

Independent Auditors' Report

Based on a report originally issued in Korean

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2012 and 2011 and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

Without qualifying our opinion, we draw attention to the following:

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those knowledgeable about Korean auditing standards and their application in practice.

As discussed in note 2 (4) to the consolidated financial statements, the Group adopted the amendment to K-IFRS No. 1001, 'Presentation of Financial Statements' for the year ended December 31, 2012. The amendment requires operating profit (loss), which is calculated by revenue less: 1) cost of goods sold, and 2) selling, general and administrative expenses, to be separately presented on the statements of comprehensive income. The Group applied this change in accounting policies retrospectively, and accordingly restated the comparative information of the statement of comprehensive income for the year ended December 31, 2011.

KPMG Samjong Accounting Corp.

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Seoul, Korea

March 11, 2013

This report is effective as of March 11, 2013, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Consolidated Statements of Financial Position

As of December 31, 2012 and 2011

In millions of won	2012	2011
Assets		
Property, plant and equipment	₩ 2,129,599	1,922,407
Investment property	794	823
Intangible assets	28,385	35,168
Investments in associates	318,066	270,466
Deferred tax assets	10,318	-
Available-for-sale financial assets	389,216	392,548
Financial assets held to maturity	6	6
Loans and other receivables	28,039	19,687
Other assets	16,219	14,997
Non-current assets	2,920,642	2,656,102
Inventories	567,314	581,567
Available-for-sale financial assets	16,641	21,802
Trade receivables	585,688	887,129
Loans and other receivables	56,650	44,741
Cash and cash equivalents	246,241	505,090
Other assets	17,310	17,802
Tax refund receivable	253	-
Current assets	1,490,097	2,058,131
Total assets	₩ 4,410,739	4,714,233

Consolidated Statements of Financial Position

As of December 31, 2012 and 2011

In millions of won	2012	2011
Equity		
Capital	₩ 167,456	167,456
Capital surplus	265,303	265,303
Capital adjustment	-40,234	-40,234
Accumulated other comprehensive income	41,916	8,310
Retained earnings	1,113,221	1,046,865
Equity attributable to owners of the Company	1,547,662	1,447,700
Non-controlling interests	110,690	109,378
Total equity	1,658,352	1,557,078
Liabilities		
Other payables	3,995	6,750
Long-term accrued expenses	5,766	6,717
Borrowings	1,210,119	364,756
Deferred tax liabilities	61,121	39,359
Liabilities for defined benefit plans	27,268	19,711
Financial guarantee liabilities	1,230	1,771
Other liabilities	4,406	4,887
Non-current liabilities	1,313,905	443,951
Trade payables	287,335	428,091
Other payables	224,463	292,006
Borrowings	878,960	1,934,706
Income tax payables	36,464	45,875
Other liabilities	11,260	12,526
Current liabilities	1,438,482	2,713,204
Total liabilities	2,752,387	3,157,155
Total equity and liabilities	₩ 4,410,739	4,714,233

Consolidated Statements of Income

For the years ended December 31, 2012 and 2011

In millions of won, except earning per share information	2012	2011
Revenue	₩ 5,883,690	6,457,354
Cost of sales	5,480,613	5,410,343
Gross profit	403,077	1,047,011
Selling, general and administrative expenses	179,274	207,962
Results from operating activities	223,803	839,049
Other income	59,948	201,016
Other expenses	152,460	197,911
Finance income	74,871	61,664
Finance costs	139,498	218,232
Share of profit of equity accounted investees	67,000	72,792
Profit before income tax	133,664	758,378
Income tax expense	7,555	214,609
Profit for the year	₩ 126,109	543,769
Profit attributable to:		
Owners of the Company	129,564	505,629
Non-controlling interests	-3,455	38,140
Profit for the year	126,109	543,769
Earnings per share (In won)		
Basic earnings per share	₩ 4,959	24,723
Diluted earnings per share	₩ 4,959	24,723