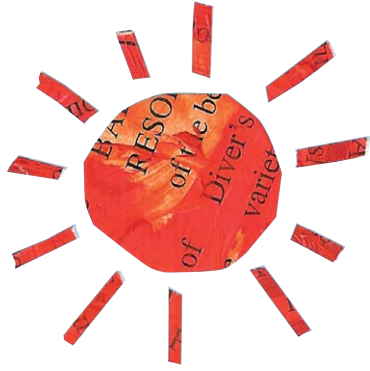




Sowing seeds of hope
Spring

Even the lushest green forest starts with the tiniest seed.
At Woongjin Coway, we are sowing the seeds
for a greener future, convinced that our environment is
the biggest asset in the 21st century.

春



Growing value **Summer**

夏

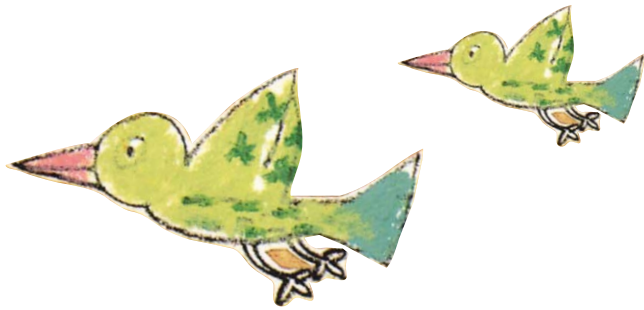
Anticipating a good crop makes us sweat more.

Growing on our underpinning principles of
innovation and integrity,

Woongjin Coway is working hard to create greater value.







Harvesting together

Autumn

People are the source of strength at Woongjin Coway.

Our stakeholders have made our successes even more rewarding.

We are harvesting happiness for all.

秋



Sharing the warmth

Winter

Sharing is the best expression of love.

We care about making a difference in our communities.

Woongjin Coway is always ready to extend a helping hand.

冬





Technology Planning Team
Seung-Heon Lee Assistant Manager

WOONGJIN COWAY & SUSTAINABILITY



Woongjin Coway is taking a wide range of actions to meet our economic, environmental and social responsibilities. Our principles of open communication, integrity and philanthropy are enhancing corporate and stakeholder values. We are also committed to protecting our planet by reducing our environmental footprint.

CEO MESSAGE



For everyone here at Woongjin Coway, keywords that best characterized 2007 were green management, innovation and creativity. The rapidly changing marketplace demanded corporate innovation in order to deliver sustainable development. Moreover, various environmental issues such as global warming and the Taeon oil spill reminded us of the importance of protecting our planet and reaffirmed the unlimited potential of green electronics.

“ Woongjin Coway reveals its past year’s achievements”

Woongjin Coway’s sustainability report highlights our efforts to promote sustainable business practices and reflects the challenges we faced over the past year. In 2007, we had much to celebrate as we received the ‘reddot Design Award’ for the development of new products and the presidential award at the ‘2007 Korea Design Awards.’ We also made impressive strides in customer and employee satisfaction by being selected ‘CCMS Certified Excellent Company’ and being honored as one of the ‘Best Companies to Work for’ in Korea.

In our overseas operations, we built a strong foundation for growth. On top of forging partnerships with prominent global companies, we attracted immense buyer interest and now stand on the path toward the global stage.

“ Building on our past to forge the future as a new millennium company”

We believe creative companies shape the marketplace much like heroes make history. Forging new markets and innovating services to address customer needs enabled Woongjin Coway to solidify its position as a leader in environmental home appliances. Not satisfied with today’s successes, we will continue our efforts toward sustainable development as a good corporate citizen. By building on past achievements, our vision is to reinvent ourselves as a creative company that designs the future for the new millennium.

“ We Bring Wellness!”

At Woongjin Coway, we are passionate about bringing happiness to our shareholders, customers, partner firms and communities. We aspire to grow with all our stakeholders and share our successes with them. That is a promise we intend to keep.

CEO Joon-Kee Hong



COMPANY PROFILE



Woongjin Coway has been at the forefront of promoting a wider public use of and developing more specialized and sophisticated living and environment-friendly products, with product portfolios ranging from air to water quality arenas-e.g. water filtration devices, air purifiers, and digital bidets.

【 Company Outline 】

In May 1998, Woongjin Coway introduced a breakthrough concept of rental marketing into water filtration devices for the first time in the industry and is on the top of position in terms of market share, customer satisfaction, brand awareness, etc. by providing selected services by a service professional 'Cody'.

We are aiming to be a leading global well-being company by penetrating into the overseas market through subsidiaries in the USA, Japan, China, Thailand, and Malaysia as well as a distribution base in the Netherlands.

▼ General Profile ▼

Company Name	Woongjin Coway Co., Ltd.
Address	658 Yugu-ri, Yugu-eup, Gongju city, Choongnam province
Date of Establishment	May 2, 1989
CEO	Joon-Kee Hong
Business Area	Manufacturing and sales
Number of Employees	1,450 persons
Overseas Subsidiaries	USA, Japan, China, Thailand, Malaysia

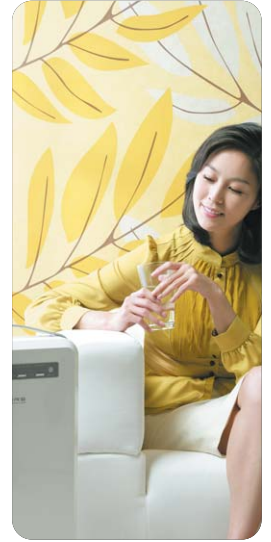
▼ Financial Profile ▼

	(Unit: KRW billion)
Total Assets	936.1
Total Liabilities	407.6
Total Shareholders' Equity	528.5
Capital Stock	39.3
Sales	1,213.1
Operating Income	161.3
Net Income	116.3

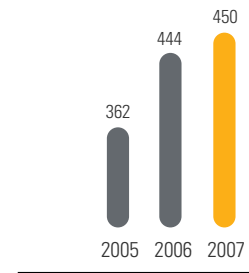


▼ History ▼

1989	<ul style="list-style-type: none"> Established Coway Co.
1990	<ul style="list-style-type: none"> Commenced sales of water filtration devices
1994	<ul style="list-style-type: none"> Produced air purifiers
1998	<ul style="list-style-type: none"> Began rental business for water filtration devices
2000	<ul style="list-style-type: none"> Began rental business for bidets
2001	<ul style="list-style-type: none"> Listed on the Korea Stock Exchange Began rental business for air purifiers
2004	<ul style="list-style-type: none"> Launched system kitchen business
2005	<ul style="list-style-type: none"> Merged with Woongjin Coway Development Co., Ltd. Began food waste processor business
2006	<ul style="list-style-type: none"> Started construction of Woongjin R&D Center Appointed Joon-Kee Hong as CEO Established Woongjin Energy
2007	<ul style="list-style-type: none"> Received reddot Design Awards(CHP-06DL) Established USA subsidiary Recognized as an excellent company in CCMS Received 'Good company to work for' award Designated as the official RoHS testing institute Constructed filter plant in Yugu Received Presidential Award in the Korea Design Award

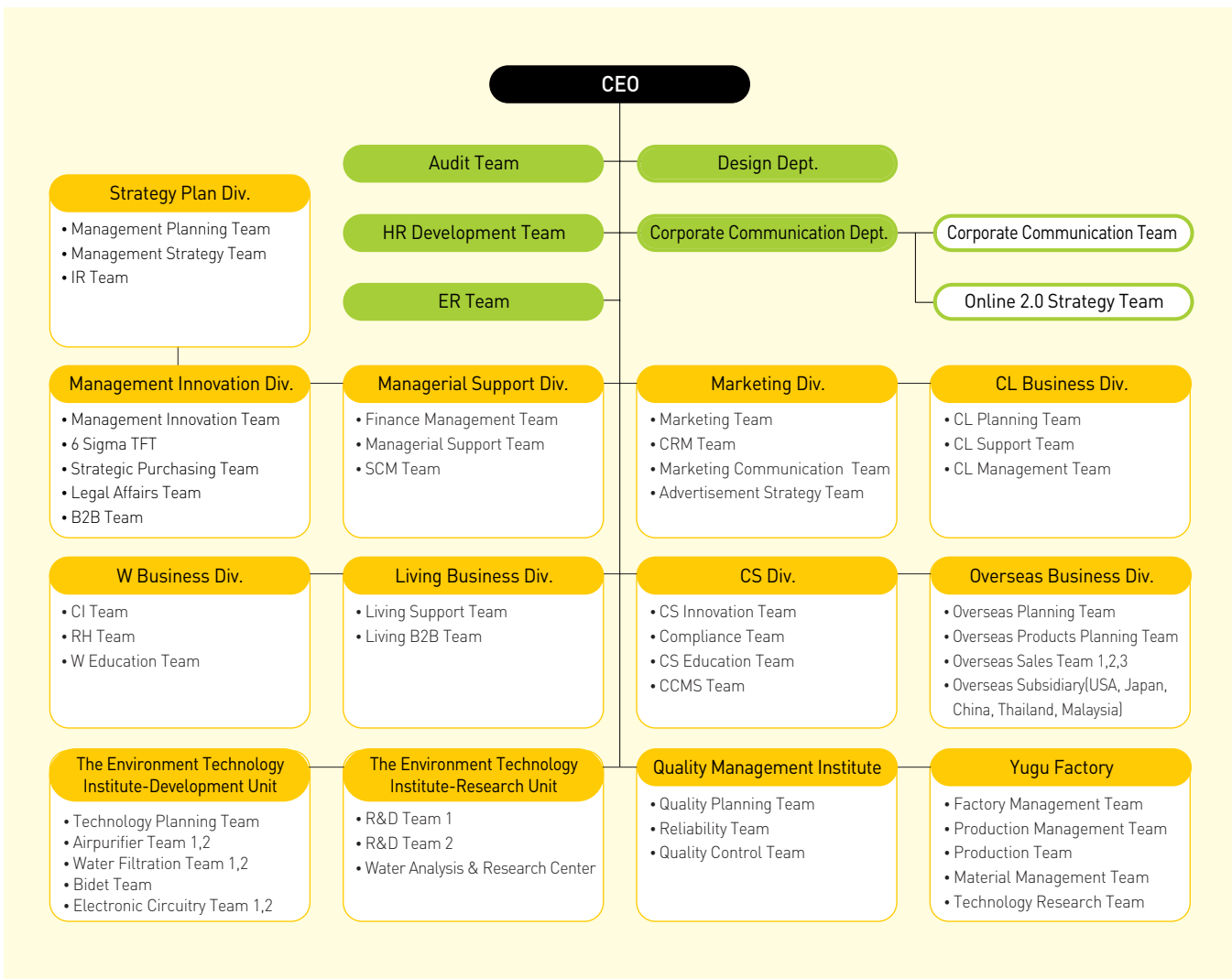


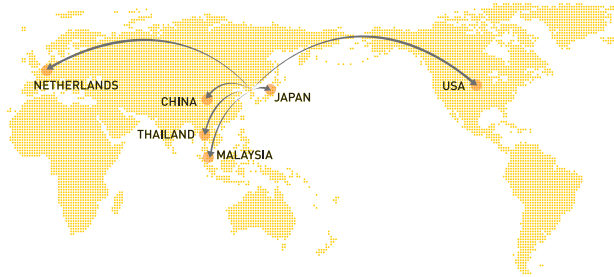
Number of Branches



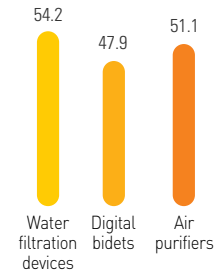
Organization

As of the end of April 2008, Woongjin Coway operates nine divisions, two research institutes, one factory, two departments, five overseas subsidiaries, and 56 teams. Overseas Business division manages five overseas subsidiary: USA, Japan, China, Thailand, and Malaysia. Number of sales branches under the management of 25 head branch offices totaled 450 as of the end of 2007.





Market Share
(Unit : %)



*Source: Gallup survey in 2007

Global Network

Woongjin Coway operates five overseas subsidiaries including USA subsidiary established in 2007 and one distribution base in the Netherlands. The company exported water filtration devices, air purifiers, digital bidets, etc. to 44 countries through over 100 distribution agents, recording 300% year-on-year growth in 2007. Another 260% export growth was set for 2008. We map out a plan to become a global leading company in the industry by establishing additional overseas subsidiaries in Asia and Europe and strengthening overseas marketing.

● **USA**
695 S. Vermont Ave.
#110 Los Angeles, CA 90005
Tel. 1-213-480-1600(Ext. 139)
Homepage: www.coway-usa.com

● **Thailand**
170/84 29th Fl., Ocean Tower 1 Building,
Soi Sukhumvit 16, Ratchadapisek Rd.,
Klongtoey, BKK 10110 Thailand
Tel. 66-2-661-8640
Homepage: www.coway.co.th

● **China**
ChaoWai Soho, NO.6B, B-0921,
ChaoWai St. ChaoYang District,
Beijing 100020, China
Tel. 86-136-0102-9441
Homepage: www.xiongjin.cn

● **Malaysia**
Wisma UOA NO. 19
Jalan Pinang, 50450 Kuala Lumpur
Tel. 60-3-2059-0123
Homepage: www.coway.com.my

● **Japan**
13F, Shinjuku NS Bldg 2-4-1, Nishi-
Shinjuku, Shinjuku-ku, Tokyo,
Japan(163-0813)
Tel. 81-3-3342-3771
Homepage: www.coway.co.jp

● **Netherlands(Distribution)**
Tupolevlaan 48,
1119 NZ Schiphol-Rijk,
The Netherlands
Tel. 82-2-2172-3958

● **Hong Kong**
Unit A1A, 7F, Kaiser Estate Phase 1,
No. 41 Man Yue Street, Hung Hom,
Kowloon, HongKong
Tel. 852-2334-5660
Fax. 852-2334-5669

● **Korea(Headquarters)**
Naewei Bldg., Euljiro2-ga, Jung-gu,
Seoul 100-844, Korea
Tel. 82-2-2172-3969
Homepage: www.coway.com

Products

Woongjin Coway is the undisputed leader in the industry in terms of market share, customer satisfaction, and brand awareness. We have grown into the leading position with four key products, namely, water filtration devices, digital bidets, air purifiers, and water softeners. We branched out system kitchen business in 2004 and food waste processor business in 2007 to establish a well-balanced product portfolio for stable growth.



●Coway-water filtration devices



●LooLoo-digital bidets



●Cairs-air purifiers



●Büssel-system kitchen



●Clive-food waste processors

ETHICS MANAGEMENT



Ethics management is the most important factor in Woongjin group's general management. The reason Woongjin Group has never been involved in social misconduct is that it has always maintained a transparent and fair management as its prime principle. By practicing such policies, Woongjin Coway will build a company that is more transparent and clean.

【 History of Ethics Management 】

Ethics management is a business activity which pursues long-term profit, based on ethics and justice that stakeholders demand to the company. Woongjin group recognizes importance of ethics management and has evolved various ethics management activities such as Woongjin ethics regulations enacted in 2003.

▼ Ethics Management ▼

Oct. 2003	<ul style="list-style-type: none"> ● Woongjin Ethics Regulations Enacted Ethics platform, code of ethics and rules of ethics were enacted ● Ethics Management Implementation Bodies in Place Group ethics management office and each affiliate's ethics management office started operation
Dec. 2003	<ul style="list-style-type: none"> ● Hot Line, Woongjin Ethics Report Center, in place On-line report system (audit.woongjin.com) started operation ● Constructed On-line Education System Developed ethics management on-line education contents operated on-line education to all executives and employees since 2004
Oct. 2005	<ul style="list-style-type: none"> ● Self-check Program for Ethics Management for Six Months Drove implementation of ethics management
June 2006	<ul style="list-style-type: none"> ● Enactment and Revision of Rules of Ethics According to changes in management environment such as organization restructuring ● Dissemination of Ethics Management to Business Partners Urged business partner to participate in ethics management
Dec. 2006	<ul style="list-style-type: none"> ● Ethics Management Guide Provided employees with a guide to the rules and regulations of ethics management
Mar. 2007	<ul style="list-style-type: none"> ● Establishment of Accountability and Discipline Standards Integrated the standards which were separately managed by each affiliate



【 Organizations for Ethics Management 】

Woongjin group put in place the Group Ethics Management Office in 2003 and is currently operating the Office to build and embrace transparency across all areas of management from accounting, personnel management to purchasing, etc. All affiliates of the Group have been showing commitment to ethics management by establishing Ethics Management Office at their affiliate level.

Woongjin Group operates Group Ethics Committee (role: discussion & resolution) and Group Ethics Management Office (role: management & resolution) and runs ethics management offices at each affiliate to translate ethics management into action.



【 Woongjin Ethics Regulations 】

Woongjin Group’s Woongjin ethics regulations are composed of ethics platform, code of ethics and rules of ethics. The Ethics Platform is a promise that all personnel will actively participate in efforts for Woongjin Coway to observe ethics regulations so that it would gain trust from the people. The Code of Ethics is a standard for value judgment and proper actions all personnel should follow to pursue mutual benefits of stakeholders, and the Rules of Ethics is a practice guide for ethics regulations.

● **Ethics Platform**

Promise to put ethics management into practice
Composed of five clauses

● **Code of Ethics**

Standards for behavior and value-judgment by which all management and employees shall abide
Composed of six chapters and supplementary provision
Chapter 1: Our responsibilities and liabilities for customers
Chapter 2: Fair competition
Chapter 3: Fair trade
Chapter 4: Fundamental ethics for the management and employees
Chapter 5: Our responsibilities for Woongjin family
Chapter 6: Our responsibilities for the society

● **Rules of Ethics**

Implementation guidelines of Code of Ethics
Composed of six chapters and supplementary provision
Chapter 1: Objectives
Chapter 2: Definition
Chapter 3: Standard for monetary benefits
Chapter 4: Standards for entertainment
Chapter 5: Standards for other benefits and irregularities abusing positions
Chapter 6: Penalties







● Woongjin Ethics Report Center

【 Ethics Reporting System 】

In order for our employees, employees of business partners, and customers to report corruption and irregularities, Woongjin Coway operates ethics management hotline. We protect the reporting person and the information of the reporting is kept confidential.

▼ Type of Report ▼

	<p>Reporting on Irregular Sales Activities</p> <ul style="list-style-type: none"> • Activities and such that violate regular sales activities stated in the company's regulations
	<p>Suggestions for System Improvement</p> <ul style="list-style-type: none"> • Improvements for company's irrational regulations and system
	<p>Misconduct</p> <ul style="list-style-type: none"> • Employees' misappropriation and embezzlement • Wrongful work • Providing or requesting money or entertainment • Other items that violate code of ethics and ethics regulations
	<p>Model and Good Examples</p> <ul style="list-style-type: none"> • Model examples and admirable stories of employees

【 Ethics Management Promotion Activities 】

Survey on Business Partner's Satisfaction

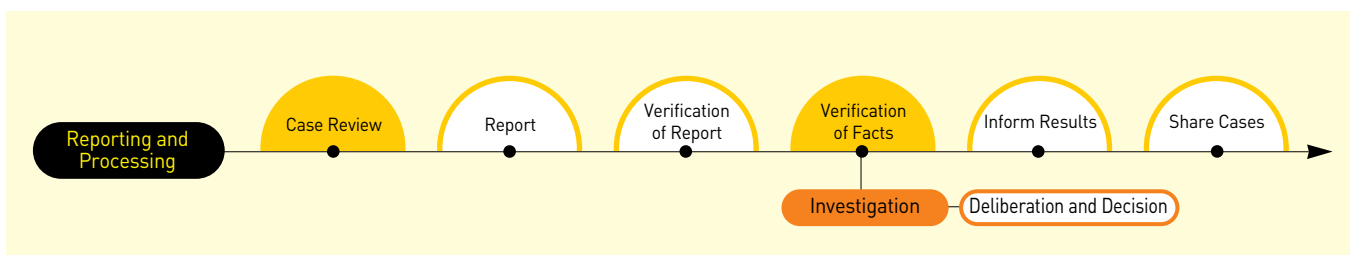
Surveys were conducted May 19~23, 2007 in order to understand the level of satisfaction of our business partners in matters related to the selection of suppliers to contracting and expenditure. Through a satisfaction survey which is carried out every year, Woongjin Coway is giving constant efforts for mutual prosperity with business partners by understanding complaints.

Establishment of My Ethics Checkup Screen

In March 2007, we installed the 'My Ethics Checkup' banner in the company's intranet (woongjin.net) in order for our employees to check their ethics by themselves.

Spreading Ethics Management to Business Partners

Just before New Year's Day and Chuseok (Thanksgiving Day), we have sent a cooperation notice and an official letter to our business partners on 'Not giving and receiving any Holiday Gifts' in order to prevent any misconducts or corruptions so that our business partners would subscribe in our ethics management.





Establishment of Accountability and Discipline Standards

Based on the Accountability and Discipline Standards which was established on March 1, 2007, Woongjin Coway prepared a new disciplinary regulation to stop misconduct in the workplace. This standard, which is an integrated and strengthened version of previously executed standards, aims to prevent misconducts and enhance fairness and settlement of ethics management while protecting company properties and human resources.

Sexual Harassment Prevention Guide Notice

In order to assist ethical decision and practice of employees, we posted sexual harassment prevention laws and judgment standards on the woongjin.net in order to establish understanding of sexual harassment prevention.

Inserted Ethics Management Phrase On the Employee's Card

In May 2007, we've printed the phrase "All members of Woongjin Coway will exterminate misconduct and corruption and participate in a transparent management", and we've inspired the ethics management spirit.



SUSTAINABILITY MANAGEMENT SYSTEM



Woongjin Coway is committed to value management driven by its technology prowess and breakthrough thinking, to deliver more value for various stakeholders and spur global leadership. As the management philosophy of “Tto-Tto Sarang (Love again & again)” signifies, Woongjin Coway dedicates itself to engaging in an endeavor to ensure a sustainable future for the company and beyond.

【 Management Philosophy – Tto-Tto Sarang 】

The core management philosophy of Woongjin Coway is ‘Love’. With a dream for ‘clean water, clean world and clean people’, Woongjin Coway operates its business starting with love for individual members of the organization, and going beyond to love our stakeholders and the world we live in. This philosophy is what we call “Tto-Tto Sarang (Love again & again)”. In this aspect, Tto-Tto Sarang, the management philosophy of Woongjin Coway, is in line with our sustainability management which contributes to sustainable development of mankind and enhancement of stakeholders’ value.



Love for Customer

It expresses customer-oriented affirmation and positive service through humanity.



Love for Change

Meaning that the growth of sprout comes from changes, it expresses the management philosophy that seeks growth through changes.



Love for Society

Meaning wrapping and embracing with hand, it expresses magnanimous love of society.



Love for Work

It expresses a man who works enthusiastically with positive attitude, while perceiving the core of work with a lofty objective and volition.



Love for Challenge

It means the pursuit of an ultimate object (star) through challenges without resting on past achievements.



Love for Organization

It expresses corporate culture that emphasizes cooperation and fairness as a united organization.

【 Sustainability Management Drive 】

Since 2005, Woongjin Coway has built on sustainability management to spearhead company-wide effort aimed at identifying sustainability issues in relevant areas of each sector. We, already published two sustainability reports, plan to communicate the outcomes of such activities to various stakeholder groups through our sustainability report, and are establishing a platform for upgrading sustainability activities through incorporating stakeholder feedbacks.

【 Risk Management 】

Woongjin Coway has been delivering its best efforts to manage risks that can occur in the overall business operations through comprehensive and systematic risk management system. We have kept endeavoring to prevent financial risks and non-financial risks such as environmental risk. Risk management committee, a specialist organization, implements the comprehensive risk analysis, prepares resolution measures and improves risk related rules and systems. All other business units are responsible for the on-site execution according to the company's policies and procedures on risk management.

【 The Promise of Woongjin Coway 】



The promise of Woongjin Coway has been settled as shared values to implement annual business plans and strategies. During 2007, Woongjin Coway continued to drive sustainability management with a catchphrase "Innovation - the Exciting Festival." In 2008, we

will continue to strive to enhance values for company as well as stakeholders, and contribute to sustainable development of mankind with a catchphrase "Happy Growth 2008 Coway" which signifies growth and profit generation based on innovation.



2003 Re-New



2004 New Start



2005 Jump Up



2006 Dynamic Coway



Innovation - the Exciting Festival

2007 SUSTAINABILITY HIGHLIGHTS



【 Environment Preservation 】

International Certified Test Institute for European RoHS

Woongjin Coway was the first company in the living & environment electronics industry to be selected as an international certified test institute for RoHS(Restriction of Hazardous Substances) in electrical and electronic equipment by the German 'TÜV SÜD' which is an EU certified certification institute. Through this certification, not only has Woongjin Coway gained recognition by the world for its analysis capabilities on hazardous substances, but it also obtained global recognition by strengthening its environment friendly competitiveness in the global market.

【 Business Activities 】

2007 Customer Impression Management Awards

Woongjin Coway received the Grand Prize in the water filtration device and digital bidet section of the '2007 Customer Impression Management Awards' that was hosted by The Korea Economic Daily and supervised by Horwath Choonjung Consulting Group on January 10, 2008. This award is given to companies that participated in

enhancing competitiveness of our nation and the company by successfully exercising customer impression management.

2007 Korea Technical Innovation Management Awards

Woongjin Coway received Grand Prize in the living electronics section of the '2007 Korea Technical Innovation Management Awards' which was hosted by The Korea Economic Daily and the Open Management Research Inc. This prize is awarded based on assessment of company's vision, technical and financial outcomes, and more. Woongjin Coway received high points for developing a custom made high-capacity air purifier that can be used in offices and large houses.

Presidential Award in the Korea Design Awards

Woongjin Coway received the Presidential Award in the '2007 Korea Design Awards' which has the highest authority in Korea and is hosted by the Ministry of Commerce, Industry and Energy and the Korea Institute of Design Promotion, right after receiving the reddot Design Award. The reddot Design Award is one of the three major design awards in the world.



- 2007 Customer Impression Management Awards
- 2007 Korea Technical Innovation Management Awards
- Establishment of USA Subsidiary
- Presidential Award in the Korea Design Awards
- 2007 Korea Social Contribution Awards
- Sustainable Management Awards

Establishment of US Subsidiary

On May 4, 2007, Woongjin Coway had an opening ceremony for its American corporation at the Wilshire Grand Hotel in LA, USA. The ceremony was successfully carried with approximately 300 participants including Seok-Keum Yoon, Chairman of Woongjin group and Joon-Kee Hong, CEO of Woongjin Coway, and the Californian Congressman. Along with this ceremony, Woongjin Coway participated in the K/BIS(Kitchen and Bath Industry Show) held in the Las Vegas Convention Center from May 8 and gathered many interests from people for the products launched and planned to be launched in the USA market. Woongjin Coway will concentrate on locally customized products, develop sales methods, and introduce differentiated services to expand market share in America.

Ministry of Labor and hosted by the Korea Press Forum on July 20. This reward was for our employees' Yugucheon cultivation activities and our CEO's social contribution activities.

Sustainable Management Awards

Woongjin Coway received the Minister of Health and Welfare & Family Award of the '2007 Korea Sustainable Management Awards' which is hosted by The Korea Economic Daily and sponsored by the Ministry of Finance and Economy, Ministry of Health and Welfare & Family, and the Ministry of Environment. Woongjin Coway received the company prize in the social contribution manufacture section at the award ceremony which was held on December 5, 2007.

【 Social Contribution 】

2007 Korea Social Contribution Awards

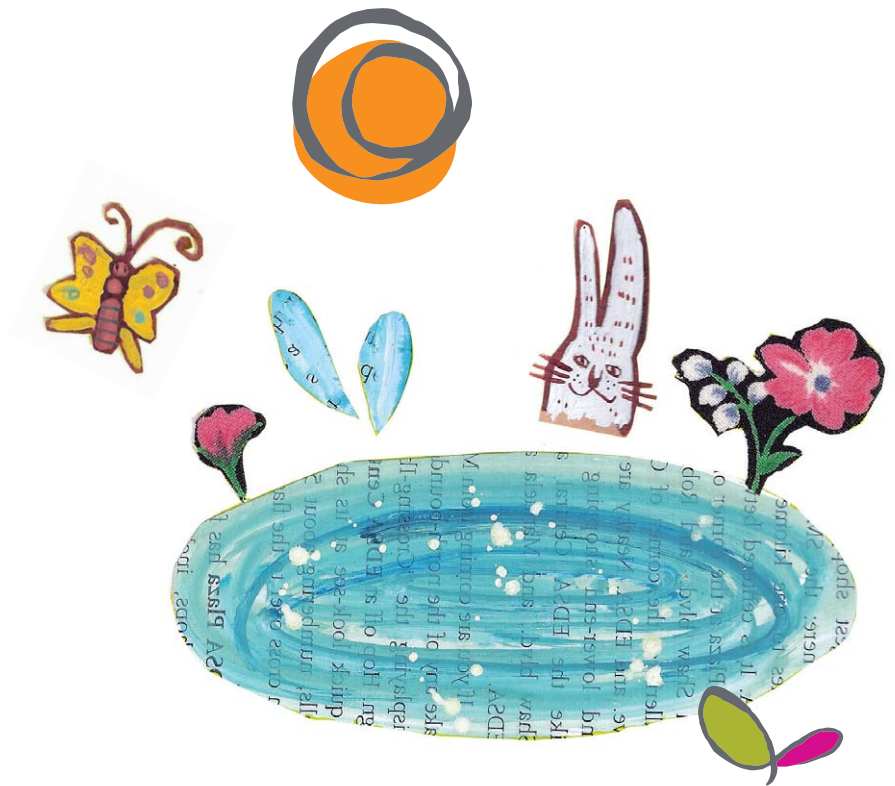
Woongjin Coway received Grand Prize in the National Welfare Support section of the 2007 Korea Social Contribution Awards which is sponsored by the Ministry of Health and Welfare & Family, Ministry of Commerce, Industry and Energy, and the



Corporate Communication Team
Yoon-Gu Kang

Management Planning Team
Young-Ju Min

WOONGJIN COWAY & STAKEHOLDERS



We are willing to listen to stakeholders' opinions and reflect them into our management in order to promote stakeholders' value, which has been the key to our success, and to prosper together with all of them.

STAKEHOLDER COMMUNICATION



Acknowledging that stakeholder views are essential in operation and management, Woongjin Coway uses key communication channels for each stakeholder group in accurately incorporating their demands and feedback into management decisions. We plan to build an operational system for stakeholder communication to better and more efficiently undertake stakeholder engagement in the future.

[Communication with Stakeholders]

▼ On-line Communication Channels ▼

Category	Address	Details
Company	coway.co.kr	Main website (Korean)
	coway.com	Main website (English)
	sheswell.com	Customer-focused website
	bussel.co.kr	Website on Bussel
	cowayhouse.com	Website on Rental House
	cowayir.co.kr	IR website (Korean)
	cowayir.com	IR website (English)
CEO	blog.joins.com/joonkeehong	CEO blog of Joongang Daily
	ceo.coway.co.kr	Website on CEO
Subsidiary		Individual website under operation

*Websites for internal use (ex. Cody site) are being operated

Customers

Customer relations represented by our unique rental marketing can be sustained only when Woongjin Coway sees and understands from a customer standpoint and promptly responds to the customer needs. As a result, we bring a strong customer focus to all processes of our product life cycle. We also train our customer care representatives CODYs more intensively to drive higher service levels at the point of interface with the customers.

- We produce and sell only the products which can improve the health and living quality of customers.
- We carry out our responsibility to customer based on PL(Product Liability) Act.

Shareholders and Investors

Woongjin Coway reports on the status of management of the company to its shareholders at the general shareholders' meeting and holds IR conference on a quarterly basis. At the GSM, shareholders decide on key issues raised and set forth their views

directly to the management. We operate IR team to effectively communicate with the investors and the shareholders. Key management data relating to the shareholder returns conforms to the regulations of the Securities & Exchange Act and is thus, disclosed in a timely manner at the Korea Exchange and our IR website[www.cowayir.com].

- We strive to maximize shareholders' return.
- We disclose management information through IR activities and abiding by fair disclosure rules.

Employees

Human resources are the most important assets of the company. In this sense, we focus on the communication with employees to enhance employee satisfaction. We undertake various activities such as self-career management, employee complaints & grievances management and information sharing with the employees.

- We work to build a corporate culture for improved employee satisfaction.
- We work to enhance competitiveness through development programs for employees.

Business Partners

Woongjin Coway is actively conducting supportive activities to enhance management techniques and growth of our business partners. In addition, we are giving our best to produce a more



● Tto-Tto Service



● Education for Business Partner

environment friendly products and products that correspond more to our customers through cooperation with partner firms.

- We try to make better achievement with business partners through COP(Coway Open Plaza) system.
- We work together with business partners by holding annual Partner's Day.

Government and Local Autonomous Bodies

We are assuming social responsibilities to the government and relevant local autonomous organizations through creating added value from our business activities. Moreover, we try to maintain cooperative relations with the organizations in various ways to contribute to the society in a more responsible manner.

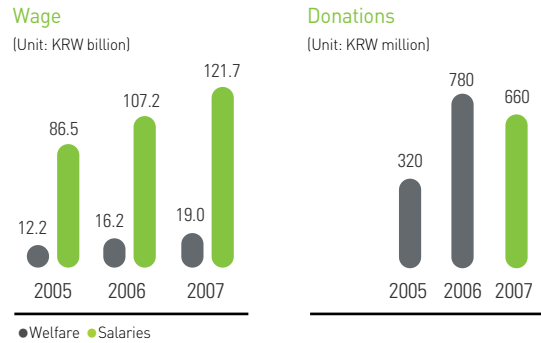
- We protect our society and environment through various social contribution activities.
- We fulfill our tax obligations and undertake charity work.

NGOs and Civil Society Organizations

We have a firm conviction that corporate sustainability management and socially sustainable growths are realized through proactive stakeholder communication with not only large national NGOs but also civic organizations operating at the grassroots of our community.

- We seek partnership with NGOs for sustainable growth.





【 Distribution of Economic Value 】

Woongjin Coway has tried to enhance corporate value since its inception and has built foundation as going concern through creative and innovative management. Now we grow up with a variety of stakeholders such as stockholders, government bodies and local communities, through dividend payment, tax payment etc. Woongjin Coway is the company that is enhancing values and sharing them with its stakeholders.

Dividend

Our cash dividend in 2007 stood at KRW 58.1 billion, or 49.9% of net income. With a focus on shareholder value, Woongjin Coway plans to keep the dividend payout ratio over 30% at minimum and maintain consistent dividend policy to earn trust from the market.

Category	2005	2006	2007
Dividend ratio based on par value (%)	68	80	156
Dividend payout ratio (%)	40.1	39.7	49.9
Dividend per share (KRW)	340	400	780
Total dividend (KRW billion)	24.4	29.8	58.1
Dividend ratio based on market value (%)	1.4	1.6	2.6

Interest Expenses

In 2007, interest expenses on liabilities were KRW 8.01 billion, down from KRW 8.82 billion in 2006. Net interest expenses (interest expenses minus interest income) was KRW 6.40 billion or a decrease of KRW 0.57 billion from KRW 6.97 billion in the previous year.

(Unit: KRW million)

Category	2005	2006	2007
Interest expenses	6,772	8,822	8,011
Interest income	932	1,856	1,611
Net interest expenses	5,840	6,966	6,400

Wage

Compensations to employees are largely divided into salary and employee benefits. In 2007, Woongjin Coway spent a total of KRW 140.7 billion including KRW 121.7 billion for salary and KRW 19.0 billion for employee benefits, marking a rise of KRW 17.2 billion from the total expenditure of KRW 123.5 billion in 2006. For information, compensation for employees totaled KRW 98.7 billion in 2005.

Donations

Woongjin Coway's donations in 2007 decreased to KRW 660 million from KRW 776 million in 2006. However, it was still higher than that in 2005 when the amount posted KRW 321 million.

Taxes

Woongjin Coway contributes to the country and regional society by paying taxes. In 2007, taxes paid to the government and local autonomous governments totaled KRW 176.0 billion, KRW 136.8 billion in national taxes (including KRW 39.2 billion in income taxes) and KRW 2.1 billion in provincial taxes.

CUSTOMERS

【 Our Responsibilities and Liabilities for Customers 】

Woongjin Coway provides responsibility and duty for customers in Codes of Ethics and recognizes customers as real business foundation. We strive to gain trust from customers through activities to enhance a value of customer.

【 Customer Complaints Management System 】

Woongjin Coway has implemented a CCMS(Customer Complaints Management System) to carry out customer damage prevention and improvement initiatives, and clarify roles and responsibilities for handling customer complaints. Complaint prevention activities fall largely into seven categories.

Seven Categories for CCMS

1. Quality control
2. Product safety
3. Providing information
4. Education for customers
5. Considering environment throughout product lifecycle
6. Protection of customer information
7. Contingency plans and actions



CCMS Certification Mark

Woongjin Coway's prevention activities for customers' complaints is receiving outside recognition as can be seen in such cases as being selected as the '1st CCMS Certified Excellent Company' by the Fair Trade Commission on July 2007. The CCMS certification is a system that bestows a company with the title of CCMS Certified Excellent Company for two years by the Fair Trade Commission for companies that satisfies all judgement standards after conducting an assessment on 104 items on companies that have installed CCMS.



As revealed in the management philosophy 'Tto-Tto Sarang', Woongjin Coway is doing its best to develop customer oriented products and services that put customer values as top priority. Also, by preparing and managing devices to secure customer safety and information, we are actively conducting responsibility activities for the customers.

Code of Ethics Chapter 1.

Our Responsibilities and Liabilities for Customers

We acknowledge that customers are the basis for the business and acquire firm trust from them by respecting their opinions, providing them with services and benefits from their perspectives and continuously creating values for them.

1. We always listen to the customers' opinions, believe they are right and take the customers' satisfaction as the first priority standards for behaviors and judgment.
2. Providing the customers with value
 - ① We tell customers only the truth and always keep promises to them.
 - ② We provide customers with the best quality products and services and respond to their requests promptly and correctly.





- CCMS Certification Conferment Ceremony

This certification was the first time for the Fair Trade Commission to select and announce an excellent civil company based on assessment of their process in dealing with customer complaints, and Woongjin Coway was recognized for its excellent service and customer satisfaction management that represents the industry.

Starting with installing CCMS and its certification as an excellent company, Woongjin Coway has started a large-scale system innovation to minimize customer complaints and to maximize customer satisfaction. First of all, in order to greatly shorten the response process to customers, we installed a dedicated number in our ARS system to process claims and we shortened three to four steps claiming process to single step. Also, by placing one person in charge of the entire process from receiving a complaint to solve it, we process our customer's complaints quickly and we blocked situations where customer complaints can increase. Meanwhile, we expanded the processing authority of the sales personnel in the field and enabled them to process customer claims on the spot before they're submitted to the customer center.

Beyond that, we computerized 100% the Tto-Tto Service (regular inspection and filter exchange for rental/pre-paid products by Codys who are product service managers), enabling us to trace and monitor the level of services and we've collected problems that were pointed out during the past 2-3 years as customer complaint items from the entire company and built an essential prevention system.

Meanwhile, Woongjin Coway and the Organization of Consumer Affairs Professionals in Business held the '1st CCMS Experience School' at Woongjin Coway's headquarters on January 2008. The CCMS Experience School which is made up of 40 college students from 8 college consumer departments, was held in order to enhance the understanding of major purposes and concepts of CCMS.



- First CCMS Experience School

INTERVIEW

A Story on the CCMS Experience School

Department of Family and Consumer Sciences,
Inje University | **Ji-Hun Jeong**

The education was not simply providing knowledge on CCMS, but it enabled us to directly feel CCMS by making the students participate through discussions, presentations, and games. At first the students felt awkward with each other but as we shared our opinions and presented our thoughts during the education, we all became active and passionate. Especially when we were presenting the solutions for complaint resolving systems and call centers which was our last assignment, I was very impressed on the clever ideas and colorful word of the participants. Though the given time was short, we were able to think about the consumer's dissatisfactions in a consumer's point of view while we presented and proposed substitutes and analyzed the system's problems. On the other hand, we were able to understand CCMS from the company's perspective while we went through the program on Woongjin Coway's progress on CCMS and their preference. The most important aspect in CCMS is speed, accuracy, and the consumer's feedback. In order to realize this, a company should consider ways to build various channels to communicate with the consumer and solve problems quickly to minimize consumer's dissatisfaction and damage to the company's image. The company should not just hang a title saying that it 'acquired CCMS certification', but it should give weight to consumer's actual rights.

【 Responsibility for Customers 】

Product Liability

In an effort to prevent product defects from incurring damage on life, body and property of our customers, Woongjin Coway examines each and every aspect of products from its design stage and addresses potential problems before manufacturing. When we release new products, the legal department review appropriateness of product manuals or catalogs by examining product exterior, function and difficulties when using, etc. Also, by providing a contract that has stipulation attached when installing a product containing details on the product and how to use it, we are preventing safety problems resulting from misuse of our products. In the meantime, there has not been a single reported case of violation to Labeling and Advertising Act in relation to our labeling practices, and our legal team performs an internal scrutiny on relevant laws and regulations on labeling before any product launch.

Customer Information Protection

Woongjin Coway is giving its best efforts to prevent personal information from being lost, stolen, leaked, modified, or damaged. The online personal information of our customers is kept strictly confidential by passwords. Also, we manage our system thoroughly to prevent personal information from being leaked or damaged by a computer virus or hacking. We make backups of data regularly in preparation of damage and we use the newest vaccine software to ensure customer's personal information. We make safe transmissions of personal data in the network through an encrypted algorithm. Beside these, we use a invader blocking system to control any unauthorized access from outside. Only authorized personnel can access customer information. At the same time, we organize information security trainings regularly to reinforce our employee mindset towards information protection.



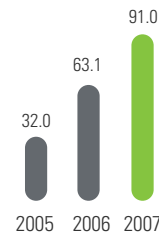


● 2007 Design Awards

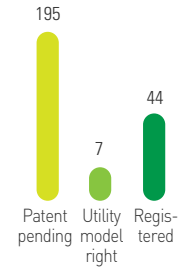


● Design Team

R&D Investment
(Unit: KRW billion)



Patent in 2007
(Unit: Case)



【 Customer-Focused Activities 】

Marketing

In October 2005, Woongjin Coway opened the first "Rental House" so that our customers can to experience our products and services more conveniently. The Rental House is a specialty store to enable customers to try products and make decision for purchase through direct experience. We promoted customers' accessibility and convenience by increasing the number of rental houses to 118 in 2007 from 30 in 2005, 84 in 2006.

At the rental house, customers can obtain more detailed information through hands-on experiences for all of our products than that was provided through advertisement or leaflets by 'Cody'. When deciding the location of the rental house, we consider various factors such as transportation to enhance the accessibility. Meanwhile we expanded our sales channels so that customers can purchase Woongjin Coway's products at a near store. We started installing our sales posts at E-Mart on April 2007 and had completed 51 sales posts in E-Mart by the end of 2007. In addition, we plan to make sales posts in the 250 Hi-Mart stores.

Design

Design is where our management particularly puts a special emphasis on, believing that design is the manifestation of our technological prowess. Woongjin Coway strives to enhance customers' convenience in the area of function and design of products. To realize "Slim & Premium Design," design exhibitions and new idea proposals are organized. In addition, a review panel of design experts is operated while global networking is established to research the future leading design and share the information. As a result, we received the German iF Design Award which is one of the 3 major design awards in the world and we were the first Korean environment electronics company to receive the reddot Design Awards, and by receiving the Presidential Award in the

2007 Design Awards, our design capabilities were recognized throughout the world.

R&D

Research and development innovation at Woongjin Coway is focused primarily on delivering improved consumer convenience rather than improved profit for the company. In other words, our R&D is founded on consumer-centric system that exhaustively identifies and discovers consumer needs in product development. As of the end of 2007, total 250 R&D personnel (18 doctorate and 84 master degrees) concentrate on R&D at the R&D institute of Woongjin Coway. Last year Woongjin Coway applied for total 195 patents and registered 44 patents.

In February 2008, Woongjin Coway completed construction of the 'Woongjin Coway R&D Center.' Installed with high-tech facilities, we have secured the largest home appliance research center in Korea. Through the completion of the R&D Center for which an amount of KRW 58 billion was invested, the largest amount among all research facilities in the Seoul National University, we are now capable of obtaining excellent personnel in advance. By combining our R&D space and personnel which was dispersed in Seoul, Incheon, and Gongju Chungnam, we are able to conduct more efficient and concentrated research. The R&D center, whose ownership will be transferred to Seoul National University 20 years from now, is assessed as a representative case in academic-industrial cooperation. We also agreed to provide an annual amount of KRW 500 million as scholarship for the next 15 years, which will reach an amount of KRW 7.5 billion.

Customer Service

Woongjin Coway offers water quality inspection services to our customers using water filtration devices. At our Water Analysis & Research Center, annual water quality inspections are performed free of charge upon customer request to gauge against ten different testing criteria.



● Woongjin Coway R&D Center

Overview

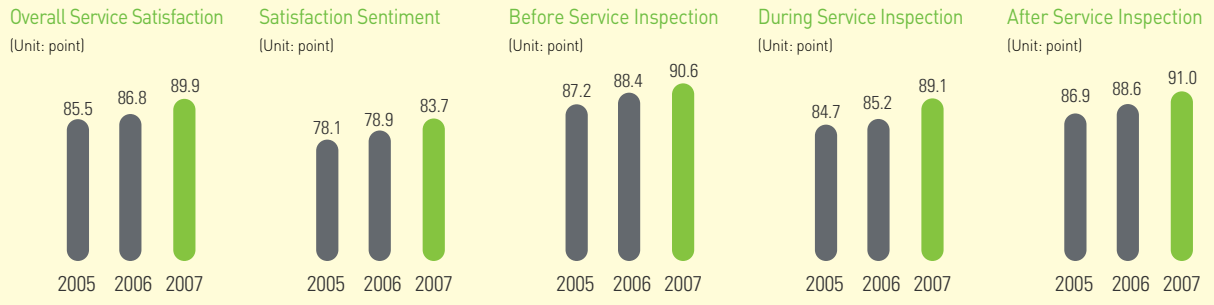
- Location: Inside Seoul National University Research Park, San 4-1, Bongcheon 7dong, Gwanak-gu, Seoul
- Land area: Approximately 4,164.6 m²
- Scale: 2 floors underground and 6 floors above ground
- Floor area: 12,208 m²

Customer Satisfaction

Woongjin Coway carries out customer satisfaction surveys every quarter. The findings of the surveys are conveyed to team managers or above at briefings, and are shared with others if requested by interested and relevant departments. Key issues are taken into consideration when finding improvements needed and enhancing Cody's capabilities. Woongjin Coway conducted

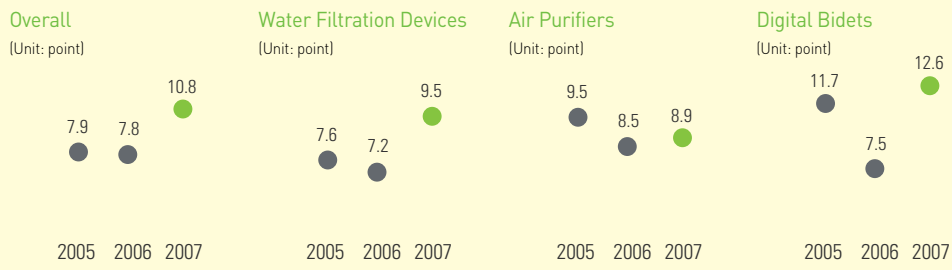
customer satisfaction surveys on a total 10,660 customers across the nation (9,630 our customers and 1,030 customers of competitors) from the period of August 1 to 30, 2007. Overall satisfaction levels have risen gradually since the second half of 2005, and gap of satisfaction score of Woongjin Coway over other companies has been widened.

- Overall service satisfaction scored at 89.9 points, gradual increase since 2005
 - Rise in overall satisfaction score due to increase in score during service inspection
 - Satisfaction sentiment scored at 83.7 points compared to 78.9 points in 2006



Gap in Satisfaction Score

- Overall satisfaction score gap has widened to 10.8 points in 2007 from 7.8 points in 2006
 - The first is the Before Service inspection, followed by the During Service inspection where the customer inspects the product and the final step is the After Service inspection.
 - The difference is greatest in cases with digital bidets.



EMPLOYEES



Woongjin Coway recognizes talent to be important and we are organizing the system in many aspects including evaluation, compensation and training. We enhance the employee satisfaction level through management of the benefit program for improving employee's life quality and a corporate culture that enables employees work happily.

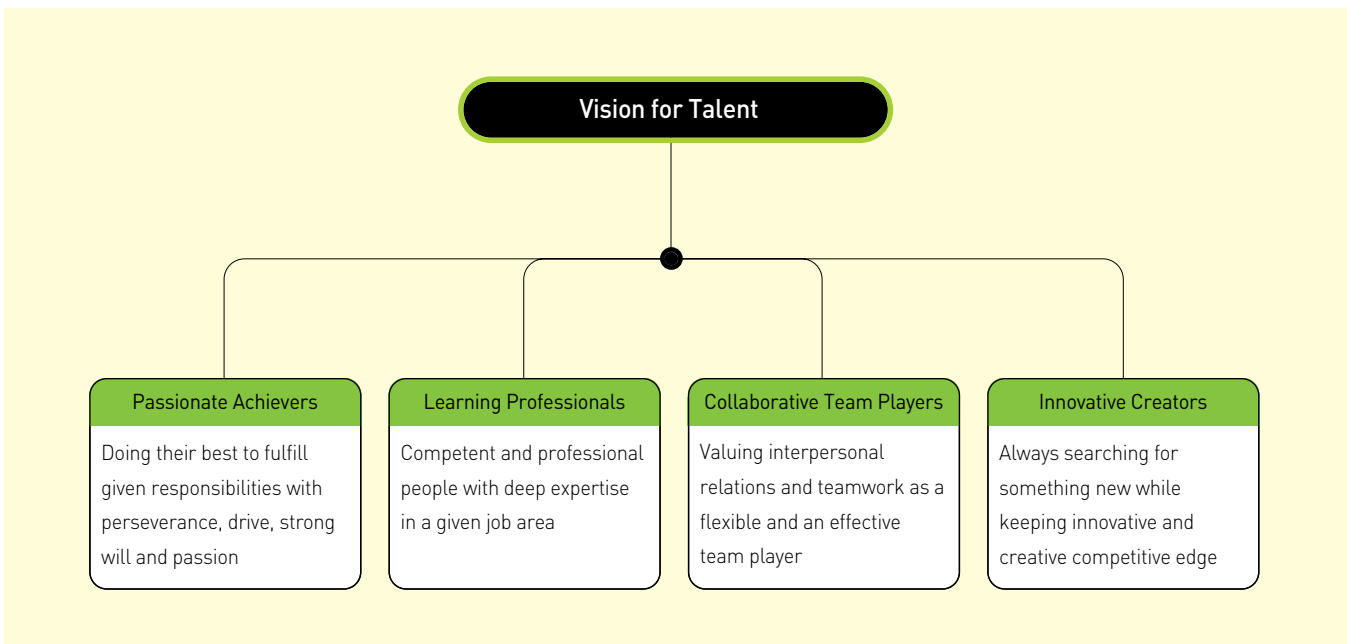


【 Human Resources Management Policy 】

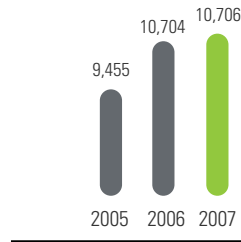
Woongjin Coway stipulates "Employees' responsibility for the company" (Code of Ethics Chapter 4. fundamental ethics for the management and employees) and "Company's responsibility for employees" (Code of Ethics Chapter 5. our responsibilities for Woongjin family). Employees' responsibility for the company is in line with our vision for human resources.

Vision for Human Resources

The right people for Woongjin Coway are experts who have professional knowledge, creative ideas, perseverance, driving force, strong will and passion for work, and good interpersonal relationship. If anybody can practice 'Tto-Tto Sarang' and has capability, we provide him or her with opportunity to display his/her ability fairly and to challenge.



No. of Codys



Company's Responsibility for Employees

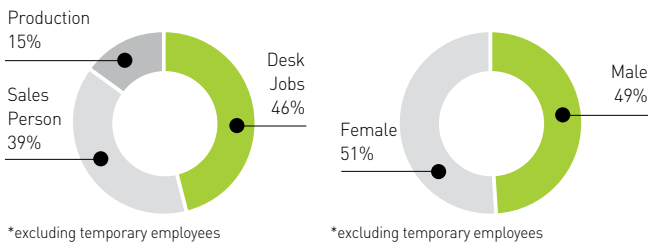
We respect employees and treat them fairly based on their capability and performance. In addition, we strive to enhance their creativity. Woongjin Coway's responsibility for employees is summarized as follows:

- | Responsibility for Employees | |
|------------------------------|----------------------------|
| 1. Respect for Employees | 2. Talent Development |
| 3. Fair Treatment | 4. Promotion of Creativity |

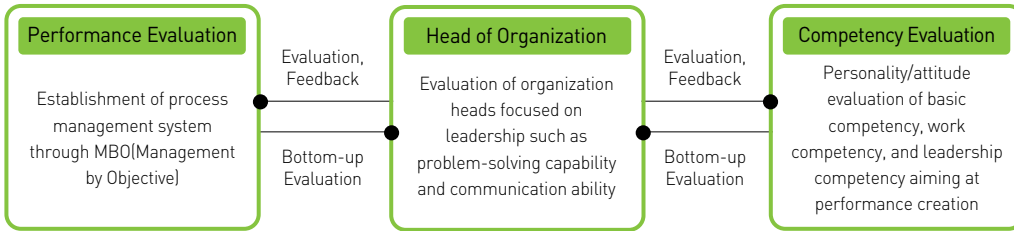
Moreover, we prohibit all forms of child labor and forced labor, and ban any discrimination against gender, race and religion at our workplace.

[Human Resources Status]

As of the end of 2007, there were 1,450 employees working at Woongjin Coway compared with 1,284 as of the end of 2006. Of them, 665 were working on desk jobs, 568 in the sales, and 217 in the production. By gender, 704 of the workers were male and 746 females, with a ratio of female workers higher than the male workers. Meanwhile, number of Codys totaled 10,706 as of December 2007.



Evaluation Method

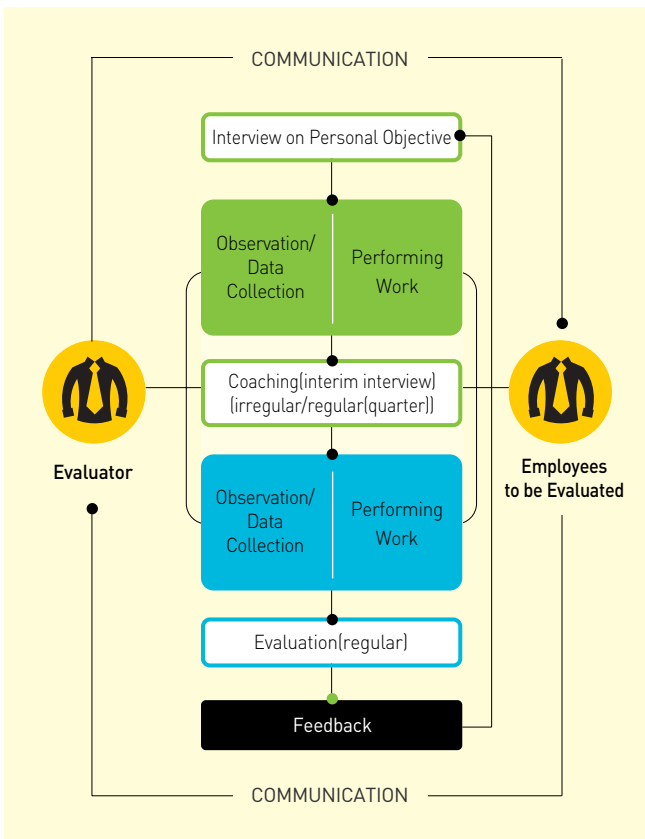


[Evaluation]

By introducing a total management system that enhances not only the company but also the each individual performance, we are creating a process management system of each individual. We are aiming a cultivation-type evaluation system through operation of a regular coaching system so a fair and rational evaluation can be made. Through an objective evaluation, we are operating an advanced evaluation system that enables our employees to accomplish innovative outcomes and develop their competencies.

Woongjin Coway is operating MBO(Management by Objective) system on each individual in connection with the organization's KPI. For performance evaluation, process management system is operated fit for each individual's objective plan while competency evaluation is under operation for fundamental competency, work competency, and leadership competency. Meanwhile, we are conducting evaluations on the heads of organizations through a bottom-up evaluation.

▼ Evaluation Process ▼



[Compensation]

Woonjing Coway has introduced various incentive systems and efforts in enhancing the morale of the employees who have contributed in creating outcomes. The project incentive system is an incentive system which rewards employees who have accomplished significant performances in projects for corresponding to the ever-changing global business environment. Retention incentive system is an incentive system for R&D personnel by assessing their contribution to the company and accomplishments in order to inspire development of competency and a consistent work mentality.

What is a Promotion Point System?

It's a system in which general qualifications for promotion, such as accomplishment (competency and performance) evaluation credits and training credits are made into a point. When a person's point becomes higher than a certain level, the person is given qualification for a promotion evaluation, regardless of the required years for promotion of their position. This is to avoid a seniority system in promotions and to put more weight on personal capabilities and accomplishments and efforts in developing competency when evaluating for promotion.

【 Benefits 】

Woongjin Coway provides diversified employee welfare benefits to ensure that all our employees realize their full potential in their jobs. Welfare programs are broken down into two categories, common welfare program and selective welfare program through "Welfare Card."

▼ **Common Benefit Programs** ▼

Description	Details
Congratulations and Condolences	For weddings and other events of the employees or their family members plus related vacations (top level in Korea)
Discounted Price for the Woongjin Group Products	Employee retail price scheme for discount buys
Tuition Assistance	Tuition assistance for employees' children (fixed amount)
Housing Purchase	Supports interests payment on housing/rental loan for workers
Refresh Vacation	Motivation for long-term employees- 7 years/12 years
Blue Print	Training support for job-related qualification/training
Finding Help	One-on-one counseling (Health, stress, economic problem, etc.)
Birth Celebration Pay	Birth celebration pay for employees/their spouses
Car Maintenance Expenses	Expenses supported for deputy managers or above
Other	Supports overseas education, souvenirs, medical check-up, birthday gift on employee birthdays, five work-day system, employee club activities



● Musical Club



● Tennis Club

▼ **Selective Benefit Programs** ▼

Description	Details
Benefit Card	Providing different points according to work period
ESOP	Giving right to buy shares of the company
Self-development	Private education institute fees, book purchase
Culture Program	Recreation(condominium and leisure) and cultural performances
Healthcare	Usage of medical facilities and hospitals, usage of fitness center
Other	Car management(including gas), family dinner-out, etc.

*ESOP: Employee Share Ownership Program

Meanwhile, Woongjin Coway supports employees' community activities to ensure our people happy life at work. As of the end of 2007, 488 persons of 22 communities were in full activity.

▼ **Club Activity Support** ▼

Details
Clubs with more than ten initial members
KRW 200,000 funded when club opens
Up to KRW 1 million sponsored per month
KRW 1 million sponsored the following year to high performing clubs





● Education for New Employees

【 Talent Development 】

We are operating education through work-centered, field-centered action learning so that educational outcomes can create management outcomes. Also, in order to enhance the company’s common core competency, we are operating learner-centered education programs by developing courses specialized for work and position in connection with the group’s HRD center. Woongjin Coway’s human resource cultivation efforts have received recognition. We received a prize for excellence in the ‘Best HRD Certification’ from 6 ministries and offices such as the Ministry of Education and the Ministry of Government Affairs and Home Affairs.

Woongjin Coway aggressively invests in education and training, as evidenced by a dramatic increase in education and training spending for permanent employees from KRW 740 million in 2004

to KRW 2.8 billion for two years in 2005 and in 2006. However, the spending decreased to KRW 830 million in 2007. Key education programs are as follows: “mentoring system” for improving symbiotic working relations among employees; “e-Learning” and “Woongjin Advanced Abroad (WAA)” programs for upgrading working-level knowledge; and “Mensa programs” and “Cynosure excellent technology competition” for enhancing the skills level of researchers. Training programs are also offered to Codys.

WAA(Woongjin Advanced Abroad)

Four times a year, Woongjin Coway is running WAA program which gives our people the opportunity of development and education, thus cultivating the spirit of challenge. All employees are qualified to apply for the WAA program. If selected, the team (usually three to four employees per team) carries out a project such as appropriateness of new business and benchmarking of advanced companies. In 2007, 4 teams have visited India and the

▼ WAA Programs ▼

Category	Location	Subject
First half of 2005 (2 team)	Turkey Australia	<ul style="list-style-type: none"> ● Focused on entering the homecare service business ● Feasibility study on exporting bidets to Australia
Second half of 2005 (3 team)	Sweden, Finland Italy, France, Switzerland Denmark, Germany, Switzerland	<ul style="list-style-type: none"> ● R&D system improvement ● Prestigious marketing for Bussel ● Alternative energy(solar ray) project
First half of 2006 (2 team)	Denmark, Finland Norway, Germany, Sweden, Switzerland	<ul style="list-style-type: none"> ● Children’s room total setting system ● Conducted advanced standards and test
Second half of 2006 (2 team)	USA USA	<ul style="list-style-type: none"> ● Strategic LOHAS market development project ● Benchmarking of overseas specialized rental companies’ business model
First half of 2007 (2 team)	India USA	<ul style="list-style-type: none"> ● Surveyed possibility in advancing into Indian environment business ● Benchmarking on customer loyalty
Second half of 2007 (2 team)	USA, Brazil Japan, USA	<ul style="list-style-type: none"> ● Prospect on CDM trade market and feasibility study for business ● Grasping environment friendly market trend and establishment of an environment friendly marketing strategy



● WAA

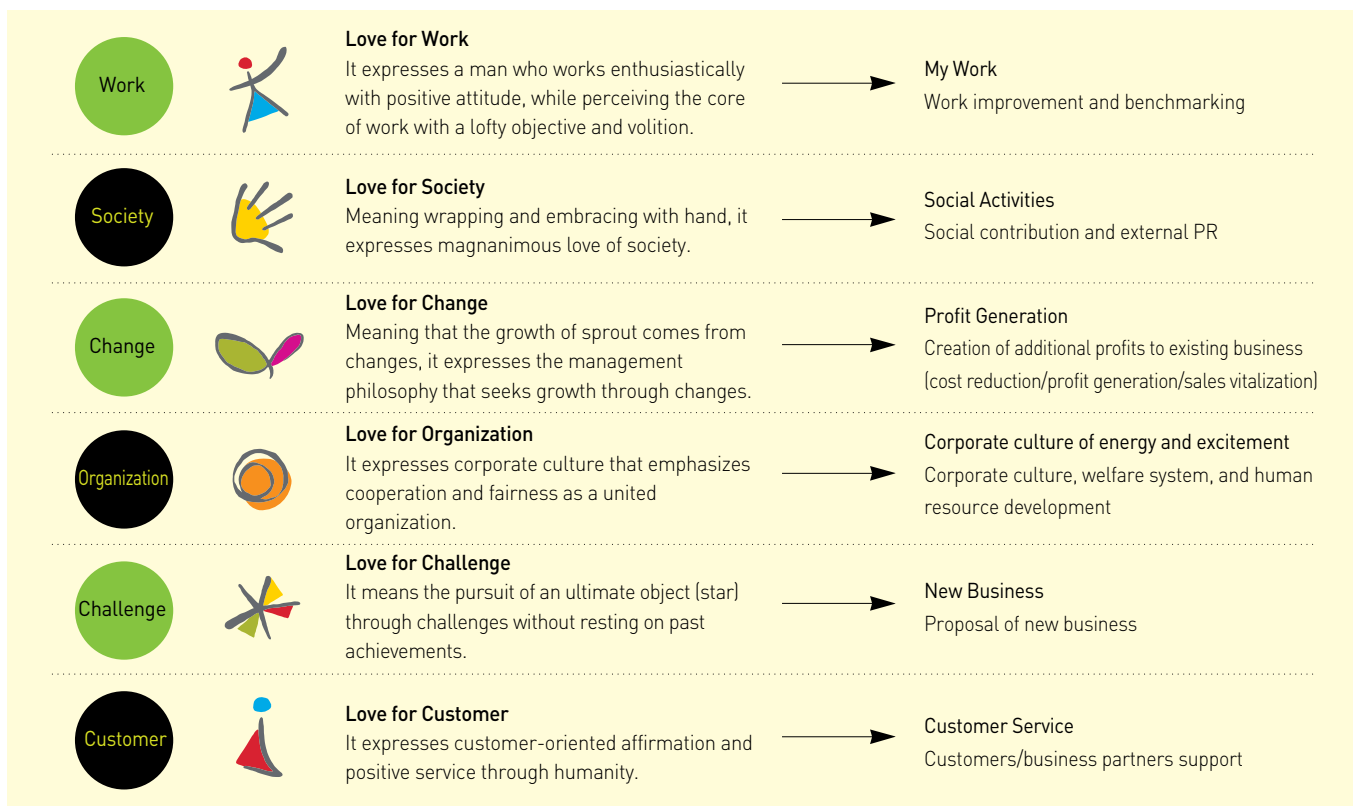
USA to research the current status of CDM transaction market and the appropriateness of CDM business, etc. WAA has brought us opportunities to share business ideas and form culture of voluntary and active involvement. It plays a role to enhance sustainable development through presenting new and creative business model and reviewing its feasibility.

Imagination Ocean

Imagination Ocean is a program that is an expansion of the previous Bandi system, and it assesses level of innovation,

practicability, and profitability of innovative ideas of employees. It awards employees and give benefits such as promotion and overseas training opportunities. Its purpose is to encourage creative ideas for each categories of work, society, change, organization, challenge, and customer and promote ideas to contribute to the company's accomplishments. We use mileage points and promotion points to encourage employees' participation. After being prepared in 2007, this program is operated on a regular basis starting 2008.

▼ **Imagination Ocean Overview** ▼





● e-Learning Program

e-Learning

Woongjin Coway uses its e-Learning program in a cafeteria-style training method to allow individual employees to select and be trained for areas they feel the need to work further on. At present, some 100 curricula including office automation, finance and accounting in place. In 2007, 716 employees spent 154,497 hours (216 hours per person) to complete their online training.

[Employee Communication]

To manage grievance, enhance satisfaction at work and vitalize communication between the company and employees, Woongjin Coway unfolds various activities such as operation of Grievance Management Committee, Personnel Management Committee, Coway Ulimteo, publishing bulletins and holding regular and ad-hoc labor-management councils.

Grievance Management

All the grievances of employees are handled and resolved through the Grievance Management Committee. Both HR development team manager and labor managers work as interface for receiving different forms of complaints from the employees, and if the issues raised by the workers are caused by sexual harassment or job incompetence/inadequacy, then they get escalated to the Personnel Management Committee. And we administer ER Culture-lab so that we may collect employees' opinions and solve their difficulties.

Coway Ulimteo

This is a new interactive online communication forum to collect opinions and feedbacks from employees regarding personnel management and training issues. The Coway Ulimteo is an open dialogue channel for creating a more fun and exciting corporate culture.



● Labor-Management Council

Labor-Management Council

Since there are many critical issues to be addressed, seamless communication is guaranteed between employees and management through regular and ad-hoc labor management councils. In 2007, 7 council meetings were convened through which 11 agendas were negotiated and addressed accordingly.

Category	2005	2006	2007
Number of Council Meeting	4	7	7
Number of Agendas Negotiated	18	18	11
Number of Agendas Addressed	18	18	11
Processing Ratio(%)	100	100	100

ER Culture-lab

Purpose

In order to build and expand official communication channels for smooth consultation for employees' problems

Major Function

- Grievance management: Reception and consultation function regarding employees' grievances. Anonymity is guaranteed in cases of application and posting for consultation. Reply is delivered to the person within 7 days from registration through phone, mail, or reply post on the web board.
- Legal consultation: When a personal problem occurs (anonymity guaranteed), it is possible to consult a visiting lawyer. Consultation requests are collected every month and a regular legal consultation is conducted 1-2 times a month.
- Labor-Management council minutes: Meeting agendas and details of the agreements are posted.
- Others: Posting of stories that employees want to share (compliments, sharing, etc.) Free space for discussions.

Employee Satisfaction

Based on recognition for Woongjin Coway's establishment of a work environment based on 'corporate culture of energy and excitement', where employees can enjoy their work, Woongjin Coway received the 'Good Company to Work For Award' in 2007. The Award, which 12 companies received including our group's Woongjin Cuchen and Kookmin Bank and Korean Air, is an award to encourage corporate culture and corporate members' pride for their company. The awardees are selected based on employment related data of 8 universities (200 points), management performances (400 points) such as credibility, ethics, human resources, and global management; and other category of performances including welfare, social contribution, and financial performance (400 points). For reference, the turnover rate of Woongjin Coway employees in 2007 fell to 2.0% or 2/3 level of the year before.

[Corporate Culture]

Woongjin Coway's corporate culture is summarized as follows:

▼ Woongjin Coway's Corporate Culture ▼



Participation and Improvement

Employees who voluntarily participates and grows with the company



Talents Development

Securing excellent talents and developing them for the organizational and individual growth



Family Culture

Enhancing job satisfaction/forming a culture based on love and trust



Customer-oriented Culture

Achieving internal and external customer's satisfaction



● CEO High-Ting



● Coway League

Woongjin Coway builds a unique corporate culture of energy and excitement believing that only those energized and excited about their work can create outstanding performances with their creative mind and a challenging spirit. Our growth is built on this organizational culture of energy and excitement that inspires creative thinking and strategy and which brings everyone together towards the shared vision. The reason that the culture of energy and excitement can be a company culture of Woongjin Coway is the result to thrive on four different cultures we value a culture of debate, a culture of dissent, a culture of positive thinking and a culture of togetherness.

Culture of Energy and Excitement

High-Ting A program where the CEO and about 15 employees below assistant manager level meet once a month and do volunteer activities in the morning and communication activities in the afternoon in order to build up a mutual basis between the CEO and employees.

My HAJA An employee's self development program which has various 3-4 month courses such as home baking, billiard, nail art, and party planner.

Coway League It is operated as a tournament system in areas such as sports and games in order to enhance teamwork and communications between teams, and reward money is given to the winning team.

Coway Day A program that invites employees' families to our headquarters, factory, and R&D center in order to improve their understanding of the company, inspire employees' morale and enhance their loyalty toward the company.

Coway Star A corporate culture program that gives the honor of Coway Star to the first place winner along with reward money. Candidates are recommended by colleagues at three to five categories (such as special capability, personal features, etc). The program aims to enhance understanding among employees.



● Quit-smoking Campaign

[Safety and Health]

Safety Program

Since large parts of our employees are working in the offices, the risk of industrial accidents is relatively low. However, we are strengthening education and PR to promote safety awareness and protect employees from potential danger. As a result, there were no industrial accidents during the period between 2006 and 2007.

Health Program

Woongjin Coway provides total medical check-up to all of our employees. Moreover, we expand the check-up program especially for the workers at production sites to prevent every kind of diseases. We started a quit-smoking campaign in January 2006 to promote healthier lives among individual employees, and once again it was strengthened in 2007.



SHAREHOLDERS



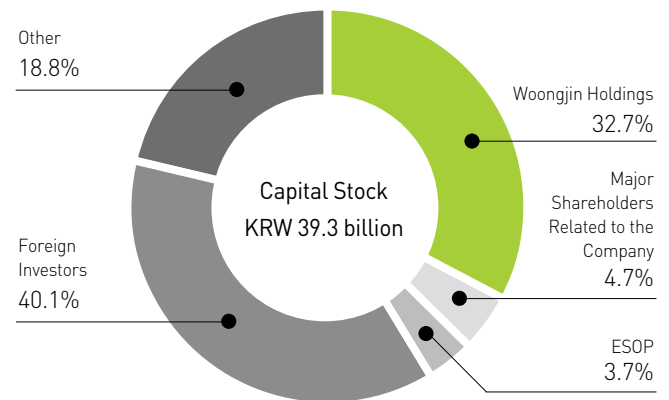
In order to secure transparency of the company and to protect rights and interests of stakeholders, Woongjin Coway is establishing an advanced corporate governance structure. We prepared a basis for enhancing management transparency by embarking on a holding company system in 2007, and by observing items such as the stakeholder's role, public notice, transparency, and the board of directors' responsibilities, we are uplifting shareholders' value as well as company's value.

【 Corporate Governance 】

Share Ownership

Number of outstanding shares totals 74,431,993 as of the end of April 2008. Woongjin Holdings and foreign investors owns 32.7% and 40.1%, respectively. We will continue to maintain transparent corporate governance to maximize the corporate value.

▼ Shareholders ▼



*as of the end April 2008



● 18th General Shareholders' Meeting

Board of Directors

Woongjin Coway's BOD decides on the matters defined by the law and regulations or by the Article of Incorporation. The BOD also votes on the matters delegated from the general shareholders' meeting, key agendas related to basic management policy and operation of the company, as well as carries out auditing activities. The BOD is chaired by the CEO and agendas are voted by presence of a majority and by approval of a majority of the directors present. A total of 14 regular and extraordinary meetings of BOD were convened during 2007, with average attendance of independent directors at 81%. Furthermore, Woongjin Coway sets up Management Committee under the BOD to strengthen autonomy and expertise of the Board.

● Composition of BOD and Remuneration

The BOD consists of eight directors with the CEO serving as the chairperson. There are three independent directors with their composition ratio standing at 38% (in full compliance with the 25% requirement as defined by the Securities & Exchange Act of Korea). Independent directors are experts with excellence in each area and are appointed as such at the general shareholders' meeting. The limit on remuneration to the directors is determined via shareholders' approval at a regular convention of general shareholders' meetings each year. Final remuneration ceiling is set in line with various performance indicators.

Standing/Non-standing	Name	Position
Standing	Seok-Keum Yoon	Director
Standing	Joon-Kee Hong	CEO
Standing	In-Chan Lee	Director
Standing	Jong-Bae Kim	Director
Standing	Dong-Hyun Kim	Director
Standing	Jin Lee	Auditor
Non-standing	Yi-Hwan Kim	Outside Director
Non-standing	Sun-Hoi Joo	Outside Director
Non-standing	Tae-Mun Tak	Outside Director

Committee under the BOD

● Management Committee

Woongjin Coway operates Management Committee under the Board as pertaining to the Article 11 of the provisions relating to the Board of Directors. The committee convenes a regular meeting on every first Monday each month, and also calls for an ad-hoc meeting when important agendas come up to bring a timely resolution to issues that need to be promptly managed at field division levels. The committee is working to bring up the level of efficiency and timeliness of work.

● BOD Activities for Preventing Conflict of Interest

The BOD circulates additional information for each agenda item submitted for consideration, so as to make sure that a sufficient amount of deliberation is done beforehand. The agendas submitted for consideration are adopted through final voting and no conflict of interest regarding these agendas has been found during this course.

Audit

Woongjin Coway has one standing auditor in charge of auditing the company's business and accounting. The auditor discusses management issues by attending the BOD. In addition, he can call for the ad-hoc Board of Directors meeting by submitting a written agenda on purpose and cause of the meeting and request affiliates to report the business results if necessary.



Enhancing Shareholder Value

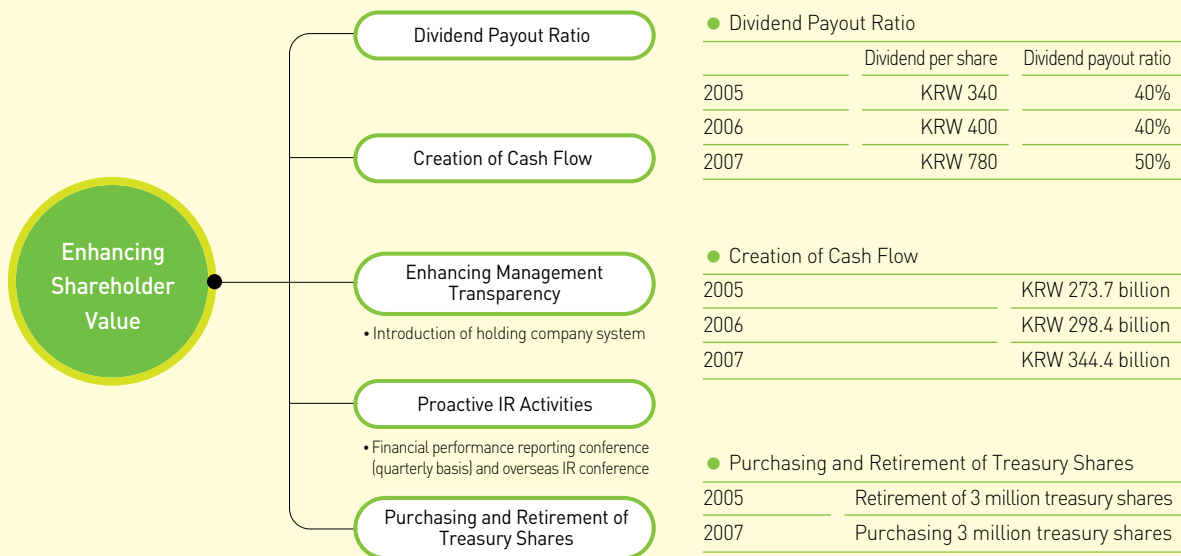
Enhancement of Management Transparency and Strengthening of IR Activity

In order to enhance management transparency Woongjin Group adopted the holding company system in 2007. Woongjin Coway also makes efforts to reflect its current and future values into stock price by providing quick and accurate information to investors through IR activities both at home and abroad. We give a quarterly presentation of management results to both domestic and overseas securities companies and meet investors through regular NDR and conferences both in Korea and abroad. In addition, we provide our investors with real time information on

operational and financial performances through IR website. Going forward, we will do our utmost to enhance shareholder value through a variety of IR activities.

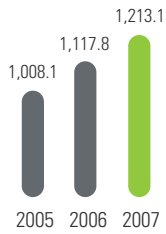
Dividend Policy

Our dividend payout ratio in 2005 and in 2006 was maintained at 40% level while dividend per share has increased gradually as we have generated more profits. In 2007, we raised dividend payout ratio to 50% to enhance shareholder value, accordingly dividend per share was almost doubled. Woongjin Coway plans to maintain current dividend policy based on the shareholder-focused management.



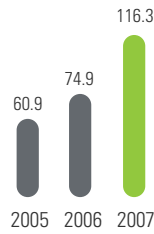
Sales

(Unit: KRW billion)



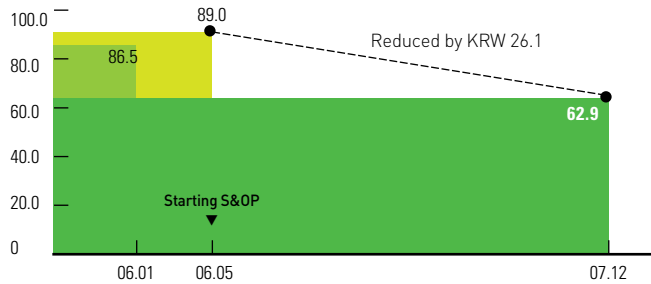
Net Income

(Unit: KRW billion)



Inventory Reduction through S&OP

(Unit: KRW billion)



[Performance in 2007]

Sales and operating income increased to KRW 1.21 trillion and KRW 161.3 billion, respectively in 2007, which was 8.5% and 43.7% growth over the previous year. Net income also jumped 55.2% Year-on-Year to reach KRW 116.3 billion. The main reasons behind these record-high performances were as follows: increase in customers of rental and membership, soaring exports, and improvement in cost of goods sold through cost reduction and aftermath of merge with Woongjin Coway Development.

Sales Channel Diversification

The annual sales increased greatly in 2007. This was due to great increase to E-Mart sales which was a part of our sales channel diversification. And another reason was the enormous increase of sales of package products which we started in June 2007. Package products are sales of 2-3 similar or different products bundled together to new members and it greatly contributed to the increase in cross-selling ratio.

Global Sales

Woongjin Coway's export in 2007 increased more than 3 times than that in 2006. With the opening of the USA subsidiary in May 2007, Woongjin Coway is operating 5 overseas corporations, and by contracting with Whirlpool in September of the same year, we verified our potential in becoming a global household electronics company. In 2008, Woongjin Coway will accelerate its export and aims a 260% increase compared to that in 2007 and is operating various marketing activities to accomplish that goal. Especially, in order to expedite exports to the USA, we participated in the K/BIS(Kitchen and Bath Industry Show) in April 2008 just ahead of the first anniversary of the establishment of the USA subsidiary and exhibited a total of 61 products such as water filtration devices, digital bidets, air purifiers, and food waste processors. Woongjin Coway participated in the WETEX(Water, Energy, Technology &

Environment Exhibition) in March 2008 which was held in Dubai, and announced its entry into the water treatment industry.

Cost Reduction

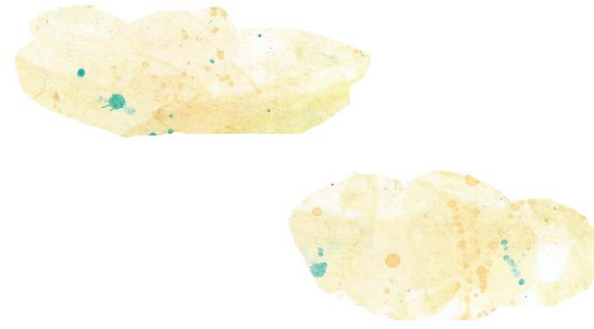
Cost reduction and a drop of sales cost due to merger effects were the major reason for the improvement of profitability. Also, by improving quality and providing the best service, we were able to lower the rental cancelation rate to 0.98% in 2007 compared to the 2006's 1.02%, and this contributed to the improvement of profitability.

Logistics Innovation

In May 2007, we promoted S&OP(Sales and Operations Planning) to reduce inventories by innovating our logistics. We established a management standard for inventories and improved stock processing, and in late December 2007, the inventory was reduced by KRW 26 billion compared to that of May. In 2008, we are planning to promote S&OP more strongly and reduce inventories to KRW 35 billion until late 2008.

6 Sigma Promotion

In 2007, Woongjin Coway promoted 6 sigma through education and experience with 4 sections as subjects including its factory and Quality Management Institute. We conducted a total of 6 workshops such as the 8 GB(Green Belt), 1 BB(Black Belt), and the Champion Workshop, and we cultivated 87 GB certified personnel. In 2008, we plan to expand the 6 sigma to the entire company including office support and sales and foster 242 GB, 8 BB, and 4 FEA((Finance Effect Analyst) certified personnel. We are also planning to strengthen management innovation capacity and uplift innovation and minds through 6 sigma education for each class of the entire company. We will maximize management innovation outcomes by establishing the Woongjin Coway 6 sigma model through excellent innovation project presentation, establishment of PMS, publication of innovation white paper, overseas conference benchmarking, etc.



Plans for 2008

Sales and Profits

Our sales target for 2008 are KRW 1.34 trillion, a rise of 10.5% from 2007. Operating income based on our plan is also expected to increase 20.8% to post KRW 194.8 billion in 2008. In this case, operating income margin will improve 14.5% in 2008 comparing to 13.3% in 2007.



Growth Strategy

Woongjin Coway which accomplished the best results last year, has set a major strategy consisted of 4 aspects such as expansion of members, finding new growth engine, strengthening overseas business, and innovation of quality and cost in order to accomplish the goals of securing a 10% sales growth and 20% increase of sales profits.

2008 Growth Strategy



Expansion of Members

- Increase repurchase rate
- Strengthen new customer inflow
- Minimize customers returning goods



Quality/Cost Innovation

- F-cost reduction of KRW 10 billion
- Achieve KRW 34.2 billion in cost reduction



Find New Growth Engine

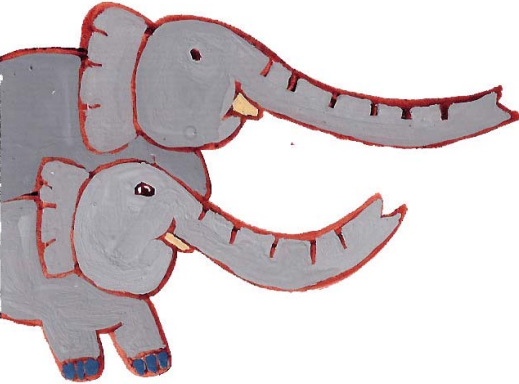
- Strengthen marketing of 5 major products
- Find 6th and 7th product groups
- Find future business through business expansion



Strengthen Overseas Business

- Expansion of overseas business: export growth of 260%
- Improve profitability of overseas business

BUSINESS PARTNERS



As a leading company in ethics management, Woongjin Coway is conducting fair trade autonomously. Also, in order to enhance competitiveness of our business partners, which is the most important factor of our company's competitiveness, and to grow together, we are strengthening the Win-Win partnership.

【 Fair Trade 】

Declaration of Fair Trade

On August 3, 2007, Woongjin Coway introduced fair trade compliance program (CP) by holding a declaration ceremony where the company declared its will toward fair trade. At the ceremony, all employees of Woongjin Coway pledged on securing transparency in all decision making processes through autonomous observance of fair trade acts, enhancing ethical management and internal control through strengthening of fairness, and securing risk management capacity similar to that of advanced countries. The manager of CS headquarters (Jong-Bae Kim, Managing Director) was chosen as the fair trade compliance manager and the fair trade compliance office was established to conduct work on the operation of systematic education of employees, discovering illegal conduct and taking disciplinary measures toward transgressors. In November, we announced statement of observance declaring that we will give our efforts in establishing a fair trade order through a fair and free trade.



● Declaration Ceremony of Fair Trade Compliance Program

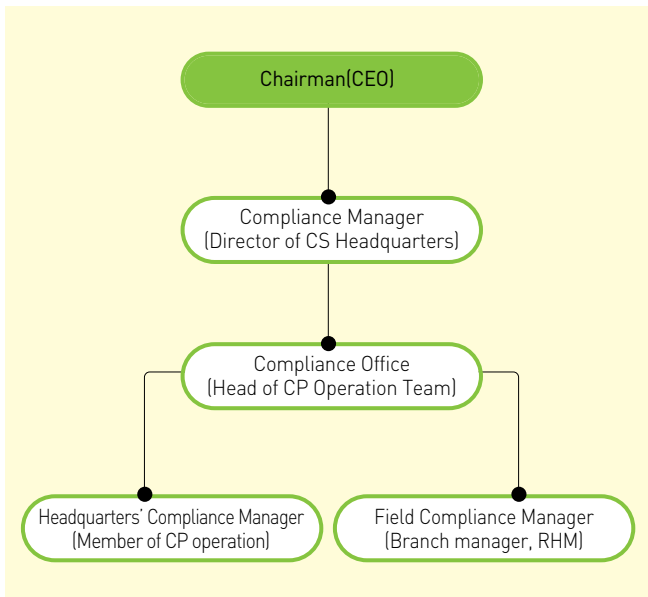


- Declaration Statement of Compliance Program

Organization for Fair Trade

In order to promote efficiently the fair trade compliance program, Woongjin Coway assigned the director of the CS headquarters and is operating the compliance office as a fair trade organization.

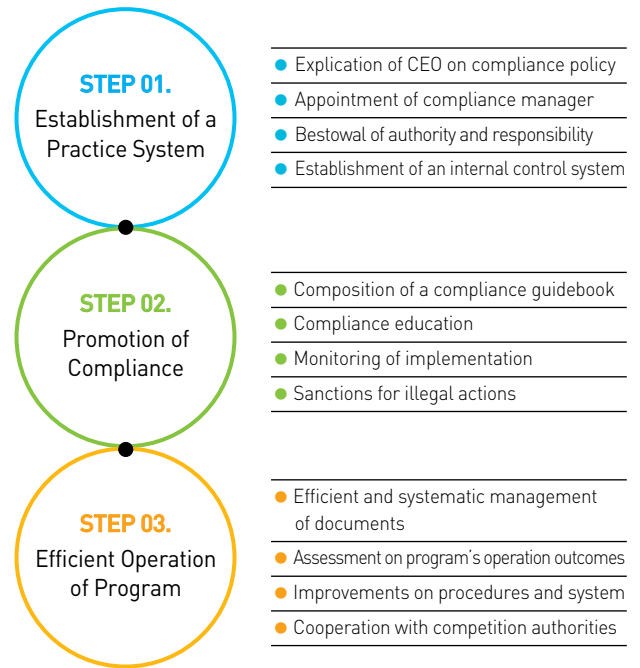
▼ Woongjin Coway Compliance Committee ▼



Promotion Stages for Fair Trade Compliance Program

In 2007, which is the first year we explicated autonomous observance of fair trade, we put weight on building a practice system in order to promote the program. After 2008, we will compose and distribute a guidebook for autonomous observance and conduct education, and in the next step, we are planning to put more weight on systematic management and assessment so that we can efficiently manage the program.

▼ Execution Stages of CP ▼





- Support on Manufacture Innovation Consulting

【 Win-Win Partnership 】

Policy

As stipulated in our Code of Ethics (Chapter 3), Woongjin Coway is pursuing mutual prosperity with business partners through fair trade. That is, we are pursuing long-term mutual growth by guaranteeing equal opportunities in accordance with free competition rules and by building mutual trust and cooperative relationship through transparent and fair trades.

When selecting business partners, we offer equal opportunities to all candidates while registration and selection of vendors is implemented following objective and fair evaluation criteria. Pursuing mutual growth is our basic understanding and principle for the business partners.

Win-Win Activities



Support on Benchmarking European Advanced Companies

In order to encourage excellent business partners and to induce growth through experiences of overseas culture, Woongjin Coway supported benchmarking visits in January 2007 on 2 business partners including a German water filtration company Brita. This program which progressed during 9 days was conducted with 7 representing personnel from the partner companies of the 2006 total assessment.



Support on Manufacture Innovation Consulting

In the first half of 2007, with a purpose to strengthen competitiveness of 9 strategically nourishing companies, we supported their manufacture innovation consulting by sponsoring a total amount of KRW 270 million. Companies that received consulting such as Jeseong and Alphatech showed large improvements in many areas including productivity, quality, and QMS.



Support on Benchmarking South-East Asian Advanced Companies

In September 2007, we sponsored an overseas benchmarking tour for 8 strategic companies' sales managers to enhance their global minds. Through this 7 day program, the participants shared the status of our South-East Asian subsidiaries, their mid and long term vision, and the necessity of cost innovation in order to strengthen export competitiveness. They had an opportunity to search possibilities in mid and long term overseas advancement by visiting advanced small businesses and analyzing their manufacture innovation.



Financial Support

We provided KRW 1.57 billion to our strategic partner companies. The support was subject to the terms and conditions of interest free, redemption in two-year installments after six-month grace period. The fund is used for facility investment for enhancing productivity, overseas marketing, product quality improvement and office automation.



Establishment of the COP Academy Education Center

We established the COP (Coway Open Plaza) Academy Education Center in order to induce qualitative growth of our partner companies through systematic education and consulting, and to build a new win-win management system. This center which is free of charge to Woongjin Coway's partner companies' employees is conducting product technology education, and by providing incentives to participating partners, we are encouraging their participation.



● Establishment of the COP Academy Education Center



● Coway Partner's Day



Coway Partner's Day

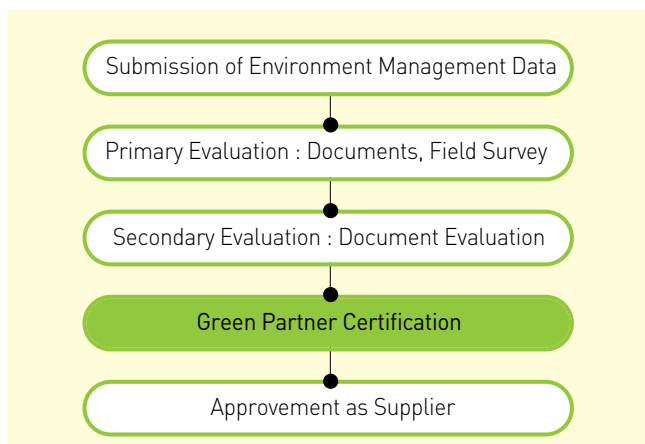
Woongjin Coway hosted the 3rd "Coway Partner's Day" on Dec. 17, 2007 which began in 2005 to pursue symbiotic management with business partners. Around 120 people including 92 executives and employees from partner companies of Woongjin Coway attended the event. We shared our business performance and plans with the partners and awarded 6 high-performing suppliers (benchmarking trip to USA). In addition, we presented green partner certificate to 20 partners through which we could bolster trust with our business partners.



Green Partner Certification

The Green Partner Certification system which considers even environmental factors besides traditional purchase factors when making selections and assessments on partner companies provides effects such as product competitiveness enhancement, compliance to environment regulations, risk management of work place and product environment. In 2007, Woongjin Coway certified 20 companies as Green Partners that passed through rigorous performance evaluation.

▼ Green Partner Certification Procedure ▼



SOCIAL CONTRIBUTION

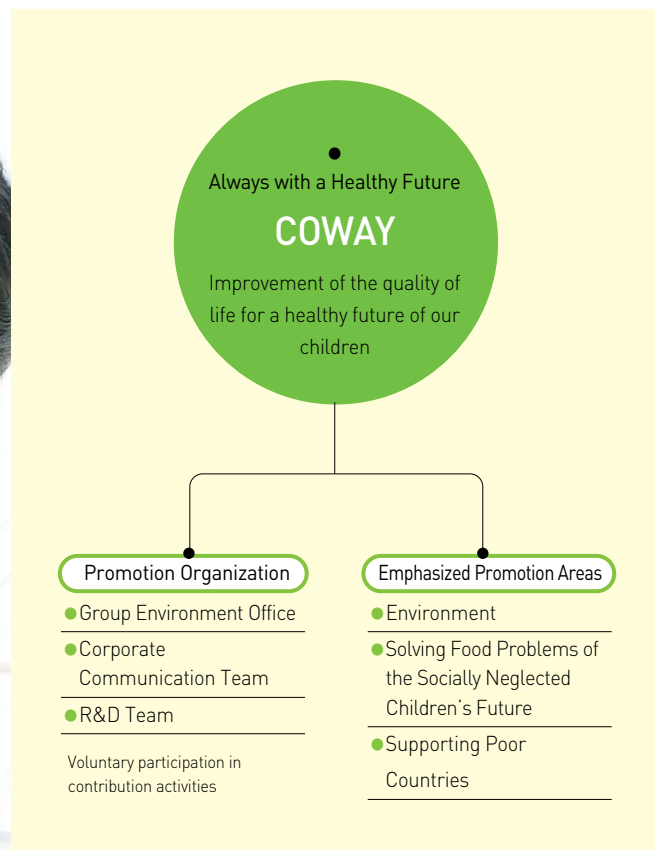


Profit making should no longer be the sole focus of business management. Recognizing the importance of social responsibility as a corporate citizen, Woongjin Coway has long been engaged in various community activities such as environment preservation, supporting the underprivileged, caring for the next generation, and supporting the poor of foreign countries.

【 Vision and Strategy for Social Contribution 】

Woongjin Coway's vision for social contribution is "improvement of the quality of life for a healthy future of our children." With the vision we are making efforts to realize effective social contribution by focusing on the four areas of environment conservation, solution to food issues of alienated people, activities for the future of children and support of the poor in overseas countries.

▼ Vision and System for Social Contribution ▼



【 Organization for Social Contribution 】

In June 2005, Woongjin Coway expanded volunteer activities that were conducted by some employees of recreational societies to the entire company, and established the "Tto-Tto Sarang Volunteers" that consist of all employees and customers in order to realize systematic and efficient social contribution activities. All employees are participating as a member of the Tto-Tto Sarang Volunteers and we have a social contribution manager to conduct systematic social contribution activities.

【 Social Contribution Activities 】

Woongjin Coway's social contribution activities are conducted mainly for environment, socially neglected people and global communities. The CEO is participating in volunteer work once every month and other employees are actively participating in the social contribution activities. In 2007, a total number of 1,506 people participated in the social contribution activities and a total volunteer hour of 27,724, which is 17.4 hours per person.



Woongjin Coway Symbol

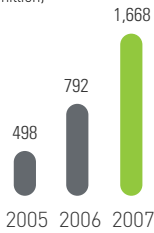


The background blue symbolizes river, a target of our Clean Water Campaign. Fish takes the form of a heart to emphasize the spirit of "Tto-Tto Sarang (love again & again)", our management philosophy. This is the future that Woongjin Coway envisions through its social contribution activities.



Spending for Social Contribution

(Unit: KRW million)



Woongjin Coway spent KRW 792 million in 2006 for the social contribution activities. It increased to KRW 1,668 million in 2007. (donation: KRW 660 million, social contribution: KRW 1,008 million)

▼ **Social Contribution Activities of Each Category** ▼

Category	Detail
Environment	Cleaning Yugu-cheon ▶ One company one creek activity Oil Removal at Taeon Peninsula ▶ Participation in social contribution program related to an environment issue
Solving Food Problems of Socially Neglected People	Happy Friday ▶ Free meal service, distribution, and dishwashing every Friday Happy Food Truck ▶ Donated 5 refrigeration vehicles, provided meals to 12,500 people a day
Children's Future	Coway Group Home ▶ Support to group home throughout the country, product donation, service, volunteer work Support and Assistance to Disabled Students of Woojin School
Support for Poor Countries	Well Digging for Cambodia ▶ Donation of 100 wells each year until 2010 South Africa Support ▶ Support KRW 10 million every year(soccer balls, uniforms, etc.), one on one support
Other	Scholarship for Kongju University ▶ Supported KRW 590 million since 2003



● Cleaning Yugu-cheon



● Oil removal at Taeon Peninsula

Environment Conservation



Cleaning Yugu-cheon

Since we held the 'Yugu-cheon cultivation demonstration project signing ceremony' on September 2006 in Yugu-eup, Woongjin Coway has been planting self-purifying plants and riverside cleaning activities to cultivate Yugu-cheon. Woongjin Coway is planning on supplying KRW 1.5 billion until 2008 for the Yugu-cheon cultivation activity which is co-promoted with the Ministry of Environment and the city of Gongju.



Oil Removal at Taeon Peninsula

1,300 employees of Woongjin Coway participated in volunteer activities in removing oil from the Gurepo Beach on December 15, 2007. Regardless of the short notice, almost every employee participated in the volunteer activities. Employees who arrived early in the morning used absorption cloths to wipe the oil at low tide and conducted meaningful activities for the local residents who were in despair.

Support for the Socially Neglected



Happy Friday

Since February 2007, we have been supporting free lunch, bread, and milk to lonely elderly people at the entrance of the Hyochang Stadium with the Yongsan Welfare Center every Friday. This volunteer activity is conducted regardless of weather Woongjin Coway's employees are conducting volunteer activities such as meal distribution and dishwashing.



● Tto-Tto Sarang Happy Food Truck Donation Ceremony



● Korea Woojin School



● Digging Wells in Cambodia



● Voluntary Activities in South Africa



Tto-Tto Sarang Happy Food Truck

In cooperation with the Food Bank and the Community Chest of Korea, Woongjin Coway had a ceremony to donate five “Tto-Tto Sarang Happy Food Trucks” in September 2007. Each of the refrigeration truck can deliver 2,500 fresh meals donated by many companies and individuals to the poor. Every week 50 executives and employees of Woongjin Coway volunteer to serve meals delivered by the trucks.

Support for Children



Coway Group Home

By utilizing Cody organization all over Korea, we are supporting group home children throughout the country with general managers and branch managers. Codys, general managers, and branch managers are regularly visiting group homes where children live as a family with social workers and do volunteer activities such as laundry, meal preparation, and babysitting. We've also donated our company's water filtration devices and air purifiers so that the children can live in a better environment.



Korea Woojin School

Woongjin Coway's employees are volunteering as assistants when disabled students conduct experiential learning each month at the Korea Woojin School, which is an institute for the severely disabled and located in Seongsan-dong, Seoul. By participating in the experiential learning and the BOCCIA of the students of this school who mostly can't walk, unlike other disabled persons, we are assisting the children so that they won't be uncomfortable.

Global Social Contribution



Digging Wells in Cambodia

Woongjin Coway dug total 75 pump-type wells in 26 villages around Phnom Penh, Cambodia in 2006. The company dug another 100 wells throughout the country in 2007 where 20 volunteers (top management and employees) participated. As part of its continued commitment to improving the drinking water quality for the Cambodian people, we plan to expand the effort with a target of completing total 1,000 wells (over 100 wells every year) in the country.



Support for South African Soccer Club and Scholarship

Starting on 2006, our company's 'Coway Soccer Team' has supported uniforms and soccer balls to the Green Star soccer team of Philipi, which is the poorest area in South Africa, and on 2007, we expanded our support from 1 team(Philipi) to 4 teams(Philipi, Asanda, Cuza, etc.), and 60 of our employees are supporting teenagers and children with scholarships on a one on one basis. In order to stimulate volunteer activities, Woongjin Coway is giving opportunities to excellent volunteers to visit South Africa and conduct signing and delivery ceremony of scholarships which is provided by our company's clubs and individuals. Under the slogan, 'Promise of 5 years', Woongjin Coway is planning to expand its support on soccer teams and scholarships until 2010, when the World Cup is held in South Africa.



● Scholarship Support for Kongju University

Other Social Contribution Activities



Scholarship Support for Kongju University

To support students in economically difficult situations and to nourish excellent talents, Woongjin Coway is giving out scholarships to Kongju University’s students since 2003. Separated into domestic scholarships and international scholarships(given to foreign students studying at Kongju University) we’ve supported a total of KRW 590 million as of 2007.



▼ Scholarship Grant Status ▼

Category	Domestic scholarship	International scholarship
Grant Start Year	Latter half of 2003	February 2006
Annual Granted Students	About 15 students with outstanding academic records	10 students
Annual Grant Amount	KRW 100 million /KRW 6.24 million per person	KRW 70 million
Total	144 persons/KRW 450 million	21 persons/KRW 140 million

Awarded Social Contribution Awards

Our company received the Grand Prize in the National Welfare Support Section of the 2007 Korea Social Contribution Awards which was hosted by the Korea Press Forum and sponsored by the Ministry of Health and Welfare, Ministry of Commerce, Industry, and Energy, and the Ministry of Labor. At the awarding ceremony where 10 companies were selected in 8 sections, Woongjin Coway received the award for the CEO’s social contribution activities, and others.



Korean Council of Food Support, Official | Yun-Hyeong Lee

INTERVIEW 01

What is the 'Happy Food Truck' Sharing Activity with Woongjin Coway?

On June 30 1998, the Food Sharing Movement Association was composed of Jogyejong Social Welfare Foundation, Crumbs Love Sharing Society, Anglican Church Food Bank, Korea Presbyterian Church Headquarters, Seoul YMCA, and the Korea YWCA Federation, in order to share food with neglected neighbors in the hard times of the IMF. Since 2004, 4 central members and 146 institutes composed a food bank network and strengthened civil food bank organization, and local members consist of 15 institutes.

Major Business

- Finding and supporting donators and those who need the donations throughout the country, and legal and systematical improvement activities.
- Research, survey, and educational activities to improve public impression of the Food Sharing Movement
- Donation collection campaign and citizen volunteer practice movement
- Sharing information and collaboration among members

INTERVIEW 02

What is the Food Sharing Movement Association?

The relationship with Woongjin Coway started in September 2007 as we cooperated in the 'Happy Food Truck' Sharing program. It started with Woongjin Coway's support of 5 refrigeration trucks, based on its assumption that refrigeration trucks would be needed for distributing and supporting meal services. Furthermore, not just supporting refrigeration trucks, the 'Tto-Tto Sarang Volunteers' are doing volunteer activities once a week at the supported facilities, and our participation in the food services is thought to be a model case for social contribution. Volunteer activities, which are conducted for each 5 facilities, fulfills the necessities of the facilities, and the interest and support of the 'Tto-Tto Sarang Volunteers' on the poor facilities and equipment are increasing.

The 'Happy Food Truck' doesn't stop at simply transporting food, but by being in charge of Capital region support and distribution when food is distributed in Seoul and at storehouses in outer areas Gyeonggi, it is contributing in stabilizing the food distribution network of the Seoul area. We pray that the 'Happy Food Truck' sharing activities would expand more in the future since it is a sharing with poor neglected neighbors. This program is well-harmonized between the refrigeration truck's design and practicability, the desperate needs of civil food banks and the participation of companies.

INTERVIEW 03

What is the Preferable Image of a Company's Social Contribution?

A company's social contribution activities can be in the form of donation through an irregular fund raising, volunteer activities, induced volunteer activities by giving points to volunteer work, regular support through establishing relationships, and connection with NGOs. But from a continuous point of view, there are a lot of things that are lacking. Of course, some companies maintain relationships with NGOs for over 10 years, but in many cases the relationships only last for 2-3 years. We hope that longer and consistent social contribution activities will be conducted.

There are many event-like support activities, such as seasonal fund raising or winter kimchi making events, and the support activities of companies tend to lapse in areas and institute. Such problems should be avoided through recognizing them in advance.

But in general, companies' social contribution activities have just begun, so even if there are times of inactivity, all activities should be encouraged so that all companies will someday participate. We will be able to mend the shortcomings and strengthen the merits of volunteer activities and convert temporary volunteer work to more consistent volunteer work, and more efficient social contribution activity that binds the characteristics of each companies and the NGO's needs.



Overseas Sales Team 1
Jae-Chul Shim Senior Manager

Strategic Purchasing Team
Mi-Hyun Cha

WOONGJIN COWAY & **THE PLANET**



A living and eco-friendly company, Woongjin Coway thinks environment is the best value. If we can gain everything but the earth lost its health, it is useless. Woongjin Coway makes an effort to be a company to be with next generation by taking care and protecting only one, the earth.

ENVIRONMENTAL LEADERSHIP



At Woongjin Coway, we are passionate about improving the health of our planet. We are committed to actions that minimize our environmental impact around the globe, under the firm belief that environmental protection deserves top priority and improves the quality of peoples' lives.

【 Green Management Policy 】

Woongjin Coway's green management is implemented within a larger framework of the Woongjin Group. In April 2006, Woongjin Group, recognizing the importance of green management, declared its intent to pursue global environmental leadership. This provided the momentum for Woongjin Coway to take green actions and integrate environmental principles into all aspects of our operations. We are also dedicated to educating and motivating our staff to promote greater employee involvement.

▼ Green Management Commitments ▼

- **Pursue Global Environmental Leadership**
Based on our ability to accept changes and translate them into our competitive edge, we will become the most trusted, global green company.
- **Systemize Green Management through Clean Production**
From development to disposal, we will build environmental considerations into every stage of the product life cycle.
- **Proactively Address Environmental Trends**
We will be at the forefront of green management by accurately projecting and driving changes in global environmental trends.
- **Ongoing Investment in Environmental Improvement**
To protect nature and minimize waste, we will incorporate 3R (Reduce, Reuse, Recycle) as our way of life and further our quest to become an innovative green company with continued investment in environmental improvement.
- **Reinforce Our "Tto-Tto Sarang" and "love the Environment" Philosophies**
We plan to strengthen environmental awareness and promote environmentally responsible practices in our people through education.



▼ Green Management Action Plans ▼

Guided by our management philosophy of "Tto-Tto Sarang," we, at Woongjin, pledge to participate in the green management movement to become the global environmental leader.

● Tto-Tto Sarang One

We will participate in environmentally responsible activities as a global leader.

● Tto-Tto Sarang Two

We will consider green management in all aspects of our operations to realize customer delight.

● Tto-Tto Sarang Three

We will strive to reduce our everyday environmental impact in communities where we operate.

● Tto-Tto Sarang Four

We will comply with applicable EHS regulations and continue to raise EHS standards.

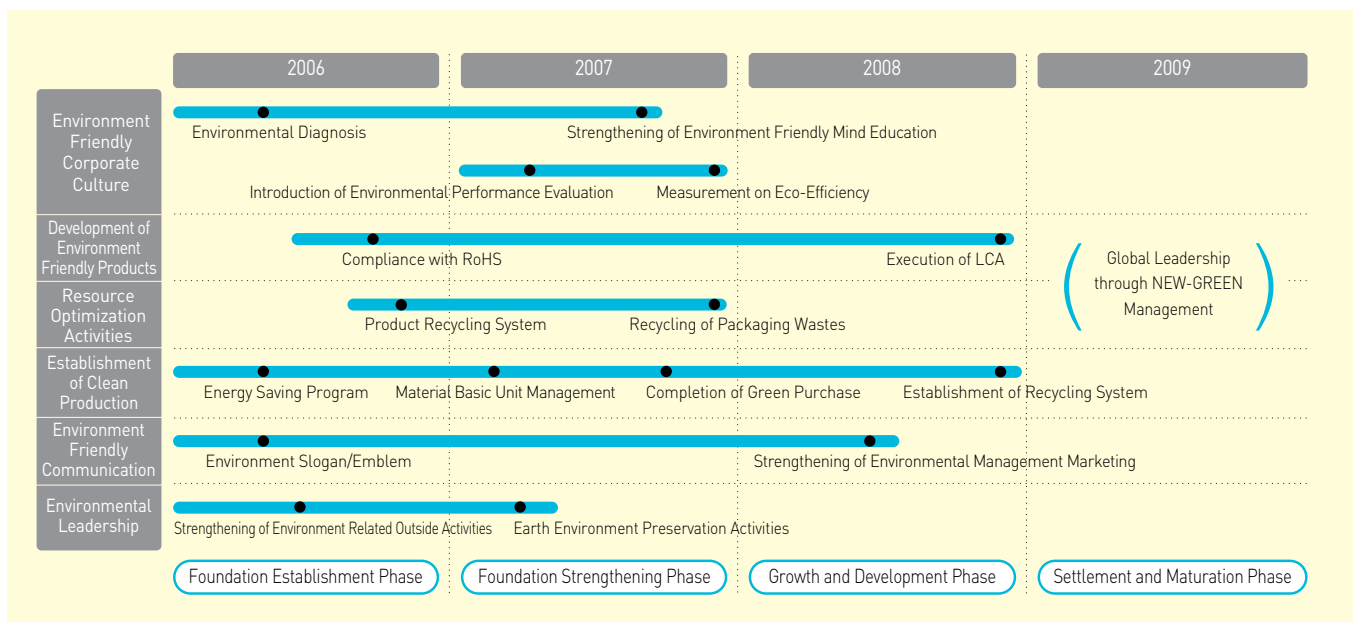
● Tto-Tto Sarang Five

We will assess our clean production and green management performances for continued improvement.

● Tto-Tto Sarang Six

We will take the initiative in all environment related actions and disclose environmental information in a transparent manner.

▼ Environmental Management Promotion Roadmap ▼

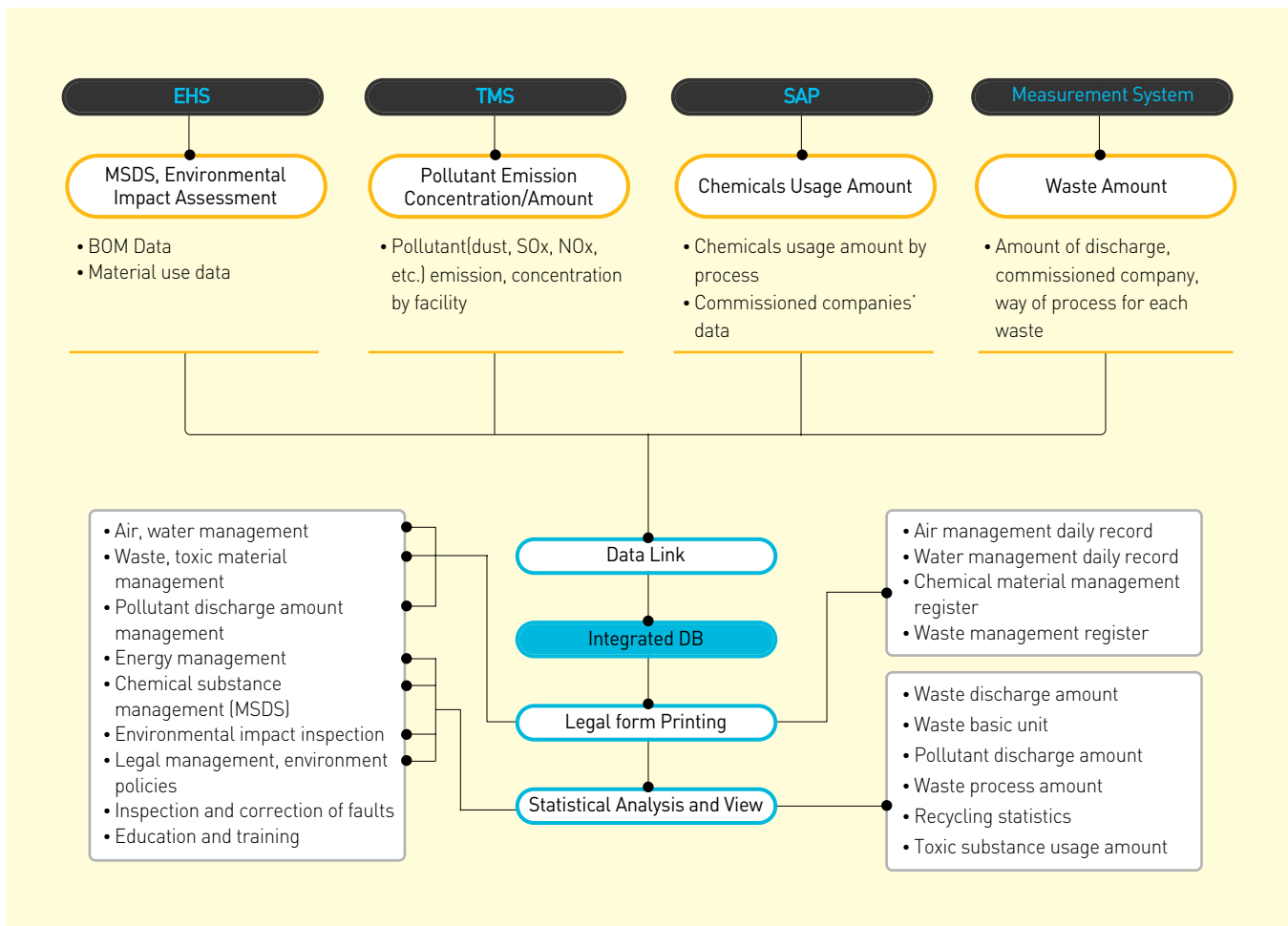




【 Operating Environmental Management System 】

As the first company receiving ISO9001 (in 1995) and ISO14001 (in 1996) among Woongjin Group companies, Woongjin Coway established Quality Planning Team for a more efficient operation of environment systems in September 2006. The company further aligns EDM (Environmental Data Management) system for real-time management of energy use and hazardous substances. In addition, we build more eco-friendly production system by linking EDM system with SAP.

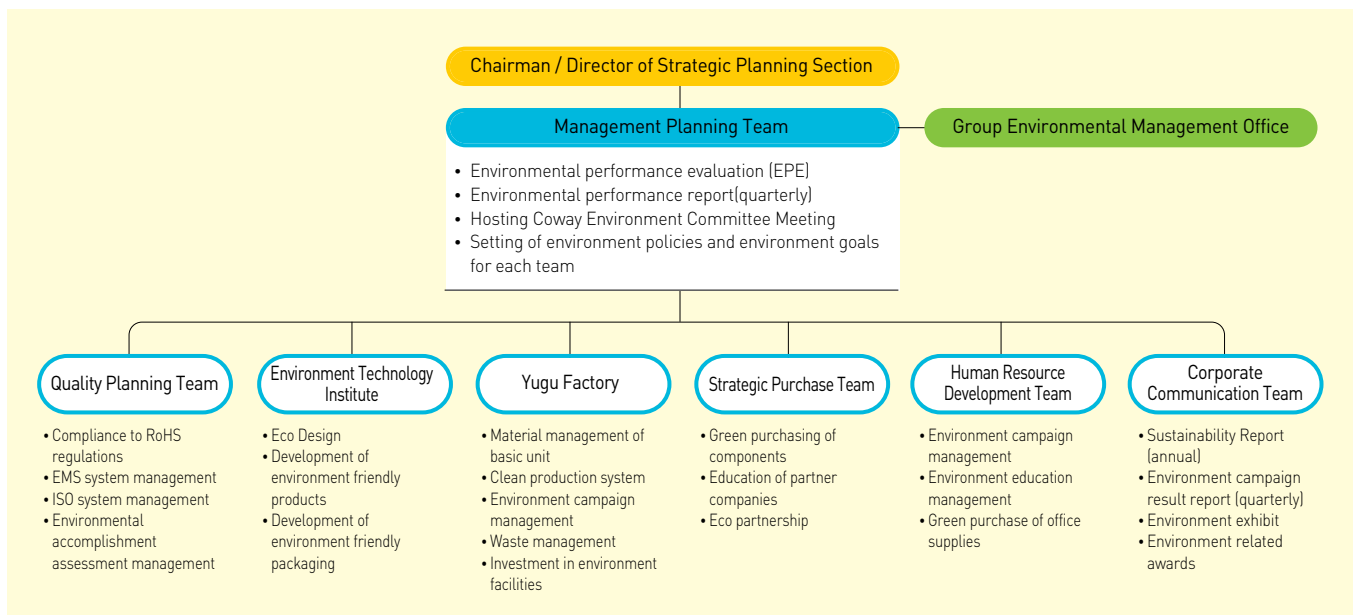
▼ Environmental Data Management (EDM) System ▼





● Green Partner Certification Ceremony

▼ Environmental Organization ▼



【 Green Partnership 】

Woongjin Coway pursues green partnership with its business partners to respond to environment regulations which get stricter recently. As a company which enacted the Green Purchasing Guidelines and joined Green Purchasing Agreement in December 2006, Woongjin Coway encourages our partner companies to embrace environment-friendly management as part of our efforts to spread environment-friendly activities. The guidelines have been widely applied to our business partners. We selected 20 partner companies as the green partner after thorough assessment.

▼ Green Purchasing Guidelines ▼

1. Woongjin Coway recognizes procurement of environment-friendly parts and components as one of its top priorities.
2. Woongjin Coway discovers, supports, and develops environment-conscious business partners and evaluates its partners against environmentally sensitive criteria.
3. Woongjin Coway clearly communicates to its partners to minimize environmental impact in the areas of business management, production and service delivery.
4. Woongjin Coway works with its partners to continue to improve the environment.
5. Woongjin Coway provides guidance and resources to facilitate partner companies' environment related initiatives.
6. Woongjin Coway offers active support to environment-friendly partners and strives to achieve co-prosperity.

ENVIRONMENTAL ACTIVITIES AND PERFORMANCE



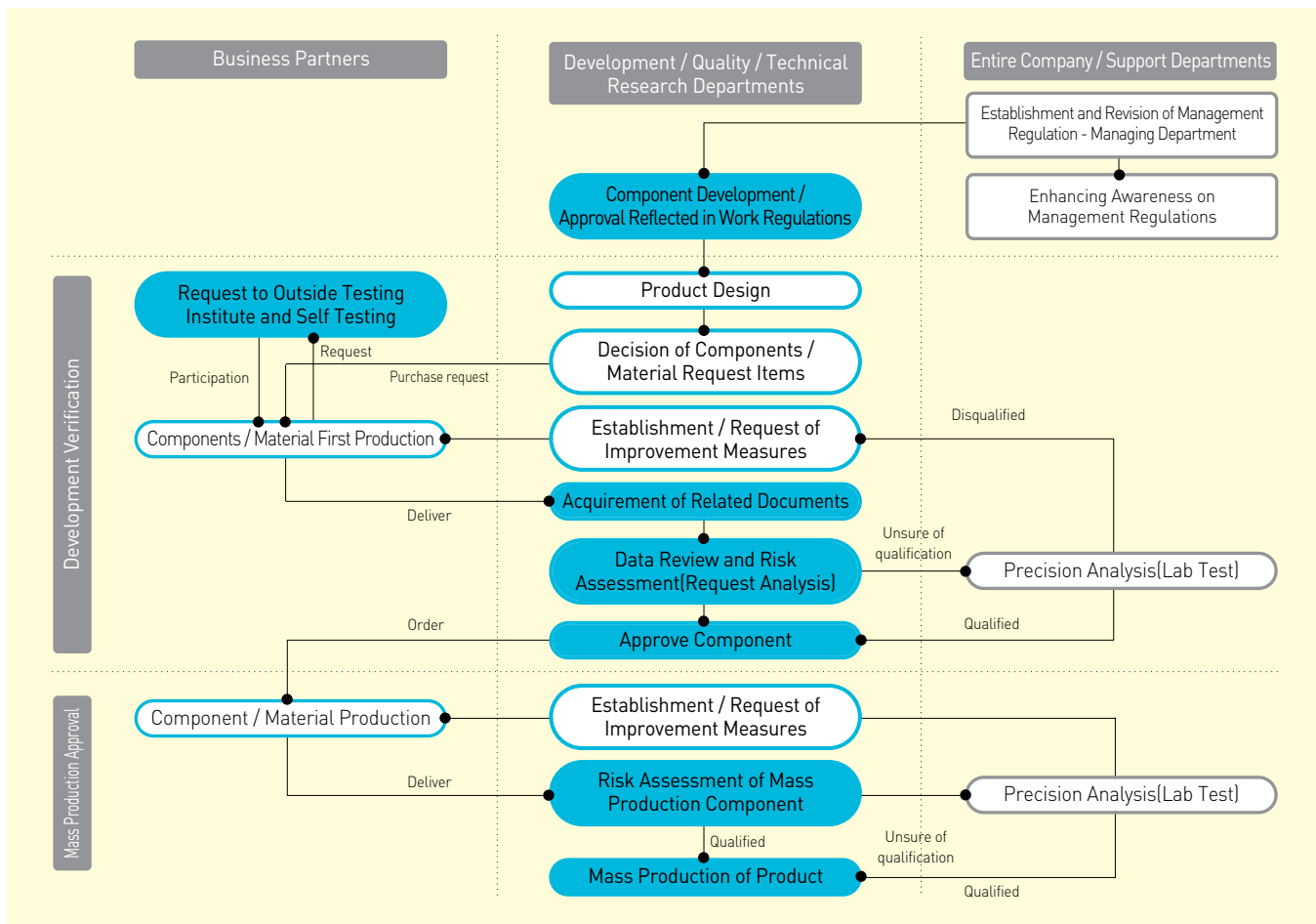
Woongjin Coway's environmental activities are conducted in various ways such as development of environment friendly products, reduction activities for energy and pollutants, environment campaign and education, and etc. Also, we are not sparing our efforts in investment of R&D and basic facilities to enhance environmental performances.

【 Environmental Performance 】

Management of Hazardous Substances

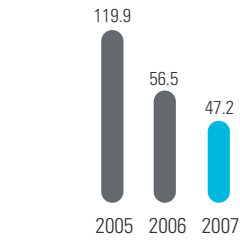
Woongjin Coway is responding to international environment regulations by preparing management rules for hazardous substances. The same rule has a purpose to understand whether or not there is any hazardous substance in our products' internal components or material, and in the packaging, and to improve those components and material based on the management rule and develop and mass produce products that have no negative effects on the environment.

▼ Management Work Process for Hazardous Substances in Products and Components ▼



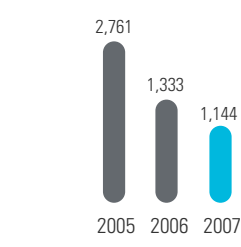
Spending for Waste Treatment

(Unit: KRW million)

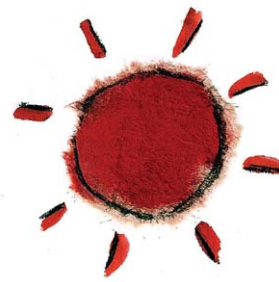


Total Volume of Waste

(Unit: m³)



Our company was the first in the life environment electronics industry to be selected as an international testing institute on Restriction of Hazardous Substances (RoHS) by the German 'TÜV SÜD', which is an EU's official certification institute. By this, all of our analysis test reports on hazardous substances for our products have the same efficacy as the ones from specialized analysis certification institutes. By receiving of this certification, our company obtained a basis for global competitiveness in the environment area by gaining international recognition on our analysis capabilities on products' hazardous substances.



▼ Classification of Hazardous Substances ▼

- **Class 1 (Prohibition)**
Six substances defined by RoHS
(Cd, Hg, Cr+6, Pb, PBB, PBDE)
- **Class 2 (Restriction)**
Substances, whose uses are regulated in foreign countries for their environmental and health impacts
- **Class 3 (Observation)**
Substances expected to be prohibited by phase in the future for their environmental and health impacts

Waste Disposal

The commissioned treatment of wastes of Woongjin Coway in 2007 was KRW 47.2 million, which was lower than the KRW 56.5 million in 2006, and the amount was also decreased in that it was 1,144m³ in 2007 as it was 1,333m³ in 2006. The reason for the treated wastes and the amount decreased was due to our production process of water filtration devices into modules and the reduction of packaging and stationeries which are by-products of manufacture process.



Pollutant Emission

Woongjin Coway’s pollutant emission in 2007 was greatly improved in all aspects such as BOD, COD, SS, etc. This is due to moving the membrane filter production facilities from the first factory to the second factory resulting in increasing wastewater treatment capacity from 30 tons a day to 400 tons a day. In other words, this is a result of a strict management of wastewater treatment due to efficient monitoring, analysis, and measurement of the treatment process.

▼ **Use of Resource** ▼



Use of Resource

With business expansions including the increase in sales, the company’s energy consumption has also increased. As part of our efforts to reduce CO₂ emissions causing global warming, we replaced heating oil with LPG, accordingly LPG use increased substantially.

Overall power consumption of 3.7 million KWh, a 26.5% increase from 2006, was attributed to large-scale establishment and enlargement of production facilities in 2007 including extension of water filtration device lines (from 7 lines to 9) and membrane filter lines (from 4 lines to 6), establishment of 3 carbon block lines and 1 fabric line. On the other hand, consumption of waterworks has decreased with the increase in the use of subsurface water.

▼ **Resources Use** ▼

Category	Unit	2005	2006	2007
Electricity	kWh	2,463,036	2,932,644	3,709,920
Heating Oil	l	120,120	91,900	-
LPG Gas	kg	1,020	1,374	119,740
Butane Gas	kg	416	300	559
Subsurface Water	m ³	54,110	31,230	51,713
Waterworks	m ³	17,337	20,782	19,770
Kerosene	l	14,874	8,345	9,266

CO₂ Emission

As a result of a large increase of resource use due to expansion of production facilities, our CO₂ emission in 2007 showed a general increase compared to that of 2006. In case of boiler kerosene, it was replaced entirely with LPG and CO₂ was not emitted while the CO₂ emission from LPG significantly increased.

▼ CO₂ Emission ▼

Category	Unit	2005	2006	2007
Kerosene	CO ₂ -kg	39	22	24
Heating Oil	CO ₂ -kg	311	238	-
LPG Gas	CO ₂ -kg	9	12	168
Butane Gas	CO ₂ -kg	4	3	5
Electricity	CO ₂ -kg	1,191	1,418	1,794

Wastewater

The generated amount of wastewater in 2007 was 1,092m³ which was an increase two folds compared to that of 2006. This is due to increased fabric lines that consume a lot of water and the establishment of membrane filter line.

▼ Wastewater Generation ▼

Category	Unit	2005	2006	2007
Wastewater	m ³	212	570	1,092



● Empty Dish Oath Movement



● Summer Environment Camp

【 Environmental Activities 】

Empty Dish Oath Movement

In link with our environmental management, we started the Empty Dish Oath Movement Campaign in order to reduce food wastes to zero. In order to actively participate in this campaign where all our employees will be included, our company started regular promotion starting with composing written oaths and special lecture from the vice president Lee, Jin of our Environmental Management Office on April 2007. Our company will actively lead in reducing the amount of food waste that reaches KRW 15 trillion a year, and at the same time we are planning to expand it to a national movement.

Summer Environment Camp

In August 2007, Woongjin Coway hosted an environment camp 4 times (2 times for children of low income families, 2 times for Woongjin's customers' children) with a 3 days schedule with 40 elementary school children at Namiseom. Especially, we invited children from local children center of low income regions and nursery schools who have less chance of getting an environment education and provided them with an opportunity to experience the importance of environment.

Awarded Grand Prize in the Korea ESH Value Management Awards

For recognition of our excellence in environmental management, Woongjin Coway received the Minister of Commerce, Industry and Energy Prize at the 3rd Korea ESH Value Management Awards which was hosted by Hankook Ilbo and the Environment Action Association and sponsored by the Korea Management Innovation Institute and the Korea Quality Certification.

SUMMARY FINANCIAL STATEMENTS

【 Summary Balance Sheet 】

(Unit: KRW thousand)

	2005	2006	2007
Current Assets	260,669,176	405,929,535	395,573,254
• Quick Assets	218,514,213	325,510,341	337,784,650
• Inventories	42,154,964	80,419,194	57,788,604
Non-current Assets	454,483,600	479,202,861	540,503,632
• Investment Assets*	60,962,834	76,873,337	77,731,039
• Tangible Assets	369,847,596	374,165,148	388,708,793
• Intangible Assets	23,673,170	28,164,376	74,063,799
Total Assets	715,152,776	885,132,396	936,076,886
Current Liabilities	354,152,743	431,751,056	393,048,412
Long-term Liabilities	19,028,202	14,597,801	14,546,109
Total Liabilities	373,180,945	446,348,858	407,594,521
Capital Stock	39,025,806	39,287,797	39,315,997
Capital Surplus	76,308,402	113,831,969	113,674,391
Retained Earnings	233,699,017	283,531,077	370,056,285
• Legal Reserve	5,325,427	7,825,427	10,825,427
• Voluntary Reserve	161,476,034	201,476,034	242,876,035
• Retained Earnings before Appropriations	66,897,556	74,229,616	116,354,823
Total Shareholders' Equity	341,971,831	438,783,539	528,482,365
Total Liabilities and Shareholders' Equity	715,152,776	885,132,396	936,076,886

*Including other non-current assets

































【 Summary Income Statement 】

(Unit: KRW thousand)

	2005	2006	2007
Sales	1,008,079,888	1,117,766,992	1,213,090,172
Cost of Goods Sold	363,699,498	380,380,741	384,670,142
Gross Profit	644,380,390	737,386,251	828,420,030
SG&A Expenses	547,536,391	625,108,853	667,123,918
Operating Income	96,843,999	112,277,398	161,296,112
Non-operating Income	5,449,144	7,420,515	9,741,253
Non-operating Expenses	16,323,859	17,298,803	15,345,577
Net Income Before Income Tax	85,969,284	102,399,110	155,691,788
Income Tax Expenses	25,080,684	27,472,847	39,416,344
Net Income	60,888,600	74,926,263	116,275,445

AWARDS AND RECOGNITION

【 Awards and Recognition in 2007 】

	2007 Customer Impression Management Awards Korea Economic Daily		KWCI for wellbeing consumer index Korea Standard Association		Energy Winner Award Consumers Korea		2007 Korea Design Awards Korea Institute of Design Promotion
	The 9th Korea Brand Power Index Korea Management Association		Green Management Excellence Award Korea Management Association		BAF Award British Allergy Foundation		The 5th Korea Service Satisfaction Award The Hankook Ilbo
	The 14th Good Advertisement Award Korea Advertisers Association, Korea National Council of Consumer Organization		2007 KCSI Korea Management Association		Korea Design Exhibitions Award Korea Institute of Design Promotion		The 9th Environmental Marketing Award Korea Economic Daily
	The 7th Best Luxury Goods Brand Award by Female Consumers Women Times		Technology Management Innovation Grand Prize Korea Economic Daily		Korea Industry Design Awards Korea Association of Industrial Designers		1st CCMS Certified Excellent Company Fair Trade Commission
	Best Quality and Service Award by Female Consumers The Women's News		Energy Star EPA		reddot Design Award Design Zentum		'Good Company to Work For' Award Hankyoreh Economy
	NBCI (National Brand Competitiveness Index) Korea Productivity Center		Technology Frontier Award Korea Standard Association		Japan Good Design		2007 Korea Social Contribution Award Korea Newspaper Broadcast Research Institute
	Korea Brand Star Award Brand Star		GS Management Grand Prize Korea Management Association		iF Design International Forum Design		The 3rd Korea ESH Value Management Awards Korea Management Innovation Institute, etc
	2007 Korea Best Brand Award Korea Economic Daily		Designated as the Official RoHS Testing Institute Water Analysis & Research Center		Good Design Korea Institute of Design Promotion		Best HRD Ministry of Labor, etc

【 Participation in External Associations 】

Association	Organizer	Period
Seoul Council on Social Welfare	Seoul Metropolitan Government	Since 2006
Korea Air Cleaning Association	Ministry of Environment	October 2007

【 Participation in 2007 External Seminars & Forums 】

Event	Period	Organizer	Department Participated
World Knowledge Forum	Oct. 18 ~ Oct. 19	Maeil Business Newspaper	Management Planning Team

ASSURANCE REPORT

● Foreword

The Korea Management Association Registration and Assessments (KMAR) has been engaged by WOONGJIN COWAY to verify the contents of its 2007 Sustainability Report (the Report). WOONGJIN COWAY is responsible for the collection and presentation of information within the Report. Our responsibility is to carry out assurance activities on specific information in the verification scope stipulated below.

● Our Independence

With the exception of providing third party verification services, KMAR is not involved in any other WOONGJIN COWAY business operations that are aimed at making profits in order to avoid any conflicts of interest and to maintain independence.

● Verification Scope

WOONGJIN COWAY described its efforts and achievements of its sustainability activities in the Report. The verification process was designed to provide readers with the following information;

Verification of the Economic Segment: Review whether financial performance data has been extracted appropriately from WOONGJIN COWAY's 2007 Financial Statements Audit Report and Annual Report as defined in the Report's performances and conclusion sectors

Verification of Social / Environment Segments: Review whether information included in the following segments is presented appropriately.

- Customer
- Employee
- Business Partner
- Social Contribution
- Environment

'Presented appropriately' means that the contents of the Report appropriately reflected actual data and original information and were presented in a consistent and reliable manner. For the economic sector, we based our evidence gathering procedures on reasonable assurance. It is a higher level of assurance than the limited verification in terms of characteristics and the extent of performed tasks.

● Verification Standards

KMAR performed the review based on our verification standards that have been developed in accordance with the AccountAbility's 'AA1000 Assurance Standard.' We also used the International Auditing and Assurance Standards Board-issued 'International Standard on Assurance Engagements (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information' as additional guidelines.

● Verification Process and Conclusion

In order to form our conclusion, KMAR undertook the steps outlined below to assess WOONGJIN COWAY's internal processes for reviewing the sustainability reporting practices.

- Surveyed WOONGJIN COWAY's sustainability related media information during the reporting period
- Reviewed systems and processes used in producing data
- Assessed internal documents and materials
- Interviewed people in charge of disclosed activities and performances

Based on results we have obtained from material reviews, related department visits and interviews, we held several discussions with WOONGJIN COWAY on the revision of the Report. We reviewed the Report's final version in order to confirm whether our recommendations for improvement and revisions have been reflected.

● Economic Performance

We compared the Report with WOONGJIN COWAY's 2007 Financial Statements and found that the financial data presented in the Report has been appropriately derived from 2007 Financial Statements.

● Environmental and Social Performance

We observed that information contained in the "environmental and social sections" has been appropriately presented. We did not discover any significant errors.

● Recommendation for Improvement

We hope WOONGJIN COWAY's first publication of the Report is actively used as a communication tool with stakeholders and recommend the following for improvements.

- Extension of stakeholder engagement in the Report planning and production processes
- Building up integrated performance management on sustainability management activities and performance
- Establishment of systemic approach on reporting process

K. H. Park

May 6, 2008

CEO Ki Ho Park

KMAR

Korea Management Association
Registrations & Assessments Inc.

COMMENT FROM EXTERNAL EXPERT

You would have heard of the word Wonman.

Wonman means filling a circle, in other words, it means the subjective will to fill insufficiency and the various efforts towards completion.

We tend to get attracted to a sound person who gives such efforts. This is the word that popped into my head after I've reviewed Woongjin Coway's Sustainability Report.

This year's sustainability report that contains Woongjin Coway's growth and change is truly interesting.

It feels as though the accomplishments of Woongjin Coway and its will toward dreams feel like that of a 28 year old young man. I can feel the dynamic life force flowing all over the report.

Sustainable management, which is currently becoming a prominent figure among the business society of Korea and overseas, is a management strategy that aims a company to grow as a sustainable corporation.

So in order for a company to realize sustainable management, it should contain efforts to become a going concern in a long term perspective. In addition to activities of content such as social and environmental responsibilities, ethical efforts, and company's future accomplishments, communication technology and 'Wonman' of both sides should be pursued to effectively appeal to the era of susceptibility.

Woongjin Coway's 2007 Sustainability Report contained in colorful paper full of life is more persuasive than other reports filled with only words.

This is a result of Woongjin's effort to get close to the reader.

With this publication, Woongjin Coway has published its 3rd Sustainability Report. In Woongjin Coway's Sustainability Report, there are not only ethics management that exists only as regulation, but a vision that is common and flows in all directions from its employees to its partner companies, and we can also discover customer centered services that makes us feel Woongjin Coway's love toward mankind with its 'To-To Sarang' management spirit.

Also, the report shows Woongjin Coway's awakening from companies' attitude toward the environment which has been neglected since the Industrial Revolution, and its efforts to convert crisis into an opportunity.

Woongjin Coway's various and active social contribution activities such as supporting research and stabling a R&D center in Seoul National University, and their concern of trying to disclose information transparently to stakeholders through many communication channels, and I wish to give more points on Woongjin Coway's actual efforts in respecting internal and external customer's rights. Also, such activities like selection of the Green Partner, Happy Food Truck, Well Digging, and the South African Soccer Scholarship gave me a great impression on their creative ideas.

Soil where creativity lives and breathes, this is the reason why Woongjin Coway's corporate culture can be read.

There's a saying that 'a company's accomplishments depend on the quality and quantity of its communications'.

This means that a company where people do not feel their opinions and personality is respected and they feel that they cannot communicate with each other, the management outcomes can never be good.

It seems only reasonable that a company where there's fair evaluation and humanity such as coaching achieves good accomplishments.

The 21st century is named the 'Era of Asia'. More Korean companies should grow to become global companies in order to make the Era of Asia an Era of Korea.

Woongjin is now a global company that is rising in the international market. Woongjin Coway's efforts to approach closer to customers and the society as a beloved company is thoroughly included in the 2007 Sustainability Report and I am sure that Woongjin Coway will become more 'Wonman' every year.

Il-Yun Seo

Seoul School of Integrated Sciences & Technologies

GRI INDEX

GRI Index	Indicators	Page	Remark
Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	13, 19	
1.2	Description of key impacts, risks, and opportunities	13	
Organizational Profile			
2.1	Name of the organization	14	
2.2	Primary brands, products, and/or services	17	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	16	
2.4	Location of organization's headquarters	14	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	14	
2.6	Nature of ownership and legal form	45	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	14	
2.8	Scale of the reporting organization	14	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	24, 45	
2.10	Awards received in the reporting period	24, 45, 71	
Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	1	
3.2	Date of most recent previous report (if any)	1	
3.3	Reporting cycle (annual, biennial, etc.)	1	
3.4	Contact point for questions regarding the report or its contents	80	
3.5	Process for defining report content	1	
3.6	Boundary of the report	1	
3.7	State any specific limitations on the scope or boundary of the report	1	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	1	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report		Shown in the report if necessary
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	1	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	1	
3.12	Table identifying the location of the Standard Disclosures in the report	75-78	
3.13	Policy and current practice with regard to seeking external assurance for the report	1	
Governance, Commitments, and Engagement			
4.1	Governance structure of the organization	46	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	46	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	46	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	46	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	46	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	46	

GRI INDEX

GRI Index	Indicators	Page	Remark
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization' strategy on economic, environmental, and social topics	46	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	19, 52, 62, 63	
4.9	Procedures of the highest governance body for overseeing the organization' identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	46	
4.10	Processes for evaluating the highest governance body' own performance, particularly with respect to economic, environmental, and social performance	46	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	23	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	71	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	71	
4.14	List of stakeholder groups engaged by the organization	28, 29	
4.15	Basis for identification and selection of stakeholders with whom to engage	28, 29	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	28, 29	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	28, 29	
Economic			
EC1	Direct economic value generated and distributed	30, 39, 56-58, 70	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		Main businesses are influenced by seasonal factors. However, it is not measurable.
EC3	Coverage of the organization's defined benefit plan obligations		See business report.
EC4	Significant financial assistance received from government		No government subsidy
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	62, 63, 65	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	37	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	54-58	
Environment			
EN1	Materials used by weight or volume	68	
EN2	Percentage of materials used that are recycled input materials		Data is not collected or managed since we purchase parts and components from outside suppliers.
EN3	Direct energy consumption by primary energy source	68	
EN4	Indirect energy consumption by primary source	68	
EN8	Total water withdrawal by source	68	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Not available
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		Not available
EN16	Total direct and indirect greenhouse gas emissions by weight	69	
EN17	Other relevant indirect greenhouse gas emissions by weight	69	

GRI Index	Indicators	Page	Remark
EN19	Emissions of ozone-depleting substances by weight	69	
EN20	NOx, SOx, and other significant air emissions by type and weight	64	
EN21	Total water discharge by quality and destination	69	
EN22	Total weight of waste by type and disposal method	69	
EN23	Total number and volume of significant spills	69	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	66, 67	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		Not applicable
EN28	Monetary value of significant fines and total number of non-monetary sanctions for		Not available
Labor Practices & Decent Work			
LA1	Total workforce by employment type, employment contract, and region	37	
LA2	Total number and rate of employee turnover by age group, gender, and region	43	
LA4	Percentage of employees covered by collective bargaining agreements	42	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements		Communication between management and employees are done in case important management issues happen.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	44	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	39, 40, 42, 44	
LA10	Average hours of training per year per employee by employee category	40, 42	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	37, 46	
LA14	Ratio of basic salary of men to women by employee category	30	There exists no difference between male and female workers of same position.
Human Rights			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening		Not available
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken		Not applicable
HR4	Total number of incidents of discrimination and actions taken		No incidents of discrimination happened
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights		Not available
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	37	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	37	
Society Performance			
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	54-57	
S02	Percentage and total number of business units analyzed for risks related to corruption		Any business unit was not related to the risk of corruption.
S03	Percentage of employees trained in organization's anti-corruption policies and procedures		All executives and employees received related education including education on ethics.

GRI INDEX

GRI Index	Indicators	Page	Remark
S04	Actions taken in response to incidents of corruption	18-21	
S05	Public policy positions and participation in public policy development and lobbying		Not available
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		No monetary fines and non-monetary sanctions
Product Responsibility			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	31-33	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	31-33	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	34	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		No fines levied

Self-declaration of GRI G3 Application Level



The Sustainability Report 2007 of Woongjin Coway was written based on the GRI G3 guidelines and, Woongjin Coway declared that this report met the content and quality requirements of GRI G3 Application Level A. KMAR confirms that this report meets the GRI G3 Application Level A among A, B and C level through assurance.

* Reference: + provided below refers to 3rd party assurance.

GRI Application Levels Table

Report Application Level	C	C+	B	B+	A	A+
G3 Profile Disclosures Output	Report on : 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15		Report on : Report on all criteria listed for Level C plus, 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17		Report on : Same as requirement for Level B	
G3 Management Approach Disclosures Output	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
G3 Performance Indicator & Sector Supplement Performance Indicators Output	Report on a minimum of 10 Performance Indicators, including at least one from each of : social, economic, and environment	Report Externally Assured	Report on a minimum of 20 Performance Indicators, including at least one from each of : economic, environment, human rights, labor, society and product responsibility	Report Externally Assured	Respond on each core G3 and Sector Supplement Indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Report Externally Assured

INDEPENDENT AUDITORS' REPORT

English Translation of a Report Originally Issued in Korean

Deloitte.

Deloitte Anjin LLC

14FL., Hanwha Securities Bldg.,
23-5 Yoido-dong,
Youngdeungpo-gu, Seoul
150-717, Korea

Tel: +82-2-6676-1000, 1114

Fax: +82-2-6674-2114

www.deloitteanjin.co.kr

To the Shareholders and Board of Directors of Woongjin Coway Co., Ltd.:

We have audited the accompanying non-consolidated balance sheets of Woongjin Coway Co., Ltd. (the "Company") as of December 31, 2007 and 2006, the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the years then ended, and the non-consolidated statement of changes in shareholders' equity for the year ended December 31, 2007, all expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2007 and 2006, the results of its operations, changes in its retained earnings and its cash flows for the years then ended, and changes in its shareholders' equity for the year ended December 31, 2007, in conformity with accounting principles generally accepted in the Republic of Korea (See Note 2).

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations, changes in shareholders' equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.



February 29, 2008

Notice to Readers

This report is effective as of February 29, 2008, 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 accompanying financial statements and may result in modifications to the auditors' report.

NON-CONSOLIDATED BALANCE SHEETS

As of december 31, 2007 and 2006

	Korean Won (In thousands)	
	2007	2006
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents (Note 13)	₩ 28,511,583	₩ 34,519,828
Short-term investment assets (Note 4)	486,790	5,067,051
Trade receivables, net of allowance for doubtful accounts of ₩49,519,425 thousand as of December 31, 2007 and ₩68,012,122 thousand as of December 31, 2006 (Notes 13 and 21)	117,908,862	110,848,764
Accounts receivable-other, net of allowance for doubtful accounts of ₩10,484,764 thousand as of December 31, 2007 and ₩10,558,129 thousand as of December 31, 2006 (Note 21)	11,055,765	14,259,971
Inventories (Note 5)	57,788,604	80,419,194
Advanced payments (Note and 21 and 28)	7,463,492	1,312,889
Prepaid expenses	157,860,251	144,090,939
Current portion of deferred income tax assets (Note 18)	14,453,637	15,057,351
Other current assets	44,270	353,549
Total current assets	395,573,254	405,929,535
NON-CURRENT ASSETS:		
Long-term financial instruments (Note 3)	10,500	15,500
Long-term investment securities (Note 6)	4,419,056	2,750,208
Equity securities accounted for using the equity method (Note 7)	9,602,964	11,073,215
Long-term loans, net of allowance for doubtful accounts of ₩853,010 thousand as of December 31, 2007 (Notes 7 and 21)	2,682,476	-
Guarantee deposits (Note 21)	38,408,383	39,659,871
Other investments	258,898	180,000
Deferred income tax assets (Note 18)	3,925,846	4,694,543
Long-term prepaid expenses	18,422,917	18,500,000
Property, plant and equipment, net of accumulated depreciation of ₩319,099,239 thousand and ₩310,316,348 thousand, and loss on impairment of rental assets of ₩10,440,625 thousand and ₩12,898,370 thousand as of December 31, 2007 and 2006, respectively (Notes 8 and 21)	388,708,793	374,165,148
Intangible assets, net of amortization (Note 9)	74,063,799	28,164,376
Total non-current assets	540,503,632	479,202,861
Total assets	₩ 936,076,886	₩ 885,132,396

(Continued)

	Korean Won (In thousands)	
	2007	2006
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables (Note 21)	₩ 25,773,268	₩ 29,289,360
Short-term borrowings (Note 11)	92,013,407	101,745,026
Accounts payable-other (Note 21)	77,116,304	73,458,601
Advanced receipts	149,412,273	144,830,347
Withholdings	4,828,990	6,373,075
Accrued expenses	3,289,323	5,347,241
Income tax payable	17,694,446	40,241,805
Current portion of debentures (Note 11)	20,000,000	30,000,000
Provision for product warranties	2,828,542	373,742
Provision for return of goods sold	91,859	91,859
Total current liabilities	393,048,412	431,751,056
NON-CURRENT LIABILITIES:		
Reserve for accident compensation (Note 12)	5,716,402	5,750,432
Rental deposits provided from customers	1,136,018	2,365,388
Accrued severance benefits, net of payment to National Pension Fund of ₩30,558 thousand and ₩37,245 thousand, and severance insurance of ₩14,175,489 thousand and ₩9,722,145 thousand as of December 31, 2007 and 2006, respectively (Note 2)	7,683,689	6,471,981
Other non-current liabilities	10,000	10,000
Total non-current liabilities	14,546,109	14,597,801
Total liabilities	₩ 407,594,521	₩ 446,348,857

(Continued)

NON-CONSOLIDATED BALANCE SHEETS

As of december 31, 2007 and 2006

	Korean Won (In thousands)	
	2007	2006
COMMITMENTS AND CONTINGENCIES (Note 22)		
SHAREHOLDERS' EQUITY:		
Capital stock (Note 14)	₩ 39,315,997	₩ 39,287,797
Capital surplus (Note 14)	113,674,391	113,831,969
Capital adjustments:		
Stock options (Notes 14 and 15)	4,916,689	2,070,448
Accumulated other comprehensive income (Note 19):		
Gain on valuation of long-term investment securities	162,160	9,657
Gain on valuation of equity securities accounted for using the equity method, net (Note 7)	356,844	52,591
Retained earnings:		
Legal reserve	9,255,427	6,255,427
Reserve for business rationalization	16,228	16,228
Voluntary reserve	242,859,805	201,459,806
Reserve for corporation development	1,570,000	1,570,000
Unappropriated retained earnings	116,354,824	74,229,616
Total shareholders' equity	528,482,365	438,783,539
Total liabilities and shareholders' equity	₩ 936,076,886	₩ 885,132,396

See accompanying notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF INCOME

For the years ended december 31, 2007 and 2006

	Korean Won (In thousands, except per share amounts)	
	2007	2006
SALES (Notes 21 and 24)	₩ 1,213,090,172	₩ 1,117,766,992
COST OF SALES (Notes 25)	384,670,142	380,380,741
GROSS PROFIT	828,420,030	737,386,251
SELLING AND ADMINISTRATIVE EXPENSES (Notes 21 ,and 26)	667,123,918	625,108,853
OPERATING INCOME	161,296,112	112,277,398
NON-OPERATING INCOME (EXPENSES):		
Interest expense, net	(6,400,288)	(6,966,366)
Gain (Loss) on foreign currency exchange, net	(935)	591,156
Gain (Loss) of foreign currency translation, net	910,222	(21,848)
Gain on disposal of long-term investment securities, net	4,601,720	-
Loss on impairment of long-term investment securities (Note 6)	-	(422,177)
Gain (Loss) on disposal of property, plant and equipment, net	(332,630)	98,768
Loss on valuation of equity securities accounted for using the equity method, net (Note 7)	(4,093,142)	(3,857,612)
Other bad debt expense	(1,080,150)	-
Miscellaneous income, net	1,334,566	1,142,956
Additional payment of income tax	-	(1,653,923)
Others, net	(543,687)	1,210,758
	(5,604,324)	(9,878,288)
NET INCOME BEFORE INCOME TAX	155,691,788	102,399,110
INCOME TAX EXPENSE (Note 18)	39,416,343	27,472,847
NET INCOME	₩ 116,275,445	₩ 74,926,263
NET INCOME PER SHARE (Note 16)	₩ 1,565	₩ 1,019
DILUTIVE NET INCOME PER SHARE (Note 16)	₩ 1,565	₩ 1,018

See accompanying notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

For the years ended december 31, 2007 and 2006

	Korean Won (In thousands)	
	2007	2006
UNAPPROPRIATED RETAINED EARNING:		
Accumulated retained earnings carried over from prior years	₩ 79,379	₩ 9,862
Changes in retained earnings by using the equity method (Note 7)	-	(706,509)
Net income	116,275,445	74,926,263
	116,354,824	74,229,616
APPROPRIATIONS:		
Legal reserve	6,000,000	3,000,000
Voluntary reserve	52,200,000	41,400,000
Cash dividends (Note 17)	58,056,955	29,750,237
	116,256,955	74,150,237
UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR	₩ 97,869	₩ 79,379

See accompanying notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended december 31, 2007

Korean Won (In thousands)

	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total
Balance, January 1, 2007	₩ 39,287,797	₩113,831,969	₩ 2,070,448	₩ 62,248	₩283,531,077	₩438,783,539
Annual dividends	-	-	-	-	(29,750,238)	(29,750,238)
Balance after appropriations	39,287,797	113,831,969	2,070,448	62,248	253,780,839	409,033,301
Net income	-	-	-	-	116,275,445	116,275,445
Increase in paid in capital	28,200	152,280	-	-	-	180,480
Acquisition of treasury stock	-	-	(85,256,530)	-	-	(85,256,530)
Proceeds from disposal of treasury stock	-	(309,858)	85,256,530	-	-	84,946,672
Stock compensation expense	-	-	2,846,241	-	-	2,846,241
Gain on valuation of long-term investment securities	-	-	-	152,504	-	152,504
Gain on valuation of equity securities accounted for using the equity method	-	-	-	274,330	-	274,330
Loss on valuation of equity securities accounted for using the equity method	-	-	-	29,922	-	29,922
Balance at December 31, 2007	₩ 39,315,997	₩113,674,391	₩ 4,916,689	₩ 519,004	₩370,056,284	₩528,482,365

See accompanying notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended december 31, 2007 and 2006

	Korean Won (In thousands)	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	₩ 116,275,445	₩ 74,926,263
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for severance benefits	13,621,808	10,129,378
Stock compensation expense	2,846,241	2,691,498
Depreciation	132,757,442	132,162,646
Amortization of intangibles	8,833,939	6,337,079
Bad debt expense	13,880,665	18,995,895
Other bad debt expense	1,080,150	-
Loss on impairment of rental assets	44,131,162	49,980,186
Loss (Gain) on foreign currency translation, net	(910,222)	1,786
Loss on valuation of inventories	716,161	173,370
Loss (Gain) on disposal of property, plant and equipment, net	332,630	(98,768)
Gain on disposal of long-term investment securities, net	(4,601,720)	-
Loss on impairment of long-term investment securities	-	422,177
Loss on valuation of equity securities accounted for using the equity method, net	4,093,142	3,857,612
Others, net	₩ 2,380,405	₩ (10,578)

(Continued)

	Korean Won (In thousands)	
	2007	2006
Changes in operating assets and liabilities:		
Increase in trade receivables	₩ (19,734,482)	₩ (100,701,266)
Decrease in accounts receivable-other	2,883,635	22,427,258
Decrease (Increase) in advanced payments	(6,150,603)	1,168,930
Increase in prepaid expenses	(13,769,312)	(15,273,258)
Decrease (Increase) in other current assets	82,138	(177,949)
Decrease (Increase) in deferred income taxes	1,310,902	(13,284,386)
Decrease (Increase) in inventories	21,984,576	(38,437,600)
Decrease (Increase) in long-term prepaid expenses	77,083	(6,000,000)
Decrease in trade payables	(7,464,031)	(3,315,701)
Increase (Decrease) in accounts payable-other	3,589,402	(2,197,576)
Increase in advanced receipts	4,581,927	36,226,061
Increase (Decrease) in withholdings	(1,544,085)	2,883,496
Increase (Decrease) in income tax payable	(22,429,827)	13,238,410
Decrease in rental deposits received	(1,229,370)	(7,258,824)
Payment of severance benefits	(7,897,160)	(6,497,464)
Increase (Decrease) in other current liabilities	(6,438,708)	1,340,782
	₩ 283,289,333	₩ 183,709,457

(Continued)

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended december 31, 2007 and 2006

	Korean Won (In thousands)	
	2007	2006
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash inflows from investing activities:		
Withdrawal of short-tem financial instruments	₩ 5,680,000	₩ 100,000
Collection of short-term loans	13,867	22,556
Withdrawal of long-term financial instruments	-	2,800,000
Proceeds from disposal of long-term investment securities	1,370,874	-
Proceeds from disposal of equity securities accounted for using the equity method	8,747,810	-
Refund of guarantee deposits	11,380,659	5,764,625
Disposal of plant, property, equipment	9,784,367	22,119,204
	36,977,577	30,806,385
Cash outflows from investing activities:		
Acquisition of short-term financial instruments	1,630,167	4,360,000
Acquisition of short-term investment securities	-	-
Extension of short-term loans	-	590,955
Acquisition of long-term investment securities	2,339,635	420,320
Acquisition of equity securities accounted for using the equity method	6,950,803	15,081,520
Extension of long-term loans	2,920,019	-
Repayment of guarantee deposits	10,129,172	7,313,372
Acquisition of plant, property, equipment	228,216,489	208,644,884
Acquisition of intangible assets	4,740,300	10,627,998
Increase in other investments	73,897	-
	257,000,482	247,039,049
	(220,022,905)	(216,232,664)

(Continued)

	Korean Won (In thousands)	
	2007	2006
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash inflows from financing activities:		
Proceeds from short-term borrowings	₩ 734,844,046	₩ 565,327,132
Proceeds from issuance of debentures	-	20,000,000
Increase in paid in capital	180,480	2,114,670
Proceeds from disposal of treasury stock	85,257,570	54,759,924
	<u>820,282,096</u>	<u>642,201,726</u>
Cash outflows from financing activities:		
Repayment of short-term borrowings	744,575,665	533,340,951
Repayment of current portion of debentures	10,000,000	36,000,000
Payment of dividends	29,750,237	24,387,694
Acquisition of treasury stock	85,684,960	-
	<u>870,010,862</u>	<u>593,728,645</u>
	<u>(49,728,766)</u>	<u>48,473,081</u>
DECREASE IN CASH THROUGH ACQUISITION OF THE BUSINESS	(19,545,907)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,008,245)	15,949,874
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	34,519,828	18,569,954
CASH AND CASH EQUIVALENTS, AT END OF YEAR	<u>₩ 28,511,583</u>	<u>₩ 34,519,828</u>

See accompanying notes to non-consolidated financial statements.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

1. GENERAL

Woongjin Coway Co., Ltd. (the "Company") was incorporated in May 1989, under the laws of the Republic of Korea, to manufacture and distribute water purifier, home appliances and facilities for disposal of waste and others.

The Company's shares have been listed on the Korea Stock Exchange since August 7, 2001. Effective May 2, 2005, the Company merged with Woong Jin Coway Development Co., Ltd. As the result of the merger and several increases in paid-in capital, the capital stock of the Company as of December 31, 2007 is ₩39,315,997 thousand. In addition, as a result of extinguishment of 4,200,000 shares of treasury stock, the number of shares issued as of December 31, 2007 is 74,431,993 and the face value of stock issued amounting to ₩37,215,997 thousand differs from the capital stock amount. As of December 31, 2007, the majority shareholder of the Company is Woongjin Holdings Co., Ltd. (32.74%).

The Company has issued 7,318,200 Global Depository Receipts (common stock: 3,659,100 shares) through the global stock market on May 3, 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Non-consolidated Financial Statement Presentation

The Company maintains its official accounting records in Korean Won and prepares statutory non-consolidated financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these non-consolidated financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English (with certain expanded descriptions) from the Korean language financial statements. Certain information included in the Korean language non-consolidated financial statements, but not required for a fair presentation of the Company's financial position, results of operations, changes in shareholders' equity or cash flows, is not presented in the accompanying non-consolidated financial statements.

Implementation of Statements of Korea Accounting Standards

The Company prepared its non-consolidated financial statements as of December 31, 2007 in accordance with the existing Korea Financial Accounting Standards and Statements of Korea Accounting Standards ("SKAS") No.1 through No.24 except for No.14 and No.24. The Company's accounting policies have not been changed since the preparation of the non-consolidated financial statements for the year ended December 31, 2006, except for changes due to the application of new SKAS No.21 ?Preparation and

Presentation of Financial Statements, No.22 ?Share-based Payment and No.23 ? Earnings per Share, which are effective from January 1, 2007. The Company did not present comparative statement of changes in shareholders' equity for the year ended December 31, 2006 according to the transition provision of SKAS No. 21.

The non-consolidated financial statements in 2007 were approved by the board of directors on February 27, 2008.

The significant accounting policies followed by the Company in the preparation of its financial statements are summarized below.

Cash and Cash Equivalents

Cash and cash equivalents include currency, checks issued by others, other currency equivalents, current deposits, passbook deposits and cash equivalents, which are securities and short-term money market instruments that can be easily converted into cash and whose risk of value fluctuation arising from changes of interest rate is not material. Only investments, with maturities (or date of redemption) of three months or less from the acquisition date, are included as cash equivalents.

Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on past collection experience and estimated loss on uncollected trade and other receivables.

Inventories

Inventories are recognized in the balance sheet at the lower of their historical costs or net realizable values. The historical costs are determined using the moving average method (the specific identification method for materials-in-transit). Quantities of inventories at year-end are determined based on physical counts. Valuation loss incurred when the net realizable value of an inventory falls below its carrying amount is reported as a contra inventory account and added to the cost of goods sold.

Investments in Securities other than those Accounted for Using the Equity Method

Classification of Securities

At acquisition, the Company classifies securities into one of the three categories; trading, held-to-maturity or available-for-sale. Trading securities are those that were acquired principally to generate profits from short-term fluctuations in prices. Held-to-maturity securities are those with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Available-for-sale securities are those not classified as either held-to-maturity or trading securities. Trading securities are classified as short-term investment securities, whereas available-for-sale and held-to-maturity securities are classified as long-term investment securities, except for those whose maturity dates or whose likelihood of being disposed of are within one year from balance sheet date, which are classified as short-term investment securities.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

Valuation of Securities

Securities are recognized initially at cost, which includes the market price of the consideration given to acquire them and incidental expenses. If the market price of the consideration is not reliably determinable, the market prices of the securities purchased are used as the basis for measurement. If neither the market prices of the consideration given nor those of the acquired securities are available, the acquisition cost is measured at the best estimates of its fair value.

After initial recognition, held-to-maturity securities are stated at amortized cost. The difference between their acquisition costs and face values of held-to-maturity securities is amortized over the remaining term of the securities by applying the effective interest method and added to or subtracted from the acquisition costs and interest income of the remaining period. Trading securities are valued at fair value, with unrealized gains or losses included in current operations.

Available-for-sales securities are also valued at fair value, with unrealized gains or losses included in accumulated other comprehensive income (loss), until the securities are sold and if the securities are determined to be impaired, the lump-sum cumulative amount of accumulated other comprehensive income (loss) is included in current operations.

However, available-for-sales securities that are not traded in an active market and whose fair values cannot be reliably estimated are accounted for at their acquisition costs. For those securities that are traded in an active market, fair values refer to those quoted market prices, which are measured as the closing price at the balance sheet date. The fair value of non-marketable debt securities are measured at the discounted future cash flows by using the discount rate that appropriately reflects the credit rating of issuing entity assessed by a publicly reliable independent credit rating agency. If application of such measurement method is not feasible, estimates of the fair values may be made using a reasonable valuation model or quoted market prices of similar debt securities issued by entities conducting similar business in similar industries.

Securities are evaluated at each balance sheet date to determine whether there is any objective evidence of impairment loss. When any such evidence exists, unless there is a clear counter-evidence that recognition of impairment is unnecessary, the Company estimates the recoverable amount of the impaired security and recognizes any impairment loss in current operations. The amount of impairment loss of the held-to-maturity security or non-marketable equity security is measured as the difference between the recoverable amount and the carrying amount. The recoverable amount of held-to maturity security is the present value of expected future cash flows discounted at the securities' original effective interest rate.

For available-for-sale debt or equity security stated at fair value, the amount of impairment loss to be recognized in the current period is determined by subtracting the amount of impairment loss of debt or equity security already recognized in prior period from the amount of amortized cost in excess of the recoverable amount for debt security or the amount of the acquisition cost in excess of the fair value for equity security. For nonmarketable equity securities accounted for at acquisition costs, the impairment loss is equal to the difference between the recoverable amount and the carrying amount.

If the realizable value subsequently recovers, in case of a security stated at fair value, the increase in value is recorded in current operations, up to the amount of the previously recognized impairment loss, while for the security stated at amortized cost or acquisition cost, the increase in value is recorded in current operation, so that its recovered value does not exceed what its amortized cost would be as of the recovery date if there had been no impairment loss.

When transfers of securities between categories are needed because of changes in an entity's intention and ability to hold those securities, such transfer is accounted for as follows: trading securities cannot be reclassified into available-for-sale and held-to-maturity securities, and vice versa, except when certain trading securities lose their marketability. Available-for-sale securities and held-to-maturity securities can be reclassified into each other after fair value recognition. When held-to-maturity security is reclassified into available-for-sale security, the difference between the book value and fair value is reported in accumulated other comprehensive income (loss). Whereas, in case available-for-sale security is reclassified into held-to-maturity securities, the difference is reported in accumulated other comprehensive income (loss) and amortized over the remaining term of the securities using the effective interest method.

Equity Securities Accounted for Using the Equity Method

Equity securities held for investment in companies in which the Company is able to exercise significant influence over the operating and financial policies of the investees are accounted for using the equity method. The Company's share in the net income or net loss of investees is reflected in current operations. The changes in the retained earnings, capital surplus or other capital accounts of investees are accounted for as adjustments to retained earnings or accumulated other comprehensive income (loss).

The difference between the cost of the investment and the investor's share of the net fair value of the investee's identifiable assets and liabilities at the date of acquisition is amortized using the straight-line method over 20 years or less as goodwill or reversed over the remaining weighted average useful life of the identifiable acquired depreciable assets as negative goodwill, which does not exceed the fair value of non-monetary assets acquired. Negative goodwill that exceeds the fair value of non-monetary assets acquired is credited to operations in the year of purchase.

The Company's portion of profits and losses resulting from inter-company transactions that are recognized in assets, such as inventories and fixed assets, is eliminated and charged to investment securities accounted for using the equity method. However, if the investee is a consolidated subsidiary, unrealized profits and losses resulting from sales of assets from the Company to investee are eliminated in full. Also, if the investee is a consolidated subsidiary, the difference between the cost of the investment and the investor's share of the net fair value of the investee's identifiable assets and liabilities, which occurred from additional purchases of investee's shares or changes in ratio of shareholding due to capital increase in investee, is reflected in accumulated other comprehensive income (loss). The difference between the sale amount and book value of the investment securities where the investee remains as a consolidated subsidiary after the sale of some portion of investment securities in the consolidation subsidiary is reflected in accumulated other comprehensive income (loss).

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

If an investor's share of losses of an investee equals or exceeds its interest in the investee, the investor discontinues recognizing its share of further losses. If the investee subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized. Also, if the recoverable amount of investments in the investee becomes less than its carrying amount, the Company recognizes impairment loss.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Routine maintenance and repairs are expensed as incurred. Expenditures that result in the enhancement of the value or extension of the useful lives of the facilities involved are treated as additions to property, plant and equipment. Depreciation is computed using the declining balance method, based on the estimated useful lives of the assets as enumerated below, except for the buildings and structures acquired after January 1, 1995, and vehicles, furniture and fixtures and rental assets, which are depreciated using the straight-line method.

	Useful lives (years)
Buildings	25 ~ 40
Structures	07 ~ 25
Machinery and equipment	02 ~ 12
Vehicles	05 ~ 10
Tools	02 ~ 06
Furniture and fixtures	02 ~ 20
Experimental research facility	3
Rental assets	3 ~ 5

The Company assesses any possible recognition of impairment loss when there is an indication that expected future economic benefits of a tangible asset is considerably less than its carrying amount, as a result of technological obsolescence, rapid declines in market value or other causes of impairment. When it is determined that an asset may have been impaired and that its estimated total future cash flows from continued use or disposal is less than its carrying amount, the carrying amount of a tangible asset is reduced to its recoverable amount and the difference is recognized as an impairment loss. If the recoverable amount of the impaired asset exceeds its carrying amount in subsequent reporting period, the amount equal to the excess is treated as the reversal of the impairment loss; however, it cannot exceed the carrying amount that would have been determined had no impairment loss been recognized.

Intangible Assets

Intangible assets are measured initially at its acquisition cost, comprised of the purchase price and any other directly attributable expenditure on preparing the asset for its intended use and are stated at cost, net of amortization, which is determined on a straight-line method over the estimated economic useful lives of five to ten years.

Foreign Currency Transactions and Translation

The Company maintains its accounts in Korean Won. Transactions in foreign currencies are recorded in Korean Won based on the prevailing rates of exchange on the transaction date. Monetary accounts with balances denominated in foreign currencies are recorded and reported in the accompanying financial statements at the exchange rates prevailing at the balance sheet dates. The balances have been translated using the Basic Rate announced by Seoul Money Brokerage Services Ltd., which was ₩938.20 and ₩929.60 to US \$1.00 at December 31, 2007 and 2006, respectively.

Provision for Product Warranties

The Company uses the reserve method to provide for future obligations arising from warranties issued for products sold. Accordingly, all actual warranty related losses are charged to the provision for product warranties. The provision for product warranties is based on past warranty claim experience.

Accrued Severance Benefits

Employees with more than one year of service are entitled to receive severance indemnities, based on their length of service and rate of pay, upon termination of their employment. The accrued severance benefits that would be payable assuming all eligible employees were to resign amount to ₩21,889,736 thousand and ₩16,231,371 thousand as of December 31, 2007 and 2006, respectively.

Individual severance insurance deposits, in which the beneficiary is a respective employee, are presented as deduction from accrued severance benefits. Accrued severance benefits are funded as of December 31, 2007, through a group severance insurance plan with Kyobo Life Insurance Co., Ltd. The Company accounts for the amounts funded under the plan as a deduction from accrued severance benefits.

Before April 1999, the Company and its employees paid 3 percent and 6 percent, respectively, of monthly pay (as defined) to the National Pension Fund in accordance with the National Pension Law of Korea. The Company paid half of the employees' 6 percent portion and is paid back at the termination of service by offsetting the receivable against severance payments. Such receivables are presented as a deduction from accrued severance benefits.

Actual payment of severance benefits amounted to ₩7,897,160 thousand and ₩6,497,464 thousand in 2007 and 2006, respectively.

Revenue Recognition

Revenue from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods. In addition, rental revenue is recognized on an accrual basis over the rental period. Revenue from interest, dividends and royalties is recognized when the amount of revenue can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the Company. The Company generally provides provision for return of goods

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

sold by subtracting expected sales and cost of goods sold, which are expected to be returned in the near future. Provision for return of goods sold as of December 31, 2007 amounts to ₩91,859 thousand.

Income Tax

Income tax expense is determined by adding or deducting the total income tax and surtaxes to be paid for the current period and the changes in deferred income tax assets or liabilities. In addition, current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity in the same or different period.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences with some exceptions and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are classified as current or non-current based on the classification of the related assets or liabilities for financial reporting and according to the expected reversal date of the specific temporary difference if they are not related to an asset or liability for financial reporting, including deferred tax assets related to carry forwards. Deferred tax assets and liabilities in the same current or non-current classification are offset, if these relate to income tax levied by the same tax jurisdictions.

Ordinary Income per Share and Earnings per Share

Ordinary income per share and earnings per share are computed by dividing ordinary income (after deduction for tax effect) and net income, respectively, by the weighted average number of common shares outstanding during period. Dilutive ordinary income per share and earnings per share are computed by dividing ordinary income (after deduction for tax effect) and net income, respectively, after addition for the effect of expenses related to diluted securities on net income, by the weighted average number of common shares plus the number of dilutive potential common shares.

Reclassification

For comparative purposes, certain accounts in the 2006 financial statements were reclassified to conform to the 2007 financial statement presentation. Such reclassifications had no effect on the net income or net equity reported in the 2006 financial statements.

3. RESTRICTED FINANCIAL INSTRUMENTS

Financial instruments with withdrawal restrictions as of December 31, 2007 and 2006 consist of the following:

Account	Description	Korean Won (In thousands)	
		2007	2006
Long-term financial instruments	Guarantee deposit for checking accounts	₩ 10,500	₩ 15,500

4. SHORT-TERM INVESTMENT ASSETS

Short-term investment assets as of December 31, 2007 and 2006 consist of the following:

Account	Korean Won (In thousands)	
	2007	2006
Installment saving deposits	₩ -	₩ 4,360,000
Available-for-sale security (*)	147,824	73,429
Short-term loans	338,966	633,622
	₩ 486,790	₩ 5,067,051

(*) The acquisition cost and fair value of available-for-sale security, of which portfolio includes the bonds issued by SK Networks Co., Ltd. as of December 31, 2007, are ₩132,339 thousand and ₩147,824 thousand, respectively.

5. INVENTORIES

Inventories as of December 31, 2007 and 2006 consist of the following:

Account	Korean Won (In thousands)					
	2007			2006		
	Acquisition cost	Carrying value	Valuation allowance	Acquisition cost	Carrying value	Valuation allowance
Merchandise	₩ 40,529,638	₩ 37,535,385	₩ (2,994,253)	₩ 64,063,731	₩ 60,709,530	₩ (3,354,201)
Finished goods	14,108,290	12,535,164	(1,573,126)	14,808,015	13,303,537	(1,504,478)
Raw materials	5,053,346	4,493,059	(560,287)	5,548,311	5,280,827	(267,484)
Semi-finished goods	3,247,976	3,224,996	(22,980)	1,119,861	1,116,994	(2,868)
Others	-	-	-	8,306	8,306	-
	₩ 62,939,250	₩ 57,788,604	₩ (5,150,646)	₩ 85,548,224	₩ 80,419,194	₩ (5,129,031)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

6. LONG-TERM INVESTMENT SECURITIES:

(1) Long-term investment securities as of December 31, 2007 and 2006 consist of the following:

Account	Description	Korean Won (In thousands)	
		2007	2006
Available-for-sale securities	Equity securities stated at fair value	₩ 2,563,305	₩ 9,657
	Equity securities stated at acquisition cost	1,334,080	2,218,880
	Debt securities	521,671	521,671
		₩ 4,419,056	₩ 2,750,208

(2) Equity securities stated at fair value included in long-term investment securities as of December 31, 2007 consist of the following:

Company	Number of shares	Ownership percentage	Korean Won (In thousands)		
			Acquisition cost	Book value	Fair value
Woongjin Holdings Co., Ltd.	121,856	0.24%	₩ 2,339,635	₩ 2,546,790	₩ 2,546,790
Tong Yang Investment Bank Co., Ltd.	900	0.0008%	1	16,515	16,515
			₩ 2,339,636	₩ 2,563,305	₩ 2,563,305

(3) Equity securities stated at acquisition cost included in long-term investment securities as of December 31, 2007 and 2006 consist of the following:

Company	2007				2006	
	Ownership percentage(%)	Acquisition cost	Net asset value	Book value	Acquisition cost	Book Value
McScience Inc.	5.90	₩ 1,133,760	₩ 133,870	₩ 1,133,760	₩ 1,133,760	₩ 1,133,760
Nextelecom Co., Ltd.	1.20	98,516	13,716	98,516	98,516	98,516
Woongjin Foods Co., Ltd.	5.07	-	-	-	739,810	739,810
Woongjin Cuchen Co., Ltd.	0.01	-	-	-	4,089	4,089
Booxen Co., Ltd.	0.49	-	-	-	140,900	140,900
Academy Infra Corp.	7.84	165,100	-	1	165,100	1
Kirin Music Publishing Co., Ltd.	12.06	96,500	164,565	96,500	96,500	96,500
Korea Management Association Media	1.96	₩ -	₩ -	₩ -	₩ 1	₩ 1

(Continued)

Company	Korean Won (In thousands)					
	2007			2006		
	Ownership percentage(%)	Acquisition cost	Net asset value	Book value	Acquisition coost	Book Value
Korea Water Purifier Industry Cooperative	3.33	₩ 5,300	₩ 52,713	₩ 5,300	₩ 5,300	₩ 5,300
Kwang Myung SG Co., Ltd.	4.00	1,434,640	21,472	1	1,434,640	1
OpenSolution Co., Ltd.	0.05	22,093	-	1	22,093	1
Korea Culture Promotion Inc.	1.25	25,000	-	1	25,000	1
		₩ 2,980,909	₩ 386,336	₩ 1,334,080	₩ 3,865,709	₩ 2,218,880

Its net asset value is based on the latest financial statements and the amounts that are expected to recover are recorded as book value. Before 2006, the Company recorded an impairment loss on the equity securities of Academy Infra Corp., Open Solution Co., Ltd., Kwang Myung SG Co. Ltd. and Korea Culture Promotion Inc., since the fair values of these securities are not expected to recover in the near future. The Company recorded gain and loss of ₩490,161 thousand and ₩4,087 thousand, respectively, from disposal of equity securities of Woongjin Foods Co., Ltd., Korea Management Association Media, Woongjin Cuchen Co., Ltd. and Booxen Co., Ltd. to Woongjin Holdings Co., Ltd.

(4) Debt securities as of December 31, 2007 and 2006 consist of the following:

	Korean Won (In thousands)		
	2007		2006
	Face value	Book value	Book value
Subordinated bonds	₩ 2,550,000	₩ 100,001	₩ 100,001
Government bonds	421,670	421,670	421,670
	₩ 2,971,670	₩ 521,671	₩ 521,671

For the subordinated bonds, when the amount expected to collect is less than its book value, its collectible value should be recognized. The difference between the book value and the collectible value for subordinated bonds has been accounted for as loss on impairment of long-term investment securities before 2006. The recognized loss on impairment of long-term investment securities is amounting to ₩2,499,999 thousand.

The bond maturities range from one to five years.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

7. EQUITY SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD

(1) Equity securities accounted for using the equity method as of December 31, 2007 are summarized as follows:

Affiliated company	Ownership percentage (%)	Korean Won (In thousands)		
		Acquisition cost	Net asset value	Book value
Coway Japan Corporation	49.00	₩ 4,345,364	₩ -	₩ 1
Woongjin USA Inc.	35.00	395,176	-	1
Woongjin Coway (Shenyang) Living Goods Co., Ltd.	100.00	5,970,197	5,791,080	5,651,572
Woongjin Coway (Thailand) Co., Ltd.	99.99	886,986	-	1
Woongjin Coway (M) Sdn Bhd.	70.00	906,885	-	1
Woongjin Coway USA Inc.	100.00	6,476,650	4,094,821	3,951,388
		₩ 18,981,258	₩ 9,885,901	₩ 9,602,964

In addition, equity securities are valued based on the unaudited financial statements and the management of the Company did not expect any significant differences between the unaudited financial statements and the audited financial statements.

Equity securities accounted for using the equity method as of December 31, 2006 are summarized as follows:

Affiliated company	Ownership percentage (%)	Korean Won (In thousands)		
		Acquisition cost	Net asset value	Book value
Coway Japan Corporation	50.00	₩ 4,434,045	₩ -	₩ 1
Woongjin USA Inc.	35.00	395,176	-	1
Platinum Media Co., Ltd.	15.75	300,001	-	1
Woongjin Coway (Shenyang) Living Goods Co., Ltd.	91.13	5,496,044	4,971,991	4,475,288
Woongjin Coway (Thailand) Co., Ltd.	99.99	886,986	-	1
Woongjin Coway (M) Sdn Bhd.	70.00	906,885	247,001	248,286
Woongjin Energy Co., Ltd.	80.10	6,408,000	6,349,637	6,349,637
		₩ 18,827,137	₩ 11,568,629	₩ 11,073,215

(2) The changes in equity securities accounted for using the equity method in 2007 are as follows:

Affiliated company	Korean Won (In thousands)				
	Jan 1, 2007	Acquisition (Disposal)	Gain (loss) on valuation	Changes in capital	Dec 31, 2007
Coway Japan Corporation	₩ 1	₩ -	₩ -	₩ -	₩ 1
Woongjin USA Inc.	1	-	-	-	1
Platinum Media Co., Ltd.	1	(1)	-	-	-
Woongjin Coway (Shenyang) Living Goods Co., Ltd.	4,475,288	474,153	414,031	288,100	5,651,572
Woongjin Coway (Thailand) Co., Ltd.	1	-	-	-	1
Woongjin Coway (M) Sdn Bhd.	248,286	-	(197,486)	(50,799)	1
Woongjin Energy Co., Ltd.	6,349,637	(4,632,163)	(1,717,474)	-	-
Woongjin Coway USA Inc.	-	6,476,650	(2,592,213)	66,951	3,951,388
	₩ 11,073,215	₩ 2,318,639	₩ (4,093,142)	₩ (3,857,612)	₩ 9,602,964

Platinum Media Co., Ltd. was merged into Woongjin Holdings Co., Ltd. and all securities of Woongjin Energy Co., Ltd. and some of Coway Japan Corporation were sold to Woongjin Holdings Co., Ltd. and the other related parties for ₩4,115,646 thousand which was accounted for as gain on disposal of investment securities.

As the equity method is no longer used for the equity securities of Woongjin Coway (M) Sdn Bhd., the unrecognized losses of ₩853,010 thousand was accounted for as allowance for doubtful accounts for long-term loans.

The changes in equity securities accounted for using the equity method in 2006 are as follows:

Affiliated company	Korean Won (In thousands)						
	Jan 1, 2006	Acquisition (Disposal)	Paid in capital increase	Gain (loss) on valuation	Changes in capital	Changes in retained earnings	Dec 31, 2006
Coway Japan Corporation	₩ 1	₩ -	₩ 2,882,135	₩(2,262,199)	₩ 86,573	₩ (706,509)	₩ 1
Woongjin USA Inc.	1	-	-	-	-	-	1
Platinum Media Co., Ltd.	1	-	-	-	-	-	1
Woongjin Coway (Shenyang) Living Goods Co., Ltd.	₩ 541,870	₩ -	₩ 4,884,500	₩ (874,406)	₩ (76,676)	₩ -	₩ 4,475,288

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

Affiliated company	Korean Won (In thousands)						
	Jan 1, 2006	Acquisition (Disposal)	Paid in capital increase	Gain (loss) on valuation	Changes in capital	Changes in retained earnings	Dec 31, 2006
Woongjin Coway (Thailand) Co., Ltd.	₩ 1	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 1
Woongjin Coway (M) Sdn Bhd.	-	906,885	-	(662,644)	4,045	-	248,286
Woongjin Energy Co., Ltd.	-	6,408,000	-	(58,363)	-	-	6,349,637
	₩ 541,874	₩ 7,314,885	₩ 7,766,635	₩(3,857,612)	₩ 13,942	₩ (706,509)	₩ 11,073,215

In 2006, the Company purchased new shares of Coway Japan Corporation where the cumulative losses were not recognized due to the suspension of the valuation of equity securities using the equity method until 2005. The cumulative losses of ₩706,509 thousand for Coway Japan Corporation were accounted for using the equity method as decreases of accumulated retained earnings carried over from prior years as of December 31, 2006. (3) The changes in the excess of cost over book value for the year ended December 31, 2007 consist of the following:

Affiliated company	Korean Won (In thousands)		
	Jan 1, 2007	Amortized	Dec 31, 2007
Coway Japan Corporation	₩ 185,473	₩ (185,473)	₩ -
Woongjin Coway (Shenyang) Living Goods Co., Ltd.	(462,919)	117,001	(345,918)
Woongjin Coway (Thailand) Co., Ltd.	193,142	(193,142)	-
	₩ (84,304)	₩ (261,614)	₩ (345,918)

The difference between the acquisition cost and the Company's portion of an investee's net equity at the date the Company was considered to be able to exercise significant influence over the operating and financial policy of an investee is amortized for 5 years, using the straight-line method.

The above difference for Coway Japan Corporation and Woongjin Coway (Thailand) Co. is impaired since it is unlikely to be realized.

The changes in the excess of cost over book value for the year ended December 31, 2006 consist of the following:

Affiliated company	Korean Won (In thousands)				
	Jan 1, 2006	Paid in capital increase	Acquisition	Amortized	Dec 31, 2006
Coway Japan Corporation	₩ 95,757	₩ -	₩ 133,712	₩ (43,996)	₩ 185,473
Woongjin Coway (Shenyang) Living Goods Co., Ltd.	(62,705)	(492,585)	-	92,371	(462,919)
Woongjin Coway (Thailand) Co., Ltd.	257,523	-	-	(64,381)	193,142
	₩ 290,575	₩ (492,585)	₩ 133,712	₩ (16,006)	₩ (84,304)

(4) Significant unrealized profits (losses) that occurred in transactions with investees in 2007 and 2006 are as follows:

Affiliated company	Korean Won (In thousands)	
	2007	2006
Coway Japan Corporation	₩ 1,195,182	₩ (563,855)
Woongjin Coway (Shenyang) Living Goods Co., Ltd.	206,410	(33,784)
Woongjin Coway (Thailand) Co., Ltd.	(88,690)	(127,970)
Woongjin Coway (M) Sdn Bhd.	-	(1,285)
Woong Jin Coway USA Inc.	(143,433)	-
	₩ 1,169,469	₩ (726,894)

(5) The cumulative losses not recognized due to the suspension of the valuation of equity securities in 2007 and 2006 are as follows:

Affiliated company	Korean Won (In thousands)	
	2007	2006
Coway Japan Corporation	₩ (5,135,345)	₩ (988,458)
Woong Jin Coway (Thailand) Co., Ltd.	(3,766,612)	(971,251)
Woong Jin Coway (M) Sdn Bhd.	(455,866)	-
Platinum Media Co., Ltd.	-	(9,639)
Total	₩ (9,357,823)	₩ (1,969,348)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

(6) Condensed financial information of the investees accounted for using the equity method as of and for the year ended December 31, 2007 is as follows:

Affiliated company	Korean Won (In thousands)							
	Assets		Liabilities		Sales	Net income (Loss)		
Coway Japan Corporation	₩	6,162,095	₩	18,823,148	₩	4,750,092	₩	(8,666,478)
Woong Jin Coway (Shenyang)								
Living Goods Co., Ltd.		12,575,960		6,784,880		7,582,495		183,245
Woong Jin Coway (Thailand) Co., Ltd.		2,493,788		6,171,709		2,281,980		(1,598,225)
Woong Jin Coway (M) Sdn Bhd.		4,155,196		6,025,017		1,144,515		(2,141,611)
Woong Jin Coway USA Inc.		7,199,453		3,104,632		2,067,669		(2,448,782)

8. INSURANCE

Property, plant, and equipments, and inventories are insured with ceiling of ₩93,957,637 thousand as of December 31, 2007. In addition, the Company has insured sales compensation liability insurance and employee and vehicle insurance.

9. PROPERTY, PLANT AND EQUIPMENT

(1) Property, plant and equipments as of December 31, 2007 and 2006 are as follows:

	Korean Won (In thousands)	
	2007	2006
Land	₩ 12,652,116	₩ 12,652,116
Buildings	23,736,681	11,951,681
Structures	4,497,086	606,454
Machinery and equipment	15,495,008	6,035,222
Vehicles	127,337	131,085
Furniture and fixtures	64,583,851	59,321,362
Rental assets	564,081,619	575,465,170
Tools	28,387,800	17,173,040
Experimental research facility	3,233,198	2,242,574
Construction-in-progress	1,453,961	11,801,162
	718,248,657	697,379,866
Less: Accumulated depreciation	(319,099,239)	(310,316,348)
Loss on impairment of rental assets	(10,440,625)	(12,898,370)
	₩ 388,708,793	₩ 374,165,148

(2) The changes in book value of property, plant and equipment for the years ended December 31, 2007 and 2006 are as follows:

(For the year ended December 31, 2007)

	Korean Won (In thousands)					
	Beginning of year	Acquisition(*1)	Disposal (*2)	Depreciation	Transfer	End of year
Land	₩ 12,652,116	₩ -	₩ -	₩ -	₩ -	₩ 12,652,116
Buildings	11,360,932	25,000	-	429,544	11,760,000	22,716,388
Structures	423,844	1,198,509	-	353,450	2,692,123	3,961,026
Vehicles	5,276,248	1,589,944	-	1,223,274	7,869,841	13,512,759
Machinery and equipment	11,101,360	7,748,504	-	4,833,345	3,466,255	17,482,774
Furniture and fixtures	1,495,016	704,034	-	724,390	286,589	1,761,249
Rental assets	295,075,550	164,960,768	53,768,104	114,676,594	-	291,591,620
Tools	24,896,021	4,214,484	577,654	10,489,654	5,480,294	23,523,491
Experimental research facility	82,899	-	2,299	27,191	-	53,409
Construction-in-progress	11,801,162	48,360,282	-	-	(58,707,483)	1,453,961
	₩374,165,148	₩228,801,525	₩ 54,348,057	₩132,757,442	₩(27,152,381)	₩388,708,793

(*1) ₩585,036 thousand included in machinery and equipment is due to acquisition of business.

(*2) Disposal of rental assets includes loss on impairment of rental assets amounting to ₩44,131,162 thousand.

(For the year ended December 31, 2006)

	Korean Won (In thousands)					
	Beginning of year	Acquisition(*1)	Disposal (*2)	Depreciation	Transfer	End of year
Land	₩ 6,448,665	₩ 7,878,788	₩ 4,427,179	₩ -	₩ 2,751,842	₩ 12,652,116
Buildings	15,117,388	488,805	3,817,428	389,276	(38,557)	11,360,932
Structures	338,201	94,860	206,568	88,165	285,516	423,844
Vehicles	106,399	5,362	4,238	27,804	3,181	82,900
Machinery and equipment	2,550,753	2,363,680	6,113	550,060	917,988	5,276,248
Furniture and fixtures	27,119,942	8,732,407	23,513	10,337,339	(595,476)	24,896,021
Rental assets	309,661,059	165,427,809	62,933,842	117,079,476	-	295,075,550
Tools	6,798,371	2,898,544	-	3,084,151	4,488,596	11,101,360
Experimental research facility	1,051,102	1,198,220	-	606,375	(147,931)	1,495,016
Construction-inprogress	655,716	19,556,409	545,518	-	(7,865,446)	11,801,161
	₩369,847,596	₩208,644,884	₩ 71,964,399	₩132,162,646	₩ [200,288]	₩374,165,148

(*1) Disposal for rental asset include loss on impairment of rental assets amounting to ₩49,980,186 thousand.

(3) As of December 31, 2007, the published value of the Company-owned land (97,732 square meters) totals ₩11,269,813 thousand in terms of land prices officially announced by the Korean government.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

10. INTANGIBLE ASSETS

(1) Intangible assets as of December 31, 2007 and 2006 consist of the following:

(As of December 31, 2007)

	Korean Won (In thousands)		
	Acquisition cost	Accumulated amortization	Book value
Goodwill	₩ 46,782,279	₩ 13,749,819	₩ 33,032,460
Industrial property rights	212,615	93,430	119,185
Other (*)	45,714,678	5,484,724	40,229,954
Construction-in-progress	682,200	-	682,200
Total	₩ 93,391,772	₩ 19,327,972	₩ 74,063,799

(*) It includes contributed assets of ₩27,312,046 thousand.

(As of December 31, 2006)

	Korean Won (In thousands)		
	Acquisition cost	Accumulated amortization	Book value
Goodwill	₩ 23,941,598	₩ 8,270,732	₩ 15,670,866
Industrial property rights	212,615	61,713	150,902
Other	13,727,554	2,011,606	11,715,948
Construction-in-progress	626,660	-	626,660
Total	₩ 38,508,427	₩ 10,344,051	₩ 28,164,376

(2) The changes in book value of intangible assets for the years ended December 31, 2007 and 2006 are as follows:

(For the year ended December 31, 2007)

	Korean Won (In thousands)				
	Beginning of the year	Addition	Amortization	Transfer	End of the year
Goodwill	₩ 15,670,866	₩ 22,840,682	₩ 5,479,088	₩ -	₩ 33,032,460
Industrial property rights	150,902	-	31,717	-	119,185
Other	11,715,948	2,719,799	3,323,135	29,117,342	40,229,954
Construction-in-progress	626,660	2,020,501	-	(1,964,961)	682,200
Total	₩ 28,164,376	₩ 27,580,982	₩ 8,833,940	₩ 27,152,381	₩ 74,063,799

The Company recognizes the goodwill as it has purchased the water filter business unit from Woongjin Cuchen Co., Ltd.

(For the year ended December 31, 2006)

	Korean Won (In thousands)				
	Beginning of the year	Addition	Amortization	Transfer	End of the year
Goodwill	₩ 20,412,126	₩ -	₩ 4,741,260	₩ -	₩ 15,670,866
Industrial property rights	178,702	3,777	31,577	-	150,902
Other	3,082,342	2,006,725	1,564,243	8,191,124	11,715,948
Construction-in-progress	-	8,617,496	-	(7,990,836)	626,660
	₩ 23,673,170	₩ 10,627,998	₩ 6,337,080	₩ 200,288	₩ 28,164,376

(3) The ordinary research and development expenses amounting to ₩7,231,442 thousand and ₩4,786,590 thousand for the years ended December 31, 2007 and 2006, respectively, were charged to selling and administrative expenses.

11. BORROWINGS

(1) Short-term borrowings as of December 31, 2007 and 2006 consist of the following:

Lender	Description	Annual interest rate(%) 2007	Korean Won (In thousands)	
			2007	2006
Kookmin Bank	Purchase loans	-	₩ -	₩ 23,446,720
Shinhan Bank	Purchase loans	6.25	52,373,390	46,567,687
Woori Bank	Purchase loans	5.97	28,650,737	18,230,619
Hana Bank	Purchase loans	6.89	10,989,280	-
Hana Bank and others	Discount of commercial paper	-	-	13,500,000
			₩ 92,013,407	₩ 101,745,026

(2) Debentures as of December 31, 2007 and 2006 are summarized as follows:

Description	Issuance date	Maturity date	Interest (%) 2007	Korean Won (In thousands)	
				2007	2006
18th private debentures*	2007.02.23	2008.02.23	5.45	₩ 10,000,000	₩ 10,000,000
21st private debentures	2007.10.15	2008.10.15	6.08	10,000,000	10,000,000
20th private debentures	-	-	-	-	10,000,000
				₩ 20,000,000	₩ 30,000,000

(*) It was extended for one year.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

12. RESERVE FOR ACCIDENT COMPENSATION

Certain portion of the commission that was paid to sales agencies is deducted and accounted for as reserve for accident compensation in order to prevent insolvency of sales agencies. Accordingly, all actual insolvency related losses are charged to the reserve.

13. ASSETS DENOMINATED IN FOREIGN CURRENCIES

Assets denominated in foreign currencies as of December 31, 2007 and 2006 are as follows:

	2007		Korean Won (In thousands)				
			2006				
	Foreign currencies	Korean Won	Foreign currencies	Korean Won	Foreign currencies	Korean Won	
Cash and cash equivalents		₩	-	USD	1,574,635	₩	1,463,781
			-	JPY	16,948,020		132,505
			-	EUR	1,366,197		1,669,820
Trade receivables	USD	9,295,057	8,720,623	USD	1,628,048		1,513,433
	JPY	289,410,191	2,411,742	JPY	198,115,824		1,548,929
	THB	144,051,384	4,513,130	THB	122,628,271		3,225,123
Total	USD	9,295,057		USD	3,202,683		
	JPY	289,410,191		JPY	215,063,844		
				EUR	1,366,197		
	THB	144,051,384	₩	15,645,495	THB	122,628,271	₩

14. CAPITAL STOCK

(1) Common stock as of December 31, 2007 is as follows:

Authorized (shares)	Issued and outstanding (shares)	Par value	Korean Won (In thousands)
200,000,000	74,431,993	₩ 500	₩ 39,315,997

Due to the retirement of treasury stock (4,200,000 shares), face value of stock issued amounting to ₩37,215,997 thousand differs from the capital stock amount.

(2) Changes in common stock for the year ended December 31, 2007 are as follows:

Date	Description	Issued	Korean Won (In thousands)	
			Capital stock	Paid-in capital in excess of par value
Beginning of year		74,375,593 shares	₩ 39,287,797	₩ 80,610,136
April 06, 2007	Exercise of stock options	56,400 shares	28,200	152,280
End of year		74,431,993 shares	₩ 39,315,997	₩ 80,762,416

Changes in common stock for the year ended December 31, 2006 are as follows:

Date	Description	Issued	Korean Won (In thousands)	
			Capital stock	Paid-in capital in excess of par value
Beginning of year		73,851,611 shares	₩ 39,025,806	₩ 76,308,195
April 10, 2006	Exercise of stock options (*)	411,511 shares	205,756	3,113,597
June 23, 2006	Exercise of stock options (*)	112,471 shares	56,235	1,188,344
End of year		74,375,593 shares	₩ 39,287,797	₩ 80,610,136

(*) Increase in additional-paid-in capital as a result of exercise of stock options includes transfer from stock options in capital adjustment amounting to ₩2,449,263 thousand.

(3) Additional paid-in and other capital

The Company acquired 3,000,000 shares of treasury stock for ₩85,684,960 thousand from March 6, 2007 to May 7, 2007 which the board of directors had approved on March 2, 2007. On June 26, 2007 and July 5, 2007, the Company sold its treasury stock to Employee Stock Ownership Association for ₩85,257,570 thousand. Loss on disposal of treasury stock amounting to ₩309,858 thousand arising from the transactions is subtracted from additional paid-in and other capital.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

15. STOCK OPTIONS

(1) Stock options as of December 31, 2007 are as follows:

Description	1st grant	2nd grant	3rd grant
	after the merger	after the merger	after the merger
Granted shares	440,000	150,000	50,000
Remaining shares	440,000	150,000	50,000
Grant date	2006.3.13	2006.8.01	2006.9.28
Exercise price	₩ 27,050	₩ 20,780	₩ 22,970
Exercisable period	2008.3.13~2013.3.12	2008.8.1~2013.7.31	2008.9.28~2013.9.27
Risk-free interest rate	5.12%	4.86%	4.67%
Expected return on dividend	42%	42%	42%
Expected expiry rate	0.00%	0.00%	0.00%
Variability of stock price	0.3439	0.3335	0.3286
Expected exercise period	5 years	4.5 years	4.5 years

(2) The changes in compensation expense accounted for a credit to capital adjustments for the year ended December 31, 2007 are as follows:

Description	1st grant	2nd grant	3rd grant	Total
	after the merger	after the merger	after the merger	
Compensation expense	₩ 4,313,077	₩ 1,042,346	₩ 337,060	₩ 5,692,483
Cumulative compensation expense				
Beginning balance	1,797,116	217,155	56,177	2,070,448
Current compensation expense	2,156,538	521,173	168,530	2,846,241
Ending balance	3,953,654	738,328	224,707	4,916,689
Unrecognized compensation expense	₩ 359,423	₩ 304,018	₩ 112,353	₩ 775,794

16. EARNINGS PER SHARE

Net income per share is computed by dividing net income by the weighted average number of shares outstanding during the period. Dilutive net income per share is computed by dividing net income after addition for the effect of expenses related to diluted securities on net income, by the weighted average number of common shares plus the number of dilutive potential common shares.

(1) The weighted average number of shares outstanding for the years ended December 31, 2007 and 2006 is computed as follows:

(For the year ended December 31, 2007)

	Number of shares (1)	Weighted average (2)	(1) x (2)
Beginning of the year	74,375,593	65	4,834,413,545
Acquisition of treasury stock	72,577,683	1~17	2,479,308,432
Exercise of stock warrants	72,634,083	3	217,902,249
Acquisition of treasury stock	71,431,993	1~50	5,587,705,984
Acquisition of treasury stock	74,404,113	9	669,637,017
Acquisition of treasury stock	74,431,993	179	13,323,326,747
Total		365	27,112,293,974

Weighted average number of shares outstanding = 27,112,293,974 shares ÷ 365 days = 74,280,257 shares

(For the year ended December 31, 2006)

	Number of shares (1)	Weighted average (2)	(1) x (2)
Beginning of the year	71,728,511	99	7,101,122,589
Exercise of share option	72,140,022	22	1,587,080,484
Disposal of treasury stock	74,263,122	52	3,861,682,344
Exercise of share option	74,375,593	192	14,280,113,856
Total		365	26,829,999,273

Weighted average number of shares outstanding = 26,829,999,273 shares ÷ 365 days = 73,506,847 shares

(2) Basic net income per share for the years ended December 31, 2007, and 2006 is computed as follows:

	Korean Won (In thousands, except per share amounts)			
	2007		2006	
Net income available to common share	₩	116,275,445	₩	74,926,263
Weighted average number of common shares outstanding		74,280,257		73,506,847
Net income per share	₩	1,565	₩	1,019

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

(3) There was no dilutive effect for the year ended December 31, 2007. Therefore, diluted net income per share is the same as basic net income per share.

(4) The computation of earnings for diluted earnings per share for the year ended December 31, 2006 is as follows:

Description	Korean Won (In thousands, except per share amounts)	
	2006	
Basic net income for common share	₩	74,926,263
Add: diluted securities expense		-
Diluted net income for common share (A)		74,926,263
Weighted average number of common shares outstanding		73,506,847 shares
Number of diluted shares		62,454 shares
Total (B)		73,569,301 shares
Diluted earnings per share (A ÷ B)	₩	1,018

17. DIVIDENDS

(1) Details of dividends of the Company for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Types of dividend	Cash dividend	Cash dividend
Number of shares entitled to dividend	74,431,993 shares	74,375,593 shares
Par value	₩ 500	₩ 500
Dividend ratio	156%	80%
Period	365 days	365 days
Dividend (In thousands)	₩ 58,056,955	₩ 29,750,237

(2) Dividend payout ratio for 2007 and 2006 is computed as follows:

	Korean Won (In thousands, except per share amounts)	
	2007	2006
Dividend	₩ 58,056,955	₩ 29,750,237
Net income	116,275,445	74,926,263
Dividend payout ratio	49.93%	39.71%

(3) Dividend yield ratio for 2007 and 2006 is computed as follows:

	2007		2006	
Dividend per share	₩	780	₩	400
Market price per share	₩	30,500	₩	25,800
Dividend yield ratio		2.56%		1.55%

18. INCOME TAX

(1) Income tax expense for the years ended December 31, 2007 and 2006 is as follows:

	Korean Won (In thousands)			
	2007		2006	
Income tax payable	₩	38,992,318	₩	49,982,513
Changes in deferred income taxes due to temporary differences		306,493		(9,908,360)
Gain on sale of treasury stock-related income tax expense		117,532		(12,601,306)
Income tax expense	₩	39,416,343	₩	27,472,847

(2) Tax reconciling items between financial accounting income and taxable income for the years ended December 31, 2007 and 2006 are as follows:

	Korean Won (In thousands)			
	2007		2006	
Net income before income tax	₩	155,691,788	₩	102,399,110
Temporary differences		(2,447,193)		40,006,786
Others		3,764,736		49,908,271
Taxable income	₩	157,009,331	₩	192,314,167

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

(3) The changes in accumulated temporary differences for the year ended December 31, 2007 are as follows:

	Korean Won (In thousands)				
	Beginning[*1]	Increase	Decrease	Ending	Deferred income tax assets (liability)
1) Temporary differences related to income (loss)					
Short-term investment assets	₩ 129,220	₩ 74,395	₩ -	₩ 54,825	₩ 15,077
Allowances for doubtful accounts 664,118	-	18,613,145	19,277,263	5,301,247	
Bad debt expense	76,733,735	76,544,033	57,930,633	58,120,335	15,983,092
Accrued interest income	(352,110)	(353,549)	(44,270)	(42,831)	(11,779)
Prepaid expense	(138,279,273)	(60,228,794)	(72,573,924)	(150,624,403)	(41,421,711)
Inventory reserve	5,129,030	5,129,030	5,150,646	5,150,646	1,416,428
Equity securities accounted for using the equity method	10,667,107	194,132	2,789,700	13,262,675	3,647,236
Long-term investment securities	7,950,070	3,449,633	56,686	4,557,123	1,253,209
Depreciation	1,249,627	144,680	-	1,104,947	303,860
Impairment losses on property	12,898,370	2,267,344	-	10,631,026	2,923,532
Goodwill	(8,334,592)	377,445	-	(8,712,037)	(2,395,810)
Intangible assets	554,335	294,449	-	259,886	71,469
Unpaid expense	4,539,589	3,002,271	2,302,638	3,839,956	1,055,988
Advanced receipts	106,166,794	44,119,857	56,099,051	118,145,988	32,490,147
Provision for return of goods sold	91,859	-	-	91,859	25,261
Provision for warranties	373,742	373,742	2,828,542	2,828,542	777,849
Appropriated retained earnings for treasury stock	(3,230,000)	-	-	(3,230,000)	(888,250)
Others	54,339	-	306,894	361,233	99,339
Sub-total	77,005,960	75,388,668	73,459,741	75,077,033	20,646,184
2) Temporary differences related to shareholders' equity					
Gain (loss) on valuation of investments using the equity method of accounting	983,984	237,300	(66,953)	679,731	186,926
Gain (loss) on valuation of long-term investment securities	(9,657)	-	(214,013)	(223,670)	(61,509)
Sub-total	974,327	237,300	(280,966)	456,061	125,417
Total	77,980,287	75,625,968	73,178,775	75,533,094	20,771,601
Less: Valuation allowance [*2]	9,807,615			8,698,610	2,392,118
Cumulative temporary difference	68,172,672			66,834,484	18,379,483
Statutory tax rate	27.50%			27.50%	99,339
Deferred income tax assets (liabilities)	₩ 18,747,485			₩ 18,379,483	₩ 18,379,483

(*1) As a result of the tax adjustments subsequent to the closing of the book, the beginning balance of deferred tax assets on balance sheet amounting to ₩19,751,894 thousand is different from the beginning balance of deferred tax assets amounting to ₩18,747,485 thousand as computed above.

(*2) The Company does not recognize deferred income tax assets related to bad debt expense, equity securities accounted for using the equity method, goodwill and others, since it is more likely than not these deferred tax assets will not be realized. The temporary differences affecting the income tax expense (2007: ₩8,018,879 thousand, 2006: ₩8,833,288 thousand) and the shareholders' equity (2007: ₩679,731 thousand, 2006: ₩974,327 thousand) comprise its valuation allowance.

(4) Changes in temporary differences for the years ended December 31, 2007 and the deferred income tax assets (liabilities) as of December 31, 2007 are as follows:

	Korean Won (In thousands)				
	Temporary difference	Future Years		Deferred income tax assets (liabilities)	
		2008.12.31	After 2008.12.31	Current	Non-current
1) Temporary differences related to income (loss)					
Short-term investment assets	₩ 54,825	₩ 54,825	₩ -	₩ 15,077	₩ -
Allowances for doubtful accounts	19,277,263	18,197,113	1,080,150	5,004,206	297,041
Bad debt expense	58,120,335	58,120,335	-	15,983,092	-
Accrued interest income	(42,831)	(42,831)	-	(11,779)	-
Prepaid expense	(150,624,403)	(150,624,403)	-	(41,421,711)	-
Inventory reserve	5,150,646	5,150,646	-	1,416,428	-
Equity securities accounted for using the equity method	13,262,675	-	13,262,675	-	3,647,236
Long-term investment securities	4,557,123	-	4,557,123	-	1,253,209
Depreciation	1,104,947	-	1,104,947	-	303,860
Impairment losses on property	10,631,026	-	10,631,026	-	2,923,532
Goodwill	(8,712,037)	-	(8,712,037)	-	(2,395,810)
Intangible assets	259,886	-	259,886	-	71,469
Unpaid expense	3,839,956	3,839,956	-	1,055,988	-
Advanced receipts	118,145,988	118,145,988	-	32,490,147	-
Provision for return of goods sold	91,859	91,859	-	25,261	-
Provision for warranties	2,828,542	2,828,542	-	777,849	-
Appropriated retained earnings for treasury stock	(3,230,000)	(3,230,000)	-	(888,250)	-
Others	361,233	26,650	334,583	7,329	92,010
Sub-total	75,077,033	52,558,680	22,518,353	14,453,637	6,192,547
2) Temporary differences related to shareholders' equity					
Gain (loss) on valuation of investments using the equity method of accounting (*1)	679,731	679,731	186,926	679,731	679,731
Gain (loss) on valuation of long-term investment securities	(223,670)	(223,670)	(61,509)	(223,670)	(223,670)
Sub-total	456,061	-	456,061	-	125,417
Total	75,533,094	52,558,680	22,974,414	14,453,637	6,317,964
Less: Valuation allowance (*1, 2)	8,698,610	-	8,698,610	-	2,392,117
Cumulative temporary difference	66,834,484	52,558,680	14,275,804	14,453,637	3,925,846
Statutory tax rate	27.50%	27.50%	27.50%	-	-
Deferred income tax assets (liabilities)	₩ 18,379,483	₩ 14,453,637	₩ 3,925,846	₩ 14,453,637	₩ 3,925,846

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

(5) The intraperiod allocation of income tax for the years ended December 31, 2007 and 2006 is as follows:

	Korean Won (In thousands)			
	2007		2006	
	Amount	Income tax expense	Amount	Income tax expense
Net income before income tax	₩ 155,691,788	₩ 39,416,343	₩ 102,399,110	₩ 27,472,847
Capital	(427,390)	(117,532)	45,822,932	12,601,306
Total	₩ 155,264,398	₩ 39,298,811	₩ 148,222,042	₩ 40,074,153

(6) Effective tax rates for the years ended December 31, 2007 and 2006 are computed as follows:

	Korean Won (In thousands)	
	2007	2006
Income tax expense	₩ 39,416,343	₩ 27,472,847
Net income before income tax	155,691,788	102,399,110
Effective tax rates	25.32%	26.83%

19. STATEMENTS OF COMPREHENSIVE INCOME

Comprehensive income for the years ended December 31, 2007 and 2006 is as follows:

	Korean Won (In thousands)	
	2007	2006
Net income	₩ 116,275,445	₩ 74,926,263
Other comprehensive income (loss):		
Gain on valuation of long term investment securities, net of tax effect of ₩ 61,509 for the year ended December 31, 2007 (*)	152,503	918
Gain on valuation of equity method investments (*)	274,330	90,618
Loss on valuation of equity method investments (*)	29,922	(76,676)
	456,755	14,860
Comprehensive income	₩ 116,732,200	₩ 74,941,123

(*) In 2006, the Company did not record the deferred income tax effect arising from gain on valuation of longterm investment securities as it was immaterial. In addition, in 2007 and 2006, the Company did not record the deferred income tax effect from equity method investments as it was more likely than not the deferred tax asset or liability would not be realized.

20. OPERATING RESULTS FOR THE 4TH QUARTER OF 2007 AND 2006

Significant results of operation for the 4th quarter of 2007 and 2006 (Unaudited) are summarized as follows:

	Korean Won (In thousands, except per share amounts)			
	2007		2006	
Sales	₩	313,680,445	₩	290,170,288
Gross profit		216,966,830		197,904,492
Operating income		43,196,917		41,334,356
Net income before income tax		46,782,239		38,924,758
Net income		37,754,665		29,638,094
Earnings per share		507		398

21. RELATED PARTY TRANSACTIONS

(1) Related parties for the year ended December 31, 2007 are as follows:

Related parties	Business	Ownership (%)
Parent Company		
Woongjin Holdings Co., Ltd. (*1, 2)	Holding company	-
Subsidiaries		
Woongjin Coway (Shenyang) Living Goods Co., Ltd. (*)	Selling water purifiers, cosmetics and others	100.00
Subsidiaries not qualified for consolidation		
Woongjin USA Inc	Selling water purifiers and others	35.00
Woongjin Coway USA Inc	Selling water purifiers and others	100.00
Woongjin Coway (Thailand) Co.,	Selling water purifiers and others	99.99
Woongjin Coway (M) Sdn Bhd.	Selling water purifiers and others	70.00
Investees accounted for using the equity method		
Coway Japan Corporation	Selling water purifiers and other	49.00
Others		
Woongjin Thinkbig Co., Ltd. (*1)	Publishing	-
Woongjin Capital Co., Ltd.	Investment consulting	-
Woongjin Happyall Co., Ltd.	Providing the service in relation to water purifiers and the others	-

(Continued)

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

Related parties	Business	Ownership (%)
Rexfield Country Club	Golf club and sports appliances	-
Woongjin Foods Co., Ltd. [*3]	Sales of drinks and the foods from ginseng	-
Woongjin Cuchen Co., Ltd. [*3]	Electronic appliances and music records	-
Booxen Co., Ltd. [*3]	Sales of books and others	-
Woongjin Construction Co., Ltd.	Construction	-
Woongjin Energy Co., Ltd.	Manufacturing diode, transistor, semiconductor	-
Kukdong Construction Co., Ltd.	Construction	-
Kukdong Ceramic Co., Ltd.	Manufacturing tiles and ceramic related	-
Woongjin Passone Co., Ltd.	Education business	-

[*1] After separation, Woongjin Thinkbig was newly established.

[*2] Platinum Media Co., Ltd was merged into Woongjin Holdings Co., Ltd.

[*3] During the year ended December 31, 2007, the Company has sold all the shares of Woongjin Foods Co., Ltd., Woongjin Cuchen Co., Ltd. and Booxen Co., Ltd.

(2) Significant transactions with related parties for the years ended December 31, 2007 and 2006 are as follows:

Related parties	Description	Korean Won (In thousands)	
		2007	2006
Parent Company			
Woongjin Holdings Co., Ltd. [*]	Sales	₩ 6,944	₩ 185,528
	Purchases	6,532,705	3,177,312
	Selling and administrative expenses	11,927,821	17,183,543
	Transfer of business	540,537	-
	Disposal of stocks	2,339,635	-
	Disposal of tangible assets	225,272	-
Subsidiaries			
Woong Jin Coway (Shenyang) Living Goods Co., Ltd.	Sales	3,081,978	328,095
Subsidiaries not qualified for consolidation			
Woongjin Coway USA Inc.	Sales	2,847,556	-
Woongjin Coway (Thailand) Co., Ltd.	Sales	703,275	1,237,114
Woongjin Coway (M) Sdn Bhd.	Sales	1,568,136	204,284
Investees accounted for using the equity method			
Coway Japan Corporation	Sales	1,439,269	1,803,915

(Continued)

Related parties	Description	Korean Won (In thousands)	
		2007	2006
Others			
Woongjin Thinkbig Co., Ltd.	Sales	₩ 158,019	₩ -
	Selling and administrative expenses	973,565	-
Woongjin Capital Co., Ltd.	Sales	3,480	-
Woongjin Happyall Co., Ltd.	Sales	421,874	442,470
	Service fee expense	77,059,891	96,506,116
	Purchases	103,241	204,321
	Selling and administrative expenses	42,238,797	19,659,391
Rexfield Country Club	Sales	16,762	18,853
	Selling and administrative expenses	275,494	188,019
Woongjin Foods Co., Ltd.	Sales	54,496	8,715
	Selling and administrative expenses	3,619,158	3,704,791
Woongjin Cuchen Co., Ltd.	Sales	5,457,453	10,784,360
	Loss from sales return	23,082	46,708
	Purchases	67,356,933	99,682,900
	Selling and administrative expenses	2,449,124	1,204,048
	Disposal of tangible assets	-	9,101,618
	Acquisition of tangible assets	585,035	8,187,055
	Acquisition of business	22,840,681	-
Booxen Co., Ltd.	Sales	10,525	5,665
	Service fee expense	1,386,895	5,155,656
	Selling and administrative expenses	18,247,301	13,862,829
Woongjin Construction Co., Ltd.	Sales	36,018	-
	Rent expense	2,400	2,400
	Acquisition of tangible assets	29,603,445	6,762,475
Woongjin Energy Co., Ltd.	Sales	4,326	-
Kukdong Construction Co., Ltd.	Sales	10,160	-
Kukdong Ceramic Co., Ltd.	Sales	863	-
Woongjin Passone Co., Ltd.	Sales	13,257	-

(*) It includes the transactions with Platinum Media Co., Ltd.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

(3) Significant balances with related parties as of December 31, 2007 and 2006 are summarized below.

Related parties	Description	Korean Won (In thousands)	
		2007	2006
Parent Company			
Woongjin Holdings Co., Ltd. (*)	Accounts receivable-other	₩ 247,800	₩ -
	Trade payables	-	61,654
	Accounts payable-other	1,139,095	1,540,505
Subsidiaries			
Woong Jin Coway (Shenyang) Living Goods Co., Ltd.	Trade receivables	3,143,602	529,628
Subsidiaries not qualified for consolidation			
Woongjin Coway USA Inc.	Trade receivables	2,839,526	-
Woong Jin Coway (Thailand) Co., Ltd.	Trade receivables	4,536,417	3,225,123
	Advanced payments	16,320	16,320
	Accounts receivable-other	3,556	3,556
Woong Jin Coway (M) Sdn Bhd.	Trade receivables	1,748,401	199,695
	Short-term investment assets	-	590,955
	Long-term loans	3,535,484	-
Investees accounted for using the equity method			
Coway Japan Corporation	Trade receivables	2,690,548	2,220,128
Others			
Woongjin Thinkbig Co., Ltd.	Trade receivables	6,875	-
	Trade payables	62,021	-
	Accounts payable-other	136,678	-
Woongjin Happyall Co., Ltd.	Trade receivables	105,480	139,701
	Accounts receivable -other	131	131
	Guarantee deposits	532,934	320,612
	Accounts payable-other	11,560,685	11,131,876
Rexfield Country Club	Trade receivables	1,636	1,636
	Guarantee deposits	4,303,400	4,303,400
	Accounts payable-other	27,500	15,513
Woongjin Foods Co., Ltd.	Trade receivables	21,164	77,770
	Accounts payable-other	342,302	440,168

(Continued)

Related parties	Description	Korean Won (In thousands)	
		2007	2006
Woongjin Cuchen Co., Ltd.	Trade receivables	₩ 1,118,130	₩ 100,127
	Accounts receivable-other	682,574	5,891,237
	Trade payables	6,476,063	9,455,605
	Accounts payable-other	208,409	1,344,598
Booxen Co., Ltd.	Accounts payable-other	1,720,986	1,819,915
Woongjin Construction Co., Ltd.	Trade receivables	11,957	-
	Accounts receivable-other	220	220
	Other non-current liabilities	10,000	10,000

(*) It includes accounts receivable and payable of Platinum Media Co., Ltd. before the merger.

The balances of receivables from the related parties are stated as gross amounts in the table. The allowances for doubtful account for receivables from the related parties are ₩4,793,966 thousand and ₩3,080,285 thousand as of December 31, 2007 and 2006, respectively. In addition, bad debt expense and other bad debt expense recognized for the years ended December 31, 2007 and 2006 are ₩1,713,681 thousand and ₩1,101,712 thousand, respectively.

(4) Short-term loans provided to employees as of December 31, 2007 and 2006 amount to ₩338,966 thousand and ₩42,666 thousand, respectively.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

(5) Guarantees provided on behalf of its related parties and others as of December 31, 2007 are as follows:

Provided to	Type	Creditors	(Korean Won (In thousands))	
			Borrowing limit	
Subsidiaries				
Woongjin Coway (Shenyang) Living Goods Co., Ltd.	General loan	Hana Bank	USD	3,250,000
Subsidiaries not qualified for consolidation				
Woong Jin Coway (Thailand) Co., Ltd.	General loan	Citibank	USD	2,000,000
Investees accounted for using the equity method				
Coway Japan Corporation	General loan	Hana Bank	JPY	2,600,000,000
Others				
Woongjin Cuchen Co., Ltd.	Privately offered bond and others	Hana Bank and others	₩	62,400,000
Woongjin Construction Co., Ltd.	General loan	Hana Bank	₩	2,400,000
Woongjin Coway Employee StockOwnership Association (*)	Personal loan	Nonghyup Central Ass. and others	₩	105,525,311
			₩	170,325,311
			JPY	2,600,000,000
			USD	5,250,000

(*) The Company pays 50% of the interest expense of the Employee Stock Ownership Association's borrowings.

(6) Details of compensation to key management of the Company in 2007 and 2006 are as follows:

	Korean Won (In thousands)			
	2007		2006	
Salaries	₩	1,592,413	₩	1,558,740
Severance indemnities (*)		572,161		490,695
Stock options (**)		2,013,033		2,070,448

(*) Total cost of severance indemnities for key management as of December 31, 2007 and 2006 amounts to ₩296,274 and ₩176,841 thousand, respectively.

(**) Total compensation cost for managements' stock options as of December 31, 2007 and 2006 is included.

22. COMMITMENTS AND CONTINGENCIES

(1) As of December 31, 2007, the Company has borrowing agreements with various financial institutions as follows:

Types of borrowing	Financial institutions	Korean Won (In thousands)	
		Borrowing limits	
Loan provided in line with the purchase	Shinhan Bank and others	₩	195,000,000
Discount of commercial paper	Shinhan Bank and others	₩	105,000,000
General loan	Korean Exchange Bank	₩	9,000,000
Issuance of electronic notes payable	Korean Exchange Bank	₩	10,000,000
Borrowings related with import	Woori Bank and others	USD	5,000,000

(2) As of December 31, 2007, Seoul Guarantee Insurance Co., Ltd. has provided guarantee of execution of contract of ₩1,672,938 thousand on behalf of the Company, and Woori Bank and other bank have provided guarantee for payment of USD 1,501,968 on behalf of the Company.

(3) As of December 31, 2007, the Company is involved with 8 lawsuits regarding the refund of sales commission amounting to ₩486,259 thousand. The Company estimates the outcome of the above lawsuit cases is immaterial.

(4) Guarantees and collaterals provided to the related parties (see Note 21)

23. SUPPLEMENTARY INFORMATION ON CALCULATION OF VALUE-ADDED AMOUNTS

Supplementary information on calculation of value-added amounts for the years ended December 31, 2007 and 2006 are as follows

	Korean Won (In thousands)	
	2007	2006
Net income before income tax	₩ 155,691,788	₩ 102,399,110
Salaries	130,795,240	114,350,559
Severance benefits	13,621,808	10,129,378
Employee benefits	20,666,011	17,596,277
Rent	31,764,625	29,760,632
Depreciation	132,760,829	132,162,646
Taxes and dues	1,042,890	763,728
	₩ 486,343,191	₩ 407,162,330

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

24. SEGMENT INFORMATION

Main segment of the Company is comprised of Rental division and Lump-sum payment division.

Details of business segment information for the years ended December 31, 2007 and 2006 are as follows:

	2007			2006		
	Sales	Cost of sales	Gross profit	Sales	Cost of sales	Gross profit
Rental	₩ 1,102,144	₩ 333,859	₩ 768,285	₩ 1,019,928	₩ 340,626	₩ 679,302
Lump sum payment	54,773	18,553	36,220	49,732	17,779	31,953
Others	56,173	32,258	23,915	48,107	21,976	26,131
Total	₩ 1,213,090	₩ 384,670	₩ 828,420	₩ 1,117,767	₩ 380,381	₩ 737,386

Korean Won (In millions)

25. SUPPLEMENTARY INFORMATION ON CALCULATION OF COST OF SALES

The cost of sales for the year ended December 31, 2007 consists of the following:

	2007	
	₩	
Cost of rental service	₩	333,858,573
Cost of merchandise sold		20,862,618
Cost of goods sold		23,935,787
Others		6,013,164
Cost of Goods Sold	₩	384,670,142

Korean Won (In thousands)

The computation of cost of merchandises sold and cost of finished goods sold for the year ended December 31, 2007 is as follows:

	Cost of merchandises sold		Cost of finished goods sold	
	₩		₩	
Beginning inventories	₩	60,709,530	₩	13,303,537
Cost of finished goods or merchandises purchased		126,256,028		168,019,375
Transfer from other accounts		245,575,358		240,301,453
Total		432,540,916		421,624,365
Transfer to other accounts		374,142,913		385,153,414
Ending inventories		37,535,385		12,535,164
Cost of Goods Sold	₩	20,862,618	₩	23,935,787

Korean Won (In thousands)

26. SELLING AND ADMINISTRATIVE EXPENSES

	Korean Won (In thousands)	
	2007	2006
Salary related expenses	₩ 156,337,916	₩ 135,971,319
Travel	3,247,159	2,691,726
Communications	10,135,714	8,339,305
Entertainment	646,129	660,677
Education and training	8,542,299	10,754,961
Supplies	18,190,347	8,234,351
Books and publishing	956,926	968,992
Advertisements	30,676,889	31,259,773
Rent	31,764,625	29,760,632
Taxes and dues	986,756	755,220
Insurance	591,088	200,243
Transportation	1,242,379	1,124,770
Sales promotion	14,377,521	14,321,028
Sales warranties	2,454,800	31,864
Sales commissions	246,111,031	241,656,094
Fees and commissions	47,203,278	41,643,741
Repairs and maintenance	2,886,528	3,162,742
Ordinary research and development	7,231,442	4,786,590
Depreciation	14,155,851	11,699,378
Amortization	8,830,552	6,330,942
Bad debt	13,880,665	18,995,895
Loss on returned goods	-	-
Loss on impairment loss of rental assets	44,131,162	49,980,186
Other	2,542,861	1,778,424
	₩ 667,123,918	₩ 625,108,853

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the years ended december 31, 2007 and 2006

27. ACQUISITION OF BUSINESS

The Company acquired the filtering business unit from Woongjin Cuchen Co., Ltd. to improve its technology capability on November 7, 2007.

(1) The acquiree

Name: Woongjin Cuchen Co., Ltd. (related party)

CEO: Moon, Mu-Kyung

Principal business: bidet and others

(2) Summary of the balance sheet of acquired business unit as of November 7, 2007 is as follows:

	Korean Won (In thousands)	
	2007	
Assets		
Current assets	₩	70,146
Non-current assets		585,036
Total assets		655,182
Liabilities		
Current liabilities		3,949,957
Total liabilities		3,949,957
Net liabilities	₩	(3,294,775)

The Company paid ₩19,545,907 thousand in return and a difference between the amounts paid for the acquisition of the business unit and the net asset value is accounted for as goodwill. However, it was unable to present the 2006 balance sheet of the business unit.

(3) Summary of the income statements for the periods ended November 7, 2007 and December 31, 2006 is as follows:

	Korean Won (In thousands)			
	2007. 11. 07		2006	
Sales	₩	12,629,701	₩	21,990,972
Cost of goods sold		9,696,726		18,346,927
Non-operating expenses, net		(112,519)		(176,362)
Net Income	₩	2,820,456	₩	3,467,683

28. SUBSEQUENT EVENTS

The Creditors Council of Saehan Industries Inc. passed a resolution on January 15, 2008 to enable the Company to obtain 18,854,308 shares (40.1%) of common stock of Saehan Industries Inc. for ₩81,073,524 thousand (₩4,300 per share). On the same date, the Company completed the process of acquiring the common stock. In addition, the Company has entered into an agreement to obtain a put-option. This option contract gave the Creditors Council of Saehan Industries Inc. the right to sell all or some of 8,904,087 shares of an underlying security to the Company, at a specified price of ₩5,650 per share. This option gives five business days starting from one year from January 15, 2008 to exercise the right.

The Company made a payment of ₩5,024,472 thousand to obtain Saehan's stock and it is accounted for as advanced payments.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON INTERNAL ACCOUNTING CONTROL SYSTEM ("IACS")

English Translation of a Report Originally Issued in Korean

Deloitte.

Deloitte Anjin LLC

14FL., Hanwha Securities Bldg.,
23-5 Yoido-dong,
Youngdeungpo-gu, Seoul
150-717, Korea

Tel: +82-2-6676-1000, 1114

Fax: +82-2-6674-2114

www.deloitteanjin.co.kr

To the Representative Director of Woongjin Coway Co., Ltd.:

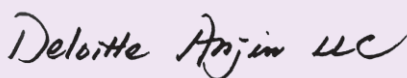
We have reviewed the accompanying Report on the Management's Assessment of IACS (the "Management's Report") of Woongjin Coway Co., Ltd. (the "Company") as of December 31, 2007. The Management's Report, and the design and operation of IACS are the responsibility of the Company's management. Our responsibility is to review the Management's Report and issue a review report based on our procedures. The Company's management stated in the accompanying Management's Report that "based on the assessment of the IACS as of December 31, 2007, the Company's IACS has been appropriately designed and is operating effectively as of December 31, 2007, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association."

We conducted our review in accordance with the IACS Review Standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform a review, objective of which is to obtain a lower level of assurance than an audit, of the Management's Report in all material respects. A review includes obtaining an understanding of a company's IACS and making inquiries regarding the Management's Report and, when deemed necessary, performing a limited inspection of underlying documents and other limited procedures.

A company's IACS represents internal accounting policies and a system to manage and operate such policies to provide reasonable assurance regarding the reliability of financial statements prepared, in accordance with accounting principles generally accepted in the Republic of Korea, for the purpose of preparing and disclosing reliable accounting information. 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 of IACS 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 the Management's Report referred to above is not fairly stated, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association.

Our review is based on the Company's IACS as of December 31, 2007, and we did not review its IACS subsequent to December 31, 2007. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in the Republic of Korea and may not be appropriate for other purposes or for other users.



February 29, 2008

REPORT ON THE ASSESSMENT OF INTERNAL ACCOUNTING CONTROL SYSTEM ("IACS")

TO THE BOARD OF DIRECTORS AND AUDITOR (AUDIT COMMITTEE) OF WOONGJIN COWAY COMPANY

I, as the Internal Accounting Control Office ("IACO") of Woongjin Coway Company ("the Company"), assessed the status of the design and operation of the Company's IACS for the year ended December 31, 2007.


The Company's management including IACO is responsible for designing and operating IACS. I, as the IACO, assessed whether the IACS has been appropriately designed and is effectively operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of preparing and disclosing reliable financial statements reporting. I, as the IACO, applied the IACS Framework established by the Korea Listed Companies Association for the assessment of design and operation of the IACS.

Based on the assessment of the IACS, the Company's IACS has been appropriately designed and is operating effectively as of December 31, 2007, in all material respects, in accordance with the IACS Framework.

<Attachment>

Details of significant deficiencies and remediation plan

February 27, 2008

Young-Keun Yoon 
Name, Internal Accounting Control Officer

Joon-Kee Hong 
Name, Chief Executive Officer or President



Woongjin Coway 2007 Sustainability Report

Reader Feedback Survey

- Woongjin Coway strives to provide stakeholders with accurate information on our sustainability activities. We will continue with efforts to provide more reliable information via the Sustainability Report. We look forward to feedback from all our stakeholders.

Reader Feedback Survey

Woongjin Coway 2007 Sustainability Report was published to deliver our outcome and activities in regard of environment, society and economy transparently. Please tell us what you think about 2007 Sustainability Report. Your opinion will be reflected in our improvement of our future sustainability reports.

01

To which of the following groups do you belong?

- Employee
- Shareholder
- Financial institution
- Customer
- Business Partner
- NGO
- Local resident
- Academia
- Public officer
- Media
- Other ()

02

What is your purpose to use this report?

03

What are your major areas of interest?

- | Woongjin Coway & Sustainability | Woongjin Coway & Stakeholders | Woongjin Coway & The Planet |
|---|--|---|
| <input type="checkbox"/> CEO Message | <input type="checkbox"/> Stakeholder Communication | <input type="checkbox"/> Environmental Leadership |
| <input type="checkbox"/> Company Profile | <input type="checkbox"/> Customers | <input type="checkbox"/> Environmental Activities and Performance |
| <input type="checkbox"/> Ethics Management | <input type="checkbox"/> Employees | |
| <input type="checkbox"/> Sustainability Management System | <input type="checkbox"/> Shareholders | |
| <input type="checkbox"/> 2007 Sustainability Highlights | <input type="checkbox"/> Business Partners | |
| | <input type="checkbox"/> Social Contribution | |

04

How would you rate this Report on the following aspect? Please rate them on a scale of 1 to 5.

- a. Terminologies are clear and easy to understand ◀ Unsatisfactory ① ② ③ ④ ⑤ Satisfactory ▶
- b. Sufficient and useful information is provided on important issues ◀ Unsatisfactory ① ② ③ ④ ⑤ Satisfactory ▶
- c. Contents are reliable ◀ Unsatisfactory ① ② ③ ④ ⑤ Satisfactory ▶
- d. Design is good ◀ Unsatisfactory ① ② ③ ④ ⑤ Satisfactory ▶

05

If you have any additional opinions, please specify.

Thank you for responding to the questionnaire.

Corporate Communication Team, Woongjin Coway Co., Ltd. Naewei Bldg., 10F, 6, Euljiro-2Ga. Jung-Gu, Seoul, Korea			
TEL	02-2172-1052	FAX	02-2172-1077
E-mail	kevineom@coway.co.kr	Homepage	www.coway.com



This report was printed with soy-based ink on eco-friendly paper.



Nae-Wei Bldg., Euljiro2-Ga, Jung-Gu, Seoul, 100-844, Korea
Tel: 1588-5100 www.coway.com