

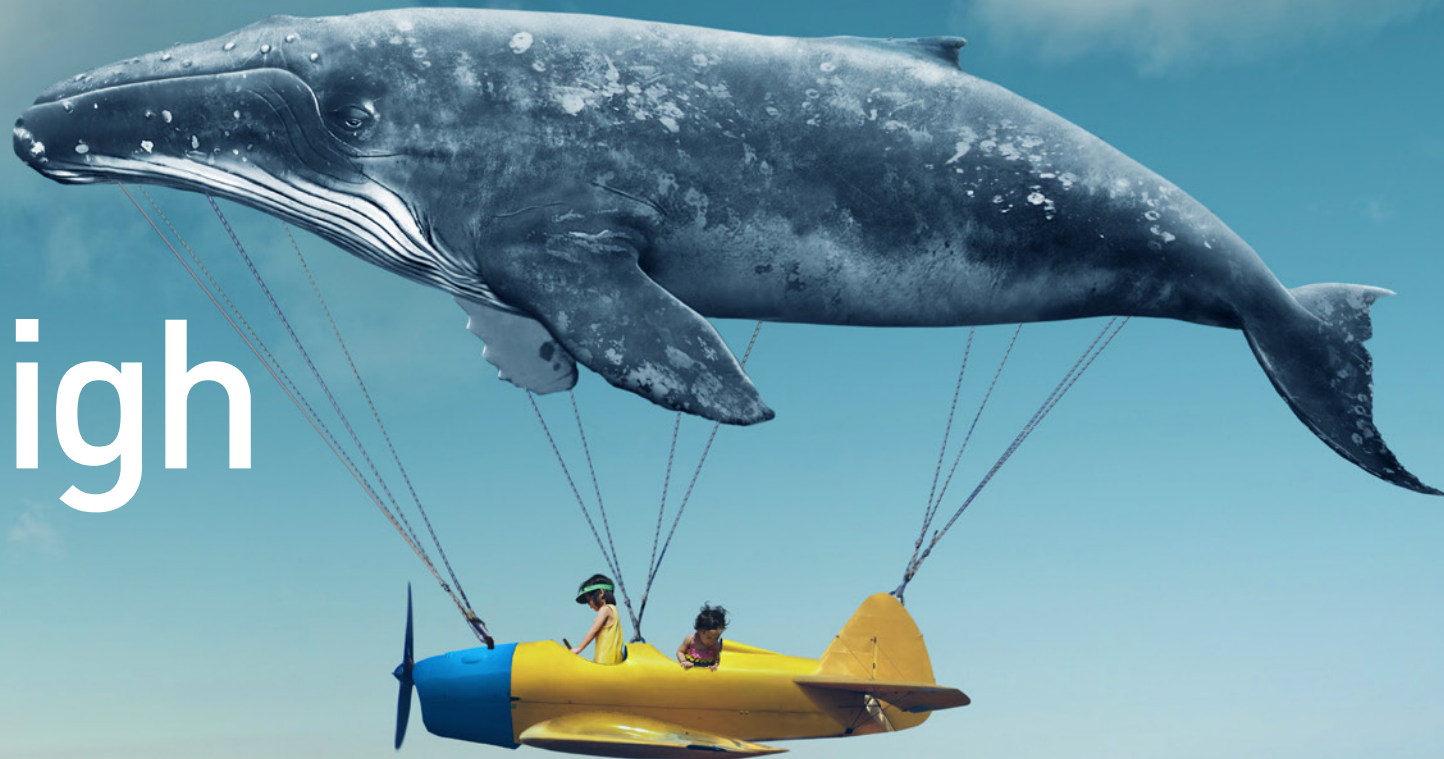
Leap High

Daekyo,

Taking a big leap forward,
to an even higher level

INSPIRING YOUR TOMORROW

DAEKYO Annual Report 2015



 **DAEKYO**

Daekyo,

Taking a big leap forward,
to an even higher level.

C o n t e n t s

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This report contains forward-looking information such as corporate strategies, predictions, goals, plans, and intentions. This information is based on past business performance, current business conditions, and future possibilities, but it may be different from actual results due to varying risk factors and uncertainties.



Grow Up!

**Taking a big leap forward, to reach
an even higher level of Success.**

Daekyo has achieved the meaningful outcome of a turnaround in performance thanks to the revitalization of its business platform in 2015, overcoming the difficult management environment caused by the depression in the economy and the decrease in the school-aged population. On the strength of our constant dedication, our innovation and the trust of our customers, we will drive the future growth of Daekyo toward becoming the most specialized and well-rounded education corporation in the world.



On the Top!

Leading the market as the pioneer in the education market

Recognizing that a happy and affluent future for all begins with education, Daekyo has always created new paradigms for education. The core business of the Noonnoppi (eye-level education) Business Division is leading education in the domestic market by developing services that are tailored to the needs of consumers, including the expansion of the learning centers, the introduction of learning programs customized to students and more. In working to grow young talents and in creating a healthy society, Daekyo will take the initiative at all times.



Go Ahead!

With unlimited potential, we are taking the lead on the global stage as well.

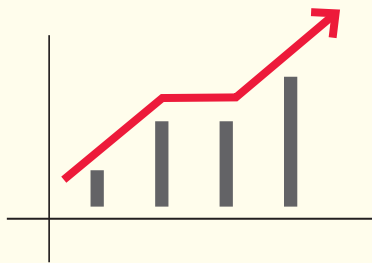
By establishing a blended learning system featuring both online and off-line channels based on the system that has shown proven competitiveness in the domestic market, we have secured a solid foundation for growth in overseas markets including the Americas, Hong Kong, Malaysia and others. In addition, we are creating a driver for long-term growth by developing new markets through the incorporation of subsidiary companies in India, the UK and more. Daekyo will achieve even larger growth to become a global education brand that will shine more brilliantly on the world stage with its unlimited potential.



2015 At a Glance

By preparing the foundation for our qualitative growth through the value innovation of the business platform in 2015, we achieved a turnaround in the business performance results. As a world class corporation dedicated to well-rounded education, Daekyo will strive to give learners higher aspirations, today and in the future.

Turnaround in Performance Results



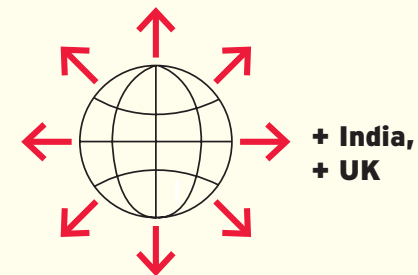
Realizing sales growth by improving business fundamentals, despite a difficult business environment.

Brand Power No. 1



Reinforcing our market dominance as the pioneer in the education market based on our strong brand power.

Market Expansion



Assuring our long-term growth potential by continuously strengthening our competitive edge in overseas markets.



Number of Domestic Learning Centers 718



Number of Global Learning Centers 623



Number of Employees 2,511



Number of Teachers 13,895

Financial Highlights

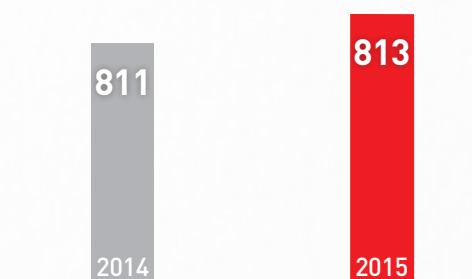
KEY FIGURES

| | | 2014 | 2015 |
|-------------------------|------------------|-------|-------|
| Operating Profit Margin | | 3.8% | 5.3% |
| Net Profit Margin | | 4.7% | 5.7% |
| Debt Ratio | | 31.4% | 27.4% |
| EPS(KRW) | | 444 | 492 |
| DPS(KRW) | Common Shares | 230 | 240 |
| | Preferred Shares | 240 | 250 |
| Payout Ratio | | 45.8% | 47.1% |
| Dividend Yield | Common Shares | 3.1% | 2.7% |
| | Preferred Shares | 5.7% | 4.4% |

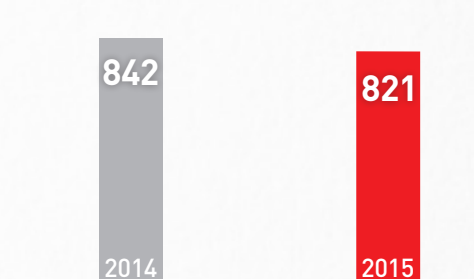
※ The EPS is based on the basic earnings per share for ordinary shares.

※ The Dividend Payout Ratio is based on separate financial statements.

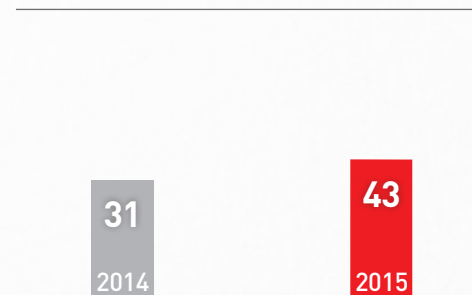
SALES



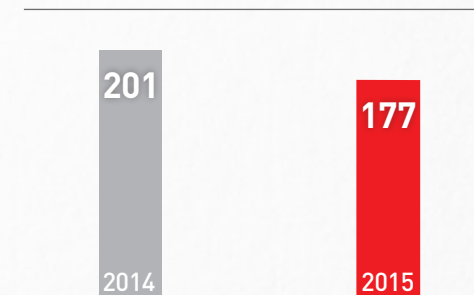
TOTAL ASSETS



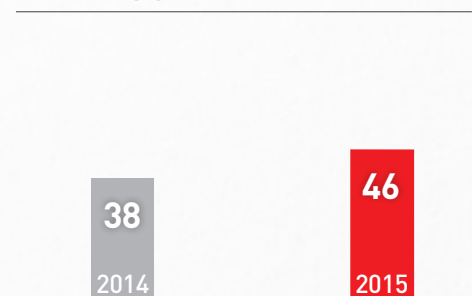
OPERATING PROFIT



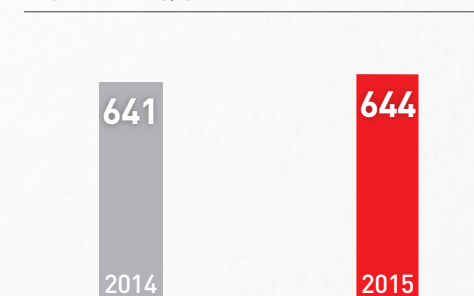
TOTAL LIABILITIES



NET INCOME



TOTAL EQUITY



※ Unit: in billions of KRW



CEO's Message

Dear Shareholders,

On behalf of all of our executive officers and all of our employees, I would like to express my sincere gratitude to all of the shareholders who have extended their generous encouragement and trust to us here at Daekyo over the past year.

In 2015, the world economy showed signs that depression was going to become a long term development, as the financial crisis, fiscal insecurity and the slowdown in real economic activity followed one another in a spiral pattern. In particular, growth slowed rapidly in China, which had buttressed the world economy since the financial crisis, adding to the uncertainty, and Korea also suffered great difficulties due to the high reliance of our economy on exports. Unexpected developments like the MERS outbreak caused domestic demand to deteriorate, leading to an extended economic slump. The education industry was no exception in terms of exposure to the influence of the low growth trend. Government policies intended to limit private education and the decrease in the school-aged population were additional aggravating factors. But at Daekyo we redoubled our efforts to courageously innovate our business and strengthen our fundamentals, despite these difficult conditions in the management environment.

The core business of the Noonnoppi (Eye Level education) Business Division has established a foundation for qualitative growth by continuously pursuing value innovation of the business platform. This has included the expansion of the learning centers, the introduction of learning programs customized to the needs of our learners, and more. The Caihong business has solidified its unique position in the Chinese language education market from infant to adult education by providing learning models that are customized to diversified demands, such as studying abroad, acquiring qualification certificates, preparing for exams and more.

The media business division has further strengthened its competitive advantages in the market by focusing on the introduction of diverse services and products, including a theme-integrated learning program, administration services before and after purchase and more, as well as the enhancement of the productivity of the sales organization.

The overseas business division has established a blended learning system comprising both online and off-line channels on the basis of our system, which has proven competitive in the domestic market and solidified the foundation for growth in the markets of the Americas, Asia and China. In addition, we have placed a renewed emphasis on the development of new markets by incorporating the subsidiary companies in India and UK.

As a result of these endeavors to strengthen our business fundamentals, we achieved the feat of sales growth for the first time in 4 years since 2011, and the operating profit also recorded a growth rate of higher than 20% compared with the previous year.

I believe this is a meaningful achievement that gives us the hope of new growth even in a difficult management environment.



Dear Respected Shareholders!

Just like last year, the market environment this year is not expected to be favorable. It is said that the world economy has entered a phased in which low growth rates, low price levels and low interest rates are the 'New Normal' rather than simply a depression phase in the business cycle. The domestic economy also has the expectation of 2% growth, suggesting that even the potential growth rate can be eroded. In this stagnant market, the competition will become even more intensified, and the education industry is no exception. However, despite these difficulties envisaged in 2016, Daekyo will work for a solid growth trend by bringing our market dominance to a higher level as an industry leader. We will further accelerate the innovations in the business platform we have been cultivating since last year by focusing on the creation of an active and performance-oriented young organization. As well, we not only will make integrated investments in the core drivers of our growth, but will aim to concentrate our capabilities on the creation of new business models that combine our core competencies.

Noonnoppi Business Division will focus on the core drivers of growth.

In order to provide the best quality of service to our customers, we will innovate the sales organizations to respond to market demands, and reinforce the unique market competitiveness of the learning centers by enhancing customer values through the customized learning programs and more. As well, we will place a particular emphasis on the core products and services, optimally aligning the strengths of our company with the needs of our customers, and will also seek to enter new business areas to secure the engines for future growth.

Our Media Business Division will expand the customer base and create new demands.

By developing products and contents that are tailored to the market for infants and children, which have represented a relatively lower share of our business thus far, we will expand our company's customer base. In addition, we will create new market demand by implementing smart platforms, and will continue to discover the new business models and contents based on our core competencies.

We will continue to grow the overseas business into a substantial growth item for Daekyo.

As part of the growth strategy for a leap-forward to become a leading global business, we will continue to expand our presence in overseas markets. Along with the establishment of the strategic lodgments in each region, we will provide customization-type supports for the successful establishment of each overseas company. In addition, we will strengthen our competitive edge by expanding our product lineup and successfully establish our learning system by combining the online and off-line channels.

The year 2016 is a meaningful year, as it marks the 40th anniversary of Daekyo. As we take pride in having reached the age of 40 thanks to the unsparing encouragement and support of our customers and shareholders, we would like to extend our sincere gratitude. But we also look at this milestone as a new start. We would like to make this the first year in a new history of full-fledged growth that will lead to the 'Centennial Daekyo'. By combining all of the competencies and energies of our executives and employees, we will come closer to becoming the 'most specialized company in the world with well-rounded education.' We promise that we will maximize the corporate value by giving our customers the education they need to make a better future.

Let me ask for the attention, encouragement and advice of our shareholders. I hope that all of us can enjoy health and happiness always, with our shareholders and their families.

Daekyo CEO

Corporate Governance

○ BOD COMPOSITION

The Board of Directors at Daekyo is made up of 4 internal directors, 3 independent directors and 1 non-standing director, and the Audit Committee is composed exclusively of the independent directors. As it is composed of experts in each field, the independent directors at Daekyo not only supervise and advise on the management status of the company across all areas of management with an objective viewpoint, but also contribute to the enhancement of the company's competitiveness and sustainability. As well, the Board is striving to increase the shareholder value by improving transparency and reliability.

| Category | Rank (Standing Status) | Name | Position |
|-----------------------|------------------------------------|-------------------|--|
| Internal Directors | Group Chairman (Standing) | Yeong-Jung Gang | Chairman of the BODs |
| | Representative Director (Standing) | Su-Wan Park | CEO |
| | Representative Director (Standing) | Yeong-Wan Cho | CEO |
| | Director (Standing) | Tae-Won Son | Director of Overseas Business Division |
| Independent Directors | Director (Non-standing) | Dong-Man Bae | Chairman of Audit Committee |
| | Director (Non-standing) | Dong-Seong Myeong | Member of Audit Committee |
| | Director (Non-standing) | Hong-Hee Cho | Member of Audit Committee |
| Non-standing Director | Director (Non-standing) | Seon-Wu Gwon | Daekyo Holdings CAE |

○ BOD SUB COMMITTEES

+ Policy Deliberation Committee

Responsible for the deliberation of policies that have a significant influence on the management of the company, and the preliminary deliberation of agenda issues to be brought to the meetings of the management BOD.

+ HR Performance Committee

Responsible for the establishment and administration of objectives related to the organizational performance of the company and the deliberation and resolution of issues related to the HR system of the company, as well as issues related to the appointment of the executive officers.

+ CS Management Committee

Responsible for the deliberation and resolution of issues related to customer satisfaction (CS).



Vision



VISION

The vision of Daekyo Co., Ltd. is to become the **most specialized company in well-rounded education in the World.**



In the World

On the strength of our status as the domestic No. 1 education company, we are ready to leap forward to become the most competitive education company in the world.



most specialized

With diversified education methods such as self-initiated learning, smart learning and more, we provide a specialized service of the best quality



+ well-rounded education company

We have grown to become the leading social education company implementing well-rounded education, with coverage of knowledge/morality/physical strength

Strengthening the competitive edge of the core business through the enhancement of customer service innovation

Realizing the growth potential by actively promoting of market leading business and intensifying the strategic investments

Creating future new markets and expanding the business spectrum

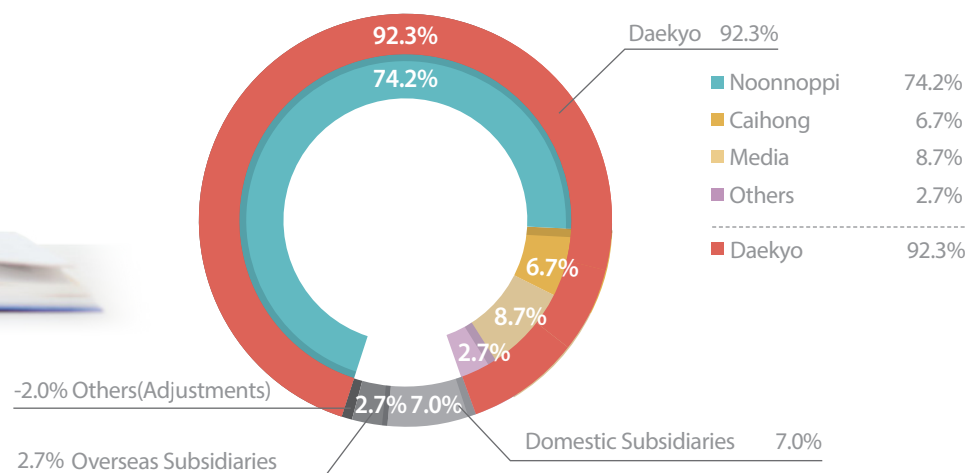
Business Performance

Sales Breakdown in 2015

| Category | | Sales | |
|-----------------------------------|-------------------------------|-------|-----|
| Daekyo | Noonnoppi Business Division | 603 | 750 |
| | Caihong | 55 | |
| | Media Business Division | 71 | |
| | Others | 21 | |
| Consolidated Subsidiary Companies | Domestic Subsidiary Companies | 57 | 79 |
| | Overseas Subsidiary Companies | 22 | |
| Consolidation Adjustments, Etc. | | -16 | |
| Total | | 813 | |

in billions of KRW

Share of Sales for Each Business (Consolidation Base)



Business Overview

Daekyo Co., Ltd. is operating the distinctive, customized one-on-one learning management service 'Noonnoppi', Chinese language learning program 'Caihong', book series sales & management brand 'Sobics', forum-based reading & discussion program 'Soluny', preschoolers' book brand 'Ggumdal', kids edutainment channel 'Kids TV', and overseas education business 'Eye Level'.



Business Overview



Noonnoppi Business

Leader in brand power Noonnoppi (Eye level) / Caihong. By understanding from the level of the students and respecting the personality and abilities of individuals, we lead the progress of global education and culture on the basis of the 'Noonnoppi (Eye level) Education Philosophy.'

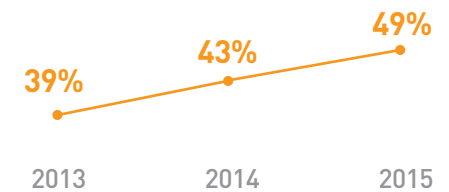
NOONNOPPI

Learning Center Portion
of Noonnoppi Sales

(Unit: %)

The 'Noonnoppi (Eye level) Education' is a learning system that is customized to each individual's level of ability, with study contents determined based on the level of actual academic ability regardless of the formal school grade. We provide the best learning effects through one-to-one learning management by the specialized teachers in each of the mathematical and language & literature sections, the systematic evaluation system and the smart learning system, which we were the first in the industry to introduce.

In addition, by offering diversified learning channels including the Noonnoppi (Eye Level) learning center as an attendance-type self-initiated learning institute, YES CLASS and First Class, learning through telecommunications channels and more in addition to the visiting tutor system, we enhance the learning competitiveness of the children.



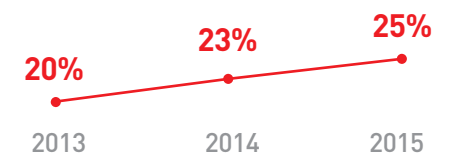
CAIHONG

Ratio of Adult Members
of Caihong

(Unit: %)

This is a one-to-one visiting tutor system provided by specialized instructors in the Chinese language with professional textbooks. For students who are learning the Chinese language for the first time, we nourish their capabilities in the areas of Chinese intonation, hearing, speaking, reading and writing. From children to adults, we provide a systematic and professional customization management service by using the storybook, junior, senior, Biz, HSK preparation and more. The number of Caihong members increased in 2015 and the number of greatly benefiting adult members is also gradually growing, thanks to demands and Caihong's various study channels including Caihong Square and Caihong College.

Through the Caihong Confucius Institute, Caihong is extending its business to include Chinese culture, studying abroad, and evaluations.



Business Overview

Media Business

In diversified business areas such as book publishing and distribution, reading & essays, broadcasting media and more, we are realizing supreme customer value covering all groups of users from infants to adults. We are pioneering the digital media age by providing the contents and platforms that will lead the market environment.

Media Business



With the sales of more than 50 book series for the infants and the elementary school students, we operate the systematic theme-integrated learning program 'Integrated Reading,'



As a program specialized in reading and essays, Soluny is a 'small elite group debate type' learning system that promotes independent thinking and self-expression, both verbal and written. It includes courses for reading/essay/history/economy forum/middle school essays and is implemented through group classes focused on reading and debate activities.



With the focus on multi-books to develop the 5 senses while encouraging the acts of watching, hearing, touching and feeling, this uses a range of trendy books for each age group, from newborns to elementary school students.



This is a general children's edutainment program that is a fun and wholesome program for children.



Business Overview



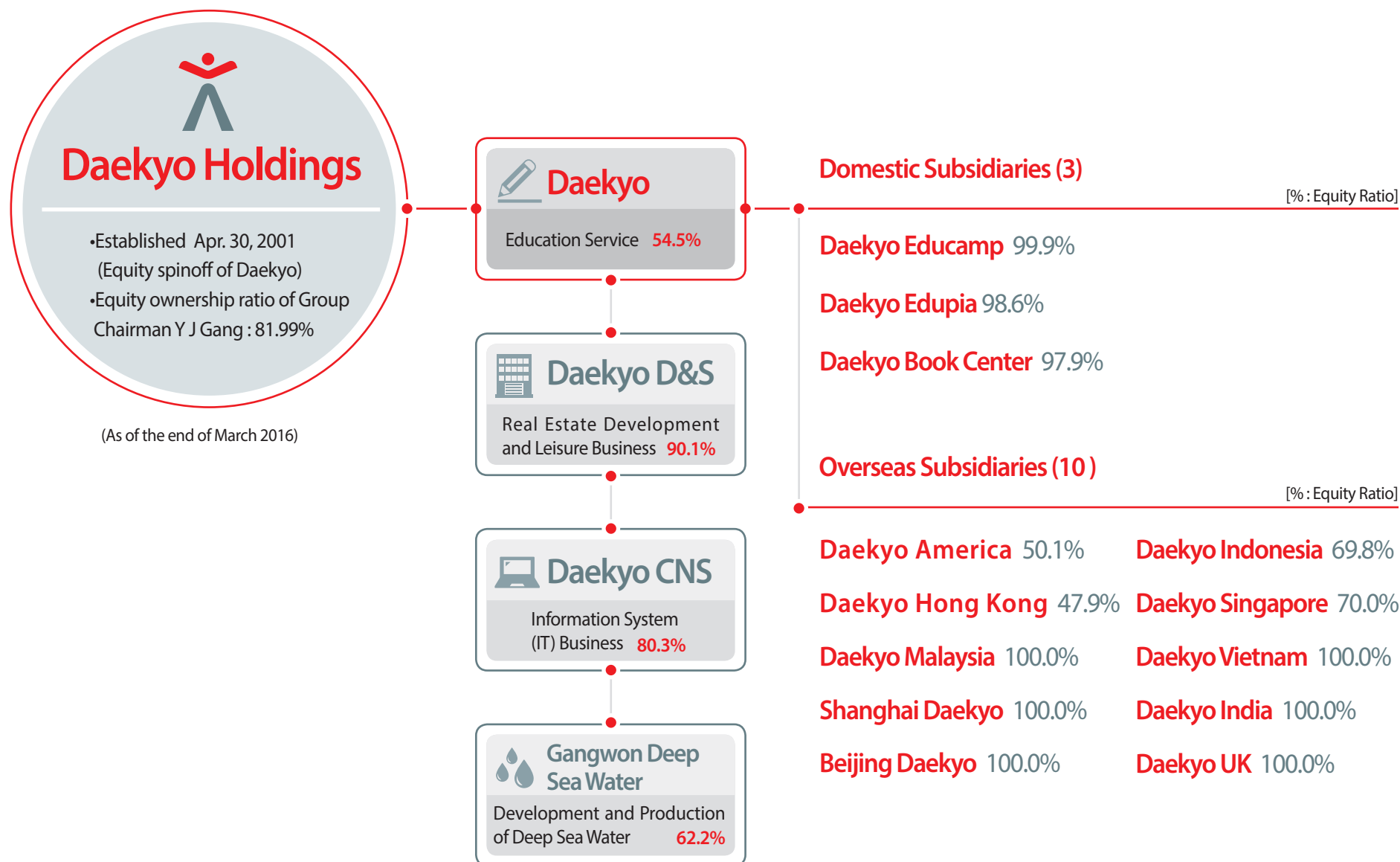
Overseas Business

We are expanding into the world based on the foundation of our knowledge as the leading domestic company in education services.

● Subsidiaries ● Offices in USA

Daekyo's advanced knowledge of educational service is spreading throughout the world. Eye Level is Daekyo's overseas education business that operates in the form of a learning center. Daekyo is rapidly emerging on the world stage as a leading educational service brand based on the educational philosophy of 'Noonnoppi (At the eye level of children),' with local offices in the US (New York, New Jersey, LA, Chicago, Dallas, Washington, and Atlanta), China (Beijing and Shanghai), Hong Kong, Malaysia, Indonesia, Singapore, and Vietnam, as well as new subsidiaries added in India and UK in 2015. Overseas franchise operations have also been launched in the markets of Australia, New Zealand, Germany, Philippines, Thailand, UAE (Dubai), Kuwait, Russia and Myanmar.

Daekyo Group Structure



Daekyo CSR

Daekyo, the Company Practicing Sharing

Daekyo aims to be an education service company that fulfills its social responsibilities through a humanistic management approach that places 'health' as the core value of our corporate management. With the mission of promoting education, we are focusing our efforts on the practice of sharing happiness to make a healthy society, as well as in educating the talent to lead the next generation. We are carrying out the initiatives for scholarship, education support, academic support and literature support through the Daekyo Culture Foundation, and also are leading the practice of love and care for our neighbors through the Eye-level Volunteers and Eye-level Family Volunteers.

Areas of Activity for Social Contribution



Corporate Social Responsibility

● We share the Education Philosophy of Daekyo.

Over the past year, we have provided opportunities to even more children to realize their dreams by offering diversified education support activities and encouraging the teachers to match the eye level of the children.



Hosting of Global Education Forum in September 2015

● Realizing Education Equality All Over the World, Daekyo is Moving Forward together

Children everywhere have the right to learn. To encourage a larger number of children to grow through learning, Daekyo embraces the children of the world with its arms spread wide.



Subsequent Support of Eye Level School in Kenya

● A Beautiful Society Communicating through Culture, We sow the Seeds.

Culture is like a refreshing rainfall that brings moisture to a dry world. Simply by establishing opportunities for singing and crafting, the world enjoyed the glad rain of moisturizing culture to grow a warm and beautiful society.



Hosting of 2015 Daekyo Children TV Chorus Korea



Life Safety Education in association with the Local Government, Support for Dream Smart Children Education



Performance of 2015 Eye Level Dream Project



Traffic Safety Campaign in Vietnam



Hosting of 2015 Daekyo Eye Level International Sculpture Symposium and Exhibition for College & Graduate School Students



Consolidated Financial Statements

Consolidated Statements of Financial Position

Consolidated Statements of Income

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Equity

Consolidated Statements of Cash Flows

Consolidated Statements of Financial Position

[Daekyo Co., Ltd. and Subsidiaries]

December 31, 2015 and 2014

| [in Korean won] | 2015 | 2014 |
|---|------------------------|------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 101,204,520,321 | 107,436,922,494 |
| Financial deposits | 8,742,262,378 | 4,460,077,102 |
| Trade receivables | 21,885,581,597 | 32,354,566,164 |
| Other receivables | 35,777,649,284 | 42,077,355,755 |
| Financial assets at fair value through profit or loss | 85,405,262,775 | 61,782,813,425 |
| Derivative financial assets | 261,466,124 | - |
| Available-for-sale financial assets | 47,860,777,645 | 50,822,709,345 |
| Inventories | 22,532,454,651 | 24,853,766,537 |
| Other current assets | 5,062,654,951 | 3,821,585,076 |
| | <u>328,732,629,726</u> | <u>327,609,795,898</u> |
| Non-current assets | | |
| Financial deposits | 300,000,000 | 49,905,000 |
| Long-term other receivables | 15,090,649,069 | 14,140,561,232 |
| Available-for-sale financial assets | 150,644,259,894 | 167,799,548,598 |
| Investments in associates | 4,694,064,238 | 2,354,150,553 |
| Property, plant and equipment | 160,632,518,903 | 153,237,631,588 |
| Investment property | 108,884,721,653 | 115,806,845,658 |
| Intangible assets | 50,492,704,333 | 60,720,977,706 |
| Deferred income tax assets | 819,263,411 | - |
| Other non-current assets | 352,258,547 | 457,908,403 |
| | <u>491,910,440,048</u> | <u>514,567,528,738</u> |
| Total assets | <u>820,643,069,774</u> | <u>842,177,324,636</u> |

| [in Korean won] | 2015 | 2014 |
|---|------------------|------------------|
| Liabilities | | |
| Current liabilities | | |
| Trade payables | 10,258,504,427 | 11,082,111,382 |
| Other payables | 71,052,705,058 | 68,624,097,291 |
| Derivative financial liabilities | 254,363,946 | 87,417,822 |
| Borrowings | 5,100,000,000 | 35,586,859,814 |
| Income tax payable | 5,427,803,522 | 11,212,686,609 |
| Provisions | 658,940,506 | 582,417,205 |
| Other current liabilities | 53,012,395,870 | 56,264,257,943 |
| | 145,764,713,329 | 183,439,848,066 |
| Non-current liabilities | | |
| Other payables | 6,698,083,668 | 13,857,875,300 |
| Borrowings | 23,204,076,846 | 41,818,782 |
| Net defined benefit liability | 999,401,619 | 2,411,413,095 |
| Deferred income tax liabilities | - | 1,598,363,019 |
| | 30,901,562,133 | 17,909,470,196 |
| Total liabilities | 176,666,275,462 | 201,349,318,262 |
| Equity attributable to owners of the Parent | | |
| Capital stock | 52,064,920,000 | 52,064,920,000 |
| Capital surplus | 71,347,042,554 | 69,921,480,844 |
| Other components of equity | (73,278,036,516) | (66,434,186,074) |
| Accumulated other comprehensive income | 51,714,109,601 | 63,356,763,492 |
| Retained earnings | 533,460,489,924 | 510,023,812,830 |
| | 635,308,525,563 | 628,932,791,092 |
| Non-controlling interest | | |
| Non-controlling interest | 8,668,268,749 | 11,895,215,282 |
| Total equity | 643,976,794,312 | 640,828,006,374 |
| Total liabilities and equity | 820,643,069,774 | 842,177,324,636 |

Consolidated Statements of Income

[Daekyo Co., Ltd. and Subsidiaries]

Years Ended December 31, 2015 and 2014

[in Korean won]

| | 2015 | 2014 |
|---|-----------------|-----------------|
| Net Sales | 813,207,844,495 | 810,557,123,560 |
| Cost of sales | 648,794,372,244 | 659,666,469,231 |
| Gross profit | 164,413,472,251 | 150,890,654,329 |
| Selling and administrative expenses | 121,368,935,456 | 120,205,467,417 |
| Operating income | 43,044,536,795 | 30,685,186,912 |
| Other income | 31,314,580,333 | 46,800,606,964 |
| Other expenses | 16,615,067,156 | 25,066,796,988 |
| Share of profit(loss) of associates | 335,184,992 | (31,304,194) |
| Financial income | 3,199,322,538 | 2,826,199,710 |
| Financial expenses | 1,221,276,852 | 1,422,715,186 |
| Profit before income tax | 60,057,280,650 | 53,791,177,218 |
| Income tax expense | 13,996,998,831 | 15,566,413,526 |
| Profit for the year | 46,060,281,819 | 38,224,763,692 |
| Profit for the year | | |
| Equity holders of the Parent Company | 44,798,395,277 | 40,425,843,515 |
| Non-controlling interests | 1,261,886,542 | (2,201,079,823) |
| Basic earnings per share | | |
| attributable to the equity holders | | |
| of the Parent Company during the year: | | |
| Basic earnings per share for ordinary shares | 492 | 444 |
| Basic earnings per share for preferred shares | 495 | 445 |
| Diluted earnings per share | | |
| attributable to the equity holders | | |
| of the Parent Company during the year: | | |
| Diluted earnings per share for ordinary shares | 491 | 443 |
| Diluted earnings per share for preferred shares | 494 | 444 |

Consolidated Statements of Comprehensive Income

[Daekyo Co., Ltd. and Subsidiaries]

Years Ended December 31, 2015 and 2014

| [in Korean won] | 2015 | 2014 |
|--|------------------|------------------|
| Profit for the year | 46,060,281,819 | 38,224,763,692 |
| Other comprehensive income(loss), net of tax: | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of the net defined benefit liability | (251,235,259) | (2,325,454,037) |
| Items that may be reclassified subsequently to profit or loss | | |
| Gain(loss) on valuation of available-for-sale financial assets | (14,127,812,971) | (22,915,042,065) |
| Currency translation differences | 254,842,151 | 329,927,037 |
| Share of other comprehensive income of associates | 1,246,704,349 | - |
| Other comprehensive income (loss) for the year, net of tax | (12,877,501,730) | (24,910,569,065) |
| Total comprehensive income for the year | 33,182,780,089 | 13,314,194,627 |
| Comprehensive income (loss) for the year | | |
| attributable to: | | |
| Equity holders of the Parent Company | 32,904,760,463 | 14,195,498,861 |
| Non-controlling interest | 278,019,626 | (881,304,234) |

Consolidated Statements of Changes in Equity

[Daekyo Co., Ltd. and Subsidiaries]

Years Ended December 31, 2015 and 2014

| [in Korean won] | Attributable to equity holders of the Parent Company | | | | | | |
|--|--|-----------------|----------------------------|--|-------------------|--------------------------|------------------|
| | Capital Stock | Capital Surplus | Other components of Equity | Accumulated Other Comprehensive Income(loss) | Retained Earnings | Non-controlling Interest | Total Equity |
| Balance at January 1, 2014 | 52,064,920,000 | 69,626,473,529 | (60,803,172,427) | 87,265,353,428 | 490,317,798,983 | 8,076,110,085 | 646,547,483,598 |
| Comprehensive income (loss) | | | | | | | |
| Profit for the year | - | - | - | - | 40,425,843,515 | (2,201,079,823) | 38,224,763,692 |
| Gain(loss) on valuation of available-for-sale financial assets | - | - | - | (24,087,178,230) | - | 1,172,136,165 | (22,915,042,065) |
| Remeasurement of net defined benefit liability | - | - | - | - | (2,321,754,718) | (3,699,319) | (2,325,454,037) |
| Currency translation differences | - | - | - | 178,588,294 | - | 151,338,743 | 329,927,037 |
| Transactions with equity holders of the Parent Company: | | | | | | | |
| Dividends | - | - | - | - | (9,313,199,150) | - | (9,313,199,150) |
| Interim dividends | - | - | - | - | (9,084,875,800) | - | (9,084,875,800) |
| Dividends of subsidiaries | - | - | - | - | - | (248,207,785) | (248,207,785) |
| Issuance of stocks of subsidiaries | - | (5,669,614) | - | - | - | 4,948,617,216 | 4,942,947,602 |
| Acquisition of treasury stock | - | - | (7,553,900,825) | - | - | - | (7,553,900,825) |
| Disposal of treasury stock | - | 300,676,929 | 1,620,825,854 | - | - | - | 1,921,502,783 |
| Stock options | - | - | 302,061,324 | - | - | - | 302,061,324 |
| Balance at December 31, 2014 | 52,064,920,000 | 69,921,480,844 | (66,434,186,074) | 63,356,763,492 | 510,023,812,830 | 11,895,215,282 | 640,828,006,374 |

Attributable to equity holders of the Parent Company

| [in Korean won] | Capital Stock | Capital Surplus | Other components of Equity | Accumulated Other Comprehensive Income(loss) | Retained Earnings | Non-controlling Interest | Total Equity |
|--|----------------|-----------------|----------------------------|--|-------------------|--------------------------|------------------|
| Balance at January 1, 2015 | 52,064,920,000 | 69,921,480,844 | (66,434,186,074) | 63,356,763,492 | 510,023,812,830 | 11,895,215,282 | 640,828,006,374 |
| Comprehensive income (loss) | | | | | | | |
| Profit for the year | - | - | - | - | 44,798,395,277 | 1,261,886,542 | 46,060,281,819 |
| Gain(loss) on valuation of available-for-sale financial assets | - | - | - | (12,969,456,863) | - | (1,158,356,108) | (14,127,812,971) |
| Currency translation differences | - | - | - | 80,098,623 | - | 174,743,528 | 254,842,151 |
| Remeasurement of net defined benefit liability | - | - | - | - | (250,980,923) | (254,336) | (251,235,259) |
| Share of other comprehensive income of associates | - | - | - | 1,246,704,349 | - | - | 1,246,704,349 |
| Transactions with equity holders of the Parent Company: | | | | | | | |
| Dividends | - | - | - | - | (11,949,312,860) | - | (11,949,312,860) |
| Interim dividends | - | - | - | - | (9,161,424,400) | - | (9,161,424,400) |
| Dividends of subsidiaries | - | (250,491,472) | - | - | - | (5,105,720,747) | (5,356,212,219) |
| Issuance of stocks of subsidiaries | - | (497,121,904) | - | - | - | 1,600,754,588 | 1,103,632,684 |
| Acquisition of treasury stock | - | - | (15,781,019,830) | - | - | - | (15,781,019,830) |
| Disposal of treasury stock | - | 2,173,175,086 | 8,562,679,384 | - | - | - | 10,735,854,470 |
| Stock options | - | - | 374,490,004 | - | - | - | 374,490,004 |
| Balance at December 31, 2015 | 52,064,920,000 | 71,347,042,554 | (73,278,036,516) | 51,714,109,601 | 533,460,489,924 | 8,668,268,749 | 643,976,794,312 |

Consolidated Statements of Cash Flows

[Daekyo Co., Ltd. and Subsidiaries]

Years Ended December 31, 2015 and 2014

| [in Korean won] | 2015 | 2014 |
|---|-------------------|------------------|
| Cash flows from operating activities | | |
| Cash generated from operations | 67,880,565,714 | 43,630,021,097 |
| Dividends received | 2,834,685,596 | 2,321,619,228 |
| Interest received | 2,561,839,352 | 2,117,659,062 |
| Interest paid | (1,189,501,827) | (1,307,109,974) |
| Income tax paid | (19,802,016,610) | (17,790,223,613) |
| Net cash generated from operating activities | 52,285,572,225 | 28,971,965,800 |
| Cash flows from investing activities | | |
| Decrease in financial deposits | 17,873,268,983 | 11,942,809,569 |
| Proceeds from disposal of available-for-sale financial assets | 155,762,012,513 | 111,098,056,129 |
| Decrease in other receivables | 13,170,412,525 | 17,198,059,532 |
| Proceeds from disposal of property, plant and equipment | 166,486,842 | 241,272,724 |
| Grants from governments | 634,473,890 | 635,596,580 |
| Increase in financial deposits | (20,994,459,528) | (4,628,273,334) |
| Acquisition of available-for-sale financial assets | (137,225,820,555) | (91,648,658,113) |
| Increase in other receivables | (12,037,793,370) | (11,850,052,266) |
| Investments in associates | (360,000,000) | - |
| Acquisition of property, plant and equipment | (17,349,565,365) | (16,649,167,743) |
| Acquisition of intangible assets | (16,500,969,768) | (28,799,571,290) |
| Net cash used in investing activities | (16,861,953,833) | (12,459,928,212) |

| [in Korean won] | 2015 | 2014 |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Disposal of treasury stock | 7,937,422,211 | 1,001,054,341 |
| Issuance of stocks of subsidiaries | 1,103,632,684 | 4,942,947,602 |
| Proceeds from borrowings | 13,865,763,034 | 6,100,241,415 |
| Acquisition of treasury stock | (15,781,019,830) | (7,553,900,825) |
| Dividends of subsidiaries | (5,356,212,219) | - |
| Dividends paid | (21,110,737,260) | (18,646,282,735) |
| Repayments of borrowings | (22,600,729,623) | (14,180,606) |
| Net cash used in financing activities | (41,941,881,003) | (14,170,120,808) |
| Net increase(decrease) in cash and cash equivalents | (6,518,262,611) | 2,341,916,780 |
| Cash and cash equivalents at the beginning of year | 107,436,922,494 | 104,846,553,211 |
| Exchange losses on cash and cash equivalents | 285,860,438 | 248,452,503 |
| Cash and cash equivalents at the end of year | 101,204,520,321 | 107,436,922,494 |

Investor Information

[Daekyo Co., Ltd. and Subsidiaries]

Common Stock:

Issued: 84,702,850 shares
(excluding treasury stock)
Number of Stockholders: 5,962

Preferred Stock:

Issued: 19,426,990 shares
(excluding treasury stock)
Number of Stockholders: 2,434

Listings:

February 3, 2004 Listed on the Korea Stock Exchange.

Independent Auditors:

Samil PricewaterhouseCoopers

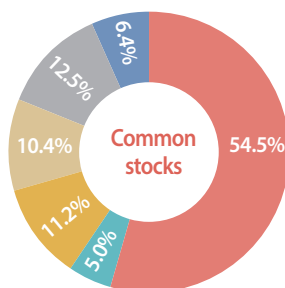
Head Office

23, Boramae-ro 3-gil, Gwanak-gu, Seoul, Korea [08708]
Telephone: 82 (2) 829-0626
URL: <http://www.daekyo.com>

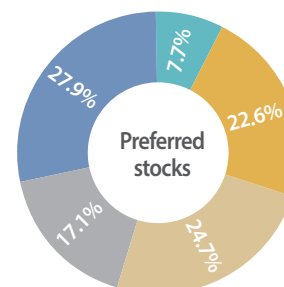
For questions about this report:

Contact IR Dept.
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Facsimile: 82(70)4275-0717
e-mail: investorrelations@daekyo.co.kr

● SHAREHOLDER COMPOSITION



- Daekyo Holdings
- Chairman
- Treasury Shares
- Foreigners
- Domestic Institutional Investors
- Others



- Chairman
- Treasury Shares
- Foreigners
- Domestic Institutional Investors
- Others