The 65th Fiscal Year

(01/01/2012 – 12/31/2012)

Annual General Meeting Agenda

Friday, March 15, 2013

DONG-A PHARMACEUTICAL CO., LTD.

Convocation Notice of the 65th Annual General Meeting of Shareholders

To our Shareholders:

Notice is hereby given that the 65th Annual General Meeting of Shareholders of Dong-A Pharmaceutical Company will be held as described hereunder and your attendance is cordially requested

<Date and Venue>

Date: 10:00 a.m., Friday, March 15, 2013 (KST)

Place: Dong-A Pharmaceutical Co., Ltd.
7th Floor Auditorium of the New Building/
252 Yongdu-dong, Dongdaemun-gu, Seoul, Korea

Record Date: December 31, 2012

<Agenda Summary>

Agenda 1:	Approval of the 65th Fiscal Year Balance Sheet, Income Statement and Statement of Appropriations of Retained Earnings
Agenda 2-1:	Approval of the Partial Amendment of the Articles of Incorporation – Pre-emptive Rights (Conversion to Holding Company)
Agenda 2-2:	Approval of the Partial Amendment of the Articles of Incorporation – Disposal of the Spin-off Subsidiary's shares
Agenda 3:	Approval of the Limitation on Directors' Compensation
Agenda 4:	Approval of the Limitation on Auditor's Compensation

Won-Bae Kim
Chief Executive Officer

2012 Financial Results and 2013 Outlook for the 65th Fiscal Year and Outlook

I. Changes to Accounting Principles

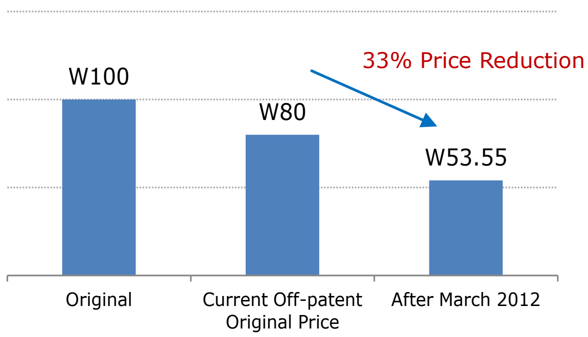
Since 2011, Dong-A Pharmaceutical has prepared its financial reports in accordance with the Korean International Financial Reporting Standards (K-IFRS). As such, the company's use of the depreciation method and other cost calculations may differ materially from the methods previously used by the company in its financial reports.

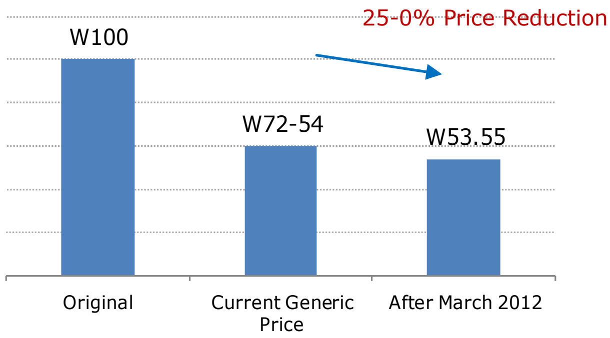
II. Sales

2012 ranked as one of the most difficult years for pharmaceutical companies due to the mandated reduction in drug price implemented in April. This caused a decrease in sales and profitability for Dong-A Pharmaceutical. The measure introduced a 53.55 percent reduction in the original price of all drugs whose patent expired, both generics and original products. This amounts to an additional 30 or more percent price reduction compared to the previous standard of reducing price for drugs with expired patents to 80 percent of their original cost. As such, the prices of originals sold at 80 percent of the original price and generics that were sold at a price higher than 53.55 percent of the original price were all dropped to 53.55 percent. The measure has impacted all pharmaceutical companies. In particular, those with a high percentage of generics and off-patient originals in their product portfolio were substantially impacted.

Sales in February and March were particularly low due to inventory adjustments made by wholesalers and pharmacies due to this reduction in drug prices. Wholesalers and pharmacies adjusted their inventories in order to use up their existing stock so as to build new inventories based on products at the new prices.

Price Change of Off-patent Originals





Price Change of Generics

ETC (Ethical or Rx) Drug Segment

Most ETC products recorded negative growth in sales for 2012 due to the drug price reduction measure and a contraction in sales activities. The overall drug price reduction measure executed on April 1 applied to off-patent originals and generics, causing a drop in sales growth for all major products. As indicated in the table below, the price reduction and decline in sales for major products with sales over KRW 10 billion show remarkable similarity.

(Unit: KRW billion, %)

	Product	2012 Sales	Sales Growth Rate	Price Reduction Rate
Cardiovascular	Lipinon®	30.0	(34.8)	(21)
	Plavitor®	28.4	(35.7)	(33)
	Opalmon®	22.6	(39.1)	(33)
	Orodipine®	19.1	(27.3)	0
	Cozartan®	10.4	(44.5)	(22)
Digestive	Stillen®	80.8	(8.3)	0
	Gaster®	11.4	(38.2)	(28)
	Motilitone™	14.5	2,886.8	0
Biologic	Growtropin®	21.9	4.1	(13)
Respiratory	Talion®	22.1	10.2	0
Antibiotic	Hepsera®	23.4	18.7	(33)
	Zeffix®	19.9	31.4	0
Endocrine	Glimel®	9.6	(37.9)	(28)
Urology	Zydena®	15.5	(23.6)	0

The following section describes sales competition by therapeutic area:

Most of the cardiovascular products decreased more than the drug price reduction. For instance, sales of combination products in the hypertension medicine market have seen an upward trend, resulting in a downswing in the single agent market. This led to a substantial drop in growth for Cozartan® as well as Ordipine® which are single agent drugs. Lipinon®, another major cardio product, was sluggish in sales due to demand shift from atrovastitin to rosuvastatin market. Opalmon®, another important cardio products were also daunted by the new release of competing products.

In the digestive sector, despite not being affected by the price reduction measure, Stillen® posted an 8 percent decrease in sales yoy due to increased competition. For Gaster®, an H2 blocker, sales showed a downward trend because of a general market shift towards PPI(proton pump inhibitor). However, thanks to the excellent performance of Motilitone™, a new product, the overall decline in sales in the digestive segment was only between 3 and 4 percent.

Biological products showed a decline of approximately 2 percent yoy. This was due to small drug price reductions in the biological segment, as well as the 4 percent sales growth of Growtropin® yoy despite its reduction in price.

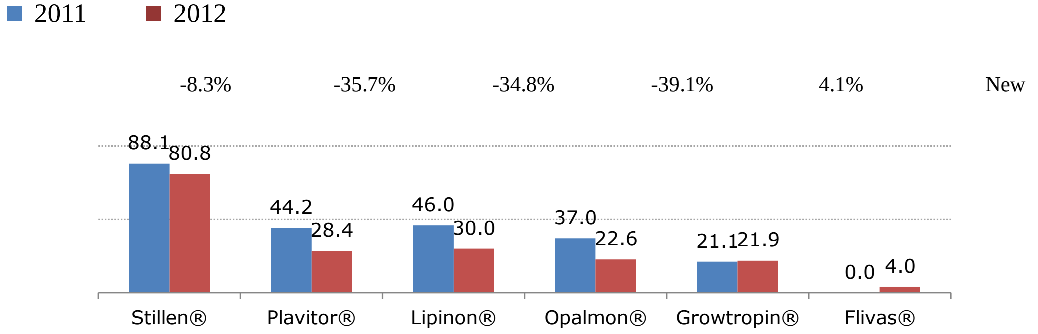
In the diabetes medicine market, Glimel®, glimepiride, also saw a decline in sales because of the growth of DPP-4 inhibitors. However, Dong-A Pharmaceutical is currently conducting clinical trials for DPP-4 inhibitors, and plans to release new products in the near future. Antibiotics grew by approximately 2 percent yoy despite the drug price reductions. This is primarily thanks to sales of co-marketing products Hepsera® and Zeffix® from GSK.

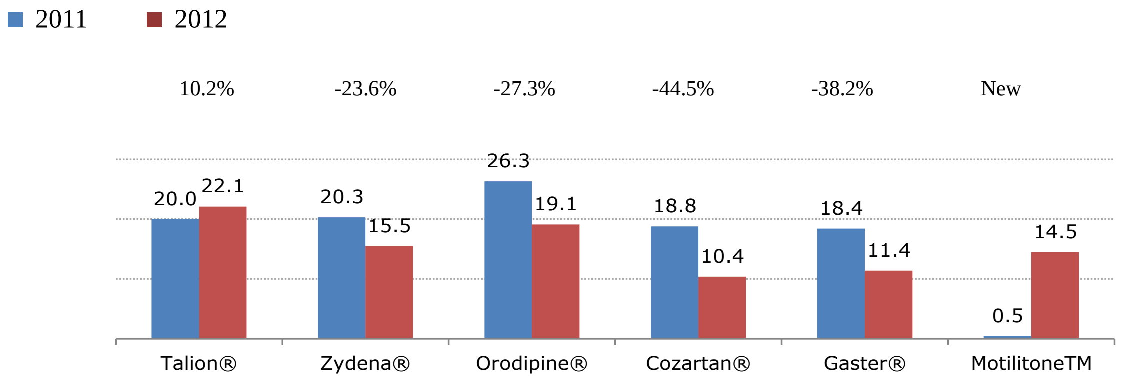
In the urology sector, there was no substantial impact from drug price reductions. However, the expiration of Viagra®'s patent led to the release of generics, which had a negative impact on Zydena® resulting in its sales declining by around 24 percent yoy.

The ETC business environment in 2012 was extremely difficult. However, unfavorable changes in regulations such as the unprecedented drug price reduction measure of 2012 are not expected to occur in 2013. This is why a better environment than the last year is anticipated. The market, which shrank due to the crackdown on illegal rebates, is unlikely get better at once, but steady improvements in demand are expected.

Sales Growth of Key ETC Products

(Unit: KRW billion)





OTC (Over-the-counter) Drug Segment

The OTC segment recorded considerable growth in sales. It grew 22 percent from KRW 252.9 billion in 2011 to KRW 309.1 billion in 2012. This is owing to a substantial rise in proxy sales of Bayer and GSK products, as well as a 14 percent growth in Bacchus® sales.

In 2011, sales of Bayer and GSK products amounted to approximately KRW 9 billion. This figure rose to around KRW 32.5 billion due to corporate alliances. In the case of Bayer products, Dong-A Pharmaceutical is now selling such contraceptives as Myvalr®, Minivalr®, Meliane®, and Triquilar®, in addition to Aspirin® protect. The company is also selling such vitamins as Berocca® and Redoxon®. Also included in the list of products sold through the supply relationship is Bepathol®, a lip cream product. Bayer product sales grew 306 percent from KRW 5.3 billion in 2011 to KRW 21.8 billion in 2012. GSK product sales also went up 195 percent, from KRW 3.6 billion to KRW 10.6 billion.

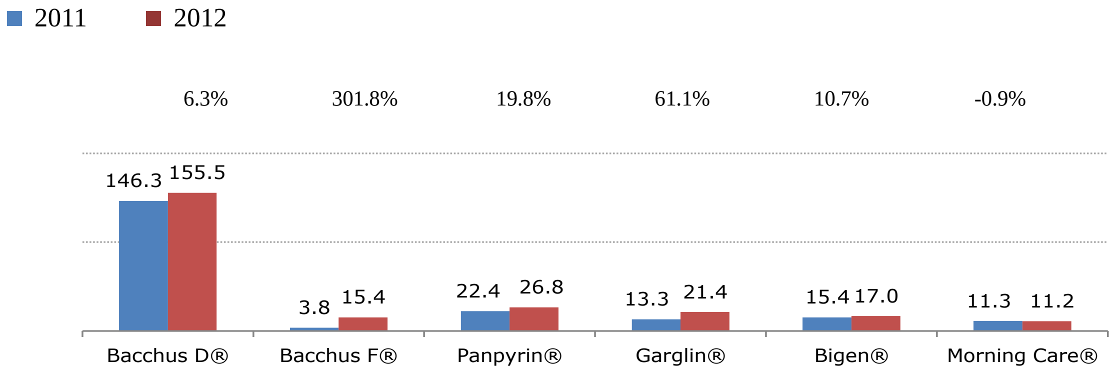
Garglin® posted year-on-year growth of 61 percent in sales for 2012. Advertising investments have led to tangible results. Panpyrin® and Bigen® recorded growth of 20 percent and 11 percent, respectively.

Bacchus®, which has the highest sales among OTC products, has been posting steady growth since August 2011, when sales of the product through non-drug store channels was allowed. Sales of Bacchus® F, which is sold through non-drug store channels, surged by approximately 302 percent yoy, leading the sales growth in the OTC segment. Steady sales can still be achieved since the product has a market share of 84 in drug stores. However, there is increased competition in non-drug store channels with such energy drinks as Vita500, Redbull, and Hot6. As such, it may not be so feasible to sustain the current level of growth.

The OTC industry continues to be sluggish. Against this backdrop, it will be difficult to achieve growth. However, inorganic growth can be expected as strategic alliances are established with Korean companies as a defense against fierce competition from overseas entities.

Sales Growth of Key OTC Products

(Unit: KRW billion)



Medical Equipment & Diagnostics Segment

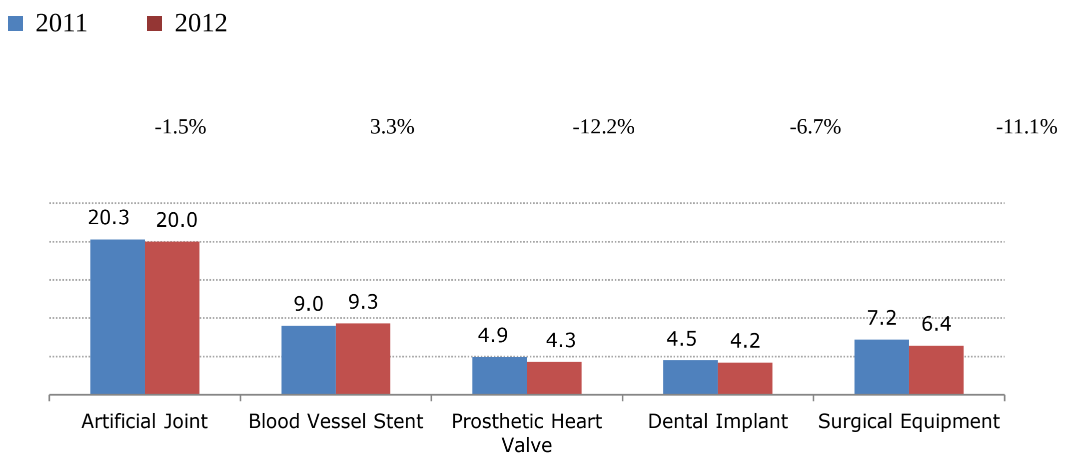
In the medical equipment segment, where Dong-A Pharmaceutical imports and sells medical and diagnostic equipment, the company is experiencing difficulties due to the sluggishness in the overall ETC industry. In the diagnostics segment, the ending of relations with Beckman Coolter, a global manufacturer which Dong-A Pharmaceutical represented in Korea, resulted in a 24 percent drop in relevant sales. This in turn led to a 13 percent decline in sales of the overall medical business.

In the medical equipment segment, blood vessel stents, which takes up the highest percentage of sales in the medical equipment segment, recorded 3 percent growth. Nevertheless, overall medical equipment sales dropped 4 percent. This was due to a sales decrease of 2 percent in artificial joints, 12 percent in prosthetic heart valves, 7 percent in dental implants, and 11 percent in sphygmotonographs and surgical equipment. The general decline in the medical equipment sales is mainly attributable to strengthened regulations in relation to the ETC business, especially illegal rebates.

Sales of medical division shrank slightly due to market condition, however, inorganic growth may be possible through M&A or partnership led by a holding company to achieve the long-term goal of becoming a total healthcare solution provider.

Sales Growth of Key Medical Equipment & Diagnostics Products

(Unit: KRW billion)



Overseas Business Segment

In 2012, exports recorded year-on-year growth of 77 percent. Exports accounted for 5 percent of overall sales, and surged to around 10 percent yoy in 2012. This growth is attributable to the diverse efforts made to release products in new markets. This is also the result of efforts made by the Dong-A management to recover demand lost in the sluggish domestic market through overseas markets. What is most encouraging is that balanced achievements were made throughout several markets.

Most noticeable is the sales growth of Bacchus® in Cambodia, with sales in the Cambodian market rising a whopping 227 percent from KRW 5.3 billion in 2011 to KRW 17.2 billion in 2012. This is assumed to be a result of the increased influence of Camgold, a partner company, and the ongoing border dispute between Cambodia and Thailand which has lasted several years. It should be noted, however, that 64.3 million bottles were sold in a country with a population of 15 million and that Bacchus® is positioned as an expensive drink. These factors make Dong-A Pharmaceutical confident in the future growth potential of the Cambodian market, and its expansion into nearby markets, including Laos and Myanmar.

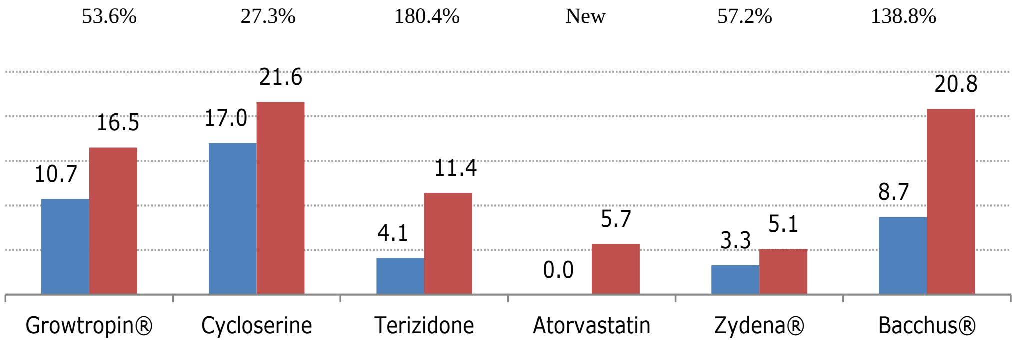
Noteworthy sales growth was also achieved in other areas, including the Republic of South Africa, Turkey, Russia, and India. Exports of terizidon, an API (Active Pharmaceutical Ingredient) for secondary anti-tuberculosis, to the Republic of South Africa pushed overall sales up by 243 percent yoy. In Turkey, sales of Zydena® resulted in yoy growth of 128 percent. In Russia, favorable conditions in sales of cycloserine led to yoy growth of 104 percent. In Brazil, Growtropin®, one of our best performer recorded growth of approximately 65 percent, leading to 57 percent growth in overall sales in Brazil. In India, a 16 percent growth of cycloserine sales resulted in overall growth of 13 percent.

In 2012, Dong-A Pharmaceutical exported atorvastatin, an API for Lipinon®, a generic version of Lipitor®, to Japan for the first time, recording sales of KRW 5.7 billion. Dong-A Pharmaceutical had made inroads into emerging markets before, but had experienced difficulties entering such advanced markets as Japan. It is extremely encouraging that the company has successfully entered the Japanese market despite the obstacles. Plans have been drawn up to continually increase API sales. The company has great expectations for the Japanese market since Japan's generic product market has extremely high growth potential.

Export by Product

(Unit: KRW billion)

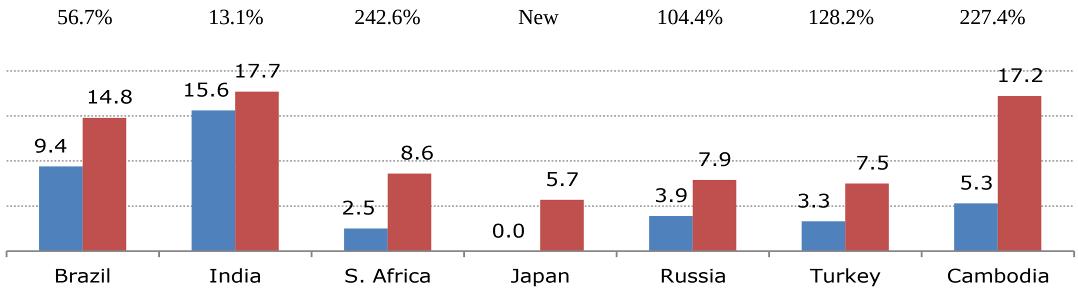
■ 2011 ■ 2012



Export by Region

(Unit: KRW billion)

■ 2011 ■ 2012



III. Profit and Cost Analysis

Operating profits dropped slightly from KRW 98.8 billion in 2011 to KRW 88.5 billion in 2012. This, we strongly believe, is a good record considering the impact of the drug price reduction measure. An over 4 to 5 percent increase in the cost of goods sold (COGS) ratio was unavoidable due to the drug price reduction measure. However, we prevented a further decline in profitability by renegotiating the production costs of newly adopted drugs and by clearly reducing selling, general &administrative (SG&A) expenses.

In detail, the COGS ratio of Dong-A Pharmaceutical was 45 percent in 2011. It was unavoidable that the COGS ratio would deteriorated to around 50 percent due to the drug price reduction measure. Our operating profit margin also dropped from approximately 10 percent to 4 percent. Against this backdrop, Dong-A Pharmaceutical renegotiated prices with companies who hold the patents for original drugs, such as Japan's Ono and AstraZeneca. An agreement was reached to jointly bear most of the expenses that rose due to the drug price reduction. This enabled an improvement in the COGS ratio of more than 2 percent annually. The SG&A expenses ratio was reduced from approximately 45 percent to around 43 percent by curtailing marketing, personnel, and other overhead costs. This enabled the recovery of the operating profit margin to between 9 and 10 percent.

(Unit: KRW billion)

	2012	2011	YoY (%)
Sales	931.0	**907.3**	2.6
Cost of goods sold	445.9	**403.3**	10.6
Gross profit	485.1	**504.0**	(3.8)
SG&A expenses	396.6	**405.2**	(2.1)
Operating profit*	88.5	**98.8**	(10.4)
Other income	8.9	**10.2**	(12.7)
Other loss	7.6	**14.0**	(45.7)
Finance income	20.0	**6.6**	203.0
Finance costs	20.9	**15.1**	38.4
EBIT	88.9	**86.5**	2.8
Net profit	67.7	**60.7**	11.5

(Unit: %)

	2012	2011	YoY (%p)
Cost of goods sold ratio	47.9	**44.4**	3.5
SG&A expenses ratio	42.6	**44.7**	(2.1)
HR related cost per sales (Salary + Severance + Fringe benefit)	12.9	**12.8**	0.1
R&D cost per sales (Reflected in SG&A)	8.8	**8.0**	0.8
Advertisement cost per sales	5.0	**5.3**	(0.3)
Other marketing related cost per sales (Support for research + Sales promotion)	6.4	**8.7**	(2.3)
Operating profit margin*	9.5	**10.9**	(1.4)
Other income per sales	1.0	**1.1**	(0.1)
Other losses per sales	0.8	**1.5**	(0.7)
EBIT ratio	9.5	**9.5**	0.0
R&D cost (Reflected in SG&A, Unit: KRW billion)	81.8	**72.4**	13.0%

* New operating profit basis before other profit & loss

Sustainable COGS Ratio and Operating Profit Margin

The COGS ratio was approximately 50 percent due to the drug price reduction measure in the first half of 2012. However, the ratio improved by around 2%p in the second half of the year as a result of the renegotiation of drug prices of adopted products.

The figure for the second half of the year includes around KRW 5.7 billion worth of commission revenue, a temporary profit. It also includes around KRW 1 billion worth of cost reduction that arose from the weak yen. In the case of commission fees, there was an income of KRW 1.7 billion from the completion of the phase 3(a) trial of DA-7218 at Trius Thrapeutics in the US during the third quarter. In the fourth quarter, Dong-A received KRW 1.3 billion from Japan's Meiji Seika by licensing out Humira®, and KRW 1.4 billion for the licensing of Leucostim® to Japan's GTS.

Dong-A Pharmaceutical is currently paying for around KRW 50 billion to 55 billion worth of imports in yen. A 100-yen drop would translate into cost reduction of around KRW 4.5 billion. Cost reduction is expected to continue if the yen continues to remain weak.

When excluding these temporary cases, the sustainable COGS ratio is estimated at approximately 47 percent, and the SG&A ratio around 42 percent. As such, Dong-A Pharmaceutical will likely maintain an operating profit margin of an annual 10 to 11 percent.

Sustainable Margin

(Unit: KRW billion, %)

	4Q 2012	**3Q 20102**	**2H 2012**
Sales	222.7	243.2	465.9
Cost of goods sold	102.8	112.9	215.7
Gross profit	120.0	130.3	250.3
SG&A expenses	92.5	102.0	194.5
Operating profit*	27.4	28.3	55.7
One-offs			
Commission revenue	3.2	2.5	5.7
Currency effect	1.0		1.0
Modified sales	219.5	240.7	460.2
Modified cost of goods sold	102.7	112.9	214.7
Modified COGS ratio	46.8	46.9	47.0
SG&A ratio	42.1	42.4	42.0
Sustainable operating profit margin	**11.1**	**10.7**	**11.0**

* New operating profit basis before other profit & loss

IV. Financial Condition

Dong-A Pharmaceutical's total assets grew by around 15 percent from KRW 1.2 trillion at the end of 2011 to KRW 1.4 trillion at the end of 2012, of which current assets rose by 36 percent from KRW 466.2 billion to KRW 633.8 billion. This is attributable to an 84 percent rise in cash and equivalents due to additional borrowings of around KRW 230 billion. The purpose of the increased borrowings was to roll over debt due to expire in 2012, including bond with warrants. As a result, the liability-to-equity ratio rose from 69 percent to 91 percent, and the borrowing ratio also increased from 38 percent to 64 percent. The ratio of net borrowings, excluding cash, rose from the previous year's 11.4 percent to 16.3 percent. The current ratio also went up from 1.3x to 1.6x.

(Unit: KRW billion)

	Dec. 2011	**Dec. 2012**	**YoY (%)**
Total assets	1,236.8	1,425.8	15.3
Current assets	466.2	633.8	36.0
Cash and equivalents	194.6	357.8	83.9
Receivables	143.6	135.5	(5.7)
Inventories	120.4	131.2	9.0
Non-current assets	770.6	791.9	2.8
Total liabilities	504.4	679.5	34.7
Current liabilities	365.2	389.0	6.5
Non-current liabilities	139.1	242.8	74.5
Total shareholders' equity	732.4	746.3	1.9
Interest bearing debt	278.0	480.4	72.8
Net Debt	83.5	122.6	46.9

Key Ratios

(Unit: %)

	Dec. 2011	**Dec. 2012**	**YoY (%p)**
Debt-to-equity ratio (Total liabilities/Total shareholders' equity)	68.9	91.1	22.2
Borrowings ratio (Total borrowings/Total shareholders' equity)	38.0	64.4	26.4
Net gearing ratio (Total borrowings—cash/Total shareholders' equity)	11.4	16.4	5.0
Current ratio (Current asset/Current liabilities)	1.3X	1.6X	0.4X

V. 2013 Outlook

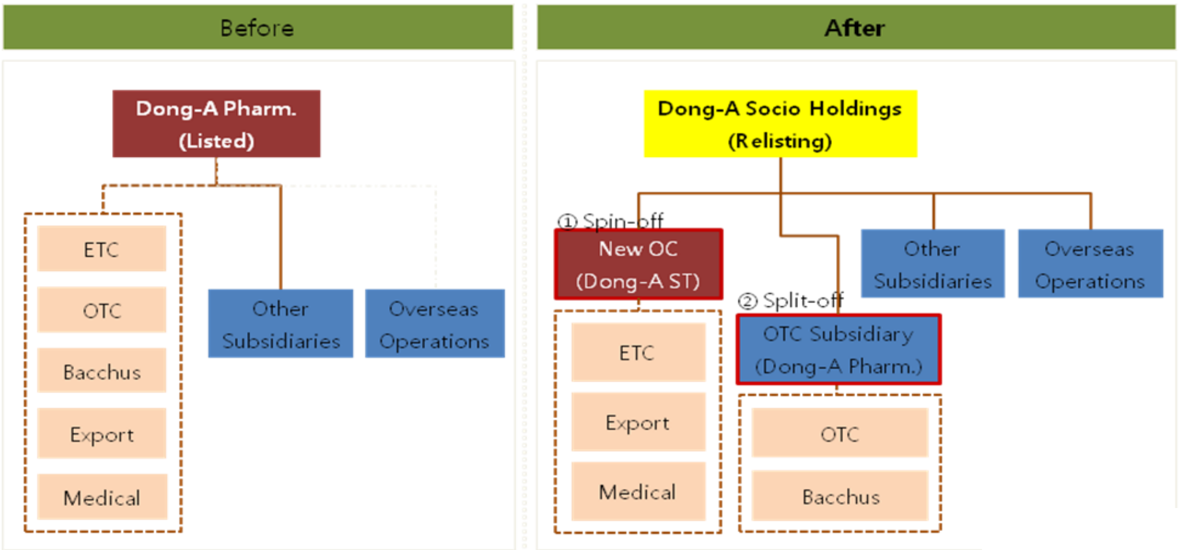
In 2013, we do not anticipate any significant external adverse factors such as the overall drug price reduction measure that occurred in 2012. However, the continued strengthening of rebate regulations is expected to keep the growth in demand low. Under these conditions, with a low growth rate in the mid-teens and uncertain margins, it is unlikely the ETC industry will be able to fully recover in 2013. To overcome this challenging environment, Dong-A Pharmaceutical made an audacious attempt to reposition its business and initiated it a holding company establishment through spin-off and the strengthening of the company's overseas business to lay an effective platform for the future growth.

Establishment of a Holding Company

The biggest change that Dong-A Pharmaceutical faces in 2013 is the establishment of a holding company through demerger. Accordingly, Dong-A Pharmaceutical is reorganized as the holding company, Dong-A Socio Holdings, and two operating companies Dong-A ST (Science & Technology), a company specializing in ETC, and Dong-A Pharmaceutical, a company specializing in OTC.

The most important reason for this change is the development of new growth engines. By establishing a holding company, we aim to expand our business areas, which are restricted to ETC (Ethical or Rx) and OTC (Over-the counter or Px), to include healthcare in general and to identify future business areas for more active and flexible investments. By having an ETC company which focuses only on the ETC sector, and an OTC company which concentrates only on the OTC business, we are attempting to select and concentrate on specific areas while achieving expansion. In other words, the holding company will concentrate on developing new growth engines, while Dong-A ST and Dong-A Pharmaceutical will focus on business areas that match their areas of expertise in order to bolster competitiveness.

The corporate structure that will be launched on March 1, 2013 is as follows:



The following summarizes the need for the demerger:

First, using the 80th anniversary of the company's founding as a starting point, the holding company will be established to expand into a medical equipment and healthcare service, and secure the Group's current growth engines. Second, the holding company will focus on developing new business areas such as U-healthcare, healthcare technology and human genome, while the new operating company will focus on product development, production, marketing and distribution Third, the new operating company will generate profits from new drugs developed in its own research center while enjoying additional profits from the holding company's new business Lastly, we will continue to improve the profitability of the operating companies by carving out low margin business, and maximizing shareholder value through enhancement in value of each member of Dong-A Socio Group.

Estimated Pro Forma Statement of Financial Position*

(Unit: KRW million)

	Before demerger	Dong-A ST (New company from stock spin-off)	Dong-a Pharm. (New company from asset spin-off)	Dong-A Socio Holdings (Relisting of existing company)
Assets				
Current assets	524,481	299,610	59,137	165,734
Non-current assets	773,458	564,402	30,086	231,392
Tangible assets	549,973	485,999	27,101	36,873
Total assets	**1,297,940**	**864,013**	**89,223**	**397,126**
Liabilities				
Current liabilities	497,012	334,750	48,075	114,187
Non-current liabilities	72,957	58,897	3,768	12,710
Other liabilities	6,659	6,659	-	-
Total liabilities	**569,969**	**393,647**	**51,843**	**126,897**
Equity				
Share capital	55,675	35,008	30,000	20,667
Share premium	73,906	297,462	7,380	27,435
Treasury shares	(20,077)	-	-	(7,453)
Other equity components	234,486	137,895	-	(154,400)
Retained earnings	383,980	-	-	383,980
Total equity	**727,971**	**470,365**	**37,380**	**270,229**
Total equity and liabilities	**1,297,940**	**864,013**	**89,223**	**397,126**

* This estimation is based on the first half of 2012.

The net asset value that was determined based on the standard above was used to set the division ratio, based on which shareholders will receive each company's shares as follows:

Book value of net assets (Unit: KRW million)		**Demerger ratio**	
Holding company	Operating company	Holding company	Operating company
270,229	470,365	0.371209	0.628791

Share distribution		
Before	**After**	
	Holding company	Operating company
11,135,000 shares	4,133,412 shares	7,001,588 shares

This demerger is expected to strengthen the profitability of Dong-A ST, a subsidiary company.

Estimated Pro Forma Statement of Income

(Unit: KRW million, %)

	2012		1H 2012		2011	
	Before	Dong-A ST	Before	Dong-A ST	Before	Dong-A ST
Sales	**930,980**	**628,022**	**465,031**	**313,701**	**907,294**	**655,043**
COGS	445,855	294,076	230,194	156,757	403,257	288,816
COGS to sales ratio	47.9	46.8	49.5	50.0	44.4	44.1
SG&A	396,633	251,553	202,039	128,753	405,248	268,811
SG&A to sales ratio	42.6	40.1	43.4	41.0	44.7	41.0
Operating profit	**88,491**	**82,393**	**32,798**	**28,763**	**98,788**	**97,461**
OP margin	9.5	13.1	7.1	9.2	10.9	14.9
Finance income/loss	(949)	(5,997)	(746)	(2,462)	(8,520)	(8,526)
EBIT	**88,853**	**75,479**	**31,613**	**26,298**	**86,495**	**88,558**
EBIT margin	9.5	12.0	6.8	8.4	9.5	13.5

According to the pro forma statement of income for the year 2012, the spin-off of Dong-A ST will lead to an improvement in both COGS ratio and SG&A ratio. This is particularly because initial investment expenses of R&D investments will be transferred to the holding company. The R&D investments that will be transferred to the holding company are the very first R&D steps, which involve material research and biosimilar research. The material research is where returns are extremely low compared to investment expenses. By having the holding company take risks, Dong-A ST has a higher possibility of enjoying a higher return on invested capital in R&D. As a result, there will be improvement of 2 to 4 percent in the profitability and operating profit margin compared to the entity before the spin-off. This, and the various cost improvement efforts are expected to lead to further improvements in the profitability of Dong-A ST, a subsidiary company specializing in ETC going forward.

We believe that launching our holding company will enable the development of new growth engines and rediscovery of the value in several subsidiaries that did not gain attention before. It will also ensure the ETC and OTC businesses identify new ways to increase value, resulting in increased value for shareholders in the long term. The year 2013 marks the 81st year of Dong-A Pharmaceutical’s founding. Our plan is to have the year mark a new beginning of our new journey forward.

Agenda 1: Approval of the 65th Fiscal Year Balance Sheet, Income Statement and Statement of Appropriations of Retained Earnings

Pursuant to Article 449 of the Korean Commercial Code, we seek shareholders' approval during the Annual General Meeting of Shareholders on the company's non-consolidated statement of financial position, statement of income and statement of appropriation of retained earnings for the 65th fiscal year.

Proposed dividend by the Board of Directors for the 65th fiscal year is KRW 1,000 per share.

<Distribution of Cash Dividends>

Items	64th FY	65th FY
Total Cash Dividends* (Unit: Million KRW)	11,030	**12,348**
Cash Dividends Per Share (Unit: KRW)- Common Share	1,000	**1,000**
Cash Dividends Per Share (Unit: KRW)- Preferred Share		**2,000**

*Total cash dividends for the 65th fiscal year do not include the dividends of preferred shares because it is classified as liabilities under K-IFRS.

Note : Amount Dividend Paid, Stock Price and TSR

	64th FY	65th FY	% Change
Total Amount Paid out (Unit : Million KRW)	11,128	**12,348**	24.6%
Payout Ratio** (Unit : %)	18.3%	**18.2%**	-0.1%p
Year-end Stock Price (KRW)	88,800	**109,900**	18.5%
Dividend Yield	18.3%	**18.2%**	-0.1%p
TSR	-30.1%	**19.6%**	49.7%p

**Amount of dividend paid out / Net profit

Balance Sheet

The 65th Fiscal Year, As of December 31, 2012

The 64th Fiscal Year, As of December 31, 2011

(Unit: KRW billion)

	Dec. 2011	Dec. 2012	YoY (%)
Total assets	**1,236.8**	**1,425.8**	**15.3**
Current assets	466.2	**633.8**	36.0
Cash and equivalents	194.6	**357.8**	83.9
Receivables	143.6	**135.5**	(5.7)
Inventories	120.4	**131.2**	9.0
Non-current assets	770.6	**791.9**	2.8
Total liabilities	**504.4**	**679.5**	**34.7**
Current liabilities	365.2	**389.0**	6.5
Non-current liabilities	139.1	**242.8**	74.5
Total shareholders' equity	**732.4**	**746.3**	**1.9**

Income Statement

The 65th Fiscal Year, As of December 31, 2012

The 64th Fiscal Year, As of December 31, 2011

(Unit: KRW billion)

	2011	2012	YoY (%)
Sales	**907.3**	**931.0**	**2.6**
Cost of goods sold	403.3	**445.9**	10.6
Gross profit	504.0	**485.1**	(3.8)
SG&A expenses	405.2	**396.6**	(2.1)
Operating profit*	**98.8**	**88.5**	**(10.4)**
Other income	10.2	**8.9**	(12.7)
Other loss	14.0	**7.6**	(45.7)
Finance income	6.6	**20.0**	203.0
Finance costs	15.1	**20.9**	38.4
EBIT	86.5	**88.9**	2.8
Net profit	**60.7**	**67.7**	**11.5**

Statement of Appropriations of Retained Earnings

The 65th Fiscal Year, As of December 31, 2012
The 64th Fiscal Year, As of December 31, 2011

(Unit: Million KRW)

Items	64th FY	65th FY
1. Unappropriated retained earnings before disposition	54,005	64,708
a. Unappropriated retained earnings carried over from prior years	-222	587
b. Actuarial loss	-6,426	-3,625
b. Dividend for exchangeable bonds	-	-
c. **Net income**	**60,654**	**67,746**
2. Transfer from voluntary reserves	1,333	-
a. Reserve for research and human resource development	1,333	-
b. Voluntary reserves	-	-
3. Appropriation of retained earnings	54,751	64,117
a. Legal reserve	1,169	1,235
b. Dividends to shareholders (Cash dividend rate 20%)	11,128	10,678
c. Voluntary reserve	42,454	52,204
4. Unappropriated retained earnings carried forward to subsequent year	587	591

Agenda 2 -1: Approval of the Partial Amendment of the Articles of Incorporation

As per Article 433, clause 1 and Article 434 of the Korean Commercial Code, an amendment of the Articles of Incorporation is a special resolution agenda item requiring 2/3 votes of the shareholders present at the shareholders' meeting and at least 1/3 votes of the approved shares of the total outstanding shares.

Summary of Amendment to be made on Article of Corporation

Amendment	Reason for change
Newly added provision for issuance and allocation of new shares to swap with a subsidiary's shares to convert the Company into a holding company	Need for holding company transformation

Amendments to the Articles of Incorporation (Proposed)

Before Amendment	After Amendment	Remarks
Article 9 (Pre-emptive Rights)	**Article 9 (Pre-emptive Rights)**	
(1)The shareholders shall have pre-emptive rights to subscribe, in proportion to their respective shareholdings, for any additional shares of the Company, which may be issued.	(1)The shareholders shall have pre-emptive rights to subscribe, in proportion to their respective shareholdings, for any additional shares of the Company, which may be issued.	Same as before
(2) Notwithstanding Paragraph (1) above, the new shares of common shares or preferred Shares may be allocated to a party other than the current shareholders of the Company, when necessary to achieve the management objectives of the Company, by the resolution of the Board of Directors within 20/100 of the total issued shares of the Company, in case of:	(2)Notwithstanding Paragraph (1) above, the new shares of common shares or preferred Shares may be allocated to a party other than the current shareholders of the Company, when necessary to achieve the management objectives of the Company, by the resolution of the Board of Directors within 20/100 of the total issued shares of the Company, in case of:	Same as before
1. issuance of new shares in the way of capital increase through shareholders priority public offering;	1. issuance of new shares in the way of capital increase through shareholders priority public offering;	Same as before

Before Amendment	After Amendment	Remarks
2. issuance of new shares in the way of capital increase through the general public offering;	2. issuance of new shares in the way of capital increase through the general public offering	Same as before
3. issuance of new shares to the domestic or overseas financial institutes institutional investors, or foreign investors in order to address the urgent funding need;	3. issuance of new shares to the domestic or overseas financial institutes institutional investors, or foreign investors in order to address the urgent funding need;	Same as before
4. issuance of new shares to the relevant parties for the purpose of inducement of technology, research and development, technology development or alliance for production, sale or capital which are important to the business of the Company; or	4. issuance of new shares to the relevant parties for the purpose of inducement of technology, research and development, technology development or alliance for production, sale or capital which are important to the business of the Company; or	Same as before
5. issuance of new shares due to the issuance of DR.	5. issuance of new shares due to the issuance of DR.	Same as before
6. (newly added)	6. issuance of new shares as consideration for in-kind contribution of shares (including equity interests), equity related securities or other non-monetary assets of a subsidiary (the "Subsidiary") or an affiliated company (collectively referred to as the "Affiliated Company") under the Monopoly Regulation and Fair Trade Act (the "MRFTA") or a company in order to satisfy the qualifications as a holding company within the meaning of the MRFTA (the "Holding Company") or facilitate operation of its businesses as the Holding Company including but not limited to addition of Subsidiaries	Newly added provision for issuance and allocation of new shares to swap with a subsidiary's shares to convert the Company into a holding company

Before Amendment	After Amendment	Remarks
(1) In case of issuance of new shares under Subsection 2 hereof, the types, number, the issue price, etc. of the shares to be issued shall be determined through the resolution of the Board of Directors.	(1) In case of issuance of new shares under Subsection 2 hereof, the types, number, the issue price, etc. of the shares to be issued shall be determined through the resolution of the Board of Directors.	Same as before
(2) In case of issuance of new shares under Subsection 2 hereof, the types, number, the issue price, etc. of the shares to be issued shall be determined through the resolution of the Board of Directors.matters.	(2) In case of issuance of new shares under Subsection 2 hereof, the types, number, the issue price, etc. of the shares to be issued shall be determined through the resolution of the Board of Directors. **Supplementary Provisions** (Effective Date) These Articles of Incorporation shall take effect beginning March 5, 2013.	Same as before

Agenda 2 -2: Approval of the Partial Amendment of the Articles of Incorporation

As per Article 433, clause 1 and Article 434 of the Korean Commercial Code, an amendment of the Articles of Incorporation is a special resolution agenda item requiring 2/3 votes of the shareholders present at the shareholders' meeting and at least 1/3 votes of the approved shares of the total outstanding shares.

Summary of Amendment to be made on Article of Corporation

Amendment	Reason for change
2-2 The requirements of the special resolution at the General Meeting of Shareholders for the disposal of shares or business transfer of the Spin-off Subsidiary	2-2 To improve corporate governance on unlisted companies under holding company

Amendments to the Articles of Incorporation (Proposed)

Before Amendment	After Amendment	Remarks
Article 27-2 (Newly Added)	Article 27-2 (Disposal of the Shares in the Spin-off Subsidiary, etc.) (1) In the event the Company intends to dispose the shares of the subsidiary established by the spin-off of the over-the-counter medicines business division as of March 1st, 2013 (the "Spin-off Subsidiary"), such disposal shall be approved in advance by the affirmative votes of not less than two thirds (2/3) of the shares entitled to vote represented by the shareholders present in the General Meeting of Shareholders and not less than one third (1/3) of the total number of issued and outstanding shares. (2) Section (1) above shall apply *mutatis mutandis* with respect to the exercise of the	The requirements of the special resolution at the General Meeting of Shareholders for the disposal of shares or business transfer of the 100% own subsidiary(OTC business) by Dong-A Socio Holdings This is to improve corporate

Before Amendment	After Amendment	Remarks
	<u>Company's voting right as a shareholder of the Spin-off Subsidiary in the General Meeting of Shareholders of such Spin-off Subsidiary, in the event that the Spin-off Subsidiary holds a General Meeting of Shareholders for the approval of business transfer (constituting an act within the meaning of Article 374(1)(i) of the *Korean Commercial Code*).</u> **Supplementary Provisions** 1. (Effective Date) These Articles of Incorporation shall take effect beginning March 5, 2013.	governance of the unlisted company

Agenda 3: Approval of the Limitation on the Directors' Compensation

Pursuant to Article 388 of Korean Commercial Code, we seek shareholders' approval during the Annual General Meeting of Shareholders on the aggregate remuneration levels for directors for fiscal year 2013.

■ Agenda for the Current Term (the 66th Fiscal Year)

	2012	**2013**	% Change
Amount to be approved	3,500,000,000	**3,500,000,000**	No change

Note: The limitation on the directors' remuneration will remain unchanged. However, due to the decreased number of the directors on the board this year by two directors, we expect the paid real remuneration rate to decrease as well, down to the 70% level in 2011 vs. the 86.4% rate in 2012. We are proposing the same limitation for the fiscal year of2013 in case where the company may have to add more directors on the board due to a business investment expansion and/or a potential acquisition to foster the future growth.

Note : Amount approved vs amount rewarded for previous year

	2010	2011	**2012**
Amount Approved by AGM	3,000,000,000	3,500,000,000	**3,500,000,000**
Total Amount Rewarded	2,323,610,950	2,547,572,084	**3,024,255,830**
Rewarded / Approved	77.5%	72.7%	**86.4%**

Note : Remuneration of director for 2012 in Detail

(Unit: KRW)

<table>
<tr><th>Classification</th><th>Total Amount Rewarded</th><th>Number</th><th>Amount
Approved by AGM</th><th>Average Rewards
per Person</th></tr>
<tr><td>Directors (including Affiliated Director)</td><td>2,910,255,830</td><td>5</td><td rowspan="2">3,500,000,000</td><td>582,051,166</td></tr>
<tr><td>Outside Directors</td><td>114,000,000</td><td>3</td><td>38,000,000</td></tr>
<tr><td>Total</td><td>3,024,255,830</td><td>9</td><td>3,500,000,000</td><td></td></tr>
</table>

Agenda 4: Approval of the Limitation on the Auditor's Compensation

Pursuant to Article 388 of Korean Commercial Code, we seek shareholders' approval during the Annual General Meeting of Shareholders on the aggregate remuneration levels for directors for fiscal year 2013.

■ Agenda for the Current Term (the 66th Fiscal Year)

	2012	**2013**	% change
Amount to be approved	400,000,000	**400,000,000**	No change

Note : Amount approved vs amount rewarded for previous years

	2010	2011	**2012**
Amount Approved by AGM	300,000,000	300,000,000	**400,000,000**
Total Amount Rewarded	161,281,020	157,527,529	**297,738,160**
Rewarded / Approved	53.8%	52.5%	**74.4%**

Note : Remuneration of director for 2012 in Detail

Unit: KRW)

Classification	Total Amount Rewarded	Number	Amount Approved by AGM	Average Rewards per Person
Auditors	297,738,160	2	400,000,000	148,869,080

Additional Information (Management Changes After Demerger)

1. Number of Directors

Dong-A Socio Holdings (the Existing Entity)

	Before	**After**	Notes
Inside Directors (Executive Director)	5	**4**	Demerger
Outside Directors (Non-Executive Independent Director)	3	**2**	Demerger
Affiliated Director (Non-Executive Non-Independent Director)	1	**1**	Demerger
Total	9	**7**	Demerger

Dong-A ST (Demerged Entity – Listed)

	Before	**After**	Notes
Inside Directors (Executive Director)	-	**3**	Demerger
Outside Directors (Non-Executive Independent Director)	-	**3**	Demerger
Affiliated Director (Non-Executive Non-Independent Director)	-	**3**	Demerger
Total	-	**9**	Demerger

Dong-A Pharmaceutical (Demerged Entity – Unlisted)

	Before	**After**	Notes
Inside Directors (Executive Director)	-	**2**	Demerger
Outside Directors (Non-Executive Independent Director)	-	**2**	Demerger
Affiliated Director (Non-Executive Non-Independent Director)	-	**0**	Demerger
Total	-	**4**	Demerger

2. Terms and Other Information regarding Directors (for Each Demerged Entity)

Dong-A Socio Holdings

	Names	Title	Initial Appointment	Recent Appointment	Current Term Ended	Shares Held
Inside Directors (Executive Director)	Jung-Seok Kang	Executive Vice-President (EVP)	March 2005	March 2011	March 2014	78,841 (0.71%)
	Dong-Hoon Lee	Senior Vice President (SVP)	March 2013	March 2013	March 2016	1,633 (0.01%)
	Soo-Hyung Kang	Senior Vice President (SVP)	March 2013	March 2013	March 2016	1,417 (0.01%)
	Hong-Ki Chae	Vice President (VP)	March 2013	March 2013	March 2016	43 (0.00%)
Affiliated Director (Non-executive Non-independent director)	Jin-Ho Kim	-	March 2011	March 2011	March 2014	

Outside Directors (Non-Executive Independent Director)	Kyung-Bo Kang		March 2006	March 2012	March 2015	-
	Bong-Soon Cho	-	March 2013	March 2013	March 2016	-
Auditor	In-Sun Park		March 2003	March 2011	March 2014	
	Jong-Sik Yoo		March 2012	March 2012	March 2015	

Dong-A ST

	Names	Title	Initial Appointment	Recent Appointment	Current Term Ended	Shares Held
Inside Directors (Executive Director)	Won-Bae Kim	CEO	March 2013	March 2013	March 2016	7,154 (0.06%)
	Chan-Il Park	EVP	March 2013	March 2013	March 2016	1,277 (0.01%)
	Joong-Koo Heo	SVP	March 2013	March 2013	March 2016	2,456 (0.02%)
Affiliated Director (Non-Executive Non-Independent Director)	Jung-Seok Kang	EVP	March 2013	March 2013	March 2016	78,841 (0.71%)
	Chung-Sik Yoo		March 2013	March 2013	March 2016	292,604 (2.63%)
	Jin-Ho Kim		March 2013	March 2013	March 2016	-
Outside Directors (Non-Executive Independent Director)	Keun-Soo Kim		March 2013	March 2013	March 2016	-
	Dae-Kyung Kim		March 2013	March 2013	March 2016	-
	Young-Je Suh		March 2013	March 2013	March 2016	-
Auditor	Seung-Deok Chang		March 2013	March 2013	March 2016	

Dong-A Pharmaceutical

	Names	Title	Initial Appointment	Recent Appointment	Current Term Ended	Shares Held
Inside Directors (Executive Director)	Dong-Wook Shin	EVP	March 2013	March 2013	March 2016	1,421 (0.01%)
Affiliated Director (Non-Executive Non-Independent Director)	Bong-Jin Cha	SVP	March 2013	March 2013	March 2016	3,376 (0.03%)
	Mi-Won Won	VP	March 2013	March 2013	March 2016	689 (0.01%)
Outside Director (Non-Executive Independent Director)	Sang-Gyung Jun		March 2013	March 2013	March 2016	
	Bong-Soon Cho		March 2013	March 2013	March 2016	
Auditor	Sam-Beom Choi		March 2013	March 2013	March 2016	

3.. Compensation of Officers and Auditors

Year 2010

(Unit: KRW)

Classification	Total Amount Rewarded	Number	Amount Approved by AGM	Average Rewards per Person
Directors (including Affiliated Director)	2,213,610,950	4	3,000,000,000	553,402,738
Outside Directors	110,000,000	3		36,666,667
Auditors	161,281,020	1	300,000,000	161,281,020

Year 2011

(Unit: KRW)

Classification	Total Amount Rewarded	Number	Amount Approved by AGM	Average Rewards per Person
Directors (including an Affiliated Director)	2,436,572,084	5	3,500,000,000	487,314,417
Outside Directors	111,000,000	3		37,000,000
Auditors	157,529,644	1	300,000,000	157,529,644

Year 2012

(Unit: KRW)

Classification	Total Amount Rewarded	Number	Amount Approved by AGM	Average Rewards per Person
Directors (including Affiliated Director)	2,910,255,830	5	3,500,000,000	582,051,166
Outside Directors	114,000,000	3		38,000,000
Auditors	297,738,160	2	400,000,000	148,869,080