



DAELIM INDUSTRIAL CO., LTD.
NON-CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2010
AND INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

English Translation of a Report Originally Issued in Korean

To the Stockholders and Board of Directors of
Daelim Industrial Co., Ltd.:

We have audited the accompanying non-consolidated statements of financial position of Daelim Industrial Co., Ltd. (the "Company") as of December 31, 2010, and the related non-consolidated statements of income, appropriations of retained earnings, changes in stockholders' equity and cash flows for the year then ended, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the previous fiscal period of the Company, which are comparatively presented, were audited by Samil Pricewaterhouse Coopers, whose report dated March 11, 2010, expressed an unqualified opinion on those statements.

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

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2010, and the results of its operations, changes in its retained earnings and its stockholders' equity, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the Republic of Korea.

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



March 10, 2011

Notice to Readers

This report is effective as of March 10, 2011, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

DAELIM INDUSTRIAL CO., LTD.

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2010 AND 2009

<u>ASSETS</u>	<u>Korean won</u>	
	<u>2010</u>	<u>2009</u>
	(In millions)	
CURRENT ASSETS:		
Cash and cash equivalents (Notes 3 and 13)	₩ 1,127,016	₩ 999,710
Short-term financial instruments (Note 3)	75,451	42,588
Trade receivables, net of allowance for doubtful accounts of ₩3,566 million in 2010 and ₩3,429 million in 2009 (Note 13)	133,414	95,458
Construction work receivables, net of allowance for doubtful accounts of ₩149,198 million in 2010 and ₩116,114 million in 2009 (Notes 4, 10 and 13)	1,400,002	1,562,586
Lotting-out receivables, net of allowance for doubtful accounts of ₩1,462 million in 2010 and ₩2,799 million in 2009 (Note 4)	16,788	167,456
Short-term loans, net of allowance for doubtful accounts of ₩19,633 million in 2010 and ₩23,373 million in 2009	329,536	144,233
Other accounts receivable, net of allowance for doubtful accounts of ₩57,644 million in 2010 and ₩28,590 million in 2009 (Note 13)	637,724	286,485
Accrued income, net of allowance for doubtful accounts of ₩1,702 million in 2010 and ₩3,290 million in 2009 (Note 13)	23,310	11,228
Advance payments, net of allowance for doubtful accounts of ₩271 million in 2010 and ₩197 million in 2009 (Note 10)	176,838	434,810
Prepaid expenses, net of allowance for doubtful accounts of ₩4,157 million in 2010 and ₩5,039 million in 2009	211,118	203,326
Current deferred income tax assets (Note 20)	52,396	31,231
Inventories (Note 8)	847,806	1,008,831
	<u>5,031,399</u>	<u>4,987,942</u>
NON-CURRENT ASSETS:		
Available-for-sale securities (Notes 5 and 10)	458,464	455,368
Equity-method investment securities (Notes 6 and 10)	1,346,525	1,202,656
Property, plant and equipment, net of accumulated depreciation, impairment and government grants of ₩300,399 million in 2010 and ₩261,111 million in 2009 (Notes 7, 8, 10 and 22)	1,157,514	1,212,689
Intangible assets, net of amortization (Notes 9 and 22)	14,986	15,903
Long-term financial instruments (Note 3)	50,704	29
Guarantee deposits, net of allowance for doubtful accounts of ₩417 million in 2010 and ₩335 million in 2009	66,427	60,417
Long-term prepaid expenses	142	205
Long-term loans, net of allowance for doubtful accounts of ₩56,373 million in 2010 and ₩22,204 million in 2009 (Note 13)	502,565	335,907
Long-term accounts receivable, net of allowance for doubtful accounts of ₩12,754 million in 2010 and ₩15,942 million in 2009 (Notes 4 and 13)	22,826	3,174
Non-current derivative assets (Note 16)	18,584	43,186
Other assets, net of accumulated impairment of ₩3,727 million in 2010 and ₩8,801 million in 2009 (Note 16)	7,015	25,222
	<u>3,645,752</u>	<u>3,354,756</u>
TOTAL ASSETS	<u>₩ 8,677,151</u>	<u>₩ 8,342,698</u>

(Continued)

DAELIM INDUSTRIAL CO., LTD.

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2010 AND 2009

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>Korean won</u>	
	<u>2010</u>	<u>2009</u>
	(In millions)	
CURRENT LIABILITIES:		
Trade payables (Note 13)	₩ 1,011,486	₩ 986,673
Debentures, net of present value discount of ₩82 million in 2009 (Note 11)	-	229,918
Short-term borrowings (Notes 11 and 13)	612,023	8,748
Other short-term borrowings (Note 11)	-	77,626
Accounts payable-other (Note 13)	114,429	233,290
Current portion of long-term debt, net of present value discount of ₩655 million in 2010 and ₩680 million in 2009 (Note 11)	561,378	399,980
Advances from customers (Note 4)	811,535	743,497
Lotting-out advances received (Note 4)	4,284	135
Withholdings (Note 13)	107,648	90,206
Accrued expenses	32,015	35,990
Income tax payable (Note 20)	55,990	28,481
	<u>3,310,788</u>	<u>2,834,544</u>
NON-CURRENT LIABILITIES:		
Debentures, net of present value discount of ₩404 million in 2010 and ₩2,411 million in 2009 (Notes 11 and 13)	429,596	793,721
Long-term borrowings (Notes 11 and 13)	72,376	248,209
Other long-term borrowings (Note 11)	-	114,930
Long-term advances from customers	91,590	-
Guarantee deposits payable	150,134	110,320
Accrued severance indemnities, net of National Pension Fund of ₩1 million in 2010 and 2009, individual severance indemnity trust deposits of ₩4,503 million in 2010 and ₩5,303 million in 2009 and retirement pension plan assets of ₩57,696 million in 2010 and ₩39,926 million in 2009 (Note 3)	12,758	13,470
Non-current deferred income tax liabilities (Note 20)	151,610	164,198
Provision for construction loss (Note 4)	53,052	20,619
Provision for construction warranty (Note 4)	57,234	50,561
Provision for contingent liabilities (Note 12)	203,634	180,096
Non-current derivative liabilities (Note 16)	25,796	15,801
Other liabilities (Note 16)	810	2,150
	<u>1,248,590</u>	<u>1,714,075</u>
TOTAL LIABILITIES	<u>4,559,378</u>	<u>4,548,619</u>
COMMITMENTS AND CONTINGENCIES (Note 16)		
STOCKHOLDERS' EQUITY:		
Capital stock (Note 17)	218,500	218,500
Capital surplus (Note 17)	1,343,220	1,343,406
Accumulated other comprehensive income (Notes 5, 6, 7 and 14)	476,268	502,225
Retained earnings (Note 17)	2,079,785	1,729,948
TOTAL STOCKHOLDERS' EQUITY	<u>4,117,773</u>	<u>3,794,079</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>₩ 8,677,151</u>	<u>₩ 8,342,698</u>

(Concluded)

See accompanying notes to non-consolidated financial statements.

DAELIM INDUSTRIAL CO., LTD.

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean won	
	2010	2009
	(In millions, except per share amounts)	
SALES (Notes 4 and 22)	₩ 6,198,256	₩ 6,274,852
COST OF SALES (Note 15)	<u>5,435,937</u>	<u>5,499,818</u>
GROSS PROFIT	762,319	775,034
SELLING AND ADMINISTRATIVE EXPENSES (Note 15)	<u>432,849</u>	<u>344,414</u>
OPERATING INCOME (Note 22)	329,470	430,620
NON-OPERATING INCOME:		
Interest income (Note 5)	79,523	40,036
Dividend income	71	770
Rental income	339	350
Gain on foreign currency transactions	20,933	60,166
Gain on foreign currency translation (Note 13)	10,483	25,696
Reversal of provision for contingent liabilities (Note 12)	19,310	20,022
Gain on disposal of available-for-sale securities (Note 5)	16,527	88,090
Gain on transaction of derivative financial instruments	41,279	13,237
Gain on valuation of derivative financial instruments (Note 16)	11,154	9,957
Gain on disposal of property, plant and equipment	1,123	809
Gain on valuation of equity-method investment securities (Note 6)	281,532	180,454
Reversal of impairment loss on available-for-sale securities	-	3,252
Others	<u>45,928</u>	<u>62,363</u>
	<u>528,202</u>	<u>505,202</u>
NON-OPERATING EXPENSES:		
Interest expense	93,193	118,860
Loss on foreign currency transactions	26,751	56,410
Loss on foreign currency translation (Note 13)	9,635	17,755
Provision for contingent liabilities (Note 12)	55,302	104,846
Loss on disposal of available-for-sale securities	1,416	15,470
Loss on transaction of derivative financial instruments	19,235	8,321
Loss on valuation of derivative financial instruments (Note 16)	23,192	22,111
Loss on disposal of property, plant and equipment	31,656	37,410
Loss on valuation of equity-method investment securities (Note 6)	41,243	27,089
Loss on disposal of other investment assets	9,116	4,800
Impairment loss on non-current assets	30,751	43,605
Other bad debts expense	50,757	7,919
Donations	4,864	5,131
Others	<u>20,465</u>	<u>28,885</u>
	<u>417,576</u>	<u>498,612</u>
INCOME BEFORE INCOME TAX	440,096	437,210
INCOME TAX EXPENSE (Note 20)	<u>86,209</u>	<u>94,017</u>
NET INCOME	<u>₩ 353,887</u>	<u>₩ 343,193</u>
NET INCOME PER SHARE (Note 18)		
BASIC EARNINGS PER SHARE	<u>₩ 9,163</u>	<u>₩ 8,886</u>

See accompanying notes to non-consolidated financial statements.

DAELIM INDUSTRIAL CO., LTD.

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean won	
	2010	2009
	(In millions)	
RETAINED EARNINGS BEFORE APPROPRIATIONS:		
Unappropriated retained earnings carried over from prior year	₩ 686,453	₩ 1,254,382
Net income	<u>353,887</u>	<u>343,193</u>
	<u>1,040,340</u>	<u>1,597,575</u>
TRANSFER FROM VOLUNTARY RESERVE:		
Reserve for research and development expenditures	10,000	13,333
APPROPRIATIONS:		
Legal reserve	405	405
Reserve for research and human resources development	320,000	320,000
Reserve for overseas business losses	300,000	300,000
Reserve for improvement of financial structure	300,000	300,000
Cash dividends (Note 19)	<u>4,050</u>	<u>4,050</u>
	<u>924,455</u>	<u>924,455</u>
UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR	<u>₩ 125,885</u>	<u>₩ 686,453</u>

See accompanying notes to non-consolidated financial statements.

DAELIM INDUSTRIAL CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean won				
	Capital stock	Capital surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total
	(In millions)				
Balance as of January 1, 2009	₩ 218,500	₩ 1,382,934	₩ 198,389	₩ 1,390,805	₩ 3,190,628
Dividends	-	-	-	(4,050)	(4,050)
Balance after appropriations	218,500	1,382,934	198,389	1,386,755	3,186,578
Net income	-	-	-	343,193	343,193
Gain and loss on overseas operations translation	-	-	(4,380)	-	(4,380)
Gain on valuation of available-for-sale securities	-	-	(103,001)	-	(103,001)
Loss on valuation of available-for-sale securities	-	-	620	-	620
Changes in equity-method investment securities	-	-	178,726	-	178,726
Change in negative equity-method investment securities	-	-	599	-	599
Capital surplus of equity-method investment securities	-	(39,528)	-	-	(39,528)
Gain on revaluation of property, plant and equipment	-	-	231,272	-	231,272
Balance as of December 31, 2009	₩ 218,500	₩ 1,343,406	₩ 502,225	₩ 1,729,948	₩ 3,794,079
Balance as of January 1, 2010	₩ 218,500	₩ 1,343,406	₩ 502,225	₩ 1,729,948	₩ 3,794,079
Dividends	-	-	-	(4,050)	(4,050)
Balance after appropriations	218,500	1,343,406	502,225	1,725,898	3,790,029
Net income	-	-	-	353,887	353,887
Gain and loss on overseas operations translation	-	-	(4,475)	-	(4,475)
Gain on valuation of available-for-sale securities	-	-	6,746	-	6,746
Loss on valuation of available-for-sale securities	-	-	156	-	156
Changes in equity-method investment securities	-	-	(27,768)	-	(27,768)
Change in negative equity-method investment securities	-	-	643	-	643
Capital surplus of equity-method investment securities	-	(186)	-	-	(186)
Gain on revaluation of property, plant and equipment	-	-	(1,259)	-	(1,259)
Balance as of December 31, 2010	₩ 218,500	₩ 1,343,220	₩ 476,268	₩ 2,079,785	₩ 4,117,773

See accompanying notes to non-consolidated financial statements.

DAELIM INDUSTRIAL CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean won	
	2010	2009
	(In millions)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	₩ 353,887	₩ 343,193
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	35,093	21,956
Amortization of intangible assets	2,684	2,498
Provision for severance indemnities	26,247	24,463
Bad debts expense	29,592	4,082
Interest expense, net	2,125	3,222
Gain on foreign currency translation, net	(3,322)	(7,941)
Provision for contingent liabilities, net	35,992	84,824
Gain on disposal of available-for-sale securities, net	(15,111)	(72,620)
Loss on valuation of derivative financial instruments, net	12,037	12,153
Loss on disposal of property, plant and equipment, net	30,533	36,601
Gain on valuation of equity-method investment securities, net	(240,290)	(153,365)
Loss on disposal of other investment assets	9,116	4,800
Impairment loss on non-current assets	30,751	43,605
Other bad debts expense	50,757	7,919
Loss on inventory obsolescence	-	816
Provision for construction loss, net	32,433	2,654
Provision for construction warranty, net	19,850	10,818
Reversal of impairment loss on available-for-sale securities	-	(3,252)
Reversal of loss on valuation of inventories	(463)	(5,981)
Others, net	2,356	(9,606)
	60,380	7,646
Changes in assets and liabilities resulting from operating activities:		
Decrease (increase) in trade receivables	(38,092)	5,192
Decrease (increase) in construction work receivables	58,964	(267,488)
Decrease (increase) in lotting-out receivables	152,005	(158,162)
Increase in other accounts receivable	(379,775)	(29,798)
Increase in accrued income	(11,405)	(217)
Increase in advance payments	(2,032)	(19,775)
Increase in prepaid expenses	(6,847)	(19,834)
Decrease (increase) in current deferred income tax assets	(21,165)	34,931
Decrease in inventories	295,331	269,341
Decrease (increase) in long-term trade receivables	230	(78)
Decrease (increase) in other long-term accounts receivable	(17,058)	2,404
Increase in long-term prepaid expenses	-	(93)
Increase in trade payables	26,810	254,453
Increase (decrease) in accounts payable-other	(116,726)	26,050
Increase (decrease) in advances from customers	68,038	(113,145)
Increase (decrease) in lotting-out advances received	4,149	(14,854)
Increase (decrease) in withholdings	(2,261)	69,787
Increase (decrease) in accrued expenses	(3,975)	17,510
Increase (decrease) in income tax payable	27,509	(126,184)
Increase in long-term advances from customers	91,590	-
Increase (decrease) in guarantee deposits payable	37,803	(61,218)
Payment of severance indemnities	(9,989)	(17,029)

(Continued)

DAELIM INDUSTRIAL CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean won	
	2010	2009
	(In millions)	
Decrease in severance indemnity trust deposits	₩ 800	₩ 5,336
Increase in retirement pension plan assets	(17,770)	(15,339)
Increase (decrease) in non-current deferred income tax liabilities	(6,459)	914
Decrease in provision for construction warranty	(13,178)	(9,539)
Increase (decrease) in provision for contingent liabilities	198	(9,489)
Decrease in overseas operations translation	(6,053)	(4,380)
Dividends income	66,830	9,957
Others, net	2,385	27,074
	<u>179,857</u>	<u>(143,673)</u>
Net cash provided by operating activities	<u>594,124</u>	<u>207,166</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of short-term financial instruments	(32,876)	(34,404)
Increase in short-term loans	(285,660)	(85,031)
Withdrawal (purchase) of long-term financial instruments	(50,676)	100
Disposal of available-for-sale securities	17,118	381,721
Acquisition of equity-method investment securities	(7,627)	(61,828)
Decrease (increase) in guarantee deposits	(7,142)	23,027
Increase in long-term loans	(11,989)	(137,866)
Decrease in derivative assets	35,756	20,804
Disposal (acquisition) of property, plant and equipment	(29,103)	27,271
Decrease in derivative liabilities	(13,196)	(67,469)
Acquisition of intangible assets	(1,474)	(1,555)
Disposal of other investment assets	7,091	3,561
Net cash (used in) provided by investing activities	<u>(379,778)</u>	<u>68,331</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (repayment) from short-term borrowings	603,274	(14,635)
Issuance (redemption) of debentures	(230,000)	398,605
Proceeds from long-term borrowings	22,832	144,930
Repayment of other short-term borrowings	(77,626)	(70,000)
Repayment of current portion of long-term debt	(401,470)	(210,000)
Dividends paid	(4,050)	(4,050)
Net cash (used in) provided by financing activities	<u>(87,040)</u>	<u>244,850</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	127,306	520,347
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>999,710</u>	<u>479,363</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>₩ 1,127,016</u>	<u>₩ 999,710</u>

(Concluded)

See accompanying notes to non-consolidated financial statements.

DAELIM INDUSTRIAL CO., LTD.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. GENERAL:

Daelim Industrial Co., Ltd. (the “Company”) was incorporated on October 10, 1939, under the Commercial Code of the Republic of Korea to engage in the construction business in both domestic and overseas market.

In 1999, the Company and Hanhwa Petrochemical Corporation spun off their naphtha cracking centers to form Yeochun NCC Co., Ltd. The Company also merged with Daelim Engineering Co., Ltd. for the purpose of operational efficiencies.

In 1976, the Company was listed on the Korean Stock Exchange. In addition, the Company’s capital stock, including preferred stock of ₩21,000 million, amounted to ₩218,500 million as of December 31, 2010. The largest stockholder of common stock as of December 31, 2010, is Daelim Corporation with 21.67% ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Financial Statement Presentation

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

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements are summarized below:

The accompanying non-consolidated financial statements to be submitted to the stockholders’ meeting were approved by the board of directors on February 18, 2011.

Recent Changes in Statements of Korea Accounting Standards (“SKAS”) and Others

Korea Financial Accounting Standards, SKAS, Interpretation on Korea Financial Accounting Standards, Opinion on Application of Accounting Standards, and Opinion on Financial Reporting Practice (collectively referred to as “KFAS and others”) that were issued or amended by the Korea Accounting Institute and the Financial Supervisory Services and adopted by the Company for the year ended December 31, 2010, are summarized below.

KFAS and others	Description
Opinion on Application of Accounting Standards 09-2, <i>Separate Disclosure for Contingent Liability about Real Estate Project</i>	<p>-Contingent liabilities about real estate PF will be disclosed separately from other contingent liabilities in the Note in accordance with SKAS No. 17.</p> <p>-Following statements include possible occurrence of major contingent liabilities in the transaction of real estate PF.</p> <p>1) Contingent liabilities about guarantee for the project administering company's borrowings that were offered by the constructor.</p> <p>2) Contingent liabilities about transferring of PF lending institution's loans.</p> <p>3) Contingent liabilities of institution that lends liquidity.</p>

As a result of adopting the above standards, these adoptions had no effect on net income or stockholders' equity of the Company.

Cash and Cash Equivalents

Cash and cash equivalents include cash, substitute securities including checks issued by others, and checking accounts, ordinary deposits and financial instruments, which can be easily converted into cash and whose value changes due to changes in interest rates are not material, with an original maturity of three months or less from the date of acquisition.

Allowance for Doubtful Accounts

The Company provides allowances for estimated losses on doubtful accounts on receivables, based on historical collection experience and the evaluation of the likelihood of success in collecting specific customer receivables.

Inventories

Inventories are stated at cost which is determined by using the moving-average method, except for finished housing, unfinished housing, land and materials-in-transit which are stated at the specific identification method. The Company maintains perpetual inventory, which is adjusted to physical inventory counts performed at year-end. When the net realizable value of finished goods and goods in process, merchandise and current replacement cost of raw materials is less than the carrying value, the carrying value is stated at the lower of cost or market. The Company applies the lower of cost or market method by each group of inventories, and loss on inventory valuation is presented as a deduction from inventories and charged to cost of sales.

However, the circumstances that previously caused the inventories to be written down below cost no longer exist and the new market value of inventories subsequently recovers, the valuation loss is reversed to the extent of the original valuation loss and the reversal is deducted from cost of sales. Reversal of loss on valuation of inventory is ₩463 million and ₩5,981 million for the years ended December 31, 2010 and 2009, respectively.

Securities (excluding equity-method investment securities)

Debt and equity securities are initially stated at the market value of consideration given for acquisition (or market value of securities acquired if market value of consideration given is not available), plus incidental costs attributable to the acquisition of securities. These debt and equity securities are classified into trading, available-for-sale and held-to-maturity securities depending on the purpose and nature of acquisition. Depending on the nature of securities, the Company presents trading securities as short-term investments, and available-for-sale securities and held-to-maturity securities as short-term investments or long-term investment securities in the non-consolidated statements of financial position. The moving-average method for equity securities and the specific identification method for debt securities are used to determine the cost of securities for the calculation of gain (loss) on disposal of these securities.

The specific valuation method applied for debt and equity securities is as follows:

1) Trading securities

Securities that are bought and held principally for the purpose of selling them in the near term with active and frequent buying and selling, including securities which consist of a portfolio of securities with the clear objective of generating profits on short-term differences in price, are classified as trading securities. Trading securities are recorded at their fair value, and unrealized gains or losses from trading securities are recorded as gain (loss) on valuation of trading securities included in the non-operating income (expense).

2) Held-to-maturity securities

Debt securities that have fixed or determinable payments with a fixed maturity are classified as held-to-maturity securities only if the Company has both the positive intent and ability to hold those securities to maturity. However, debt securities, whose maturity dates are due within one year from the dates of non-consolidated statements of financial position, are classified as current assets.

After initial recognition, held-to-maturity securities are stated at amortized cost in the non-consolidated statements of financial position. When held-to-maturity securities are measured at amortized costs, the difference between their acquisition cost and the face value is amortized using the effective interest rate method and the amortization is included in the cost and interest income.

When the possibility of not being able to collect the principal and interest of held-to-maturity securities according to the terms of the contracts is highly likely, the difference between the recoverable amount (the present value of expected cash flows using the effective interest rate upon acquisition of the securities) and the book value is recorded as loss on impairment of held-to-maturity securities included in the non-operating expense, and the held-to-maturity securities are stated at the recoverable amount after loss on impairment. If the value of impaired securities subsequently recovers and the recovery can be objectively related to an event occurring after the impairment loss was recognized, the reversal of impairment loss is recorded as reversal of impairment loss on held-to-maturity securities included in non-operating income. However, the resulting carrying amount after the reversal of impairment loss shall not exceed the amortized cost that would have been measured, at the date of the reversal, if no impairment loss was recognized.

3) Available-for-sale securities

Debt and equity securities that do not fall under the classifications of trading or held-to-maturity securities are categorized and presented as available-for-sale securities included in investment assets. However, if an available-for-sale security matures or it is certain that such security will be disposed of within one year from the dates of non-consolidated statements of financial position, it is classified as a current asset.

Available-for-sale securities are recorded at fair value. Unrealized gain or loss from available-for-sale securities is presented as gain or loss on valuation of available-for-sale securities included in accumulated other comprehensive income under stockholders' equity. In addition, accumulated gain or loss on valuation of available-for-sale securities is reflected in either gain or loss on disposal of available-for-sale securities or loss on impairment of available-for-sale securities upon disposal or recognition of impairment of the securities. However, available-for-sale equity securities that are not marketable and whose fair value cannot be reliably measured are recorded at acquisition cost.

When there is objective evidence that the available-for-sale securities are impaired and the recoverable amount is lower than the cost (amortized cost for debt securities) of the available-for-sale securities, an impairment loss is recognized as loss on impairment of available-for-sale securities in non-operating expense and the related unrealized gain or loss remaining in stockholders' equity is adjusted to the impairment loss. If the value of impaired securities subsequently recovers and the recovery can be objectively related to an event occurring after the impairment loss was recognized, the reversal of impairment loss can be recognized up to the previously recorded impairment loss as a reversal of loss on impairment of available-for-sale securities in non-operating income. However, if the fair value increases after the impairment loss is recognized but does not relate to the recovery of impairment loss as described above, the increase in fair value is recorded in stockholders' equity.

4) Reclassification of securities

Trading securities cannot be reclassified as other categories of securities. As an exception, however, securities that can no longer be held for sale in the near term to generate profits from short-term price differences can be reclassified as available-for-sale or held-to-maturity securities and securities that can no longer be traded in an active market can be reclassified as available-for-sale securities.

Reclassification of a security between trading securities and other categories is accounted for at fair value (the latest market value) as of the date of reclassification. The securities' unrealized holding gain or loss at the date of reclassification should be recorded in non-operating income or expenses.

Equity-Method Investment Securities

Investments in equity securities of companies, over which the Company exercises significant influence, are reported under the equity method of accounting.

1) Accounting for changes in the equity of the investee

Under the equity method of accounting, the Company records changes in its proportionate equity of the net assets of the investee depending on the nature of the underlying changes in the investee as follows: (i) "equity in income (loss) of associates" in the non-operating income (expense) for net income (loss) of the investee; (ii) "increase (decrease) in retained earnings of associates" in the retained earnings for changes in beginning retained earnings of the investee; (iii) "increase (decrease) in equity of associates" in the accumulated other comprehensive income (loss) for other changes in stockholders' equity of the investee.

When the equity-method investee's unappropriated retained earnings carried over from prior period change due to significant error corrections, the Company records the changes in equity as "equity in income (loss) of associates" included in the non-operating income (expense) if the impact of the changes on the Company's non-consolidated financial statements is not significant. If the changes result from the changes in accounting policies of the equity-method investee, they are reflected in the unappropriated retained earnings carried over from prior period in accordance with SKAS on changes in accounting policies and error corrections. When the investee declares cash dividends, the dividends to be received are deducted directly from the equity-method investment securities.

2) Treatment of Investment difference

The difference between the acquisition cost and the Company's proportionate equity in the fair value of net assets of the investee upon acquisition ("investment difference") is considered as negative goodwill and accounted for in accordance with the accounting standards for business combinations. The goodwill portion which is amortized over useful lives of five years on a straight-line method and the negative goodwill portion which is amortized over the weighted-average useful lives of depreciable non-monetary assets of the investee are included in "equity in income (loss) of associates."

When the Company's equity interest in the investee increases due to an increase (or decrease) in contributed capital with (or without) consideration, the changes in the Company's proportionate equity in the investee are accounted for as investment difference. If the Company's equity interest decreases, the changes are accounted for as "gain (loss) on disposal of the equity-method investment securities." However, if the investee is the Company's subsidiary, those changes are accounted for as "other capital surplus (or other capital adjustments)" included in the capital surplus (or capital adjustments).

3) Difference between the fair value and book value of net assets of the investee

Upon acquisition of equity-method investment securities, the Company's proportionate shares in the differences between the fair values and book values of the identifiable assets and liabilities of the investee are amortized/reversed and included in "equity in income (loss) of associates" in accordance with the investee's methods of accounting for the assets and liabilities.

4) Elimination of unrealized gain or loss from intercompany transactions

The Company's proportionate share in the gain (loss) arising from transactions between the Company and the investee, which remains in the book value of assets held as of the dates of non-consolidated statements of financial position, is considered unrealized gain (loss) and adjusted to equity-method investment securities. If the investee is a subsidiary of the Company, unrealized gain (loss) from the sale of an asset by the Company to the investee ("downstream transaction") is fully eliminated and adjusted to equity-method investment securities.

5) Impairment loss on equity-method investment securities

When there is objective evidence that the equity-method investment securities are impaired and the recoverable amount is lower than the carrying amount of the equity-method investment securities, an impairment loss is recognized as "loss on impairment of equity-method investment securities" included in non-operating expense and the unamortized investment difference is firstly reduced. When the recoverable amount is recovered after the recognition of impairment loss, the reversal of impairment loss is recognized as income up to the previously recorded impairment loss. The book value of the equity-method investment securities after the reversal of the impairment loss cannot exceed the book value calculated as if the impairment loss had not been originally recognized. The reversal of the impairment loss recognized against the unamortized investment difference is not allowed.

6) Translation of financial statements of overseas investees

For overseas investees whose financial statements are prepared in foreign currencies, the equity method of accounting is applied after assets and liabilities are translated in accordance with the accounting standards for the translation of the financial statements of overseas' subsidiaries for consolidated financial statements. The Company's proportionate share of the difference between assets, net of liabilities, and stockholders' equity after translation into Korean won is accounted for as "increase (decrease) in equity of associates" included in accumulated other comprehensive income (loss).

Property, Plant and Equipment

Property, plant and equipment are stated at cost (acquisition cost or manufacturing cost plus expenditures directly related to preparing the asset ready for use). Assets acquired from investment in-kind, by donation or free of charge, are stated at fair value. However, if the revaluation method is applied in accordance with the Asset Revaluation Act or if amended SKAS No. 5, *Property, Plant and Equipment*, is selected, certain land and buildings of the Company are recorded at fair value, which is calculated using the revaluation models.

Expenditures after acquisition or completion that increase future economic benefit in excess of the most recently assessed capability level of the asset are capitalized. Other expenditures are charged to expense as incurred.

In accordance with the Company's policy, borrowing costs in relation to manufacture, purchase, construction or development of assets are charged to current operations as incurred.

When the expected future cash flow from the use or disposal of property, plant and equipment is lower than the carrying amount due to obsolescence, physical damage or other causes, the carrying amount is adjusted to the recoverable amount (the higher of net sales price or value in use) and the difference is recognized as an impairment loss. When the recoverable amount subsequently exceeds the carrying amount of the impaired asset, the excess is recorded as a reversal of impairment loss to the extent that the reversed asset does not exceed the carrying amount before previous impairment as adjusted by depreciation.

Depreciation is computed using the straight-line method over the following economic useful lives:

Description	Useful lives (years)
Buildings	20-40
Structures	10-40
Machinery	4-8
Vehicles, others	4-12

An asset whose use is discontinued and held for disposal or retirement is no longer depreciated. The carrying amount of the asset upon discontinuance of its use is reclassified as an investment asset and tested for impairment at each fiscal year end. An asset whose use is discontinued, but held for future use, is depreciated and the depreciation expense is recorded as a non-operating expense.

Intangible Assets

Intangible assets are initially recognized at acquisition cost (purchase cost plus expenditures directly related to preparing the asset ready for use) and subsequently presented at amortized cost.

Amortization is computed using the straight-line method over the following economic useful lives:

Description	Useful lives (years)
Industrial property rights, rights to use pier	5–10
Rights to operate parking lot business, rights to rent donated buildings	20–40
Others	4–5

When the recoverable amount (the higher of net sales price or value in use) of intangible assets is significantly lower than the carrying amount due to obsolescence and other, the difference is recognized as an impairment loss. When the recoverable amount subsequently exceeds the carrying amount of the impaired asset, the excess is recorded as a reversal of impairment loss to the extent that the reversed asset does not exceed the carrying amount before previous impairment as adjusted by amortization.

Government Subsidy and Others

Government subsidy and contribution for construction granted for the purpose of acquisition of certain assets are recorded as a deduction from the assets granted or other assets acquired for the temporary use of the assets granted. When the related assets are acquired, they are recorded as a deduction from the acquired assets and are offset against the depreciation of the acquired assets over their useful lives. In addition, government subsidy and contribution for construction without any repayment obligation are offset against related expenses which are intended to be disbursed; however, if there is no matching expense, they are recorded as operating revenue or non-operating revenue depending on whether they are directly related to the Company's principal operating activities. Government subsidy and contribution for construction with a repayment obligation are recorded as a liability.

Present Value Discount for Assets and Liabilities

Receivables or payables from long-term installment transactions, long-term loans/borrowings or other similar transactions are stated at present value which is determined by discounting total amounts receivable or payable in the future using the effective interest rate, if the nominal value is significantly different from the present value. The discount or premium resulting from the determination of present value is reported in the non-consolidated statements of financial position as a direct deduction from or addition to the nominal value of the related receivables or payables, and the amortization by the effective interest rate method is included in the period income (loss).

Translation of Assets and Liabilities Denominated in Foreign Currency

Transactions denominated in foreign currencies are recorded in Korean won translated at the exchange rate prevailing on the transaction date and the resulting gain (loss) from foreign currency transactions is included in non-operating income (expense). Monetary assets and liabilities denominated in foreign currencies are translated into Korean won at the Base Rates announced by Korea Exchange Bank on the dates of non-consolidated statements of financial position, and the resulting gain (loss) from foreign currency translation is included in non-operating income (expense).

Translation of Financial Statements of Overseas' Affiliates Stated in Foreign Currency

For overseas affiliates whose financial statements are prepared in a foreign currency, assets and liabilities are translated at the exchange rate on the dates of non-consolidated statements of financial position, stockholders' equity is translated at the historical exchange rate, and items in non-consolidated statements of income are recorded at the average exchange rate of the reporting period. Gain (loss) from foreign currency translation of overseas affiliates is recorded as accumulated other comprehensive income (loss). When subsequent gain (loss) from foreign

currency translation of overseas affiliates arises, it is offset against the previously recognized gain (loss) and charged to gain or loss on the accounting period in which such overseas' affiliates are liquidated, closed or disposed of.

Accrued Severance Indemnities

In accordance with the Company's policy, all employees with more than one year of service are entitled to receive lump-sum severance payments upon termination of their employment, based on their current salary and tenure of employment. The accrual for severance indemnities is computed as if all the employees were to terminate on the dates of non-consolidated statements of financial position and amounted to ₩74,958 million and ₩58,700 million for the years ended December 31, 2010 and 2009, respectively. In accordance with the National Pension Law of Korea, a portion of the severance indemnities, which had been transferred in cash to the National Pension Fund through March 1999, was presented as a deduction of accrued severance indemnities.

The Company has insured a portion of its obligations with Kyobo Life Insurance Co., Ltd. and other for severance indemnities by making deposits that will be directly paid to employees, and records them as deposits for severance insurance deposits which are directly deducted from accrued severance indemnities.

Since the beginning of the current year, the Company has been providing defined contribution benefit plans to its employees and associated benefit plan assets or pension assets are deducted from a provision for severance indemnities liabilities. If an employee's service period met the requirements to receive the benefit payment and is elected to be the recipient of such severance payment upon termination, the present value of total severance liability to be paid to the terminated employee subsequent to the dates of non-consolidated statements of financial position is estimated, recorded as a severance payable and deducted from a provision for severance indemnities liabilities. Under the defined contribution retirement pension plan, a retirement insurance premium is classified as a current expense.

Actual payments for severance indemnities amounted to ₩9,989 million and ₩17,029 million for the years ended December 31, 2010 and 2009, respectively.

Derivative Instruments

The Company records rights and obligations arising from derivative instruments in assets and liabilities, which are stated at fair value. Gains and losses resulting from changes in fair value of derivative instruments are recognized in current earnings. However, for derivative instruments that cash flow hedge accounting applies, the effective portion of gain or loss on derivatives instruments is recorded as gain (loss) on valuation of derivatives included in accumulated other comprehensive income (loss).

Accounting for Leases

A lease is classified as a finance lease or an operating lease depending on the extent of transfer to the Company of the risks and rewards of ownership. If a lease meets any one of the following criteria, it is accounted for as a finance lease:

- The lease transfers ownership of the asset to the lessee by the end of the lease term;
- The lessee has the option to purchase the asset at a bargain price and it is certain that the option will be exercised;
- The lease term equals to 75 percent or more of the economic life of the asset even if the title is not transferred;
- At the date of inception of lease, the present value of minimum lease payments equals or exceeds 90 percent of the fair value of the leased asset; or
- The leased asset is of such a specialized nature that only the Company can use it without major modifications.

All other leases are treated as operating leases.

For operating leases, lease payments excluding guaranteed residual value are recognized as an expense on a straight-line basis over the lease term, and contingent rent is expensed as incurred. Finance leases are recognized as assets and liabilities at the lower of the fair value of the leased property or the present value of the minimum lease payments discounted using the implicit interest rate of the lessor (or the Company's incremental borrowing rate if the implicit interest rate is not practicable to determine). Any initial direct costs incurred by the Company are added

to the amount recognized as an asset. The depreciation policy for depreciable leased assets is consistent with that of similar depreciable assets that are owned by the Company. Annual minimum lease payments, excluding guaranteed residual value, are allocated to interest expense, which is calculated using the effective interest rate, and finance lease repayment amount. Contingent rent related to finance lease is charged to expense in the period in which it is incurred. However, if the amount is material, it is allocated to principal and interest over the remaining lease term.

Revenue Recognition

Revenue generated from sale of goods is recognized upon delivery. However, if there are sales terms related to postdelivery, revenue is recognized when these terms have been fully met. Revenue recognition on service or construction contract (contract of service directly related to construction, removal or restoration of an asset, contract of environmental restoration project related to asset removal, or lotting-out of apartment building based on purchase offer, including advanced sale) is recognized based on percentage-of-completion method. However, application of percentage-of-completion method on advanced sales such as lotting-out of apartment is limited to the contracts which are already closed. When loss from service or construction contract is probable, the loss is immediately recognized as provision for construction loss and charged to cost of sales or cost of construction in the same period. In addition, when the Company has an obligation for construction warranty after the construction or service is completed, total estimated construction warranty expense is included in cost of construction or service in the fiscal year during which the construction is completed or service is rendered, and records the provision for construction warranty liability in the non-consolidated statements of financial position.

Income Tax Expense

The Company recognizes income tax expense determined by adding or deducting changes in deferred income tax assets (liabilities) to or from total income tax and surtaxes to be paid for the current period. The deferred income tax assets or liabilities will be charged or credited to income tax expense in the period each temporary difference reverses in the future. The Company recognizes deferred tax liabilities basically for all taxable temporary differences, but recognizes deferred tax assets for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Also, the Company recognizes deferred tax assets for all deductible temporary differences arising from investments in subsidiaries and associates to the extent that it is probable that the temporary difference will be reversed in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized. In addition, current tax and deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity in the same or different period. The deferred income tax assets (liabilities) are classified as current or non-current based on the classification for financial reporting.

In addition, deferred tax assets and liabilities, which are classified in the same section, are offset when the Company has right and intention to offset the income tax payable and income tax refundable, and deferred tax assets and liabilities are associated with the same tax authorities.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements for adequate disclosure of financial information. Such reclassification does not affect net assets and net income in 2009.

3. RESTRICTED DEPOSITS:

Details of restricted deposits as of December 31, 2010 and 2009, are as follows:

Type	Institution	Korean won (In millions)				
		2010		2009		Remarks
Cash and cash equivalents and trust deposits	Woori Bank and others	₩	108,355	₩	56,370	
Short-term financial instruments	Shinhan Bank and others		547		38,588	Pledged as collateral
Long-term financial instruments	Woori Bank and others		29		29	Guarantee deposits for checking accounts
Severance insurance deposits	Kyobo Life Insurance Co., Ltd. and others		4,503		5,303	Severance insurance deposits
Retirement pension plan	Kyobo Life Insurance Co., Ltd. and others		57,696		39,926	Severance insurance deposits
		₩	171,130	₩	140,216	

4. CONSTRUCTION CONTRACTS:

(A) Details of important facts related to Company's construction contracts for the years ended December 31, 2010 and 2009, are as follows:

(2010)

Project	Customer	Construction period	Korean won (In millions)			
			Balance at January 1, 2010	Change in contract amount	Construction revenue recognized	Balance at December 31, 2010
Architecture						
Uiwang Naeson APT	Uiwang Daewoo company housing rebuilding business	December 2006–September 2011	₩ 411,542	₩ -	₩ 39,671	₩ 371,871
Gwanggyo e-pyunhansesang	Gwanggyo lucky seven Co., Ltd.	May 2010–December 2021	-	458,076	65,666	392,410
Hyeri Gclef	CIT Land Co., Ltd.	December 2006–May 2013	272,742	-	5,085	267,657
North Ahyun 2nd e-pyunhansesang	North Ahyun 2nd e-pyunhansesang union	March 2009–October 2012	361,800	-	-	361,800
Gajaeul e-pyunhansesang	Gajaeul Newtown Distric 3 Housing Renewal Project	November 2007–September 2012	317,111	15,292	48,896	283,507
Sema e-pyunhansesang	Miwon Spinning Co., Ltd.	December 2006–February 2010	21,207	(5,122)	16,085	-
Haan e-pyunhansesang	Haan Union of Korea National Housing Corporation Redevelopment	January 2006–January 2010	29,478	(1,101)	28,377	-
Ulsan junha e-pyunhansesang	Ilsan APT District 1 Housing Renewal Project	December 2009–August 2011	273,900	(43,011)	14,107	216,782
Oksu APT	Oksu District 13 Union	December 2008–January 2015	236,500	85,500	-	322,000
IFC building	SIFC Hotel	December 2007–December 2011	151,638	30,022	66,389	115,271
Others			4,559,045	1,587,946	1,220,450	4,926,541
			6,634,963	2,127,602	1,504,726	7,257,839

Project	Customer	Construction period	Korean won (In millions)			
			Balance at January 1, 2010	Change in contract amount	Construction revenue recognized	Balance at December 31, 2010
Civil engineering						
Pusan-Geoje Highway	GK Marine Load Co., Ltd.	July 2003–December 2010	₩ 82,934	₩ 1	₩ 82,935	₩ -
Saemangeum	Korea Rural Community & Agriculture Corporation Saemangeum Union	May 1992–December 2010	21,843	1,813	23,656	-
Youngchun-Sangju Highway	Youngchun-Sangju Highway Co., Ltd.	December 2006–June 2015	311,100	-	-	311,100
Hantan river dam	Korea water resources corporation	February 2007–August 2014	204,656	8,922	58,486	155,092
Incheon Int'l Airport Equipment #2	Korail Airport Railroad	December 2003–December 2011	51,073	13,379	53,188	11,264
Incheon Int'l Airport Equipment #1	Korail Airport Railroad	April 2001–December 2011	72	-	-	72
Gimhae city detour road	Busan Regional Construction Management Administration	March 2008–December 2013	190,078	5,027	7,468	187,637
Shinbundang railroad District2	Shinbundang Railroad Co., Ltd.	May 2005–December 2011	68,783	11,363	45,664	34,482
Seoul-Pocheon Highway	Seoul North Highway Co., Ltd.	November 2007–June 2015	169,700	-	-	169,700
Yecheon pumping-up electric power station	Korea South-East Power Co., Ltd.	October 2004–December 2011	13,017	26,000	28,222	10,795
Others			3,416,656	1,005,490	995,634	3,426,512
			4,592,912	1,071,995	1,295,253	4,306,654
Plant						
Hyundai Oil Refinery NO.2HOU(E)	Hyundai oil Refinery Co., Ltd.	November 2008–February 2011	593,765	-	479,555	114,210
Dangjin Thermoelectric Power Plant	Hyundai Green Power Co., Ltd.	September 2007–March 2011	47,786	260	40,490	7,556
Singori Nuclear Division #1 and #2	Korea Hydroelectric Power Plant	June 2003–December 2011	30,955	12,327	43,133	149
Samcheok production base 1	Korea Gas Corporation Samcheok branch	February 2010–December 2013	-	272,616	7,682	264,934
Tong young production base 5	Korea Gas Corporation Tong young branch	November 2007–October 2011	86,561	-	59,801	26,760
Others			263,183	1,303,884	122,738	1,444,329
			1,022,250	1,589,087	753,399	1,857,938
Overseas						
Saudi Kayan PC	Saudi Kayan Petrochemical Company	February 2007–December 2011	52,591	51,260	74,773	29,078
Kuwait LPG Train4	Kuwait National Petroleum Company	July 2010–July 2013	-	987,820	39,842	947,978
Saudi YERP-3	Aramco Overseas Company B.V.	July 2010–April 2014	-	841,140	55,861	785,279
Saudi NCP Polymer	Saudi Polymers Company	December 2007–April 2012	207,962	48,586	205,887	50,661
Iran EsfahanRefinery	National Iranian E&C Co.	March 2007–January 2013	601,145	(68,731)	6,372	526,042
Others			2,666,630	855,580	840,073	2,682,137
			3,528,328	2,715,655	1,222,808	5,021,175

Project	Customer	Construction period	Korean won (In millions)			
			Balance at January 1, 2010	Change in contract amount	Construction revenue recognized	Balance at December 31, 2010
Domestic Others						
Others	Yeochun NCC Co., Ltd.		₩ -	₩ 24,450	₩ 24,450	₩ -
			15,715,453	7,528,789	4,800,636	18,443,606
Lotting-out (1)						
Gwangju Gwangcheon 2 nd e-pyunhansesang	Daelim Industrial Co., Ltd.	November 2007–January 2010	134,741	(10,667)	81,612	42,462
Ukok e-pyunhansesang	Daelim Industrial Co., Ltd.	October 2007–February 2010	141,687	(28,672)	85,596	27,419
Gwangju Opo e-pyunhansesang	Daelim Industrial Co., Ltd.	December 2007–March 2010	59,233	(746)	48,506	9,981
Pyongchon e-pyunhansesang	Daelim Industrial Co., Ltd.	June 2008–June 2010	77,607	(1,624)	70,653	5,330
Hansoop e-pyunhansesang	Daelim Industrial Co., Ltd.	December 2007–February 2016	1,113,700	-	-	1,113,700
Yangsan 3 rd e-pyunhansesang	Daelim Industrial Co., Ltd.	June 2007–November 2011	230,700	-	-	230,700
Others	Daelim Industrial Co., Ltd.		-	930	930	-
			1,757,668	(40,779)	287,297	1,429,592
			₩ 17,473,121	₩ 7,488,010	₩ 5,087,933	₩ 19,873,198

(2009)

Project	Customer	Construction period	Korean won (In millions)			
			Balance at January 1, 2009	Change in contract amount	Construction revenue recognized	Balance at December 31, 2009
Architecture						
Uiwang naeson APT	Uiwang Daewoo company housing rebuilding business	December 2006–September 2011	₩ 425,606	₩ (1)	₩ 14,063	₩ 411,542
Hyeri Gclef	CIT Land Co., Ltd.	December 2006–March 2010	283,065	-	10,323	272,742
Sema e-pyunhansesang	Miwon Spinning Co., Ltd.	December 2006–December 2009	172,408	4	151,205	21,207
Shinhyun e-pyunhansesang	Shinhyun Union of Korea National Housing Corporation Redevelopment	December 2005–December 2009	123,948	18,121	142,069	-
North Ahyun 2nd e-pyunhansesang	North Ahyun 2 e-pyunhansesang union	March 2009–October 2012	-	361,800	-	361,800
Haan e-pyunhansesang	Haan Union of Korea National Housing Corporation Redevelopment	January 2006–March 2010	147,943	12,110	130,575	29,478
Ulsan junha e-pyunhansesang	Ilsan APT District 1 Housing Renewal Project	November 2007–October 2012	273,900	-	-	273,900
Wondang e-pyunhansesang	Wondang Union of Korea National Housing Corporation Redevelopment	July 2006–November 2009	124,065	(2,930)	121,135	-
Kyungsan e-pyunhansesang	Vlue Holdings Co., Ltd.	May 2007–February 2010	157,393	(34,957)	107,508	14,928
Gajaeul e-pyunhansesang	Gajaeul Newtown Distric 3 Housing Renewal Project	November 2007–September 2012	242,000	84,583	9,472	317,111
Others			4,039,206	1,783,560	890,511	4,932,255
			5,989,534	2,222,290	1,576,861	6,634,963

Project	Customer	Construction period	Korean won (In millions)			
			Balance at January 1, 2009	Change in contract amount	Construction revenue recognized	Balance at December 31, 2009
Civil engineering						
Pusan-Geoje Highway	GK Marine Load Co., Ltd.	July 2003–March 2010	₩ 141,825	₩ 6,466	₩ 65,357	₩ 82,934
Saemangeum	Korea Rural Community & Agriculture Corporation Saemangeum Union	May 1992–December 2009	95,316	24,966	98,439	21,843
Youngchun-Sangju Highway	Youngchun-Sangju Highway Co., Ltd.	December 2006–June 2015	311,100	-	-	311,100
Hantan river dam	Korea water resources corporation	February 2007–June 2013	231,814	1,467	28,625	204,656
Incheon bridge	Incheon bridge Co., Ltd.	June 2005–October 2009	39,670	2,381	42,051	-
Incheon Int'l Airport Equipment #2	Korail Airport Railroad	December 2003–December 2011	72,654	24,322	45,903	51,073
Incheon Int'l Airport Equipment #1	Korail Airport Railroad	April 2001–December 2011	671	-	599	72
Shinbundang railroad Distrct2	Shinbundang Railroad Co., Ltd.	May 2005–July 2010	115,634	1,802	48,653	68,783
Gimhae city detour road	Busan Regional Construction Management Administration	March 2008–February 2016	182,533	10,773	3,228	190,078
West suwon-pyeongtaek Highway	Kyunggi Highway Co., Ltd.	December 2004–October 2009	34,591	(3,587)	31,004	-
Others			2,428,232	2,069,387	898,246	3,599,373
			3,654,040	2,137,977	1,262,105	4,529,912
Plant						
Hyundai Oil Refinery NO.2HOU(E)	Hyundai oil Refinery Co., Ltd.	November 2008–February 2011	774,658	-	180,893	593,765
Dangjin Thermoelectric Power Plant	Hyundai Green Power Co., Ltd.	September 2007–December 2010	172,288	12,769	137,271	47,786
Singori Nuclear Division #1 and #2	Korea Hydroelectric Power Plant	June 2003–March 2010	89,060	13,420	71,525	30,955
Tong young production base 5	Korea Gas Corporation Tong young branch	November 2007–October 2011	118,411	2,182	34,031	86,562
Gunsan complex thermoelectric power	Korea western Power Co., Ltd.	April 2007–May 2010	32,548	14,859	44,242	3,165
Others			82,045	265,506	87,534	260,017
			1,269,010	308,736	555,496	1,022,250
Overseas						
Saudi Kayan PC	Saudi Kayan Petrochemical Company	February 2007–April 2010	443,029	(27,083)	363,355	52,591
Iran EsfahanRefinery	National Iranian E&C Co.	March 2007–November 2012	785,332	(52,762)	131,425	601,145
Saudi NCP Polymer	Saudi Polymers Company	December 2007–April 2012	597,706	(1,127)	388,617	207,962
Singapore MCE	Land Transport Authority	October 2008–June 2013	536,422	(57,535)	95,834	383,053
Philippines JG SUMMIT NCC	Jg summit petrochemical corporation	December 2007–August 2011	516,800	(28,667)	2,581	485,552
Others			361,698	1,947,895	511,568	1,798,025
			3,240,987	1,780,721	1,493,380	3,528,328

Project	Customer	Construction period	Korean won (In millions)			
			Balance at January 1, 2009	Change in contract amount	Construction revenue recognized	Balance at December 31, 2009
Domestic Others						
Others	Yeochun NCC Co., Ltd.		₩ -	₩ 23,720	₩ 23,720	₩ -
			14,153,571	6,473,444	4,911,562	15,715,453
Lotting-out (1)						
Gwangju Gwangcheon 2 nd e-pyunhansesang	Daelim Industrial Co., Ltd.	November 2007–January 2010	311,505	(12,265)	164,498	134,742
Ukok e-pyunhansesang	Daelim Industrial Co., Ltd.	October 2007–February 2010	270,283	(21,746)	106,850	141,687
Gwangju Opo e-pyunhansesang	Daelim Industrial Co., Ltd.	December 2007–March 2010	184,948	(107)	125,608	59,233
Pyongchon e-pyunhansesang	Daelim Industrial Co., Ltd.	June 2008–June 2010	139,953	1	62,348	77,606
Hansoop e-pyunhansesang	Daelim Industrial Co., Ltd.	December 2007–February 2016	1,113,700	-	-	1,113,700
Yangsan 3 rd e-pyunhansesang	Daelim Industrial Co., Ltd.	June 2007–November 2011	230,700	-	-	230,700
Others	Daelim Industrial Co., Ltd.		-	928	928	-
			2,251,089	(33,189)	460,232	1,757,668
			₩ 16,404,660	₩ 6,440,255	₩ 5,371,794	₩ 17,473,121

(1) The Company's backlog of lotting-out contracts is the total expected revenues from lotting-out contracts.

(B) Construction advances and receivables as of and for the years ended December 31, 2010 and 2009 are as follows:

(2010)

Korean won (In millions)				
Project	Advances received	Receivables		
		Billed ⁽¹⁾	Unbilled	Total
Architecture				
Uiwang naeson APT	₩ -	₩ -	₩ 67,750	₩ 67,750
Gwanggyo e-pyunhansesang	-	73,610	-	73,610
Hyeri Gclef	-	-	107,323	107,323
Gajaeul e-pyunhansesang	61,947	-	-	-
Ulsan junha e-pyunhansesang	-	-	14,107	14,107
IFC buiding	-	9,944	15,534	25,478
Pentaport Project	-	23,614	8,539	32,153
Shingye e-pyunhansesang	5,966	-	-	-
Gwonsun e-pyunhansesang	-	33,121	2,250	35,371
Jochiwon shinan e-pyunhansesang	-	25,938	12,735	38,673
Others	294,996	667,756	133,882	801,638
	₩ 362,909	₩ 833,983	₩ 362,120	₩ 1,196,103
Civil engineering				
Pusan-Geoje Highway	-	12,943	-	12,943

Korean won (In millions)

Project	Advances received	Receivables		
		Billed ⁽¹⁾	Unbilled	Total
Hantan river dam	₩ -	₩ -	₩ 17,342	₩ 17,342
Incheon Int'l Airport Equipment #2	-	76	-	76
Incheon Int'l Airport Equipment #1	-	318	-	318
Gimhae city detour road	-	-	3,638	3,638
Shinbundang railroad Distrct2	-	1,957	-	1,957
Yecheon pumping-up electric power station	8,826	-	-	-
Han River Restoration Project 3	4,633	-	-	-
Korea armed forces athletic corporation	-	-	5,660	5,660
Ulsan-pohang electric railway District 2	-	230	1,292	1,522
Others	35,779	23,242	182,887	206,129
	₩ 49,238	₩ 38,766	₩ 210,819	₩ 249,585
Plant				
Hyundai Oil Refinery NO.2HOU(E)	230	-	-	-
Dangjin Thermoelectric Power Plant	-	-	11,477	11,477
Singori Nuclear Division #1 and #2	-	-	17,955	17,955
Dangjin Power Plant 9,10 boiler	-	-	444	444
Samcheok production base 1	24,611	-	-	-
Others	63,672	19,779	311	20,090
	₩ 88,513	₩ 19,779	₩ 30,187	₩ 49,966
Overseas				
Saudi Kayan PC	-	1,291	-	1,291
Kuwait LPG Train4	68,745	-	-	-
Saudi YERP-3	-	690	4,252	4,942
Saudi NCP Polymer	8,290	-	-	-
Iran EsfahanRefinery	10,765	-	-	-
Others	121,392	30,173	39,017	69,190
	₩ 209,192	₩ 32,154	₩ 43,269	₩ 75,423
	₩ 709,852	₩ 924,682	₩ 646,395	₩ 1,571,077
Lotting-out				
Gwangju Gwangcheon 2 nd e-pyunhansesang	1,344	4,588	-	4,588
Ukok e-pyunhansesang	2,580	-	-	-
Gwangju Opo e-pyunhansesang	321	840	-	840
Pyongchon e-pyunhansesang	39	11,325	-	11,325
Others	-	1,496	-	1,496
	₩ 4,284	₩ 18,249	₩ -	₩ 18,249
Others	₩ 101,683	₩ 4,380	₩ -	₩ 4,380
	₩ 815,819	₩ 947,311	₩ 646,395	₩ 1,593,706

(2009)

Korean won (In millions)					
Project	Advances received	Receivables			Total
		Billed ⁽¹⁾	Unbilled		
Architecture					
Uiwang naeson APT	₩ -	₩ -	₩ 4,692	₩	4,692
Hyeri Gclef	-	-	102,238		102,238
Sema e-pyunhansesang	-	-	153,142		153,142
Gajaeul e-pyunhansesang	40,778	-	-		-
Haan e-pyunhansesang	-	93	53,397		53,490
Kyungsan e-pyunhansesang	-	100,598	34,070		134,668
IFC buiding	-	5,959	7,795		13,754
Pentaport Project	-	3,080	4,639		7,719
Shingye e-pyunhansesang	30,407	-	-		-
Gwonsun e-pyunhansesang	-	-	34,706		34,706
Others	102,555	686,846	143,783		830,629
	₩ 173,740	₩ 796,576	₩ 538,462	₩	1,335,038
Civil engineering					
Pusan-Geoje Highway	11,289	-	-		-
Saemangeum	9,884	-	-		-
Hantan river dam	-	-	14,174		14,174
Incheon Int'l Airport Equipment #2	11,880	-	-		-
Incheon Int'l Airport Equipment #1	471	-	-		-
Gimhae city detour road	-	-	1,624		1,624
Shinbundang railroad Distrct 2	6,497	-	-		-
West suwon-pyeongtaek Highway	-	6,214	-		6,214
Han River Restoration Project 3	-	-	4,235		4,235
Korea armed forces athletic corporation	-	-	5,539		5,539
Others	66,994	30,567	138,750		169,317
	₩ 107,015	₩ 36,781	₩ 164,322	₩	201,103
Plant					
Hyundai Oil Refinery NO.2HOU(E)	-	6,965	6,795		13,760
Dangjin Thermoelectric Power Plant	-	79	11,116		11,195
Singori Nuclear Division #1 and #2	-	-	23,251		23,251
Tong young production base 5	22,595	-	-		-
Gwanggyo cogeneration corporation(E)	19,786	-	-		-
Others	22,032	13,544	788		14,332
	₩ 64,413	₩ 20,588	₩ 41,950	₩	62,538

Korean won (In millions)					
Project	Advances received	Receivables			
		Billed ⁽¹⁾	Unbilled	Total	
Overseas					
Saudi Kayan PC	₩ 46,231	₩ -	₩ -	₩ -	-
Kuwait LPG Train4	12,674	-	-	-	-
Saudi NCP Polymer	156,629	-	-	-	-
Saudi JER	24,722	-	-	-	-
Philippines JG SUMMIT NCC	491	-	-	-	-
Others	38,399	74,586	11,062		85,648
	₩ 279,146	₩ 74,586	₩ 11,062	₩	85,648
	₩ 624,314	₩ 928,531	₩ 755,796	₩	1,684,327
Lotting-out					
Gwangju Gwangcheon 2 nd e-pyunhansesang	-	-	62,560		62,560
Ukok e-pyunhansesang	135	-	40,678		40,678
Gwangju Opo e-pyunhansesang	-	-	38,821		38,821
Pyongchon e-pyunhansesang	-	-	26,943		26,943
Others	-	1,253	-		1,253
	₩ 135	₩ 1,253	₩ 169,002	₩	170,255
Others	₩ 119,183	₩ 6,712	₩ -	₩	6,712
	₩ 743,632	₩ 936,496	₩ 924,798	₩	1,861,294

(1) Value-added taxes are included.

(C) Details of accumulated construction income as of December 31, 2010 and 2009 are as follows:

Description	Korean won (In millions)	
	2010	2009
Accumulated construction revenue	₩ 11,345,145	₩ 10,463,056
Accumulated construction cost	10,001,635	9,295,358
Accumulated construction income	₩ 1,343,510	₩ 1,167,698

(D) Details of provision for construction losses as of December 31, 2010 and 2009, are as follows:

Description	Korean won (In millions)	
	2010	2009
Gwangju Opo 2nd e-pyunhansesang	₩ -	₩ 351
Jaechon-dodam electric railway	463	640
Iran SPGD PH. 6/7 8	-	1,803
Youkgok e-pyunhansesang	2,651	4,248
Asan detour road	-	416
Garak subway District 302	-	25
Kyungsan e-pyunhansesang	-	1,590
Boryung Thermal power station(E)	-	28
Dangjin Thermoelectric Power Plant(E)	-	1,380
Pohang yangduk 2 nd e-pyunhansesang	-	3,088

Description	Korean won (In millions)	
	2010	2009
Daegu Institute of science & technology	219	620
IFC buiding	4,888	6,430
Green Bio	1,735	-
Gwanggyo 2 nd e-pyunhansesang	1,461	-
Seoguipo village	302	-
Ulsan junha e-pyunhansesang	41,319	-
Endeavor tower remodeling	15	-
	₩ 53,053	₩ 20,619

(E) The Changes in provision for construction warranty for the years ended December 31, 2010 and 2009 are as follows:

	Korean won (In millions)	
	2010	2009
Beginning balance	₩ 50,561	₩ 49,282
Use	(13,177)	(9,539)
Reversal	(2,281)	(5,403)
Provision	22,131	16,221
Ending balance	₩ 57,234	₩ 50,561

(F) A summary of major joint construction projects as of December 31, 2010 and 2009 is as follows:

Project	Korean won (In millions)					Lead contractor
	Contract amount				Percentage of ownership (%)	
	2010		2009			
Incheon Int'l Airport Equipment	₩	2,582,447	₩	2,514,498	19.69	Hyundai E&C Co., Ltd.
Pusan-Geoje Highway		1,704,218		1,704,218	21.30	Daewoo E&C Co., Ltd.
Singori Nuclear Division #1 and #2		925,482		891,049	35.80	Hyundai E&C Co., Ltd.
Pentaport Project		718,411		718,411	25.00	SK E&C Co., Ltd.
IFC buiding		644,994		614,695	34.17	GS E&C Corp
Samcheok production base 1		545,232		-	50.00	The Company
Shinbundang railroad Distrct2		493,949		465,542	40.00	The Company
Yeosu Development Complex Road 3rd Phase		448,467		448,467	27.47	The Company
Sungnam- janghowon road		346,198		346,198	20.00	Hyundai E&C Co., Ltd.
Hantan river dam		316,059		306,145	90.00	The Company
Samcheok green power		306,363		-	45.00	Doosan Engineering Co., Ltd.
Han River Restoration Project 3		291,475		287,501	47.50	The Company
Korea armed forces athletic corporation		282,255		282,255	48.00	The Company
Nakdong River Restoration Project 23		255,785		256,005	44.00	The Company

Project	Korean won (In millions)			
	Contract amount		Percentage of ownership (%)	Lead contractor
	2010	2009		
Ulsan-Pohang electric railway District 2	255,499	255,417	51.00	The Company
Honam High-speed railroad 3-3	252,460	249,362	50.00	The Company
Songdo cogeneration plant(E)	243,911	243,911	30.00	Doosan Engineering Co., Ltd.
Gimpo hanriver 2 e-pyunhansesang	243,704	-	40.00	The Company
Yecheon pumping-up electric power station	240,000	200,000	65.00	The Company
Gwanggyo cogeneration corporation(E)	231,302	229,314	50.00	The Company
Others	11,786,896	9,567,370		
	₩ 23,115,107	₩ 19,580,358		

5. AVAILABLE-FOR-SALE SECURITIES:

(A) Summary of available-for-sale securities

Details of available-for-sale securities as of December 31, 2010 and 2009, are as follows:

Accounts	Korean won (In millions)	
	2010	2009
Equity securities		
Non-marketable equity securities	₩ 43,845	₩ 43,072
Capital investments	30,949	30,138
SOC equity securities	381,203	378,791
	455,997	452,001
Debt securities		
Government bonds and others	370	1,270
Subordinated bonds	2,097	2,097
	2,467	3,367
	₩ 458,464	₩ 455,368

(B) Non-marketable equity securities

Details of the Company's non-marketable equity securities as of December 31, 2010, are as follows:

	Korean won (In millions)				
	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair value or net asset value	Carrying value
Korea Economic Daily Co., Ltd.	41,806	0.22	₩ 527	₩ 285	₩ 232
Kihyup TechnologyBanking Corp.	60,000	1.03	300	397	300
Jeju International Convention Center Co., Ltd.	100,000	0.30	500	414	500
Microglove Co., Ltd.	31,287	1.56	16	4	16
Korea Housing Guarantee Co., Ltd.	1,565,564	0.24	32,958	8,592	7,189
Yeosu Petrochemical Logistics Corporation	5,000	5.00	25	43	25
PentaPort Development Co., Ltd.	780,000	6.50	3,900	236	3,900

Korean won (In millions)					
	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair value or net asset value	Carrying value
PentaPort Co., Ltd.	3,900	6.50	20	20	20
Metrocorona Co., Ltd.	4,464	7.44	22	22	22
Corona Development Co., Ltd.	490,200	5.70	2,451	754	2,451
Alpha Dome City Co., Ltd.	2,360,000	2.59	11,800	9,378	11,800
Alpha Dome City Asset Management Co., Ltd.	4,000	4.00	20	22	20
Bichae-Nuri Development Co., Ltd.	657,800	11.50	3,289	2,301	3,289
Bichae-Nuri Co., Ltd.	11,500	11.50	57	58	57
Hwanam Construction Co., Ltd.	29,268	8.29	1,171	741	741
Seoul Lite Tower Co., Ltd.	1,540,000	5.00	7,700	9,604	7,700
Seoul Lite Asset Management Corporation	14,500	14.50	73	67	73
Anyang KDC Project Co., Ltd.	519,999	19.99	2,600	2,221	2,600
Osan Landmark Project Co., Ltd.	190,000	19.00	950	741	950
Chungjin 2,3 Project Co., Ltd.	199,999	19.99	1,000	(346)	1,000
Chungjin 2,3 Asset Management Co., Ltd.	1,999	19.99	10	10	10
Gwanggyo Lucky Seven Co., Ltd.	190,000	19.00	950	(8,154)	950
			₩ 70,339	₩ 27,410	₩ 43,845

Details of the Company's non-marketable equity securities as of December 31, 2009, are as follows:

Korean won (In millions)					
	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair value or net asset value	Carrying value
Korea Economic Daily Co., Ltd.	41,806	0.22	₩ 527	₩ 265	₩ 232
Kihyup TechnologyBanking Corp.	60,000	1.03	300	397	300
Jeju International Convention Center Co., Ltd.	100,000	0.30	500	414	500
Microglove Co., Ltd.	31,287	1.56	16	4	16
Korea Housing Guarantee Co., Ltd.	1,565,564	0.24	32,958	7,585	10,935
Yeosu Petrochemical Logistics Corporation	5,000	5.00	25	32	25
PentaPort Development Co., Ltd.	780,000	6.50	3,900	175	3,900
PentaPort Co., Ltd.	3,900	6.50	20	19	20
Metrocorona Co., Ltd.	4,464	7.44	22	22	22
Corona Development Co., Ltd.	490,200	5.70	2,451	834	2,451
Alpha Dome City Co., Ltd.	2,360,000	4.00	11,800	10,047	11,800
Alpha Dome City Asset Management Co., Ltd.	4,000	4.00	20	18	20
Bichae-Nuri Development Co., Ltd.	657,800	11.50	3,289	2,714	3,289
Bichae-Nuri Co., Ltd.	11,500	11.50	57	57	57
Hwanam Construction Co., Ltd.	29,268	8.29	1,171	782	782
Seoul Lite Tower Co., Ltd.	1,540,000	5.00	7,700	6,406	7,700
Seoul Lite Asset Management Corporation	14,500	14.50	73	60	73
Gwanggyo Lucky Seven Co., Ltd.	190,000	19.00	950	(4,127)	950
			₩ 65,779	₩ 25,704	₩ 43,072

(C) Capital investments

Details of the Company's Capital investments as of December 31, 2010, are as follows:

	Korean won (In millions)				
	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair value or net asset value	Carrying value
Korea Construction Financial Cooperative ⁽¹⁾	22,887	0.60	₩ 21,703	₩ 31,040	₩ 30,857
Korea Electric Engineers Association	200	0.15	20	39	20
Electronic Contractors' Financial Cooperative	300	0.01	57	106	57
Information and Communication Financial Cooperative	100	0.01	15	40	15
			₩ 21,795	₩ 31,225	₩ 30,949

Details of the Company's Capital investments as of December 31, 2009, are as follows:

	Korean won (In millions)				
	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair value or net asset value	Carrying value
Korea Construction Financial Cooperative ⁽¹⁾	22,887	0.60	₩ 21,703	₩ 30,715	₩ 30,046
Engineering Financial Cooperative	200	0.15	20	37	20
Korea Electric Engineers Association	300	0.01	57	99	57
Information and Communication Financial Cooperative	100	0.01	15	37	15
			₩ 21,795	₩ 30,888	₩ 30,138

(1) The appraised value per share of Korea Construction Financial Cooperative was used as fair market value.

(D) SOC Equity Securities

Details of the Company's SOC equity securities as of December 31, 2010, are as follows:

	Korean won (In millions)				
	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair value or net asset value	Carrying value
Kyounggi Highway Co., Ltd.	7,732,704	16.00	₩ 38,664	₩ 28,272	₩ 47,224
Sinbundang Railway Project Co., Ltd.	4,122,000	10.00	20,610	17,857	20,610
GK Marine Load Co., Ltd. ^{(1) and (2)}	18,318,000	21.30	91,590	88,642	91,590
Pohang-Youngil New Harbor Co., Ltd. ⁽¹⁾	4,602,000	29.50	23,010	13,239	23,010
Yong-in LHT Co., Ltd.	4,315,763	13.24	21,579	17,433	21,579
Others ⁽²⁾			73,072	51,434	177,190
			₩ 268,525	₩ 216,877	₩ 381,203

Details of the Company's SOC equity securities as of December 31, 2009, are as follows:

	Korean won (In millions)				
	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair value or net asset value	Carrying value
Kyounggi Highway Co., Ltd.	7,732,704	16.00	₩ 38,664	₩ 34,544	₩ 38,664
Manwolsan Tunnel Co., Ltd. ^{(1) and (3)}	2,680,000	40.00	13,400	12,406	23,694
Sinbundang Railway Project Co., Ltd.	4,122,000	10.00	20,610	18,777	20,610
GK Marine Load Co., Ltd. ^{(1) and (2)}	18,318,000	21.30	91,590	89,546	91,590
Pohang-Youngil New Harbor Co., Ltd. ⁽¹⁾	4,602,000	29.50	23,010	19,176	23,010
Yong-in LHT Co., Ltd.	3,644,987	12.50	18,225	15,335	18,225
Others ⁽²⁾			68,452	45,459	162,998
			₩ 273,951	₩ 235,243	₩ 378,791

- (1) The Company classified some SOC equity securities as available-for-sale securities because the Company cannot exercise significant control or influence due to the investees' business nature.
- (2) The Company has a contract to sell the SOC equity securities described below. The Company has recorded the contract payment received as advances received since the sales contract did not meet the conditions of a true sale.

Investees	Buyer	Sale contracts date	Number of shares sold	Korean won (In millions)	
				Advances received	
Seoul Highway Co., Ltd.	National Pension Service	2009.10.14	11,040,000	₩	79,488
GK Marine Load Co., Ltd.	GK Marine Load Investment Corp.	2010.12.24	18,318,000		91,590

- (3) The Company disposed of its investments in Manwolsan Tunnel Co., Ltd. and Gongju Environment Co., Ltd. and recognized a gain on disposal of available-for-sale securities of ₩16,077 million and ₩450 million for the year ended December 31, 2010, respectively.

The Company has recorded non-marketable equity securities, capital investments and SOC equity securities that do not have reasonably measurable fair values as their future cash flows could not be estimated as these entities have no historical financial information. Impairment losses are recognized when the decline in the net asset values is significant and recovery is remote. The Company calculated the net asset values using unaudited financial statements as of December 31, 2010, or the latest financial statements of investees that reflect paid-in capital increase and other significant subsequent events.

(E) Government and public bonds

Details of the Company's government and public bonds as of December 31, 2010 and 2009 are as follows:

	Korean won (In millions)				
	2010			2009	
	Acquisition cost	Fair value	Gain or loss on available-for-sale securities	Carrying value	Carrying value
Government and public bonds	₩ 411	₩ 370	₩ (41)	₩ 370	₩ 1,270

The annual maturities of government and public bonds as of December 31, 2010 and 2009, are as follows:

		Korean won (In millions)			
Maturity	Investments	2010			2009
		Acquisition cost	Fair value	Carrying value	Carrying value
More than 1 year–5 years	National Housing Bond	₩ 78	₩ 72	₩ 72	₩ 244
	SMRT bond	53	48	48	-
	Regional development bond	280	250	250	359
		411	370	370	603
More than 5 years–10 years	SMRT bond	-	-	-	667
		₩ 411	₩ 370	₩ 370	₩ 1,270

The Company recorded interest income of ₩ 87 million and ₩ 64 million on government and public bonds for the years ended December 31, 2010 and 2009, respectively.

(F) Subordinated bonds

The subordinated bonds as of December 31, 2010 and 2009, are as follows:

		Korean won (In millions)			
	Interest Rate (%)				Maturity
		Acquisition cost	Fair value	Carrying value	
Jushinbo NH 1 st Securitization Specialty Co., Ltd.	7.37	₩ 1,138	₩ 1,138	₩ 1,138	2012.01.18
Jushinbo 2009 1 st Securitization Specialty Co., Ltd.	8.51	959	959	959	2012.04.27
		₩ 2,097	₩ 2,097	₩ 2,097	

The above subordinated bonds are related to primary collateralized bond obligations issuance.

(G) Gain (loss) on valuation of available-for-sale securities

(2010)

		Korean won (In millions)			
Gain (loss) on valuation of available-for-sale securities		January 1, 2010	Increase(Decrease)	Tax effect	December 31, 2010
		₩ 87,761	₩ 8,849	₩ (1,947)	₩ 94,663

(2009)

		Korean won (In millions)			
Gain (loss) on valuation of available-for-sale securities		January 1, 2009	Increase(Decrease)	Tax effect	December 31, 2009
		₩ 190,142	₩ (131,258)	₩ 28,877	₩ 87,761

6. EQUITY-METHOD INVESTMENT SECURITIES:

(A) Summary of equity-method investment securities

The Company's equity-method investment securities as of December 31, 2010 and 2009, are as follows:

(2010)

	Number of shares	Percentage of Ownership (%)	Korean won (In millions)		
			Acquisition cost	Proportionate share of investee's net asset value	Carrying value
Yeochun NCC Co., Ltd.	10,000,000	50.00	₩ 300,000	₩ 586,491	₩ 544,512
Daelim Motors Co., Ltd.	13,280,000	100.00	76,377	163,308	162,722
Poly Mirae Co., Ltd.	3,799,610	50.00	56,531	56,596	52,837
Korea Development Corp.	5,950,000	29.75	30,047	103,278	93,960
KR Copolymer Co., Ltd.	2,720,000	40.00	28,226	23,451	23,828
Samho Int'l Co., Ltd.	6,734,109	46.76	30,538	54,283	50,395
Ora Resort Co., Ltd.	10,000,000	100.00	10,002	256,074	255,501
Daelim C&S Co., Ltd.	1,386,964	65.64	20,509	65,283	65,099
Songdo Power Co., Ltd.	8,740,000	100.00	43,700	38,338	15,802
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	4,800,000	100.00	24,000	22,821	22,789
Wootoo housing CR-REITS Co., Ltd._CS ⁽¹⁾	5,522,400	56.60	27,612	8,304	8,370
Wootoo housing CR-REITS Co., Ltd._PS ⁽¹⁾	3,983,800	21.65	19,919	19,825	19,872
Humphreys SLQ ONE Co., Ltd.	80,078	28.74	400	-	-
Daelim Saudi Arabia Co., Ltd.	5,000	50.00	1,148	26,563	26,563
DAELIM DAR LIMITED COMPANY	7,000	70.00	2,127	2,127	2,127
P.T. Daelim Utama Construction	319,999	100.00	114	-	-
Daelim Philippines, Inc.	45,000	25.00	101	787	787
Daelim Malaysia, Sdn. Bhd. DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	187,500 160,000	25.00 100.00	57 162	- 1,361	- 1,361
			₩ 671,570	₩ 1,428,890	₩ 1,346,525

(2009)

	Number of shares	Percentage of Ownership (%)	Korean won (In millions)		
			Acquisition cost	Proportionate share of investee's net asset value	Carrying value
Yeochoon NCC Co., Ltd	10,000,000	50.00	₩ 300,000	₩ 425,833	₩ 384,308
Daelim Motors Co., Ltd.	13,280,000	100.00	76,377	161,332	160,690
Poly Mirae Co., Ltd.	3,799,610	50.00	56,531	59,813	56,252
Korea Development Corp.	5,950,000	29.75	30,047	103,758	94,053
KR Copolymer Co., Ltd.	2,720,000	40.00	28,226	16,296	16,678
Samho Int'l Co., Ltd.	6,734,109	46.76	30,538	77,502	73,586
Ora Resort Co., Ltd.	10,000,000	100.00	10,002	252,662	252,038
Daelim C&S Co., Ltd.	1,386,964	65.64	20,509	65,046	64,847
Daelim I&S Co., Ltd.	129,375	12.55	3,420	4,889	4,871
Songdo Power Co., Ltd.	8,600,000	100.00	43,000	38,638	16,104
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	3,010,000	100.00	15,050	14,931	14,931
Wootoo housing CR-REITS Co., Ltd._CS ⁽¹⁾	5,522,400	56.60	27,612	23,723	23,827
Wootoo housing CR-REITS Co., Ltd._PS ⁽¹⁾	3,983,800	21.65	19,919	19,824	19,899
Daelim Saudi Arabia Co., Ltd.	5,000	50.00	1,148	19,714	19,714
P.T. Daelim Utama Construction	319,999	100.00	114	-	-
Daelim Philippines, Inc.	45,000	25.00	101	839	839
Daelim Malaysia, Sdn. Bhd.	187,500	25.00	57	-	-
Integrated Engineering Ltd.	65,000	100.00	72	19	19
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	160,000	100.00	162	-	-
			₩ 662,885	₩ 1,284,819	₩ 1,202,656

(1) The Company invested in corporate restructuring real estate investment companies that were established for the purpose of real estate securitization pursuant to the real estate investment company law.

In addition, fair market values of Korea Development Corp. and Samho Int'l Co., Ltd. are ₩28,590 million and ₩23,098 million as of December 31, 2010, and ₩31,833 million and ₩25,253 million as of December 31, 2009, respectively.

(B) Investment difference

Details of changes in the difference between the initial purchase price and the Company's initial proportionate ownership in the net book value of the investees are as follows:

(2010)

Investee	Korean won (In millions)			
	Beginning of year	Acquisitions (disposals)	Reversal	End of year
Wootoo housing CR-REITS Co., Ltd._CS	₩ 103	₩ -	₩ 37	₩ 66
Wootoo housing CR-REITS Co., Ltd._PS	75	-	28	47
Humphreys SLQ ONE Co., Ltd.	-	6	1	5
	₩ 178	₩ 6	₩ 66	₩ 118

(2009)

Investee	Korean won (In millions)			
	Beginning of year	Acquisitions (disposals)	Reversal	End of year
Wootoo housing CR-REITS Co., Ltd._CS	₩ -	₩ 131	₩ 28	₩ 103
Wootoo housing CR-REITS Co., Ltd._PS	-	95	20	75
	₩ -	₩ 226	₩ 48	₩ 178

(C) Summary of valuation of equity-method investment securities

Changes in carrying amount resulting from the equity method of accounting for the years ended December 31, 2010 and 2009 are as follows:

(2010)

	Korean won (In millions)			
	Beginning of year	Gain (loss) on valuation	Other increase (decrease) ⁽¹⁾	End of year
Yechun NCC Co., Ltd.	₩ 384,308	₩ 190,204	₩ (30,000)	₩ 544,512
Daelim Motors Co., Ltd.	160,690	1,994	38	162,722
Poly Mirae Co., Ltd.	56,252	14,085	(17,500)	52,837
Korea Development Corp.	94,053	2,718	(2,811)	93,960
KR Copolymer Co., Ltd.	16,678	8,918	(1,768)	23,828
Samho Int'l Co., Ltd. ⁽²⁾	73,586	(23,238)	47	50,395
Ora Resort Co., Ltd.	252,038	37,364	(33,901)	255,501
Daelim C&S Co., Ltd.	64,847	285	(33)	65,099
Daelim I&S Co., Ltd. ⁽³⁾	4,871	1,434	(6,305)	-
Songdo Power Co., Ltd.	16,104	(991)	689	15,802
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	14,931	(1,053)	8,911	22,789
Wootoo housing CR-REITS Co., Ltd._CS	23,827	(15,456)	(1)	8,370
Wootoo housing CR-REITS Co., Ltd._PS	19,899	(27)	-	19,872

	Korean won (In millions)			
	Beginning of year	Gain (loss) on valuation	Other increase (decrease) ⁽¹⁾	End of year
Humphreys SLQ ONE Co., Ltd	₩ -	₩ (399)	₩ 399	₩ -
Daelim Saudi Arabia Co., Ltd.	19,714	23,218	(16,369)	26,563
DAELIM DAR LIMITED COMPANY	-	-	2,127	2,127
Daelim Philippines, Inc.	839	(78)	26	787
Integrated Engineering Ltd.	19	-	(19)	-
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	-	1,312	49	1,361
	<u>₩ 1,202,656</u>	<u>₩ 240,290</u>	<u>₩ (96,421)</u>	<u>₩ 1,346,525</u>

(2009)

	Korean won (In millions)			
	Beginning of year	Gain (loss) on valuation	Other increase (decrease) ⁽¹⁾	End of year
Yechun NCC Co., Ltd.	₩ 230,278	₩ 127,813	₩ 26,217	₩ 384,308
Daelim Motors Co., Ltd.	97,201	(17,064)	80,553	160,690
Poly Mirae Co., Ltd.	39,612	19,604	(2,964)	56,252
Korea Development Corp.	149,018	(3,507)	(51,458)	94,053
KR Copolymer Co., Ltd.	9,102	6,875	701	16,678
Samho Int'l Co., Ltd. ⁽²⁾	69,758	2,499	1,329	73,586
Ora Resort Co., Ltd.	153,177	3,154	95,707	252,038
Daelim C&S Co., Ltd.	47,307	(350)	17,890	64,847
Daelim I&S Co., Ltd. ⁽³⁾	3,192	1,678	1	4,871
Songdo Power Co., Ltd.	18,078	(2,045)	71	16,104
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	592	(58)	14,397	14,931
Wootoo housing CR-REITS Co., Ltd._CS	-	(3,785)	27,612	23,827
Wootoo housing CR-REITS Co., Ltd._PS	-	(20)	19,919	19,899
Daelim Saudi Arabia Co., Ltd.	4,688	18,830	(3,804)	19,714
Daelim Philippines, Inc.	945	(67)	(39)	839
Integrated Engineering Ltd.	21	-	(2)	19
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	191	(191)	-	-
	<u>₩ 823,160</u>	<u>₩ 153,366</u>	<u>₩ 226,130</u>	<u>₩ 1,202,656</u>

- (1) Other increase (decrease) is composed of dividends received, acquisition (disposal) and increase (decrease) in equity of investees.
- (2) The subsidiary, Samho Int'l Co., Ltd., started its workout process on January 29, 2009, after it was downgraded to 'C' grade in the evaluation of its creditor banks on January 20, 2009. In accordance with resolution of Board of Directors on May 19, 2009, approving the memorandum of understanding entered into by and between Samho Int'l Co., Ltd. for the Company's financial support of ₩145,000 million in asset-backed loans, ₩55,000 million was granted immediately after entering into the contract and ₩90,000 million was granted on July 15, 2009. The balance of the financial support is ₩57,327 million as of December 31, 2010.

- (3) On October 25, 2010, the Company sold all the shares of Daelim I&S Co., Ltd. to Daelim I&S Co., Ltd. at the price of ₩4,528 million.

Equity-method investment securities as of December 31, 2010, are valued based on the financial statements of investees as of the same date of statement of financial position, which were neither audited nor reviewed by an external auditor. In order to verify the reliability of such unaudited and unreviewed financial statements, the Company has performed procedures and found no significant errors.

(D) The changes in unrealized losses (gains)

Details of unrealized losses (gains) arising from intercompany transactions among equity-method investees for the years ended December 31, 2010 and 2009, are as follows:

Korean won (In millions)								
Investees	2010				2009			
	Beginning	Increase	Reversal	Ending	Beginning	Increase	Reversal	Ending
Yechun NCC Co., Ltd.	₩ (41,525)	₩ (8,540)	₩ 8,086	₩ (41,979)	₩ (50,103)	₩ (3,845)	₩ 12,423	₩ (41,525)
Daelim Motors Co., Ltd.	(641)	-	55	(586)	(696)	-	55	(641)
Poly Mirae Co., Ltd.	(3,560)	(308)	109	(3,759)	(3,227)	(828)	495	(3,560)
Korea Development Corp.	(9,705)	-	387	(9,318)	(529)	(9,225)	49	(9,705)
KR Copolymer Co., Ltd.	381	(2)	(2)	377	387	(2)	(4)	381
Samho Int'l Co., Ltd.	(3,916)	(5)	33	(3,888)	(4,526)	578	32	(3,916)
Ora Resort Co., Ltd.	(625)	-	52	(573)	(469)	(206)	50	(625)
Daelim C&S Co., Ltd.	(199)	-	15	(184)	(215)	-	16	(199)
Daelim I&S Co., Ltd.	(18)	-	18	-	(31)	-	13	(18)
Songdo Power Co., Ltd.	(22,536)	-	-	(22,536)	(22,536)	-	-	(22,536)
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	-	(32)	-	(32)	-	-	-	-
Humphreys SLQ ONE Co., Ltd.	-	(47)	-	(47)	-	-	-	-
	<u>₩ (82,344)</u>	<u>₩ (8,934)</u>	<u>₩ 8,753</u>	<u>₩ (82,525)</u>	<u>₩ (81,945)</u>	<u>₩ (13,528)</u>	<u>₩ 13,129</u>	<u>₩ (82,344)</u>

(E) Change in net asset value not recognized due to the discontinuance of the equity method of accounting

Cumulative changes in the Company's equity in net asset value of the investees, not recognized due to the discontinuance of the equity method accounting since the respective book value of the investment is below zero, are as follows:

Investees	Korean won (In millions)			
	Accumulated amount forward from the previous term	Current term	Gain(loss) on valuation of equity method from current term	Ending
Humphreys SLQ ONE Co., Ltd.	₩ -	₩ (186)	₩ -	₩ (186)
P.T. Daelim Utama Construction	(2,160)	(44)	-	(2,204)
Daelim Malaysia, Sdn. Bhd.	(83)	(8)	-	(91)
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	(397)	1,758	1,361	-
	₩ (2,640)	₩ 1,520	₩ 1,361	₩ (2,481)

(F) Details of adjusted net asset value of the investee that shows differences in accounting policies compared to those of the Company are as follows:

(2010)

Investees	Korean won (In millions)			Adjustments reasons
	Net Asset before adjustments	Adjustments	Net Asset after adjustments	
Yeochun NCC Co., Ltd.	₩ 605,723	₩ (19,232)	₩ 586,491	Difference adjustment in structures revaluation
Poly Mirae Co., Ltd.	53,060	3,536	56,596	Difference adjustment in land revaluation
KR Copolymer Co., Ltd.	22,701	750	23,451	"
Korea Development Corp.	105,819	(2,541)	103,278	Difference adjustment in capitalization of borrowing costs
	₩ 787,303	₩ (17,487)	₩ 769,816	

(2009)

Investees	Korean won (In millions)			Adjustments reasons
	Net Asset before adjustments	Adjustments	Net Asset after adjustments	
Yeochun NCC Co., Ltd.	₩ 445,994	₩ (20,161)	₩ 425,833	Difference adjustment in structures revaluation
Poly Mirae Co., Ltd.	56,277	3,536	59,813	Difference adjustment in land revaluation
KR Copolymer Co., Ltd.	15,546	750	16,296	"
Korea Development Corp.	106,741	(2,983)	103,758	Difference adjustment in capitalization of borrowing costs
	₩ 624,558	₩ (18,858)	₩ 605,700	

(G) Condensed financial information of the affiliates as of and for the year ended December 31, 2010 is as follows:

Investees	Korean won (In millions)					
	As of December 31, 2010			For the year ended December 31, 2010		
	Total Assets	Total Liabilities	Net assets	Sales	Net income (loss)	
Yeochoon NCC Co., Ltd.	₩ 2,508,758	₩ 1,297,313	₩ 1,211,445	₩ 6,317,121	₩	379,457
Daelim Motors Co., Ltd.	380,608	217,300	163,308	296,823		1,940
Poly Mirae Co., Ltd.	320,142	214,022	106,120	1,099,939		28,567
Korea Development Corp.	1,111,100	755,405	355,695	622,032		6,350
KR Copolymer Co., Ltd.	76,573	19,821	56,752	125,795		22,305
Samho Int'l Co., Ltd.	723,424	607,335	116,089	449,954		(48,993)
Ora Resort Co., Ltd.	305,822	49,748	256,074	41,821		37,313
Daelim C&S Co., Ltd.	240,267	140,809	99,458	180,987		412
Songdo Power Co., Ltd.	38,581	243	38,338	-		(991)
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	23,791	970	22,821	-		(1,021)
Wootoo housing CR-REITS Co., Ltd. 1 st	186,970	80,745	106,225	2,505		(27,241)
Humphreys SLQ ONE Co., Ltd.	9,030	9,219	(189)	-		(1,864)
Daelim Saudi Arabia Co., Ltd.	227,504	174,379	53,125	682,185		47,976
DAELIM DAR LIMITED COMPANY	3,039	-	3,039	-		-
P.T. Daelim Utama Construction	8,701	10,905	(2,204)	-		5
Daelim Philippines, Inc.	19,274	16,127	3,147	-		(65)
Daelim Malaysia, Sdn. Bhd.	78	440	(362)	-		(3)
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	1,862	501	1,361	4,808		1,751

7. PROPERTY, PLANT AND EQUIPMENT:

(A) Value of land

The carrying value and standard price for land officially announced by the government as of December 31, 2010 and 2009 are as follows:

	Korean won (In millions)			
	Carrying value		Standard price	
	2010	2009	2010	2009
Property, plant and equipment:				
Individual land	₩ 531,962	₩ 492,718	₩ 354,143	₩ 333,278
Land, attached to an apartment (1)	77,549	135,734	-	-
Other investment properties (2)	1,825	17,227	561	1,807
	₩ 611,336	₩ 645,679	₩ 354,704	₩ 335,085

- (1) The Company did not appraise the land attached to an apartment building, but recognized impairment loss of ₩9,418 million as of December 31, 2010, which is the difference between book value and recoverable value of asset.
- (2) Since the book value of land attached to an apartment building and that of building are non-detachable, the book value of other investment properties includes the book value of the building. The Company recognized impairment loss of ₩3,727 million and ₩8,801 million as of December 31, 2010 and 2009, respectively, which is the difference between book value of other investment properties and recoverable value of asset.

(B) Changes in property, plant and equipment

The changes in property, plant and equipment for the years ended December 31, 2010 and 2009, are as follows:

(2010)

	Korean won (In millions)					
	Beginning of year	Acquisition	Disposal	Depreciation(1)	Other increase (decrease)(2)	End of year
Land (3)	₩ 628,452	₩ 1,447	₩ (5,738)	₩ -	₩ (14,650)	₩ 609,511
Buildings	459,805	2,576	-	(13,404)	(30,690)	418,287
Structures	34,043	-	(166)	(1,340)	391	32,928
Machinery	74,265	415	(1)	(15,947)	5,915	64,647
Vehicle	1,683	343	-	(650)	29	1,405
Others	8,311	2,572	(10)	(3,752)	2,881	10,002
Construction in progress	6,130	24,354	-	-	(9,750)	20,734
	<u>₩ 1,212,689</u>	<u>₩ 31,707</u>	<u>₩ (5,915)</u>	<u>₩ (35,093)</u>	<u>₩ (45,874)</u>	<u>₩ 1,157,514</u>

- (1) Government grants used in acquiring buildings amounting to ₩24 million were offset against depreciation.
- (2) Other increase (decrease) is composed of transferred amount, acquisition of substitute, impairment loss and overseas operations translation adjustment.
- (3) The Company's land was revalued by an independent appraiser as of December 31, 2009. The revaluation was conducted based on recent market transactions between independent third parties. The revaluation gain is recognized as accumulated other comprehensive income after deduction of deferred income tax and a loss on revaluation was charged against current income.

(2009)

	Korean won (In millions)					
	Beginning of year	Acquisition	Disposal	Depreciation (1)	Other increase (decrease) (2)	End of year
Land (3)	₩ 418,956	₩ 6,807	₩ (128,852)	₩ -	₩ 331,541	₩ 628,452
Buildings	308,147	11,439	-	(12,310)	152,529	459,805
Structures	10,956	-	-	(736)	23,823	34,043
Machinery	15,702	293	(31)	(5,810)	64,111	74,265
Vehicle	1,340	234	(8)	(527)	644	1,683
Others	5,716	3,768	(10)	(2,573)	1,410	8,311
Construction in progress	47,385	59,233	(6,261)	-	(94,227)	6,130
	<u>₩ 808,202</u>	<u>₩ 81,774</u>	<u>₩ (135,162)</u>	<u>₩ (21,956)</u>	<u>₩ 479,831</u>	<u>₩ 1,212,689</u>

- (1) Government grants used in acquiring a building amounting to ₩25 million were offset against depreciation.
- (2) Other increase (decrease) is composed of revaluation, transferred amount, acquisition of substitute, impairment loss and overseas operations translation adjustment.
- (3) The Company's land was revalued by an independent appraiser as of December 31, 2009. The revaluation was conducted based on recent market transactions between independent third parties. The revaluation gain is recognized as accumulated other comprehensive income after deduction of deferred income tax and a loss on revaluation was charged against current income.

(C) Changes in accumulated other comprehensive income (loss) related to the revaluation

The changes in accumulated other comprehensive income (loss) due to the revaluation of property, plant and equipment for the years ended December 31, 2010 and 2009, are as follows:

	Korean won (In millions)	
	2010	2009
Beginning of year	₩ 231,272	₩ -
Increase from revaluation	-	296,561
Impairment loss	(288)	-
Disposal	(1,368)	-
Tax effect	397	(65,289)
End of year	₩ 230,013	₩ 231,272

(D) The book value of the Company's land that would have been carried under the cost model is ₩325,935 million and ₩341,621 million as of December 31, 2010 and 2009, respectively.

(E) The changes in government grants for the years ended December 31, 2010 and 2009 are as follows:

(2010)

	Korean won (In millions)		
	Deduction from buildings	Others	Total
Beginning of year	₩ 387	₩ -	₩ 387
Offset against depreciation	(24)	-	(24)
End of year	₩ 363	₩ -	₩ 363

(2009)

	Korean won (In millions)		
	Deduction from buildings	Others	Total
Beginning of year	₩ 412	₩ -	₩ 412
Offset against depreciation	(25)	-	(25)
End of year	₩ 387	₩ -	₩ 387

8. INSURANCE ASSETS:

Major insurance policies carried by the Company on its assets as of December 31, 2010 and 2009, are as follows:

Description	Korean won (In millions)			
	Insured assets	Insurance company	Insurance coverage	
			2010	2009
Fire Insurance and others	Inventories	Samsung Fire & Marine Insurance Co., Ltd. and others	₩ 46,901	₩ 55,756
	Property, plant and equipment		1,239,947	958,727
			₩ 1,286,848	₩ 1,014,483

In addition, the Company's construction projects are insured against fire and other casualty losses for up to ₩8,262,745 million and the Company maintains employers' liability insurance and commercial general liability insurance as of December 31, 2010.

9. INTANGIBLE ASSETS:

(A) The composition of intangible assets

The components of intangible assets as of December 31, 2010 and 2009 are as follows:

(2010)

	Korean won (In millions)			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying value
Industrial property rights	₩ 71	₩ (14)	₩ -	₩ 57
Rights to operate parking lot business	8,227	(4,892)	(2,995)	340
Rights to rent-donated buildings	23,703	(12,399)	-	11,304
Others	8,601	(5,316)	-	3,285
	<u>₩ 40,602</u>	<u>₩ (22,621)</u>	<u>₩ (2,995)</u>	<u>₩ 14,986</u>

(2009)

	Korean won (In millions)			
	Acquisition cost	Accumulated amortization	Accumulated impairment losses	Carrying value
Industrial property rights	₩ 94	₩ (66)	₩ -	₩ 28
Rights to operate parking lot business	8,227	(4,775)	(2,995)	457
Rights to use pier	29	(29)	-	-
Rights to rent-donated buildings	23,703	(11,143)	-	12,560
Others	11,341	(8,483)	-	2,858
	<u>₩ 43,394</u>	<u>₩ (24,496)</u>	<u>₩ (2,995)</u>	<u>₩ 15,903</u>

(B) Changes in intangible assets

Changes in the carrying amount of intangible assets for the years ended December 31, 2010 and 2009 are as follows:

(2010)

	Korean won (In millions)					
	Beginning of year	Acquisition	Disposal	Amortization (1)	Other increase (decrease) (2)	End of year
Industrial property rights	₩ 28	₩ 34	₩ -	₩ (5)	₩ -	₩ 57
Rights to operate parking lot business	457	-	-	(117)	-	340
Rights to rent-donated buildings	12,560	-	-	(1,256)	-	11,304
Others	2,858	1,440	-	(1,306)	293	3,285
	<u>₩ 15,903</u>	<u>₩ 1,474</u>	<u>₩ -</u>	<u>₩ (2,684)</u>	<u>₩ 293</u>	<u>₩ 14,986</u>

(2009)

	Korean won (In millions)					
	Beginning of year	Acquisition	Disposal	Amortization (1)	Other increase (decrease)(2)	End of year
Industrial property rights	₩ 34	₩ -	₩ -	₩ (6)	₩ -	₩ 28
Rights to operate parking lot business	574	-	-	(117)	-	457
Rights to use pier	2	-	-	(2)	-	-
Rights to rent-donated buildings	13,816	-	-	(1,256)	-	12,560
Others	1,946	2,029	-	(1,117)	-	2,858
	<u>₩ 16,372</u>	<u>₩ 2,029</u>	<u>₩ -</u>	<u>₩ (2,498)</u>	<u>₩ -</u>	<u>₩ 15,903</u>

(1) Details of allocation of amortization expenses for the years ended December 31, 2010 and 2009, are as follows:

	Korean won (In millions)	
	2010	2009
Amortization in other costs	₩ 1,501	₩ 1,448
Amortization in selling, general and administrative expenses	1,183	1,050
	<u>₩ 2,684</u>	<u>₩ 2,498</u>

(2) Transfer to intangible assets from construction in progress.

10. COLLATERALS AND GUARANTEES:

(A) The Company's assets pledged as collateral to financial institutions for the Company's borrowings as of December 31, 2010, are as follows:

Financial institution	Pledged assets	Korean won (In millions)		Description
		Maximum Claim		
		2010	2009	
Korea Development Bank	Land and others	₩ 435,555	₩ 409,765	Loans for facility
Korea Construction Financial Cooperative	Susongdong Building	-	51,000	Secured loan
Korea Construction Financial Cooperative	Yeouido Building	-	39,000	Secured loan
Korea Construction Financial Cooperative	Capital investment	30,857	30,046	Guarantee and loan commitment
Korea Housing Guarantee Co., Ltd.	Stock	8,719	10,935	Guarantee and loan commitment
Kookmin Bank and others	Capital investment	261,576	269,207	SOC financing commitment
Korea Land Corporation	Land and others	-	27,626	Secured loan
Korea Housing Finance Corporation	Land and others	232,144	232,144	Trust mortgage
Incheon Shinhyun Co., Ltd. & Incheon Shinhyun-2 nd Co., Ltd.	Construction work receivable	-	50,000	Secured loan
Gwanggyo PFV (Gwanggyo A7 Block)	Advances paid (land)	-	114,930	Secured loan
		₩ 968,851	₩ 1,234,653	

(B) Guarantees provided by the Company to unrelated parties as of December 31, 2010, are as follows:

- (1) As of December 31, 2010, the Company is jointly liable for ₩1,175,109 million against the construction guarantee provided by Korea Housing Guarantee Co., Ltd. and Korea Construction Financial Cooperative to the construction industrial partners. The Company is providing payment guarantee of ₩267,449 million to a corporation established under the Act of Private Investment for Social Infrastructure.
- (2) As of December 31, 2010, the Company agreed to provide payment guarantees for debts amounting to ₩1,986,411 million to finance the project administering companies amounting to ₩1,986,411 million. The total credit line of borrowings of the said project financing is ₩2,535,890 million. Details are as follows:

	Korean won (In millions)	
	2010	2009
ABS	₩ -	₩ 180,000
ABCP	1,554,500	1,131,500
Other PF loan	431,911	934,593
	₩ 1,986,411	₩ 2,246,093

As of December 31, 2010, in connection with project administering companies' borrowings, the Company has provided payment guarantees and the major details are as follows:

Area	Korean won (In millions)					
	Financial Institution	Guarantee Coverage	Loan Amount	Guarantee description	Terms of loans	Type
Seoul	Securities firms	₩ 160,000	₩ 160,000	Payment guarantee	2010.11-2011.10	ABCP
Gyeonggi	Securities firms	100,000	100,000	Payment guarantee	2010.03-2011.12	ABCP
Seoul	Securities firms	100,000	100,000	Payment guarantee	2010.12-2011.10	ABCP
Gyeonggi	Securities firms	85,000	85,000	Payment guarantee	2010.03-2012.03	ABCP
Gyeonggi	Bank	77,000	74,300	Payment guarantee	2007.06-2011.06	Other PF
Incheon	Securities firms	62,000	62,000	Payment guarantee	2010.10-2011.10	ABCP
Gyeonggi and others	Bank and others	60,000	60,000	Payment guarantee	2007.06-2011.06	Other PF
Gyeonggi	Bank	57,000	57,000	Payment guarantee	2007.05-2011.05	Other PF
Gyeonggi and others	Bank	57,000	57,000	Payment guarantee	2009.12-2011.12	Other PF
Incheon	Securities firms	53,000	53,000	Payment guarantee	2010.08-2011.08	ABCP

The Company also provides payment guarantees of ₩900,291 million for the borrowings of the project administering companies for redevelopment and reconstruction. The related total credit line of borrowings of the said project administering companies amounted to ₩1,116,390 million. This guarantee is secured by the real estate of the project administering companies' project.

- (3) As of December 31, 2010, the Company has provided payment guarantees of ₩876,000 million for the borrowings of individual housing and members of a housing cooperative. The total credit line of borrowings amount to ₩1,126,775 million. The guarantee is secured by the receivables from the individual housing buyers and members of the cooperative.

(C) Payment guarantees related to domestic construction provided by the Company as of December 31, 2010 and 2009, are as follows:

	Korean won (In millions)		
	2010	2009	Guarantee description
Samhwan Corporation and others	₩ 88,566	₩ 93,277	Joint guarantee of construction Guarantee of construction contract
Korea Construction Financial Cooperative	677,183	591,669	
Korea Construction Financial Cooperative	1,092,763	837,243	Guarantee of payment received

	Korean won (In millions)				
	2010		2009		Guarantee description
Korea Construction Financial Cooperative	₩	1,274,056	₩	1,348,109	Construction warranty
Korea Housing Guarantee		2,366,819		2,287,374	Guarantee of lotting-out
Korea Housing Guarantee		523,452		465,533	Construction warranty and others
Seoul Guarantee Insurance Co., Ltd.		1,240,991		1,423,360	Guarantee of fulfillment of construction and others
SC First Bank		-		3,354	Guarantee of fulfillment of investment
Woori Bank		1,455		46,995	Other payment guarantee
Shinhan Bank		12,361		12,361	Other payment guarantee
Korea Exchange Bank		7,746		-	Guarantee of fulfillment of contract
	₩	7,285,392	₩	7,109,275	

The Company's provided payment guarantees related to overseas construction as of December 31, 2010, are as follows:

	Korean won (In millions)				
	Guarantees (Foreign currencies)		Guarantees (Korean won equivalent)		Country
					Description
The Export-Import Bank of Korea	USD	372,437	₩	372,918	IRAN and others
The Export-Import Bank of Korea	EUR	19,170		29,016	IRAN
The Export-Import Bank of Korea	KWD	50,031		202,364	KUWAIT
The Korea Export Insurance Corporation	USD	85,427		97,293	Saudi and others
SCB Abu Dhabi	AED	50		16	UAE
SCB Abu Dhabi	AED	3		1	UAE
SCB Dhabi	AED	6		2	UAE
Korea Exchange Bank	USD	38,556		43,912	Saudi and others
Korea Exchange Bank	EUR	16,767		25,379	Saudi and others
Korea Exchange Bank	KWD	953		3,854	KUWAIT
Woori Bank	USD	63,101		71,866	Saudi
Woori Bank	EUR	54		81	IRAN
Woori Bank	SGD	500		442	Singapore
Woori Bank	SAR	33,750		10,249	Saudi
Nonghyup	EUR	45,000		68,112	IRAN
Seoul Guarantee Insurance Company	EUR	45,000		68,112	IRAN

	Korean won (In millions)					
	Guarantees (Foreign currencies)		Guarantees (Korean won equivalent)		Country	Description
Korea Development Bank	EUR	18,258		27,636	IRAN	Guarantee of advances received and others
Arab Bank Singapore	USD	1,200		1,367	Saudi	Guarantee of fulfillment of construction and others
Arab Bank Singapore	SGD	500		442	Singapore	Bid bond Guarantee of fulfillment of construction and others
Arab Bank Singapore	SAR	12,000		3,644	Saudi	
NBK	KWD	6,666	₩	26,962	KUWAIT	"
NCB	USD	210,987		240,293	Saudi	"
LONPAC	SGD	30,588		27,040	Singapore	"
			₩	1,321,001		

11. BORROWINGS AND DEBENTURES:

(A) Details of short-term borrowings and long-term borrowings as of December 31, 2010 and 2009, are as follows:

			Korean won (In millions)	
Type	Creditor	Interest rates(%)	2010	2009
Short-term borrowings:				
Commercial paper	SMHILL First Asset Securitization Co., Ltd.	4.60	₩ 130,000	₩ -
Manufacturing financing	The Export-Import Bank of Korea	3.87–4.13	482,023	-
Network	The Export-Import Bank of Korea	-	-	8,748
			₩ 612,023	₩ 8,748
Other short-term borrowings (1) :				
Refunding	Korea Land and Hosing Corporation	-	₩ -	₩ 27,626
ABCP	Incheon Shinhyun Co., Ltd. and Incheon Shinhyun 2 nd Co., Ltd.	-	-	50,000
			₩ -	₩ 77,626
Long-term borrowings:				
General loans	Korea Housing Guarantee	1.00	₩ 20,000	₩ 20,000
Loans for equipment purchases	Korea Development Bank	3.44–7.73	70,285	48,757
General loans	Nonghyup and others	CD+1.20–6.50	180,000	180,000
			270,285	248,757
Less: Current maturities			(197,909)	(548)
			₩ 72,376	₩ 248,209
Other long-term borrowings (1):				
Project financing	Gwanggyo PF (Gwanggyo A7 Block)		₩ -	₩ 114,930
			₩ -	₩ 114,930

(1) The Company entered into sales agreement to sell the Company's construction work receivables, land and others. Under the agreement, the Company retains effective control over the assets sold, and recognizes the transactions as borrowings instead of sales (see note 16).

(B) Debentures

The Company's debentures as of December 31, 2010 and 2009, consist of the following:

				Korean won (In millions)			
Description	Issued date	Maturity	Interest Rates(%)	2010		2009	
Current:							
241 st private	2009.02.20	2010.02.19	CD+3.90	₩	-	₩	30,000
242 nd public	2009.03.09	2010.03.09	8.30		-		150,000
245 th private	2009.12.26	2010.12.26	CD+3.20		-		50,000
					-		230,000
Less: Discounts on debentures					-		(82)
				₩	-	₩	229,918
Non-current:							
227-2 nd public	2006.11.23	2010.11.23	4.50	₩	-	₩	50,000
230-2 nd public	2007.07.11	2010.07.11	5.00		-		50,000
231 st foreign currency public	2007.09.20	2010.09.20	3M LIBOR+0.6		-		35,028
233-1 st foreign currency public	2007.10.18	2010.10.18	3M LIBOR+0.6		-		35,028
233-3 rd public	2007.10.18	2010.10.18	5.50		-		50,000
234-1 st public	2008.01.21	2010.07.21	6.60		-		10,000
234-2 nd public	2008.01.21	2011.01.21	6.66		150,000		150,000
234-3 rd public	2008.01.21	2013.01.21	6.82		70,000		70,000
235 th foreign currency public	2008.03.20	2010.03.20	6M LIBOR+1.50		-		70,056
236 th foreign currency private	2008.03.20	2011.03.20	6M LIBOR+2.00		79,723		81,732
237-1 st public	2008.05.29	2011.05.29	6.24		60,000		60,000
237-2 nd public	2008.05.29	2013.05.29	6.43		90,000		90,000
238 th private	2008.10.06	2010.10.06	CD+1.94		-		100,000
239 th private	2008.12.17	2011.12.16	8.22		74,400		74,400
243 rd private	2009.03.26	2012.03.24	6.23		70,000		70,000
244 th public	2009.06.09	2012.06.09	6.80		200,000		200,000
					794,123		1,196,244
Less: Current maturities					(364,123)		(400,112)
Discounts on debentures					(404)		(2,411)
				₩	429,596	₩	793,721

- (C) The aggregate annual maturities of long-term borrowings and debentures outstanding as of December 31, 2010, exclusive of adjustment relating to discounts and others, are as follows:

Year ending December 31	Korean won (In millions)		
	Long-term borrowings	Debentures (par value)	Total
2012	₩ 19,909	₩ 270,000	₩ 289,909
2013	19,909	160,000	179,909
2014	18,558	-	18,558
Thereafter	14,000	-	14,000
	₩ 72,376	₩ 430,000	₩ 502,376

12. CONTINGENT LIABILITIES:

The Company's contingent liabilities as of December 31, 2010, are as follows:

	Korean won (In millions)		
	Litigation	Payment guarantees and others	Total
Beginning balance	₩ 1,076	₩ 179,020	₩ 180,096
Increase	1,738	53,804	55,542
Decrease	894	31,110	32,004
Ending balance	₩ 1,920	₩ 201,714	₩ 203,634

- (A) The Company recorded provision for contingent liabilities amounting to ₩1,920 million on cases lost at the first and second trial (See Note 16).
- (B) As of December 31, 2010, the Company recorded provision amounting to ₩201,714 million in case of potential losses from payment guarantees provided to lenders for the project financing loans (see Note 10).

13. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES:

Major monetary assets and liabilities denominated in foreign currencies as of December 31, 2010 and 2009, are as follows:

Account	Korean won (In millions)			
	2010		2009	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Assets:				
Cash and cash equivalents	USD 12,148,101	₩ 138,283	USD 157,552,852	₩ 183,959
	EUR 36,980,543	55,974	EUR 20,731,300	34,710
	JPY 15,569,468	218	JPY 463,697,581	5,856
	SGD 452,531	400	SGD 18,531	15
	SEK 12,495,323	2,105	SEK 64,410,433	10,505
	INR 75,358,713	1,916	INR 84,672,649	2,124
	AED 3,281,088	1,017	-	-
	EGP 22,375	4	EGP 22,375	5

Account	Korean won (In millions)			
	2010		2009	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Construction work receivables	USD 31,181,501	35,513	USD 50,440,728	58,895
	EUR 6,297,149	9,531	EUR 3,473,444	5,816
	IRR 612,868,778	68	-	-
	-	-	KWD 4,209	17
Trade receivables	USD 4,046,908	4,609	USD 2,500,757	2,920
	EUR 183,141	277	EUR 22,714	38
Other accounts receivable	USD 14,914,372	16,986	USD 5,936,887	6,932
	EUR 11,377,776	17,221	EUR 6,871	12
	AED 8,915	3	-	-
	IRR 4,508,165,423	498	IRR 4,168,557,341	493
Accrued income	-	-	USD 355,573	415
Long-term loans	USD 10,772,245	12,269	USD 10,772,245	12,578
Long-term accounts receivable	USD 6,553,219	7,463	USD 275,000	321
	SAR 34,540,986	10,489	SAR 34,540,987	10,752
	EUR 2,936,213	4,444	-	-
	INR 40,242,610	1,023	INR 40,242,610	1,009
	₩	320,311	₩	337,372
Liabilities:				
Trade payables	USD 59,176,912	₩ 67,397	USD 73,327,281	₩ 85,617
	EUR 18,066,779	27,346	EUR 37,677,205	63,082
	JPY 40,165,000	561	JPY 105,618,964	1,334
	GBP 11,764	21	GBP 51,291	96
	IRR 330,006,265	36	-	-
	-	-	SEK 33,075,609	5,395
	SAR 754,574	229	SAR 286,428	89
Accounts payable-other	USD 30,404,225	34,627	USD 27,781,261	32,437
	AED 26,222	8	-	-
	EUR 7,024,631	10,632	EUR 1,988,206	3,329
Deposits received	USD 15,529	24	-	-
Short-term borrowings	-	-	USD 7,492,559	8,748
Long-term borrowings	USD 17,811,000	20,285	USD 7,500,000	8,757
Debentures	USD 70,000,000	79,723	USD 190,000,000	221,844
	₩	240,889	₩	430,728

Gain on foreign currency translation of ₩10,483 million and ₩25,696 million and loss on foreign currency translation of ₩9,653 million and ₩17,755 million were recognized for the years ended December 31, 2010 and 2009, respectively.

14. GAIN AND LOSS ON OVERSEAS OPERATION TRANSLATION:

Gain and loss on translation of foreign branches with financial statements denominated in foreign currencies for the years ended December 31, 2010 and 2009, are as follows.

Description	Korean won (In millions)	
	2010	2009
A. Assets	₩ 128,020	₩ 86,096
B. Liabilities	176,174	43,531
C. Net assets (A-B)	(48,154)	42,565
D. Equity (historical exchange rate)	(18,010)	68,234
E. Gain and loss on overseas operation translation(C-D)	₩ (30,144)	₩ (25,669)

15. COST OF SALES AND SELLING AND ADMINISTRATIVE EXPENSES:

(A) The details of cost of finished goods for the years ended December 31, 2010 and 2009 are as follows:

	Korean won (In millions)	
	2010	2009
Beginning inventory of finished goods	₩ 35,050	₩ 44,796
Cost of goods manufactured	981,234	707,551
Ending inventories of finished goods	(56,359)	(35,050)
Transfer to other account and others	(33,299)	(34,278)
Cost of finished goods sold	₩ 926,626	₩ 683,019

(B) The selling and administrative expenses for the years ended December 31, 2010 and 2009 are as follows:

	Korean won (In millions)	
	2010	2009
Salaries	₩ 110,336	₩ 88,406
Provision for severance indemnities	11,542	8,527
Employee benefits	16,763	13,577
Transportation expenses	35,280	26,938
Commission	110,664	87,705
Bad debts expense	29,592	4,082
Provision for construction warranty	7,095	7,985
Others	111,577	107,194
	₩ 432,849	₩ 344,414

16. COMMITMENTS AND CONTINGENCIES:

(A) Pledged notes

The Company has pledged 36 notes, consisting of 31 blank checks with a face value of ₩ 50,273 million, to financial institutions and others as collaterals for borrowings and payment guarantees.

(B) Litigations

As of December 31, 2010, the Company is involved in 90 pending cases as a defendant with aggregate claims of ₩149,390 million or SAR 30,180 thousand, including an indemnity claim, and 22 cases as a plaintiff with aggregate amounts of ₩84,260 million or SAR 13,108 thousand, including an overdue payment claim.

As of December 31, 2010, the final outcome of the cases cannot be reasonably ascertained. The Company records contingent liabilities on cases lost at the first or second trial (see Note 12).

After the end of the reporting period, the Company has been named a defendant in two claims. As of December 31, 2010, these claims seek aggregate damages of ₩417 million. The accompanying non-consolidated financial statements as of December 31, 2010, do not reflect any adjustments that might result from the ultimate effect of these claims.

(C) The major contracts between the Company and financial institutions as of December 31, 2010, are as follows:

Description	Financial institution	Korean won (In millions), Foreign currencies(In thousands)			
		Credit line		Balance outstanding	
Bank overdrafts (1)	Woori Bank and others	KRW	31,000	KRW	-
	NBK	KWD	2,000	KWD	-
General loans	Woori Bank and others	KRW	98,000	KRW	-
Commercial paper discounting	Woori Bank and others	KRW	350,000	KRW	-
Private debenture	Woori Bank and others	KRW	224,123	KRW	224,123
B2B	Woori Bank and others	KRW	160,000	KRW	80,844
Manufacturing financing	Export Import Bank of Korea	KRW	682,023	KRW	482,023
Letter of credit (SIGHT, USANCE)	Woori Bank and others	USD	324,341	USD	272,378
Document against acceptance and Document against payment	Korea Development Bank	USD	500	USD	-
	Woori Bank and others	USD	1,962,112	USD	1,028,415
Payment guarantee in foreign currency	Korea Development Bank	EUR	18,258	EUR	18,258
	LONPAC	SGD	30,588	SGD	30,588
	NBK	KWD	20,000	KWD	6,666
Payment guarantee in local currency	Woori Bank and others	KRW	21,546	KRW	21,546

(1) Bank overdrafts include Woori Bank for ₩10 billion, Shinhan Bank for ₩9 billion and Korea Development Bank for ₩5 billion. The aforementioned ₩10 billion agreement with Woori Bank includes comprehensive credit limit contracts.

The Company has entered into comprehensive credit limit agreements with Woori Bank for ₩211 billion and USD 138 million and with Korea Exchange Bank for ₩25 billion.

(D) The Company entered into a mortgage borrowing agreement with Gwanggyo PFV which includes transfer of advance payment on land. According to the above agreement, the Company provides conditional guarantee and has fund supplement duty for Gwanggyo PFV up to ₩450,000 million and for private independent contractors' loans secured by land (₩213,920 million). This agreement has been settled in 2010 (see Note 10).

(E) The Company has asset backed securitization transactions, including transferring certain construction work receivables in a mortgage borrowing agreement (see Note 10).

(F) Derivative instruments

(1) Foreign Exchange Fluctuation Insurance

In order to reduce the effect of changes in foreign exchange rates on future cash flows regarding expected bill, the Company enters into a foreign exchange fluctuation insurance contract with Korea Trade Insurance Corporation.

A summary of the terms of outstanding foreign exchange fluctuation insurance contracts as of December 31, 2010, is as follows:

	Currency	Korean won (In millions)			
		Total coverage amount	Remaining coverage amount	Contracted exchange rate	Termination date
Korea Trade Insurance Corporation	USD	176,494	18,768	917.30-918.80	December 2011

(2) Foreign Currency Forward Contracts

The Company has 286 foreign currency forward contracts with Standard Chartered First Bank to manage the exposure to changes in currency exchange rates in accordance with its foreign currency risk management policy. The use of foreign currency forward contracts allows the Company to reduce its exposure to the risk that the eventual Korean won cash outflows, resulting from operating expenses, capital expenditures, purchasing materials and debt service, will be adversely affected by changes in exchange rates.

A summary of the terms of outstanding foreign currency forward contracts as of December 31, 2010, is as follows:

Korean won (In thousands) and foreign currencies (In thousands)					
Buying amount		Paying amount		Contracted exchange rate	Number of contracts
KRW	569,804,211	USD	489,479	1,117.95–1,235.25	172
KRW	98,045	EUR	56	1,750.55–1,751.05	2
EUR	271,385	USD	376,302	1.3523–1.4482	97
EUR	3,235	KRW	5,101,763	1,564.79–1,579.29	4
JPY	107,799	KRW	1,306,719	12.0856– 12.1788	3
USD	54,193	KRW	61,921,562	1,141.00–1,147.60	8

(3) Interest Rate Swap Contracts

In order to reduce the effect of changes in interest rates, the Company has interest rate swap contracts as of December 31, 2010.

A summary of the terms of outstanding interest rate swap contracts as of December 31, 2010, is as follows:

	Korean won (In millions)						
	Amount	Effective date	Termination date	Paying interest rate	Receiving interest rate	Settlement period	Description
Kookmin Bank	50,000	2007.11.21	2011.05.23	6.48%	CD, plus 1.2%	One month	General loan
Nonghyup	50,000	2007.11.28	2011.05.23	6.49	CD, plus 1.2	One month	General loan

(4) Currency swap

In order to reduce the impact of changes in interest rates and exchange rate, the Company entered into currency swap contracts.

A summary of the terms of outstanding currency swap contracts as of December 31, 2010, is as follows:

Korean won (In millions) and foreign currencies (In thousands)							
	Buying amount		Paying amount	Paying interest rate	Receiving interest rate	Settlement period	Period of contract
	USD		KRW				
Shinhan Bank	USD	70,000	KRW 72,100	LIBOR 6M, plus 2.00%	3.90%	6 months	2008.3.20–2011.3.21

(5) Derivatives Instrument

The Company applied the contracted derivatives for trading and hedging purpose. The purpose is to hedge a variation in fair value and cash flow of a bond.

A summary of derivative transactions as of December 31, 2010, is as follows:

		Korean won (In millions)											
		Trading				Hedging							
		Gain on valuation		Loss on valuation		Gain on valuation		Loss on valuation		Settled assets		Settled liabilities	
Foreign exchange fluctuation insurance (1)	₩	-	₩	-	₩	1,211	₩	-	₩	1,940	₩	-	
Currency forward		8,740		20,486		206		-		22		582	
Interest swap		997		-		-		-		-		-	
Currency swap		-		2,705		-		-		-		-	
	₩	9,737	₩	23,191	₩	1,417	₩	-	₩	1,962	₩	582	

- (1) The Company applied the fair value hedge accounting as the outstanding foreign contracts included firm commitments representing the hedged items satisfying the criteria set by the Guide [2008-2] *Guidance criteria for treatment of cash flow hedge to fair value hedge if hedged item is firm commitment.*

(G) Other commitments

In regard to Sang-am DMC landmark, the company has made a contract: stockholders of Seoul Lite Tower Co., Ltd. can exercise foot-option within certain period (the largest stockholders: one year, financial investors: three month) after completion of construction. However, option contract cost can be changed.

Additionally, in regard to three region construction, including Shin Bun-dang subway, the Company entitles the right to financial investors to claim buying off when financial investors are to cancel the contract with reasonable cancellation reason because of constructional investors.

17. CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL:

(A) Capital stock

	2010	2009
Number of shares authorized	120,000,000	120,000,000
Far value per share	₩ 5,000	₩ 5,000
Number of shares issued:		
Common stock	34,800,000	34,800,000
Preferred stock (1)	3,800,000	3,800,000
Capital stock:		
Common stock	₩ 197,500 million	₩ 197,500 million
Preferred stock	₩ 21,000 million	₩ 21,000 million

- (1) Preferred stocks can exercise voting rights from the next general meeting, after passing the resolution not to divide, to the meeting deciding to divide. Maximum shares are up to 30 million.

The Company retired 4,700,000 shares of common treasury stock and 400,000 shares of preferred treasury stock on January 28, 2004 and November 3, 2004, respectively.

(B) Revaluation reserve

On July 1, 1999, the Company revaluated a substantial portion of its property, plant and equipment. The result included ₩487,184 million of assets revaluation surplus and ₩473,463 million of assets revaluations reserves after deducting tax. As of December 31, 2010, the total assets revaluations reserves is ₩695,189, including ₩471,462 million of assets revaluation reserves, which is deducted by ₩2,001 million due to sales in one year and ₩223,727 million of amount brought forward, which has been calculated on the January 1, 1995.

(C) Other capital surplus

Other capital surplus includes capital surplus that replaced capital adjustment by merger and capital surplus of equity-method investment securities due to changes in of SKAS No. 15, *Investments in Associates*, that replaced capital changes.

(D) Earned Surplus

Details of the Company's legal appropriated retained earnings and discretionary appropriated retained earnings, and retained earnings with dividend restrictions based on applicable laws as of December 31, 2010 and 2009, are as follows:

(1) Details of legal reserve and voluntary reserve as of December 31, 2010 and 2009 are as follows.

		Korean won (In millions)	
		2010	2009
Legal reserve:			
Earned surplus reserve		₩ 65,456	₩ 65,051
		₩ 65,456	₩ 65,051
Voluntary reserve:			
Reserve for improvement of financial structure		₩ 17,002	₩ 17,002
Business rationalization reserve (*)		320,281	20,281
Other discretionary appropriated retained earnings		636,705	30,038
		₩ 973,988	₩ 67,321

(*) According to revision of the regulations regarding securities issuance and disclosure (formerly the provisions of the financial control regulation for publicly listed companies), the Company has been exempted to appropriate a reserve for improvement of financial structure. The reserve can be also available for dividends and was reclassified as a voluntary reserve from the current year.

(2) The Korean Commercial Code requires the Company to appropriate to an earned surplus reserve an amount equal to at least 10% of the cash dividends until the reserve equals 50% of stated capital. The legal reserve may be used to reduce a deficit or may be transferred to capital.

18. EARNINGS PER SHARE:

The Company's net income per share for the years ended December 31, 2010 and 2009, is computed as follows:

(A) Basic net income per share

	In Korean won, except for share data	
	2010	2009
Net income (A)	₩ 353,886,535,632	₩ 343,193,353,347
Dividends for preferred stock (B)	570,000,000	570,000,000
Supplementary income allocated to preferred stock (C) (1)	34,439,866,202	33,387,169,500
Net income available for common stockholders (D=A-B-C)	318,876,669,430	309,236,183,847
Weighted-average number of common shares outstanding (E) (2)	34,800,000	34,800,000
Basic earnings per share (F=D/E)	₩ 9,163	₩ 8,886

(1) Supplementary income allocated to preferred stock

	In Korean won, except for share data	
	2010	2009
Net income (A)	₩ 353,886,535,632	₩ 343,193,353,347
Dividends for preferred stock (B)	570,000,000	570,000,000
Dividend for common stock (C)	3,480,000,000	3,480,000,000
Supplementary income (D=A-B-C)	349,836,535,632	339,143,353,347
	3,800,000÷	3,800,000÷
Ratio for preferred stock (E)	(3,800,000+34,800,000)	(3,800,000+34,800,000)
Supplementary income allocated to preferred stock (F=D*E)	₩ 34,439,866,202	₩ 33,387,169,500

(2) Weighted-average number of common shares outstanding for the years ended December 31, 2010 and 2009, is as follows:

(2010)

Description	Numbers of shares issued	Numbers of days outstanding	Weighted number of shares
Beginning of year	34,800,000	365	12,702,000,000

Weighted-average number of common shares = 12,702,000,000 ÷ 365 = 34,800,000

(2009)

Description	Numbers of shares issued	Numbers of days outstanding	Weighted number of shares
Beginning of year	34,800,000	365	12,702,000,000

Weighted-average number of common shares = 12,702,000,000 ÷ 365 = 34,800,000

(B) Diluted earnings per share is the same as basic earnings per share since the Company has no diluted securities.

19. DIVIDENDS:

- (A) Details of dividends, which are included in the non-consolidated statements of appropriations of retained earnings for the years ended December 31, 2010 and 2009, are as follows:

	Korean won (In millions)			
	2010		2009	
	Preferred stock	Common stock	Preferred stock	Common stock
Stock dividends per share	₩ 150 (3%)	₩ 100 (2%)	₩ 150 (3%)	₩ 100 (2%)
Number of shares issued	3,800,000	34,800,000	3,800,000	34,800,000
Total dividends	₩ 570 million	₩ 3,480 million	₩ 570 million	₩3,480 million

- (B) Dividend payout ratio for the years ended December 31, 2010 and 2009, is as follows:

	2010		2009	
	Preferred stock	Common stock	Preferred stock	Common stock
Total dividends (A)	₩ 570,000,000	₩ 3,480,000,000	₩ 570,000,000	₩ 3,480,000,000
Net income (B)	353,886,535,632	353,886,535,632	343,193,353,347	343,193,353,347
Payout ratio (A÷B)	0.16%	0.98%	0.17%	1.01%

- (C) Dividend yield ratio for the years ended December 31, 2010 and 2009, is calculated as follows:

	2010		2009	
	Preferred stock	Common stock	Preferred stock	Common stock
Dividends per share (C)	₩ 150	₩ 100	₩ 150	₩ 100
Stock price at the end of the year (D)	32,300	117,500	28,000	83,200
Dividend yield ratio (C÷D)	0.46%	0.09%	0.54%	0.12%

20. INCOME TAX EXPENSE:

- (A) Components of income tax expense for the years ended December 31, 2010 and 2009, are as follows:

	Korean won (In millions)	
	2010	2009
Current (including additional income tax and tax refunds) income tax expense	₩ 113,834	₩ 92,064
± Changes in temporary differences (1)	(33,753)	74,197
± Changes in net deferred income tax assets (liabilities) directly charged to stockholders' equity (2)	6,128	(72,244)
Income tax expense	₩ 86,209	₩ 94,017
(1) Deferred income tax liabilities from temporary differences, net at end of year	₩ 99,214	₩ 132,967
Deferred income tax liabilities from temporary differences, net at beginning of year	132,967	58,770
Changes in deferred income tax from temporary differences	₩ (33,753)	₩ 74,197

(2) Changes in net deferred income tax assets (liabilities) directly charged to the stockholders' equity for the years ended December 31, 2010 and 2009 are as follows:

	Korean won (In millions)					
	2010			2009		
	Gross	Tax effect	Net amount	Gross	Tax effect	Net amount
Gain on valuation of available-for-sale securities	₩ 121,833	₩ 26,804	₩ 95,029	₩ 113,184	₩ 24,901	₩ 88,283
Loss on valuation of available-for-sale securities	(470)	(103)	(367)	(670)	(148)	(522)
Capital changes due to equity-method investment securities	231,336	49,503	181,833	266,928	57,327	209,601
Negative capital changes due to equity-method investment securities	(124)	(27)	(97)	(919)	(179)	(740)
Capital surplus due to equity-method investment securities	135,691	29,887	105,804	135,884	29,894	105,990
Gain on revaluation of tangible assets	294,905	64,892	230,013	296,561	65,289	231,272
	<u>₩ 783,171</u>	<u>₩ 170,956</u>	<u>₩ 612,215</u>	<u>₩ 810,968</u>	<u>₩ 177,084</u>	<u>₩ 633,884</u>

(B) An explanation of the relationship between income tax expense and accounting income before income tax expense for the years ended December 31, 2010 and 2009, is as follows:

Description	Korean won (In millions)	
	2010	2009
Income before income tax	₩ 440,095	₩ 437,210
Income tax	106,477	105,781
Adjustment:		
Non-taxable income	(3,579)	(606)
Non-deductible expenses	5,987	2,674
Deferred income taxes of current temporary difference	(20,496)	(18,003)
Additional income taxes for prior periods	5,296	24
Others	(7,476)	4,147
Income tax expense	<u>₩ 86,209</u>	<u>₩ 94,017</u>
Effective tax rate (income tax expense/income before income tax)	19.59%	21.50%

(C) Changes in temporary differences and deferred income tax assets (liabilities) for the years ended December 31, 2010 and 2009, are as follows:

(2010)

	Korean won (In millions)				
				Deferred income tax assets (liabilities)	
	January 1, 2010	Increase (decrease)	December 31, 2010	Current	Non-current
Equity-method investment securities	₩ (566,542)	₩ (133,920)	₩ (700,462)	₩ -	₩ (108,022)
Valuation of available-for-sale securities	(112,514)	(8,848)	(121,362)	-	(26,700)
Revaluation of tangible assets	(286,831)	9,396	(277,435)	-	(60,664)

Korean won (In millions)					
	January 1, 2010	Increase (decrease)	December 31, 2010	Deferred income tax assets (liabilities)	
				Current	Non-current
Valuation of derivative instruments	(33,155)	38,986	5,831	-	1,283
Property, plant and equipment	9,545	(4,252)	5,293	-	1,164
Provision for contingent liabilities	20,430	62,668	83,098	-	18,282
Impairment loss	67,263	8,427	75,690	-	17,548
Reserve for research and human resources development	(36,667)	(10,000)	(46,667)	(2,420)	(7,847)
Bad debts expense	190,154	77,340	267,494	50,403	14,331
Gain (loss) on foreign currency translation	37,738	(29,901)	7,837	2,395	(499)
Accrued income	(14,362)	(10,651)	(25,013)	(6,053)	-
Others	(27,102)	63,076	35,974	8,071	(486)
	<u>₩ (752,043)</u>	<u>₩ 62,321</u>	<u>₩ (689,722)</u>	<u>₩ 52,396</u>	<u>₩ (151,610)</u>

(2009)

Korean won (In millions)					
	January 1, 2009	Increase (decrease)	December 31, 2009	Deferred income tax assets (liabilities)	
				Current	Non-current
Equity-method investment securities	₩ (270,994)	₩ (295,548)	₩ (566,542)	₩ -	₩ (95,807)
Valuation of available-for-sale securities	(243,772)	131,258	(112,514)	-	(24,753)
Revaluation of tangible assets	-	(286,831)	(286,831)	1,686	(64,620)
Valuation of derivative instruments	(19,617)	(13,538)	(33,155)	-	(7,294)
Property, plant and equipment	13,398	(3,853)	9,545	-	2,100
Provision for contingent liabilities	(58,863)	79,293	20,430	-	4,495
Impairment loss	39,535	27,728	67,263	7,452	8,091
Reserve for research and human resources development	(30,000)	(6,667)	(36,667)	(2,200)	(5,867)
Bad debts expense	174,251	15,903	190,154	33,761	12,256
Gain (loss) on foreign currency translation	74,617	(36,879)	37,738	6,932	2,201
Accrued income	(13,439)	(923)	(14,362)	(3,160)	(316)
Others	(25,510)	(1,592)	(27,102)	(13,240)	5,316
	<u>₩ (360,394)</u>	<u>₩ (391,649)</u>	<u>₩ (752,043)</u>	<u>₩ 31,231</u>	<u>₩ (164,198)</u>

(D) Prepaid income tax (payables) before offset as of December 31, 2010 and 2009, are as follows:

	Korean won (In millions)	
	2010	2009
Prepaid tax before offsetting	₩ 52,547	₩ 57,717
Income tax payable before offset	108,537	86,198
Income tax payable after offset	₩ 55,990	₩ 28,481

(E) The Company expects that deferred income tax assets will be realized. The Company did not recognize the temporary difference amounting to ₩33,565 million that resulted from the revaluation of land according to the Asset Revaluation Law because the sale of the land in the near future is remote. In addition, the Company did not recognize the income tax effect of temporary differences of ₩11,974 million and ₩13,470 million as of December 31, 2010 and 2009, respectively, based on equity-method investments because the possibility of realizing deferred income tax assets is remote.

21. TRANSACTIONS WITH RELATED PARTIES:

Significant transactions and account balances with related parties as of and for the years ended December 31, 2010 and 2009 are as follows:

(A) Details of related party type are as follows:

Type	Name of the related parties
Company that exercises significant control or influence over the Company	Daelim Corporation
Subsidiaries	Samho International Co., Ltd., Daelim Motor Co., Ltd., Daelim C&S Co., Ltd., ORA Resort Co., Ltd., Songdo Power Co., Ltd., Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.), Daelim Saudi Arabia Co., Ltd. and P.T. Daelim Utama Construction
Equity-method investees	Korea Development Corp., Yeochun NCC Co., Ltd., KR Copolymer Co., Ltd., Poly Mirae Co., Ltd., Daelim Philippines, Inc., Daelim Malaysia, Sdn. Bhd., DALIN (Nanjing) Construction Project Mgt. Co., Ltd., Wootoo housing CR-REITS Co., Ltd., Humphreys SLQ ONE Co., Ltd. and DAELIM DAR LIMITED COMPANY
Others	Daelim I&S Co., Ltd., Web-Tech Venture Capital Co., Ltd., Ecosulihall Co., Ltd., Yeongcheon-Sangju Expressway Co., Ltd., Sudogwon Seobu Expressway Co., Ltd., Gimhea Dongseo Tunnel Co., Ltd., Chemtech Co., Ltd., Epyunse (Shanghai) Trade Agency Co., Ltd., Daelim Vietnam Ltd., HHVC Shipping Ptd., Ltd. and WBLC Shipping Ptd., Ltd.

(B) Significant transactions with related parties are as follows:

Related party	Korean won (In millions)			
	Sales and others (1)		Purchases and others (1)	
	2010	2009 (2)	2010	2009 (2)
Daelim Corporation	₩ 777,834	₩ 484,612	₩ 75,735	₩ 75,940
Samho International Co., Ltd.	26,096	12,189	38,077	9,241
Daelim Motor Co., Ltd.	15	4	3	-
Daelim C&S Co., Ltd.	32	11	81,702	11,087
ORA Resort Co., Ltd.	20	2,213	106	111
Songdo Power Co., Ltd.	77	1,442	-	-
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	1,162	52	-	-
Daelim Saudi Arabia Co., Ltd.	29,093	20,479	202	936

Related party	Korean won (In millions)			
	Sales and others (1)		Purchases and others (1)	
	2010	2009 (2)	2010	2009 (2)
Korea Development Corp.	11,659	12,415	31,002	72,775
Yeocheon NCC Co., Ltd.	176,449	112,331	765,482	551,021
KR Copolymer Co., Ltd.	10,706	9,569	86	105
Poly Mirae Co., Ltd.	45,456	47,578	58,667	44,255
Humphreys SLQ ONE Co., Ltd.	2,679	-	-	-
Daelim Philippines Inc.	-	4,281	-	-
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	277	-	-	-
Wootoo housing CR-REITS Co., Ltd.	403	97	-	-
Daelim I&S Co., Ltd.	687	675	123,007	132,444
Web-Tech Venture Capital Co., Ltd.	62	148	-	-
Chemtech Co., Ltd.	2	-	-	-
	₩ 1,082,709	₩ 708,096	₩ 1,174,069	₩ 897,915

(1) Sales and purchases include proportional allocation of joint contracts.

(2) Pocheon Power Co., Ltd. (formerly Green Technology Development Co., Ltd.) and P.T. Daelim Utama Construction are classified as subsidiaries, Korea Development Corp is classified as equity-method investees and Daelim I&S Co., Ltd. is classified as others in 2010 and 2009. Meanwhile, Manwolsan Tunnel Co., Ltd. is excluded from the related parties both in 2010 and 2009.

(C) Significant account balances with related parties are as follows:

Related party	Korean won (In millions)			
	Receivables (2)		Payables (1)	
	2010	2009(1)	2010	2009(1)
Daelim Corporation	₩ 81,922	₩ 49,055	₩ 7,795	₩ 8,827
Samho International Co., Ltd.	74,301	130,510	19,806	1,056
Daelim C&S Co., Ltd.	2,111	12	15,981	7,199
ORA Resort Co., Ltd.	-	5	-	-
Songdo Power Co.	9	9	-	-
Pocheon Power Co., Ltd. (Green Technology Development Co., Ltd.)	267	14	-	-
Daelim Saudi Arabia Co., Ltd.	2,171	1,804	424	47
P.T. Daelim Utama Construction	12,269	12,578	-	-
Korea Development Corp.	4,375	3,254	3,402	9,669
Yeocheon NCC Co., Ltd.	18,428	14,036	127,497	93,541
KR Copolymer Co., Ltd.	1,022	1,027	15	14
Poly Mirae Co., Ltd.	8,931	11,055	8,568	6,342
Wootoo housing CR-REITS Co., Ltd.	21	-	-	-
Daelim Philippines Inc.	-	31	-	-
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	445	-	-	-
DAELIM DAR LIMITED COMPANY	1	-	-	-
Daelim I&S Co., Ltd.	597	647	20,514	32,251
Web-Tech Venture Capital Co., Ltd.	201	142	3	3
Gimhea Dongseo Tunnel Co., Ltd.	-	-	477	477
	₩ 207,071	₩ 224,179	₩ 204,482	₩ 159,426

- (1) Pocheon Power Co., Ltd. (formerly Green Technology Development Co., Ltd.) and P.T. Daelim Utama Construction are classified as subsidiaries, Korea Development Corp is classified as equity-method investees and Daelim I&S Co., Ltd. is classified as others in 2010 and 2009. Meanwhile, Manwolsan Tunnel Co., Ltd. is excluded from the related parties both in 2010 and 2009.
- (2) Receivables are presented before deducting allowance for bad debts of ₩17,063 million and ₩15,082 million as of December 31, 2010 and 2009, respectively.

(D) Key management personnel compensation for the years ended December 31, 2010 and 2009, are as follows:

Description	Korean won (In millions)	
	2010	2009
Short-term benefits	₩ 15,344	₩ 10,957
Provision for severance indemnities	1,168	-
	₩ 16,512	₩ 10,957

Key management is described in the Company's business report disclosed to Financial Supervisory Service.

- (E) The Company is contingently liable for construction performance guarantees of its associated companies. The details of guarantees as of December 31, 2010 and 2009 are as follows:

Associated company	U.S. dollar (In thousands)		Project	Period of guarantee
	2010	2009		
DALIN (Nanjing) Construction Project Mgt. Co., Ltd.	9,150	9,150	China BASF-YPC IPS Expansion Project	2008.11.01– expiration of obligation
Daelim Philippines Inc.	157,906	30,715	Philippines JG SUMMIT and others	2009.12.21– expiration of obligation
Daelim Saudi Arabia Co., Ltd.	2,547,269	1,775,958	Alwaha PDH/PP Plant and others	2006.10.09– expiration of obligation

The Company has provided payment guarantees amounting to ₩9,750 million on behalf of related parties, Ecosulihall Co., Ltd., which were established pursuant to Private Participation in Infrastructure Law (see Note 10).

22. SEGMENT INFORMATION:

(A) The Company is classified into two business segments, namely, construction and petrochemical divisions. The construction division is divided into civil engineering, architecture, plant, lotting-out, overseas construction and others.

(B) Financial information of the business segments as of and for the years ended December 31, 2010 and 2009, are as follows:

(2010)

	Korean won (In millions)							
	Civil engineering	Architecture	Plant	Lotting-out	Overseas construction	Petro-chemical	Others	Total
External sales	₩ 1,295,253	₩ 1,504,726	₩ 753,399	₩ 287,297	₩ 1,222,807	₩ 1,076,971	₩ 57,803	₩ 6,198,256
Operating income (loss)	129,293	(82,287)	33,768	(5,017)	280,642	71,419	(98,348)	329,470
Plant, property and equipment and intangible assets (1)	-	-	-	-	1,223	309,032	862,245	1,172,500
Depreciation /amortization (1)	-	-	-	-	292	21,684	15,800	37,776

(2009)

	Korean won (In millions)							
	Civil engineering	Architecture	Plant	Lotting-out	Overseas construction	Petro-chemical	Others	Total
External sales	₩ 1,262,105	₩ 1,576,861	₩ 555,496	₩ 460,232	₩ 1,493,380	₩ 855,960	₩ 70,818	₩ 6,274,852
Operating income (loss)	138,633	9,993	(1,859)	(2,134)	263,168	105,823	(83,004)	430,620
Plant, property and equipment and intangible assets (1)	-	-	-	-	709	307,603	920,280	1,228,592
Depreciation /amortization (1)	-	-	-	-	208	10,063	14,183	24,454

(1) Plant, property and equipment, intangible assets and their depreciation and amortization holding for general purpose are classified as others.

(C) A summary of information of the Company's sales by geographic area for the years ended December 31, 2010 and 2009, is as follows:

	Korean won (In millions)				
	Domestic	Middle East	Asia	Others	Total
2010	₩ 4,444,758	₩ 1,059,561	₩ 579,451	₩ 114,486	₩ 6,198,256
2009	4,342,358	1,374,654	347,412	210,428	6,274,852

23. STATEMENT OF COMPREHENSIVE INCOME:

Details of non-consolidated statements of comprehensive income of the Company for the years ended December 31, 2010 and 2009 are as follows:

Description	Korean won (In millions)	
	2010	2009
1. Net income	₩ 353,887	₩ 343,193
2. Other comprehensive income (loss)	(25,957)	303,835
Gain or loss on overseas operation translation	(4,475)	(4,380)
Gain on valuation of available for-sale securities, net of tax	6,746	(103,002)
Loss on valuation of available for-sale securities, net of tax	156	620
Changes in equity-method investment securities, net of tax	(27,768)	178,726
Negative changes in equity-method investment securities, net of tax	643	599
Gain on revaluation of property, plant and equipment, net of tax	(1,259)	231,272
3. Comprehensive income	₩ 327,930	₩ 647,028

24. SUPPLEMENTAL CASH FLOW INFORMATION:

The Company's non-consolidated statements of cash flows are prepared using the indirect method. Significant non-cash transactions for the years ended December 31, 2010 and 2009, are described as follows:

Description	Korean won (In millions)	
	2010	2009
Change in deferred income tax directly charged to stockholders' equity	₩ (6,129)	₩ (72,244)
Decrease in current portion of available-for-sale securities related to borrowings	-	(46,821)
Revaluation on land	1,368	296,561
Reclassification to other accounts in property, plant and equipment from construction in progress	9,750	94,227
Increase (decrease) in gain or loss on valuation of available-for-sale securities	8,849	(51,912)
Decrease in advance payments from reclassification to non-operating land from operations	(259,930)	-
Acquisition of property and equipment as payment for construction work receivables	145,331	291,422
Reclassification of the current portion of debentures	366,132	416,012

The cash and cash equivalents in the non-consolidated statements of cash flows are the same as the cash and cash equivalents in the non-consolidated statements of financial position.

25. EMPLOYEE WELFARE:

The Company's contribution to employees' welfare and contribution for social activity amounted to ₩23,929 million and ₩41,078 million for the years ended December 31, 2010 and 2009, respectively.

26. VALUE-ADDED INFORMATION:

Details of value-added information included in cost of sales and selling and administrative expenses for the years ended December 31, 2010 and 2009, are as follows:

(2010)

	Korean won (In millions)						
	Cost of construction	Cost of lotting-out	Cost of finished goods	Other costs	Selling and administrative	Ordinary research and development cost	Total
Salaries	₩ 176,930	₩ 1,123	₩ 20,102	₩ 1,041	₩ 110,336	₩ 4,890	₩ 314,422
Provision for severance indemnities	12,706	185	1,458	107	11,542	249	26,247
Employee benefits	26,970	212	2,971	223	16,763	410	47,549
Rent	43,361	454	176	86	9,577	-	53,654
Depreciation	777	4	18,951	11,697	2,210	1,454	35,093
Amortization	-	-	-	1,501	1,183	-	2,684
Taxes and dues	18,513	12,830	649	1,553	14,501	46	48,092
	₩ 279,257	₩ 14,808	₩ 44,307	₩ 16,208	₩ 166,112	₩ 7,049	₩ 527,741

(2009)

Korean won (In millions)							
	Cost of construction	Cost of lotting-out	Cost of finished goods	Other costs	Selling and administrative	Ordinary research and development cost	Total
Salaries	₩ 161,161	₩ 4,293	₩ 16,358	₩ 1,176	₩ 88,406	₩ 2,117	₩ 273,511
Provision for severance indemnities	11,241	391	1,756	2,385	8,527	163	24,463
Employee benefits	30,374	769	2,428	161	13,577	375	47,684
Rent	76,453	2,338	-	452	9,066	-	88,309
Depreciation	1,709	10	7,645	9,378	2,166	1,048	21,956
Amortization	-	-	-	1,448	1,050	-	2,498
Taxes and dues	25,259	2,769	582	2,662	14,490	44	45,806
	₩ 306,197	₩ 10,570	₩ 28,769	₩ 17,662	₩ 137,282	₩ 3,747	₩ 504,227

27. FOURTH QUARTER FINANCIAL RESULTS:

The Company does not prepare separate financial statements for the last quarter of the year. Unaudited financial information of the quarters as of December 31, 2010 and 2009, are as follows:

Description	Korean won (In millions, except per share amounts)	
	2010 (4Q)	2009 (4Q)
Sales	₩ 1,866,912	₩ 1,971,737
Net income	65,820	90,608
Net income per share	1,704	2,346

28. SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD:

After the end of the reporting period, the Company has acquired the shares of Daelim C&S Co., Ltd. of ₩12,017 million and Pocheon Power Co., Ltd. (the former Green Technology Development Co., Ltd.) of ₩53,000 million by the decision from the board of directors. The ratio of stockholding has increased to 69.77% and 59.92%, respectively.

29. ADOPTION OF KOREAN INTERNATIONAL FINANCE REPORTING STANDARDS ("K-IFRS"):

According to road map for the adoption of K-IFRS announced by the Financial Supervisory Commission in March 2007, the Company is required to prepare its financial statements in accordance with K-IFRS from 2011. The Company has organized a Task Force Team consisting of a total seven in June 2008 and appointed external advisor in September 2008 to conduct internal training and analyze the effects of adopting K-IFRS.

In March 2009, the Company had organized overall plan for adoption of K-IFRS after analyzing the effects of adopting K-IFRS on its business and conducted internal training from March to June 2009. Also, the Company had a regular training course conducted by professional education institutes, such as KASB, since 2008 for employees. In May 2009, the Company completed analyzing the extent of changes in accounting system related to K-IFRS adoption and updated its accounting system.

The expected differences on financial information of the Company between the current accounting process and the adoption of K-IFRS as of December 31, 2010, are accounting of severance benefits, change of criteria presenting consolidated financial statements, etc.

Independent Accountant's Review Report on Internal Accounting Control System ("IACS")

English Translation of a Report Originally Issued in Korean

To the Representative Director of
Daelim Industrial Co., Ltd.:

We have reviewed the accompanying Report on the Management's Assessment of IACS (the "Management's Report") of Daelim Industrial Co., Ltd. (the "Company") as of December 31, 2010. The Management's Report and the design and operation of IACS are the responsibility of the Company's management. Our responsibility is to review the Management's Report and issue a review report based on our procedures. The Company's management stated in the accompanying Management's Report that "based on the assessment of the IACS as of December 31, 2010, the Company's IACS has been appropriately designed and is operating effectively as of December 31, 2010, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association."

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

The company's IACS represents internal accounting policies and a system to manage and operate such policies to provide reasonable assurance regarding the reliability of financial statements prepared, in accordance with accounting principles generally accepted in the Republic of Korea, for the purpose of preparing and disclosing reliable accounting information. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness of IACS to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that the Management's Report referred to above is not fairly stated, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association.

Our review is based on the Company's IACS as of December 31, 2010, and we did not review its IACS subsequent to December 31, 2010. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in the Republic of Korea and may not be appropriate for other purposes or for other users.



March 10, 2011

Report on the Operations of the Internal Accounting Control System

To the Board of Directors and Audit Committee of
Daelim Industrial Co., Ltd.

I, as the Internal Accounting Control Officer("IACO") of Daelim Industrial Co., Ltd.("the Company"), assessed the status of the design and operations of the Company's internal accounting control system ("IACS") for the year ended December 31, 2010.

The Company's management including IACO is responsible for designing and operating IACS. I, as the IACO, assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial reporting and the presentation of financial statements for external purposes. I, as the IACO, applied the IACS standard for the assessment of design and operations of the IACS.

Based on the assessment on the operations of the IACS, the Company's IACS has been effectively designed and is operating as of December 31, 2010, in all material respects, in accordance with the IACS standards.

February 5, 2011

Han Jip Shon
Internal Accounting Control Officer



Jong In Kim
Chief Executive Officer

