

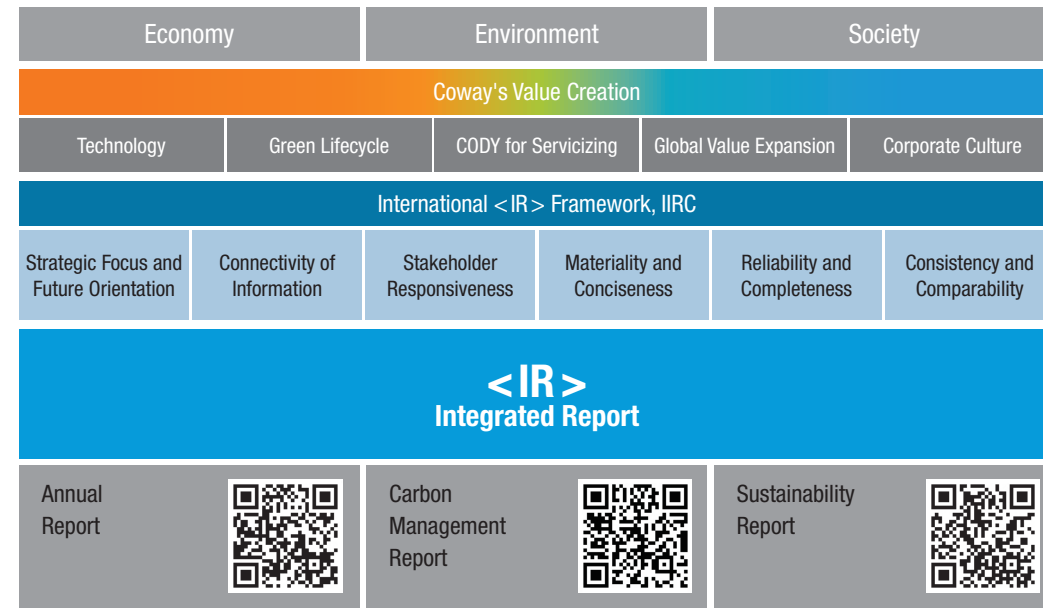


New Start

coway

Integrated reporting for investors and shareholders (primary concern)

The 2012 Coway Integrated Report was published for the purpose of providing concise reporting on Coway's various capitals: financial, manufactured, intellectual, human, social and relationship, and natural. Future prospects and how these translate into company values. This report offers a comprehensive view of Coway's unique business model, placing a particular focus on providing practical information on the current value and future development potential of Coway to domestic and foreign investors and shareholders. On the current value and future development



Report timeframe

January 1 ~ December 31, 2012

* For selected categories, data from 2010 and 2011 was included to show trend values. Data on the plans and scheduled business activities for 2013 was partially included.

Report scope

The outputs of Coway's domestic and foreign business activities (mutual investment companies and subsidiary companies) are not included.

* The profit and loss statements and cash flow tables of Coway and its subsidiary companies are included in accordance with K-IFRS.

Report composition

- This report aims to present Coway investment data and the company's visions and values in a clear and concise manner
- An info-graphic design is used throughout the report to aid stakeholders' understanding of the characteristics of the business and its outputs
- Important information is presented primarily through tables and graphs; additional notes are included in sections that require more detailed explanations
- The summary sections of "Our Goal" and "What's Next" are included to allow a quicker grasp of key points
- "Our Goal" summarizes key contents; "What's Next" presents Coway's future direction based on current data

Coway Integrated Report

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Design Concept



The 2012 Coway Integrated Report design expresses Coway's new start with our new largest shareholder by using the motif of an F1 car racing ahead into the future. The concept "New Start" relates to Coway's determination as we stand at the starting line of a new future, getting ready for a race that will be won only when we have provided our customers with outstanding products that truly better their health and well being. Furthermore, just as the driver in an F1 Grand Prix cannot win the race on his own—he needs the support of sponsors, mechanics, and many other helping hands—a key business strategy for Coway is to pursue solid cooperation with its partners to ensure the best possible customer service. Coway's history is represented in the form of an F1 racetrack to clearly show the path that the company has driven on thus far and the route it plans to take in the future.

Coway's Value

Mission

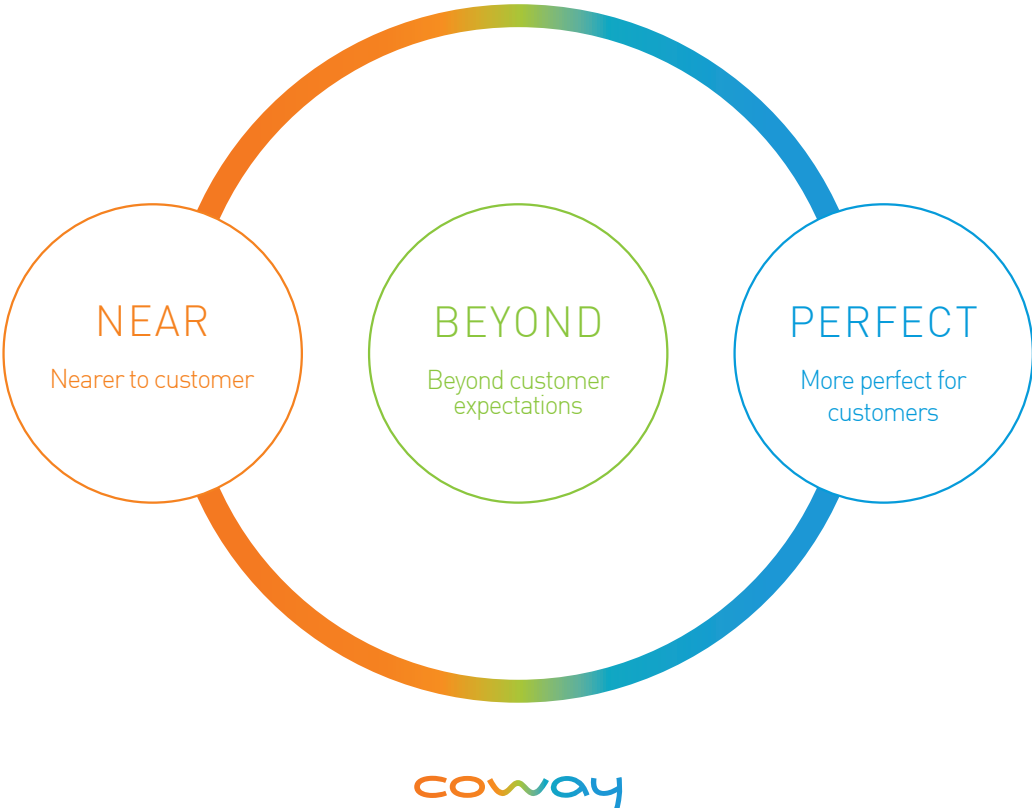
Healthier Environment, Happier People

Vision

THE Lifestyle Design Company

Coway presents a new lifestyle based on technologies for a healthier environment, and services for happier people. We create new values and a lifestyle according to the world's expectations, and we deliver a deep impression beyond trust to our customers.

Value



A new race has begun—
and Coway's customers are the winners.



In 2012, Coway experienced a major change when it was sold to Coway Holdings and separated from WoongJin Group, through which Coway Holdings became the largest shareholder.

As a result of these changes, Coway has achieved its highest sales figures ever, proving their maturity and capability to adapt flexibly—and successfully—to any circumstance.

A new race has begun for Coway, one that strives to create the highest values for our customers.

We will continue to design the most technologically-advanced and innovative products in the market, and provide services that better the lives of all people and the environment in which we live.



CEO's Message



Thank you to all our stakeholders for your continuous support for Coway.

This year we have taken a step further in greeting our stakeholders with a comprehensive report that integrates the company's various literature. The 2012 Coway Integrated Report aims to foster the shareholders and oversea investors' understanding of Coway, and make known Coway's path to becoming a global company (we have included the outputs of our first foreign branch).

The year 2012 was a year of great change for us, mostly due to the decision of Woongjin Holdings to sell its Coway stocks. Amid the domestic and foreign economic downturn, this shift in leadership caused serious concerns. However, Coway demonstrated its resilient capabilities to transform these challenges into new opportunities for change. In 2012, Coway achieved \$1.6 billion in total sales, its highest sales figure ever, and a 5.7 percent growth in comparison to 2011. Despite the shift in leadership and the domestic and foreign economic downturn, Coway enjoyed a milestone accomplishment, more than satisfying the demands of the market. Although business profits stood at \$202.3 million, a 6.4 percent drop from 2011 profits, this figure reflects one-time costs including the disposal of unusable inventory in the fourth quarter. When such costs are excluded, the figure can be revised to \$226.6 million in business profits, a 4.9 percent increase. These numbers clearly demonstrate Coway's ability to maintain its stability even amid unfavorable external conditions.

Coway also received positive evaluations in all its business areas in 2012 from many external organizations. As the recipient of several major awards in 2012, including the "2012 Republic of Korea Green Business Awards" Presidential Citation; the "Top 100 Favored Korean Companies to work at" General Service Grand Prize; and the Ministry of Knowledge and Economy's Award for the "2012 Excellent Quality Competitiveness Company", Coway proved its high economic and societal value.

These meaningful accomplishments can be attributed to our efforts in strengthening our core capabilities in major business activities and our faithful preparation for a future in which each of our headquarters will operate under our "responsible business" structure. Above all, the broadening of the environmental home appliance rental business and the successful positioning of our newly-launched mattress business along with the development of diverse eco-friendly products tailored to customer needs and the increase in overseas sales all helped to reinforce our foundations as we navigated our way through challenging times.

Our new start in 2013 begins with welcoming Coway Holdings as our new largest shareholder. The combination of Coway's leading potential in the market with the operational know-how of Coway Holdings has led to the formation of an optimum business plan that builds a solid structure upon which the plan will be carried out. In particular, a key component of this plan is to fortify Coway's core activities, the rental business and the coordinator system, to broaden customer services and to strengthen innovative activities towards producing new customer values.

Along with the change in shareholders, I was also promoted from chief financial officer to the new CEO of Coway in May 2013, following the business guidelines that seek a transparent leadership structure and the need to protect the company's image and shareholder value. Although there may exist some concerns about the sudden changes that have occurred in Coway's leadership, please be rest assured that the company's business philosophy—created over the course of the company's growth since 2003—will continue to be applied in all areas of the company.

In 2013, Coway launched a new CI and proclaimed a new vision, "THE Lifestyle Design Company," which embodies our aspiration toward achieving stakeholder value through business performance and optimization. We humbly ask for your continued encouragement and support as we stand at the starting line of our new beginning.

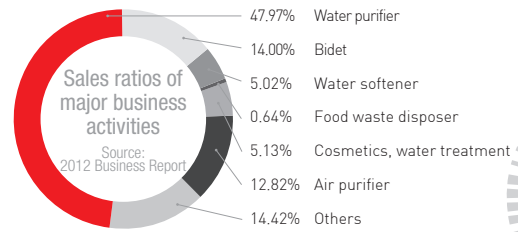
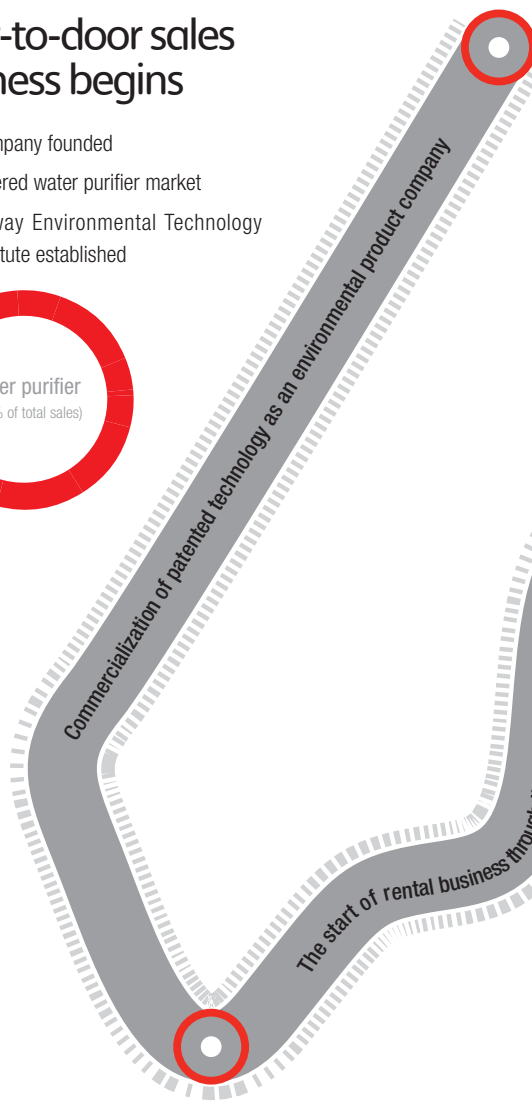
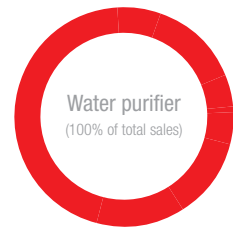
Thank you.

History

Ever since Coway's founding in 1989 we have set trends that others follow. We sell high-end environmental home appliances like water purifiers, air purifiers and bidets, and our unique and successful rental business model is unmatched in the country.

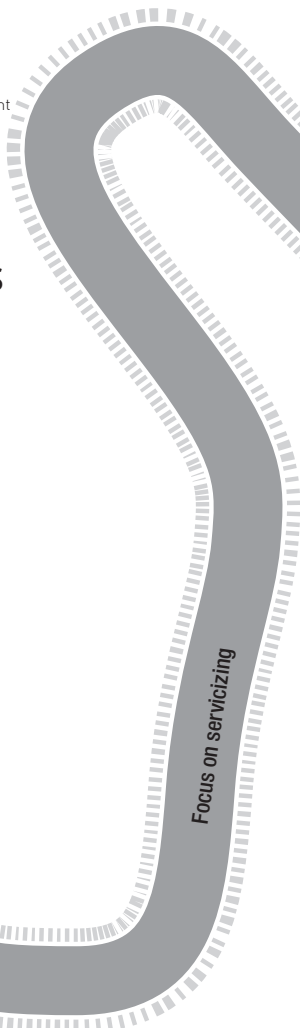
COWAY 1.0 Door-to-door sales business begins

- 1989 Company founded
- 1990 Entered water purifier market
- 1993 Coway Environmental Technology Institute established



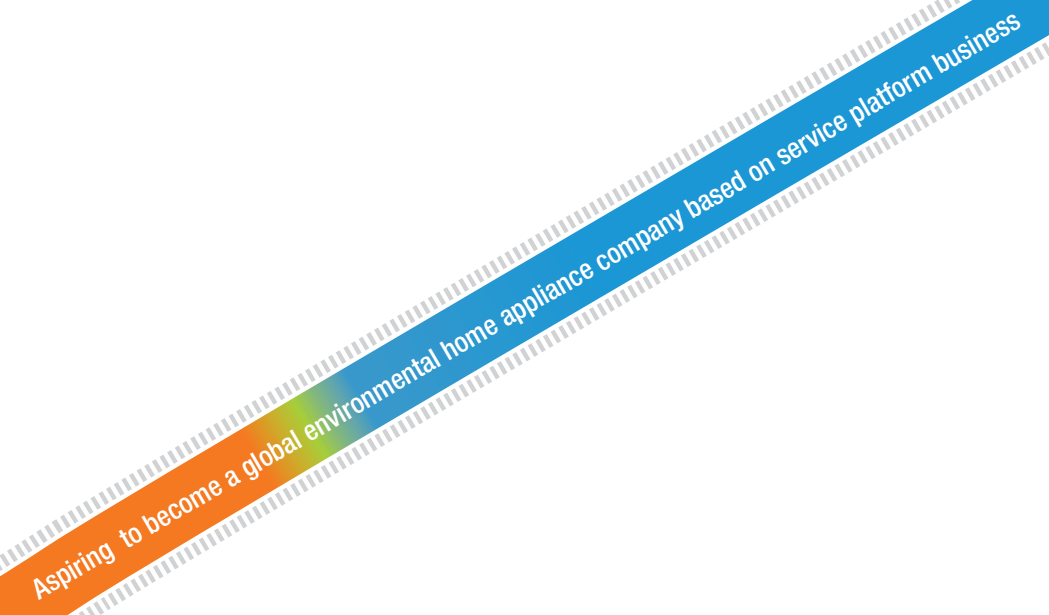
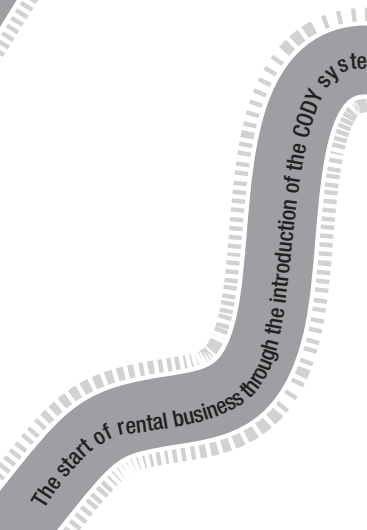
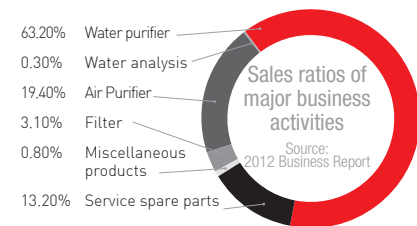
COWAY 3.0 Diversification of business

- 2008 Penetrated into the water treatment industry
- 2010 Launch of cosmetic brand Re:NK
- 2011 Entered the mattress rental market



COWAY 2.0 Rental business grows

- 1998 Rental business model launched
- 1998 CODY system based on after-sales service carried out by female employees launched
- 2000 Bidet rental service sold
- 2001 Coway became a KOSPI-listed company; air purifier rental service launched
- 2005 Merge and acquisition of Coway Development Co., Ltd.



FUTURE COWAY Strengthening the capability of major businesses, strategic globalization

- Shift in the company's largest shareholder to Coway Holdings (2013)
- Pursue highest ever first quarter sales in overseas business and realize profit in cosmetics business (2013)



2013

Sales goal
\$1.7 billion

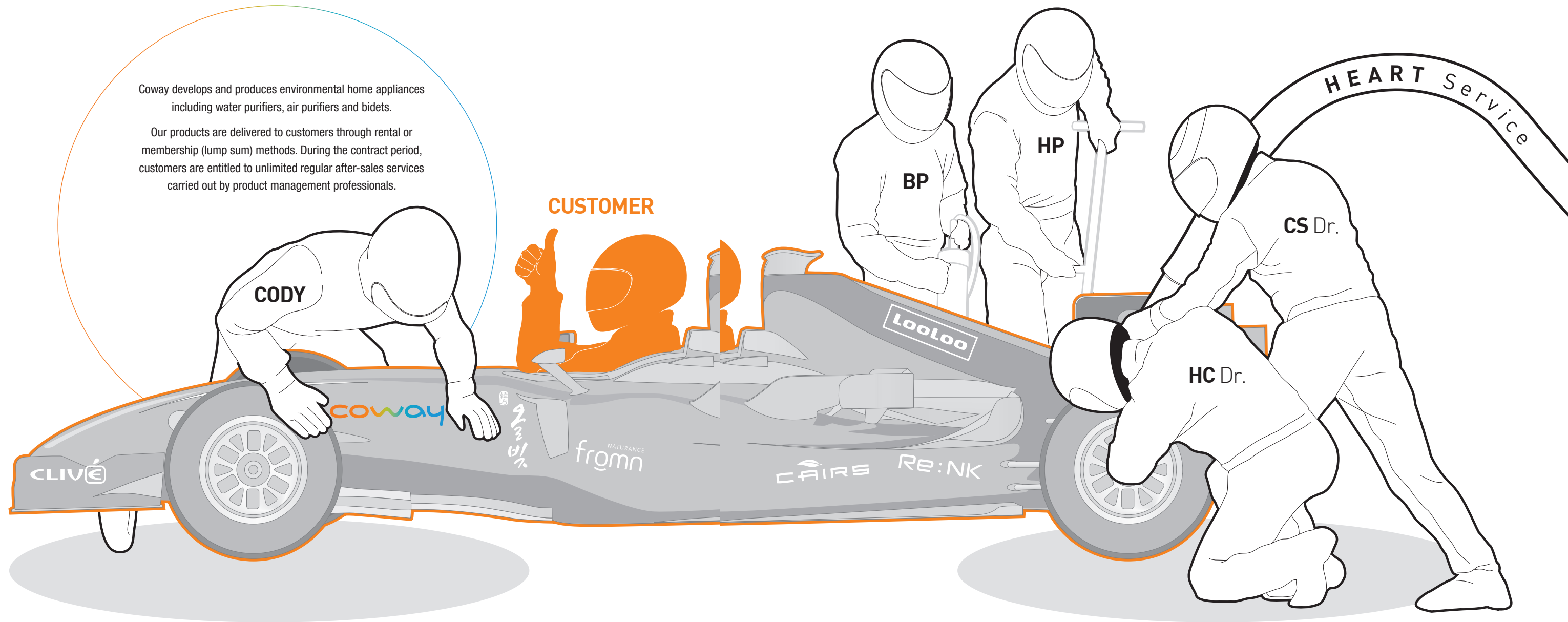
Operating income
\$262.5 million

Business Model

Coway's business model provides the foundation for us to create a flow of sustainable values that make the people and the environment we live in healthier.

Coway develops and produces environmental home appliances including water purifiers, air purifiers and bidets.

Our products are delivered to customers through rental or membership (lump sum) methods. During the contract period, customers are entitled to unlimited regular after-sales services carried out by product management professionals.



Pioneer of Innovative Rental Marketing

A revolutionary sales method that simultaneously satisfies the customer's reluctance to pay a product's high price and their desire for continuous after-sales service

Services that seek out customers before customers seek out the company

The creation of steady sales and profits through meticulous services carried out by product management professionals

Business Output

Coway brands every product and service offered. Our branding encourages customers to recall not only the product and the service but also the brand value, adding more overall value to the company itself.

Our Product

Home Appliances

Coway



The water purifier brand "Coway" literally means "traveling the road together." The brand's philosophy is that we must all make efforts to protect water resources and prevent water pollution to ensure the continuous access to clean drinking water. It is a brand that has grown alongside customers, shareholders, employees, societies and the world.

2013 focus product: Handbreadth water purifier CHP-241N

CAIRS



The air purifier brand "Cairs" is an acronym for "clean air system." The name reflects the company's resolution to provide customers with the cleanest possible air and reliable services.

2013 focus product: Combination of Air purifier and Dehumidifier APD-0513B

LooLoo



As a comprehensive bathroom brand, "LooLoo" has made major contributions to instituting a more elegant bathroom culture in society, offering a broad range of artfully designed, health-focused, and technologically innovative products.

2013 focus product: Sterilizing bidet Green Plug BAS14-D

CLIVE



A food waste disposer brand, "Clive" is a vital partner to consumers in helping to create a "happy and healthy kitchen." The name "Clive" combines the words "clean" and "live" as an overall expression of a healthy lifestyle—the maintenance of which is the most important function of a food waste disposer.

2013 focus product: WM07 Food waste disposer

JUICEPRESSO



A combination of "juice" and "presso," "Juicepresso" is a new brand of juicer that firmly presses down fruit and vegetable instead of grinding it to produce fresh and nutritious juice. A product born from the "well being" trend, Juicepresso promises the taste of nature and with it, better health for consumers.

2013 focus product: CJP-03

Mattress care rental



A new business area through which consumers may rent high-quality, high-function mattresses at a reasonable price and receive regular after-sales service by a Homecare Doctor, a mattress management professional who checks to ensure the mattress satisfies the highest sanitation criteria.

2013 focus product: Smart detachable mattress MQ-S02

Cosmetics

Re:NK



"Re:NK" is a cutting-edge bioengineering cosmetics brand that means "Rebirth New Skin" and "Revolution of New Knowledge." A representative "smart beauty technology" brand, Re:NK is the product of the company's leading dermatology research.

2013 focus product: Time Lab Intense

Allvit



"Allvit" is a cosmetics brand developed according to a modern interpretation of traditional Oriental medicine. It embodies lasting values that transcends generations.

2013 focus product: First Rejuvenating Essence

Naturance Fromn



Naturance Fromn means "organic cosmetics made from rare elements of the five major oceans and six continents." It is based on a philosophy that aspires for beauty derived from the harmony with nature.

2013 focus product : Moisturizing Ghassoul Pack

Our Service

Before Service



CODY

Our abbreviation of "Coway Lady," CODY, is a healthy life consultant who recommends Coway products to customers that complement their lifestyles and improve their health and well being. CODYs make home visits to customers to provide consultations before sales.

Homecare Doctor

The Coway Homecare Doctor is a mattress management professional who handles rental and care services focused on improving the quality of sleep of consumers. Notably, this service is provided not only for customers using Coway mattress rentals but also for customers who purchased mattresses from different companies but registered Coway's "Care service."



After Service



CS Dr.

The abbreviation for "Customer Satisfaction Doctor," the CS Dr. is a representative Coway service professional who not only assists with product installation, transfer and disassembly but also maximizes customer satisfaction via after-sales service.

Door-to-Door Service

HP

The abbreviation for "Happy Planner," the HP relays information on health, the environment and Coway products to consumers and engages in product sales. Specifically, the HP provides guidance on proper product use and A/S requests and manages customers for the long term. As a sales consultant who develops very close relationships with customers, the HP is also responsible for collecting consumer feedback on products and delivering it to the company to facilitate improvements in the customer experience.



BP

Standing for "Beauty Planner," the BP is a beauty professional who makes home visits to consumers to consult on the use of cosmetics and health, provide information on Coway products, and engage in product sales—all aimed at helping consumers enjoy a more "beautiful lifestyle."

Coway's HEART Service

The HEART Service, which Coway implemented 3 years ago, is a revolutionary service model that conveys our affection for our customers and our belief that customers should always come first.

- H** ♥ **Heart**
Think with a customer's heart.
- E** ♥ **Early**
Prepare before the customer feels discomfort.
- A** ♥ **Answer**
Answer customer's questions proactively.
- R** ♥ **Respect**
Respect customers at all times.
- T** ♥ **Trust**
Foster trust with customers as a main priority.

Re:born Service

Coway is getting set to launch its Re:born Service through which it will evaluate the effectiveness of the HEART Service and strengthen sanitation services for all products.

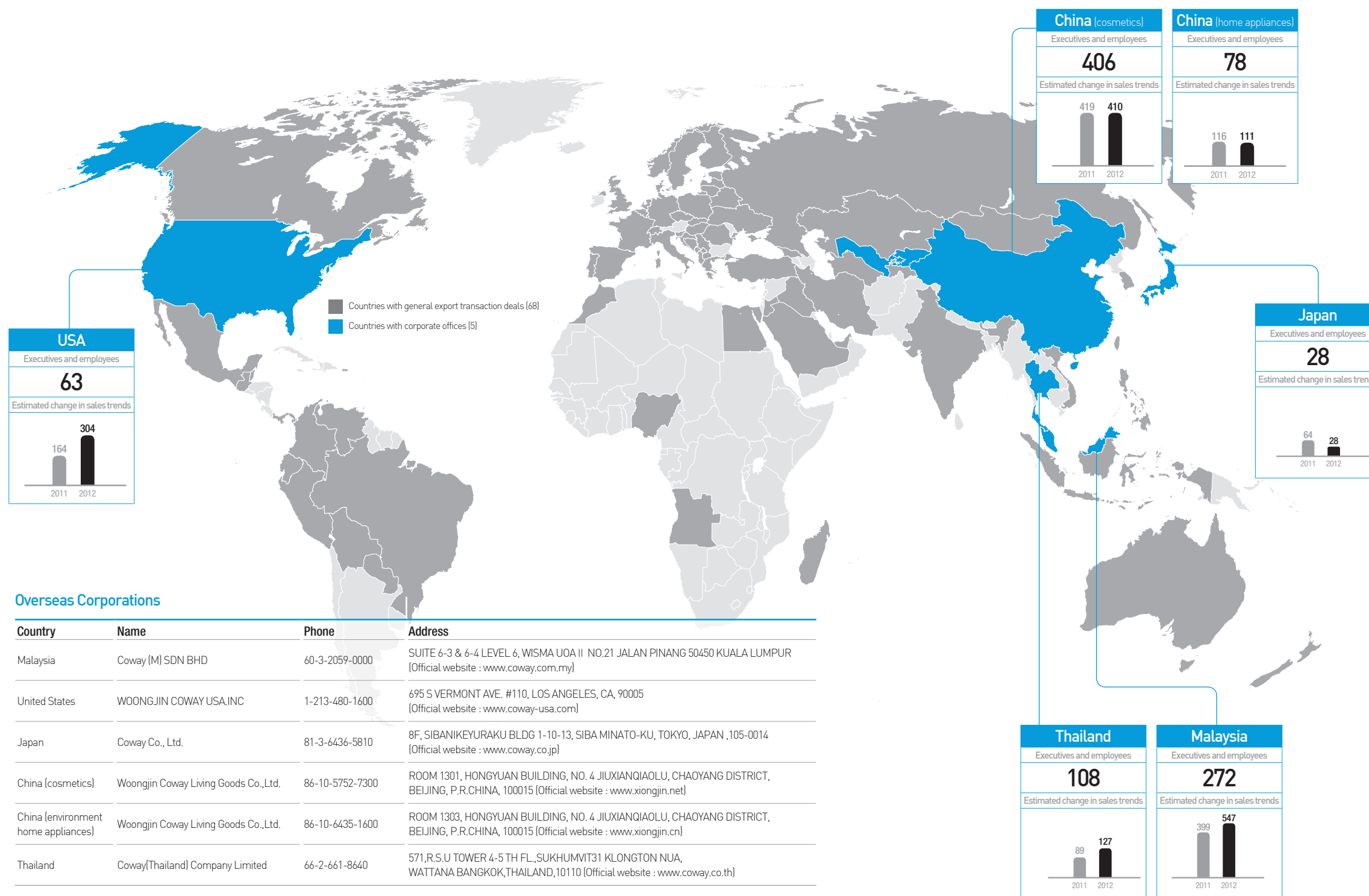
The purpose of the re:born Service is to repay the loyalty of long-time Coway customers with Coway products and services. If a long-time customer chooses to renew their contract after a rental period expires, Coway provides product check-ups and spare part replacements at no cost for the duration of the new contract.

Specific Aims of the Re:born Service

- 1 To broaden sanitation services
- 2 To introduce regular replacement service of old spare parts
- 3 To provide differentiated service according to product features
- 4 To ensure price efficiency of sanitation-related services

Our Global Reach

With overseas branch offices in five regions and export transaction deals with 68 countries, Coway continues to expand its presence and capabilities in the global market.



Overseas Corporations

Country	Name	Phone	Address
Malaysia	Coway (M) SDN BHD	60-3-2059-0000	SUITE 6-3 & 6-4 LEVEL 6, WISMA UOA II NO.21 JALAN PINANG 50450 KUALA LUMPUR [Official website : www.coway.com.my]
United States	WOONGJIN COWAY USA,INC	1-213-480-1600	695 S VERMONT AVE. #110, LOS ANGELES, CA, 90005 [Official website : www.coway-usa.com]
Japan	Coway Co., Ltd.	81-3-6436-5810	8F, SIBANIKEYURAKU BLDG 1-10-13, SIBA MINATO-KU, TOKYO, JAPAN ,105-0014 [Official website : www.coway.co.jp]
China (cosmetics)	Woongjin Coway Living Goods Co.,Ltd.	86-10-5752-7300	ROOM 1301, HONGYUAN BUILDING, NO. 4 JIUXIANQIAOLU, CHAOYANG DISTRICT, BEIJING, P.R.CHINA, 100015 [Official website : www.xiongjin.net]
China (environment home appliances)	Woongjin Coway Living Goods Co.,Ltd.	86-10-6435-1600	ROOM 1303, HONGYUAN BUILDING, NO. 4 JIUXIANQIAOLU, CHAOYANG DISTRICT, BEIJING, P.R.CHINA, 100015 [Official website : www.xiongjin.cn]
Thailand	Coway(Thailand) Company Limited	66-2-661-8640	571,R.S.U TOWER 4-5 TH FL.,SUKHUMVIT31 KLONGTON NUA, WATTANA BANGKOK,THAILAND,10110 [Official website : www.coway.co.th]

Europe Logistics Center

Region	Name	Phone	Address
Europe	Europe Logistics Center (Director: Bryan Yum)	Phone : +82 2 2172 1638 E-mail : bryan@coway.co.kr	PANTOS LOGISTICS BENELUX BVSEATTLEWEG 1 3195 ND PERNIS-ROTTERDAM, THE NETHERLANDS (Homepage : www.juicepresso.com)

Best Practice – Malaysia

Interview: President of Coway Malaysia

Coway Malaysia is showing the fastest growth rates among overseas corporations including the United States, Japan and Thailand. Since its foundation in 2006, its average yearly sales growth rate has been 146 percent. Last year it reached the 100,000-customer mark, and within 4 years and 6 months of having begun the rental service it succeeded in transitioning to profit making, thus demonstrating a faster growth rate than the Korean headquarters.

The greatest strength of Coway Malaysia is its complete localization. In order to increase business momentum, a major localization strategy was employed to form a close connection between local personnel and business activities, a strategy that included information transparency and holding open discussions with local employees on important issues. As a result, local employees gained a better understanding of the company and continued to serve as an important source of opinions and assistance in deciding the company's direction in Malaysia. When Coway first entered Malaysia, the general impression of Korean companies among Malaysians was that they were extremely closed-minded and patriarchal in structure. However, Coway's unique corporate culture has helped to improve the local perception of Korean companies and implant the image that Coway is different.

Recently, Coway Malaysia has been making efforts to commercialize the bidet. The water purifier and air purifier businesses have both entered the stabilization phase. But the bidet poses limitless possibilities in Malaysia, as Malaysians already use water in this manner in their restrooms, and would benefit from the conveniences offered by the bidet. The corporation is currently promoting the convenience and excellence of the bidet to locals by installing bidets in public places including government offices, shopping malls, airports, hotels and elementary schools. Last year, in order to promote far and wide the bidet and an advanced restroom culture, the corporation even invited a group of Malaysian reporters to Korea. Taking into consideration the hot Malaysian climate, Korean headquarters is making efforts to develop products tailored to the Malaysian market, including eliminating the hot water and hot seat functions of the bidet and offering a reduced price popular electric bidet.

As of last year, Coway Malaysia achieved yearly sales of 5.47 billion won and a 3.8 percent raise in sales profit rate, and is on the brink of passing the 130,000-customer mark. Moreover in accordance with rising demand, the corporation plans to continue broadening the scale of its CODY and CS Dr. systems. There is a plan to register the CODY with the Malaysian Ministry of Labor as a new occupation, thereby raising the value of the job as a legal and highly professional occupation. Vehicles and mobile trucks will be provided to improve the work environment of the CODY organization. At the same time, organizational capability will be cultivated for the effective handling of accounts and overdue payments to ensure organizational value that translates into financial outcomes for the company.

For more information

Coway Official Website - Global Network [www.coway.com]

Corporate Governance

The board of directors maximizes corporate value by actively supporting the efforts of the company's executives and employees. Our stockholder-centric management has resulted in improved stockholder value and raised profits.

CEO
Dong-hyun Kim

- Department of Business Administration, Seoul National University
- ADL Director
- Woongjin Coway Strategic Planning Director
- Woongjin Holdings Planning Adjustment General Manager
- Booxen CEO
- Coway CFO
- Coway CEO (current)



Director
Michael byungJu Kim

- MBA, Harvard Business School
- BA, English, Haverford University
- Carlyle Asia president
- The Carlyle Group Chief Operating Committee member
- Salomon Smith Barney Asia-Pacific Region Investment Banking Managing Director & COO
- MBK Partners Chairman & CEO (current)

Director
Jong-Ha James Yoon

- Ph.D., Business Administration, University of Chicago
- MA, Public Policy, Harvard University
- Carlyle Asia Korea Co-CEO
- KPMG Financial Advisory Services Junior Managing Director
- MBK Partners Chairman & CEO (current)

Director
Jay H. Bu

- BA, Economics, University of Pennsylvania
- Carlyle Asia Communications/Media Headquarters Junior Managing Director
- Salomon Smith Barney Asia-Pacific Region Investment Banking Vice President
- MBK Partners Vice President (current)

Director
Tae Hyun Park

- LL.M., Georgetown University Law Center
- BA, Department of Jurisdiction, Seoul National University
- Attorney-at-Law, Kim & Chang
- Attorney-at-Law, Sullivan & Cromwell LLP, New York
- MBK Partners Executive Director (current)

Outside Director
In Bum Choi

- Ph.D., Economics, Georgetown University
- MA, Economics, Georgetown University
- BA, Business Administration, George Mason University
- IBM Korea Executive Advisor
- Office of the Secretary to the President for Economy and Financial Affairs Director of International Economy
- World Bank Research and Investigation Consultant
- Sogang University Graduate School of International Studies Adjunct Professor (current) /GM Korea Executive Advisor (current)

Outside Director
Jun Ho Lee

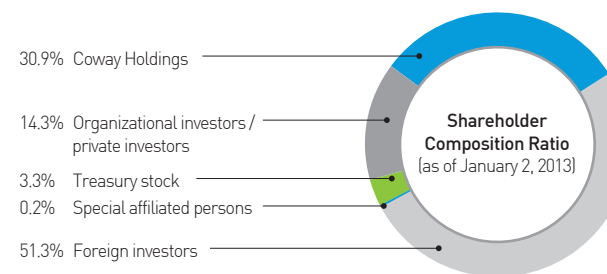
- MBA, Northwestern University Kellogg School of Management
- BA, Economics, Seoul National University
- IMonitor Group Consultant
- Hyundai Electronics
- Monitor Group Seoul Branch Representative
- L.E.K. Consulting CEO (current)

Our Goal

To establish a leadership structure that is trusted by stakeholders and serves as the foundation for transparent and responsible business activities. Through implementing a system of checks and balances and providing active support for the CEO, the board of directors will increase shareholder value and improve corporate competitiveness to induce further interest in the company in the marketplace.

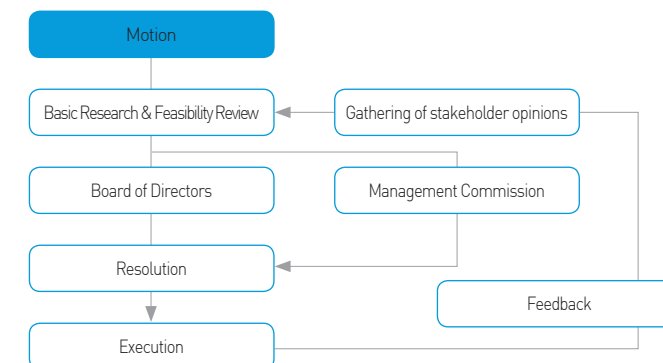
Changes in 2012 Business Year Corporate Governance

The year 2012 saw significant changes in Coway's shareholder composition. Woongjin Holdings, the largest shareholder, made the decision to sell its shareholdings in February in a move to overcome financial difficulties. In accordance with appropriate procedures, a share sale contract was signed with Coway Holdings, a private equity fund. On January 2, 2013, Coway Holdings became the company's largest shareholder. Share sales totaled 23,829,150, including those of affiliated persons, 30.9 percent of the total amount of sold stock.



Open Decision Making Process

Coway pursues open communication with and between executives and management to ensure the active reflection of opinions in the company's decision making processes. Members may submit opinions on agenda to be decided on through the "Board of Directors Agenda" function in the company's groupware. These opinions are then discussed at the board of directors meeting. Also, feedback on agenda execution is discussed by stakeholders to verify agenda validity.



Audit Committee

Coway does not currently operate a separate audit committee. Instead, one auditor (Kim Kyung Hwan), who was elected through a majority vote at the general meeting of shareholders, conducts all audit-related work. This allows for the independent supervision of the directors' work and also makes it possible for any agenda/work-related ledgers or documents to be submitted by the relevant departments. In addition, the auditor can be briefed on issues regarding company operation and access management information following the standard procedures when such needs arise.

Composition of and Changes in Board of Directors

The Coway board of directors is composed of eight members: two internal directors, four non-standing directors, and two external directors. One full-time auditor ensures the independence and transparency of work carried out by the board. The membership of the Coway board of directors shifted with the recent change in the largest shareholder of the company, with the resignation of all directors with the exception of current Coway CEO Joon-Keel Hong. At a special general shareholders' meeting held on November 27, 2012, six directors (four non-standing, two external) and one auditor were newly elected to create a new board of directors. In addition, one internal director was newly elected at the regular general shareholders' meeting held on March 22, 2013.

For more information

Coway IR Website - Corporate Information - Corporate Governance
2012 Annual Report 15p
2012 Sustainability Report 10~11p

Governance Ethics

Coway possesses solid governance ethics that guide the principles, policies and structures of our business and build the foundation of the ethical boundaries to be respected by executives and employees in their everyday working life.

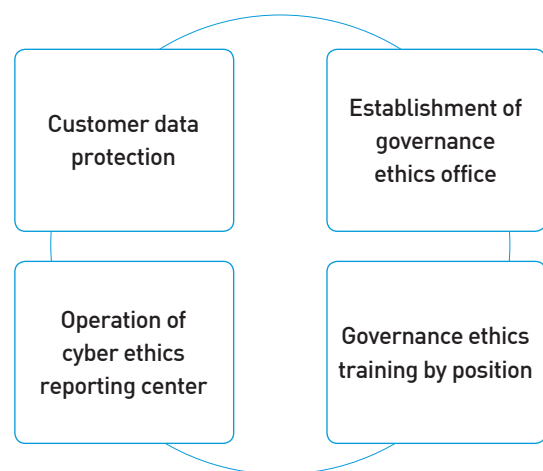
Coway Governance Ethics

Coway's 3C governance ethics are composed of: Code of Conduct, Compliance Check Organization, and Consensus Ethics Education. By internalizing governance ethics into our corporate culture, Coway seeks to prevent ethical risks and ensure the protection of customers.



Customer Data Protection Activities

Coway has made dedicated efforts to improve customer-related procedures and regulations. We have expanded the customer data protection capabilities of our data system and made further improvements to our membership system to guarantee even greater customer convenience. Furthermore, our introduction of the contract image system has greatly improved on-site work efficiency, resulting in savings of \$2.0 million.



Corporate Code of Conduct

Coway's Code of Conduct was created to help firmly establish governance ethics in the everyday operations of the company. We promote our "Clean Coway" culture throughout the organization by conducting various training and promotional activities focused on strengthening the ethical awareness of our members and partner companies.

Compliance Check Organization

Establishment of the governance ethics office

Coway established an independent governance ethics office in 2012 to ensure the effective execution and invigoration of governance ethics companywide. The office is composed of the Law Division, Diagnosis Team and CP Team and is responsible for preventing ethical risks in the organization's management and spreading the influence of governance ethics throughout the entire organization.

Reporting process for unethical conduct and protection of whistle-blowers

Coway operates a cyber ethics reporting center through which any unethical conduct among our members, including the illegal acceptance of bribes, unfair work transactions, and cases of corruption, may be reported. A whistle-blower protection system is also in place. Any report received is quickly and fairly processed via the application of an internal ethical reporting model. The results of such reports are notified to whistle-blowers under complete confidentiality and shared with the entire company to facilitate contemplation and improvements in ethical awareness and prevent recurrence.

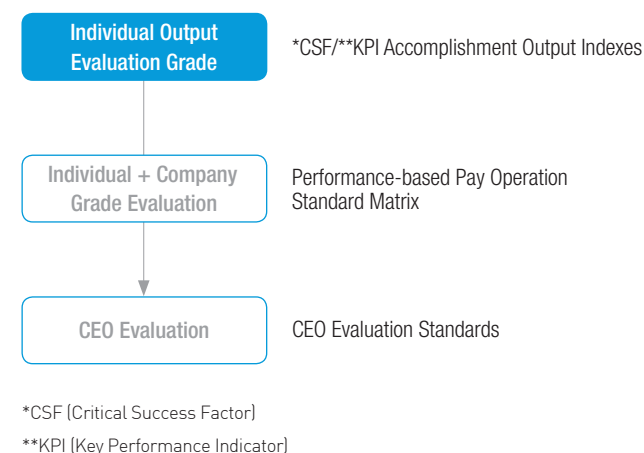
Consensus Ethics Education

Coway conducts a diverse array of ethical awareness strengthening programs and promotional activities for our members and partner companies in our mission to spread the "Clean Coway" culture. In 2012, regular training was conducted on/offline for sales employees and newly hired trainees. We also created our own governance ethics training videos, which are used for internal education and video conferences.

Remuneration Report

코웨이는 임직원의 보상체계에 대하여 내·외부 이해관계자들에게 투명하게 공개하고 있습니다.

Executive Output Evaluation Process



Performance Evaluation and Compensation System

Coway conducts annual evaluations of board of director management and committee activities. Salaries and other compensations for directors and management reflect KPI evaluation grades and are determined via short-term performance-based pay operation standards. When the final amount is determined via the CEO's adjustment, it is voted on at the general meeting of shareholders in accordance with Articles of Association Article No. 43 and published in the yearly business report.

1) Standards for determination of individual performance-based pay

- ① 100% reflection of KPI evaluation grade
- ② Company grade + individual grade determined via matrix
- ③ After the initial sum is determined based on the performance-based pay rate of the payment standard table, the final sum is determined after CEO adjustment is applied

2) Pay standards for mid-year entry employees

- ① For those who entered the company before late November 2012: Whether pay will be provided is determined after the CEO's initial calculation (calculated by month)
- ② For those who entered the company after December 2012: No pay

3) New predecessor executive and/or prospective retiree pay standard

- ① New predecessor executive: Paid in accordance with "executive and employee standard"
- ② Prospective retiree: Exempt regardless of having submitted letter of resignation

Executive Pay Scale

Shareholder-approved sum

Type	Number of people	Shareholder-approved sum	C
Internal Director	6	4,000,000	-
Outside Director	2	-	-
Auditor	1	300,000	-

Paid sum

Type	Number of people	Total paid sum	Average sum per person	Fair value sum of stock sale option	Note
Registered	6	147,104	73,552	10,744,037	-
A	2	14,100	7,050	-	-
Audit committee member/auditor	1	40,800	40,800	749,128	-
Total	9	202,004	121,402	11,493,165	-

* The C aforementioned fair value sum of stock sale option is the total sum of stock sale options awarded to registered directors (not including non-registered directors). Therefore, the above amount may differ from the financial position statement.

* Only two out of the six aforementioned registered directors are paid.

Role of the Board of Directors

The board of directors handles items under commercial law that include: presiding over CEO elections, convening the general meeting of shareholders, approving financial statements, and disposing of stocks owned by oneself or another corporate body, and also makes decisions on mid-to-long term business strategies and policies, financial issues, and executive personnel matters. In 2012 a total of 15 meetings of the board of directors were held (4 regular, 11 special) with an average attendance rate of 80 percent.

Articles of Association Article 43 (Salary and severance pay for directors)

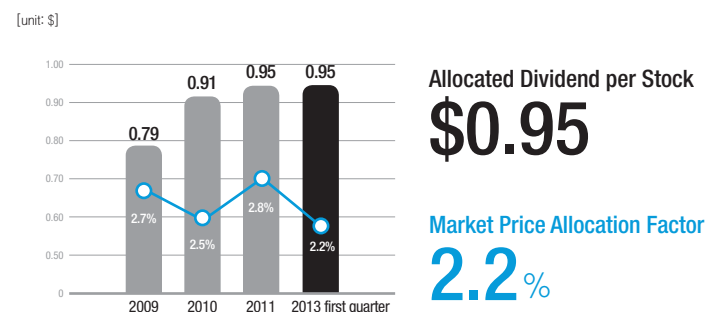
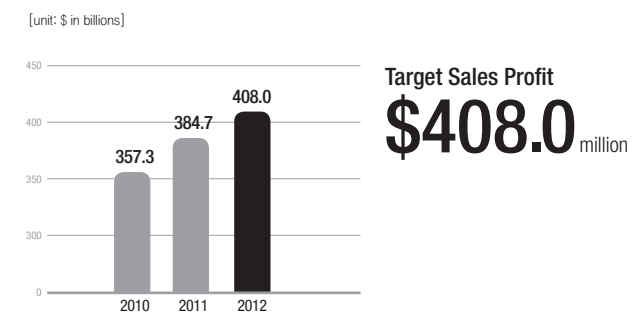
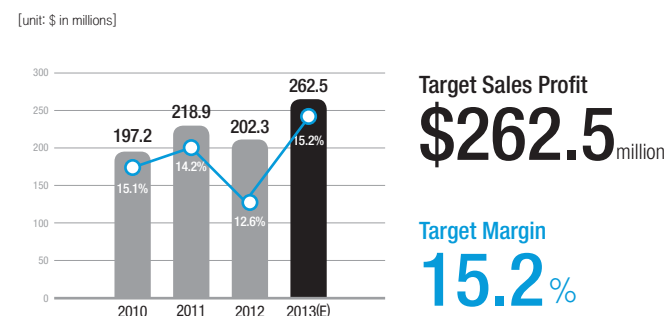
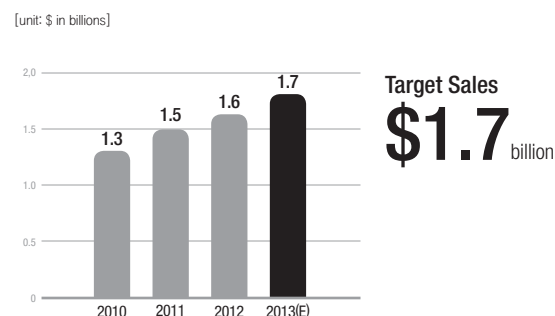
- ① Salary limit for directors is determined by majority vote at the general meeting of shareholders
- ② Severance pay for directors is determined as per the executive severance pay regulation

For more information

Coway IR Website - Corporate Information - Ethical Management
2012 Sustainability Report 10p, 12p

Investor Relations

2012년에는 지배구조가 변경되는 큰 내부적 이슈가 있었고, 대외적으로는 경제 침체 등의 악재가 있었지만, 사상 최대의 연매출을 달성하며 주주가치를 향상시켰습니다.



* Individual standard per financial statement

Development of corresponding stock value, 2012~present



Our Goal

On January 2, 2013, Coway Holdings became the company's largest shareholder—bringing about a brand new start for Coway. By combining Coway's virtual market monopoly on R&D, production and sales with the corporate management capability of Coway Holdings, an optimal system for business strategy and execution is born. This is a partnership that we are confident will result in improved financial soundness and maximized profit levels—which for the company means, a boosted overall value, and for shareholders, an increased profit return

Improved Shareholder Value

Creation of stable cash flow: Coway is the first company in Korea to use a rental marketing business model, with its major rental category being environmental home appliances. Lump sum demand is of course highly dependent on customer income level and domestic business conditions, but rental sales create a relatively stable cash flow because they are not heavily impacted by changes in economic conditions.

Pay-related points: Based on dividends per share, \$0.95 in dividends was paid per stock in 2011, totaling \$69.9 million in dividends. However, because of the major changes that accompanied the "sale issue" in the 2012 business year, dividend payments were not made in cash. In April 2013, \$0.95 per stock was paid.

Purchase and disposal of own stock: Coway returns a portion of company profit to shareholders by purchasing its own stock. Cash payments and the scale of own stock purchased is strategically determined through consideration of the company's business output and cash flow situation after the company's priority financial policies are accomplished (e.g. future strategic business investments, cash accumulation, etc).

Purchase and disposal of own stock

2004	5 million stocks of own stock purchased
2005	3 million stocks of own stock disposed (from 2004 purchase)
2007	3 million stocks of own stock purchased (Woori company stock)
2009	1.35 million stocks of own stock purchased
2011	2 million stocks of own stock purchased

What's Next

In 2013, Coway set its target profit margin at 15.2 percent, the highest ever since the company's founding. To maximize shareholder value, we will enforce our reputation as a THE Lifestyle Design Company among consumers and conduct active IR activities.

2012 Corporate Governance Issue

The year 2012 saw major changes at Coway. Due to the financial crisis of Woongjin Group, the holding company Woongjin Holdings made the decision to sell its Coway stock in February 2012. Various companies expressed interest in a Coway takeover including several investment firms. Amid criticism surrounding the announcement of the final priority negotiator, Coway Holdings was selected as the final acceptor in August 2012. With Woongjin Group's sudden application for legal management, the day before a special meeting of shareholders in which the final contract was to be signed, there was much confusion causing the final contract to remain in a pending status. However, after undergoing the court-enforced adjustment process, the decision was made for the re-sale of stock to Coway Holdings at \$1.1 billion (\$44.4). Beginning in November, the relieved risk concerning the leadership structure resulted in continuous stock price increases.

Coway Stock Price Review








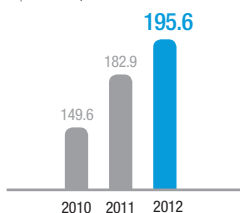
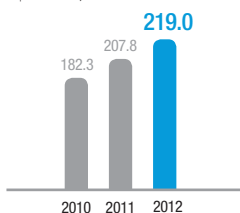
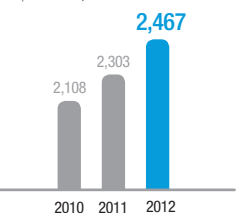
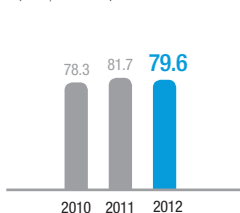
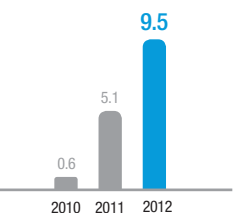
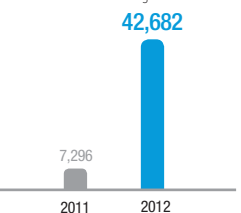
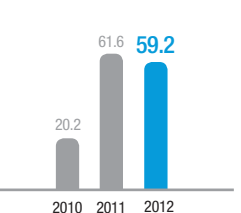
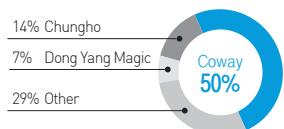
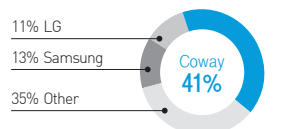
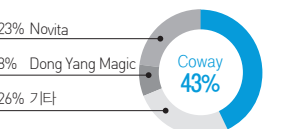
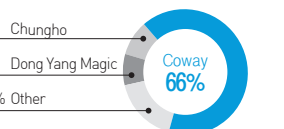
The legal management of Woongjin Holdings, in the midst of the steady increase in stock price due to expectations concerning the sale of Coway stock, dropped stock prices from the \$35.5 range to the low \$26.6 range (in September 2012). However, with the court's decision for early disposal of Coway in October 2012, the stock price continued to rise, finishing at \$38.7 per stock at the end of 2012 (a 19 percent increase from year's end 2011). Despite the sales issue and the external economic downturn, Coway successfully met the expectations of the market. In 2013, the business has been centered on profitability and cash flow. Increases in rental and membership fees have also contributed to the predicted rise in stock prices for 2013 (2013/06/30, closing price \$51.0).

For more information

Coway IR Website - IR Library - Analyst Opinion
Coway IR Website - Stock Price

Operational Overview

In 2012, Coway's major products (water purifier, air purifier, bidet) achieved significant sales figures. We will ambitiously pursue our 2013 goals by increasing the technological features, miniaturization, and differentiation of our products.

Major Business Activities	 Coway	 CAIRS	 LooLoo	 LooLoo	 juicepresso	 매트리스 케어렌탈	 Re: NK
	Water purifier	Air purifier	Bidet	Water softener	Juicer	Mattress	Cosmetics
2012 Performance Highlights	Building on the ultra-mini handbreadth water purifier trend, achieved sales of 100,000 units in record time and ranked no. 1 in sales in the ice market	Successful launch of dehumidifier led to record sales; accumulated sales of approx. 47,000 in 2012	Successful launch of "Forest sterilizing bidet," which sterilizes not only the interior nozzle inside the toilet but also bathroom space	Introduced a triple-strength water softening function, increasing customer satisfaction; raised Coway's market share	Based on original Coway technology, now ranked as one of the top three products in the international market; an example of successful overseas marketing	Successfully taken root by combining the mattress with Coway's core strength—rental service; Homecare Doctor has contributed to increased net value	Sales losses significantly improved through effective organizational management and cost execution
3-year Output Trends	<p>Rental and/or Membership Sales (unit: \$ in millions)</p> 	<p>Rental and/or Membership Sales (unit: \$ in millions)</p> 	<p>Rental and/or Membership Sales (unit: \$ in millions)</p> 	<p>Rental and/or Membership Sales (unit: \$ in millions)</p> 	<p>Export sales (unit: \$ in millions)</p> 	<p>Rental sales (large) * Mattress care rental service begun in 2011</p>  <p>* 매트리스 케어렌탈 서비스는 2011년도 부터 시행됨</p>	<p>Sales (unit: \$ in millions)</p> 
Market Share and Market Growth Rate	<p>Source: Gallup Korea market share survey (as of December 2012)</p> 				<p>CAGR ('10~'13(E)) High growth rate of 214%</p>	<p>High growth rate of 600% (compared to 2011)</p>	<p>2.49% growth rate (compared to 2011)</p>
2013 Strategy and Performance	<p>Broaden ultra-mini water purifier category and solidify leading brand image in the market</p> <p>8% increase in 2012 first half-year sales \$412.8 million in 2012 first half-year sales</p> <p>Sales standard: Rental + single payment</p>	<p>Strengthen air purifier dehumidifier lineup to dominate the market</p> <p>1.1% increase in 2012 first half-year sales \$108.9 million in 2012 first half-year sales</p>	<p>Release market-leading products based on sterilization and energy saving technology</p> <p>3.9% increase in 2012 first half-year sales \$120.6 million in 2012 first half-year sales</p>	<p>Released beauty treatment water and sterilization-deodorization functions</p> <p>-1.6% increase in 2012 first half-year sales \$42.0 million in 2012 first half-year sales</p>	<p>Confirmed lineup for sales increase and strengthened image as a professional company</p> <p>134.3% increase in 2012 first half-year sales \$7.3 million in 2012 first half-year sales</p>	<p>Offered an exclusive lineup differentiated from existing products including latex mattresses and hardwood frames</p> <p>144.2% increase in 2012 first half-year sales \$15.4 million in 2012 first half-year sales</p>	<p>Strengthened brand positioning and launched new brands</p> <p>20.7% increase in 2012 first half-year sales \$36.0 million in 2012 first half-year sales</p>

Outlook & Risks 2012 Materiality for Business

Coway's stable risk management system enables us to quickly and effectively evaluate and respond to all possible business risks and determine new and secure opportunities.

Coway Risk management

Risk	Hedging with Value-at-Risk
① ⑦	Technology
② ⑨ ⑩	Green Lifecycle
③	Cody for Servicing
④ ⑤ ⑥	Global Value Expansion
⑧ ⑪	Corporate Culture
⑫	All Values



Likelihood of Occurrence

Predicted positive areas/factors or risk occurrence probability/frequency

High Likelihood
High occurrence possibility (71~100%)
High occurrence frequency (at least once per month)
 Lack of risk factor and related analyses; no evaluation or documentation for the past 6 months or no internal or external third party verification conducted within the past (1) year

Medium Likelihood
High Normal occurrence possibility (31~70%)
Normal occurrence frequency (once per 1 month~3 years)
 Lack Risk factor analyses and response undertaken; evaluation

or documentation provided within the past 6 months or internal or external verification by third party conducted within the past (1) year

Low Likelihood
Low occurrence possibility (0~30%)
Low occurrence possibility (less than once during 3 years)
 Risk factor analyses and response undertaken; evaluation or documentation provided within the past 6 months or internal or external verification by third party conducted within the past (1) year

Magnitude of effect

Impacts of predicted risks on business assets

High Magnitude
 (In consideration of improvements in related policies, current or future customer loss, etc.): Minimum 5% impact on corporate

Medium Magnitude
 Minimum 1~5% impact on corporate sales

Low Magnitude
 Less than 1% impact on corporate sales

Local Market

①Entry into low structural growth market is predicted based on the worsened economic situation and saturated distribution of various environmental home appliances

- ⚠ Although consumer demand for products and services is increasing, the general economic downturn has reduced actual purchasing rate. The water purifier market, a major domestic business, is evaluated as having already reached the saturation point.
- 😊 Rental, Coway's major business model, is expected not to be heavily influenced by economic forces mainly due to its low price burden. A steady purchasing level of products will be induced through the constant development of new products and differentiated services.

②Increased interest in the environment has led to a higher demand for effective product sanitation management services

- ⚠ Interest in the environment and sanitation is increasing due to issues like yellow dust, air pollution, and indoor pollution. Issues have arisen concerning the impact environmental home appliances that use filters, tanks and/or cork parts have on health and the environment, spurring the necessity for continuous and meticulous product management services.
- 😊 To prevent such sanitation problems, Coway has developed a tank-less water purifier and self-sanitizing water purifier. Moreover, we will continue our dedicated efforts to strengthen our product sanitation management service capability.

③Increased concerns over the negative side effects (i.e. customers leaving) of adjustments made to rental and membership fees

- ⚠ Depending on the composition of product sales, first-time rental fees will be raised by 5~6 percent, repeated rental by 4 percent, and membership fees by 7 percent. These pose a strong possibility for subsequent problems including customers canceling their accounts.
- 😊 Although a simultaneous price increase by latecomer companies was expected, in actuality price decreases and unexpected circumstances reduced price competitiveness. In response we plan to strengthen customer value through differentiated services and market analyses, and offer alternatives.

Global Market

④The relatively high early investment costs when establishing new corporations

- ⚠ Coway's rental business requires the company to pay much of the early fees, which take some time to recover. Also, large costs are required in the case of professional management services like CODY due to the necessity of network and infrastructure creation to support such activities.

⑤Shift in the business structure of Japanese corporations

- ⚠ Because of the perceived superiority of mega-brands in Japan and the individualistic tendencies of Japanese consumers, entrenching the Korean-style rental business through door-to-door sales seems difficult.
- 😊 Maintaining a stable rental basis based on blue-chip accounts and the wholesale operation of affiliated franchises should help the rental business take more roots in Japan.

⑥Fluctuations in the cosmetics business due to the Coway Holdings sales issue

- ⚠ The profit marginal ratio of profit for the Chinese cosmetics market that had been in the 20 percent range decreased to 4.9 percent in the third quarter of last year. It is believed that the sales issue was responsible for the output decrease. With continued uncertainty about the sale lingering in the first half of 2012, sellers delayed or discontinued purchase of goods.
- 😊 The Chinese cosmetics market is an attractive one, being the third largest in the world and taking up a 10 percent global market share. Entry value is sufficient. Coway plans to increase its recognition in the Chinese market through various strategies, including the continuous cultivation of core brands, the implementation of a differentiated commission system based on sales grade, and the creation of a comprehensive goods network.

Regulation

⑦Stricter regulations on product sanitation and management

- ⚠ Stricter regulations for managing water purifier sanitation include the prohibition of water purifier installation in areas where there is a high probability of contamination from pollution. The revised Drinking Water Management Law includes strengthened regulations on the regular cleaning and sanitizing of water purifiers, and an amendment to the Indoor Air Quality Management Law calls for more rigorous measurement and management of indoor air quality.

⑧Conflicts over the rights and duties of executives, employees and stakeholders as dictated by the Labor Standards Act

- ⚠ CODYs, who are responsible for concluding Coway's water purifier rental contracts, changing filters and conducting other related work, were determined by the Supreme Court as not qualifying as regular employees of the company, thereby making them ineligible for severance pay. Although no legal problems have resulted from this ruling, if no actions are taken to improve the welfare and rights of CODYs and CS Dr., who are virtually the same as independent entrepreneurs, an unhealthy situation may result.
- 😊 Concrete measures to brighten the situation of such workers, including improvements made to CODY programs focused on boosting the job capability and satisfaction of CODYs and their personal welfare will be carried out.

⑨Increase in management costs due to greenhouse gas and energy-related regulations

- ⚠ Due to the worldwide strengthening of regulatory measures on energy and greenhouse gas, which demand the introduction of low-carbon, high-efficiency new equipment, the recruiting of additional personnel to manage such equipment, and additional insurance to protect the equipment—additional costs are unavoidable.
- 😊 Greater efforts will be made to maximize the exceptional eco-friendly characteristics of the rental business in the aspects of product lifecycle and recyclability. We also plan to increase investment in developing related technology and expand the use of materials. By strictly adhering to such regulations, we strive to establish Coway as a model case of shared, sustainable growth.

Reputation

⚠ Risk 😊 Countermeasure

⑩Increased consumer demand for low-energy, eco-friendly products

- ⚠ Due to the current nationwide energy crisis and the increase in energy fees, energy consumption level during product use is the most important factor in purchase.
- 😊 Edit byline to read "increases product's energy performance and comprehensively considers the environmental friendliness as well including hazardous substances and waste"

⑪Anxiety over customer data leaks

- ⚠ The incident of customer data being leaked by a Coway employee has brought to the forefront the importance of internal security. This incident damaged our relationships with our customers and impacted royalties.
- 😊 Coway has established an exclusive team for security matters, strengthened diagnosis of the potential for customer data leaks to prevent reoccurrence, and boosted technical and management protective measures on our personal data management system to ensure the highest level of customer information protection. We have also fortified our data protection training for on-site sales personnel, employees and executives, and implemented more stringent controls over access to the customer data database.

⑫Change in the largest shareholder from Woongjin Holdings to Coway Holdings

- ⚠ Woongjin Holdings' financial difficulties led to its stock sale contract with Coway Holdings, which made the latter the largest shareholder of Coway as of January 2, 2013. The entire management of Coway resigned excluding the current CEO. On November 27, 2012, a special general meeting of shareholders was held, at which six directors and one auditor were elected to form the new board of directors.
- 😊 The takeover by Coway Holdings will fortify Coway's leadership structure and improve our financial system, thereby validating the reevaluation of our stock price.

Business Value Overview

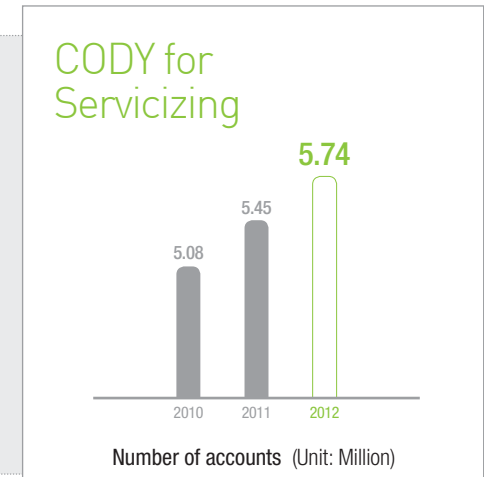
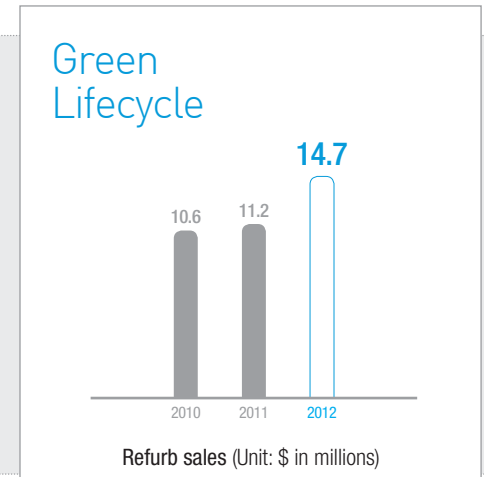
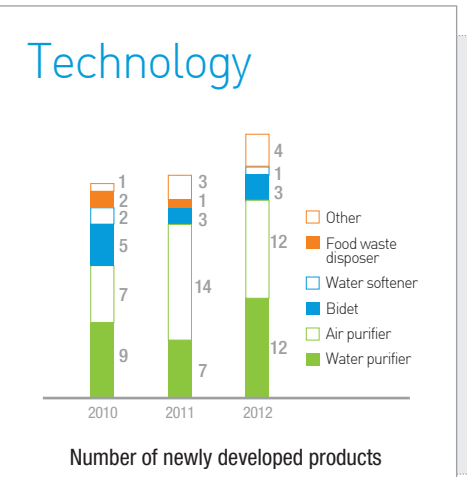
Coway's five core values: Technology, Green Lifecycle, CODY for Servicizing, Global Value Expansion, and Corporate Culture

PERFECT A new level of perfection [Offer customers perfection in technology and services]

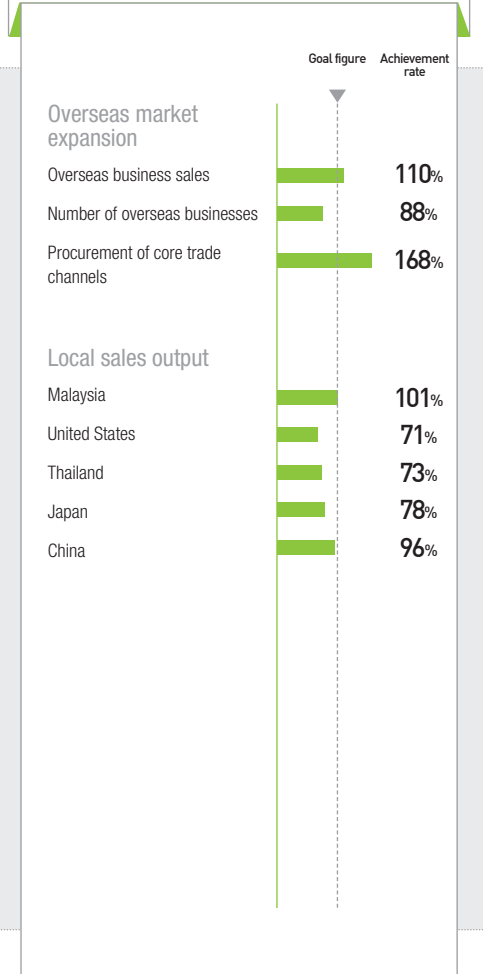
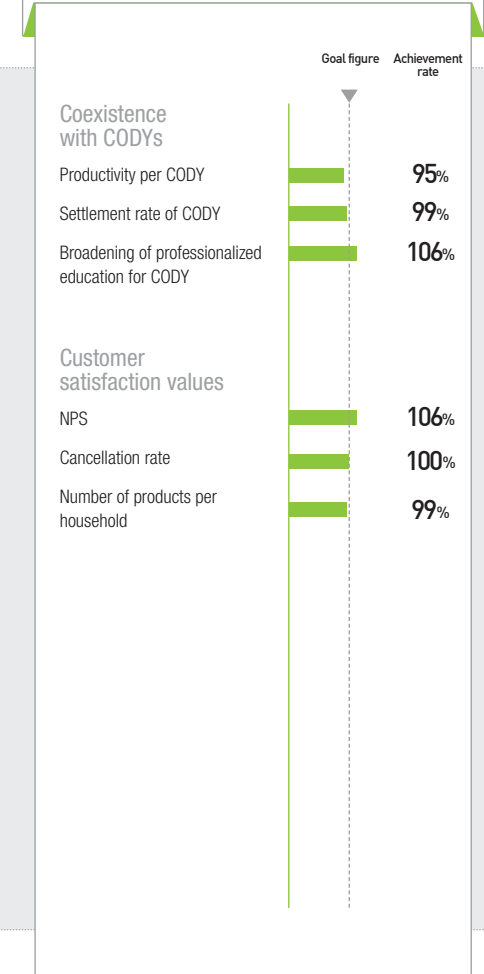
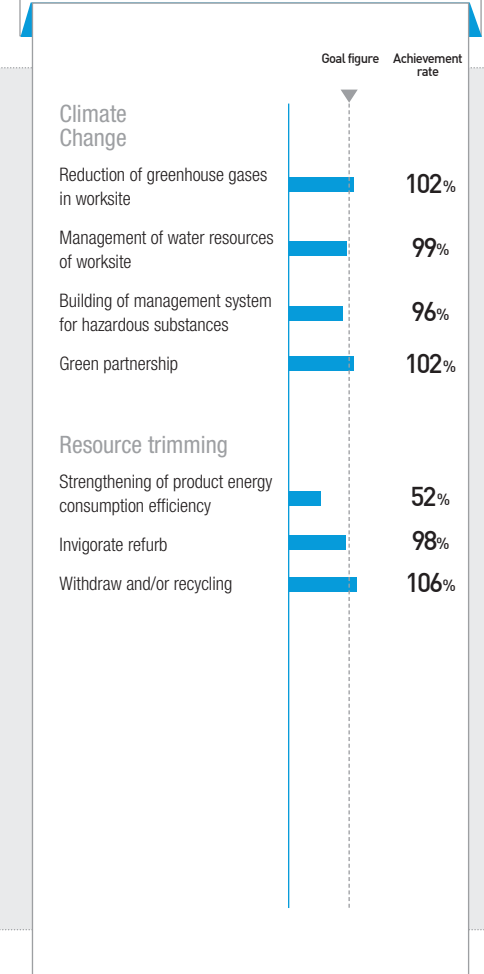
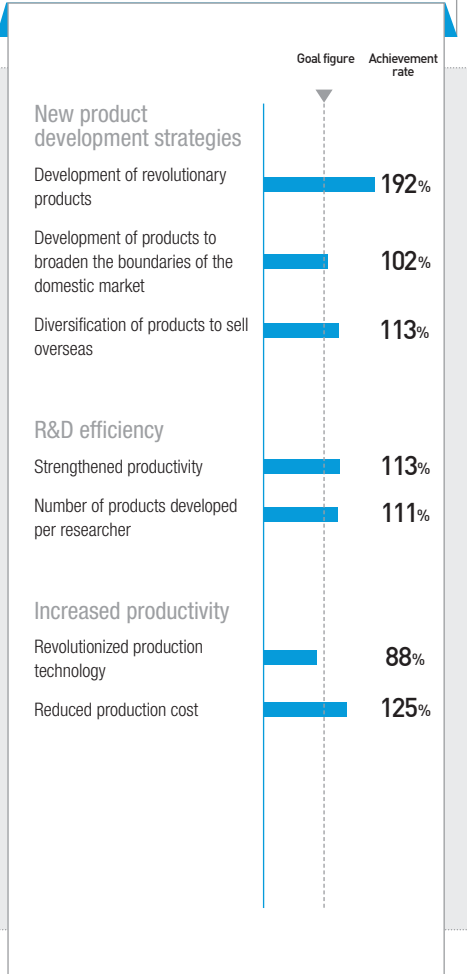
BEYOND Above and beyond [Reach beyond customers expectations]

NEAR Closer to customers [Pursue close communication with customers]

2012 highlights



Core Values KPI



* Expressed in terms of 2011 achievement ratio as there is no goal for 2012.
** Based on 2011 output figures as a partner company satisfaction level survey was not conducted in 2012.

Technology

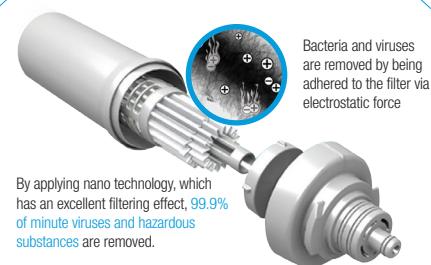
Coway spearheaded the ultra-mini trend in the domestic water purifier market in our development of water purifier, “Handbreadth,” which reduces the volume of the typical water purifier to a revolutionary scale.

By applying the NF nanotrap filter instead of RO membrane filter, filter effectiveness and the hazardous substance removal rate have been improved while the water emitted in the process of product use has been reduced to zero.

The water purifier, “Da-Vinci,” the world’s first water purifier without a water tank, solves the problems of sanitation and energy consumption, simultaneously.

Handbreadth water purifier CHP-241N

- Ultra-mini slim design that adds elegance in the space
- Nanotrap filter system that removes 99.9% of all environmentally hazardous substances
- Elegant and convenient touchscreen display
- An eco-friendly cooling system that does not use refrigerants
- An instantaneous water heating system that heats up only when necessary



By applying nano technology, which has an excellent filtering effect, 99.9% of minute viruses and hazardous substances are removed.

Excellent purifying function of the nanotrap filter

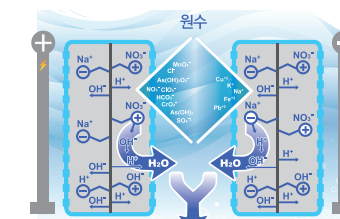
- Removes 99.99% of microorganisms (Staphylococcus, general bacteria)
- Removes 99.99% of viruses
- Removes 99.99% of bacteria

Performance comparison of the UF filter and nanotrap filter

UF-filter Low hazardous substance removal rate Low flow amount compared to the nanotrap filter	Nano trap-filter Removes 99.9% of viruses Excellent purifying ability Can handle even large quantities of water
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Da-Vinci CHP-010E

- No tank for Cold/Hot/Ambient purified water
- Pioneer product in the Korean market
- Water flavor selection function
- Instantaneous water heating system saves electricity
- Smart sterilization/cleaning function
- Cutting-edge functional and user friendly control panel



Purification via electro-deionization method

A revolutionary water purifying filter technology that applies electron force and the principle of ion exchange provides purified water through direct flow system without a purifier tank. The electro-deionization method employed uses electricity to cause an ion exchange in the water, a process which removes over 99 percent of germs and bacteria.

Our Goal

As a company that produces a diverse array of eco-friendly and health-related products ranging from water purifiers, air purifiers, bidets, and water softeners to food waste disposer, Coway has raised the standards of the environmental home appliance market, and popularized such products. Utilizing our outstanding production facilities and R&D centers, the largest among competitor companies in Korea, Coway will continue to produce products that foster the healthy and happy lifestyles of our customers.

32 Recurrences of 2012 New Product Development



What's Next

By establishing a company-wide cooperative structure and increasing R&D investment, Coway is looking forward to a future of even more meaningful R&D output.

2012 R&D investment \$46.2 million



A pioneer of the ultra-mini trend in the domestic water purifier market

The handbreadth water purifier is a leader in the water purifier market, selling its first 100,000 units in record time and exceeding 140,000 in sales from the time of its initial release. The handbreadth water purifier boasts a reduced volume water tank due to its use of a nanotrap filter and direct flow method for purified water. The hot water tank was entirely eliminated with the development of the instantaneous water heating system. Such cutting-edge technology has not only secured the eco-friendly aspects of the product—a 50 percent reduction in energy consumption compared to competitor products—but has also made it a pioneer in the domestic water purifier market. Moreover, with its 65 percent reduction in product size, it is the smallest—and most space-friendly—water purifier available in the domestic market.

A non-refrigerant cooling system

As the first product in Korea to use the three-dimensional electron cooling method, it produces no refrigerants which are a cause of global warming. This not only results in no greenhouse gases produced by cooling but also minimizes noise and electricity consumption, a truly eco-friendly cooling method.

Instantaneous water heating system

With the instantaneous water heating system, water can immediately be heated up to 92 degrees Celsius, increasing convenience. Because water is heated instantly whenever needed, its electricity consumption is much lower than other products in the market.

Original technology—the world's first tank-less water purifier

As the world's first tank-less water purifier without any tanks for cold, hot, or ambient purified water, the Da-Vinci eliminates all sanitation concerns about water stored in tank.

The product utilizes an array of revolutionary technology including the electro-deionization method of water treatment and instant cooling technology that uses ice thermal storage system. Coway currently owns 20 domestic and foreign patents on the technology used in the DaVinci. The combined advantages of the RO and UF filter methods in electro-deionization enable high elimination rates and plenty of flow capacity.

Cold water through instant cooling system

Water at room temperature is instantly cooled through heat exchange technology,

providing purified cold water by direct flow method without storing in water tank

Hot water through instantaneous heating system

Water is instantly heated to over 90 degrees Celsius, enabling access to hot water whenever needed. Energy consumption is decreased around 80 percent compared to other existing water purifiers.

For more information

Coway Official Website - PR center - e-Catalogue
Coway Official Website - Product - Water filtration appliance

Technology

Despite its small size, the self-sterilizing countertop type ice making water purifier, CHPI-280L not only makes ice, in addition to providing hot, cold and ambient purified water, but it is also completely sanitary because of the detachable ice tank. For the first time this year, Coway launched a air purifier with dehumidifying function that has air purifying and sterilizing functions. The Cair's dehumidifying air purifier is a multi-purpose purifier that reduces humidity and the accompanying discomfort and keeps indoor air fresh and clean year-round.

Self-sterilizing countertop type ice making water purifier CHPI-280L

- First product of its kind in Korea
- Perfect ice/cold water/hot water/purified water functions
- 99.9 percent pure ice through the self-sterilizing™ system
- Ice tank can be detached for cleaning



Sanitary system that makes it possible to manage and clean even the inside of the ice tank

The ice tank can be detached from the tank and cover, allowing for purification of tank and ice tray. Sanitation inside the machine can be kept at optimum levels.

Leader of the ice making water purifier market

Equipped with purifying, hot water, cold water and ice-making functions as well as a self-sterilizing function, this countertop ice making water purifier has a higher sanitation level than similar products on the market, and has been very well received, passing the 10,000 units sales-mark within only two weeks of its launch. Its self-sterilizing system, which is now being applied to all new products, automatically sterilizes the purifying tank and the areas through which water flows. As well, the detachable ice tray allows the user to easily clean and maintain sanitation inside the ice storage tank

Self-sterilizing™ system

The self-sterilizing™ system is a revolutionary system that uses electrolysis to create sterilized water, automatically sterilizing the water wherever it passes

through the tank and flow routes. Because sterilized water is self-produced without the use of chemical additives, it poses no harm to the body. The purifier automatically self-sterilizes every five days through an automatic sterilizing function that can be set by the user. This function allows the purifier to remain sanitary even when the user is away from home for a long period of time.

Convenient, eco-friendly functions

By using ice to make cold water and reusing the water that remains for making ice, this product greatly reduces energy consumption. The purifier was designed for energy efficiency in other ways as well, with a sleep mode that reduces the number of cycles run at night and an automatic off mode when the ice-making function is not being used.

Cair's dehumidifying air purifier APD-1212BH10

- "Fresh dehumidifying" in the summer and year-round through a four-step of air purifying and dehumidifying system
- Fortified dehumidifying function
- Easily portable



Four-step of air purifying and dehumidifying system
Propolis (naturally-occurring sterilizing substance) filter and terpenes suppress fine dust particles in the air and stop the spread of mold and germs

Successful first launch

The domestic dehumidifier market saw significant growth in the previous year from 200,000 to 350,000 dehumidifiers sold. For the first time this year, Coway launched a dehumidifying air purifier with an air purifying and sterilizing function that is as powerful as existing air purifiers. The Cair's' dehumidifying air purifier uses a compressor cooling method to maximize its dehumidifying function. Under normal circumstances, regular dehumidifying capacity is 10 liters (for 40m2), but during the summer and/or monsoon season capacity increases to 15 liters.

Four-step of air purifying and dehumidifying system

Through the anti-virus filter system, over 99.9 percent of harmful virus germs including viral pneumonia and staphylococcus aureus, the cause of respiratory disorders, are eliminated. Terpene, a naturally-occurring sterilizing substance, is

released into the indoor air, effectively killing harmful germs and mildew. The Cair's clean dehumidifier can be used year-round regardless of seasonal humidity changes.

Acquirement of energy efficiency ratio grade 1

An energy efficiency ratio grade 1 ranking means our customers can save on electric bill fees. The same fresh indoor atmosphere can be achieved with a Cair's dehumidifying air purifier as that of running an air conditioner for the same amount of time at approximately one-tenth of the electricity fee required for the air conditioner.

For more information

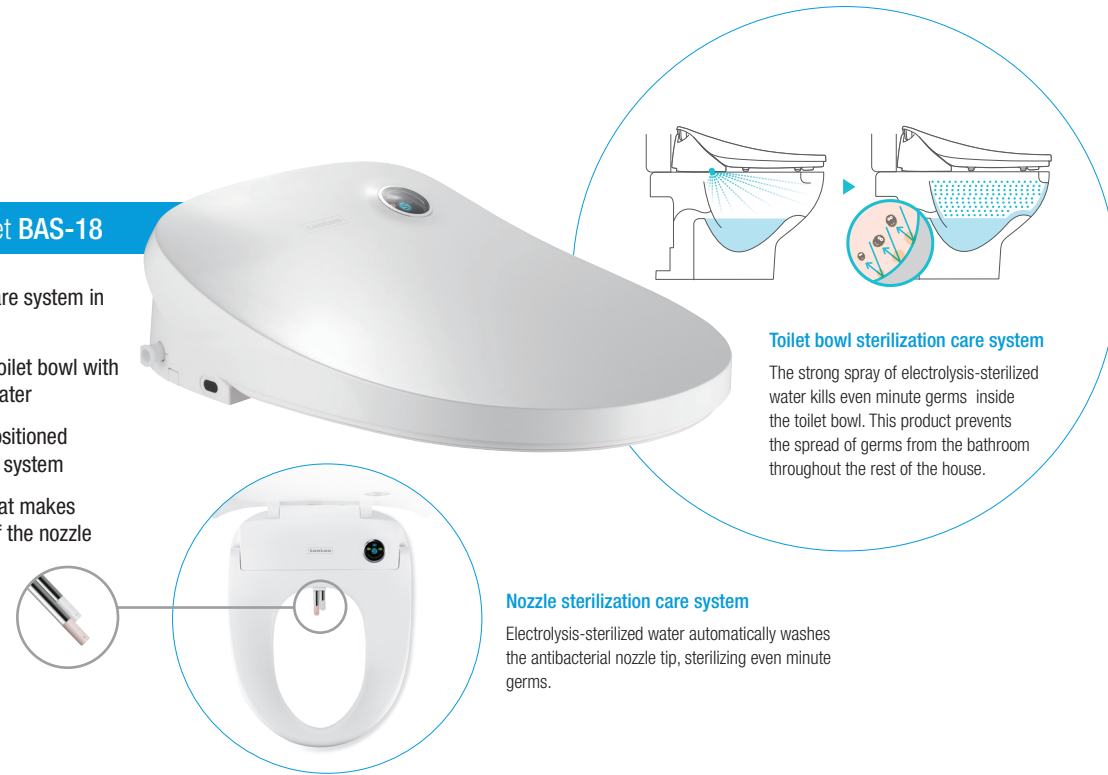
- Coway Official Website - PR center - e-Catalogue
- Coway Official Website - Product - Water filtration appliance
- Coway Official Website - Product - Air purifier

Technology

The "forest" sterilizing bidet sterilizes not only the toilet bowl and nozzle but also toilet germs that spread throughout the bathroom.

Forest sterilizing bidet BAS-18

- First forest sterilizing care system in Korea
- Sterilization of nozzle/ toilet bowl with electrolysis-sterilized water
- Convenient eye-level positioned wireless remote control system
- Detachable structure that makes antibacterial cleaning of the nozzle and seat easier



Toilet bowl sterilization care system

The strong spray of electrolysis-sterilized water kills even minute germs inside the toilet bowl. This product prevents the spread of germs from the bathroom throughout the rest of the house.

Nozzle sterilization care system

Electrolysis-sterilized water automatically washes the antibacterial nozzle tip, sterilizing even minute germs.

Release of a bidet with fortified sterilization function

Through the three-part "forest sterilization" care system, toilet germs throughout the bathroom are eliminated. When the toilet is flushed without closing the toilet lid, many harmful germs inside the toilet bowl can spread throughout the bathroom and to the rest of the house in the air. Because the forest sterilizing bidet sprays the naturally-occurring sterilizing substance, terpene into the bathroom air, 99.9 percent of harmful germs including colon bacillus, salmonella, and staphylococcus are eliminated.

Toilet bowl and nozzle sterilizing care system

Electrolysis-sterilized water created through a natural chemical reaction is automatically sprayed to sterilize the inside of the toilet and the germ-infected bidet nozzle, preventing germs from spreading not only in the bathroom but

throughout the house as well.

Automatic flushing and child function

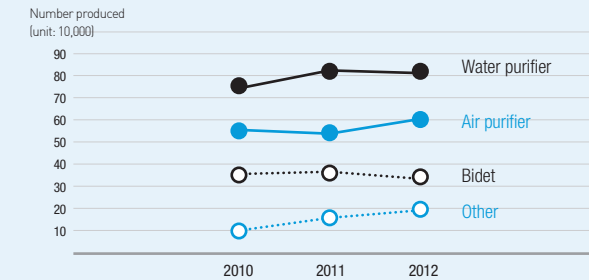
The automatic flush function automatically distinguishes the type of waste in the toilet and produces an appropriate amount of water for flushing. This is not only convenient but economical as well as the amount of water used can be greatly reduced. As well, a children's function has been added that automatically reduces the water pressure and temperature of the bidet considering children's sensitive skin.

For more information

Coway Official Website - PR center - e-Catalogue
Coway Official Website - Product - Bathroom appliance

Productivity increased through technological innovation

To respond to the sharp increase in the number of new products on the market and attain price competitiveness, Coway is putting great efforts into increasing productivity and reducing material costs.



	2010	2011	2012	2013(P)
Water Purifier	<ul style="list-style-type: none"> Development of waterless flushing technology Development of optimum dust filter First automatic "zero dust" line in the world 6.07 million production CAPA established 209% ↑ Productivity per person 4,550EA 471% ↑ 	<ul style="list-style-type: none"> Standardization of overseas installation environment Inspection of water quality and installation environment of core overseas areas Overseas water quality/water pressure WATERMAP Country-specific installation material Development of country-specific filter system 	<ul style="list-style-type: none"> Development of smartphone application Possible to set function/sterilization interval for water purifier Guides for using and managing water purifier Function for registering repair diagnosis and automatic service registration 	<ul style="list-style-type: none"> Development of carbon dust removal device Development of removal device for VOCs and carbon dust generated from the post carbon filter which improves water taste World's first non-flushing carbon filter that can be stored in the carbon block element due to its ultra-mini size
Air Purifier				
Bidets				
Filter				
Carbon Block				
	<ul style="list-style-type: none"> Development and establishment of exclusive bidet CELL LINE Establishment of scientific TEST SYSTEM Inspection time 76% ↓ Productivity per person 101% ↑ Production CAPA 55% ↑ Required employees 47% ↓ 	<ul style="list-style-type: none"> Development of world's first waterless water purifier inspection system Development and establishment of automatic inspection device using vacuum and nitrogen pressure Inspection time 38% ↓ Productivity 5.8% ↑ Production CAPA 55% ↑ Required employees 47% ↓ 	<ul style="list-style-type: none"> Development of world's first NFC(Near Field Communication) technology-incorporated complete automatic unmanned inspection system Development and establishment of an active modified line that can produce all VE water purifier products due to the optimum mechanical design of the ice making water purifier Productivity per person 104% ↑ Production CAPA 193% ↑ 	<ul style="list-style-type: none"> Development of a new water purification system for countries and regions with extremely low water pressure (solves problem of being unable to install device due to low water pressure) Increase sales of water purifier in low water pressure countries like India and Indonesia

Green Lifecycle

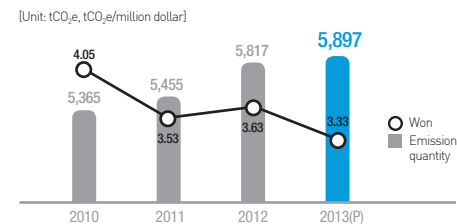
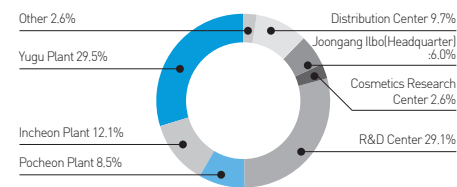
Coway employs a special environmental labeling system to keep our customers informed on the greenhouse gases produced in the process of making our products..

Climate Change

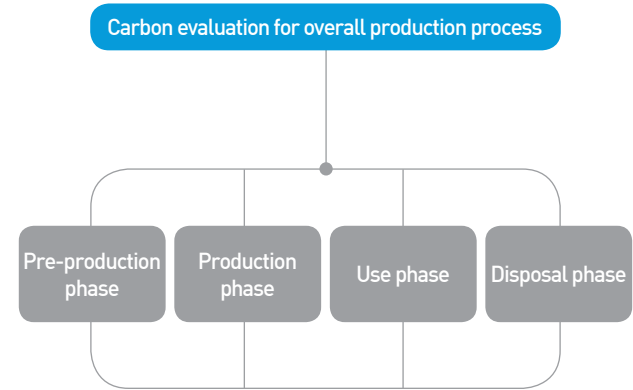
Business sites	Reason for increased emissions	Reason for decreased emissions
Yugu Plant	Establishment of automated equipment Extension of production equipment that use eco-friendly refrigerants	-
Incheon Plant	-	Change to LED lighting Reduced production quantity
Pocheon Plant	Increased volume of discarded products for recycling	Changed boiler (fossil fuel → electricity)
Seoul Office / Cosmetics Research Center	-	Management of building's indoor temperature
SNU R&D Center	Increased number of newly developed models	-

Greenhouse gas emission-related activities per business site

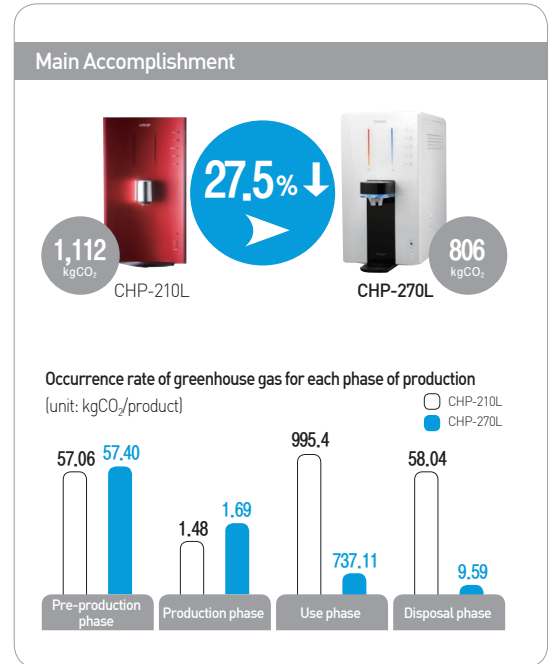
Greenhouse gas emission share per business site



Greenhouse gas emissions: Overall status and goals

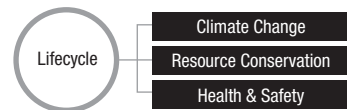


Provides information that allows the consumer to see the amount of produced carbon and encourages the consumption of green products



Our Goal

From product development and sales to disposal and recycling, Coway applies an eco-friendly mindset to all of its business activities, and will continue to prioritize environmental preservation in its products and services in the years to come.



Efforts for reduction of greenhouse gas

Because refrigerant emission was excluded due to a change in greenhouse gas emission regulations under the Korea greenhouse gas-energy goal management system to self-inspection in 2011, Coway changed the standard year from 2009 to 2010. The goal for 2012 greenhouse gas emission was 5,349tCO₂e and the reduction goal per won was 3.27tCO₂e per million dollar; however, actual reduction results ended up at 5,817tCO₂e and 3.63tCO₂e per million dollar, respectively.

Such results are attributed to increased production in 2012 and expansion of business sites. Coway will continue to pursue our mid and long-term greenhouse gas reduction goals through a variety of targeted activities.

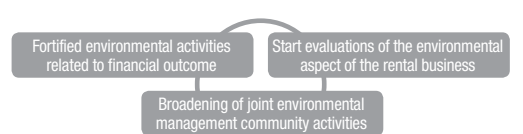
* Due to a change in the 2011 national greenhouse gas energy goal management system, refrigerant emission is excluded

Reasons for greenhouse gas emission fluctuations

The Yugu Plant installed automatic equipment on the plant floor to improve the work environment and increased the number of production facilities that produce eco-friendly refrigerant (R-600a)-applied products. As a result, electricity load capacity increased significantly, resulting in a greenhouse gas emission volume similar to that of the previous year. However, greenhouse gas emission at the Incheon Plant decreased by approximately 97tCO₂e, due mostly to lowered production. Various efforts are being made to obtain actual reduction results in the plant, with the installation of LED lighting being just one of these efforts. The Pocheon Plant's volume of recycled disposed products increased from 2,619 tons in 2011 to 2,997 tons in 2012, increasing greenhouse gas emission by approximately 4tCO₂e. Proactive efforts are being made, though, for reduction of greenhouse gas emission, with the shift from the use of fossil fuel heating to an electric boiler in

What's Next

Coway will continue to do its best to ensure that environmental achievements translate into financial outcome for the company through regular evaluations on the environmental aspect of its rental business, further activation of the refurb culture, and active reduction of waste. We will also look to expand our community environmental activities in connection with our stakeholders.



December 2012 one of these efforts. The results of such strategies will soon be visible. Moreover, by leasing space in a building that manages indoor temperature in accordance with the energy use rationalization law, the Cosmetics Research Center has been able to reduce its greenhouse gas emissions. The SNU R&D Center's total greenhouse gas emissions rose by 22tCO₂e due to the increase in energy use accompanying expanded new product development.

Response to climate change

Coway has established a comprehensive climate change management system to minimize greenhouse gas emissions at the product planning stage all the way through to production sites, offices and all other areas of business activity. Coway members are making active efforts to work in a more environmentally conscious manner and participate fully in campaigns for voluntary energy conservation.

Carbon LCA IT System

Coway is the first company in Korea to establish an SAP-based Carbon LCA IT system, which has increased the degree of our response to climate change. This system allows us to determine the environmental impact of our products by tracking carbon emissions throughout the entire production process, information that we then pass on to consumers to encourage green product consumption.

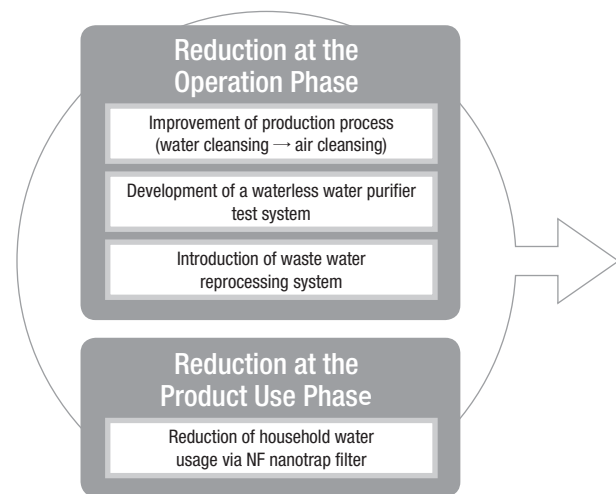
For more information

- 2012 Carbon Management Report 6-16p, 34-47p
- 2012 Sustainability Report 34-40p
- 2012 Carbon Report Summary

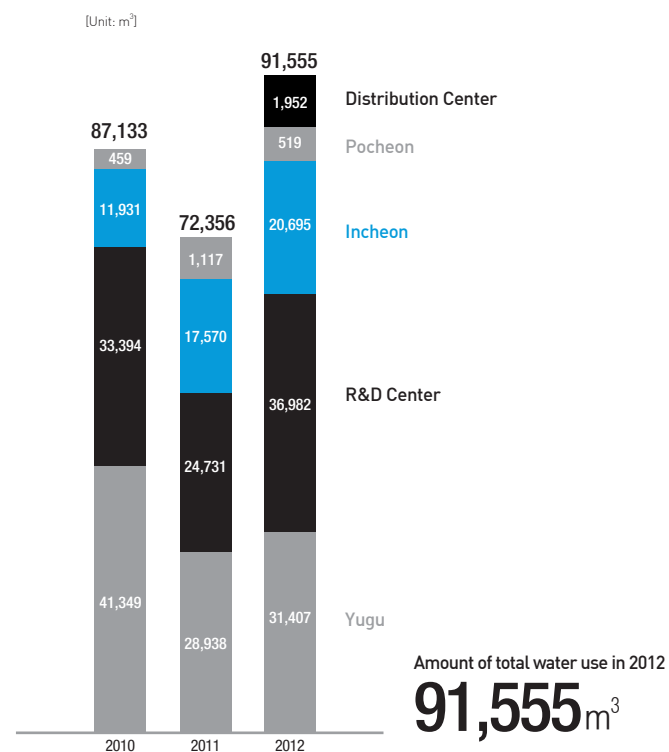
Green Lifecycle

Water is the basis of all life. It also plays a key role in Coway's business. As such, we make it a point to design strategies for water conservation in all phases of our operations.

Resource Conservation



Water resource management strategy



Amount of water used

Water resource management

As the first Korean company to become a registered member of the UN Global Compact's "CEO Water Mandate" in 2010, Coway has a history of voluntary participation in water resource management activities. In particular, our EcoWater Council, a company's working-level conference system for response to climate and environment change, is responsible for conducting thorough analyses on risk and opportunity by water and findings from analyses are reflected in company policy.

Reduction of water usage by improvement of production process : In the past, water was used in production processes of carbon filter line. But by changing the rinsing and drying process into an air cleansing process, water usage was reduced by 8,900 tons compared to the previous year.

Development of waterless water purifier test system: The development of

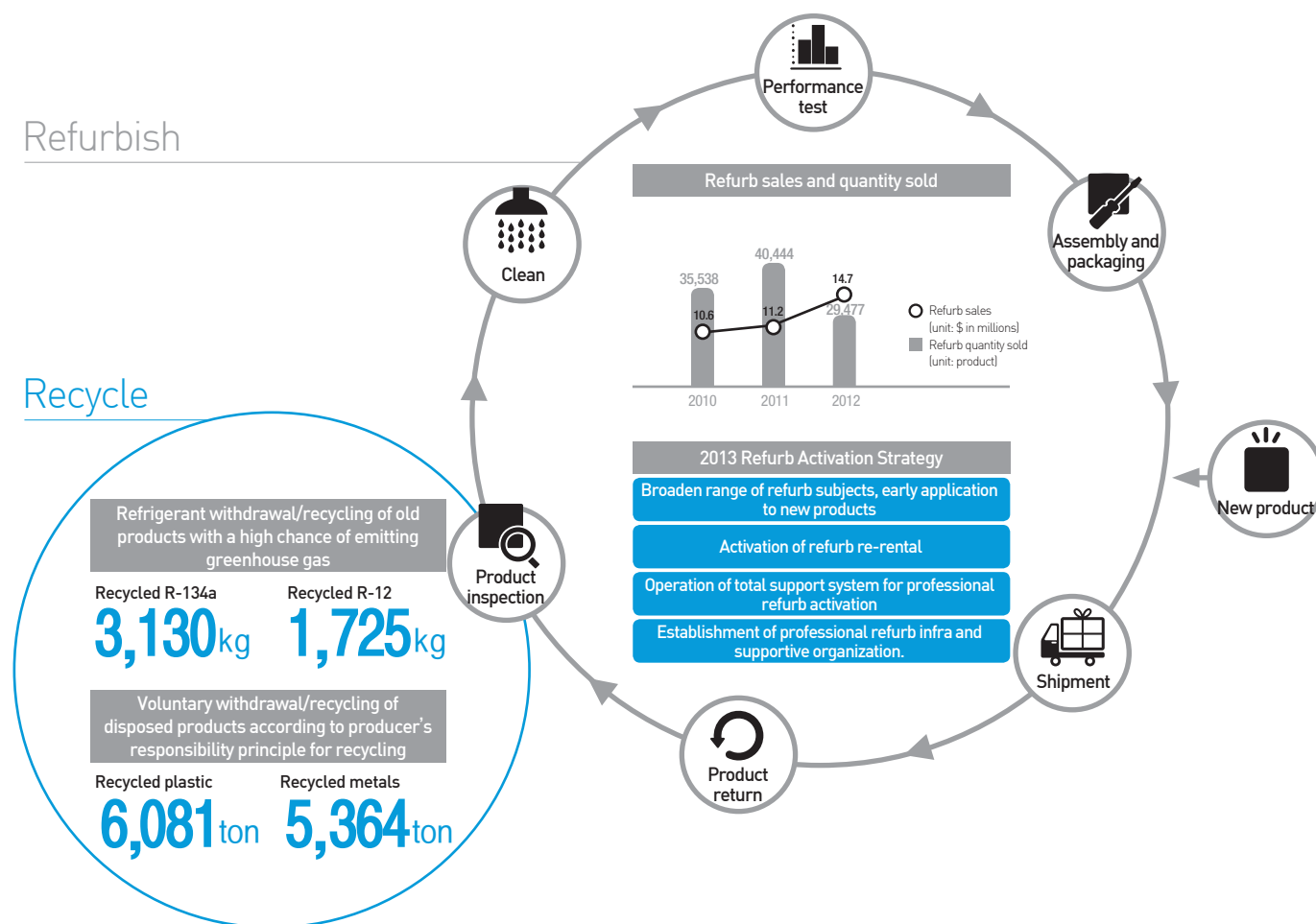
the world's first water purifier test system that uses nitrogen and the vacuum principle instead of water has brought about many achievements including yearly saving of approximately 1,320 tons of water, a 38 percent reduction in inspection time, and a 5.8 percent increase in productivity per person. It has also resulted in financial profit of approximately 4.9 hundred million won.

Introduction of waste water reprocessing system: To reduce the water used in the product testing process, Coway introduced a waste water reprocessing system that reprocesses the waste water produced in the production line and the bidet test line. This has allowed the company to reduce water usage by 1,160 tons (monthly average of 98 tons) per year.

Adoption of nanotrap filter: In 2012 Coway developed the nanotrap filter, which reduces water usage during product use. Through this development, the company was able to save 903,149 tons of water compared to the pre-2012 model.

Refurbish

Recycle



Refurbinvigoration

In addition to selling products, Coway also recycles old products and carries out waste water collection activities. Refurbished Goods, launched in February 2009, is a representative Coway recycling system that not only satisfies customers who favor thrifty consumption but also minimizes environmental impact by recycling resources. Plans are ongoing to establish a company-wide comprehensive refurb system and broaden channels for the strategic sale of refurb models.

Collect and recycle

In accordance with the producer's responsibility for recycling principle, Coway voluntarily recalls discarded products. Currently, the company uses either eco-friendly refrigerants (R-600a) for its products or none at all. However, because the refrigerants (R-134a, R-12) used in previously made products may produce

greenhouse gas, such products are being recalled and recycled. All plastics and metals that can produce greenhouse gas in the production/processing phase are also being collected and recycled. Plastics are not reused at all in Coway products and are instead sold to a professional recycling company.

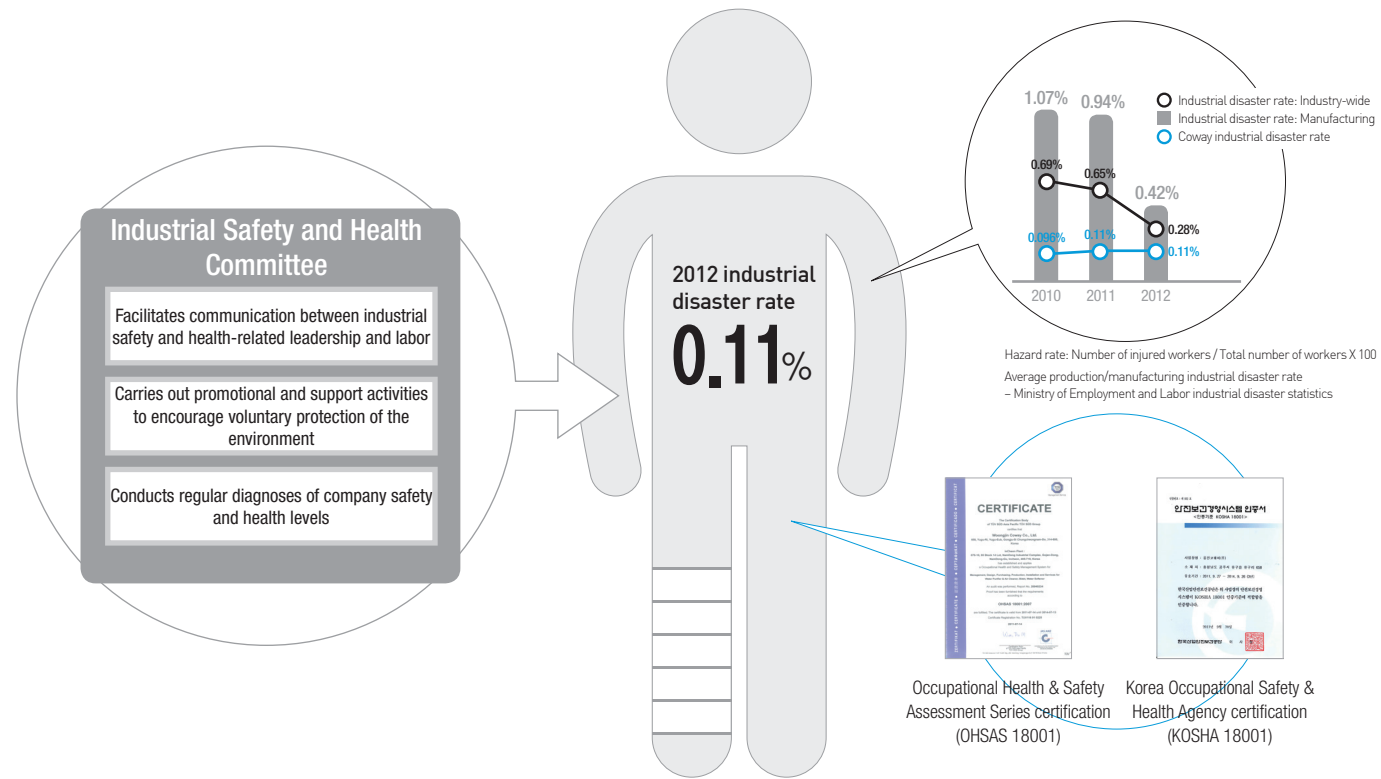
For more information

2012 Carbon Management Report 48-49p
2012 Sustainability Report 39p, 42-43p

Green Lifecycle

For the past 3 years Coway's industrial accident occurrence rate has remained lower than the general industrial and manufacturing accident rate average. Between 2006 and 2012, there was not a single serious industrial accident at any of Coway's business sites.

Health & Safety



Environment, health, and safety (EHS) risk management

Coway engages in a diverse range of activities to improve the physical and mental health of our members and prevent work-related and industrial accidents. These include strengthened incentives for those who offer feedback, a smoking cessation program, and the Happy Mind program, with such programs being continuously expanded and strengthened. Eligibility for general physical check-ups has been broadened to include employees' family members. Moreover, executives and employees at all Coway business sites are given EHS-related educational training. Through such efforts, Coway's industrial disaster occurrence rate for the past 3 years has been maintained at a lower level than the general industrial and manufacturing accident rate average, with no occurrences of serious industrial disasters from 2006 to 2012. During 2012, five cases of work-related industrial disasters occurred, resulting in loss of 541 work days.

Industrial Safety and Health Committee activities

The Industrial Safety and Health Committee, a joint corporate-labor body, is present on all work sites to prevent the exposure of industrial laborers to various dangers. The committee seeks the opinions of laborers on industrial disaster prevention and applies these to company policy, encourages voluntary environmental improvement activities by constituents, and conducts company-wide diagnoses on safety and health activities to ensure they are being carried out efficiently and effectively.

For more information
2012 Sustainability Report 36p, 41p

Coway pursues product development that minimizes negative effects on the environment at every stage. The sales of such products have been rising steadily alongside the public's maturing environmental awareness.

Water purifier CHP-241N



volume reduction
65%

Raw materials	Harmful chemical substances	EU RoHS Compliance
	Reduced volume/raw materials	65% volume reduction (Compared to CHP-06DL)
Use, maintenance, management	Energy consumption	4.1kWh (Compared to CHP-06DL, reduces average monthly electricity consumption by 80%)
	Greenhouse gas emission	Reduces average greenhouse gas emission volume by 80%
Disposal	Greenhouse gas emission	Reduces greenhouse gas emission produced at disposal phase by 85% (without refrigerants)
	Waste water emission	Refurb and recycling of material

Air purifier APM-0812DH



volume reduction
23%

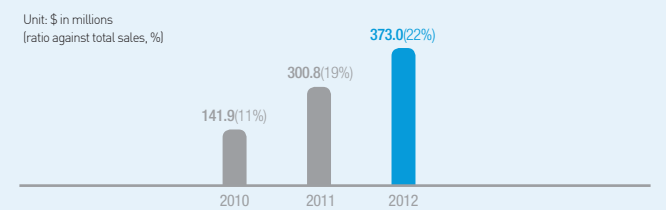
Raw materials	Harmful chemical substances	EU RoHS Compliance
	Energy consumption	Electrical power consumed: 26W (35% increase compared to existing products)
Disposal	Waste water emission	Refurb and recycling of material

Bidet BAS14-A



monthly electricity consumption
40%

Raw materials	Harmful chemical substances	EU RoHS Compliance
	Reduced volume/raw materials	Only domestically produced bidet to achieved certification of carbon emission amount
Use, maintenance, management	Energy consumption	Standby electrical power 8.2W (40% reduction compared to non-power saving mode)
	Waste water emission	Refurb and recycling of material

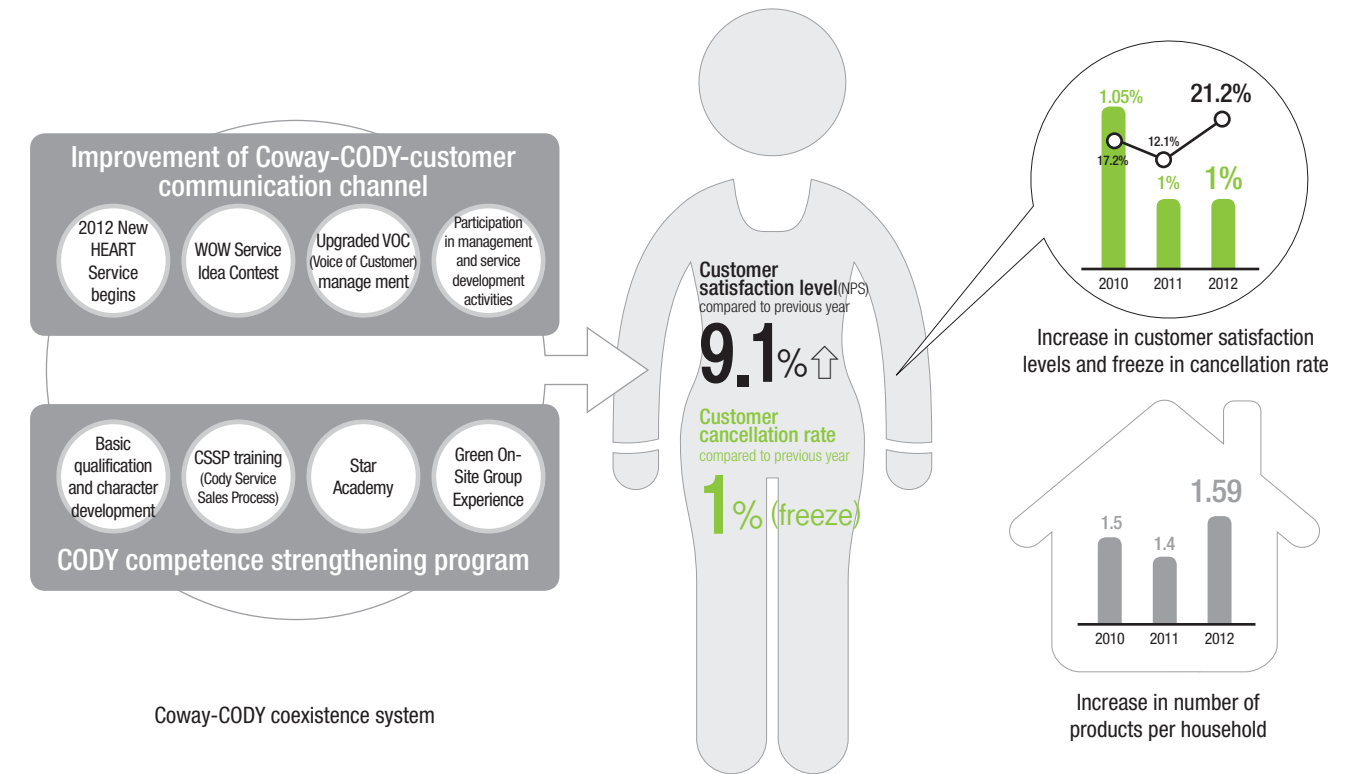
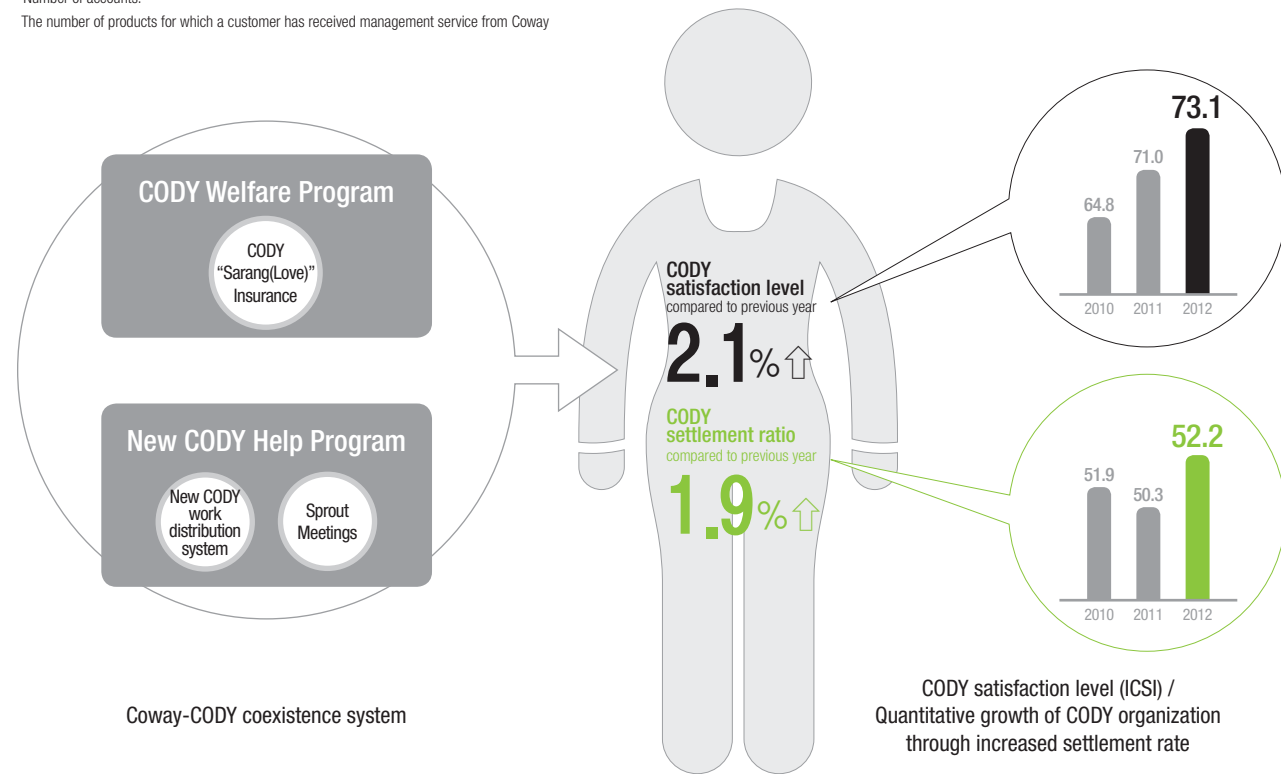


* Product type that reduces environmental damage throughout the entire production process and contributes to decreasing environmental burden through minimal use of natural resources and harmful substances.

Cody for Servicizing

As Coway is a service-based company, CODYs play a key role in our overall business performance, and we depend on having an adequate number of experienced CODYs at hand to provide the best possible service for our customers. To ensure a stable CODY settlement rate, we make great efforts to implement programs that foster job satisfaction among CODYs, since the higher their level of job satisfaction, the higher the customer account number and the lower the cancellation rate.

* Number of accounts:
The number of products for which a customer has received management service from Coway



Our Goal

The quantitative and qualitative growth of CODYs has a direct influence on the number of customer accounts and sales levels. To maintain our leadership in market share, customer satisfaction and brand awareness, Coway will focus on raising the value of the CODY organization.

Number of CODYs (2011)	12,760
Number of CODYs (2012)	13,620

What's Next

The goal for 2013 is to secure 6,010,000 accounts, a 4.7 percent increase from 2012, by making continuous efforts towards improving the competence of our CODYs and their job satisfaction levels. Also, the principles of the New HEART Service, which are focused on customer emotion management, will be implemented into and take center stage in our services.

Number of accounts in 2012	5,740,000
Number of accounts in 2013	6,010,000

CODY Welfare Program
Cody Sarang(Love) Insurance: Offered to protect the safety and health of CODYs, this insurance covers traffic accidents and injuries as well as various ailments.

New CODY Help Program
New CODY customer payments: The Receiving Center receives payment in lieu of new CODYs until they are experienced enough to manage such payments on their own.
"Sprout Meetings" for new CODYs: Held by the support bureau director, these meetings allow experienced CODYs to pass on their knowledge and experience to CODYs newly hired.

provides valuable feedback for the company and enables a closer relationship with the CODY organization. The CODY job satisfaction level for the year 2012 amounted to 71.3 points, a 3.3-point increase from 2011. This rise can be attributed to the smooth operation of various programs aimed at increasing the settlement rate of CODYs.

Along with the rise in CODY job satisfaction level, the closely-related CODY settlement rate is also showing signs of steady increase, a rise that indicates an expansion in experienced service professionals. This is meaningful because for Coway, good service means better business performance.

Improvement of Coway – CODY – Customer communication channel
WOW Service Idea Contest: In 2012 a total of 12,000 ideas were entered into this contest, with 30 percent eventually incorporated into Coway's services.

Upgraded VOC (Voice of Customer) management: Coway shares with its employees VOC that we believe can assist us in product improvement efforts. In 2013, the current VOC system will be upgraded to the Sound Forest System, a more comprehensive customer VOC management system.

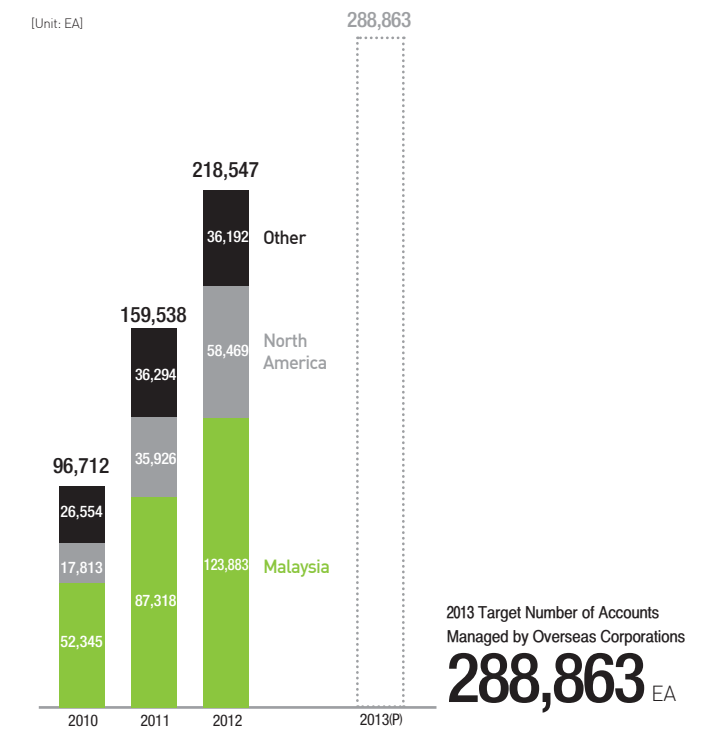
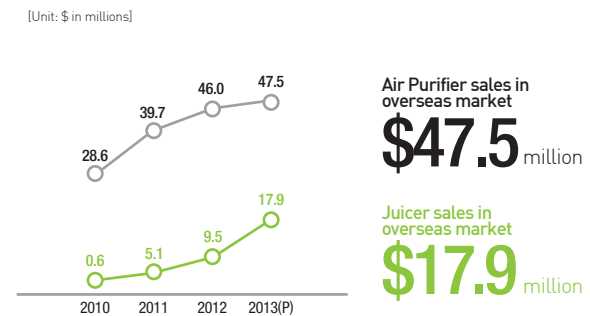
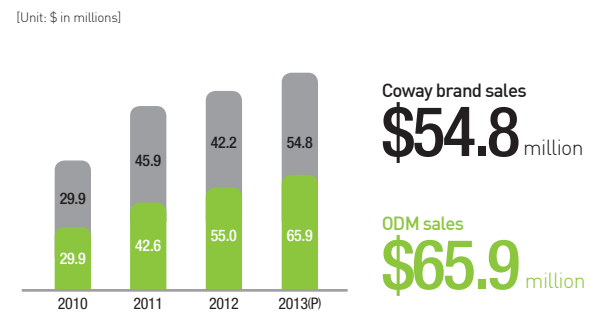
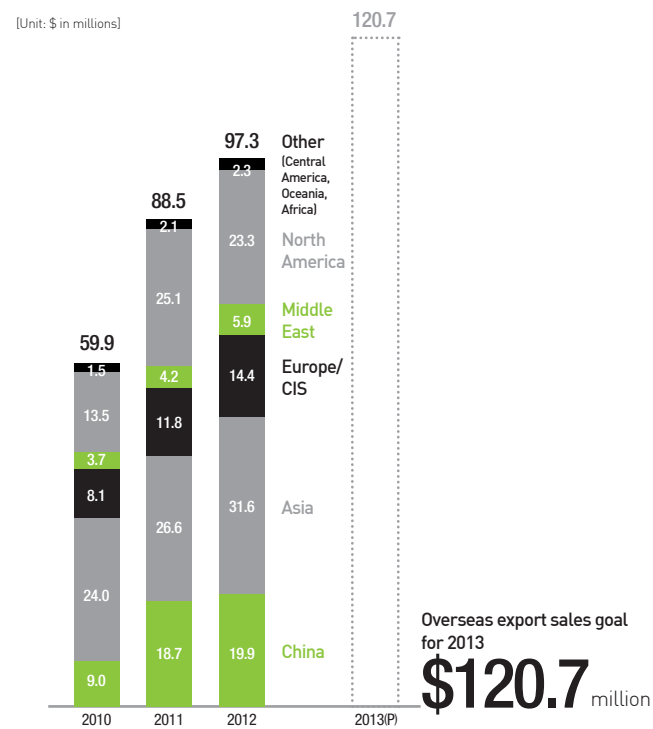
CODY competence strengthening programs
Green On-site Group Experience: Programs that train CODYs to actively promote to customers their environmental mindset and the strong eco-friendly aspects of Coway's products.
CODY character development: Various programs to strengthen the character of CODYs with the ultimate goal of improving on-site satisfaction levels and the CODY settlement rate. Training is held five times per year for each department for a total of 300 hours.

Increased customer satisfaction levels
 In 2012, Coway achieved an NPS level of 21.2 through revolutionized service. Our account cancellation rate has remained below 1 percent since 2011, while the rate at which customer appointments are kept has increased to 99 percent. These accomplishments are the fruit borne out of innovations made to our service practices, such as the introduction of the 365 Service and the Trust 3.0.3 Principle. As of 2012, the number of products per customer stood at 1.59, a figure that continues to rise alongside the number of CODYs.

For more information
 2012 Sustainability Report 26-27p
 Coway Official Website - Service - People

Global Value Expansion

Coway's direct overseas export sales are increasing, and efforts are also being made to increase export of the Coway brand from export by ODM.



Our Goal

With the stable, balanced growth of direct exports and the rental service, our plan is to localize Coway's unique rental service by country. As well, Coway will continue to increase profits and export countries by securing the additional export connections

Full-scale Coway brand marketing

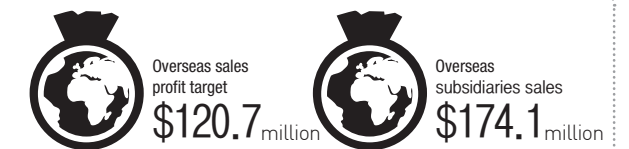
Coway's overseas exports are still mostly based on ODMs with companies that have a high degree of global recognition. However, for the long term, Coway is making efforts to gradually increase the percentage of Coway brand product exports. In the United States, for example, Coway brand marketing has been launched full-scale, with Coway products like the water purifier and air purifier having entered both online and offline channels of large-scale distribution stores including Costco, Best Buy, Amazon and Lowe's. And for newly-entered countries like Taiwan, Vietnam and Russia, we are building up our image as a premium brand and pursuing active marketing promotions taking advantage of the "Hallyu" (Korean Wave) phenomenon. Such efforts are the foundation for developing Coway into a solid global brand.

Developing major products for overseas and securing major overseas connections

Coway's major product players in the overseas market—namely, the juicer and the air purifier—are showing rapid increases in sales. In 2012 core connections in Asia (including Japan) in addition to Europe were formed based on Coway's strong new product lineup. Future plans for the overseas market include building up our image as a professional company for juicer, meticulously managing distribution to meet growing demand, and achieving the \$20 million mark in single-product sales. In 2012, the air purifier, focused on ODMs, took up the largest market share in the Chinese air purifier market (over 45 percent) and including sales in the United States and Japan, sales have seen a 30 percent increase compared to the year of 2011.

What's Next

Coway's mid to long-term goals include pursuing continuous and balanced growth in overseas markets, shoring up localization strategies, and expanding direct export channels.



Entry into overseas markets through localization

Presently, Coway has overseas corporations in the United States, China, Japan, Malaysia and Thailand. Efforts are being made to carry out specialized localization strategies for each country and provide differentiated rental services.

Major strategies for the United States and Malaysia in 2013

United States: Coway plans to stabilize the rental business centered on Korean customers in nine heavily Korean-populated regional footholds including Los Angeles, New Jersey, and Washington. We also intend to fortify our sales education programs for CODYs to increase door-to-door sales, and conduct aggressive marketing strategies targeted at the mainstream of American market.

Malaysia: While continuing to develop the successfully implanted CODY-based Korean-style rental business model, Coway will increase its localization efforts in

Malaysia. The Malaysia corporation has instituted an exceptional corporate culture in which all information is shared transparently with local employees and high priority is placed on fostering cooperation between members at all levels. Because it sought to establish a close bond between local personnel and the company from the very beginning, it has achieved impressive sales. Future plans for Malaysia include boosting the effectiveness of Pro-HP-centric sales activity and fully systemizing collection management to increase sales and solve the problem of overdue payments.

For more information

Coway Official Website - Global Network

Corporate Culture

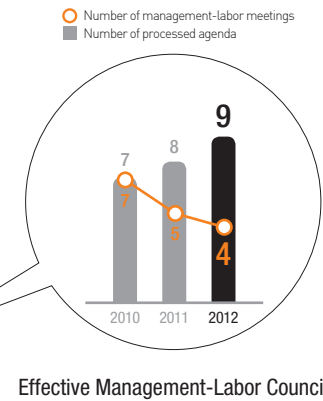
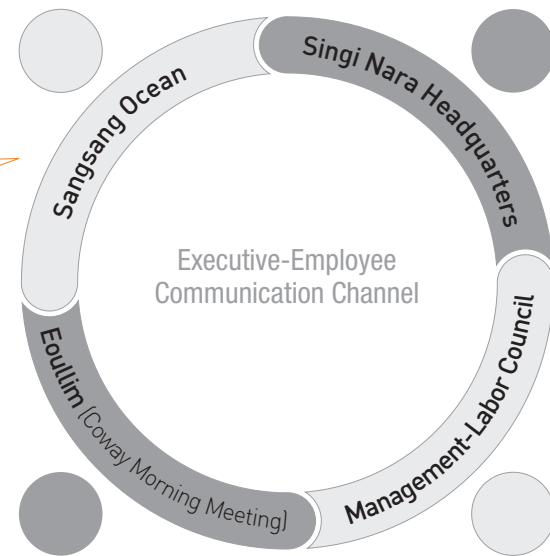
Coway fosters a corporate environment in which open communication between executives and employees is absolutely encouraged. We understand that dialogue not only enables us to pinpoint and solve company problems efficiently and effectively, but also inspires us to make revolutionary changes in our corporate environment that benefit all.

Revolution through Communication – Executives and Employees

Innovative cases of executive-employee use of Sangsang Ocean
(development of new business items and cost reduction)

- Matress rental**
- Stabilization of matress business**
- Launch of the "Handbreadth" water purifier**
- Waterless water purifier test system**
- Entry of dehumidifier into market**

Year	Rental sales
2011	7,315
2012	42,682



Our Goal

Through continuous and open communication with executives, employees and cooperative companies, Coway strives to become an innovative company that applies creative problem-solving methods and revolutionary ideas to the real world of business.

Corporate culture of trust and coexistence through communication

Coway cultivates the trust of its members by always reporting to them in advance whenever there is any important change in business activity. If required, the Management-Labor Council assists in reaching agreements concerning employee welfare and working conditions.

Executive-employee communication programs

Eoullim(Coway Morning Meeting): A meeting held every morning in which all Coway members participate.

Singi Nara Headquarters: A body responsible for devising new, innovative ideas for the betterment of corporate culture.

Management-Labor Council: Management-labor cooperation was strengthened in 2012 through the holding of various workshops and discussions. Although the

number of council meetings decreased, the number of actually processed agenda items increased, indicating improved management-labor communication.

Sangsang Ocean – Member ideas applied to overall management

The aim of Sangsang Ocean is to encourage a revolutionary mindset among our members in the everyday workplace by providing an outlet through which they may propose ideas to the company. Under this innovative new management system, ideas are first evaluated, with accepted ideas remunerated via cash-convertible points. Sangsang Ocean has birthed a new creative culture in the workplace, and is considered a sustainable program that increases corporate value. For the past 4 years, Coway has adopted 15 percent of the 600,000 ideas proposed through Sangsang Ocean in our actual business—ideas which have helped to bring in better results all around.

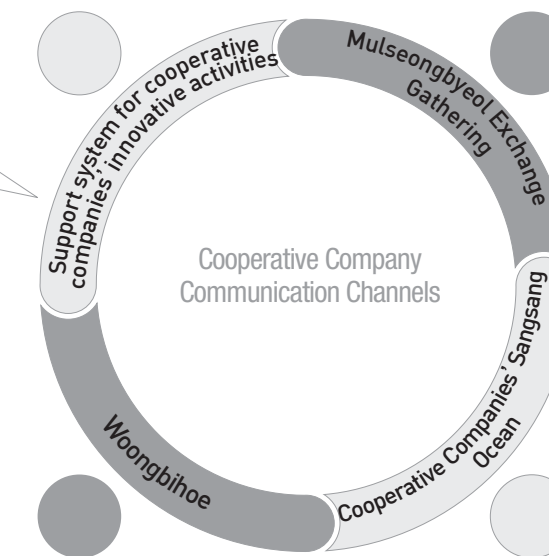
Coway makes it a priority to do whatever we can to assist our cooperative companies in realizing substantial achievements. We ensure a solid communication channel is in place to facilitate quick problem solving should any issues arise, and provide our partners with the consulting and training they need to reach their goals. For Coway, our partners' successes mean our successes.

Revolution through Communication – Cooperative Companies

Cooperative Company Innovative Activity Support System

Results of Innovative Activities by Cooperative Companies

Category	2012	2011	Change
Number of participating companies compared to previous year	29개사	19개사	21.2% ↑
Number of projects compared to previous year	588건	197건	198% ↑
Fee compared to previous year	38.9억원	32억원	21% ↑
Results of cooperative company technical support Faulty stock from client companies compared to previous year	142ppm	149ppm	4.7% ↓



Innovative cases registered via Cooperative Companies' Sangsang Ocean
(development of new activities and cost reduction)

- Cost reduction: 21 cases**
- Increased productivity: 11 cases**
- Quality improvement: 10 cases**

What's Next

In 2013 Coway plans to strengthen the "Sangsang Together" function of Sangsang Ocean to enable more expansive collection of members' opinions on a broader range of issues, and apply this feedback in our companywide innovation efforts.

Strengthened communication with cooperative companies

Coway regards partnered management with our cooperative companies as the foundation for strengthening corporate competitiveness. We pursue innovation achievements with our partners through such channels as the Cooperative Company Sangsang Ocean and the cooperative company council Woongbihoe, both of which encourage opinion and idea exchanges that lead to mutually beneficial growth.

Woongbihoe: An important communication channel that strengthens independent dialogue between cooperative companies and enables proactive responses to production site problems and VOC.

Mulseongbyeol Exchange Gathering: A channel for information exchange and communication between Coway and cooperative companies encompassing such

topics as innovation, VOC and the results of improvement efforts, and any other issues deemed necessary for discussion.

Innovative Activity Support System

Coway, in cooperation with the SML Company Cooperative Foundation, has developed a broad range of management support and training programs to support the innovative activities of our partners. Such programs have assisted our partners in achieving greater product competitiveness, a win-win situation.

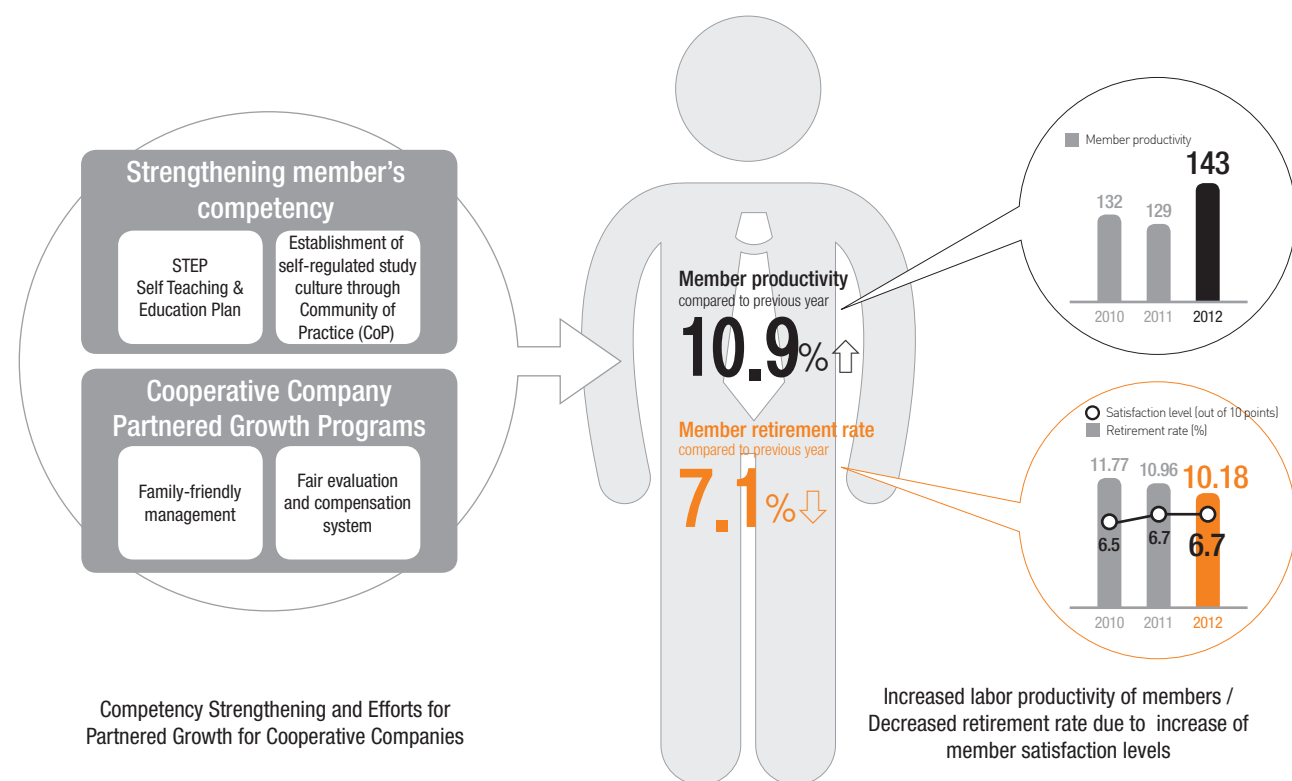
For more information

2012 Sustainability Report 44-51p, 60-65p

Corporate Culture

Coway has developed various programs for our members to boost job satisfaction levels, competency and productivity.

Partnered Growth through Strengthened Competency – Our Members



Our Goal

Coway will continue to create diverse programs for our members aimed at fostering well-rounded individuals that are a benefit not only to the company, but to society as well, and will be proactive in our efforts to become a social enterprise that grows alongside our members, cooperative companies, and society.

Strengthening member competency

Coway improved its training system in 2012 to enable members to freely choose desired areas of training. We currently provide member training systems like STEP (Self Teaching & Education Plan) and CoP (Community of Practice).

Family-friendly management

Coway has instituted various welfare policies and programs for the families of its members, and encourages a corporate culture in which a healthy balance is maintained between work and family life.

Fair evaluation and compensation system

Coway fully supports individual growth and development. Each employee is evaluated according to four different standards, and a relative performance

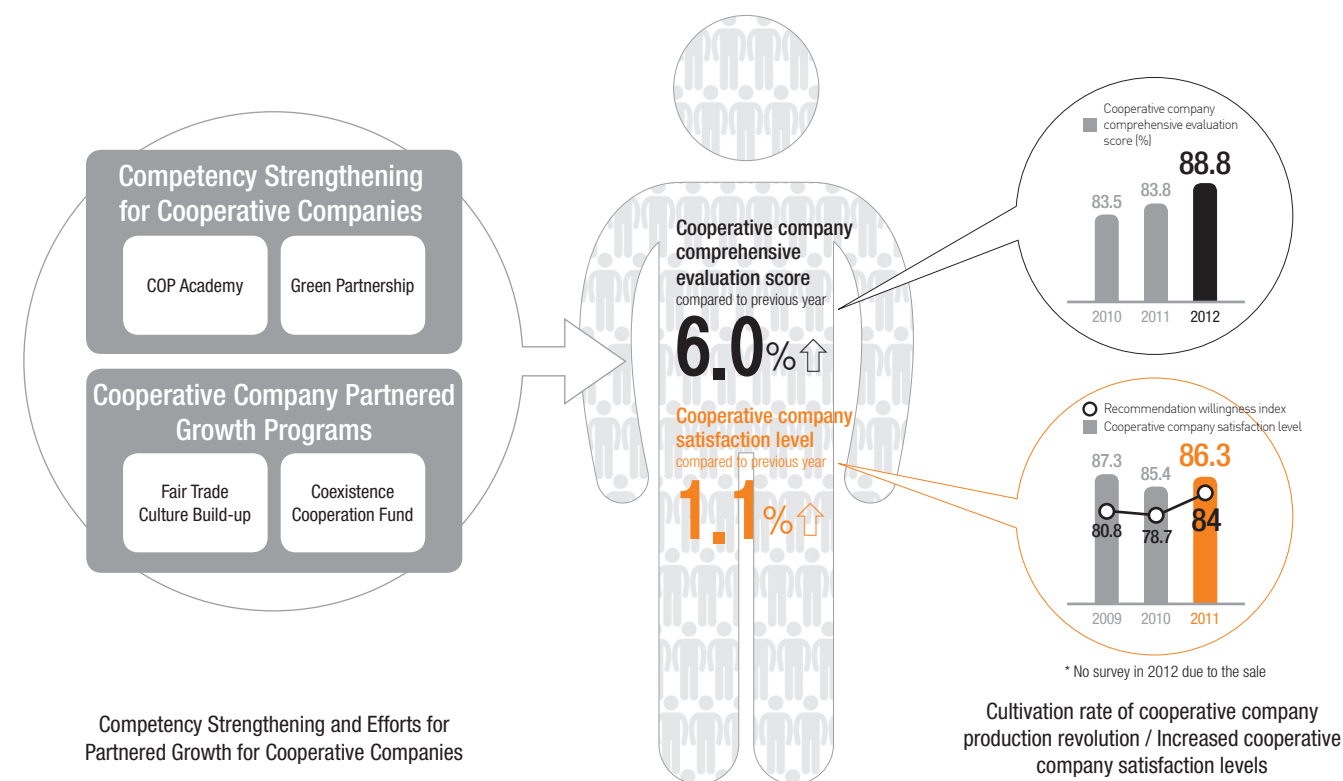
evaluation is also conducted depending on the achievement grade of the organization.

Member satisfaction levels

Coway conducts employee satisfaction surveys on a yearly basis, the results of which are reflected in improvement plans and used as a basic resource for solving specific employee issues. Notably, Coway was awarded the Grand Prize in the general service category of GwP Korea's Top 100 Favorite Korean Companies for Employment in 2012, and for two consecutive years beginning in 2011 was awarded the Grand Prize in the production category.

Partnered Growth through Strengthened Competency – Cooperative Companies

Coway's diverse support programs for cooperative companies include competency strengthening programs and the Coexistence Cooperation Fund, which assists companies facing financial difficulties in their plans to get back on track.



What's Next

In 2013 Coway aims to provide more practical assistance to cooperative companies through the expansion of partnered growth programs. We will also pursue specialized member management to identify more accurately the satisfactions and dissatisfactions of our employees and to the greatest extent possible reflect the individual visions of our members in our business operations.

Competency strengthening for cooperative companies

Coway Open Plaza (COP) Academy: Provides support activities, training and comprehensive consulting services for small and medium-sized cooperative companies each year to boost their competitiveness.

Green Partnership (GP): For cooperative companies that satisfy Coway's Green Partner Self-Evaluation Index, in which systems common, water quality management and environmentally hazardous substance use are evaluated, corresponding certification per category is given. Through the Green Partnership, the environmental risks of cooperative companies are reduced, creating a mutually beneficial situation in which the competitiveness of both sides is raised.

Fair Trade corporate culture by including in our evaluation and selection criteria grades on basic principles like "equal opportunity," "fair interaction," and "joint development."

Coexistence Cooperation Fund: In operation since 2011, this fund helps cooperative companies deepen their engagement in sustainable business and management activities and improve their corporate competitiveness. In 2012 the fund amounted to \$8 million (funded jointly by Coway and a domestic bank).

Partnered growth for cooperative companies

Fair Trade culture: Coway encourages cooperative companies to institute a

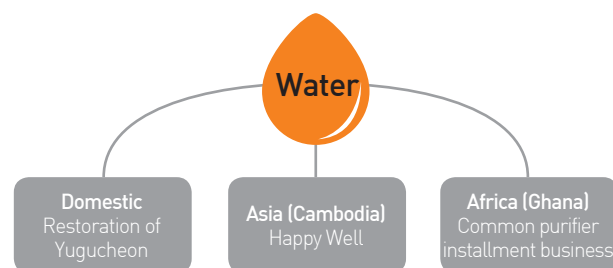
For more information

2012 Sustainability Report 44-51p, 60-65p

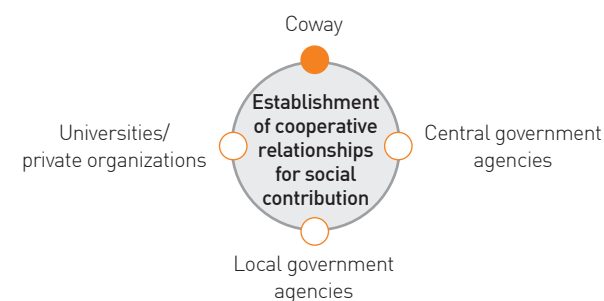
Corporate Culture

Coway carries out a number of social contribution activities related to water, the resource of its core business, with the restoration of Yugucheon Stream and “Happy Well” being just two of these efforts. Our stakeholders’ opinions on social contribution are realized through our cooperative relationships with government and private groups, with efforts also being made for direct material contributions to the local community. Through systematic management and the creation of a corporate atmosphere conducive to social contribution activity, the spirit of volunteerism has spread companywide.

Strategy 1 Increased Connections with Core Businesses



Strategy 2 Establishment of cooperative relations with the government and private organizations



Representative activities and outcomes

Yugucheon Stream Restoration Results

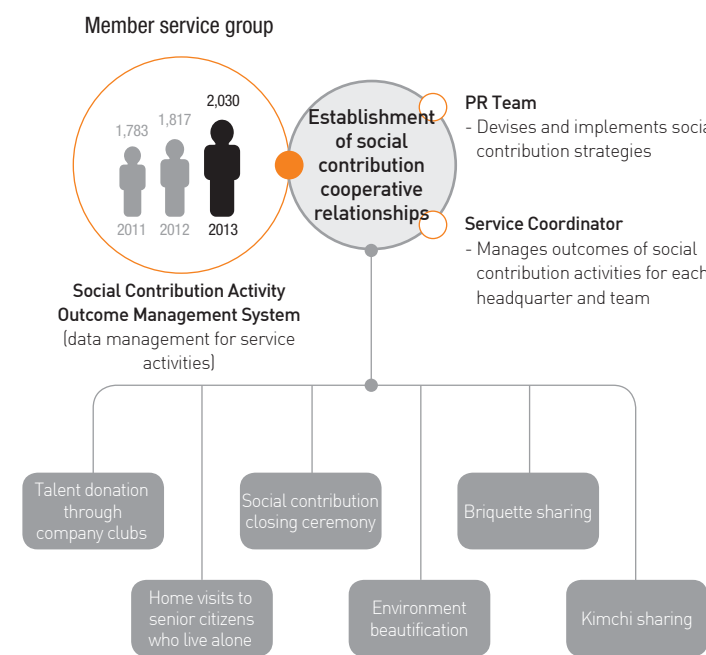
Progress of water quality improvement
Grade 3 (2003) → Grade 1b (2010) → Grade 1a* (2011)

Increased diversity of life forms: 1st inspection (2004), 2nd inspection (2010)

Birds (no.)	759 → 3,194
Amphibious reptiles	14 species → 17 species
Rare plants	234 species → 329 species
Land insects	93 species → 156 species
Aquatic invertebrates	35 species → 79 species

* Grade 1a: A clean, unpolluted ecosystem rich in dissolved oxygen with water that can be used for everyday purposes after simple purification processes (Ministry of Environment standard).

Strategy 3 Establishment of a Volunteerism Culture



Representative activities and outcomes

Briquette sharing activity

Number of participants

Our Goal

In 2012, under our vision “Improvement of the quality of life for the healthy future of our children,” Coway conducted various social contribution activities that were not promotional or one-time incidents but sincere commitments. In the mid to long-term Coway plans to increase its presence in the global community through proactive and tangible efforts to solve the problems people of the world face together.

2012 Total community service hours **36,224**

Increased connections with core businesses

Coway’s social contribution programs related to its core business “water” include restoration of the Yugucheon Stream, “Happy Well,” and the installation of common water purifiers in Africa.

Social contribution with government and private agencies

Coway has established cooperative relations with the government, local government agencies and private groups to assist in finding solutions to the problems faced by local societies.

Restoration of Yugucheon Stream:

Under the objective of “making water clean enough for children to play in to their hearts’ content,” in 2003 Coway— in cooperation with the government, local government agencies, and private

environmental groups—began restoration of Yugucheon Stream, which is located in the area of its place of business (Yugu-eup, Gongju-si, Chungcheongnamdo). For the past 9 years Coway members have participated in monthly restoration efforts for the stream and held various events for local residents in connection with such efforts (e.g. environmental education seminars, etc.). Moreover during their restoration visits, Coway members purchase eco-friendly agricultural produce grown in the area directly from farmers.

Common water purifier in Africa: A common water purifier was installed in the village of Jesipe in Ghana, Africa, allowing 4,000 villagers access to clean water (100 tons daily), thereby greatly improving the living environment.

Happy Well: Begun in 2006, this initiative was launched to provide clean water to Cambodia, a country where 90 percent of citizens do not have access to running water. By 2015, Coway plans to have dug 1,000 wells in Cambodia.

What’s Next

Coway will continue its efforts to give back to and develop local society by applying the company’s newly established vision and core values as well as stakeholder interests to social contribution activities. To further fulfill its responsibility as a corporate citizen, Coway will seek to establish common values by increasing investment in programs for the betterment of society and by participating in public policymaking.

Establishment of a volunteerism culture

Social contribution activities at Coway are centrally managed by the PR Team, under which a service coordinator is designated for each company division. A system is also being created to encourage volunteerism per team or headquarter unit. As of 2012, over 2,000 Coway members were engaged in volunteerism in the service group while company clubs donated their talent in their respective areas. Coway operates a support program for our members so that they may freely and actively participate in service activities. A social contribution outcome management system that will enable members to self-enter data about their own service activities is currently under construction.

Briquette and kimchi-sharing activities: To ensure a warm winter for less fortunate residents in the Busan area, Coway CODYs have been donating 10,000-

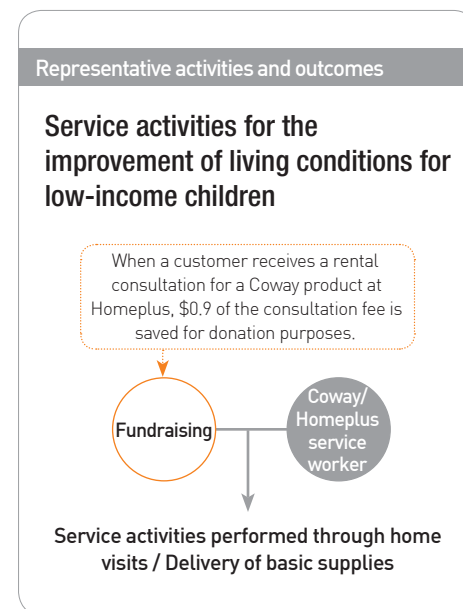
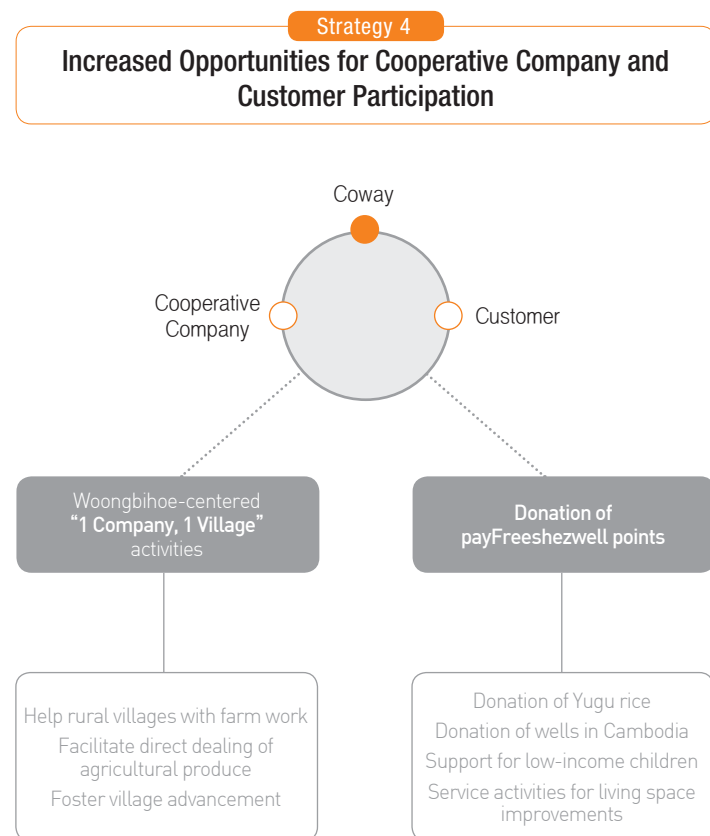
20,000 briquettes for their use every year since 2009. In 2011, the Incheon area was added, with 20,000 briquettes donated to Busan and 12,000 briquettes to Incheon. As well food products, including eco-friendly rice and kimchi, are continuously provided for undernourished children in those areas.

Talent donation through company clubs: Coway encourages company clubs to use their talents in social contribution activities. A representative example is the skin scuba diving club “Blue Sea,” which conducts regular clean-up activities off the coasts of Ulleungdo and Gangwondo.

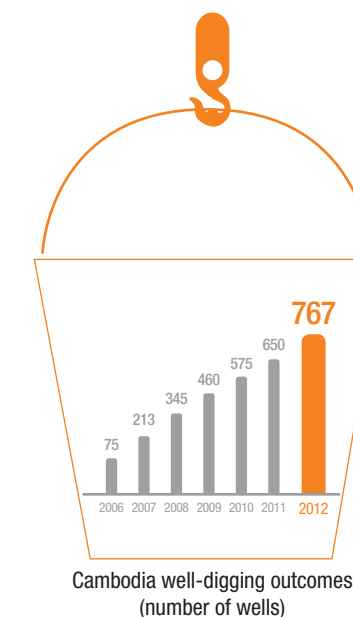
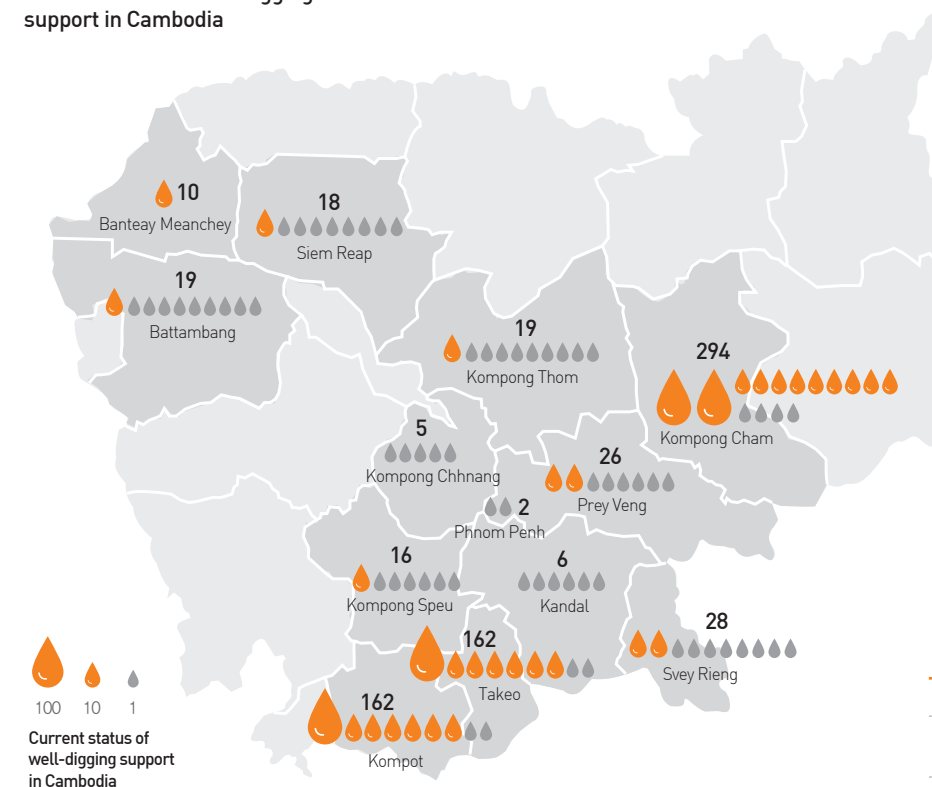
For more information
2012 Sustainability Report 52-59p

Corporate Culture

Coway is broadening channels for participation in social contribution activities not only for our members but for our cooperative companies and customers as well.



Current status of well-digging support in Cambodia



Type	2011	2012
Number of participants in overseas service activities	17	22
Number of recipient areas	2 provinces, 4 counties, 6 townships, 13 villages	2 provinces, 4 counties, 12 townships, 23 villages

Social contribution with cooperative companies

As part of our efforts to participate in and develop local society, Coway established the "1 Company, 1 Village" initiative under which various exchange activities, including helping rural villages with farm work, facilitating direct dealing of agricultural produce, and fostering village advancement, are carried out. In 2012 Woongbihoe (the association of Coway cooperative companies) joined Coway in operation of the initiative, bolstering our relationship with our partners. Efforts to help with farm work and for village advancement were held on four occasions in 2012, with the direct purchasing of agricultural produce from farmers undertaken during such activities. Joint operation of the "1 Company, 1 Village" program has enabled cooperative companies to foster the spirit of volunteerism within their corporations, and has helped Coway improve its corporate image.

Helping with farm work: An activity carried out in two sister villages (Mancheon-

li, Yugu-eup, Gongju; and Byeol-maueul, Haemi, Seosan) in which the members of Coway and cooperative companies assist farmers with transplanting rice, sowing and harvesting crops.

Social contribution with customers

Customer-participation social contribution activities are emerging as a new model for Coway's participation in local societal development programs. This program not only gives Coway customers an opportunity for volunteerism but also plays a significant role in establishing a relationship of trust between Coway and our customers. Such activities consist of donations of Yugu rice and donation of wells in Cambodia. As well, Coway recently conducted a joint promotional event with the store Homeplus, obtaining "NanumSarang" donations from participating customers that were used to improve the living conditions of low-income children.

Donation of Yugu rice: Approximately 682 customers participated in this rice drive in 2012. In particular, 300 sacks of eco-friendly rice grown along Yugucheon Stream were donated to the Korean Council of Food Support for the underprivileged members of our society.

Donation of wells to Cambodia: As of 2012 year's end, 1,601 customers had donated enough points to dig 27 wells in Cambodia. In the first quarter of 2013, twenty of those who donated points actually participated in well-digging activities in Cambodia.

Service activities for the improvement of living conditions for low-income children: An initiative jointly conducted with Homeplus between September and October, 2012, in which \$0.9 was donated to a fund for underprivileged children

each time a customer received a Coway product rental consultation at Homeplus. The accumulated fund was put toward service activities conducted by Coway and Homeplus members to help improve the living and learning environments of children in need.

For more information

2012 Sustainability Report 52-59p

Key Value Statement

Technology

	Unit	2010	2011	2012
R&D fee	\$ in millions	19.1	24.7	25.0
Total R&D investment (excluding assets)	\$ in millions	38.0	45.0	46.2
Number of developed products per researcher	model	0.14	0.12	0.12
Number of developed patents per researcher	case	1.7	1.2	1.4
Productivity				
Sales per person	\$	322,650	350,174	341,842
Sales profit per person	\$	48,441	49,638	46,171
Value added productivity per person	\$	114,182	116,424	126,970
Labor income share	%	40.8	43.8	43.9
Produced quantity				
Water purifier	10,000 devices	75	82	82
Air purifier	10,000 devices	56	55	60
Bidet	10,000 devices	36	37	34
Other	10,000 devices	10	17	20

Green Lifecycle

	Unit	2010	2011	2012
Environmental investment and operation cost	million won	2,279	2,081	2,518
Occurrence of subsidiary material				
Plastic	ton	10,139	10,794	8,922
Metal	ton	6,162	6,229	4,867
Packaging	ton	2,015	2,325	2,000
Water usage				
Companywide	m ³	87,133	72,356	91,555
Yugu	m ³	41,349	28,938	31,407
Incheon	m ³	11,931	17,570	20,695
Pocheon	m ³	459	1,117	519
R&D Center	m ³	33,394	24,731	36,982
Distribution Center	m ³	-	-	1,952
Status of greenhouse gas emissions				
Companywide	tCO ₂ e	5,365	5,455	5,817
Pure emission quantity in won	tCO ₂ e/million dollar	0.350	0.319	0.322
Yugu plant	tCO ₂ e	1,732	1,589	1,604
Incheon plant	tCO ₂ e	845	808	710
Pocheon plant	tCO ₂ e	496	493	499
R&D Center	tCO ₂ e	1,823	1,688	1,709
Cosmetics Research Center	tCO ₂ e	89	155	151
Seoul Office	tCO ₂ e	380	436	354
Distribution Center	tCO ₂ e	-	229	515
Other (dormitory, water processing, etc.)	tCO ₂ e	-	57	275
Current status of emissions for major carbon partner companies (31)				
Emitted quantity	tCO ₂ e	41,243	41,449	41,552
Emitted quantity in won	tCO ₂ e/million dollar	12.11	11.14	10.60
Quantity of waste material occurred				
Product	ton	10,250	11,770	12,229
Business site: general	ton	631	743	866
Business site: designated	ton	30	29	30
Service	ton	4,137	5,162	5,642

Green Lifecycle

	Unit	2010	2011	2012
Discarded plastic	ton	5,040	6,094	6,081
Recycled quantity				
Quantity of greenhouse gas reduction	tCO ₂ e	5,938	7,180	7,165
Metals	ton	4,242	5,143	5,364
Quantity of greenhouse gas reduction	tCO ₂ e	29	36	37
R-134a				
Quantity of refrigerants used in product production	kg	24,517	23,971	21,398
Quantity of refrigerants used during product disposal	kg	4,759	7,891	11,552
Quantity of greenhouse gas occurred by using refrigerants in disposed products	tCO ₂ e	4,948	8,207	12,014
Refrigerant withdrawal rate	%	22.9	21.3	26.1
Greenhouse gas reduction activities				
Greenhouse gas reduction rate based on recalled sales	tCO ₂ e	1,134	1,747	3,130
R-12				
Quantity of refrigerants used in product production	kg	368	534	603
Quantity of refrigerants used during product disposal	kg	10,387	9,737	7,568
Quantity of greenhouse gas occurred by using refrigerants in disposed products	tCO ₂ e	90,566	84,907	65,993
Refrigerant withdrawal rate	%	24.9	33.2	22.8
Greenhouse gas reduction rate based on recalled sales	tCO ₂ e	22,585	28,166	15,042
	Unit	Quantity reduced	Offered profit (internal/external)	
Application of eco-friendly refrigerants	tCO ₂ e, \$	137	2,433	
Reuse of discarded plastic	tCO ₂ e, \$	6,697	118,926	
Development of non-refrigerant flash cooling new-technology water purifier	tCO ₂ e, \$	20,720	367,947	
Energy efficiency improvement through application of vacuum adiabatic material	tCO ₂ e, \$	94.44	1,677	
Refurb of water purifier, air purifier, bidet	tCO ₂ e, \$	1,789	31,769	
Change to LED lighting	tCO ₂ e, \$	3.75	67	
Environmental investment				
Facility operation	\$	500,264	949,441	1,607,281
System operation	\$	362,441	120,485	43,241
Communication	\$	1,108,689	718,038	585,483
Launch of new businesses	\$	-	90,251	-
Total	\$	1,971,394	1,878,215	2,236,004
Energy efficiency of all products sold Percentage of grade 1 products	%	30.6	19.0	38.6
Investment for the environmental conservation of production sites				
Yugu	\$	364,197	854,992	1,461,225
Incheon	\$	6,315	30,144	20,422
Pocheon	\$	129,752	76,352	135,988
Environmental Analysis Center [*applies to system construction only]	\$	358,669	110,577	125,070
Seoul Office [*applies to natural conservation only]	\$	978,625	515,501	404,336
Distribution status of investment for environmental conservation (Total of Yugu/Incheon/Pocheon plants, Environmental Analysis Center, Seoul Office)				
Response to climate change / energy efficiency	\$	500,264	369,307	1,557,883
Water management	\$	-	219,130	-
Noise elimination	\$	-	361,004	49,332
System construction and operations management	\$	358,669	122,624	135,489
Nature conservation	\$	978,625	515,501	404,336

Key Value Statement

Cody for Servicing

	Unit	2010	2011	2012
Number of CODYs	-	13,458	12,819	13,663
Number of products per household	-	1.55	1.6	1.6
Number of accounts	-	5,082,747	5,452,009	5,740,528
Productivity per CODY	Case	7.18	7.56	7.58
CODY satisfaction level	Points (100 total)	64.8	71.0	73.1
CODY settlement rate	%	51.90%	50.30%	52.20%
Cancellation rate	%	1.05%	1.00%	1.00%
NPS	%	17.2	12.1	21.2

Global Value Expansion

Detailed Index	Unit	2010	2011	2012	
Overseas exports: development per region	China	\$ in millions	9.0	18.7	19.9
	Asia	\$ in millions	24.0	26.6	31.6
	Europe/CIS	\$ in millions	8.1	11.8	14.4
	Middle East	\$ in millions	3.7	4.2	5.9
	North America	\$ in millions	13.5	25.1	23.3
	Other (Central/South America, Oceania, Africa)	\$ in millions	1.5	2.1	2.3
	Total	\$ in millions	59.9	88.5	97.3
Sales development per brand	ODM	\$ in millions	34.6	47.2	62.0
	Coway	\$ in millions	34.6	50.9	47.5
	Total	\$ in millions	69.2	98.1	109.5
Purifier sales (direct export)	\$ in millions	28.6	39.7	46.0	
Juicer sales (direct export)	\$ in millions	0.6	5.1	9.5	
Sales per overseas corporation	Malaysia	\$ in millions	34.5	49.4	59.8
	US	\$ in millions	14.2	27.4	33.2
	Thailand	\$ in millions	7.7	11.5	18.0
	Japan	\$ in millions	8.9	9.8	10.3
	China	\$ in millions	10.0	10.0	12.4
	China (cosmetics)	\$ in millions	36.2	37.0	37.6
	Total	\$ in millions	111.6	145.1	152.8
Number of accounts per overseas corporation	Malaysia	\$ in millions	4.5	7.9	11.0
	US	\$ in millions	1.5	3.2	5.2
	Other	\$ in millions	2.3	3.3	3.2
	Total	\$ in millions	8.4	14.4	19.4

Corporate Culture

Detailed Index	Unit	2010	2011	2012	
Total number of executives and employees	Korea	-	4,188	4,537	4,834
	Overseas (overseas dispatch)	-	47	49	44
	Overseas (local)	-	-	883	928
	Number of executives	-	27	28	23
By area of work	Production	-	274	264	263
	Sales	-	2,717	2,911	3,149
	Research	-	295	363	387
	Clerical	-	779	860	908
	Other	-	123	139	127
By form of employment	Regular employee	-	3,084	3,436	3,649
	Irregular employee	-	1,104	1,101	1,162
	Percentage of irregular employees	%	26.4	24.3	24.2
Diversity	Employees with disabilities	-	45	38	39
	Average length of employment of employees with disabilities	years	4.3	4.6	4.9
	Men (percentage)	%	30	31.4	33.7
	Women (percentage)	%	70	68.6	66.3
Average length of employment	Executives/employees	years	7.6	6.6	6.1
Retirement rate	Number of resigned employees	-	493	497	492
	Retirement rate	%	11.77	10.95	10.18
Maternity leave	Number of applicants	-	7	14	15
	Return rate	%	57	93	93
Executive/employee training	Total training cost	\$ in millions	1.6	2.2	1.0
	Training hours per person	hours	93	149	86
	Training cost per person	\$	1,450	1,830	917
Salary and benefits	Salary	\$ in millions	145.8	179.1	202.6
	Retirement payment	\$ in millions	11.8	13.6	14.9
	Benefits	\$ in millions	27.1	33.0	37.5
Industrial disaster rate	Companywide	%	0.096	0.11	0.11
Sangsang Ocean remunerations		\$	43	48	48
Rate of revolutionized cooperative companies		%	70	75	95
Accumulated Sangsang Ocean ideas distributed	Cases (idea)		23	39	44
Training hours for competency strengthening per executive/employee	Hours		93	149	86
Executive/employee annual income	\$		35,884	39,244	37,483
Executive/employee length of continuous employment	years		4.3	4.6	4.9
Executive/employee retirement rate	%		11.77	10.96	10.18
Total community service hours	hours		30,800	33,500	36,224
Number of employees in service group	-		1,783	1,817	2,030
Number of wells in Cambodia (accumulated)	number		575	650	767

Financial Statement

Consolidated Statement of Financial Position

Term 24 (as of 2012.12.31)
Term 23 (as of 2011.12.31)
Term 22 (as of 2010.12.31)

[Unit: won]

	Term 24	Term 23	Term 22
Assets			
Noncurrent assets	975,943,842,458	1,052,123,037,319	924,222,815,494
Other long-term financial assets	51,369,795,981	49,055,139,581	47,203,861,355
Other noncurrent assets	80,402,480,943	65,285,636,012	50,844,469,000
Sellable financial assets	2,461,264,045	2,562,051,632	3,751,724,883
Relational company stock	0	156,827,558,735	156,712,384,361
Tangible assets	630,421,982,938	568,897,144,864	470,855,621,716
Intangible assets	183,665,072,523	183,177,210,870	178,322,408,814
Real estate investment	27,109,108,890	23,824,044,139	12,598,046,049
Derivative product assets	0	1,825,713,462	0
Deferred tax assets	514,137,138	668,538,024	3,934,299,316
Liquid assets	779,164,517,926	572,595,639,383	463,376,628,989
Cash/cashable assets	152,411,776,291	98,223,335,061	74,592,579,381
Sale credit	233,010,795,961	205,305,806,973	180,510,461,309
Other short-term financial assets	16,995,067,341	16,382,464,576	19,905,536,824
Other liquid assets	141,666,676,253	148,979,680,810	98,316,823,986
Inventory assets	71,687,168,456	103,704,351,963	90,051,227,489
Designated sale assets	163,393,033,624	0	0
Total assets	1,755,108,360,384	1,624,718,676,702	1,387,599,444,483
Capital			
Possession quota of dominant firm	785,084,821,318	737,902,512,907	728,283,286,287
Paid-in capital	40,662,398,000	40,662,398,000	40,662,398,000
Stock issue excess fee	97,773,449,148	97,773,449,148	97,773,449,148
Earned surplus	700,852,885,725	675,650,082,706	591,622,691,556
Other capital categories	[54,203,911,555]	[76,183,416,947]	[1,775,252,417]
Non-controlling interest	0	0	0
Total capital	785,084,821,318	737,902,512,907	728,283,286,287
Liabilities			
Noncurrent liabilities	210,864,604,564	308,481,324,569	253,306,330,611
Other long-term financial liabilities	9,023,429,296	8,234,227,675	1,603,893,585
Other noncurrent liabilities	8,710,983,066	8,648,594,935	16,432,789,920
Long-term debt	30,083,333,000	90,620,862,996	174,241,872,499
Private loans	117,821,000,000	176,716,798,915	49,772,554,136
Retirement payment liabilities	12,819,014,249	14,554,811,070	10,804,925,112
Derivative product liabilities (noncurrent)	5,867,615,831	307,202,279	0
Repaid debt (noncurrent)	623,085,957	749,707,527	164,223,277
Deferred tax liabilities	25,916,143,165	8,649,119,172	286,072,082
Liquid liabilities	759,158,934,502	578,334,839,226	406,009,827,585
Purchased liabilities	46,264,932,534	51,918,146,354	40,398,337,123
Other short-term financial liabilities	175,482,239,034	158,587,617,721	155,071,048,640
Other liquid liabilities	72,298,027,149	64,689,163,534	73,656,911,881
Short-term debt	330,095,354,639	168,176,965,638	78,236,018,767
Liquid long-term liabilities	60,499,866,000	110,499,866,000	30,734,433,333
Liquid private loans	49,939,127,155	0	0

	Term 24	Term 23	Term 22
Accrued corporate tax	18,302,722,292	16,812,006,426	23,475,082,521
Derivative product liabilities (liquid)	0	713,199,426	0
Repaid liabilities (liquid)	6,276,665,699	6,937,874,127	4,437,995,320
Total liabilities	970,023,539,066	886,816,163,795	659,316,158,196
Total assets and liabilities	1,755,108,360,384	1,624,718,676,702	1,387,599,444,483

Consolidated Comprehensive Statement of Profit and Loss

Term 24 (2012.01.01 - 2012.12.31)
Term 23 (2011.01.01 - 2011.12.31)
Term 22 (2010.01.01 - 2010.12.31)

[Unit: won]

	Term 24	Term 23	Term 22
Sales	1,992,838,137,049	1,824,366,637,732	1,583,891,743,978
Sales cost	678,300,742,485	580,844,989,543	510,929,013,782
Total sales profit	1,314,537,394,564	1,243,521,648,189	1,072,962,730,196
Distribution and maintenance cost	1,088,390,891,267	1,008,792,650,532	824,295,913,658
Operating profit	226,146,503,297	234,728,997,657	248,666,816,538
Other profit	27,779,327,772	21,995,525,985	12,662,275,995
Other cost	85,554,649,504	18,240,927,790	6,107,044,184
Financial profit	2,346,589,883	2,585,065,377	5,848,154,602
Financial expenses	30,366,174,208	26,909,005,721	18,403,569,488
Relational company investment profit and loss	5,431,167,243	3,352,266,317	18,283,678,464
Pure income before income taxes	145,782,764,483	217,511,921,825	260,950,311,927
Income tax expense	51,740,066,469	50,458,164,689	67,784,112,931
Net profit during the term	94,042,698,014	167,053,757,136	193,166,198,996
Return of net profit during the term			
Ownership net profit of dominant company	94,042,698,014	167,053,757,136	193,900,701,037
Pure losses on non-controlling interest	0	0	[734,502,041]
Other comprehensive profit and loss (after tax)	4,907,160,414	[5,850,520,771]	[8,435,466,559]
Sellable financial asset valuation profit and loss	13,350,068	[3,959,523]	[1,453,351]
Actual value method capital change	883,777,481	[3,468,549,292]	0
Stake in other comprehensive profits and losses of relational companies	[300,780,232]	[501,157,396]	[3,938,041,377]
Actuarial profit and loss	[2,824,848,921]	[2,583,672,790]	[2,969,298,017]
Derivative product valuation profit and loss	1,255,151,724	[2,012,102,524]	0
Overseas business conversion profit and loss	5,880,510,294	2,718,920,754	[1,526,673,814]
Total comprehensive term profits	98,949,858,428	161,203,236,365	184,730,732,437
Return of total comprehensive term profits			
Dominant company's ownership comprehensive income	98,949,858,428	161,203,236,365	185,764,521,324
Comprehensive losses of non-controlling interest	0	0	[1,033,788,887]
Income per share			
Basic income per share	1,267	2,235	2,548
Diluted income per share	1,259	2,228	2,545

Financial Statement

Consolidated Statement of Changes in Equity

Term 24 (2012.01.01 - 2012.12.31)
Term 23 (2011.01.01 - 2011.12.31)
Term 22 (2010.01.01 - 2010.12.31)

[Unit: won]

	Capital							
	Capital returned to dominant company's owner					Non-controlling interest	Total capital	
	Paid-in capital	Stock issue excess fee	Earned surplus	Other capital categories	Total capital returned to dominant company's owner			
2010.01.01 [Basic capital]	40,662,398,000	97,773,449,148	478,912,845,034	2,360,317,688	619,709,009,870	(2,656,901,229)	617,052,108,641	
Total comprehensive profit and loss	Net profit and loss		193,900,701,037		193,900,701,037	(734,502,041)	193,166,198,996	
	Sellable financial asset valuation profit and loss			(1,453,351)	(1,453,351)		(1,453,351)	
	Shares on relational company's other comprehensive profits and losses			(1,396,112,538)	(2,541,928,839)	(3,938,041,377)	(3,938,041,377)	
	Actuarial profit and loss			(2,969,298,017)	(2,969,298,017)		(2,969,298,017)	
	Overseas business conversion profit and loss				(1,227,386,968)	(1,227,386,968)	(299,286,846)	
	Derivative product evaluation profit and loss							
	Total comprehensive profit and loss			189,535,290,482	(3,770,769,158)	185,764,521,324	(1,033,788,887)	184,730,732,437
	Change in capital	Stipend allocation			(76,825,443,960)	(76,825,443,960)		(76,825,443,960)
Transactions with owner		Treasury stock			2,541,441,674	2,541,441,674	2,541,441,674	
		Exercise of stock option			(686,171,377)	(686,171,377)	(686,171,377)	
		Stock compensation cost			2,226,143,170	2,226,143,170	2,226,143,170	
Change in owned share for dependent companies	Paid-in capital increase, etc.							
	Change in consolidation scope							
	Additional acquisition of dependent company stock, etc.				(4,446,214,414)	(4,446,214,414)	3,690,690,116	
Total transactions with owner			(76,825,443,960)	(364,800,947)	(77,190,244,907)	3,690,690,116	(73,499,554,791)	
2010.12.31 [Capital at year's end]	40,662,398,000	97,773,449,148	591,622,691,556	(1,775,252,417)	728,283,286,287		728,283,286,287	
2011.01.01 [Capital at year's beginning]	40,662,398,000	97,773,449,148	591,622,691,556	(1,775,252,417)	728,283,286,287		728,283,286,287	

Total comprehensive profit and loss	Net profit and loss		167,053,757,136		167,053,757,136		167,053,757,136
	Sellable financial asset valuation profit and loss			(3,959,523)	(3,959,523)		(3,959,523)
	Shares on relational company's other comprehensive profits and losses		(501,157,396)	(3,468,549,292)	(3,969,706,688)		(3,969,706,688)
	Actuarial profit and loss		(2,583,672,790)		(2,583,672,790)		(2,583,672,790)
	Overseas business conversion profit and loss			2,718,920,754	2,718,920,754		2,718,920,754
	Derivative product evaluation profit and loss			(2,012,102,524)	(2,012,102,524)		(2,012,102,524)
	Total comprehensive profit and loss		163,968,926,950	(2,765,690,585)	161,203,236,365		161,203,236,365
	Transactions with owner	Stipend allocation		(79,941,535,800)		(79,941,535,800)	
Treasury stock				(73,494,452,450)	(73,494,452,450)		(73,494,452,450)
Exercise of stock option							
Stock compensation cost				1,990,148,706	1,990,148,706		1,990,148,706
Change in owned share for dependent companies	Paid-in capital increase, etc.			(138,170,201)	(138,170,201)		(138,170,201)
	Change in consolidation scope						
	Additional acquisition of dependent company stock, etc.						
Total transactions with owner		(79,941,535,800)	(71,642,473,945)	(151,584,009,745)		(151,584,009,745)	
2011.12.31 [Capital at year's end]	40,662,398,000	97,773,449,148	675,650,082,706	(76,183,416,947)	737,902,512,907		737,902,512,907
2012.01.01 [Capital at year's beginning]	40,662,398,000	97,773,449,148	675,650,082,706	(76,183,416,947)	737,902,512,907		737,902,512,907
Total comprehensive profit and loss	Net profit and loss		94,042,698,014		94,042,698,014		94,042,698,014
	Sellable financial asset valuation profit and loss			13,350,068	13,350,068		13,350,068
	Shares on relational company's other comprehensive profits and losses		300,780,232	883,777,481	582,997,249		582,997,249
	Actuarial profit and loss		(2,874,255,791)		(2,874,255,791)		(2,874,255,791)
	Overseas business conversion profit and loss			5,880,510,294	5,880,510,294		5,880,510,294
	Derivative product evaluation profit and loss			1,255,151,724	1,255,151,724		1,255,151,724
	Total comprehensive profit and loss		90,917,068,861	8,032,789,567	98,949,858,428		98,949,858,428
	Stipend allocation		(77,841,535,800)		(77,841,535,800)		(77,841,535,800)
Transactions with owner	Treasury stock			12,310,991,605	12,310,991,605		12,310,991,605
	Exercise of stock option			1,643,239,820	1,643,239,820		1,643,239,820
	Stock compensation cost						
Change in owned share for dependent companies	Paid-in capital increase, etc.			(7,515,600)	(7,515,600)		(7,515,600)
	Change in consolidation scope			12,127,269,958	12,127,269,958		12,127,269,958
	Additional acquisition of dependent company stock, etc.						
Total transactions with owner		(65,714,265,842)	13,946,715,825	(51,767,550,017)		(51,767,550,017)	
2012.12.31 [Capital at year's end year]	40,662,398,000	97,773,449,148	700,852,885,725	54,203,911,555	785,084,821,318		785,084,821,318

Financial Statement

Consolidated Statement of Cash Flow

Term 24 (2012.01.01 - 2012.12.31)
Term 23 (2011.01.01 - 2011.12.31)
Term 22 (2010.01.01 - 2010.12.31)

[Unit: won]

	Term 24	Term 23	Term 22
Sales activity cash flow	454,295,658,186	314,468,714,902	347,092,294,553
Cash flow derived from sales activity	490,290,779,602	357,613,410,050	392,498,866,959
Net profit during the term	94,042,698,014	167,053,757,136	193,166,198,996
Adjustment	420,182,579,450	311,327,138,841	272,280,155,263
Change in asset debt through sales activity	(23,934,497,862)	(120,767,485,927)	(72,947,487,300)
Payment of corporate tax	(35,995,121,416)	(43,144,695,148)	(45,406,572,406)
Investment activity cash flow	(320,383,263,823)	(324,223,694,433)	(305,594,087,807)
Increase in other short-term financial assets	(339,965,100)	(2,313,085,554)	(1,018,198,000)
Decrease in other short-term financial assets	(2,094,689,487)	1,858,502,919	1,367,447,260
Increase in other long-term financial assets	(7,195,113,998)	(13,218,308,879)	(25,232,346,619)
Decrease in other long-term financial assets	5,459,071,211	12,328,716,811	22,385,402,920
Acquisition of sellable financial assets	(100,000,000)	(50,000,000)	(1,000,042,520)
Sale of sellable financial assets	255,928,131	476,690,444	0
Acquisition of dependent company (after deduction of cash in possession)	0	(6,373,727,602)	(32,285,122,990)
Sale of dependent company	30,000,000	0	0
Acquisition of relational company	0	(999,995,600)	(31,000,562,310)
Sale of relational company	402,693,993	0	0
Acquisition of liquid assets	(313,843,129,046)	(316,518,459,038)	(237,498,389,320)
Sale of liquid assets	3,538,711,089	13,765,924,896	11,088,458,799
Acquisition of intangible assets	(8,310,674,638)	(7,184,048,560)	(15,018,581,387)
Sale of intangible assets	638,230,965	385,000,000	1,137,674,844
Acquisition of investment real estate	(523,683,227)	(8,511,562,500)	0
Sale of investment real estate	84,545,454	0	0
Received interest	1,614,810,830	2,130,658,230	1,480,171,516
Financial activity cash flow	(75,636,507,183)	30,547,165,836	(41,048,173,782)
Net increase of unit price debt	20,398,872,549	89,903,282,870	(47,443,016,390)
Decrease of liquid growth phase liabilities	(499,866,000)	(30,693,035,000)	(203,930,000)
Increase in long-term debt	0	60,000,000,000	100,000,000,000
Decrease in long-term debt	0	(33,162,541,836)	(128,905,237)
Increase in private loans	0	122,690,000,000	49,747,800,000
Payment of dividends	(77,841,535,800)	(79,941,535,800)	(76,825,443,960)
Acquisition of treasure stock	0	(73,494,452,450)	0
Exercise of stock purchase option	12,212,200,000	0	1,893,500,000
Payment of interest	(29,906,177,932)	(24,754,551,948)	(18,088,178,195)
Decrease in liquid private loans	0	0	(50,000,000,000)
Net increase of cash and cashable assets (decrease)	58,275,887,180	20,792,186,305	450,032,964
Basic cash and cashable assets	98,223,335,061	74,592,579,381	77,459,105,816
Exchange rate fluctuation impact on cash and cashable assets	(4,404,708,325)	2,838,569,375	(3,316,559,399)
Change in consolidation scope	317,262,375	0	0
Year's end cash and cashable assets	152,411,776,291	98,223,335,061	74,592,579,381

Statement of Financial Position

Term 24 (as of 2012.12.31)
Term 23 (as of 2011.12.31)
Term 22 (as of 2010.12.31)

[Unit: won]

	Term 24	Term 23	Term 22
Assets			
Noncurrent assets	1,010,230,889,971	1,064,959,877,824	917,084,808,782
Other long-term financial assets	55,054,637,121	47,973,451,555	49,030,160,451
Other noncurrent assets	76,198,744,852	60,959,418,799	48,760,776,084
Sellable financial assets	1,537,410,545	1,703,209,835	3,101,915,986
Relational company stock	101,703,254,632	101,577,041,617	59,021,935,367
Tangible assets	0	135,308,636,849	133,308,648,729
Intangible assets	594,204,832,774	534,734,380,403	441,557,348,513
Real estate investment	157,516,061,655	155,965,385,892	156,456,468,711
Derivative product assets	24,015,948,392	23,824,044,139	12,598,046,049
Deferred tax assets	0	1,825,713,462	0
Noncurrent assets	0	1,088,595,273	13,249,508,892
Liquid assets	691,276,655,813	511,499,151,364	441,169,455,659
Cash/cashable assets	118,881,951,713	64,910,267,918	56,428,125,113
Sale credit	278,406,994,510	240,071,270,875	203,790,052,845
Other short-term financial assets	12,397,503,240	18,926,508,666	22,117,430,970
Other liquid assets	106,935,018,092	114,609,971,848	85,634,652,860
Inventory assets	41,346,541,529	72,981,132,057	73,199,193,871
Designated sale assets	133,308,646,729	0	0
Total assets	1,701,507,545,784	1,576,459,029,188	1,358,254,264,441
Capital			
Possession quota of dominant firm	40,662,398,000	40,662,398,000	40,662,398,000
Paid-in capital	97,773,449,148	97,773,449,148	97,773,449,148
Stock issue excess fee	716,802,060,649	677,684,182,975	582,918,759,202
Earned surplus	(52,508,474,437)	(67,717,667,866)	5,802,697,925
Other capital categories	802,729,433,360	748,402,362,257	727,157,304,275
Liabilities			
Noncurrent liabilities	179,198,809,923	293,777,106,176	246,566,890,154
Other long-term financial liabilities	8,514,033,314	7,759,736,243	1,226,162,642
Other noncurrent liabilities	3,294,583,625	6,168,049,417	15,808,648,146
Long-term debt	30,000,000,000	90,000,000,000	170,000,000,000
Private loans	117,821,000,000	176,716,798,915	49,772,554,136
Retirement payment liabilities	10,533,636,817	12,371,433,742	9,639,125,846
Derivative product liabilities (noncurrent)	5,867,615,831	307,202,279	0
Repaid debt (noncurrent)	164,682,697	453,885,580	120,399,384
Deferred tax liabilities	3,003,257,639	0	0
Liquid liabilities	719,579,302,501	534,279,560,755	384,530,070,012
Purchased liabilities	28,901,007,216	28,657,314,032	38,311,601,828
Other short-term financial liabilities	197,618,402,571	149,085,706,169	143,950,241,858
Other liquid liabilities	63,283,698,221	59,255,667,217	70,294,115,320
Short-term debt	295,686,104,639	164,818,431,596	74,473,032,228
Liquid long-term liabilities	49,939,127,155	0	0
Liquid private loans	60,000,000,000	110,000,000,000	30,000,000,000

Financial Statement

	Term 24	Term 23	Term 22
Accrued corporate tax	18,177,815,830	15,827,455,096	23,263,551,636
Repaid liabilities (liquid)	5,973,146,869	6,634,986,645	4,237,527,142
Total liabilities	898,778,112,424	828,056,666,931	631,096,960,166
Total capital and liabilities	1,701,507,545,784	1,576,459,029,188	1,358,254,264,441

All-inclusive Income Statement

Term 24 (2012.01.01 - 2012.12.31)

Term 23 (2011.01.01 - 2011.12.31)

Term 22 (2010.01.01 - 2010.12.31)

[Unit: won]

	Term 24	Term 23	Term 22
Sales	1,806,832,625,803	1,709,867,512,884	1,501,812,040,147
Sales cost	605,383,221,006	552,005,591,884	490,590,059,135
Total sales profit	1,201,449,404,797	1,157,861,921,000	1,011,221,981,012
Distribution and maintenance cost	973,637,124,791	914,518,436,668	756,869,440,736
Operating profit	227,812,280,006	243,343,484,332	254,352,540,276
Other profit	23,432,631,552	19,932,576,678	9,134,637,488
Other cost	28,466,241,146	14,403,411,764	8,496,236,937
Financial profit	3,551,546,717	2,243,894,076	6,377,208,027
Financial expenses	61,677,411,697	25,764,876,270	18,111,175,278
Relational company investment profit and loss	(3,187,533,127)	0	0
Pure income before income taxes	161,465,272,305	225,351,667,052	243,256,973,576
Income tax expense	(41,716,698,658)	(48,246,024,186)	(59,984,105,088)
Net profit during the term	119,748,573,647	177,105,642,866	183,272,868,488
Other comprehensive profit and loss (after tax)	(1,534,198,169)	(4,414,745,340)	(3,065,489,593)
Sellable financial asset valuation profit and loss	(189,720)	(3,959,523)	(1,453,351)
Derivative product valuation profit and loss	1,255,151,724	(2,012,102,524)	0
Actuarial profit and loss	(2,789,160,173)	(2,398,683,293)	(3,064,036,242)
Total comprehensive term profits	118,214,375,478	172,690,897,526	180,207,378,895
Income per share			
Basic income per share	1,614	2,370	2,408
Diluted income per share	1,603	2,362	2,405

Statement of Changes in Equity

Term 24 (2012.01.01 - 2012.12.31)

Term 23 (2011.01.01 - 2011.12.31)

Term 22 (2010.01.01 - 2010.12.31)

[Unit: won]

	Capital				
	Paid-in capital	Stock issue excess fee	Earned surplus	Other capital categories	Total capital returned to dominant company's owner
2010.01.01 (Basic capital)	40,662,398,000	97,773,449,148	479,535,370,916	1,722,737,809	619,693,955,873
Total comprehensive profit and loss	Net profit and loss		183,272,868,488		183,272,868,488
	Sellable financial asset valuation profit and loss			(1,453,351)	(1,453,351)
	Actuarial profit and loss		(3,064,036,242)		(3,064,036,242)
Change in capital	Derivative product evaluation profit and loss				
	Stipend allocation		(76,825,443,960)		(76,825,443,960)
Transactions with owner	Treasury stock			(686,171,377)	(686,171,377)
	Exercise of stock option			2,541,441,674	2,541,441,674
	Stock compensation cost			2,226,143,170	2,226,143,170
2010.12.31 (Capital at term's end)	40,662,398,000	97,773,449,148	582,918,759,202	5,802,697,925	727,157,304,275
2011.01.01 (Capital at term's beginning)	40,662,398,000	97,773,449,148	582,918,759,202	5,802,697,925	727,157,304,275
Total comprehensive profit and loss	Net profit and loss		177,105,642,866		177,105,642,866
	Sellable financial asset valuation profit and loss			(3,959,523)	(3,959,523)
	Actuarial profit and loss		(2,398,683,293)		(2,398,683,293)
Change in capital	Derivative product evaluation profit and loss			(2,012,102,524)	(2,012,102,524)
	Stipend allocation		(79,941,535,800)		(79,941,535,800)
Transactions with owner	Treasury stock			1,990,148,706	1,990,148,706
	Exercise of stock option			(73,494,452,450)	(73,494,452,450)
	Stock compensation cost				
2011.12.31 (Capital at term's end)	40,662,398,000	97,773,449,148	677,684,182,975	(67,717,667,866)	748,402,362,257
2012.01.01 (Capital at term's beginning)	40,662,398,000	97,773,449,148	677,684,182,975	(67,717,667,866)	748,402,362,257
Total comprehensive profit and loss	Net profit and loss		119,748,573,647		119,748,573,647
	Sellable financial asset valuation profit and loss			(189,720)	(189,720)
	Actuarial profit and loss		(2,789,160,173)		(2,789,160,173)
Change in capital	Derivative product evaluation profit and loss			1,255,151,724	1,255,151,724
	Stipend allocation		(77,841,535,800)		(77,841,535,800)
Transactions with owner	Treasury stock			1,643,239,820	1,643,239,820
	Exercise of stock option			12,310,991,605	12,310,991,605
	Stock compensation cost				
2012.12.31 (Capital at term's end)	40,662,398,000	97,773,449,148	716,802,060,649	(52,508,474,437)	802,729,433,360

Financial Statement

Assurance Report

Statement of Changes in Equity

Term 24 (2012.01.01 - 2012.12.31)

Term 23 (2011.01.01 - 2011.12.31)

Term 22 (2010.01.01 - 2010.12.31)

[Unit: won]

	Term 24	Term 23	Term 22
Sales activity cash flow	429,118,931,290	317,604,403,764	331,311,603,086
Cash flow derived from sales activity	463,804,814,727	359,602,141,340	375,505,377,842
Net profit during the term	119,748,573,647	177,105,642,866	183,272,868,488
Adjustment	381,783,163,463	294,006,004,362	277,904,503,224
Change in asset debt through sales activity	(37,726,922,383)	(111,509,505,888)	(85,671,993,870)
Payment of corporate tax	(34,685,883,437)	(41,997,737,576)	(44,193,774,756)
Investment activity cash flow	(300,933,529,728)	(344,232,971,749)	(299,896,002,450)
Increase in other short-term financial assets	(90,000,000)	(16,744,524,364)	(5,360,508,000)
Decrease in other short-term financial assets	212,869,600	12,175,149,014	1,911,915,736
Increase in other long-term financial assets	(7,099,279,088)	(16,056,789,478)	(25,029,871,552)
Decrease in other long-term financial assets	5,387,291,823	21,732,423,437	22,973,390,256
Acquisition of sellable financial assets	0	0	(1,000,042,520)
Sale of sellable financial assets	194,115,241	393,879,560	0
Acquisition of dependent company (after deduction of cash in possession)	(1,746,450,015)	(42,555,106,250)	(32,764,140,263)
Sale of dependent company	402,693,993	0	0
Acquisition of relational company	0	(999,995,600)	(31,000,562,310)
Sale of relational company	30,000,000	0	0
Acquisition of liquid assets	(294,981,028,616)	(299,373,594,814)	(223,120,231,331)
Sale of liquid assets	3,441,343,203	8,931,717,622	11,217,131,374
Acquisition of intangible assets	(8,257,831,838)	(7,048,259,593)	(14,768,056,623)
Sale of intangible assets	605,433,333	385,000,000	40,000,000
Acquisition of investment real estate	(523,683,227)	(8,511,562,500)	0
Sale of investment real estate	84,545,454	0	0
Received interest	1,406,450,409	3,438,691,217	1,326,714,775
Received interest	0	0	(4,321,741,992)
Financial activity cash flow	(73,571,682,720)	35,606,486,628	(38,210,365,538)
Net increase of unit price debt	20,867,673,043	90,345,399,368	(45,242,037,161)
Decrease of liquid growth phase liabilities	0	(30,000,000,000)	0
Increase in long-term debt	0	60,000,000,000	100,000,000,000
Decrease in long-term debt	0	(30,000,000,000)	0
Increase in private loans	0	122,690,000,000	49,747,800,000
Payment of dividends	(77,841,535,800)	(79,941,535,800)	(76,825,443,960)
Acquisition of treasure stock	0	(73,494,452,450)	0
Exercise of stock purchase option	12,212,200,000	0	1,893,500,000
Payment of interest	(28,810,019,963)	(23,992,924,490)	(17,784,184,417)
Decrease in liquid private loans	0	0	(50,000,000,000)
Decrease of cash and cashable assets	54,613,718,842	8,977,918,643	(6,794,764,902)
Basic cash and cashable assets	64,910,267,918	56,428,125,113	63,842,589,028
Exchange rate fluctuation impact on cash and cashable assets	(642,035,047)	(495,775,838)	(619,699,013)
Year's end cash and cashable assets	118,881,951,713	64,910,267,918	56,428,125,113

To Coway's esteemed 2013 Stakeholders

We have been engaged by the CEO of Coway Co. Ltd. (hereinafter 'Coway') to provide limited assurance on the Coway Integrated Report 2012 (hereinafter, 'the Report').

Management's Responsibility

Coway Management is solely responsible for the performance data and assertions contained within the Report and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our Responsibility

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the work performed in accordance with the AA1000AS(2008)¹ Type 1 assurance standard.

Assurance Standards

Limited assurance was performed in accordance with the ISAE 3000² and AA1000AS standards. Limited assurance, as defined by the ISAE 3000 standard corresponds to 'Moderate Level' assurance as defined by the AA1000AS(2008) Standard. These Standards specify requirements surrounding assurers' independence and ethical requirements.

Independence and Ethical Requirements

We, the assurers, have performed our duties in compliance with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants and do not hold any interests that could affect independent performance of assurance duties or the conclusions derived there from. KPMG possesses appropriate systems and processes to conflicts of interest and monitor compliance with the Code of Ethics. We, the assurers, are comprised of experts that possess specialized capabilities related to stakeholder engagement and expertise in economy, environment and society in addition to multiple years of experience in performing assurance related to sustainable management.

Procedures and Limitations

Limited assurance was performed for Coway's 2012 performance including examination of activities and plans for some items from 2010, 2011, and 2013 in the following manner.

- Interviews with relevant staff and site visits to check both quantitative and qualitative performance information
- Examined internal management documents, databases and other underlying sources of information.
- Comparing financial data listed in the Report with Coway's audited balance sheet to determine appropriate use of figures
- Comparing quantitative and qualitative data in the Report with the audited 2012 Sustainability Report to determine appropriate use of data.

In conducting our engagement, we have discussed amendments of the Report with Coway and have checked the final edited version and reviewed whether comments were reflected.

Conclusion and Comments

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that information presented in the Report is presented unfairly with respect to materiality.



Seoul, June 2013
KPMG Samjong Accounting Corp
CEO Kyo Tai Kim

Kyo Tai Kim

¹ AA1000 Assurance Standard(2008), issued by AccountAbility

² International Standard on Assurance Engagements 3000 : Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by International Auditing and Assurance Standards Board

Engagement Partner

CEO	Dong-hyun Kim
Environmental Management Team	Young Sam Kim/ Bong Seob Kim /Seung-Ryong Hong / Eun Sil Yang
CFO Division	Accounting & Finance Team Seo Hyun Jeong Budget&Controlling Team Hyo Eun Lim
Strategic Planning Dept	Planning Team Young koo Lee / IR Team Jin Young Kim Corporate Communication Dept. Eun Kyung Choi / HR Team Eun Sun HA
CL Dept	CL Dept CL Planning Team Sung ho Park / Doosuc, Oh
Customer Satisfaction Division	CS Strategy & Planning Team Jae kil Choi Consumer Centered Management Team Boum Jin Lee
Overseas Business Unit	Overseas Strategic Planning Team Seong Min An/ Hyung Joon Jeon / Jea Eun Kim Overseas Subsidiaries Cooperation Team Won Mo Lee / Sung Hoon Kang / Eun Sik Jeong Overseas Product Strategy Team Chang Hun Lee/ Tae Jung Yoon / Si Nae Jeon China & Russia / CIS Team Nae Young Kim
The Environment Technology Institute	The Environment Technology Institute Technology Planning Team Won Geun Kim / Jiyoo Park
SCM Headquarters	SCM Headquarters Partner Collaboration Team Kyoung Ju Yoon
PI Division	Business Innovation Team Songyi Lee
Production Division	Technology Research Team Intak Lee / Production Management Team In Joon Ryu
Ethical Management Dept	Management Consultatio Team Dong it Shin

Publication Details

This report was published by the Environment Management Team of the Coway Environment Technology Institute in cooperation with related departments including Strategy Planning Headquarters, Overseas Business Headquarters, CL/CS Headquarters, and the Environment Technology Institute.

Coway intends to publish regular integrated reports to share with our stakeholders practical and specific information on the company's current value and future potential and gather their opinions.

Environmental Management Team of Coway Co., Ltd., 136-23, Yugumagoksa-ro, Sagok-myeon, Gongju-si, Chungcheongnam-do, Korea

Tel : 041-850-7926 / Fax : 041-841-5700 E-mail : diehard9@coway.co.kr / 9253@coway.co.kr

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